
FINDINGS
OF THE
GOOSE CREEK
CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

COVESTRO, LLC
TEXAS TAXPAYER ID #10616537402
APPLICATION #1232

May 21, 2018

Board Findings of the Goose Creek Consolidated Independent School District

The Board of Trustees has confirmed that the taxable value of property in the Goose Creek Consolidated Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2017 ISD Summary Worksheet posted on the Texas Comptroller's website.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Exhibit 3**.

The Texas Commissioner of Education has determined that the project will not impact school enrollment.

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

Board Finding Number 1.

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

Board Finding Number 2.

The Applicant's entire proposed investment in the Goose Creek Consolidated Independent School District is \$907,752,985—\$588,223,790 of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$61,387 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Texas Tax Code § 313.021.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$36.3 million on the basis of the 25 new qualifying positions committed to by the Applicant for this project. The project's total investment is \$907,752,985, resulting in a relative level of investment per qualifying job of \$36,310,118.

Board Finding Number 5.

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

Board Finding Number 6.

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

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

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|----------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2021 | 470 | 570 | 1,040 | \$ 23,500,000 | \$ 54,029,000 | \$ 77,529,000 |
| 2022 | 2,000 | 2,389 | 4,389 | \$ 100,000,000 | \$ 242,536,000 | \$ 342,536,000 |
| 2023 | 2,025 | 2,566 | 4,591 | \$ 101,574,275 | \$ 288,976,725 | \$ 390,551,000 |
| 2024 | 350 | 688 | 1,038 | \$ 17,824,275 | \$ 112,385,725 | \$ 130,210,000 |
| 2025 | 25 | 166 | 191 | \$ 1,574,275 | \$ 53,201,725 | \$ 54,776,000 |
| 2026 | 25 | (11) | 14 | \$ 1,574,275 | \$ 29,708,725 | \$ 31,283,000 |
| 2027 | 25 | (93) | - 68 | \$ 1,574,275 | \$ 15,566,725 | \$ 17,141,000 |
| 2028 | 25 | (104) | - 79 | \$ 1,574,275 | \$ 9,184,725 | \$ 10,759,000 |
| 2029 | 25 | (74) | - 49 | \$ 1,574,275 | \$ 8,023,725 | \$ 9,598,000 |
| 2030 | 25 | (27) | - 2 | \$ 1,574,275 | \$ 10,121,725 | \$ 11,696,000 |
| 2031 | 25 | 24 | 49 | \$ 1,574,275 | \$ 13,958,725 | \$ 15,533,000 |
| 2032 | 25 | 71 | 96 | \$ 1,574,275 | \$ 18,416,725 | \$ 19,991,000 |
| 2033 | 25 | 109 | 134 | \$ 1,574,275 | \$ 22,953,725 | \$ 24,528,000 |
| 2034 | 25 | 139 | 164 | \$ 1,574,275 | \$ 27,177,725 | \$ 28,752,000 |
| 2035 | 25 | 149 | 174 | \$ 1,574,275 | \$ 29,558,725 | \$ 31,133,000 |
| 2036 | 25 | 158 | 183 | \$ 1,574,275 | \$ 31,762,725 | \$ 33,337,000 |
| 2037 | 25 | 161 | 186 | \$ 1,574,275 | \$ 33,331,725 | \$ 34,906,000 |
| 2038 | 25 | 160 | 185 | \$ 1,574,275 | \$ 34,348,725 | \$ 35,923,000 |
| 2039 | 25 | 156 | 181 | \$ 1,574,275 | \$ 34,982,725 | \$ 36,557,000 |

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

Board Findings of the Goose Creek Consolidated Independent School District

Table 4—Estimated Direct Ad Valorem Taxes with All Property Tax Incentives Sought

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | GCISD I&S Tax Levy | GCISD M&O Tax Levy | GCISD M&O and I&S Tax Levies | Chambers County Tax Levy | Lee Junior College District Tax Levy | Cedar Bayou Navigation District Tax Levy | Estimated Total Property Taxes |
|-----------------------|---------------------------------|---------------------------------|--------------------|--------------------|------------------------------|--------------------------|--------------------------------------|--|--------------------------------|
| Tax Rate ¹ | | | 0.2619 | 1.1700 | | 0.5071 | 0.2453 | 0.0300 | |
| 2022 | \$ 26,017,173 | \$ 26,017,173 | \$ 68,136 | \$ 304,401 | \$ 372,537 | \$ 131,921 | \$ 63,820 | \$ 7,805 | \$ 576,084 |
| 2023 | \$ 123,281,428 | \$ 123,281,428 | \$ 322,862 | \$ 1,442,393 | \$ 1,765,254 | \$ 625,105 | \$ 302,409 | \$ 36,984 | \$ 2,729,753 |
| 2024 | \$ 252,966,916 | \$ 252,966,916 | \$ 662,495 | \$ 2,959,713 | \$ 3,622,208 | \$ 1,282,681 | \$ 620,528 | \$ 75,890 | \$ 5,601,307 |
| 2025 | \$ 665,439,226 | \$ 100,000,000 | \$ 1,742,719 | \$ 1,170,000 | \$ 2,912,719 | \$ 0 | \$ 1,632,322 | \$ 199,632 | \$ 4,744,673 |
| 2026 | \$ 651,429,979 | \$ 100,000,000 | \$ 1,706,030 | \$ 1,170,000 | \$ 2,876,030 | \$ 0 | \$ 1,597,958 | \$ 195,429 | \$ 4,669,417 |
| 2027 | \$ 637,420,732 | \$ 100,000,000 | \$ 1,669,341 | \$ 1,170,000 | \$ 2,839,341 | \$ 0 | \$ 1,563,593 | \$ 191,226 | \$ 4,594,160 |
| 2028 | \$ 623,411,486 | \$ 100,000,000 | \$ 1,632,652 | \$ 1,170,000 | \$ 2,802,652 | \$ 0 | \$ 1,529,228 | \$ 187,023 | \$ 4,518,904 |
| 2029 | \$ 609,402,239 | \$ 100,000,000 | \$ 1,595,964 | \$ 1,170,000 | \$ 2,765,964 | \$ 0 | \$ 1,494,864 | \$ 182,821 | \$ 4,443,648 |
| 2030 | \$ 595,392,992 | \$ 100,000,000 | \$ 1,559,275 | \$ 1,170,000 | \$ 2,729,275 | \$ 0 | \$ 1,460,499 | \$ 178,618 | \$ 4,368,392 |
| 2031 | \$ 581,383,745 | \$ 100,000,000 | \$ 1,522,586 | \$ 1,170,000 | \$ 2,692,586 | \$ 0 | \$ 1,426,134 | \$ 174,415 | \$ 4,293,135 |
| 2032 | \$ 567,374,498 | \$ 100,000,000 | \$ 1,485,897 | \$ 1,170,000 | \$ 2,655,897 | \$ 0 | \$ 1,391,770 | \$ 170,212 | \$ 4,217,879 |
| 2033 | \$ 553,365,251 | \$ 100,000,000 | \$ 1,449,208 | \$ 1,170,000 | \$ 2,619,208 | \$ 0 | \$ 1,357,405 | \$ 166,010 | \$ 4,142,623 |
| 2034 | \$ 539,356,004 | \$ 100,000,000 | \$ 1,412,519 | \$ 1,170,000 | \$ 2,582,519 | \$ 0 | \$ 1,323,040 | \$ 161,807 | \$ 4,067,367 |
| 2035 | \$ 525,346,758 | \$ 525,346,758 | \$ 1,375,831 | \$ 6,146,557 | \$ 7,522,388 | \$ 2,663,797 | \$ 1,288,676 | \$ 157,604 | \$ 11,632,464 |
| 2036 | \$ 511,337,511 | \$ 511,337,511 | \$ 1,339,142 | \$ 5,982,649 | \$ 7,321,791 | \$ 2,592,762 | \$ 1,254,311 | \$ 153,401 | \$ 11,322,265 |
| 2037 | \$ 497,328,264 | \$ 497,328,264 | \$ 1,302,453 | \$ 5,818,741 | \$ 7,121,194 | \$ 2,521,728 | \$ 1,219,946 | \$ 149,198 | \$ 11,012,066 |
| 2038 | \$ 483,319,017 | \$ 483,319,017 | \$ 1,265,764 | \$ 5,654,832 | \$ 6,920,597 | \$ 2,450,693 | \$ 1,185,582 | \$ 144,996 | \$ 10,701,867 |
| 2039 | \$ 469,309,770 | \$ 469,309,770 | \$ 1,229,075 | \$ 5,490,924 | \$ 6,720,000 | \$ 2,379,659 | \$ 1,151,217 | \$ 140,793 | \$ 10,391,668 |
| Total | | | \$ 23,341,949 | \$ 45,500,210 | \$ 68,842,159 | \$ 14,648,347 | \$ 21,863,302 | \$ 2,673,865 | \$ 108,027,673 |
| Diff | | | \$ 0 | \$ 58,780,521 | \$ 58,780,521 | \$ 30,544,872 | \$ 0 | \$ 0 | \$ 86,651,528 |

¹Tax Rate per \$100 Valuation

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

Table 3—Estimated Direct Ad Valorem Taxes without Property Tax Incentives

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | GCISD I&S Tax Levy | GCISD M&O Tax Levy | GCISD M&O and I&S Tax Levies | Chambers County Tax Levy | Lee Junior College District Tax Levy | Cedar Bayou Navigation District Tax Levy | Estimated Total Property Taxes |
|-----------------------|---------------------------------|---------------------------------|--------------------|--------------------|------------------------------|--------------------------|--------------------------------------|--|--------------------------------|
| Tax Rate ¹ | | | 0.2619 | 1.1700 | | 0.5071 | 0.2453 | 0.0300 | |
| 2022 | \$ 26,017,173 | \$ 26,017,173 | \$ 68,136 | \$ 304,401 | \$ 372,537 | \$ 131,921 | \$ 63,820 | \$ 7,805 | \$ 568,279 |
| 2023 | \$ 123,281,428 | \$ 123,281,428 | \$ 322,862 | \$ 1,442,393 | \$ 1,765,254 | \$ 625,105 | \$ 302,409 | \$ 36,984 | \$ 2,692,768 |
| 2024 | \$ 252,966,916 | \$ 252,966,916 | \$ 662,495 | \$ 2,959,713 | \$ 3,622,208 | \$ 1,282,681 | \$ 620,528 | \$ 75,890 | \$ 5,525,417 |
| 2025 | \$ 665,439,226 | \$ 665,439,226 | \$ 1,742,719 | \$ 7,785,639 | \$ 9,528,358 | \$ 3,374,143 | \$ 1,632,322 | \$ 199,632 | \$ 14,534,823 |
| 2026 | \$ 651,429,979 | \$ 651,429,979 | \$ 1,706,030 | \$ 7,621,731 | \$ 9,327,761 | \$ 3,303,108 | \$ 1,597,958 | \$ 195,429 | \$ 14,228,827 |
| 2027 | \$ 637,420,732 | \$ 637,420,732 | \$ 1,669,341 | \$ 7,457,823 | \$ 9,127,164 | \$ 3,232,074 | \$ 1,563,593 | \$ 191,226 | \$ 13,922,830 |
| 2028 | \$ 623,411,486 | \$ 623,411,486 | \$ 1,632,652 | \$ 7,293,914 | \$ 8,926,567 | \$ 3,161,039 | \$ 1,529,228 | \$ 187,023 | \$ 13,616,834 |
| 2029 | \$ 609,402,239 | \$ 609,402,239 | \$ 1,595,964 | \$ 7,130,006 | \$ 8,725,970 | \$ 3,090,005 | \$ 1,494,864 | \$ 182,821 | \$ 13,310,838 |
| 2030 | \$ 595,392,992 | \$ 595,392,992 | \$ 1,559,275 | \$ 6,966,098 | \$ 8,525,373 | \$ 3,016,970 | \$ 1,460,499 | \$ 178,618 | \$ 13,004,842 |
| 2031 | \$ 581,383,745 | \$ 581,383,745 | \$ 1,522,586 | \$ 6,802,190 | \$ 8,324,776 | \$ 2,947,935 | \$ 1,426,134 | \$ 174,415 | \$ 12,698,845 |
| 2032 | \$ 567,374,498 | \$ 567,374,498 | \$ 1,485,897 | \$ 6,638,282 | \$ 8,124,179 | \$ 2,876,901 | \$ 1,391,770 | \$ 170,212 | \$ 12,392,849 |
| 2033 | \$ 553,365,251 | \$ 553,365,251 | \$ 1,449,208 | \$ 6,474,373 | \$ 7,923,582 | \$ 2,805,866 | \$ 1,357,405 | \$ 166,010 | \$ 12,086,853 |
| 2034 | \$ 539,356,004 | \$ 539,356,004 | \$ 1,412,519 | \$ 6,310,465 | \$ 7,722,985 | \$ 2,734,832 | \$ 1,323,040 | \$ 161,807 | \$ 11,780,857 |
| 2035 | \$ 525,346,758 | \$ 525,346,758 | \$ 1,375,831 | \$ 6,146,557 | \$ 7,522,388 | \$ 2,663,797 | \$ 1,288,676 | \$ 157,604 | \$ 11,474,860 |
| 2036 | \$ 511,337,511 | \$ 511,337,511 | \$ 1,339,142 | \$ 5,982,649 | \$ 7,321,791 | \$ 2,592,762 | \$ 1,254,311 | \$ 153,401 | \$ 11,168,864 |
| 2037 | \$ 497,328,264 | \$ 497,328,264 | \$ 1,302,453 | \$ 5,818,741 | \$ 7,121,194 | \$ 2,521,728 | \$ 1,219,946 | \$ 149,198 | \$ 10,862,868 |
| 2038 | \$ 483,319,017 | \$ 483,319,017 | \$ 1,265,764 | \$ 5,654,832 | \$ 6,920,597 | \$ 2,450,693 | \$ 1,185,582 | \$ 144,996 | \$ 10,556,871 |
| 2039 | \$ 469,309,770 | \$ 469,309,770 | \$ 1,229,075 | \$ 5,490,924 | \$ 6,720,000 | \$ 2,379,659 | \$ 1,151,217 | \$ 140,793 | \$ 10,250,875 |
| Total | | | \$ 23,341,949 | \$104,280,731 | \$127,622,680 | \$ 45,193,219 | \$ 21,863,302 | \$ 2,673,865 | \$ 194,679,201 |

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

Board Finding Number 8.

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

Board Finding Number 9.

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

| | Tax Year | Estimated ISD M&O Tax Levy Generated (Annual) | Estimated ISD M&O Tax Levy Generated (Cumulative) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative) |
|--|----------|---|---|---|---|
| Limitation Pre-Years | 2022 | \$ 304,401 | \$ 304,401 | \$ 0 | \$ 0 |
| | 2023 | \$ 1,442,393 | \$ 1,746,794 | \$ 0 | \$ 0 |
| | 2024 | \$ 2,959,713 | \$ 4,706,507 | \$ 0 | \$ 0 |
| Limitation Period (10 Years) | 2025 | \$ 1,170,000 | \$ 5,876,507 | \$ 6,615,639 | \$ 6,615,639 |
| | 2026 | \$ 1,170,000 | \$ 7,046,507 | \$ 6,451,731 | \$ 13,067,370 |
| | 2027 | \$ 1,170,000 | \$ 8,216,507 | \$ 6,287,823 | \$ 19,355,192 |
| | 2028 | \$ 1,170,000 | \$ 9,386,507 | \$ 6,123,914 | \$ 25,479,107 |
| | 2029 | \$ 1,170,000 | \$ 10,556,507 | \$ 5,960,006 | \$ 31,439,113 |
| | 2030 | \$ 1,170,000 | \$ 11,726,507 | \$ 5,796,098 | \$ 37,235,211 |
| | 2031 | \$ 1,170,000 | \$ 12,896,507 | \$ 5,632,190 | \$ 42,867,401 |
| | 2032 | \$ 1,170,000 | \$ 14,066,507 | \$ 5,468,282 | \$ 48,335,682 |
| | 2033 | \$ 1,170,000 | \$ 15,236,507 | \$ 5,304,373 | \$ 53,640,056 |
| | 2034 | \$ 1,170,000 | \$ 16,406,507 | \$ 5,140,465 | \$ 58,780,521 |
| Maintain Viable Presence (5 Years) | 2035 | \$ 6,146,557 | \$ 22,553,064 | \$ 0 | \$ 58,780,521 |
| | 2036 | \$ 5,982,649 | \$ 28,535,712 | \$ 0 | \$ 58,780,521 |
| | 2037 | \$ 5,818,741 | \$ 34,354,453 | \$ 0 | \$ 58,780,521 |
| | 2038 | \$ 5,654,832 | \$ 40,009,286 | \$ 0 | \$ 58,780,521 |
| | 2039 | \$ 5,490,924 | \$ 45,500,210 | \$ 0 | \$ 58,780,521 |
| Additional Years as Required by § 313.026(c)(1) (10 Years) | 2040 | \$ 5,327,016 | \$ 50,827,226 | \$ 0 | \$ 58,780,521 |
| | 2041 | \$ 5,163,108 | \$ 55,990,334 | \$ 0 | \$ 58,780,521 |
| | 2042 | \$ 4,999,200 | \$ 60,989,534 | \$ 0 | \$ 58,780,521 |
| | 2043 | \$ 4,835,292 | \$ 65,824,825 | \$ 0 | \$ 58,780,521 |
| | 2044 | \$ 4,671,383 | \$ 70,496,209 | \$ 0 | \$ 58,780,521 |
| | 2045 | \$ 4,507,475 | \$ 75,003,684 | \$ 0 | \$ 58,780,521 |
| | 2046 | \$ 4,343,567 | \$ 79,347,251 | \$ 0 | \$ 58,780,521 |
| | 2047 | \$ 4,179,659 | \$ 83,526,910 | \$ 0 | \$ 58,780,521 |
| | 2048 | \$ 4,015,751 | \$ 87,542,660 | \$ 0 | \$ 58,780,521 |
| | 2049 | \$ 3,851,842 | \$ 91,394,503 | \$ 0 | \$ 58,780,521 |

\$ 91,394,503 is greater than \$ 58,780,521

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

Board Finding Number 10.

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

Board Finding Number 11.

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

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

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

I. Per Covestro, LLC in Tab 5 of their Application for a Limitation on Appraised Value:

A. "Covestro LLC (formerly Bayer Material Science) has a rich tradition of good corporate citizenship in the Baytown community aiming to spark curiosity, to envision what could be and to help create it. As an active member in the Baytown community, Covestro has made sustainable and lasting impacts with its projects. For example, Covestro donated 14 "smart" solar-powered trash and recycling bins which notify the city when they are full -reducing truck emissions while keeping the city parks clean. Covestro also established the i3 STEM Center at the Eddie V. Gray Wetlands Center bringing hands-on science education to nearly 1,700 Goose Creek Independent School District fifth graders annually through its Microscope Lab program. The company recently collaborated with the Wetlands Center donating funds to create a state-of-the-art traveling exhibit designed to educate the public about sustainable energy. Called 'Cleaner energy – Brighter world,' the 48-foot-long trailer is outfitted with interactive displays that highlight the science behind diverse sources of renewable energy and will travel throughout the state. They also donated to help Goose Creek CISD build an industrial maintenance lab to help high school students gain hands-on experience and learning in craft and industrial fields."

B. "While these examples illustrate just a portion of Covestro's financial contributions to a multitude of non-profits and educational outreach in the area, the largest impact is in its employee volunteerism by leveraging the skills of its workforce to strengthen the community. Covestro started the 'Girls in STEM' mentoring program for the district's three high schools after identifying that only 2 percent of the students were enrolled in the STEM program versus the state average of 19 percent. This program is a hands-on work session and one-on-one mentoring for young women to envision the possibilities that come from STEM education. Covestro also brought hundreds of middle school young women in a partnership with Greenlight for Girls and SpaceCenter Houston for an all-day interactive workshop to excite them about STEM fields. Volunteers take STEM students on a number of field trips including to the Energy Museum, Art Museum and TV studios for students to discover the many uses of a STEM education. It's not just workers from the Baytown facility that make the community a priority, so does the company's Chief Executive Officer Patrick Thomas who spoke to

Board Findings of the Goose Creek Consolidated Independent School District

more than 800 students last year, talking about sustainability, STEM fields and fielding questions from the audience. In addition, the company re-imagined the way employees engage with non-profits by pairing them in non-profits for three months working on projects that utilize our workforce's specialized skills—giving the non-profits unique access to professional skills allowing for more effective outcomes not available simply through donations. Through innovative philanthropic strategies that combine both human and financial resources, Covestro continues to build stronger communities through our people and passion to make the world a brighter place.”

C. “Globally Covestro has manufacturing sites across Europe and in China. In North America, Covestro has manufacturing sites in West Virginia, Massachusetts, Ohio and Santa Clara, Mexico. The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. For Baytown, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes, which is why we are pursuing the Chapter 313 value limitation.”

D. “Chapter 313 is a necessary part of the economic analysis for investment in Texas. Additionally, Covestro highly considers the availability of a qualified workforce and the ability to replenish via manufacturing type training programs in local schools and colleges.”

E. “No engineering, procurement or construction contracts have been negotiated or signed to support the project. No regulatory permit applications have been filed. No public announcements of a definitive intent to have been made.”

F. “Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. Without the Chapter 313 value limitation, siting the project in Baytown, Texas will be cost prohibitive.”

II. According to the Regular Board Meeting of Goose Creek CSD dated December 11, 2017, “The Board accept the application from Covestro LLC for a Chapter 313 Appraised Value Limitation on qualified property to Goose Creek CSD and authorize the superintendent of schools to review the application for completeness and submit the application to the Comptroller for review; authorize the superintendent to approve an extension of time to review the application as may be required.”

III. According to the *West Chambers County EDF* news release dated December 15, 2017, “Goose Creek CSD has accepted a Chapter 313 application from Covestro for possible future expansion that could invest millions into the school district. Attorney Sara Leon said this was essentially an expansion of Covestro’s existing plant. Leon added that it could result in \$650 million in new investments within Goose Creek CSD boundaries, with a projected total property value at the end of the construction phase of \$580 million.”

IV. A March 7, 2018 *Press Release CSRwire.com* states that, “Covestro LLC Donate \$150,000 [to Goose Creek CSD] to Support STEM Education and Training in Baytown, Texas.”

V. According to the Regular Meeting of the Chambers County Commissioners Court dated April 24, 2018, “Public Hearing at 10am regarding the Covestro, LLC 2018 Reinvestment Zone. Discuss and consider Order designating the Covestro, LLC Reinvestment Zone.”

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value

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

Board Finding Number 12.

The Board of Trustees of the Goose Creek Consolidated Independent School District hired consultants to review and verify the information in Application #1232. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently One Hundred Million Dollars (\$100,000,000), which is consistent with the minimum values currently set out by Texas Tax Code § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer ID 10616537402) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Exhibit 3, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16.

