GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 7, 2019

Lloyd W. Graham
Superintendent
La Porte Independent School District
1002 San Jacinto Street
La Porte, Texas 77571

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between La Porte Independent School District and Celanese Ltd., Application 1382

Dear Superintendent Graham:

On August 2, 2019, the Comptroller issued written notice that Celanese Ltd. (applicant) submitted a completed application (Application 1382) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on June 18, 2019, to the La Porte 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 1382.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2019.

Note that any building or improvement existing as of the application review start date of August 2, 2019, 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,

Lisa Craven

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Celanese Ltd. (project) applying to La Porte 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 Celanese Ltd.

Applicant	Celanese Ltd.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	La Porte ISD
2017-2018 Average Daily Attendance	7,210
County	Harris
Proposed Total Investment in District	$400,020,000
Proposed Qualified Investment	$400,020,000
Limitation Amount	$80,000,000
Qualifying Time Period (Full Years)	2020-2021
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	$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,274
Minimum annual wage committed to by applicant for qualified jobs	$66,222.20
Minimum weekly wage required for non-qualifying jobs	$1,356
Minimum annual wage required for non-qualifying jobs	$70,513
Investment per Qualifying Job	$1,777,867
Estimated M&O levy without any limit (15 years)	$51,014,816
Estimated M&O levy with Limitation (15 years)	$24,302,454
Estimated gross M&O tax benefit (15 years)	$26,712,362

Table 2 is the estimated statewide economic impact of Celanese Ltd. (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	400	570	970	$28,000,000	$48,980,000	$76,980,000
2021	425	690	1115.24	$29,655,555	$65,110,445	$94,766,000
2022	25	173	198	$1,655,555	$23,048,445	$24,704,000
2023	25	127	152	$1,655,555	$18,220,445	$19,876,000
2024	25	85	110	$1,655,555	$14,085,445	$15,741,000
2025	25	66	91	$1,655,555	$11,915,445	$13,571,000
2026	25	62	87	$1,655,555	$11,080,445	$12,736,000
2027	25	66	91	$1,655,555	$11,193,445	$12,849,000
2028	25	74	99	$1,655,555	$11,959,445	$13,615,000
2029	25	84	109	$1,655,555	$13,093,445	$14,749,000
2030	25	94	119	$1,655,555	$14,428,445	$16,084,000
2031	25	96	121	$1,655,555	$15,174,445	$16,830,000
2032	25	100	125	$1,655,555	$16,270,445	$17,926,000
2033	25	104	129	$1,655,555	$17,353,445	$19,009,000
2034	25	108	133	$1,655,555	$18,450,445	$20,106,000
2035	25	110	135	$1,655,555	$19,495,445	$21,151,000

Source: CPA REMI, Celanese Ltd.

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		La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	Port of Houston Authority Tax Levy	City of Pasadena Tax Levy	Harris County Flood Control District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2800	1.0500		0.4180	0.1711	0.0126	0.6154	0.0283	
2021	$198,427,428	$198,427,428		$555,597	$2,083,488	$2,639,085	$829,446	$339,509	$24,922	$1,221,214	$56,175	$5,110,352
2022	$378,555,612	$378,555,612		$1,059,956	$3,974,834	$5,034,790	$1,582,400	$647,709	$47,547	$2,329,805	$107,169	$9,749,420
2023	$370,950,200	$370,950,200		$1,038,661	$3,894,977	$4,933,638	$1,550,609	$634,696	$46,591	$2,282,998	$105,016	$9,553,548
2024	$363,496,896	$363,496,896		$1,017,791	$3,816,717	$4,834,509	$1,519,453	$621,943	$45,655	$2,237,127	$102,906	$9,361,594
2025	$356,192,658	$356,192,658		$997,339	$3,740,023	$4,737,362	$1,488,921	$609,446	$44,738	$2,192,173	$100,838	$9,173,478
2026	$349,034,505	$349,034,505		$977,297	$3,664,862	$4,642,159	$1,458,999	$597,198	$43,839	$2,148,119	$98,812	$8,989,125
2027	$342,019,515	$342,019,515		$957,655	$3,591,205	$4,548,860	$1,429,676	$585,195	$42,958	$2,104,945	$96,826	$8,808,460
2028	$335,144,824	$335,144,824		$938,406	$3,519,021	$4,457,426	$1,400,939	$573,433	$42,094	$2,062,635	$94,879	$8,631,407
2029	$328,407,628	$328,407,628		$919,541	$3,448,280	$4,367,821	$1,372,777	$561,905	$41,248	$2,021,172	$92,972	$8,457,895
2030	$321,805,175	$321,805,175		$901,054	$3,378,954	$4,280,009	$1,345,178	$550,609	$40,419	$1,980,537	$91,103	$8,287,854
2031	$315,334,772	$315,334,772		$882,937	$3,311,015	$4,193,952	$1,318,131	$539,538	$39,606	$1,940,715	$89,271	$8,121,214
2032	$308,993,776	$308,993,776		$865,183	$3,244,435	$4,109,617	$1,291,625	$528,688	$38,810	$1,901,690	$87,476	$7,957,906
2033	$302,779,601	$302,779,601		$847,783	$3,179,186	$4,026,969	$1,265,649	$518,056	$38,029	$1,863,445	$85,717	$7,797,865
2034	$296,689,709	$296,689,709		$830,731	$3,115,242	$3,945,973	$1,240,193	$507,636	$37,264	$1,825,965	$83,993	$7,641,024
2035	$290,721,615	$290,721,615		$814,021	$3,052,577	$3,866,597	$1,215,245	$497,425	$36,515	$1,789,235	$82,303	$7,487,320
			Total	$13,603,951	$51,014,816	$64,618,767	$20,309,241	$8,312,986	$610,234	$29,901,776	$1,375,457	$125,128,461