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

Board Findings of the Goose Creek Consolidated Independent School District

It is therefore ORDERED that the Agreement attached hereto as **Exhibit 3** is approved and hereby authorized to be executed and delivered by and on behalf of the Goose Creek Consolidated Independent School District. It is further ORDERED that these Findings and the Attachments referred to herein be attached to the official minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Goose Creek Consolidated Independent School District.

Dated the 21st day of May, 2018.

GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

By: 

Pete Pape
President, Board of Trustees

ATTEST:

By: 

Jessica Woods
Secretary, Board of Trustees

Findings and Order of the Goose Creek Consolidated Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Covestro, LLC (Tax ID 10616537402) (Application #1232)

EXHIBIT 1

Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 10, 2018

Randal O'Brien
Superintendent
Goose Creek Independent School District
PO Box 30
Baytown, Texas 77522

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Goose Creek Consolidated Independent School District and Covestro, LLC, Application 1232

Dear Superintendent O'Brien:

On April 18, 2018 the Comptroller issued written notice that Covestro, LLC (applicant) submitted a completed application (Application 1232) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on February 13, 2018 to the Goose Creek Consolidated Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

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

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

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

Sec. 313.024(d-2) Not applicable to Application 1232.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

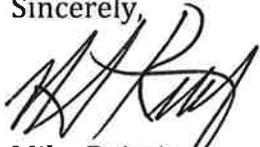
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of April 18, 2018 or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Reissig". The signature is stylized and overlaps with the printed name below it.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

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

Table 1 is a summary of investment, employment and tax impact of Covestro, LLC.

| | |
|---|------------------|
| Applicant | Covestro, LLC |
| Tax Code, 313.024 Eligibility Category | Manufacturing |
| School District | Goose Creek CISD |
| 2016-2017 Average Daily Attendance | 22,014 |
| County | Chambers |
| Proposed Total Investment in District | \$907,752,985 |
| Proposed Qualified Investment | \$588,223,790 |
| Limitation Amount | \$100,000,000 |
| Qualifying Time Period (Full Years) | 2023-2024 |
| Number of new qualifying jobs committed to by applicant | 25 |
| Number of new non-qualifying jobs estimated by applicant | 0 |
| Average weekly wage of qualifying jobs committed to by applicant | \$1,211 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$1,211 |
| Minimum annual wage committed to by applicant for qualified jobs | \$62,387 |
| Minimum weekly wage required for non-qualifying jobs | \$1,181 |
| Minimum annual wage required for non-qualifying jobs | \$61,387 |
| Investment per Qualifying Job | \$36,310,118 |
| Estimated M&O levy without any limit (15 years) | \$104,280,731 |
| Estimated M&O levy with Limitation (15 years) | \$45,500,210 |
| Estimated gross M&O tax benefit (15 years) | \$58,780,521 |

Table 2 is the estimated statewide economic impact of Covestro, LLC (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|---------|-----------------|--------------------|---------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2021 | 470 | 570 | 1,040 | \$23,500,000 | \$54,029,000 | \$77,529,000 |
| 2022 | 2000 | 2,389 | 4388.53 | \$100,000,000 | \$242,536,000 | \$342,536,000 |
| 2023 | 2025 | 2,566 | 4591 | \$101,574,275 | \$288,976,725 | \$390,551,000 |
| 2024 | 350 | 688 | 1038 | \$17,824,275 | \$112,385,725 | \$130,210,000 |
| 2025 | 25 | 166 | 191 | \$1,574,275 | \$53,201,725 | \$54,776,000 |
| 2026 | 25 | (11) | 14 | \$1,574,275 | \$29,708,725 | \$31,283,000 |
| 2027 | 25 | (93) | -68 | \$1,574,275 | \$15,566,725 | \$17,141,000 |
| 2028 | 25 | (104) | -79 | \$1,574,275 | \$9,184,725 | \$10,759,000 |
| 2029 | 25 | (74) | -49 | \$1,574,275 | \$8,023,725 | \$9,598,000 |
| 2030 | 25 | (27) | -2 | \$1,574,275 | \$10,121,725 | \$11,696,000 |
| 2031 | 25 | 24 | 49 | \$1,574,275 | \$13,958,725 | \$15,533,000 |
| 2032 | 25 | 71 | 96 | \$1,574,275 | \$18,416,725 | \$19,991,000 |
| 2033 | 25 | 109 | 134 | \$1,574,275 | \$22,953,725 | \$24,528,000 |
| 2034 | 25 | 139 | 164 | \$1,574,275 | \$27,177,725 | \$28,752,000 |
| 2035 | 25 | 149 | 174 | \$1,574,275 | \$29,558,725 | \$31,133,000 |
| 2036 | 25 | 158 | 183 | \$1,574,275 | \$31,762,725 | \$33,337,000 |
| 2037 | 25 | 161 | 186 | \$1,574,275 | \$33,331,725 | \$34,906,000 |
| 2038 | 25 | 160 | 185 | \$1,574,275 | \$34,348,725 | \$35,923,000 |
| 2039 | 25 | 156 | 181 | \$1,574,275 | \$34,982,725 | \$36,557,000 |

Source: CPA REMI, Covestro, LLC

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

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate* | Goose Creek CISD I&S Tax Levy | Goose Creek CISD M&O Tax Levy | Goose Creek CISD M&O and I&S Tax Levies | Chambers County Tax Levy | Lee Junior College District Tax Levy | Cedar Bayou Navigation District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|-------------------------------|-------------------------------|---|--------------------------|--------------------------------------|--|--------------------------------|
| 2022 | \$26,017,173 | \$26,017,173 | 0.2619 | \$68,136 | \$304,401 | \$372,537 | \$131,921 | \$63,820 | \$7,805 | \$568,279 |
| 2023 | \$123,281,428 | \$123,281,428 | | \$322,862 | \$1,442,393 | \$1,765,254 | \$625,105 | \$302,409 | \$36,984 | \$2,692,768 |
| 2024 | \$252,966,916 | \$252,966,916 | | \$662,495 | \$2,959,713 | \$3,622,208 | \$1,282,681 | \$620,528 | \$75,890 | \$5,525,417 |
| 2025 | \$665,439,226 | \$665,439,226 | | \$1,742,719 | \$7,785,639 | \$9,528,358 | \$3,374,143 | \$1,632,322 | \$199,632 | \$14,534,823 |
| 2026 | \$651,429,979 | \$651,429,979 | | \$1,706,030 | \$7,621,731 | \$9,327,761 | \$3,303,108 | \$1,597,958 | \$195,429 | \$14,228,827 |
| 2027 | \$637,420,732 | \$637,420,732 | | \$1,669,341 | \$7,457,823 | \$9,127,164 | \$3,232,074 | \$1,563,593 | \$191,226 | \$13,922,830 |
| 2028 | \$623,411,486 | \$623,411,486 | | \$1,632,652 | \$7,293,914 | \$8,926,567 | \$3,161,039 | \$1,529,228 | \$187,023 | \$13,616,834 |
| 2029 | \$609,402,239 | \$609,402,239 | | \$1,595,964 | \$7,130,006 | \$8,725,970 | \$3,090,005 | \$1,494,864 | \$182,821 | \$13,310,838 |
| 2030 | \$595,392,992 | \$595,392,992 | | \$1,559,275 | \$6,966,098 | \$8,525,373 | \$3,018,970 | \$1,460,499 | \$178,618 | \$13,004,842 |
| 2031 | \$581,383,745 | \$581,383,745 | | \$1,522,586 | \$6,802,190 | \$8,324,776 | \$2,947,935 | \$1,426,134 | \$174,415 | \$12,698,845 |
| 2032 | \$567,374,498 | \$567,374,498 | | \$1,485,897 | \$6,638,282 | \$8,124,179 | \$2,876,901 | \$1,391,770 | \$170,212 | \$12,392,849 |
| 2033 | \$553,365,251 | \$553,365,251 | | \$1,449,208 | \$6,474,373 | \$7,923,582 | \$2,805,866 | \$1,357,405 | \$166,010 | \$12,086,853 |
| 2034 | \$539,356,004 | \$539,356,004 | | \$1,412,519 | \$6,310,465 | \$7,722,985 | \$2,734,832 | \$1,323,040 | \$161,807 | \$11,780,857 |
| 2035 | \$525,346,758 | \$525,346,758 | | \$1,375,831 | \$6,146,557 | \$7,522,388 | \$2,663,797 | \$1,288,676 | \$157,604 | \$11,474,860 |
| 2036 | \$511,337,511 | \$511,337,511 | | \$1,339,142 | \$5,982,649 | \$7,321,791 | \$2,592,762 | \$1,254,311 | \$153,401 | \$11,168,864 |
| 2037 | \$497,328,264 | \$497,328,264 | | \$1,302,453 | \$5,818,741 | \$7,121,194 | \$2,521,728 | \$1,219,946 | \$149,198 | \$10,862,868 |
| 2038 | \$483,319,017 | \$483,319,017 | | \$1,265,764 | \$5,654,832 | \$6,920,597 | \$2,450,693 | \$1,185,582 | \$144,996 | \$10,556,871 |
| 2039 | \$469,309,770 | \$469,309,770 | | \$1,229,075 | \$5,490,924 | \$6,720,000 | \$2,379,659 | \$1,151,217 | \$140,793 | \$10,250,875 |
| | | | Total | \$23,341,949 | \$104,280,731 | \$127,622,680 | \$45,193,219 | \$21,863,302 | \$2,673,865 | \$194,679,201 |

Source: CPA, Covestro, LLC

*Tax Rate per \$100 Valuation

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

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

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate* | Goose Creek CISD I&S Tax Levy | Goose Creek CISD M&O Tax Levy | Goose Creek CISD M&O and I&S Tax Levies | Chambers County Tax Levy | Lee Junior College District Tax Levy | Cedar Bayou Navigation District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|-------------------------------|-------------------------------|---|--------------------------|--------------------------------------|--|--------------------------------|
| 2022 | \$26,017,173 | \$26,017,173 | 0.2619 | \$68,136 | \$304,401 | \$372,537 | \$131,921 | \$63,820 | \$7,805 | \$576,084 |
| 2023 | \$123,281,428 | \$123,281,428 | | \$322,862 | \$1,442,393 | \$1,765,254 | \$625,105 | \$302,409 | \$36,984 | \$2,729,753 |
| 2024 | \$252,966,916 | \$252,966,916 | | \$662,495 | \$2,959,713 | \$3,622,208 | \$1,282,681 | \$620,528 | \$75,890 | \$5,601,307 |
| 2025 | \$665,439,226 | \$100,000,000 | | \$1,742,719 | \$1,170,000 | \$2,912,719 | \$0 | \$1,632,322 | \$199,632 | \$4,744,673 |
| 2026 | \$651,429,979 | \$100,000,000 | | \$1,706,030 | \$1,170,000 | \$2,876,030 | \$0 | \$1,597,958 | \$195,429 | \$4,669,417 |
| 2027 | \$637,420,732 | \$100,000,000 | | \$1,669,341 | \$1,170,000 | \$2,839,341 | \$0 | \$1,563,593 | \$191,226 | \$4,594,160 |
| 2028 | \$623,411,486 | \$100,000,000 | | \$1,632,652 | \$1,170,000 | \$2,802,652 | \$0 | \$1,529,228 | \$187,023 | \$4,518,904 |
| 2029 | \$609,402,239 | \$100,000,000 | | \$1,595,964 | \$1,170,000 | \$2,765,964 | \$0 | \$1,494,864 | \$182,821 | \$4,443,648 |
| 2030 | \$595,392,992 | \$100,000,000 | | \$1,559,275 | \$1,170,000 | \$2,729,275 | \$0 | \$1,460,499 | \$178,618 | \$4,368,392 |
| 2031 | \$581,383,745 | \$100,000,000 | | \$1,522,586 | \$1,170,000 | \$2,692,586 | \$0 | \$1,426,134 | \$174,415 | \$4,293,135 |
| 2032 | \$567,374,498 | \$100,000,000 | | \$1,485,897 | \$1,170,000 | \$2,655,897 | \$0 | \$1,391,770 | \$170,212 | \$4,217,879 |
| 2033 | \$553,365,251 | \$100,000,000 | | \$1,449,208 | \$1,170,000 | \$2,619,208 | \$0 | \$1,357,405 | \$166,010 | \$4,142,623 |
| 2034 | \$539,356,004 | \$100,000,000 | | \$1,412,519 | \$1,170,000 | \$2,582,519 | \$0 | \$1,323,040 | \$161,807 | \$4,067,367 |
| 2035 | \$525,346,758 | \$525,346,758 | | \$1,375,831 | \$6,146,557 | \$7,522,388 | \$2,663,797 | \$1,288,676 | \$157,604 | \$11,632,464 |
| 2036 | \$511,337,511 | \$511,337,511 | | \$1,339,142 | \$5,982,649 | \$7,321,791 | \$2,592,762 | \$1,254,311 | \$153,401 | \$11,322,265 |
| 2037 | \$497,328,264 | \$497,328,264 | | \$1,302,453 | \$5,818,741 | \$7,121,194 | \$2,521,728 | \$1,219,946 | \$149,198 | \$11,012,066 |
| 2038 | \$483,319,017 | \$483,319,017 | | \$1,265,764 | \$5,654,832 | \$6,920,597 | \$2,450,693 | \$1,185,582 | \$144,996 | \$10,701,867 |
| 2039 | \$469,309,770 | \$469,309,770 | | \$1,229,075 | \$5,490,924 | \$6,720,000 | \$2,379,659 | \$1,151,217 | \$140,793 | \$10,391,668 |
| | | | Total | \$23,341,949 | \$45,500,210 | \$68,842,159 | \$14,648,347 | \$21,863,302 | \$2,673,865 | \$108,027,673 |
| | | | Diff | \$0 | \$58,780,521 | \$58,780,521 | \$30,544,872 | \$0 | \$0 | \$86,651,528 |

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Covestro, LLC

*Tax Rate per \$100 Valuation

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

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

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

| | Tax Year | Estimated ISD M&O Tax Levy Generated (Annual) | Estimated ISD M&O Tax Levy Generated (Cumulative) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative) |
|---|----------|---|---|---|---|
| Limitation Pre-Years | 2022 | \$304,401 | \$304,401 | \$0 | \$0 |
| | 2023 | \$1,442,393 | \$1,746,794 | \$0 | \$0 |
| | 2024 | \$2,959,713 | \$4,706,507 | \$0 | \$0 |
| Limitation Period (10 Years) | 2025 | \$1,170,000 | \$5,876,507 | \$6,615,639 | \$6,615,639 |
| | 2026 | \$1,170,000 | \$7,046,507 | \$6,451,731 | \$13,067,370 |
| | 2027 | \$1,170,000 | \$8,216,507 | \$6,287,823 | \$19,355,192 |
| | 2028 | \$1,170,000 | \$9,386,507 | \$6,123,914 | \$25,479,107 |
| | 2029 | \$1,170,000 | \$10,556,507 | \$5,960,006 | \$31,439,113 |
| | 2030 | \$1,170,000 | \$11,726,507 | \$5,796,098 | \$37,235,211 |
| | 2031 | \$1,170,000 | \$12,896,507 | \$5,632,190 | \$42,867,401 |
| | 2032 | \$1,170,000 | \$14,066,507 | \$5,468,282 | \$48,335,682 |
| | 2033 | \$1,170,000 | \$15,236,507 | \$5,304,373 | \$53,640,056 |
| | 2034 | \$1,170,000 | \$16,406,507 | \$5,140,465 | \$58,780,521 |
| Maintain Viable Presence (5 Years) | 2035 | \$6,146,557 | \$22,553,064 | \$0 | \$58,780,521 |
| | 2036 | \$5,982,649 | \$28,535,712 | \$0 | \$58,780,521 |
| | 2037 | \$5,818,741 | \$34,354,453 | \$0 | \$58,780,521 |
| | 2038 | \$5,654,832 | \$40,009,286 | \$0 | \$58,780,521 |
| | 2039 | \$5,490,924 | \$45,500,210 | \$0 | \$58,780,521 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2040 | \$5,327,016 | \$50,827,226 | \$0 | \$58,780,521 |
| | 2041 | \$5,163,108 | \$55,990,334 | \$0 | \$58,780,521 |
| | 2042 | \$4,999,200 | \$60,989,534 | \$0 | \$58,780,521 |
| | 2043 | \$4,835,292 | \$65,824,825 | \$0 | \$58,780,521 |
| | 2044 | \$4,671,383 | \$70,496,209 | \$0 | \$58,780,521 |
| | 2045 | \$4,507,475 | \$75,003,684 | \$0 | \$58,780,521 |
| | 2046 | \$4,343,567 | \$79,347,251 | \$0 | \$58,780,521 |
| | 2047 | \$4,179,659 | \$83,526,910 | \$0 | \$58,780,521 |
| | 2048 | \$4,015,751 | \$87,542,660 | \$0 | \$58,780,521 |
| | 2049 | \$3,851,842 | \$91,394,503 | \$0 | \$58,780,521 |

\$91,394,503

is greater than

\$58,780,521

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Covestro, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Covestro LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Covestro LLC (formerly Bayer Material Science) has a rich tradition of good corporate citizenship in the Baytown community aiming to spark curiosity, to envision what could be and to help create it. As an active member in the Baytown community, Covestro has made sustainable and lasting impacts with its projects. For example, Covestro donated 14 “smart” solar-powered trash and recycling bins which notify the city when they are full –reducing truck emissions while keeping the city parks clean. Covestro also established the i3 STEM Center at the Eddie V. Gray Wetlands Center bringing hands-on science education to nearly 1,700 Goose Creek Independent School District fifth graders annually through its Microscope Lab program. The company recently collaborated with the Wetlands Center donating funds to create a state-of-the-art traveling exhibit designed to educate the public about sustainable energy. Called “Cleaner energy – Brighter world,” the 48-foot-long trailer is outfitted with interactive displays that highlight the science behind diverse sources of renewable energy and will travel throughout the state. They also donated to help Goose Creek CISD build an industrial maintenance lab to help high school students gain hands-on experience and learning in craft and industrial fields.”
 - B. “While these examples illustrate just a portion of Covestro's financial contributions to a multitude of non-profits and educational outreach in the area, the largest impact is in its employee volunteerism by leveraging the skills of its workforce to strengthen the community. Covestro started the ‘Girls in STEM’ mentoring program for the district's three high schools after identifying that only 2 percent of the students were enrolled in the STEM program versus the state average of 19 percent. This program is a hands-on work session and one-on-one mentoring for young women to envision the possibilities that come from STEM education. Covestro also brought hundreds of middle school young women in a partnership with Greenlight for Girls and SpaceCenter Houston for an all-day interactive workshop to excite them about STEM fields. Volunteers take STEM students on a number of fields trips including to the Energy Museum, Art

Museum and TV studios for students to discover the many uses of a STEM education. It's not just workers from the Baytown facility that make the community a priority, so does the company's Chief Executive Officer Patrick Thomas who spoke to more than 800 students last year, talking about sustainability, STEM fields and fielding questions from the audience. In addition, the company re-imagined the way employees engage with non-profits by pairing them in non-profits for three months working on projects that utilize our workforce's specialized skills - giving the non-profits unique access to professional skills allowing for more effective outcomes not available simply through donations. Through innovative philanthropic strategies that combine both human and financial resources, Covestro continues to build stronger communities through our people and passion to make the world a brighter place."

- C. "Globally Covestro has manufacturing sites across Europe and in China. In North America, Covestro has manufacturing sites in West Virginia, Massachusetts, Ohio and Santa Clara, Mexico. The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. For Baytown, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes, which is why we are pursuing the Chapter 313 value limitation."
 - D. "Chapter 313 is a necessary part of the economic analysis for investment in Texas. Additionally, Covestro highly considers the availability of a qualified workforce and the ability to replenish via manufacturing type training programs in local schools and colleges."
 - E. "No engineering, procurement or construction contracts have been negotiated or signed to support the project. No regulatory permit applications have been filed. No public announcements of a definitive intent to have been made."
 - F. "Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. Without the Chapter 313 value limitation, siting the project in Baytown, Texas will be cost prohibitive."
- According to the Regular Board Meeting of Goose Creek CSD dated December 11, 2017, "The Board accept the application from Covestro LLC for a Chapter 313 Appraised Value Limitation on qualified property to Goose Creek CISD and authorize the superintendent of schools to review the application for completeness and submit the application to the Comptroller for review; authorize the superintendent to approve an extension of time to review the application as may be required."
 - According to the West Chambers County EDF news release dated December 15, 2017, "Goose Creek CISD has accepted a Chapter 313 application from Covestro for possible future expansion that could invest millions into the school district. Attorney Sara Leon said this was essentially an expansion of Covestro's existing plant. Leon added that it could result in \$650 million in new investments within Goose Creek CISD boundaries, with a projected total property value at the end of the construction phase of \$580 million."
 - A March 7, 2018 *Press Release CSRwire.com* states that, "Covestro LLC Donate \$150,000 [to Goose Creek CSD] to Support STEM Education and Training in Baytown, Texas."
 - According to the Regular Meeting of the Chambers County Commissioners Court dated April 24, 2018, "Public Hearing at 10am regarding the Covestro, LLC 2018 Reinvestment Zone. Discuss and consider Order designating the Covestro, LLC Reinvestment Zone."

Supporting Information

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

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

| | |
|---|---|
| <input type="checkbox"/> Land has no existing improvements | <input checked="" type="checkbox"/> Land has existing improvements <i>(complete Section 13)</i> |
| <input type="checkbox"/> Expansion of existing operation on the land <i>(complete Section 13)</i> | <input type="checkbox"/> Relocation within Texas |

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Tab 5

Documentation to assist in determining if limitation is a determining factor.

Covestro LLC (formerly Bayer Material Science) has a rich tradition of good corporate citizenship in the Baytown community aiming to spark curiosity, to envision what could be and to help create it. As an active member in the Baytown community, Covestro has made sustainable and lasting impacts with its projects. For example, Covestro donated 14 “smart” solar-powered trash and recycling bins which notify the city when they are full –reducing truck emissions while keeping the city parks clean. Covestro also established the i3 STEM Center at the Eddie V. Gray Wetlands Center bringing hands-on science education to nearly 1,700 Goose Creek Independent School District fifth graders annually through its Microscope Lab program. The company recently collaborated with the Wetlands Center donating funds to create a state-of-the-art traveling exhibit designed to educate the public about sustainable energy. Called “Cleaner energy – Brighter world,” the 48-foot-long trailer is outfitted with interactive displays that highlight the science behind diverse sources of renewable energy and will travel throughout the state. They also donated to help Goose Creek CISD build an industrial maintenance lab to help high school students gain hands-on experience and learning in craft and industrial fields.

While these examples illustrate just a portion of Covestro’s financial contributions to a multitude of non-profits and educational outreach in the area, the largest impact is in its employee volunteerism by leveraging the skills of its workforce to strengthen the community. Covestro started the ‘Girls in STEM’ mentoring program for the district’s three high schools after identifying that only 2 percent of the students were enrolled in the STEM program versus the state average of 19 percent. This program is a hands-on work session and one-on-one mentoring for young women to envision the possibilities that come from STEM education. Covestro also brought hundreds of middle school young women in a partnership with Greenlight for Girls and SpaceCenter Houston for an all-day interactive workshop to excite them about STEM fields. Volunteers take STEM students on a number of fields trips including to the Energy Museum, Art Museum and TV studios for students to discover the many uses of a STEM education. It’s not just workers from the Baytown facility that make the community a priority, so does the company’s Chief Executive Officer Patrick Thomas who spoke to more than 800 students last year, talking about sustainability, STEM fields and fielding questions from the audience. In addition, the company re-imagined the way employees engage with non-profits by pairing them in non-profits for three months working on projects that utilize our workforce’s specialized skills – giving the non-profits unique access to professional skills allowing for more effective outcomes not available simply through donations. Through innovative philanthropic strategies that combine both human and financial resources, Covestro continues to build stronger communities through our people and passion to make the world a brighter place.

Determining Factor Considerations

Globally Covestro has manufacturing sites across Europe and in China. In North America, Covestro has manufacturing sites in West Virginia, Massachusetts, Ohio and Santa Clara, Mexico.

The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. For Baytown, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes, which is why we are pursuing the Chapter 313 value limitation. Chapter 313 is a necessary part of the economic analysis for investment in Texas. Additionally, Covestro highly considers the availability of a qualified workforce and the ability to replenish via manufacturing type training programs in local schools and colleges.

No engineering, procurement or construction contracts have been negotiated or signed to support the project. No regulatory permit applications have been filed. No public announcements of a definitive intent to have been made.

Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. Without the Chapter 313 value limitation, siting the project in Baytown, Texas will be cost prohibitive.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Meeting of the Board of Trustees
GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
Baytown, Texas

December 11, 2017

REGULAR MEETING

The Board of Trustees and the Administrative Staff of the Goose Creek Consolidated Independent School District met in a Regular Meeting on Monday, December 11, 2017, 6:31 p.m., in the Board Room of the Administration Building, 4544 Interstate 10, with the following Board members present:

PRESENT: Mr. Al Richard, President; Mr. Pete Pape, Vice President; Mr. Agustin Loredo, Secretary; Mrs. Jessica Woods, Assistant Secretary; Mr. Howard Sampson, Mr. Ben Pape, and Mr. Richard Clem

ABSENT: None

Mr. Agustin Loredo arrived at approximately 6:33 p.m. and Mr. Ben Pape at 7:04 p.m.

OPENING EXERCISES

The opening exercises for the December 11, 2017, Board of Trustees meeting were provided by students from Austin Elementary School. Board Vice President Pete Pape gave the prayer and the Pledges of Allegiance to the United States and Texas flags were led by student Lillian Woolard and Asana Gordon.

Students listed below performed the following *Baytown Song*, written by Carol Colvin, and *It's Beginning to Look A Lot Like Christmas*.

Ashlee Acker
Jaylee Anderson
Arely Avila
Caroline Carsey
Ava Casarez
Sara Cedillo
Delaney Dobbs
Asana Gordon

Bree Hildenbrand
Grace McLain
Jadah Menard
Rebekah Patterson
Kaylee Potts
Kendyl Seago
Mylie Wood
Lillian Woolard

Students were under the direction of Carol Colvin and Principal Michelle Duhon.

Change Agenda Order

RECOGNITIONS AND ACKNOWLEDGEMENTS

TASBO Purchasing Award of Merit

Goose Creek CISD's application for the TASBO Award of Merit for Purchasing and Operations was approved. The award is provided to school districts and education service centers statewide that are committed to following professional standards in the acquisition of goods and services. TASBO will recognize our district on Tuesday, February 27, 2018, 6:00 PM at the awards reception at the TASBO 72nd Annual Conference in Fort Worth.

In determining the Award of Merit designees, TASBO reviewed various procedures and practices including: organization, policies & procedures, contract operations, staff training and certification, use of technology, communication and management of co-operative programs, plus where applicable p-card systems and warehousing. Each application was reviewed by a team of reviewers.

American Legion Bluebonnet Girls State 2017

The following students have received recognition for their nomination to the 2017 American Legion Bluebonnet Girls State. Bluebonnet Girls State provides participants the opportunity to experience government at all levels. Females in their junior year of high school are nominated by their school faculty, and then interviewed and selected by representatives of the American Legion.

Goose Creek Memorial High School

Lainy Andrade

Ross S. Sterling High School

Bryn Benoit
Casey Benskin

Robert E. Lee High School

Kayla Contreras
Nile Stewart

The students were under the direction of Shirley Dyer of the American Legion Auxiliary.

American Legion Boys State

The following students have received recognition for their nomination to the 2017 American Legion Boys State. American Legion Boys State provides participants the opportunity to experience government at all levels. Males in their junior year of high school are nominated by their school faculty and then interviewed and selected by representatives of the American Legion.

Goose Creek Memorial High School

Anthony Brindza

Ross S. Sterling High School

Andrew Beck

Robert E. Lee High School

Drayton Sherrill
Christopher Fontenot

The students were under the direction of Shirley Dyer of the American Legion Auxiliary.

Campus Six Weeks Attendance Recognitions

Attendance is an important factor for our district; not only for funding from the state but for the benefit of students to receive instruction. Each six weeks an attendance report is generated to identify the attendance percentage for every campus. Campuses that meet the district attendance goal during the six weeks are recognized.

Our top two elementary campuses for the second six weeks are Victoria Walker Elementary having 97.52 percent and Dr. Antonio Bañuelos Elementary School with 97.12 percent. George H. Gentry Junior School is the top junior school with 97.02 percent, and our top high school is Robert E. Lee with 94.51 percent. POINT Alternative Center met their attendance goal with 82.56 percent.

PUBLIC HEARING

Annual Texas Academic Performance Report 2016-2017

The Board of Trustees held a Public Hearing regarding the Annual Texas Academic Performance report 2016-2017.

Deputy Superintendent for Curriculum and Instruction Dr. Melissa Duarte discussed and presented a PowerPoint presentation regarding the Annual Texas Academic Performance Report 2016-2017.

No one in the audience requested to address the Board and Administration regarding this subject. The Public Hearing was adjourned and immediately convened into the regular meeting.

Return to Agenda Order

CITIZENS PARTICIPATION

The following individuals addressed the Board of Trustees regarding School Start Times:

1. Brian Walenta
2. Leslie Cushman
3. Yen Rabe
4. Kyle Hopper

DISCUSSION ITEMS

Superintendent's Report

1. Goose Creek CISD Demographic Update

Population and Survey Analysts Director of Demographic Projections Justin Silhavy and Data Manager Dr. Stacey Tepera presented a demographic update indicating that the student population is expected to increase. The overall projected student population over the next 10 years is expected to go from 23,899 (.77 percent) in 2018 to 26,626 (0.98 percent) in 2027. This includes a projected student population growth over the next 10 years north of Interstate 10 with more than 700 students projected in elementary schools, more than 375 in junior schools and more than 275 in high schools. The numbers are similar, but the area north is smaller than south of I-10, with a more concentrated growth and fewer schools stated Dr. Tepera. Transportation improvements are helping to drive new housing construction. This includes areas around the Grand Parkway, or Highway 99, the northeast quadrant of the East Freeway to the Eastex Freeway, along with the Highway 146 interchange improvements. Local road improvements on San Jacinto Boulevard, Hunt Road and the Kilgore Parkway also contribute. They also discussed housing trends. The most impactful housing developments in the 10-year projection, is mostly north of I-10 on west side of Garth. The projected new housing occupancies totals from September 2017 to October 2027 are 8,109. Employment and economic trends were also discussed. Also, mentioned are other possible manufacturing and logistics growth possibilities with the addition of distribution centers such as Vinmar, Ravago and IKEA. In addition, the LyondellBasell is undergoing a \$2.4 billion expansion for their Channelview plant, bringing jobs to Baytown and increasing the housing as well as the student population.

DISPOSITION OF MINUTES

October 30, 2017, Board Workshop

Mr. Loredó moved and Mr. Pete Pape seconded the motion **THAT THE BOARD APPROVE THE MINUTES FOR THE OCTOBER 30, 2017, BOARD WORKSHOP AS PRESENTED.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Loredó, Mrs. Woods, Mr. Sampson and Mr. Clem voting for the motion. Mr. Ben Pape abstained.

November 13, 2017, Regular Board Meeting

Mr. Pete Pape moved and Mr. Loredo seconded the motion **THAT THE BOARD APPROVE THE MINUTES FOR THE NOVEMBER 13, 2017, REGULAR BOARD MEETING AS PRESENTED.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Loredo, Mrs. Woods, Mr. Sampson, Mr. Ben Pape and Mr. Clem voting for the motion.

CLOSED MEETING

At approximately 8:14 p.m., President Al Richard recessed the Board Meeting into Closed Session with the following statement:

“This Board will now recess into a Closed Session pursuant to the following sections of the Texas Openning Meetings Act: 551.071, Private consultation with the Board’s Attorney.

Board Reconvenes into Regular Session

At approximately 8:59 p.m., the Board reconvened into Regular Session with President Al Richard presiding. No action was taken while in Closed Session.

ACTION ITEMS

8982. CONSIDERATION AND APPROVAL OF AN ORDER AUTHORIZING THE ISSUANCE OF GOOSE CREEK CISD UNLIMITED TAX REFUNDING BONDS, SERIES 2017

Mr. Pete Pape moved and Mr. Ben Pape seconded the motion **THAT THE BOARD APPROVE AN ORDER AUTHORIZING THE ISSUANCE OF GOOSE CREEK CISD UNLIMITED TAX REFUNDING BONDS, SERIES 2017; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE SUPERINTENDENT AND/OR CHIEF FINANCIAL OFFICER TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, INCLUDING THE TERMS THEROF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Loredo, Mrs. Woods, Mr. Sampson, Mr. Ben Pape and Mr. Clem voting for the motion.

8983. CONSIDERATION OF INTEREST ACKNOWLEDGEMENT

No Board action required. Board members are asked to review District policy regarding the disclosure of conflicts of interest and acknowledge whether a conflict of interest disclosure must be made in connection with the application for value limitation agreement from Covestro. Board members will be asked to initial the attached acknowledgment at the meeting; the acknowledgment form will be entered into the minutes of the meeting. No conflict from all seven Board members.

8984. CONSIDERATION OF ACTION ITEMS RELATING TO RETAINING ATTORNEYS/CONSULTANTS TO ASSIST THE DISTRICT IN THE REVIEW AND PROCESSING OF THE APPLICATION FOR VALUE LIMITATION AGREEMENT FROM COVESTRO PURSUANT TO CHAPTER 313 OF THE PROPERTY TAX CODE

Mr. Pete Pape moved and Mrs. Woods seconded the **motion THAT THE BOARD APPROVE THE AGREEMENT WITH POWELL & LEON, LLP FOR LEGAL SERVICES ASSOCIATED WITH THE APPLICATION FOR A VALUE LIMITATION AGREEMENT WITH COVESTRO PURSUANT TO CHAPTER 313 OF THE PROPERTY TAX CODE.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Loredo, Mrs. Woods, Mr. Sampson, Mr. Ben Pape and Mr. Clem voting for the motion.

8985. CONSIDERATION OF ACTION ITEM RELATING TO AN APPLICATION FOR VALUE LIMITATION AGREEMENT FROM COVESTRO LLC PURSUANT TO CHAPTER 313 OF THE PROPERTY TAX CODE (UNDER SEPARATE COVER)

Mr. Pete Pape moved and Mr. Clem seconded **THAT THE BOARD ACCEPT THE APPLICATION FROM COVESTRO LLC FOR A CHAPTER 313 APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY TO GOOSE CREEK CISD AND AUTHORIZE THE SUPERINTENDENT OF SCHOOLS TO REVIEW THE APPLICATION FOR COMPLETENESS AND SUBMIT THE APPLICATION TO THE COMPTROLLER FOR REVIEW; AUTHORIZE THE SUPERINTENDENT TO APPROVE AN EXTENSION OF TIME TO REVIEW THE APPLICATION AS MAY BE REQUIRED.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Loredo, Mrs. Woods, Mr. Sampson, Mr. Ben Pape and Mr. Clem voting for the motion.

8986. CONSIDERATION OF CONSENT AGENDA

- 1. Fiscal Year 2016-2017 Goose Creek CISD Money Purchase Pension Plan and Trust Audit Report**
- 2. Donation of Robert E. Lee High School**
- 3. Donation from Covestro**
- 4. 2017-2018 Texas Rural Education Association (TREA) Legal Services Program Agreement with Powell & Leon, LLP**
- 5. Imagine Learning Software Licenses**
- 6. Adoption of Resolution to Enter into an Interlocal Agreement Between the Central Texas Purchasing Alliance (CTPA) and the Goose Creek CISD**
- 7. Final Option to Extend CSP for Awards, Trophies, Plaques & Related Items**
- 8. Final Option to Extend CSP for Athletic Supplies/Equipment, Sporting Goods & Related Items**
- 9. Final Option to Extend CSP for Meat, Food Processing Supplies/Products & Grocery Items**
- 10. Second Option to Extend CSP for Maintenance & Building Supplies**
- 11. Develop Rezoning Maps for High School**
- 12. School Start Times as Recommended by Administration**

Item 11 was pulled from Consent Agenda.

Mr. Loredo moved and Mr. Pete Pape seconded the motion **THAT THE BOARD APPROVE ITEMS 1 THROUGH 10 AND 12 OF THE CONSENT AGENDA AS PRESENTED.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Loredo, Mrs. Woods, Mr. Sampson, Mr. Ben Pape, and Mr. Clem voting for the motion.

- 1. Fiscal Year 2016-2017 Goose Creek CISD Money Purchase Pension Plan and Trust Audit Report**
The Board approved the 2016-2017 Goose Creek CISD Money Purchase Pension Plan and Trust Audit Report.
- 2. Donation to Robert E. Lee High School**
The Board approved the donation from an anonymous donor for Robert E. Lee High School; \$1,000 to be allocated for the AVID program and \$4,000 to the campus to be used at the principal's discretion.
- 3. Donation from Covestro**
The Board approved the donation from Covestro in the amount of \$5,000, this donation will support the high cost of equipment and supplies in the CTE department.
- 4. 2017-2018 Texas Rural Education Association (TREA) Legal Services Program Agreement with Powell & Leon, LLP**
The Board Approved the Texas Rural Education Association Legal Services Program retainer agreement with Powell & Leon, LLP for legal services for the 2017-2018 school year.
- 5. Imagine Learning Software Licenses**
The Board approved the software license and implementation services provided by Imagine Learning as a campus intervention with at-risk students.
- 6. Adoption of Resolution to Enter into an Interlocal Agreement Between the Central Texas Purchasing Alliance (CTPA) and the Goose Creek CISD**
The Board approved adopting the resolution to join the Central Texas Purchasing Alliance (CTPA) by means of an interlocal agreement.
- 7. Final Option to Extend CSP for Awards, Trophies, Plaques & Related Items**
The Board approved the final option to extend CSP for Awards, Trophies, Plaques & Related Items for one (1) additional year.
- 8. Final Option to Extend CSP for Athletic Supplies/Equipment, Sporting Goods & Related Items**
The Board approved the final option to extend CSP for Athletic Supplies/Equipment, Sporting Goods & Related Items for one (1) additional year.
- 9. Final Option to Extend CSP for Meat, Food Processing Supplies/Products & Grocery Items**
The Board approved the final option to extend CSP for Meat, Food Processing Supplies/Products & Grocery Items for one (1) additional year.

10. Second Option to Extend CSP for Maintenance & Building Supplies

The Board approved the second option to extend CSP for Maintenance & Building Supplies for one (1) additional year.

12. Budget Amendments

The Board approved Budget Amendment Nos. 10-13 as stated in Section 23.47 of the Texas Education Code and reflect the amendments in the official minutes of the Board of Trustees.

Amend the 2017-18 Food Service Budget as follows:

- Donation from Dairy Max
- Reallocation of funds for unexpected costs for equipment inspections and repairs

Amend the 2017-18 Debt Service Budget as follows:

- Remarketing of Series 2014B Bonds
- Refund due to an overpayment from Series 2014B Bond remarketing on 8/15/2015.

11. Developing Rezoning Maps for High School

Mr. Loredó moved and Mrs. Woods seconded the motion **THAT THE BOARD APPROVE THE DEVELOPMENT OF REZONING MAPS FOR HIGH SCHOOL CONFIGURATION OPTIONS AS RECOMMENDED IN THE RATIONALE; THREE EQUAL SIZE HIGH SCHOOLS OR ONE CONSOLIDATED.** The motion failed. Mr. Ricard, Mrs. Woods, and Mr. Clem voted for. Mr. Pete Pape, Mr. Loredó, Mr. Sampson and Mr. Ben Pape voted against.

8987. CONSIDERATION OF REPORT ON BOARD TRAINING CREDIT HOURS

Board President Al Richard read into the record each Board Member's accumulated Credit Hours for this year.

2017 BOARD TRAINING

| BOARD MEMBER | TIER 1 HOURS | TIER 2 HOURS | TIER 3 HOURS | TOTAL HOURS |
|--------------------|------------------------|---------------|----------------------|-------------|
| | (Texas Education Code) | Team-Building | Continuing Education | |
| Richard Clem | 3.0 | 3.0 | 12.75 | 18.75 |
| Ben Pape | 3.0 | 3.0 | 13.50 | 19.50 |
| Agustin Loredó III | 2.0 | 3.0 | 8.25 | 12.25 |
| Pete Pape | 2.0 | 3.0 | 23.25 | 28.25 |
| Al Richard | 2.0 | 3.0 | 14.25 | 19.25 |
| Howard Sampson | 2.0 | 3.0 | 2.0 | 7.0 |
| Jessica Woods | 2.0 | 3.0 | 12.0 | 17.0 |

- TIER I: Three hours in the Texas Education Code (TEC) for newly-elected or appointed Board members. Two hours in Update to Texas Education Code (TEC) for Board Members in subsequent years of service.
- TIER II: Three to six hours in Team-Building Skills.
- TIER III: Ten hours in Continuing Education for new Board members. Five hours in Continuing Education for Board members in subsequent years of service.

8988. SCHOOL START TIMES AS RECOMMENDED BY ADMINISTRATION

No motion was made, recommendation denied, motion failed.

**8989. FUTURE BOARD AGENDA ITEMS
BOARD TRAINING
BOARD MEETINGS**

Future Board Agenda Items

- Additional Late Start Times Options with Budget Implications (not earlier than 7:45 a. m. and not after 4 p.m.)

Board Training

- December 13, 2017, 6:30 p.m., Texas Education Code TEC Training

Board Meetings

- January 8, 2018, Regular Board Meeting

CLOSED MEETING

At approximately 10:03 p.m., President Al Richard recessed the Board Meeting into Closed Session with the following statement:

“This Board will now recess into a Closed Session pursuant to the following sections of the Texas Open Meeting Act: 551.071, Private consultation with the Board’s Attorney; 551.072, Discussing purchase, exchange, lease, or value of real property with representatives of employee groups; 551.073, Discussing negotiated contracts for prospective gifts or donations; 551.074, Considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee; and 551.083, Considering the standards, guidelines, terms, or conditions the Board will follow, or will instruct its representatives to follow, in consultation with representatives of employee groups;

Board Reconvenes into Regular Session

At approximately 10:46 p.m., the Board reconvened into Regular Session with President Al Richard presiding. No action was taken while in Closed Session.

8990. CONSIDERATION OF PURCHASE OF PROPERTY

Mr. Pete Pape moved and Mr. Clem seconded the motion **THAT THE BOARD APPROVE TO AUTHORIZE THE SUPERINTENDENT TO NEGOTIATE THE PURCHASE OF PROPERTY WITH A RESOLUTION FOR REIMBURSEMENT.** The motion passed with Mr. Pete Pape, Mr. Lored, Mrs. Woods, Mr. Sampson, Mr. Clem, and Mr. Ben Pape voting for the motion. Mr. Richard voted against.

8991. CONSIDERATION OF PERSONNEL ACTION

Mr. Pape moved and Mr. Lored seconded the motion **THAT THE BOARD APPROVE SEVEN ELECTIONS AND ACCEPT NINE RESIGNATIONS AS PRESENTED.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Lored, Mrs. Woods, Mr. Sampson, Mr. Clem, and Mr. Ben Pape voting for the motion.

Election Approved:

1. Krizia Luna-Garcia, teacher, assigned to Bañuelos Elementary School.
2. Mayra Casas, teacher, assigned to De Zavala Elementary School.
3. Melania Dominguez, teacher, assigned to San Jacinto Elementary School.
4. Kassandra Hernandez, teacher, assigned to San Jacinto Elementary School.
5. Olivia Payne, teacher, assigned to Gentry Junior School.
6. Amanda Reyes, teacher, assigned to Harlem Elementary School.
7. Andrew Walz, teacher, assigned to Robert E. Lee High School.