Source: CPA, Celanese Ltd.
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Harris 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		La Porte ISD I&S Tax Levy	La Porte ISD M&O Tax Levy	La Porte ISD M&O and I&S Tax Levies	Harris County Tax Levy	Harris County Hospital District Tax Levy	Port of Houston Authority Tax Levy	City of Pasadena Tax Levy	Harris County Flood Control District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2800	1.0500		0.4180	0.1711	0.0126	0.6154	0.0283	
2021	$198,427,428	$80,000,000		$555,597	$840,000	$1,395,597	$829,446	$339,509	$24,922	$1,221,214	$56,175	$3,866,864
2022	$378,555,612	$80,000,000		$1,059,956	$840,000	$1,899,956	$1,582,400	$647,709	$47,547	$2,329,805	$107,169	$6,614,586
2023	$370,950,200	$80,000,000		$1,038,661	$840,000	$1,878,661	$1,550,609	$634,696	$46,591	$2,282,998	$105,016	$6,498,571
2024	$363,496,896	$80,000,000		$1,017,791	$840,000	$1,857,791	$1,519,453	$621,943	$45,655	$2,237,127	$102,906	$6,384,876
2025	$356,192,658	$80,000,000		$997,339	$840,000	$1,837,339	$1,488,921	$609,446	$44,738	$2,192,173	$100,838	$6,273,455
2026	$349,034,505	$80,000,000		$977,297	$840,000	$1,817,297	$1,458,999	$597,198	$43,839	$2,148,119	$98,812	$6,164,263
2027	$342,019,515	$80,000,000		$957,655	$840,000	$1,797,655	$1,429,676	$585,195	$42,958	$2,104,945	$96,826	$6,057,255
2028	$335,144,824	$80,000,000		$938,406	$840,000	$1,778,406	$1,400,939	$573,433	$42,094	$2,062,635	$94,879	$5,952,386
2029	$328,407,628	$80,000,000		$919,541	$840,000	$1,759,541	$1,372,777	$561,905	$41,248	$2,021,172	$92,972	$5,849,615
2030	$321,805,175	$80,000,000		$901,054	$840,000	$1,741,054	$1,345,178	$550,609	$40,419	$1,980,537	$91,103	$5,748,900
2031	$315,334,772	$315,334,772		$882,937	$3,311,015	$4,193,952	$1,318,131	$539,538	$39,606	$1,940,715	$89,271	$8,121,214
2032	$308,993,776	$308,993,776		$865,183	$3,244,435	$4,109,617	$1,291,625	$528,688	$38,810	$1,901,690	$87,476	$7,957,906
2033	$302,779,601	$302,779,601		$847,783	$3,179,186	$4,026,969	$1,265,649	$518,056	$38,029	$1,863,445	$85,717	$7,797,865
2034	$296,689,709	$296,689,709		$830,731	$3,115,242	$3,945,973	$1,240,193	$507,636	$37,264	$1,825,965	$83,993	$7,641,024
2035	$290,721,615	$290,721,615		$814,021	$3,052,577	$3,866,597	$1,215,245	$497,425	$36,515	$1,789,235	$82,303	$7,487,320
			Total	$13,603,951	$24,302,454	$37,906,405	$20,309,241	$8,312,986	$610,234	$29,901,776	$1,375,457	$98,416,099
			Diff	$0	$26,712,362	$26,712,362	$0	$0	$0	$0	$0	$26,712,362
Assumes School Value Limitation and Tax Abatements with the County.												