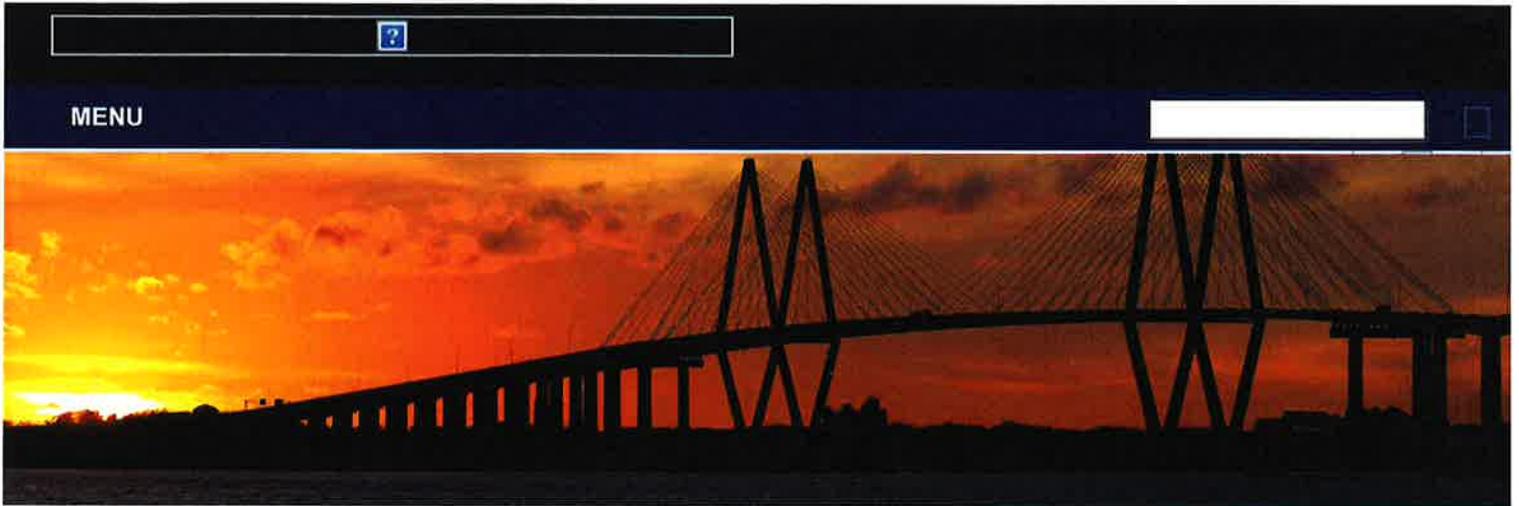
Accepted Resignations:

1. **Angela Bingham**, school nurse at Goose Creek Memorial High School, resigned effective December 8, 2017.
2. **Adina DeSenna**, fourth-grade teacher at Highlands Elementary School, resigned effective December 6, 2017.
3. **Megan Dickey**, special education coordinator for deaf education, is resigning effective January 12, 2018.
4. **Donna Hall**, third-grade teacher at Highlands Elementary School, is retiring effective June 1, 2018. Ms. Hall is in her 23rd year with the District.
5. **Kia O'Berry**, physical education teacher at William B. Travis Elementary School, is resigning effective December 20, 2017.
6. **Stephen Robertson**, English Language Arts teacher at Robert E. Lee High School, resigned effective November 27, 2017.

7. **Ruben Vazquez**, social studies teacher/coach at Goose Creek Memorial High School, is resigning effective December 20, 2017.
8. **Andrea Wenz**, first-grade teacher at San Jacinto Elementary School, resigned effective November 14, 2017.
9. **Jeremy Winzer**, health education teacher at Ross S. Sterling High School, resigning effective December 20, 2017.

ADJOURNMENT

Mr. Clem moved and Mrs. Woods seconded the motion **THAT BOARD PRESIDENT AL RICHARD ADJOURN THE REGULAR BOARD MEETING AT 10:49 P.M.** The motion passed with Mr. Richard, Mr. Pete Pape, Mr. Loreda, Mrs. Woods, Mr. Sampson, Mr. Clem, and Mr. Ben Pape voting for the motion.



GCCISD accepts Covestro expansion application

December 15, 2017



Goose Creek CISD has accepted a Chapter 313 application from Covestro for possible future expansion that could invest millions into the school district.

The board first approved an agreement with Powell & Leon LLP to formally approve the application, then voted in favor of accepting the application, which has to be sent to the Texas Comptroller for approval after Superintendent Randal O'Brien reviews it for completeness.

Attorney Sara Leon said this was essentially an expansion of Covestro's existing plant. Leon added that it could result in \$650 million in new investments within Goose Creek CISD boundaries, with a projected total property value at the end of the construction phase of \$580 million.

With that could mean 2,000 construction jobs prior to 2024, with most coming in 2021 and 2023, Leon said.

"You have a lot of construction folks that are out of work (due to plant expansion jobs winding down), so this is good for the community," she said.

Leon said at the end of the project, there would be a minimum of 25 permanent jobs, maybe more.

"Covestro AG is investigating future growth options worldwide, which may include an investment at one of its global manufacturing locations," said Jennifer Walsh, Covestro spokeswoman. "If a decision is made for further investment at the Baytown facility of Covestro, there will be a substantial increase in its overall site capacity."

Construction activities may commence in 2020-2021 with a completion date of 2024, Walsh said.

"You put in an application to consider an investment to see any type of tax benefit," she said. "Right now, we are investing in future competitiveness, which is a natural and ongoing process. Right now, this process has an open outcome. So, if we determine that a future expansion is necessary, the expansion may result in an investment that would be equivalent or be something we would be consummate with a world-class production plant."

O'Brien said he was pleased to work with Covestro, which he said has proven to be a partner with the school district.

Covestro in Baytown is the company's largest manufacturing site in North America, and employs about 1,000 employees and 600 contractors.

By Matt Hollis, Baytown Sun

[http://baytownsun.com/news/article_13ce3be0-e13c-11e7-810f-df53649fd2cd.html?](http://baytownsun.com/news/article_13ce3be0-e13c-11e7-810f-df53649fd2cd.html?referer_url=/news/article_13ce3be0-e13c-11e7-810f-df53649fd2cd.html)

[referer_url=/news/article_13ce3be0-e13c-11e7-810f-df53649fd2cd.html](http://baytownsun.com/news/article_13ce3be0-e13c-11e7-810f-df53649fd2cd.html)

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Covestro LLC Donates \$150,000 to Support STEM Education and Training in Baytown, Texas

Gift establishes Covestro Manufacturing Lab at Stuart Career Tech High School, reinforces company's support of the region and STEM education

Submitted by: Covestro LLC
 Categories: Corporate Social Responsibility, Careers
 Posted: Mar 07, 2018 – 11:03 AM EST



BAYTOWN, Texas, Mar. 07 /CSRwire/ - Yesterday, Covestro LLC and the Goose Creek Consolidated Independent School District (CISD) unveiled the Covestro Manufacturing Lab at Stuart Career Tech High School in Baytown, Texas. This community is home to the largest Covestro manufacturing facility in North America.

As part of its corporate giving program, ³Give, Covestro donated \$150,000 to establish the Covestro Manufacturing Lab at the Stuart Career Tech High School's Manufacturing and Industrial Maintenance Academy. The donation helped secure lab equipment that is utilized in careers such as instrumentation, quality and construction, as well as many of the petrochemical industry's specialized crafts and expands hands-on education for students pursuing careers in this pathway.



Covestro LLC and the Goose Creek Consolidated Independent School District unveiled the Covestro Manufacturing Lab at Stuart Career Tech High School in Baytown thanks to the company's generous \$150,000 donation.

"Manufacturers in Baytown and elsewhere frequently have difficulty filling positions because, all too often, the pool of candidates lacks the right set of science, math and technical skills for the available positions," said Rod Herrick, vice president and site manager, Covestro Industrial Park Baytown. "We're convinced that engaging students through hands-on educational opportunities such as this is vital to ensuring a qualified labor pool today and in the future."

Stuart Career Tech High School is an early college high school that combines rigorous career and technical coursework with core curriculum classes. Students receive hands-on, project-based instruction in one of the four academy career pathways. The goal is for students to earn college credit and industry certifications in partnership with Lee College while attending high school. This prepares students to complete their associate and/or baccalaureate degree education or pursue entry-level occupations.

"We are told by our advisory committee that it is often difficult to find qualified candidates to fill available manufacturing positions," said Randal O'Brien, superintendent of schools, Goose Creek CISD. "By providing valuable, hands-on learning opportunities for our students interested in exploring careers in manufacturing-related disciplines, the Covestro Manufacturing Lab will help bridge this gap in the Baytown area."

This gift is part of the company's long-standing dedication to supporting the local schools and the Baytown area to encourage young minds to pursue careers in science, engineering, technology and math. Covestro supports several of the school district's STEM initiatives including STEM teacher training; Girls in STEM program; robotics teams; providing mentoring, career counseling and science fair judging for junior high and high school students; and,

Covestro LLC

Covestro LLC is one of the leading producers of high-performance polymers in North America and is part of the global Covestro business. Covestro manufactures high-tech polymer materials and develops innovative solutions for products used in many areas of daily life. The main segments served are L...

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Recent News

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providing apprenticeships, internships and scholarships. Additionally, Covestro employee-volunteers teach nearly 1,700 Goose Creek CISD fifth graders at the Covestro-sponsored i³ STEM Center at Eddie V. Gray Wetlands Center through its Microscope Lab program.

About Covestro LLC and i³ (ignite, imagine, innovate):

Covestro LLC is one of the leading producers of high-performance polymers in North America and is part of the global Covestro business, which is among the world's largest polymer companies with 2017 sales of EUR 14.1 billion. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative solutions for products used in many areas of daily life. The main segments served are the automotive, construction, wood processing and furniture, electrical and electronics and medical industries. Other sectors include sports and leisure, cosmetics and the chemical industry itself. Covestro has 30 production sites worldwide and employed approximately 16,200 people at the end of 2017.

i³ (ignite, imagine, innovate) is Covestro LLC's companywide corporate social responsibility (CSR) initiative that aims to spark curiosity, to envision what could be and to help create it. Built on the three pillars of philanthropy (i³ Give), employee volunteerism (i³ Engage) and STEM education (i³ STEM), i³ seeks to create sustainable and lasting impacts. i³ Give is designed to innovate corporate philanthropy strategies that combine both human and financial resources to build stronger communities. i³ Engage re-imagines the way employees from for-profits and nonprofits engage with one another for more effective outcomes, and i³ STEM ignites young minds to become the innovators of tomorrow through support of hands-on, inquiry-based STEM education, workforce experience and employee volunteerism.

Find more information at www.covestro.us.

About Goose Creek Consolidated Independent School District:

Goose Creek CISD is the 58th largest school district in Texas, serving approximately 24,000 students in the Baytown and Highlands communities. For four consecutive years, all 28 campuses within the district have achieved "Met Standard." In the 2018-2019 school year, the district will celebrate its 100th anniversary.

Forward-Looking Statements

This news release may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro's public reports which are available at www.covestro.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

From left to right in picture: Covestro Baytown's Head of Communications, Jennifer Walsh; Vice President and Site Manager, Rod Herrick; Baytown Mayor Stephen DonCarlos; Goose Creek students Angel Chavez, Armando Garcia, Elijah Martinez and Octavio Leon; Goose Creek's Superintendent, Randal O'Brien; and Director of Career and Technical Education, Renea Dillon.

This press release is available for download from our website. [Click here](#) to view all our press releases.

Editor's Note: Follow news from Covestro on Twitter: www.twitter.com/CovestroGroup

For more information, please contact:

Jennifer Walsh
Phone: 281-383-6130

For more from this organization:

Covestro LLC



NOTICE OF OPEN MEETING COMMISSIONERS COURT OF CHAMBERS COUNTY, TEXAS

Notice is hereby given that a Regular Meeting of the Chambers County Commissioners Court will be held on Tuesday, the 24th day of April, 2018 at 9:30 a.m. in the County Courtroom, Anahuac, Texas, at which time the following items will be discussed, considered, passed, or adopted to-wit:

REGULAR MEETING AGENDA

1. ADMINISTRATION

Citizen's comments

- 1.1 Discuss and consider approving ACT (Appraisal & Collection Technologies) as the new Tax program/programmer for the Tax Office
- 1.2 Discuss and consider Delinquent Tax Collection Report submitted by Perdue, Brandon, Fielder, Collins & Mott, LLP
- 1.3 Discuss and consider resale offer from Patrick Lucas for parcel 25500 in Case # CV29335, styled East Chambers Independent School District vs. Edward J. Smith, et al
- 1.4 Discuss and consider resale offer from Stephen Marabong for parcel 15066 in Case # CV29335, styled East Chambers Independent School District vs. Edward J. Smith, et al
- 1.5 Discuss and consider resale offer from Patrick Lucas for parcel 23983 and 7324 in Case # CV27963, styled Anahuac Independent School District vs. Mattie Haynes
- 1.6 Discuss and consider Proclamation recognizing April as Fair Housing Month
- 1.7 Discuss and consider authorizing Judge Sylvia to execute an Interlocal Agreement, subject to final review by County Attorney, between the Chambers County Improvement District 2 (CCID 2- Ameriport) and Chambers County which allows the County to regulate traffic on certain roads, including public roads owned, operated, and maintained by CCID#2
- 1.8 Discuss and consider Resolution recognizing the month of April as National Prevention of Animal Cruelty
- 1.9 Public Hearing at 10:00 a.m. regarding the Covestro, LLC 2018 Reinvestment Zone
- 1.10 Discuss and consider Order designating the Covestro, LLC Reinvestment Zone
- 1.11 Public Hearing at 10:00 a.m. regarding the AmeriPort Building 11, LLC 2018 Reinvestment Zone
- 1.12 Discuss and consider Order designating the AmeriPort Building 11, LLC 2018 Reinvestment Zone
- 1.13 Discuss and consider JRI Investments, LLC Tax Abatement agreement
- 1.14 Discuss and consider Resolution recognizing the service of Jack Steele, P.E., Executive Director of The Houston-Galveston Area Council

2. FINANCIAL

- 2.1 Auditor's report-
 - a) Discuss and consider Chambers County Employee Wellness Program Audit
 - b) Discuss and consider Coastal Impact Assistance Program (CIAP) Grant Audit

3. ROAD & BRIDGE

4. ENGINEERING/PROJECT MANAGEMENT

- 4.1 Discuss and consider update and rights of way acquisition for FM 1409-**Executive Session**
- 4.2 Discuss and consider Chambers County Mayhaw Project land acquisition-**Executive Session**
- 4.3 Discuss and consider possible amendment of Agreement and coordination to revise construction and bid documents for FM 1409 due to TxDot's change to remove the bridge at IH-10

- 4.4 Discuss and consider project status update for mowing, cleaning and removing debris and other drainage obstructions within Hackberry Gully from the north line of the Moody property to FM 3180
- 4.5 Discuss and consider status of Property Acquisition Services (PAS) efforts to acquire ROE's (right of entry)/Easements for Hackberry Gully
- 4.6 Discuss and consider status update on McAdams ditch
- 4.7 Discuss and consider issues and costs associated with easement for new Targa pipeline across the Enterprise ditch in county easement
- 4.8 Discuss and consider FM 1409 E24 parcel (Wisner Ferris) settlement request funding
- 4.9 Discuss and consider the preparation of updated analysis of Hackberry and Cotton Bayou along the entire length of each watershed
- 4.10 Discuss and consider adopting a moratorium of any development along the entire watershed for Hackberry and Cotton Bayou until new analysis and new draft floodplain maps are created

5. ECONOMIC DEVELOPMENT & TOURISM

6. PARKS & RECREATION

- 6.1 Discuss and consider overtime compensation for Extension Office employees at the Youth Project Show-(April 30, 2018-May 6, 2018)
- 6.2 Discuss and consider authorizing the execution of the Temporary Park Use Agreement with the Beach City Fire Department for the annual Beach City VFD & Barrow Ranch Annual Car Show fundraiser activity in McCollum Park July 6-8, 2018
- 6.3 Discuss and consider Resolution naming the 2018 Chambers County Youth Project Show Honorees: Daniel Hankamer, Covered Arena; Nick Barrow, Ranch Rodeo; Marshall Boyd, Auction; Jean Lagow, Horse Show

7. MAINTENANCE & BUILDINGS

- 7.1 Discuss and consider options for expanding or relocating the District Attorney's Office
- 7.2 Discuss and consider accepting the proposal from DataVox for the purchase of new phones for the Library Tech Building (previously Indigent Health/WIC) located at 1204 Stowell St., Anahuac, TX
- 7.3 Discuss and consider accepting the proposal from Virtus Group for new cabinetry throughout the Library Tech Building located at 1204 Stowell St., Anahuac, TX
- 7.4 Discuss and consider the installation of an ADA compliant door at the southwest entrance of the Anahuac Annex located at 2128 Hwy 61, Anahuac, TX
- 7.5 Discuss and consider revised bid from Arnold Construction in the amount of \$332,857.00 for the Beach City Volunteer Fire Department addition

8. SOLID WASTE

- 8.1 Discuss and consider lease to purchase Cat D6N Dozer

9. ENVIRONMENTAL PROTECTION

- 9.1 Discuss and consider proposed fees for Environmental Health

10. SAFETY/EMERGENCY MANAGEMENT

11. COMMUNICATIONS/TECHNOLOGY

- 11.1 Discuss and consider approval of Microsoft Enterprise Agreement Amendment for online services (W26)

12. GOLF COURSE

13. AIRPORTS

14. HEALTH & WELFARE

- 14.1 Discuss and consider enrollment for the Quality Incentive Payment Program (QIPP)-Year 2, with respect to Chambers County DBA Arboretum Nursing and Rehabilitation Center of Winnie

15. MOSQUITO CONTROL

16. LIBRARY & HISTORICAL

17. LAW ENFORCEMENT

18. PERSONNEL

19. CONSENT

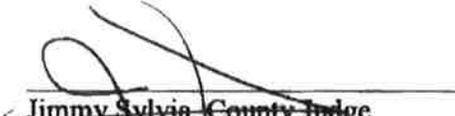
All consent agenda items listed are considered routine by the Commissioners Court and will be enacted by one motion. There will be no separate discussion of these items unless a court member requests, in which event the item will be removed from the consent agenda and considered separately.

- a) Accept minor plat for Dotrnon Estates Minor plat
- b) Monthly reports
- c) Minutes of March 27, 2018 Regular Meeting; April 3, 2018 Special Called Meeting
- d) Claim Docket/check register
- e) Travel reimbursements and miscellaneous expenditures
- f) Budget amendments/transfers
- g) Job descriptions
- h) Payroll changes
- i) Declare unit #136 dump truck as surplus property due to the cost of repairing
- j) Accept the quote of \$15,984.03 from Cowboy Asphalt for the paving of the Tax Office parking lot
- k) Treasurer's report-March 31, 2018
- l) Authorize 1st Quarter Site inspections for the Storm Water Pollution Prevention Plan for Anahuac and Winnie Airports
- m) Appoint Steven Fingerhut and Bobby Hall to the Airport Advisory Committee
- n) Authorize bids for contractual aerial services
- o) Award bid for insecticides
- p) purchase of 2 (two) DSR Radars for traffic enforcement in the amount of \$6,535.00
- q) purchase of 2 (two) sets of wheel load weight scales for truck weight enforcement in the amount of \$39,160.00

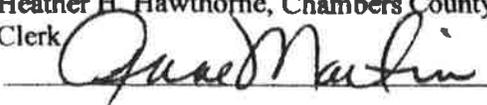
20. EXECUTIVE SESSION

- 20.1 Personnel – Section 551.074, Gov. Code, V.T.C.S.
- 20.2 Consultation with Attorney – Section 551.071, Gov. Code, V.T.C.S.
- 20.3 Purchase of Property – Section 551.072, Gov. Code, V.T.C.S.

Dated this the 20 day of April, 2018


Jimmy Sylvia, County Judge

I, the undersigned, County Clerk, do hereby certify that the above Notice of Open Meeting of the Chambers County Commissioners' Court, is a true and correct copy of said Notice, and that I received and posted said Notice on the outer courthouse doors and bulletin board inside the courthouse of Chambers County, Texas, at a place readily accessible to the general public at all times on this the 20th day of April, 2018, at 3:30 pm., and said Notice remained posted continuously for at least 72 hours preceding the scheduled time of said meeting.

Heather H. Hawthorne, Chambers County
Clerk  Deputy

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On: 4/20/2018 3:32:45 PM
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Number of Pages: 3
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By: AM



Heather H. Hawthorne, County Clerk

Recorded: *Case Martin*

Findings and Order of the Goose Creek Consolidated Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Covestro, LLC (Tax ID 10616537402) (Application #1232)

EXHIBIT 2

**Summary of Financial Impact on
Goose Creek Consolidated Prepared by
Education Service Center, Region 12**

**SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
COVESTRO LLC PROJECT
(APPLICATION #1232)
ON THE FINANCES OF
GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
UNDER A REQUESTED
CHAPTER 313 APPRAISED VALUE LIMITATION**

**PREPARED BY
EDUCATION SERVICE CENTER, REGION 12
MAY 15, 2018**

Introduction

Covestro, LLC (Covestro) has submitted an application to the Goose Creek Consolidated Independent School District (“GCCISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed project is the construction of a new polyurethane manufacturing facility at Baytown, TX. The company estimates that the total investment in this project will be approximately \$850 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus, the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Goose Creek Consolidated Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$100 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2022-23 through 2024-25 school years. Beginning with the 2025-26 school year, the value of the project would be limited to \$100 million for M&O tax purposes and remain limited through the 2034-35 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

| | |
|---|---------------------|
| Revenue Protection Payment to Goose Creek CISD - | \$7,001,849 |
| Supplemental Payments to Goose Creek CISD - | \$16,660,320 |
| M&O Taxes Paid to Goose Creek CISD - | <u>\$45,467,717</u> |
| Total Revenue to Goose Creek CISD - | \$69,129,887 |
| Total Tax Savings to Company after all Payments - | \$35,118,352 |

School Finance Mechanics

The Texas system of public school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller's Property Tax Division (CPTD). Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. Local M&O collections at the compressed tax rate generate Tier I funding. In 2016-17, a school district's Tier I revenue was the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. Beginning with the 2017-18 school year, Additional State Aid for Tax Reduction (ASATR) was eliminated. Thus, currently, all school districts in the state will be formula funded. The Tier 1 formulas start with a Basic Allotment per student of \$5,140. Calculations that use the number of students in average daily attendance (ADA), the number of students who participate in special programs, and adjustments for size, sparsity, and location determine a total cost of Tier 1. A Local Fund Assignment is determined by multiplying the district's compressed tax rate by the previous year (CPTD) property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. School districts that are relatively property wealthy per student fund most of the total cost of Tier 1 with local property taxes, while school districts that are relatively property poor per student receive most of the total cost of Tier 1 from state aid.