Source: CPA, Celanese Ltd.
*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 Celanese Ltd. (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	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
Limitation Period (10 Years)	2021	$840,000	$840,000	$1,243,488	$1,243,488
	2022	$840,000	$1,680,000	$3,134,834	$4,378,322
	2023	$840,000	$2,520,000	$3,054,977	$7,433,299
	2024	$840,000	$3,360,000	$2,976,717	$10,410,016
	2025	$840,000	$4,200,000	$2,900,023	$13,310,039
	2026	$840,000	$5,040,000	$2,824,862	$16,134,902
	2027	$840,000	$5,880,000	$2,751,205	$18,886,107
	2028	$840,000	$6,720,000	$2,679,021	$21,565,127
	2029	$840,000	$7,560,000	$2,608,280	$24,173,407
	2030	$840,000	$8,400,000	$2,538,954	$26,712,362
Maintain Viable Presence (5 Years)	2031	$3,311,015	$11,711,015	$0	$26,712,362
	2032	$3,244,435	$14,955,450	$0	$26,712,362
	2033	$3,179,186	$18,134,636	$0	$26,712,362
	2034	$3,115,242	$21,249,878	$0	$26,712,362
	2035	$3,052,577	$24,302,454	$0	$26,712,362
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$2,991,165	$27,293,620	$0	$26,712,362
	2037	$2,930,982	$30,224,602	$0	$26,712,362
	2038	$2,872,002	$33,096,604	$0	$26,712,362
	2039	$2,814,202	$35,910,805	$0	$26,712,362
	2040	$2,757,558	$38,668,363	$0	$26,712,362
	2041	$2,702,046	$41,370,409	$0	$26,712,362
	2042	$2,647,645	$44,018,055	$0	$26,712,362
	2043	$2,594,332	$46,612,387	$0	$26,712,362
	2044	$2,542,085	$49,154,472	$0	$26,712,362
	2045	$2,490,884	$51,645,356	$0	$26,712,362

$51,645,356 is greater than **$26,712,362**

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, Celanese Ltd.

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 Celanese Ltd.'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:

- This project was originally submitted to the Comptroller on December 18, 2018, and assigned application number 1324.
- May 10, 2019, the Comptroller's office received a notice regarding the withdrawal of Application 1324.
- June 21, 2019, La Porte Independent School District submitted to the Comptroller's office a new application for the property described in application number 1324, seeking an appraised value limitation for the expansion of the acetic acid production unit on behalf of Celanese Ltd. (assigned application number 1382).
- Per Celanese Ltd. in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Celanese is a global technology and specialty materials company, producing chemicals and Advanced materials used in consumer products and industrial applications. Celanese is one of the world's largest manufacturers of acetic acid. Acetic acid, which is essentially highly concentrated vinegar, is a basic building block chemical for many products such as paints, coatings, plastics, emulsions, fibers, foods and pharmaceuticals. Celanese's existing acetic acid manufacturing network is located in Clear Lake, Texas; Nanjing, China; and Singapore. The current network is strategically located to provide access to diverse feedstock options and the customer base."
  B. "Demand for acetic acid is growing on average at global GDP, but demand growth in Asia is nearly double. In early 2018 Celanese began an evaluation to reconfigure the global network. One option under consideration is the expansion of the existing acetic acid unit located at the Clear Lake, Texas facility. The scope of the project would be to increase acetic acid production by sixty percent. Celanese currently produces acetic acid, vinyl acetate monomer (a derivative of acetic acid), methanol, and carbon monoxide at the Clear Lake facility in Pasadena. Celanese provides

utilities and infrastructure to the site and also hosts other multi-national companies that produce a variety of intermediate chemicals."

C. "As you are aware, Celanese previously submitted a Chapter 313 application and subsequently withdrew that application due to concerns the Comptroller's Office expressed regarding statements made earlier indicating Celanese had chosen Clear Lake, Texas as the location for this investment. It is our desire to assure the Comptroller's Office that the statements were made solely based on a prior consultant's erroneous understanding of the Chapter 313 process, and therefore their misplaced guidance to Celanese. The prior consultant assured Celanese on January 25, 2019, that the "but for test" was met and on that account "announcements made, investments begun, options on land taken, permit filings, or other normal steps toward launching the project will not cause denial of Chapter 313 designation." Given this unqualified assurance, Celanese believed that the approval and determination process was sufficiently complete to ensure a successful application, and accordingly Celanese could begin moving forward with the project confident that the Chapter 313 Value Limitation benefits would be part of the decision-making equation."

D. "Celanese was prepared to proceed with the acetic acid expansion at Clear Lake because we were assured that the Chapter 313 benefits were previously secured. In the absence of the Chapter 313 benefits the alternative sites we are actively considering remain attractive and economically competitive. No project activities Celanese has performed thus far commits the expansion to the Clear Lake site. The financial investments made to date in process design, engineering, cost estimation and procurement are transferrable to any location ultimately selected by Celanese. Without the Chapter 313 Value Limitation benefits, the expansion investment in Clear Lake, Texas is disadvantaged compared to those locations outside the United States."

E. "Celanese is evaluating five potential locations: China; Clear Lake, Texas; India; Saudi Arabia; and Singapore. The evaluation includes consideration of five key areas that drive the economics: Raw material and energy availability and cost, Construction and capital costs, Transportation Logistics, Labor availability and cost, Project Incentives."

F. "The following graphic serves to illustrate the key economic drivers for each potential location and the relative advantages and disadvantages."

Alternative locations under consideration to USGC
~$400MM capital project

Celanese

✓ Advantage ✗ Disadvantage	EXPAND NANJING, CHINA	EXPAND CLEAR LAKE, TX	SINGAPORE	ESTABLISH JV IN SAUDI ARABIA	NEW INDIAN PLANT W/ JV PARTNER
RAW MATERIALS & ENERGY	✗	✓	✗✗	✓	✗
CONSTRUCTION / CAPITAL	✓✓	✓	✓	✓	✗✗
LOGISTICS	✓	✗✗✗	✓✓	✓	✓✓✓
LABOR	✓	✗	✓	✓	✓
INCENTIVES & PROPERTY TAX EXPENSES	✗	✓✓	✓	✗	✗

external/ confidential Celanese Corporation 1

G. "While the Clear Lake site competes well in a number of these areas, the cost and availability of labor, property tax expense and the significant transportation logistics challenges pose a problem and make other expansion options very strong candidates. Celanese's capital is allocated to

projects based on expected return on investment. After the initial investment, a significant ongoing cost to operations at the Clear Lake, Texas location is the annual property tax expense. According to our preliminary analysis of potential property tax market valuations, future tax rates and Chapter 313 program costs, an appraised value limitation agreement under Chapter 313 could result in approximately $31mm gross benefits in operating cost savings over the term of an agreement. This cost savings would provide Celanese a strong incentive to invest in the Clear Lake site."

H. "As discussed previously, Celanese has not committed to advancing the project in Clear Lake and our actions clearly lend support to that fact. Only front-end engineering design has been completed to assess facility location and develop a project cost estimate to determine location feasibility. The Celanese Board of Directors approved the expansion project contingent on the project economics presented, which for the Clear Lake option included approval of Section 313 tax abatement funding. No Engineering, Procurement and Construction Management firm agreement has been signed. No construction contractor has been selected and no agreement has been signed. Due to the long lead times necessary to obtain permits in Texas, the permit process is underway but no permits for the project have yet been obtained and can be cancelled without penalty."

I. "Celanese has placed long lead and high alloy equipment orders associated with a potential expansion. Due to the unique metal alloys, design of these items and various taxes and tariffs Celanese prefers to procure them from U.S. vendors regardless of where Celanese chooses to construct the project. Celanese understands and respects the value of the Chapter 313 process. We are currently evaluating expanding our methanol unit at the Clear Lake site and are not pursuing application as it does not meet the design or criteria of the Chapter 313 program."