Goose Creek CISD is a relatively property rich district per student and so is generating most of M&O revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of \$514,000 per weighted ADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of \$319,500 per weighted ADA is subject to recapture on revenues collected on pennies that exceed six pennies over the compressed rate. GCCISD currently has property wealth per weighted ADA in excess of the second equalized wealth level at over \$345,000 per weighted ADA. For this reason, GCCISD is considered a Chapter 41 or "recapture" district under the current school finance system. Covestro is requesting that the value of the polyurethane manufacturing project be limited to \$100,000,000 in years one through ten of the agreement, corresponding to the 2025-26 school year through the 2034-35 school year. The full value of the project would be subject to I&S taxes levied by Goose Creek CISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on GCCISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2022-23 through the 2039-40 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 18 years of base data including average daily attendance, M&O and I&S tax rates, M&O tax collections and current year values and prior year (CPTD) values for each year of the agreement. For the purposes of this analysis, final 2016 CPTD values were used as well as preliminary 2017 PVS values substituting for the 2017 CAD (Central Appraisal District) values from Chambers and Harris Counties. GCCISD currently has several other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

| Year of Agreement | School Year | ADA | WADA | M&O Tax Rate | I&S Tax Rate | CAD Value No Limit | CAD Value with Limitation | CPTD No Limit | CPTD With Limitation | CPTD Value with Project per WADA | CPTD Value with Limitation per WADA |
|-------------------|-------------|--------|--------|--------------|--------------|--------------------|---------------------------|------------------|----------------------|----------------------------------|-------------------------------------|
| QTP 1 | 2022-23 | 24,756 | 33,624 | \$1.1700 | \$0.2619 | \$10,755,905,188 | \$10,755,905,188 | \$10,731,276,587 | \$10,731,276,587 | \$319,153 | \$319,153 |
| QTP 2 | 2023-24 | 25,221 | 34,256 | \$1.1700 | \$0.2619 | \$10,927,758,156 | \$10,927,758,156 | \$10,755,905,188 | \$10,755,905,188 | \$313,982 | \$313,982 |
| QTP 3 | 2024-25 | 25,695 | 34,900 | \$1.1700 | \$0.2619 | \$12,593,459,769 | \$12,593,459,769 | \$10,927,758,156 | \$10,927,758,156 | \$313,113 | \$313,113 |
| LP 1 | 2025-26 | 26,178 | 35,557 | \$1.1700 | \$0.2619 | \$12,961,067,112 | \$12,395,627,886 | \$12,593,459,769 | \$12,593,459,769 | \$354,181 | \$354,181 |
| LP 2 | 2026-27 | 26,670 | 36,225 | \$1.1700 | \$0.2619 | \$14,055,103,075 | \$13,503,673,096 | \$12,961,067,112 | \$12,395,627,886 | \$357,793 | \$342,184 |
| LP 3 | 2027-28 | 27,172 | 36,906 | \$1.1700 | \$0.2619 | \$13,945,841,933 | \$13,408,421,201 | \$14,055,103,075 | \$13,503,673,096 | \$380,835 | \$365,893 |
| LP 4 | 2028-29 | 27,683 | 37,600 | \$1.1700 | \$0.2619 | \$13,828,028,348 | \$13,304,616,862 | \$13,945,841,933 | \$13,408,421,201 | \$370,901 | \$356,608 |
| LP 5 | 2029-30 | 28,203 | 38,307 | \$1.1700 | \$0.2619 | \$13,736,218,893 | \$13,226,816,654 | \$13,828,028,348 | \$13,304,616,862 | \$360,982 | \$347,318 |
| LP 6 | 2030-31 | 28,733 | 39,027 | \$1.1700 | \$0.2619 | \$13,646,743,444 | \$13,151,350,452 | \$13,736,218,893 | \$13,226,816,654 | \$351,968 | \$338,915 |
| LP 7 | 2031-32 | 29,273 | 39,761 | \$1.1700 | \$0.2619 | \$13,601,829,981 | \$13,120,446,236 | \$13,646,743,444 | \$13,151,350,452 | \$343,223 | \$330,763 |
| LP 8 | 2032-33 | 29,824 | 40,508 | \$1.1700 | \$0.2619 | \$13,509,264,585 | \$13,041,890,087 | \$13,601,829,981 | \$13,120,446,236 | \$335,780 | \$323,897 |
| LP 9 | 2033-34 | 30,384 | 41,270 | \$1.1700 | \$0.2619 | \$13,418,029,373 | \$12,964,664,122 | \$13,509,264,585 | \$13,041,890,087 | \$327,341 | \$316,016 |
| LP 10 | 2034-35 | 30,956 | 42,046 | \$1.1700 | \$0.2619 | \$13,329,660,440 | \$12,890,304,435 | \$13,418,029,373 | \$12,964,664,122 | \$319,131 | \$308,348 |
| VP 1 | 2035-36 | 31,538 | 42,836 | \$1.1700 | \$0.2619 | \$13,243,295,798 | \$13,243,295,798 | \$13,329,660,440 | \$12,890,304,435 | \$311,179 | \$300,922 |
| VP 2 | 2036-37 | 32,130 | 43,641 | \$1.1700 | \$0.2619 | \$13,163,086,377 | \$13,163,086,377 | \$13,243,295,798 | \$13,243,295,798 | \$303,458 | \$303,458 |
| VP 3 | 2037-38 | 32,735 | 44,462 | \$1.1700 | \$0.2619 | \$13,084,862,962 | \$13,084,862,962 | \$13,163,086,377 | \$13,163,086,377 | \$296,054 | \$296,054 |
| VP 4 | 2038-39 | 33,350 | 45,298 | \$1.1700 | \$0.2619 | \$13,008,565,972 | \$13,008,565,972 | \$13,084,862,962 | \$13,084,862,962 | \$288,864 | \$288,864 |
| VP 5 | 2039-40 | 33,977 | 46,149 | \$1.1700 | \$0.2619 | \$12,934,137,614 | \$12,934,137,614 | \$13,008,565,972 | \$13,008,565,972 | \$281,880 | \$281,880 |

To isolate the impact of the value limitation on the District's finances over this 18 year agreement, ADA and M&O tax rates were held constant at levels that existed in the 2017-18 school year. An ADA of 22,138.07, a WADA of 30,069.330 and an M&O tax rate of \$1.17 were used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Property Tax Division of the Texas Comptroller's office has issued the preliminary PVS results for Chambers and Harris Counties and the T2s from that study were used as the 2017 CAD value. These values were used as the basis for subsequent current year (CAD) values in this report. The final 2016 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values, certified to school districts in late July, were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

On February 1, 2017 the Texas Education Agency issued a notice of a change in practice that will have an impact on the calculation of recapture amounts owed under Chapter 41 of the Texas Education Code. This change is effective for the 2016-17 school year and for future years. The changes have an impact on the way that recapture is calculated for districts that pay recapture and also have approved a local optional homestead exemption (LOHE). Goose Creek CISD falls into both of these categories and the change in rule has been taken into account for all of the calculations used in this analysis.

The proposed agreement calls for Goose Creek CISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model, illustrated in **Table 2**, incorporates the full value of the project into the state and local funding calculations. The other model, shown in **Table 3**, assumes that only the limited value of the project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**.

Financial Impact on the School District

Utilizing the assumptions and methodology described above, total M&O revenue was estimated for each year of the agreement. **Table 4**, which summarizes the difference between the two models, indicates that there will be a total revenue loss of \$7.002 million over the course of the agreement. The revenue loss by the district, due to the agreement, is estimated to be in the first year of the value limitation period. Most of the reductions in M&O taxes under this agreement are offset by reductions in recapture costs that the district would owe under current school finance law.

Table 2 - "Baseline Revenue Model" - Project Value Added with No Value Limitation

| Year of Agreement | School Year | Foundation School Fund | Available School Fund | M&O Rev From Local Taxes (net of recapture and up to compressed rate) | M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture) | M&O Rev From Local Taxes (net of any recapture) | Recapture at the \$514,00 Level 1 | Recapture at the \$319,500 Level 2 | Other State Aid | Total General Fund |
|-------------------|-------------|------------------------|-----------------------|---|--|---|-----------------------------------|------------------------------------|-----------------|--------------------|
| QTP 1 | 2022-23 | \$66,028,833 | \$8,301,776 | \$107,559,052 | \$6,453,543 | \$10,762,174 | \$0 | \$1,069,322 | \$0 | \$199,105,378 |
| QTP 2 | 2023-24 | \$64,316,211 | \$9,899,702 | \$109,277,582 | \$6,556,655 | \$10,910,269 | \$0 | \$1,110,265 | \$0 | \$200,960,419 |
| QTP 3 | 2024-25 | \$69,463,105 | \$4,427,614 | \$125,934,598 | \$7,556,076 | \$12,384,405 | \$0 | \$1,468,401 | \$0 | \$219,765,797 |
| LP 1 | 2025-26 | \$46,367,341 | \$8,301,776 | \$129,610,671 | \$7,776,640 | \$11,148,474 | \$0 | \$3,108,700 | \$0 | \$203,204,903 |
| LP 2 | 2026-27 | \$45,573,348 | \$4,427,614 | \$140,551,031 | \$8,433,062 | \$11,765,126 | \$0 | \$3,695,488 | \$0 | \$210,750,180 |
| LP 3 | 2027-28 | \$29,044,067 | \$8,301,776 | \$139,458,419 | \$8,367,505 | \$10,820,760 | \$0 | \$4,519,667 | \$0 | \$195,992,527 |
| LP 4 | 2028-29 | \$28,603,763 | \$9,899,702 | \$138,280,283 | \$8,296,817 | \$10,808,118 | \$0 | \$4,402,713 | \$0 | \$195,888,683 |
| LP 5 | 2029-30 | \$35,342,216 | \$4,427,614 | \$137,362,189 | \$8,241,731 | \$10,822,031 | \$0 | \$4,287,810 | \$0 | \$196,195,781 |
| LP 6 | 2030-31 | \$32,440,866 | \$8,301,776 | \$136,467,434 | \$8,188,046 | \$10,818,910 | \$0 | \$4,192,508 | \$0 | \$196,217,033 |
| LP 7 | 2031-32 | \$37,299,732 | \$4,427,614 | \$136,018,300 | \$8,161,098 | \$10,849,520 | \$0 | \$4,112,493 | \$0 | \$196,756,263 |
| LP 8 | 2032-33 | \$33,864,851 | \$8,301,776 | \$135,092,646 | \$8,105,559 | \$10,809,170 | \$0 | \$4,051,021 | \$0 | \$196,174,001 |
| LP 9 | 2033-34 | \$33,247,748 | \$9,899,702 | \$134,180,294 | \$8,050,818 | \$10,805,196 | \$0 | \$3,954,637 | \$0 | \$196,183,757 |
| LP 10 | 2034-35 | \$39,686,564 | \$4,427,614 | \$133,296,604 | \$7,997,796 | \$10,802,536 | \$0 | \$3,860,090 | \$0 | \$196,211,115 |
| VP 1 | 2035-36 | \$36,748,759 | \$8,301,776 | \$132,432,958 | \$7,945,977 | \$10,799,349 | \$0 | \$3,768,277 | \$0 | \$196,228,820 |
| VP 2 | 2036-37 | \$41,538,041 | \$4,427,614 | \$131,630,864 | \$7,897,852 | \$10,799,676 | \$0 | \$3,679,719 | \$0 | \$196,294,046 |
| VP 3 | 2037-38 | \$38,513,778 | \$8,301,776 | \$130,848,630 | \$7,850,918 | \$10,796,954 | \$0 | \$3,596,395 | \$0 | \$196,312,056 |
| VP 4 | 2038-39 | \$37,763,580 | \$9,899,702 | \$130,085,660 | \$7,805,140 | \$10,794,300 | \$0 | \$3,515,123 | \$0 | \$196,348,381 |
| VP 5 | 2039-40 | \$44,044,187 | \$4,427,614 | \$129,341,376 | \$7,760,483 | \$10,791,710 | \$0 | \$3,435,841 | \$0 | \$196,365,370 |

Table 3 - "Value Limitation Revenue Model" - Project Value Added With Value Limit

| Year of Agreement | School Year | Foundation School Fund | Available School Fund | M&O Rev From Local Taxes (net of recapture and up to compressed rate) | M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture) | M&O Rev From Local Taxes (net of any recapture) | Recapture at the \$514,000 Level 1 | Recapture at the \$319,500 Level 2 | Other State Aid | Total General Fund |
|-------------------|-------------|------------------------|-----------------------|---|--|---|------------------------------------|------------------------------------|-----------------|--------------------|
| QTP 1 | 2022-23 | \$66,028,833 | \$8,301,776 | \$107,559,052 | \$6,453,543 | \$10,762,174 | \$0 | \$1,069,322 | \$0 | \$199,105,378 |
| QTP 2 | 2023-24 | \$64,316,211 | \$9,899,702 | \$109,277,582 | \$6,556,655 | \$10,910,269 | \$0 | \$1,110,265 | \$0 | \$200,960,419 |
| QTP 3 | 2024-25 | \$69,463,105 | \$4,427,614 | \$125,934,598 | \$7,556,076 | \$12,384,405 | \$0 | \$1,468,401 | \$0 | \$219,765,797 |
| LP 1 | 2025-26 | \$45,844,508 | \$8,301,776 | \$123,956,279 | \$7,437,377 | \$10,663,113 | \$0 | \$2,972,078 | \$0 | \$196,203,053 |
| LP 2 | 2026-27 | \$51,654,527 | \$4,427,614 | \$135,036,731 | \$8,102,204 | \$11,788,510 | \$0 | \$3,065,530 | \$0 | \$211,009,586 |
| LP 3 | 2027-28 | \$34,904,921 | \$8,301,776 | \$134,084,212 | \$8,045,053 | \$10,801,664 | \$0 | \$3,947,600 | \$0 | \$196,137,625 |
| LP 4 | 2028-29 | \$34,297,735 | \$9,899,702 | \$133,046,169 | \$7,982,770 | \$10,789,528 | \$0 | \$3,845,551 | \$0 | \$196,015,903 |
| LP 5 | 2029-30 | \$40,888,283 | \$4,427,614 | \$132,268,167 | \$7,936,090 | \$10,804,963 | \$0 | \$3,744,536 | \$0 | \$196,325,117 |
| LP 6 | 2030-31 | \$37,857,223 | \$8,301,776 | \$131,513,505 | \$7,890,810 | \$10,802,668 | \$0 | \$3,663,818 | \$0 | \$196,365,982 |
| LP 7 | 2031-32 | \$42,568,714 | \$4,427,614 | \$131,204,462 | \$7,872,268 | \$10,835,300 | \$0 | \$3,597,191 | \$0 | \$196,908,358 |
| LP 8 | 2032-33 | \$38,965,593 | \$8,301,776 | \$130,418,901 | \$7,825,134 | \$10,794,364 | \$0 | \$3,551,715 | \$0 | \$196,305,769 |
| LP 9 | 2033-34 | \$38,200,048 | \$9,899,702 | \$129,646,641 | \$7,778,798 | \$10,791,195 | \$0 | \$3,469,936 | \$0 | \$196,316,385 |
| LP 10 | 2034-35 | \$44,509,416 | \$4,427,614 | \$128,903,044 | \$7,734,183 | \$10,789,383 | \$0 | \$3,389,952 | \$0 | \$196,363,640 |
| VP 1 | 2035-36 | \$41,785,522 | \$8,301,776 | \$132,432,958 | \$7,945,977 | \$11,144,152 | \$0 | \$3,423,473 | \$0 | \$201,610,386 |
| VP 2 | 2036-37 | \$41,538,041 | \$4,427,614 | \$131,630,864 | \$7,897,852 | \$10,799,676 | \$0 | \$3,679,719 | \$0 | \$196,294,046 |
| VP 3 | 2037-38 | \$38,513,778 | \$8,301,776 | \$130,848,630 | \$7,850,918 | \$10,796,954 | \$0 | \$3,596,395 | \$0 | \$196,312,056 |
| VP 4 | 2038-39 | \$37,763,580 | \$9,899,702 | \$130,085,660 | \$7,805,140 | \$10,794,300 | \$0 | \$3,515,123 | \$0 | \$196,348,381 |
| VP 5 | 2039-40 | \$44,044,187 | \$4,427,614 | \$129,341,376 | \$7,760,483 | \$10,791,710 | \$0 | \$3,435,841 | \$0 | \$196,365,370 |

Table 4 - "Baseline Revenue Model" Less "Value Limitation Model"

| Year of Agreement | School Year | Foundation School Fund | Available School Fund | M&O Rev From Local Taxes (net of recapture and up to compressed rate) | M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture) | M&O Rev From Local Taxes (net of any recapture) | Recapture at the \$514,000 Level 1 | Recapture at the \$319,500 Level 2 | Other State Aid | Total General Fund |
|-------------------|-------------|------------------------|-----------------------|---|--|---|------------------------------------|------------------------------------|-----------------|--------------------|
| QTP 1 | 2022-23 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP 2 | 2023-24 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP 3 | 2024-25 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| LP 1 | 2025-26 | -\$522,833 | \$0 | -\$5,654,392 | -\$339,264 | -\$485,361 | \$0 | -\$136,622 | \$0 | -\$7,001,849 |
| LP 2 | 2026-27 | \$6,081,179 | \$0 | -\$5,514,300 | -\$330,858 | \$23,385 | \$0 | -\$629,958 | \$0 | \$0 |
| LP 3 | 2027-28 | \$5,860,854 | \$0 | -\$5,374,207 | -\$322,452 | -\$19,096 | \$0 | -\$572,067 | \$0 | \$0 |
| LP 4 | 2028-29 | \$5,693,972 | \$0 | -\$5,234,115 | -\$314,047 | -\$18,590 | \$0 | -\$557,162 | \$0 | \$0 |
| LP 5 | 2029-30 | \$5,546,068 | \$0 | -\$5,094,022 | -\$305,641 | -\$17,068 | \$0 | -\$543,274 | \$0 | \$0 |
| LP 6 | 2030-31 | \$5,416,357 | \$0 | -\$4,953,930 | -\$297,236 | -\$16,242 | \$0 | -\$528,690 | \$0 | \$0 |
| LP 7 | 2031-32 | \$5,268,982 | \$0 | -\$4,813,837 | -\$288,830 | -\$14,220 | \$0 | -\$515,303 | \$0 | \$0 |
| LP 8 | 2032-33 | \$5,100,742 | \$0 | -\$4,673,745 | -\$280,425 | -\$14,805 | \$0 | -\$499,307 | \$0 | \$0 |
| LP 9 | 2033-34 | \$4,952,300 | \$0 | -\$4,533,653 | -\$272,019 | -\$14,001 | \$0 | -\$484,701 | \$0 | \$0 |
| LP 10 | 2034-35 | \$4,822,852 | \$0 | -\$4,393,560 | -\$263,614 | -\$13,153 | \$0 | -\$470,138 | \$0 | \$0 |
| VP 1 | 2035-36 | \$5,036,763 | \$0 | \$0 | \$0 | \$344,804 | \$0 | -\$344,804 | \$0 | \$0 |
| VP 2 | 2036-37 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP 3 | 2037-38 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP 4 | 2038-39 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP 5 | 2039-40 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to \$100 million starting in school year 2025-26 and remaining limited through school year 2034-35. The potential gross and net tax savings to Covestro are shown in **Table 5**. As stated earlier, an M&O tax rate of \$1.17 and a collection rate of 100% is used throughout the calculations in this report. **Table 5** shows gross tax savings due to the limitation of just over \$58.78 million over the length of the contract. Net tax savings are estimated to be \$51.78 million. The parties negotiated supplemental payments to the school district of \$61 per ADA. For the purposes of supplemental payments, the ADA was held constant at 22,760, per the preliminary 2017-2018 TEA Summary of Finance. For all other calculations a growth factor of 1.8% was used, which is in line with the last six years of ADA data from TEA.

Facilities Funding Impact on the District

Reports submitted by Covestro show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S taxes and will enhance the district's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of \$35 per ADA per penny of tax effort. GCCISD has property wealth per WADA that exceeds this amount and is thus not eligible for this state assistance. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Table 5: Estimated Financial Impact of the Covestro LLC Property Value Limitation Request on Goose Creek CISD

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Assumed M&O Tax Rate | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | Tax Benefit to Company Before Revenue Protection | School District Revenue Losses | Estimated Net Tax Benefits | School District Benefit \$100 per ADA | Supplemental Payments at \$61/ADA | Revenue Protection Payments | Company Tax Benefit |
|-------------------|-------------|---------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|----------------------------------|--|--------------------------------|----------------------------|---------------------------------------|-----------------------------------|-----------------------------|------------------------|
| 0 | 2022-23 | \$24,628,601 | \$24,628,601 | \$0 | 1.1700 | \$288,155 | \$288,155 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP1 | 2023-24 | \$122,309,429 | \$122,309,429 | \$0 | 1.1700 | \$1,431,020 | \$1,431,020 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$1,388,360.00 | \$0 | \$ (1,388,360.00) |
| QTP2 | 2024-25 | \$252,550,345 | \$252,550,345 | \$0 | 1.1700 | \$2,954,839 | \$2,954,839 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$1,388,360.00 | \$0 | \$ (1,388,360.00) |
| LP 1 | 2025-26 | \$665,439,226 | \$100,000,000 | \$565,439,226 | 1.1700 | \$7,785,639 | \$1,170,000 | \$6,615,639 | \$6,615,639 | -\$7,001,849 | -\$386,211 | \$2,276,000 | \$1,388,360.00 | \$6,615,638.95 | \$ (1,388,360.00) |
| LP 2 | 2026-27 | \$651,429,979 | \$100,000,000 | \$551,429,979 | 1.1700 | \$7,621,731 | \$1,170,000 | \$6,451,731 | \$6,451,731 | \$0 | \$6,451,731 | \$2,276,000 | \$1,388,360.00 | \$386,210.52 | \$4,677,160.24 |
| LP 3 | 2027-28 | \$637,420,732 | \$100,000,000 | \$537,420,732 | 1.1700 | \$7,457,823 | \$1,170,000 | \$6,287,823 | \$6,287,823 | \$0 | \$6,287,823 | \$2,276,000 | \$1,388,360.00 | \$0 | \$4,899,462.57 |
| LP 4 | 2028-29 | \$623,411,486 | \$100,000,000 | \$523,411,486 | 1.1700 | \$7,293,914 | \$1,170,000 | \$6,123,914 | \$6,123,914 | \$0 | \$6,123,914 | \$2,276,000 | \$1,388,360.00 | \$0 | \$4,735,554.38 |
| LP 5 | 2029-30 | \$609,402,239 | \$100,000,000 | \$509,402,239 | 1.1700 | \$7,130,006 | \$1,170,000 | \$5,960,006 | \$5,960,006 | \$0 | \$5,960,006 | \$2,276,000 | \$1,388,360.00 | \$0 | \$4,571,646.19 |
| LP 6 | 2030-31 | \$595,392,992 | \$100,000,000 | \$495,392,992 | 1.1700 | \$6,966,098 | \$1,170,000 | \$5,796,098 | \$5,796,098 | \$0 | \$5,796,098 | \$2,276,000 | \$1,388,360.00 | \$0 | \$4,407,738.01 |
| LP 7 | 2031-32 | \$581,383,745 | \$100,000,000 | \$481,383,745 | 1.1700 | \$6,802,190 | \$1,170,000 | \$5,632,190 | \$5,632,190 | \$0 | \$5,632,190 | \$2,276,000 | \$1,388,360.00 | \$0 | \$4,243,829.82 |
| LP 8 | 2032-33 | \$567,374,498 | \$100,000,000 | \$467,374,498 | 1.1700 | \$6,638,282 | \$1,170,000 | \$5,468,282 | \$5,468,282 | \$0 | \$5,468,282 | \$2,276,000 | \$1,388,360.00 | \$0 | \$4,079,921.63 |
| LP 9 | 2033-34 | \$553,365,251 | \$100,000,000 | \$453,365,251 | 1.1700 | \$6,474,373 | \$1,170,000 | \$5,304,373 | \$5,304,373 | \$0 | \$5,304,373 | \$2,276,000 | \$1,388,360.00 | \$0 | \$3,916,013.44 |
| LP 10 | 2034-35 | \$539,356,004 | \$100,000,000 | \$439,356,004 | 1.1700 | \$6,310,465 | \$1,170,000 | \$5,140,465 | \$5,140,465 | \$0 | \$5,140,465 | \$2,276,000 | \$1,388,360.00 | \$0 | \$3,752,105.25 |
| VP 1 | 2035-36 | \$525,346,758 | \$525,346,758 | \$0 | 1.1700 | \$6,146,557 | \$6,146,557 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$0 | \$0 | \$0 |
| VP 2 | 2036-37 | \$511,337,511 | \$511,337,511 | \$0 | 1.1700 | \$5,982,649 | \$5,982,649 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$0 | \$0 | \$0 |
| VP 3 | 2037-38 | \$497,328,264 | \$497,328,264 | \$0 | 1.1700 | \$5,818,741 | \$5,818,741 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$0 | \$0 | \$0 |
| VP 4 | 2038-39 | \$483,319,017 | \$483,319,017 | \$0 | 1.1700 | \$5,654,832 | \$5,654,832 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP 5 | 2039-40 | \$469,309,770 | \$469,309,770 | \$0 | 1.1700 | \$5,490,924 | \$5,490,924 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTALS | | | | | | \$104,248,238 | \$45,467,717 | \$58,780,521 | \$58,780,521 | -\$7,001,849 | \$51,778,672 | \$34,140,000 | \$16,660,320.00 | \$7,001,849.47 | \$35,118,351.53 |

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Conclusion

The Covestro project proposed in this application will benefit the community, the district, GCCISD, and the taxpayer, Covestro. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will also enjoy an increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas Legislature could take action that could potentially change the impact of this agreement on the finances of Goose Creek CISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change, and will impact the estimates of this agreement, include changes to property values, district tax rates and student enrollment.

Table 5: Estimated Financial Impact of the Covestro LLC Property Value Limitation Request on Goose Creek CISD

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Assumed M&O Tax Rate | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | Tax Benefit to Company Before Revenue Protection | School District Revenue Losses | Estimated Net Tax Benefits | School District Benefit \$100 per ADA | Supplemental Payments at \$61/ADA | PPP | Company Tax Benefit |
|-------------------|-------------|---------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|----------------------------------|--|--------------------------------|----------------------------|---------------------------------------|-----------------------------------|------------------------|-------------------------|
| 0 | 2022-23 | \$24,628,601 | \$24,628,601 | \$0 | 1.1700 | \$288,155 | \$288,155 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$ - |
| QTP1 | 2023-24 | \$122,309,429 | \$122,309,429 | \$0 | 1.1700 | \$1,431,020 | \$1,431,020 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$ 1,388,360.00 | | \$ (1,388,360.00) |
| QTP2 | 2024-25 | \$252,550,345 | \$252,550,345 | \$0 | 1.1700 | \$2,954,839 | \$2,954,839 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$ 1,388,360.00 | | \$ (1,388,360.00) |
| LP 1 | 2025-26 | \$665,439,226 | \$100,000,000 | \$565,439,226 | 1.1700 | \$7,785,639 | \$1,170,000 | \$6,615,639 | \$6,615,639 | -\$7,001,849 | -\$386,211 | \$2,276,000 | \$ 1,388,360.00 | \$ 6,615,638.95 | \$ (1,388,360.00) |
| LP 2 | 2026-27 | \$651,429,979 | \$100,000,000 | \$551,429,979 | 1.1700 | \$7,621,731 | \$1,170,000 | \$6,451,731 | \$6,451,731 | \$0 | \$6,451,731 | \$2,276,000 | \$ 1,388,360.00 | \$ 386,210.52 | \$ 4,677,160.24 |
| LP 3 | 2027-28 | \$637,420,732 | \$100,000,000 | \$537,420,732 | 1.1700 | \$7,457,823 | \$1,170,000 | \$6,287,823 | \$6,287,823 | \$0 | \$6,287,823 | \$2,276,000 | \$ 1,388,360.00 | | \$ 4,899,462.57 |
| LP 4 | 2028-29 | \$623,411,486 | \$100,000,000 | \$523,411,486 | 1.1700 | \$7,293,914 | \$1,170,000 | \$6,123,914 | \$6,123,914 | \$0 | \$6,123,914 | \$2,276,000 | \$ 1,388,360.00 | | \$ 4,735,554.38 |
| LP 5 | 2029-30 | \$609,402,239 | \$100,000,000 | \$509,402,239 | 1.1700 | \$7,130,006 | \$1,170,000 | \$5,960,006 | \$5,960,006 | \$0 | \$5,960,006 | \$2,276,000 | \$ 1,388,360.00 | | \$ 4,571,646.19 |
| LP 6 | 2030-31 | \$595,392,992 | \$100,000,000 | \$495,392,992 | 1.1700 | \$6,966,098 | \$1,170,000 | \$5,796,098 | \$5,796,098 | \$0 | \$5,796,098 | \$2,276,000 | \$ 1,388,360.00 | | \$ 4,407,738.01 |
| LP 7 | 2031-32 | \$581,383,745 | \$100,000,000 | \$481,383,745 | 1.1700 | \$6,802,190 | \$1,170,000 | \$5,632,190 | \$5,632,190 | \$0 | \$5,632,190 | \$2,276,000 | \$ 1,388,360.00 | | \$ 4,243,829.82 |
| LP 8 | 2032-33 | \$567,374,498 | \$100,000,000 | \$467,374,498 | 1.1700 | \$6,638,282 | \$1,170,000 | \$5,468,282 | \$5,468,282 | \$0 | \$5,468,282 | \$2,276,000 | \$ 1,388,360.00 | | \$ 4,079,921.63 |
| LP 9 | 2033-34 | \$553,366,251 | \$100,000,000 | \$453,366,251 | 1.1700 | \$6,474,373 | \$1,170,000 | \$5,304,373 | \$5,304,373 | \$0 | \$5,304,373 | \$2,276,000 | \$ 1,388,360.00 | | \$ 3,916,013.44 |
| LP 10 | 2034-35 | \$539,356,004 | \$100,000,000 | \$439,356,004 | 1.1700 | \$6,310,465 | \$1,170,000 | \$5,140,465 | \$5,140,465 | \$0 | \$5,140,465 | \$2,276,000 | \$ 1,388,360.00 | | \$ 3,752,105.25 |
| VP 1 | 2035-36 | \$525,346,758 | \$525,346,758 | \$0 | 1.1700 | \$6,146,557 | \$6,146,557 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$ - | | \$ - |
| VP 2 | 2036-37 | \$511,337,511 | \$511,337,511 | \$0 | 1.1700 | \$5,982,649 | \$5,982,649 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$ - | | \$ - |
| VP 3 | 2037-38 | \$497,328,264 | \$497,328,264 | \$0 | 1.1700 | \$5,818,741 | \$5,818,741 | \$0 | \$0 | \$0 | \$0 | \$2,276,000 | \$ - | | \$ - |
| VP 4 | 2038-39 | \$483,319,017 | \$483,319,017 | \$0 | 1.1700 | \$5,654,832 | \$5,654,832 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ - | | \$ - |
| VP 5 | 2039-40 | \$469,309,770 | \$469,309,770 | \$0 | 1.1700 | \$5,490,924 | \$5,490,924 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ - | | \$ - |
| TOTALS | | | | | | \$104,248,238 | \$45,467,717 | \$58,780,521 | \$58,780,521 | -\$7,001,849 | \$51,778,672 | \$34,140,000 | \$ 16,660,320.00 | \$ 7,001,849.47 | \$ 35,118,351.53 |

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

\$ 58,780,520.99

40.255%

59.745%

Findings and Order of the Goose Creek Consolidated Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Covestro, LLC (Tax ID 10616537402) (Application #1232)

EXHIBIT 3

**Proposed Agreement between
Goose Creek Consolidated Independent School District
and Covestro LLC**



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 21, 2018

Randal O'Brien
Superintendent
Goose Creek Consolidated Independent School District
PO Box 30
Baytown, Texas 77522

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Goose Creek Consolidated Independent School District and Covestro, LLC, Application 1232

Dear Superintendent O'Brien:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Goose Creek Consolidated Independent School District and Covestro, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Deisy Perez with our office. She can be reached by email at deisy.perez@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-2410, or at 512-475-2410.

Sincerely,

A handwritten signature in black ink that reads "Will Counihan".

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Brian Collins, Covestro LLC
Kirk Glasby, DuCharme McMillen and Associates, Inc.

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

by and between

GOOSE CREEK CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

and

COVESTRO LLC

(Texas Taxpayer ID # 10616537402)

Comptroller Application # 1232

Dated

May 21, 2018

impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on May 21, 2018, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on May 21, 2018, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant (the "Project") is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the Project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on May 21, 2018, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on May 21, 2018, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

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

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

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

"Applicant" means Covestro LLC (Texas Taxpayer ID # 10616537402), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include the Applicant's assigns and successors-in-

interest as approved according to Sections 10.2 and 10.3 of this Agreement.

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

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

“*Application*” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on December 11, 2017. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

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

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

“*Appraisal District*” means the Chambers County Appraisal District.

“*Board of Trustees*” means the Board of Trustees of the Goose Creek Consolidated Independent School District.

“*Commercial Operations*” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing high-tech polymer materials and achieving a Qualified Investment of no less than \$100 million dollars.

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

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

“*County*” means Chambers County, Texas.

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

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

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

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

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

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

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

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

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

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

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

“State” means the State of Texas.

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

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

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

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

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

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

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, an amount equal to the cumulative total of the Annual Limit amount for such Tax Year and all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to the District under Article VI.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the “District’s Average Daily Attendance” calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the 2017-2018 school year, rounded to the whole number, by \$61. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2022. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

“Applicable School Finance Law” means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically at the time the computation, calculation or obligation of either party under this Agreement is performed.

“Commencement Date” means January 1, 2022, the start of the Qualifying Time Period.

“*Cumulative Payments*” means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

“*Lost M&O Revenue*” means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

“*New M&O Revenue*” means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

“*Original M&O Revenue*” means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District’s tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant’s Qualified Property for M&O purposes will not be used.

“*Revenue Protection Amount*” means the amount calculated pursuant to Section 4.2 of this Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

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

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is April 18, 2018, which will be used to determine the eligibility of the Applicant’s Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is May 21, 2018.

C. The Qualifying Time Period for this Agreement:

- i. Starts on, January 1, 2023, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE
- ii. Ends on December 31, 2024 the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2025, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
- ii. Ends on December 31, 2034, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2039, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii plus 5 years.

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

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

- A. the Market Value of the Applicant's Qualified Property; or
- B. One Hundred Million Dollars (\$100,000,000).

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

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

- A. Have completed the Applicant's Qualified Investment in the amount of \$100,000,000 during the Qualifying Time Period;
- B. Have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS

TAX CODE, New Qualifying Jobs as required by the Act; and

C. Pay an average weekly wage of at least \$1,181 for all New Non-Qualifying Jobs created by the Applicant.

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

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

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

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

D. Create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

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

ARTICLE III **QUALIFIED PROPERTY**

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

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

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

of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

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

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

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by District.**

The calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year of the Tax Limitation Period as defined under Section 2.3 D, and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the Application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the school finance report and projected revenue protection payment amounts produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party;
- ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,
- iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE LOST M&O REVENUE BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the District for Lost M&O Revenue for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula: The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue. In making the calculations required by this Section 4.2:

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

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District, with the consent of the Applicant. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following: Any other reasonable and necessary costs to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified appraisal roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. The certified appraisal roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified appraisal roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also reimburse the District for any amount billed by the Third Party, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, which are, or may be required under the terms or because of the execution of this Agreement.

For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars (\$15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve such dispute as provided in Section 4.7.

Section 4.7. RESOLUTION OF DISPUTES. Should the Applicant disagree with the Third Party calculations made pursuant to Article 4 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation and being provided access to the books, records and other information for purposes of reviewing the information in connection with the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party shall issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the certified calculations of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification or, (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the Applicant's receipt of the Third Party's final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

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

Section 4.9. CUMULATIVE PAYMENT LIMITATION. Notwithstanding any other provision in this Agreement, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with the first Tax Year following the end of the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the amount of maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. For each Tax Year of this Agreement, amounts

otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.9, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.9. Any of the Cumulative Payments which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period because such payment would exceed the Applicant's Cumulative Unadjusted Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses solely related to the Project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment solely attributable to the Project.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Article IV and Article V Payments

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI, (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year

of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting January 1, 2022, and ending December 31 of the third year following the end of the Tax Limitation Period:

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

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$61 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2017-2018 Average Daily Attendance of 22,760, rounded to the whole number.

E. The Parties further agree that Supplemental Payments shall first be due and owing during the first year of the Qualifying Time Period as defined herein at Section 2.3.C and for each year thereafter, ending with the last year of the Tax Limitation Period as defined herein at Section 2.3.D.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under Section 6.2 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate

Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.5.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.7, above.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

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

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

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

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

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

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

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

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

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

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

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

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

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

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

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with

access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

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

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

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

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

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

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

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

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

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

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

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

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

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

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

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

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

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

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

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

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

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

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

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

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

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

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

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

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

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute

by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Chambers County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE, and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. Consequences of Early Termination or Other Breach by Applicant.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad

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

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

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

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

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$100,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year

that commences after the Project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

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

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

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

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

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

**ARTICLE X.
MISCELLANEOUS PROVISIONS**

Section 10.1. INFORMATION AND NOTICES.

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

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

Dr. Randal O'Brien (or his successor)
Superintendent of Schools
Goose Creek Consolidated Independent School District
4544 Interstate 10 East
P.O. Box 30
Baytown, TX 77522
Phone: (281) 707-3220
Facsimile: (281) 420-4815
Email: randal.obrien@gccisd.net

With a copy to:

Sara Hardner Leon
Powell & Leon, LLP
115 Wild Basin #106
Austin, Texas 78746
Phone: (512) 494-1177
Facsimile: (512) 494-1188
Email: sleon@powell-leon.com

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

Covestro LLC
Attn: Brian Collins, Head of Tax
1 Covestro Circle
Pittsburg, PA 15205
(412) 413-2679 Telephone
(412) 413-4413 Facsimile

With a copy to:

Covestro, LLC
Attn: General Counsel
1 Covestro Circle
Pittsburg, PA 15207
(412) 413-4515

Covestro LLC
Attn: Baytown Plant Manager
8500 West Bay Road
Baytown, Texas 77523

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

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

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

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

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

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

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

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

Section 10.3. ASSIGNMENT.

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

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

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

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

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

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

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible

so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term “Law” shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

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

Section 10.9. INTERPRETATION.

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

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

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

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

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

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

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller’s Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

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

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

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

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

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

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and

tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

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

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

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

B. Delivery is deemed complete as follows:

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

[Signature Page to Follow]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 21st day of May, 2018 (the "Effective Date").

COVESTRO LLC

GOOSE CREEK CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT

COVESTRO LLC

By:  _____

By:  _____

PETE PAPE
PRESIDENT, BOARD OF TRUSTEES

Brian Collins
Head of Tax

ATTEST:

By:  _____

JESSICA WOODS
SECRETARY, BOARD OF TRUSTEES

**EXHIBIT 1
DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE**

| Account / Geo Number | Market Value | Parcel ID |
|--------------------------|--------------|-----------|
| 25300-00022-00000-000100 | 23,390 | 21116 |
| 25300-00022-00000-000600 | 254,700 | 21504 |
| 00022-07000-00100-220001 | 2,411,450 | 24665 |
| 00205-00102-00100-220100 | 245,270 | 24939 |
| 00022-07000-00000-220001 | 12,468,600 | 11890 |
| 00022-07000-00100-220100 | 75,200 | 39610 |
| 00022-07000-00100-220200 | 5,580 | 39611 |

Map of proposed Reinvestment Zone (yellow boundary)



EXHIBIT 2
DESCRIPTION AND LOCATION OF LAND

Land on which the proposed qualified property would be constructed will not be included as qualified property.

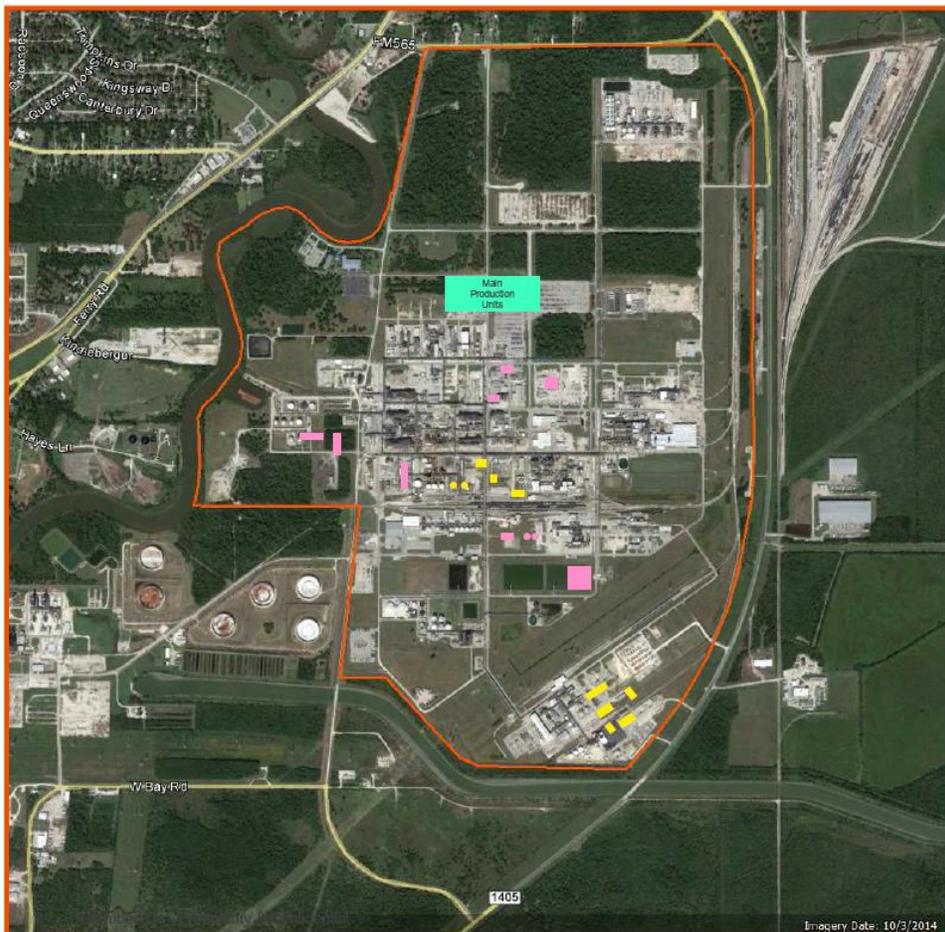
EXHIBIT 3 APPLICANT'S QUALIFIED INVESTMENT

Covestro is considering constructing a “NEW” polyurethane manufacturing unit with necessary production, auxiliary and ancillary equipment at its Baytown, TX manufacturing site. The specific qualified investment is outlined in the illustrations in Tab 11.

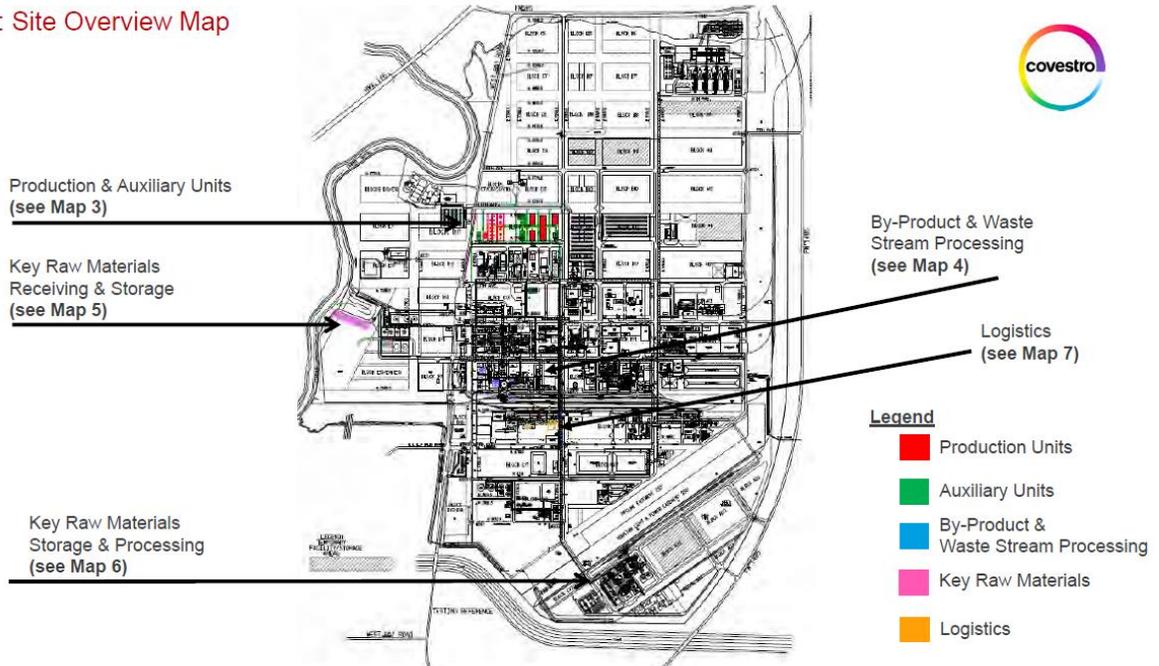
- Map #1 shows an aerial view of the Covestro Manufacturing site in Baytown, TX. Outlined in “red” is the proposed Reinvestment Zone.
- On Map #2, you will find the site overview map which depicts the individual units within the site with a legend depicting the “NEW” investment areas specifically related to the proposed project.
- On Maps #3, you will see the proposed “NEW” main production and auxiliary units which consists of “NEW” process equipment, such as vessels, reactors, compressors, pumps, distillation columns, motors, and associated infrastructure all directly associated with and necessary for the proposed investment. This potential investment may include cooling towers, refrigeration equipment, electrical substation and other electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, flares, firewater pumps, process, waste water and cooling water circulation and distribution systems, pollution control equipment, intermediate storage tanks with associated piping, and other equipment components. “NEW” buildings may include, warehouses, control buildings, production laboratories, truck loading/unloading areas, pipeline connections and metering, parking and road paving in the “NEW” manufacturing area. Map #3a provides an aerial view of the current state of the proposed area for the “NEW” production and auxiliary units indicating the green field area.
- On Map #4, you will find “NEW” processing and other equipment associated with handling and processing of byproducts and waste stream. This equipment is directly associated with and necessary for manufacturing process of the proposed investment. This equipment may consist of vessels, compressors, pumps, absorption and adsorption equipment, distillation columns, cooling towers, electrical substation and other electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, flares, process, waste water and cooling water circulation and distribution systems, pollution control equipment, intermediate storage tanks, loading stations and with associated piping, and other equipment components. Map #4a provides an aerial view of the current state of the proposed area for the “NEW” processing and other equipment associated with handling and processing of by-products and waste stream indicating the open areas where the “NEW” equipment may be sited.
- Map #5 and Map #6 indicate the key raw materials production and logistics areas that will be utilized to successfully produce and process material from the proposed “NEW” investment. This equipment consists of “NEW” vessels, compressors, pumps, drying columns, motors, cooling towers, electrical substation and other electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, evaporation equipment, process, waste water and cooling water circulation and distribution systems, pollution control equipment, storage tanks, loading and unloading stations and with associated piping, and other equipment components. Maps #5a and #6a provides an aerial view of the current state of the

proposed area for the “NEW” key raw materials production and logistics areas where the “NEW” equipment may be sited.