- According to Regular Board of Trustees Meeting dated January 22, 2019, "Discussion and Possible Action on a Resolution (No. 2019-02) Designating an Area Within the District and Within Harris County as a Reinvestment Zone in Anticipation of a Texas Tax Code Chapter 313 Appraised Value Limitation in the La Porte Independent School District, to be known as the Celanese Reinvestment Zone; Establishing the Boundaries thereof; and Providing for an Effective Date."
- A January 28, 2019, Celanese Press Release article states that, "Celanese Corporation (NYSE:CE), a global chemical and specialty materials company, today announce that it will initiate the reconfiguration of its global acetic acid production network through multiple value creation steps. In addition, the company today announces that its Clear Lake acetic acid facility will be expanded from 1.3 million tons per annum to approximately 2.0 million tons per annum by late 2021. This project delivers unique network rate flexibility, improved cost structure of the global acetic acid product portfolio and a platform easily expandable by an additional 600kilo tons per annum."
- A February 13, 2019 Business Wire article states that, "Celanese Corporation (NYSE: CE), a global chemical and specialty materials company, today announced it has completed the acquisition of a 365 kilo tons per annum synthesis gas production unit from Linde AG. The production unit is located at the Celanese Clear Lake acetyl intermediates manufacturing facility located in Pasadena, Texas.": "With on-site production capability of synthesis gas – a crucial intermediate raw material for the production of acetic acid, hydrogen and methanol – Celanese is able to manage future productivity and growth configuration options for the world's largest acetyl intermediates production facility."
- According to a Regular Board of Trustees Meeting dated June 18, 2019, "Accept for consideration Celanese, Ltd.'s Application for an Appraised Value Limitation on Qualified Property and assess a reduced Application fee of $50,000, and authorize the Superintendent to review the Application and upon a determination that such Application is complete that it be submitted to the Comptroller as set out in Chapter 313 of the Texas Tax Code, and retain the firm of Moak, Casey and Associates as consultants to assist the District in processing and evaluating Celanese Ltd.'s Application for Appraised Value Limitation on Qualified Property."

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:

- ✓ Land has no existing improvements
- Land has existing improvements *(complete Section 13)*
- Expansion of existing operation on the land *(complete Section 13)*
- 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

Limitation Is A Determining Factor

Celanese is a global technology and specialty materials company, producing chemicals and advanced materials used in consumer products and industrial applications. Celanese is one of the world's largest manufacturers of acetic acid. Acetic acid, which is essentially highly concentrated vinegar, is a basic building block chemical for many products such as paints, coatings, plastics, emulsions, fibers, foods and pharmaceuticals. Celanese's existing acetic acid manufacturing network Is located in Clear Lake, Texas; Nanjing, China; and Singapore. The current network is strategically located to provide access to diverse feedstock options and the customer base.

Demand for acetic acid is growing on average at global GDP, but demand growth in Asia is nearly double. In early 2018 Celanese began an evaluation to reconfigure the global network. One option under consideration is the expansion of the existing acetic acid unit located at the Clear Lake, Texas facility. The scope of the project would be to increase acetic acid production by sixty percent. Celanese currently produces acetic acid, vinyl acetate monomer (a derivative of acetic acid), methanol, and carbon monoxide at the Clear Lake facility in Pasadena. Celanese provides utilities and infrastructure to the site and also hosts other multi-national companies that produce a variety of intermediate chemicals.

As you are aware, Celanese previously submitted a Chapter 313 application and subsequently withdrew that application due to concerns the Comptroller's Office expressed regarding statements made earlier indicating Celanese had chosen Clear Lake, Texas as the location for this investment. It is our desire to assure the Comptroller's Office that the statements were made solely based on a prior consultant's erroneous understanding of the Chapter 313 process, and therefore their misplaced guidance to Celanese. The prior consultant assured Celanese on January 25, 2019, that the "but for test" was met and on that account "announcements made, investments begun, options on land taken, permit filings, or other normal steps toward launching the project will not cause denial of Chapter 313 designation." Given this unqualified assurance, Celanese believed that the approval and determination process was sufficiently complete to ensure a successful application, and accordingly Celanese could begin moving forward with the project confident that the Chapter 313 Value Limitation benefits would be part of the decision-making equation.