- Map #7 depicts the “NEW” logistics processing and packaging area necessary for the proposed project. This area may consist of “NEW” loading and unloading equipment, pumps, motors, electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, process, waste water and distribution systems, pollution control equipment, storage tanks with associated piping, and other equipment components. Map 7a provides an aerial view of the current state of the proposed area for the “NEW” logistics processing and packaging area, indicating the open areas where the “New” areas will be cited.

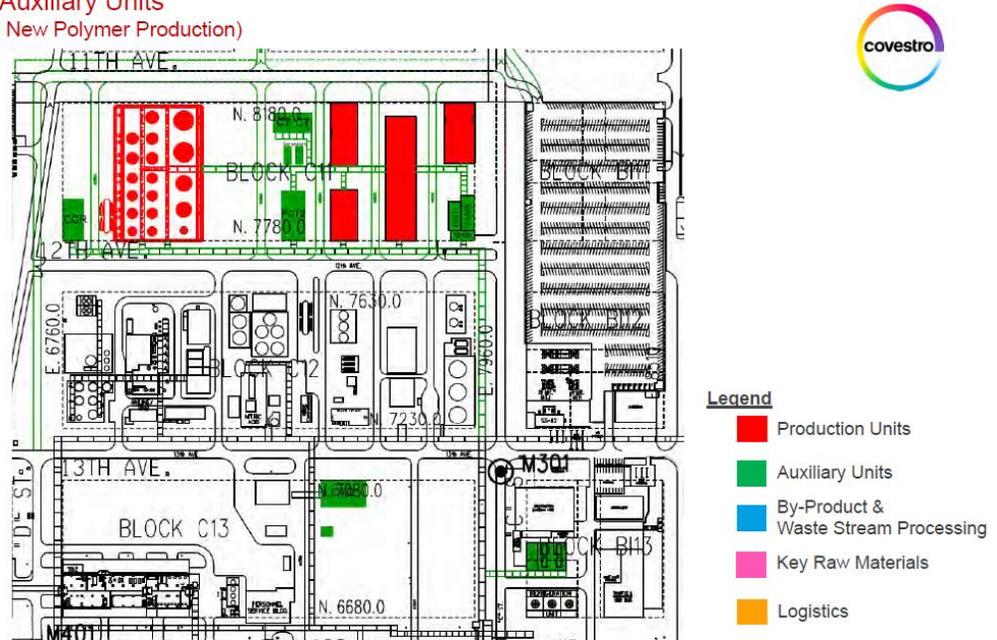


Map 2: Site Overview Map



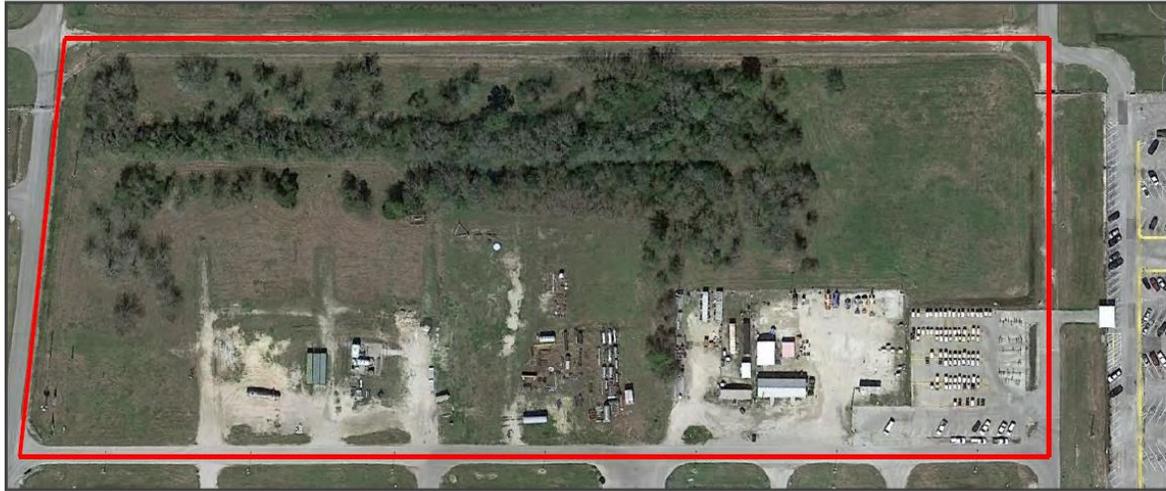
All colored areas would be new as a part of the proposed investment

Map 3: Production & Auxiliary Units
(Support for the New Polymer Production)



All colored areas would be new as a part of the proposed investment

Map 3a: Production & Auxiliary Units



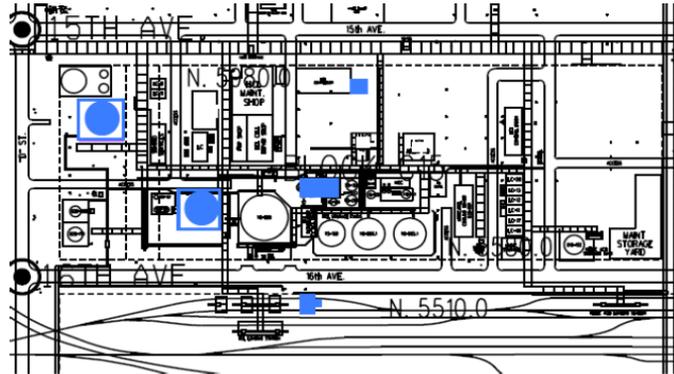
Map 3b: Equipment- Production & Auxiliary Units

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|------------------|--------------|----------------|---------------------|--------------------------------------|
| Production Units | 1-Reactor | CA002 | Processing Reactors | No |
| Production Units | 1-Reactor | CA003 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA002 | Processing Reactors | No |
| Production Units | 1-Reactor | CA003 | Processing Reactors | No |
| Production Units | 1-Reactor | CA004 | Processing Reactors | No |
| Production Units | 1-Reactor | CA005 | Processing Reactors | No |
| Production Units | 1-Reactor | RA001 | Processing Reactors | No |
| Production Units | 1-Reactor | RA001 | Processing Reactors | No |
| Production Units | 1-Reactor | RA002 | Processing Reactors | No |
| Production Units | 1-Reactor | RA003 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA002 | Processing Reactors | No |
| Production Units | 1-Reactor | CA003 | Processing Reactors | No |
| Production Units | 1-Reactor | RA001 | Processing Reactors | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA002 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Vent gas columns | No |

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|------------------|---|----------------|--|--------------------------------------|
| Production Units | 4-Vessel | BA002 | Carbon Drum | No |
| Production Units | 4-Vessel | BA001 | Processing vessels | No |
| Production Units | 4-Vessel | BA002 | Column RECEIVER | No |
| Production Units | 4-Vessel | BA003 | Column RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CONDENSATE RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CONDENSATE RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CONDENSATE RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CIRCULATION RECEIVER | No |
| Production Units | 4-Vessel | BA002 | CIRCULATION RECEIVER | No |
| Production Units | 4-Vessel | BA003 | RECEIVER | No |
| Production Units | 4-Vessel | BA004 | RECEIVER | No |
| Production Units | 4-Vessel | BA005 | LOOP RECEIVER | No |
| Production Units | 4-Vessel | BA001 | DESTILLATE RECEIVER | No |
| Production Units | 4-Vessel | BA002 | RECEIVER | No |
| Production Units | 4-Vessel | BA001 | WATER VESSEL | No |
| Production Units | 4-Vessel | BA001 | Processing vessels | No |
| Production Units | 4-Vessel | BA001 | WARM WATER EXPANSION VESSEL | No |
| Production Units | 4-Vessel | BA001 | FLUSH RECEIVER | No |
| Production Units | 5-Others- Heat Exchangers & Coolers | WL001 | Various Heat Exchangers & Coolers | yes- to Key RM header |
| Production Units | 5-Others- Safety, sumps, & Hoist | HA001 | Various Safety, sumps, & Hoist | No |
| Production Units | 5-Others-Pumps, Agitators, Blowers, Mixers & Separators | RW001 | Various Pumps, Agitators, Blowers, Mixers & Separators | No |
| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
| Auxiliary Units | 2- Column | WS001 | Processing columns | No |
| Auxiliary Units | 2- Column | WS001 | Processing columns | No |
| Auxiliary Units | 4-Vessel | BA001 | WATER SEALING VESSEL | No |
| Auxiliary Units | 4-Vessel | BA002 | WATER SEALING VESSEL | No |
| Auxiliary Units | 4-Vessel | BA001 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA002 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA001 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA001 | EXPANSION POT | No |
| Auxiliary Units | 4-Vessel | BA001 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA001 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA002 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA005 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA006 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA007 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA008 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA009 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA010 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA013 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA014 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA005 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA008 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA009 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA010 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA011 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA012 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA013 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA014 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA015 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA017 | Processing vessels | No |
| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
| Auxiliary Units | 4-Vessel | BA018 | Processing vessels | No |
| Auxiliary Units | 5-Others- Heat Exchangers & Coolers | WA001 | Various Heat Exchangers & Coolers | No |
| Auxiliary Units | 5-Others- Safety, sumps, & Hoist | KM001 | Various Safety, sumps, & Hoist | No |
| Auxiliary Units | 5-Others-Pumps, Agitators, Blowers, Mixers & Separators | PA001 | Various Pumps, Agitators, Blowers, Mixers & Separators | No |
| Auxiliary Units | 6-Refrigeration | KT001 | Refrigeration- Unit 1 | No |
| Auxiliary Units | 6-Refrigeration | KT002 | Refrigeration- Unit 2 | No |
| Auxiliary Units | 8-Power | EPS | 34.5kV Switchgear | No |
| Auxiliary Units | 8-Power | EPS | 34.5/13.8kV Transformer | No |
| Auxiliary Units | 8-Power | EPS | 13.8kV SG | No |
| Auxiliary Units | 8-Power | EPS | Various MV-LC's | No |
| Auxiliary Units | 8-Power | EPS | Various MV-LC's | No |
| Auxiliary Units | 8-Power | EPS | Various LV-LC's | No |
| Auxiliary Units | 8-Power | EPS | Various Standby emergency power generators | No |
| Auxiliary Units | 8-Power | EPS | 138kV Extension | No |
| Auxiliary Units | 8-Power | EPS | New Sub Station | No |
| Auxiliary Units | 8-Power | EPS | Control cable / Tray / Auxiliary equipment | No |

Map 4: By-Product & Waste Stream Processing

(Piping will feed By-Product & Waste Stream directly from the New Polyurethane Production Unit)



Legend

- Production Units
- Auxiliary Units
- By-Product & Waste Stream Processing
- Key Raw Materials
- Logistics

All colored areas would be new as a part of the proposed investment

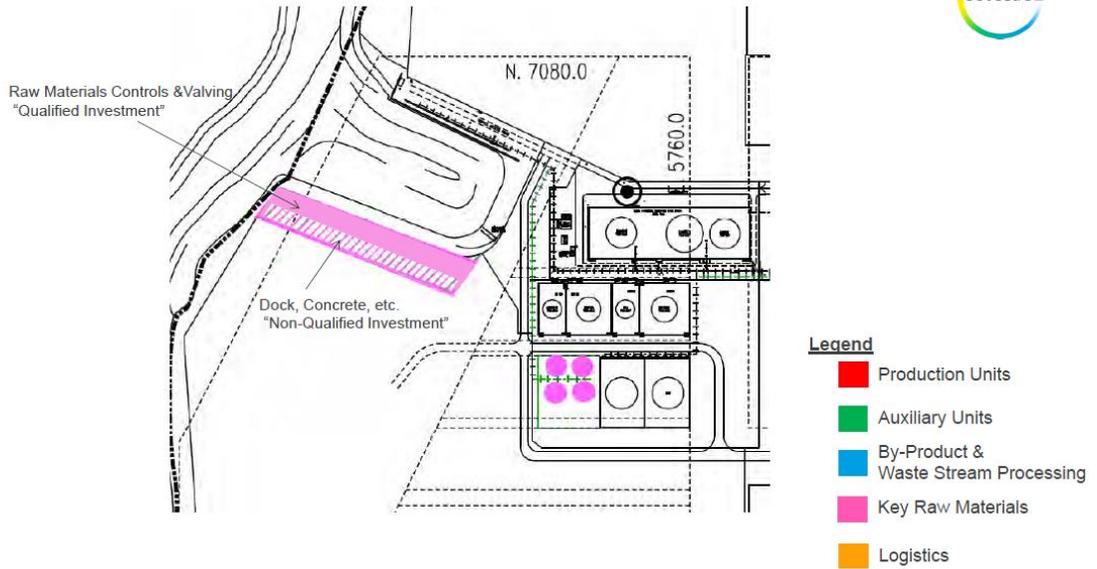
Map 4a: By-Product & Waste Stream Processing



Map 4b: Equipment- Byproducts & Waste Processing

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|--------------------------------------|---|----------------|--|--------------------------------------|
| Byproducts & Waste Stream Processing | 1-Reactor | CA016 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA016I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA017 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA017I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA018 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA018I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA019 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA019I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 2- Column | KA001 | Processing columns | Yes (20%)- to waste stream header |
| Byproducts & Waste Stream Processing | 2- Column | KA001I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA006 | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA006I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA007 | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA007I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA008 | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA008I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA001 | Processing columns | No |
| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
| Byproducts & Waste Stream Processing | 4-Vessel | BA009 | STORAGE TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA009L | STORAGE TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA012 | TANK OVERFLOW SEAL POT | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA020 | PRESSURE SEAL TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA021 | RECYCLE SURGE TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA024 | OVERHEAD TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA001 | Knock Out Pot | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA002 | Processing vessels | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA003 | Drain pot | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA004 | Warm Water Pot | No |
| Byproducts & Waste Stream Processing | 5-Others-Pumps, Agitators, Blowers, Mixers & Separators | FB027 | Various Pumps, Agitators, Blowers, Mixers & Separators | No |

Map 5: Key Raw Materials Receiving & Storage
 (Piping will feed Directly and Exclusively into the New Polyurethane Production Unit)



All colored areas would be new as a part of the proposed investment

Map 5a: Key Raw Materials Barge Receiving & Storage

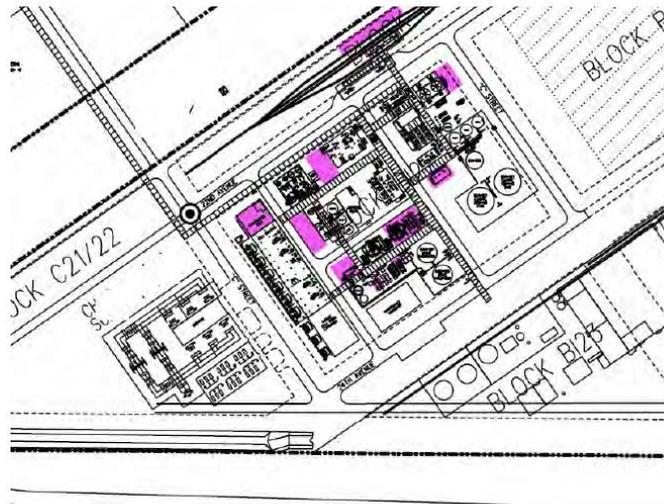


Map 5b: Equipment- Key Raw Materials Receiving & Storage

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|-----------------|----------------|----------------------|--------------------------------|--------------------------------------|
| Key Rawmaterial | 4-Vessel | BA011 | 4xStorage RM tanks @barge dock | yes (2 of 4)- to Key RM header |
| Key Rawmaterial | 7-Loading Rack | Dock, Concrete | Non-Qualified Investment | No |
| Key Rawmaterial | 7-Loading Rack | RM Control & Valving | Qualified Investment | No |

Map 6: Key Raw Materials Storage & Processing

(Piping will feed Directly and Exclusively into the New Polyurethane Production Unit)

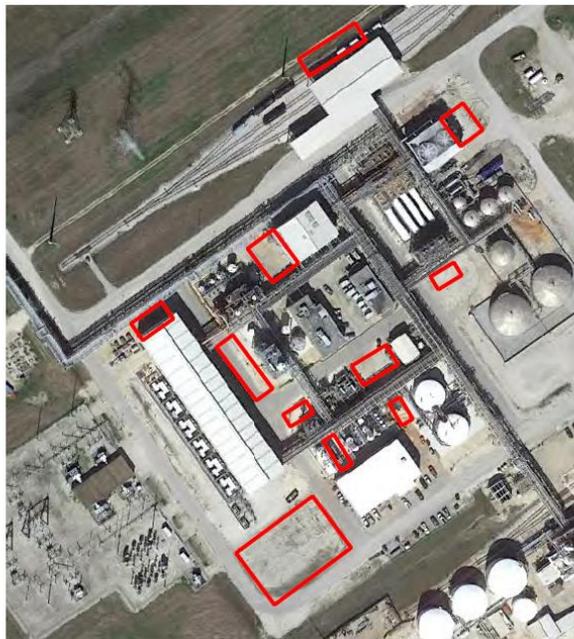


Legend

- Production Units
- Auxiliary Units
- By-Product & Waste Stream Processing
- Key Raw Materials
- Logistics

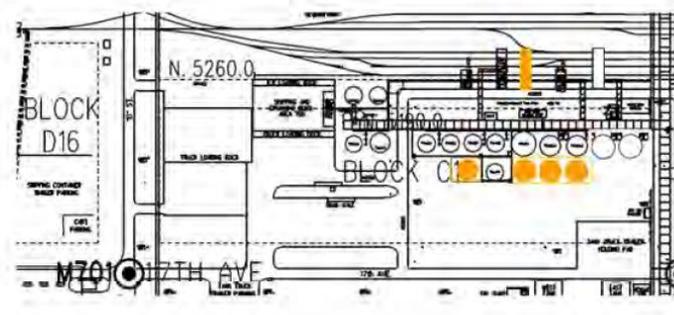
All colored areas would be new as a part of the proposed investment

Map 6a: Key Raw Materials Storage and Processing



Map 7: Logistics

(Piping will feed Directly and Exclusively from the New Polyurethane Production Unit)



Legend

- Production Units
- Auxiliary Units
- By-Product & Waste Stream Processing
- Key Raw Materials
- Logistics

All colored areas would be new as a part of the proposed investment

Map 7a: Logistics



Map 7b: Equipment- Logistics

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|--------------|----------------|----------------|---------------------------|--------------------------------------|
| Logistics | 4-Vessel | LOG | Various Storage tanks- FG | Yes- to FG header |
| Logistics | 7-Loading Rack | Loading Rack | Loading racks | No |

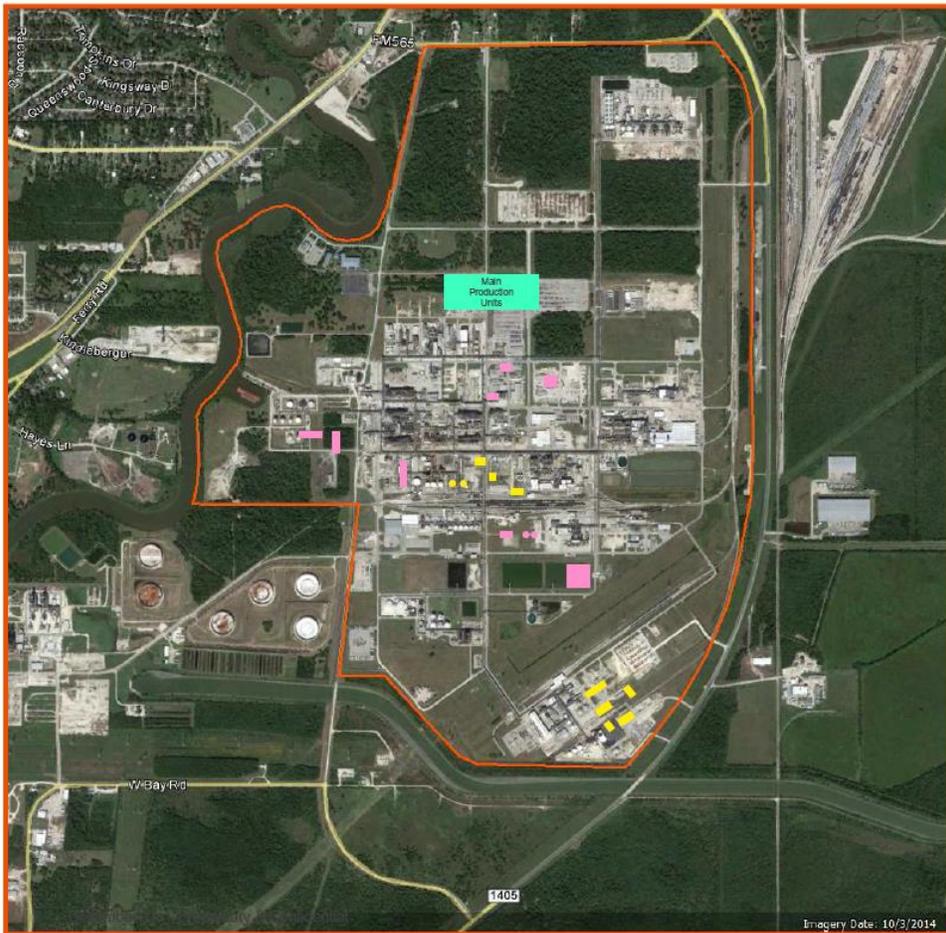
EXHIBIT 4 APPLICANT'S QUALIFIED PROPERTY

Covestro is considering constructing a “NEW” polyurethane manufacturing unit with necessary production, auxiliary and ancillary equipment at its Baytown, TX manufacturing site. The specific qualified investment is outlined in the illustrations in Tab 11.

- Map #1 shows an aerial view of the Covestro Manufacturing site in Baytown, TX. Outlined in “red” is the proposed Reinvestment Zone.
- On Map #2, you will find the site overview map which depicts the individual units within the site with a legend depicting the “NEW” investment areas specifically related to the proposed project.
- On Maps #3, you will see the proposed “NEW” main production and auxiliary units which consists of “NEW” process equipment, such as vessels, reactors, compressors, pumps, distillation columns, motors, and associated infrastructure all directly associated with and necessary for the proposed investment. This potential investment may include cooling towers, refrigeration equipment, electrical substation and other electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, flares, firewater pumps, process, waste water and cooling water circulation and distribution systems, pollution control equipment, intermediate storage tanks with associated piping, and other equipment components. “NEW” buildings may include, warehouses, control buildings, production laboratories, truck loading/unloading areas, pipeline connections and metering, parking and road paving in the “NEW” manufacturing area. Map #3a provides an aerial view of the current state of the proposed area for the “NEW” production and auxiliary units indicating the greenfield area.
- On Map #4, you will find “NEW” processing and other equipment associated with handling and processing of byproducts and waste stream. This equipment is directly associated with and necessary for manufacturing process of the proposed investment. This equipment may consist of vessels, compressors, pumps, absorption and adsorption equipment, distillation columns, cooling towers, electrical substation and other electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, flares, process, waste water and cooling water circulation and distribution systems, pollution control equipment, intermediate storage tanks, loading stations and with associated piping, and other equipment components. Map #4a provides an aerial view of the current state of the proposed area for the “NEW” processing and other equipment associated with handling and processing of by-products and waste stream indicating the open areas where the “NEW” equipment may be sited.
- Map #5 and Map #6 indicate the key raw materials production and logistics areas that will be utilized to successfully produce and process material from the proposed “NEW” investment. This equipment consists of “NEW” vessels, compressors, pumps, drying columns, motors, cooling towers, electrical substation and other electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, evaporation equipment, process, waste water and cooling water circulation and distribution systems, pollution control equipment, storage tanks, loading and unloading stations and with associated piping, and other equipment components. Maps #5a and #6a provides an aerial view of the current state of the proposed area for the “NEW” key raw materials production and logistics areas where the “NEW” equipment may

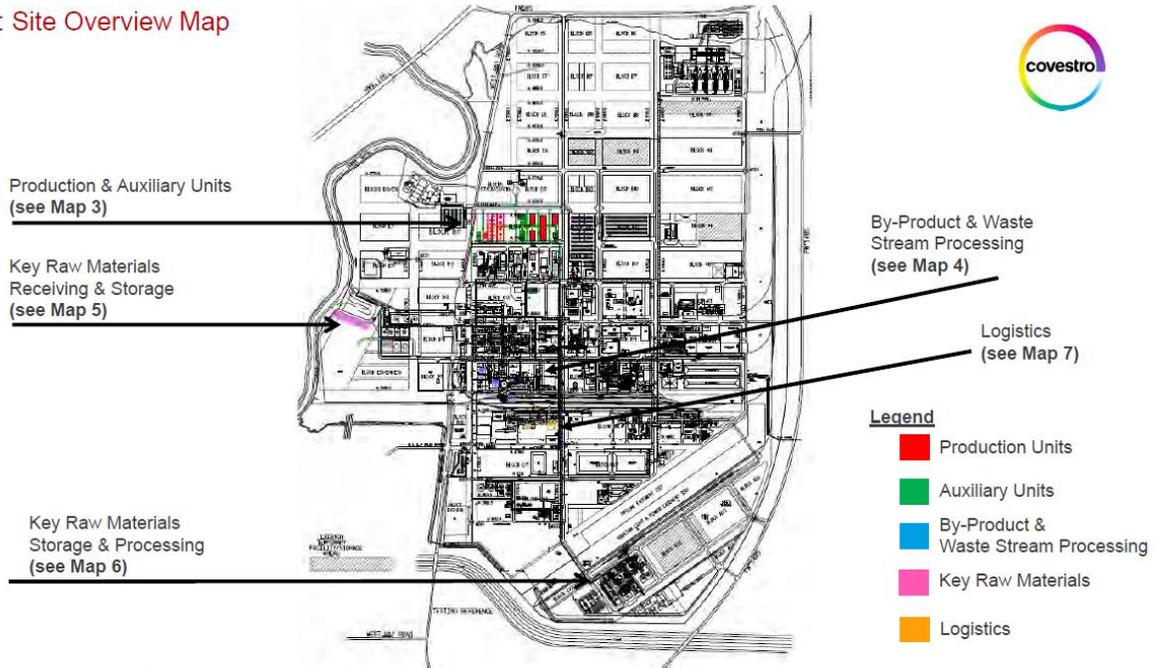
be sited.

- Map #7 depicts the “NEW” logistics processing and packaging area necessary for the proposed project. This area may consist of “NEW” loading and unloading equipment, pumps, motors, electrical infrastructure and controls, computer control systems, operational safety systems, process piping, process heaters, process, waste water and distribution systems, pollution control equipment, storage tanks with associated piping, and other equipment components. Map #7a provides an aerial view of the current state of the proposed area for the “NEW” logistics processing and packaging area, indicating the open areas where the “New” areas will be cited.



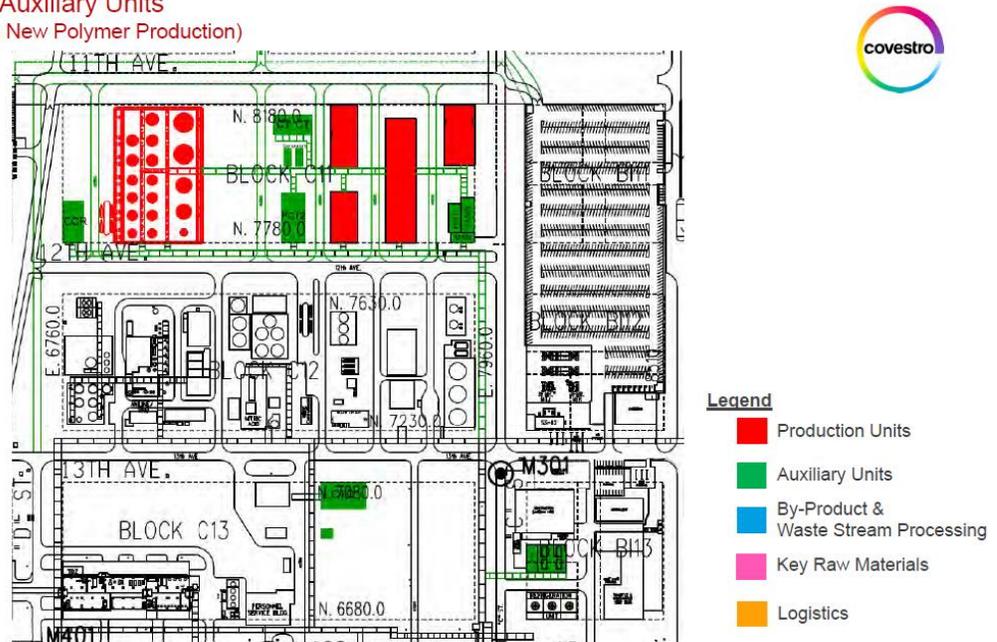
- Main Production Units
- Logistics & Infrastructure
- Chlorine Supply & HCl Processing

Map 2: Site Overview Map



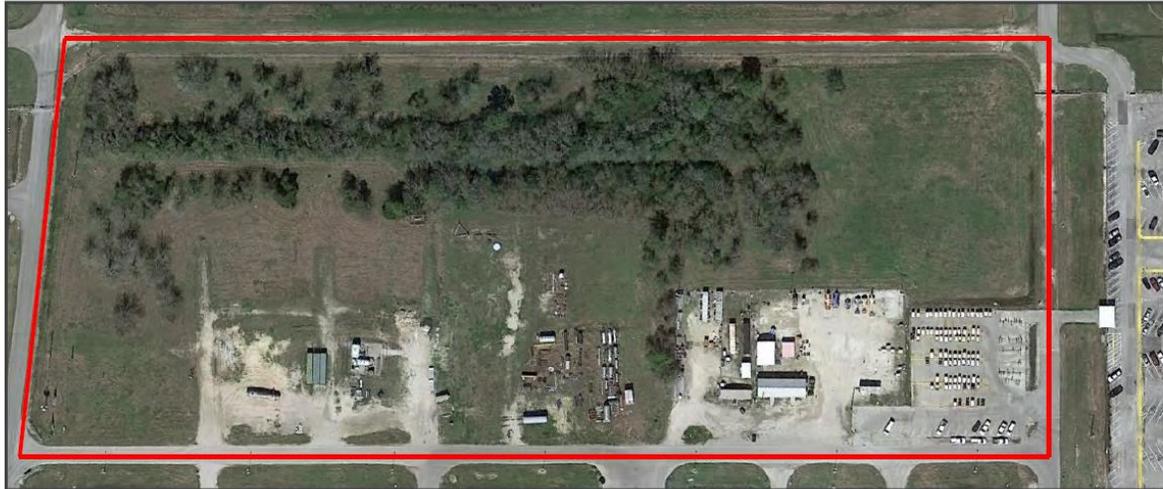
All colored areas would be new as a part of the proposed investment

Map 3: Production & Auxiliary Units
(Support for the New Polymer Production)



All colored areas would be new as a part of the proposed investment

Map 3a: Production & Auxiliary Units



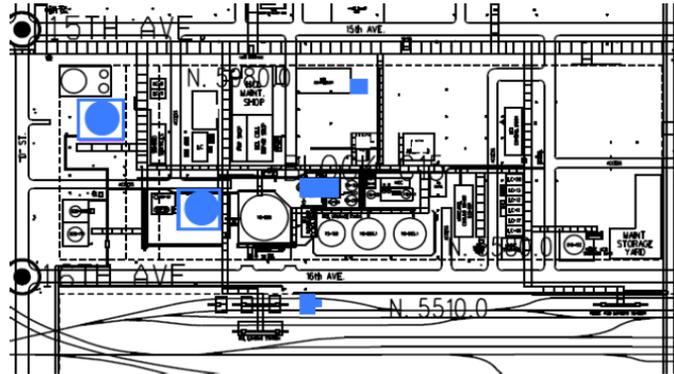
Map 3b: Equipment- Production & Auxiliary Units

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|------------------|--------------|----------------|---------------------|--------------------------------------|
| Production Units | 1-Reactor | CA002 | Processing Reactors | No |
| Production Units | 1-Reactor | CA003 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA002 | Processing Reactors | No |
| Production Units | 1-Reactor | CA003 | Processing Reactors | No |
| Production Units | 1-Reactor | CA004 | Processing Reactors | No |
| Production Units | 1-Reactor | CA005 | Processing Reactors | No |
| Production Units | 1-Reactor | RA001 | Processing Reactors | No |
| Production Units | 1-Reactor | RA001 | Processing Reactors | No |
| Production Units | 1-Reactor | RA002 | Processing Reactors | No |
| Production Units | 1-Reactor | RA003 | Processing Reactors | No |
| Production Units | 1-Reactor | CA001 | Processing Reactors | No |
| Production Units | 1-Reactor | CA002 | Processing Reactors | No |
| Production Units | 1-Reactor | CA003 | Processing Reactors | No |
| Production Units | 1-Reactor | RA001 | Processing Reactors | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA002 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Processing columns | No |
| Production Units | 2- Column | KA001 | Vent gas columns | No |

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|------------------|---|----------------|--|--------------------------------------|
| Production Units | 4-Vessel | BA002 | Carbon Drum | No |
| Production Units | 4-Vessel | BA001 | Processing vessels | No |
| Production Units | 4-Vessel | BA002 | Column RECEIVER | No |
| Production Units | 4-Vessel | BA003 | Column RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CONDENSATE RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CONDENSATE RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CONDENSATE RECEIVER | No |
| Production Units | 4-Vessel | BA001 | CIRCULATION RECEIVER | No |
| Production Units | 4-Vessel | BA002 | CIRCULATION RECEIVER | No |
| Production Units | 4-Vessel | BA003 | RECEIVER | No |
| Production Units | 4-Vessel | BA004 | RECEIVER | No |
| Production Units | 4-Vessel | BA005 | LOOP RECEIVER | No |
| Production Units | 4-Vessel | BA001 | DESTILLATE RECEIVER | No |
| Production Units | 4-Vessel | BA002 | RECEIVER | No |
| Production Units | 4-Vessel | BA001 | WATER VESSEL | No |
| Production Units | 4-Vessel | BA001 | Processing vessels | No |
| Production Units | 4-Vessel | BA001 | WARM WATER EXPANSION VESSEL | No |
| Production Units | 4-Vessel | BA001 | FLUSH RECEIVER | No |
| Production Units | 5-Others- Heat Exchangers & Coolers | WL001 | Various Heat Exchangers & Coolers | yes- to Key RM header |
| Production Units | 5-Others- Safety, sumps, & Hoist | HA001 | Various Safety, sumps, & Hoist | No |
| Production Units | 5-Others-Pumps, Agitators, Blowers, Mixers & Separators | RW001 | Various Pumps, Agitators, Blowers, Mixers & Separators | No |
| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
| Auxiliary Units | 2- Column | WS001 | Processing columns | No |
| Auxiliary Units | 2- Column | WS001 | Processing columns | No |
| Auxiliary Units | 4-Vessel | BA001 | WATER SEALING VESSEL | No |
| Auxiliary Units | 4-Vessel | BA002 | WATER SEALING VESSEL | No |
| Auxiliary Units | 4-Vessel | BA001 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA002 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA001 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA001 | EXPANSION POT | No |
| Auxiliary Units | 4-Vessel | BA001 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA001 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA002 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA005 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA006 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA007 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA008 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA009 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA010 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA013 | Overpressure protection | No |
| Auxiliary Units | 4-Vessel | BA014 | Vacuum protection | No |
| Auxiliary Units | 4-Vessel | BA005 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA008 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA009 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA010 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA011 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA012 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA013 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA014 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA015 | Processing vessels | No |
| Auxiliary Units | 4-Vessel | BA017 | Processing vessels | No |
| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
| Auxiliary Units | 4-Vessel | BA018 | Processing vessels | No |
| Auxiliary Units | 5-Others- Heat Exchangers & Coolers | WA001 | Various Heat Exchangers & Coolers | No |
| Auxiliary Units | 5-Others- Safety, sumps, & Hoist | KM001 | Various Safety, sumps, & Hoist | No |
| Auxiliary Units | 5-Others-Pumps, Agitators, Blowers, Mixers & Separators | PA001 | Various Pumps, Agitators, Blowers, Mixers & Separators | No |
| Auxiliary Units | 6-Refrigeration | KT001 | Refrigeration- Unit 1 | No |
| Auxiliary Units | 6-Refrigeration | KT002 | Refrigeration- Unit 2 | No |
| Auxiliary Units | 8-Power | EPS | 34.5kV Switchgear | No |
| Auxiliary Units | 8-Power | EPS | 34.5/13.8kV Transformer | No |
| Auxiliary Units | 8-Power | EPS | 13.8kV SG | No |
| Auxiliary Units | 8-Power | EPS | Various MV-LC's | No |
| Auxiliary Units | 8-Power | EPS | Various MV-LC's | No |
| Auxiliary Units | 8-Power | EPS | Various LV-LC's | No |
| Auxiliary Units | 8-Power | EPS | Various Standby emergency power generators | No |
| Auxiliary Units | 8-Power | EPS | 138kV Extension | No |
| Auxiliary Units | 8-Power | EPS | New Sub Station | No |
| Auxiliary Units | 8-Power | EPS | Control cable / Tray / Auxiliary equipment | No |

Map 4: By-Product & Waste Stream Processing

(Piping will feed By-Product & Waste Stream directly from the New Polyurethane Production Unit)



Legend

- Production Units
- Auxiliary Units
- By-Product & Waste Stream Processing
- Key Raw Materials
- Logistics

All colored areas would be new as a part of the proposed investment

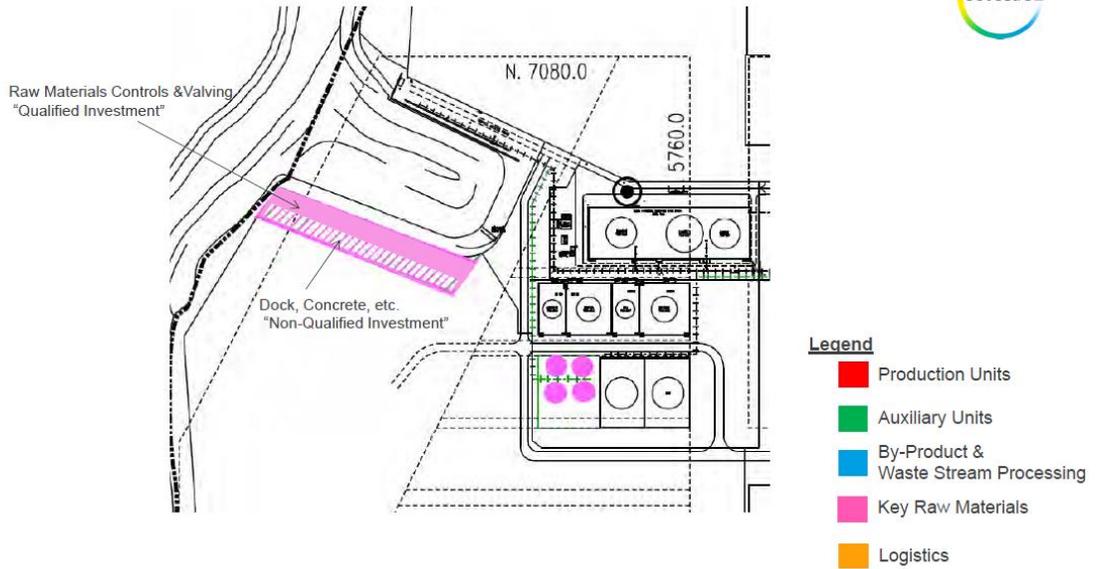
Map 4a: By-Product & Waste Stream Processing



Map 4b: Equipment- Byproducts & Waste Processing

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|--------------------------------------|---|----------------|--|--------------------------------------|
| Byproducts & Waste Stream Processing | 1-Reactor | CA016 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA016I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA017 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA017I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA018 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA018I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA019 | Processing reactors | No |
| Byproducts & Waste Stream Processing | 1-Reactor | CA019I | Processing reactors | No |
| Byproducts & Waste Stream Processing | 2- Column | KA001 | Processing columns | Yes (20%)- to waste stream header |
| Byproducts & Waste Stream Processing | 2- Column | KA001I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA006 | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA006I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA007 | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA007I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA008 | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA008I | Processing columns | No |
| Byproducts & Waste Stream Processing | 2- Column | KA001 | Processing columns | No |
| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
| Byproducts & Waste Stream Processing | 4-Vessel | BA009 | STORAGE TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA009L | STORAGE TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA012 | TANK OVERFLOW SEAL POT | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA020 | PRESSURE SEAL TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA021 | RECYCLE SURGE TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA024 | OVERHEAD TANK | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA001 | Knock Out Pot | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA002 | Processing vessels | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA003 | Drain pot | No |
| Byproducts & Waste Stream Processing | 4-Vessel | BA004 | Warm Water Pot | No |
| Byproducts & Waste Stream Processing | 5-Others-Pumps, Agitators, Blowers, Mixers & Separators | FB027 | Various Pumps, Agitators, Blowers, Mixers & Separators | No |

Map 5: Key Raw Materials Receiving & Storage
 (Piping will feed Directly and Exclusively into the New Polyurethane Production Unit)



All colored areas would be new as a part of the proposed investment

Map 5a: Key Raw Materials Barge Receiving & Storage

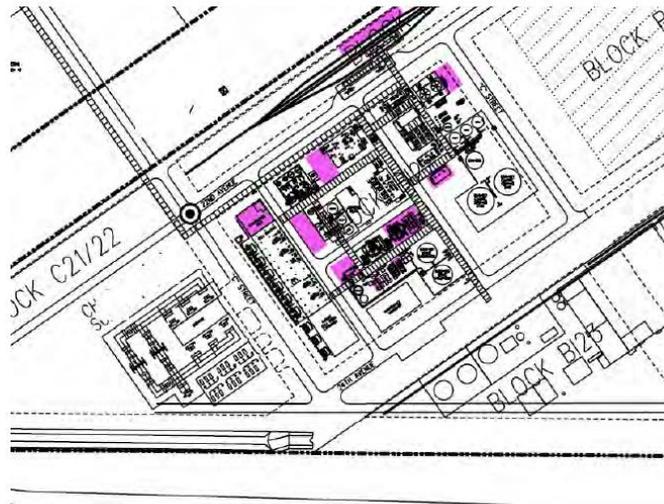


Map 5b: Equipment- Key Raw Materials Receiving & Storage

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|-----------------|----------------|----------------------|--------------------------------|--------------------------------------|
| Key Rawmaterial | 4-Vessel | BA011 | 4xStorage RM tanks @barge dock | yes (2 of 4)- to Key RM header |
| Key Rawmaterial | 7-Loading Rack | Dock, Concrete | Non-Qualified Investment | No |
| Key Rawmaterial | 7-Loading Rack | RM Control & Valving | Qualified Investment | No |

Map 6: Key Raw Materials Storage & Processing

(Piping will feed Directly and Exclusively into the New Polyurethane Production Unit)



Legend

- Production Units
- Auxiliary Units
- By-Product & Waste Stream Processing
- Key Raw Materials
- Logistics

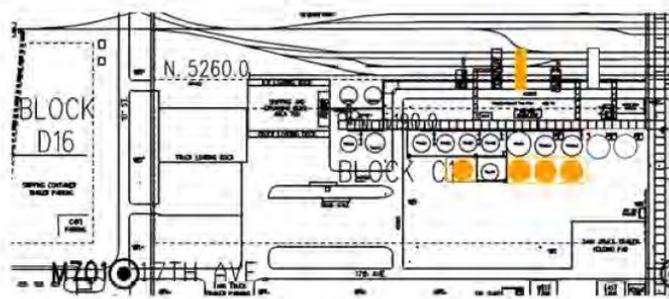
All colored areas would be new as a part of the proposed investment

Map 6a: Key Raw Materials Storage and Processing



Map 7: Logistics

(Piping will feed Directly and Exclusively from the New Polyurethane Production Unit)



Legend

- Production Units
- Auxiliary Units
- By-Product & Waste Stream Processing
- Key Raw Materials
- Logistics

All colored areas would be new as a part of the proposed investment

Map 7a: Logistics



Map 7b: Equipment- Logistics

| Process Step | Eq. Category | Technical Item | Description | Connected to Existing Process Steps* |
|--------------|----------------|----------------|---------------------------|--------------------------------------|
| Logistics | 4-Vessel | LOG | Various Storage tanks- FG | Yes- to FG header |
| Logistics | 7-Loading Rack | Loading Rack | Loading racks | No |

Agreement for Limitation on Appraised Value
 Between Goose Creek CISD and Covestro LLC #1232
 May 21, 2018

Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)