Celanese was prepared to proceed with the acetic acid expansion at Clear Lake *because* we were assured that the Chapter 313 benefits were previously secured. In the absence of the Chapter 313 benefits the alternative sites we are actively considering remain attractive and economically competitive. No project activities Celanese has performed thus far commits the expansion to the Clear Lake site. The financial investments made to date in process design, engineering, cost estimation and procurement are transferrable to any location ultimately selected by Celanese. Without the Chapter 313 Value Limitation benefits, the expansion investment in Clear Lake, Texas is disadvantaged compared to those locations outside the United States.

Celanese is evaluating five potential locations: China; Clear Lake, Texas; India; Saudi Arabia; and Singapore. The evaluation includes consideration of five key areas that drive the economics:

- Raw material and energy availability and cost

- Construction and capital costs
- Transportation Logistics
- Labor availability and cost
- Project Incentives

The following graphic serves to illustrate the key economic drivers for each potential location and the relative advantages and disadvantages.

Alternative locations under consideration to USGC
~$400MM capital project

Celanese

✓ Advantage
X Disadvantage

	EXPAND NANJING, CHINA	EXPAND CLEAR LAKE, TX	SINGAPORE	ESTABLISH JV IN SAUDI ARABIA	NEW INDIAN PLANT W/ JV PARTNER
RAW MATERIALS & ENERGY	X	✓	XX	✓	X
CONSTRUCTION / CAPITAL	✓✓	✓	✓	✓	XX
LOGISTICS	✓	XXX	✓✓	✓	✓✓✓
LABOR	✓	X	✓	✓	✓
INCENTIVES & PROPERTY TAX EXPENSES	X	✓✓	✓	X	X

external/confidential Celanese Corporation 1

While the Clear Lake site competes well in a number of these areas, the cost and availability of labor, property tax expense and the significant transportation logistics challenges pose a problem and make other expansion options very strong candidates.

Celanese's capital is allocated to projects based on expected return on investment. After the initial investment, a significant ongoing cost to operations at the Clear Lake, Texas location is the annual property tax expense. According to our preliminary analysis of potential property tax market valuations, future tax rates and Chapter 313 program costs, an appraised value limitation agreement under Chapter 313 could result in approximately $31mm gross benefits in operating cost savings over the term of an agreement. This cost savings would provide Celanese a strong incentive to invest in the Clear Lake site.

As discussed previously, Celanese has not committed to advancing the project in Clear Lake and our actions clearly lend support to that fact.

- Only front-end engineering design has been completed to assess facility location and develop a project cost estimate to determine location feasibility.
- The Celanese Board of Directors approved the expansion project contingent on the project economics presented, which for the Clear Lake option included approval of Section 313 tax abatement funding.
- No Engineering, Procurement and Construction Management firm agreement has been signed.
- No construction contractor has been selected and no agreement has been signed.
- Due to the long lead times necessary to obtain permits in Texas, the permit process is underway but no permits for the project have yet been obtained and can be cancelled without penalty.

Celanese has placed long lead and high alloy equipment orders associated with a potential expansion. Due to the unique metal alloys, design of these items and various taxes and tariffs Celanese prefers to procure them from U.S. vendors regardless of where Celanese chooses to construct the project.

Celanese understands and respects the value of the Chapter 313 process. We are currently evaluating expanding our methanol unit at the Clear Lake site and are not pursuing application as it does not meet the design or criteria of the Chapter 313 program.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

News Release

Celanese
The chemistry inside innovation™

Celanese Corporation
222 W. Las Colinas Blvd
Suite 900N
Irving, TX 75039
USA

Celanese Starts Global Acetic Acid Network Productivity Effort with Expansion in USA and Rationalization in Asia

Global reconfiguration project positions company for significant productivity gains, improved cost structure and growth

DALLAS (January 28, 2019) – Celanese Corporation (NYSE:CE), a global chemical and specialty materials company, today announced that it will initiate the reconfiguration of its global acetic acid production network through multiple value creation steps.

- Celanese recently announced the planned acquisition of the carbon monoxide production unit from Linde PLC, located at the company's Clear Lake, Texas site. This acquisition increases our available raw material supply and further enhances the company's integration position and supports unparalleled operational flexibility.

- In addition, the company today announces that its Clear Lake acetic acid facility will be expanded from 1.3 million tons per annum to approximately 2.0 million tons per annum by late 2021. This project delivers unique network rate flexibility, improved cost structure of the global acetic acid product portfolio and a platform easily expandable by an additional 600 kilo tons per annum.

- The expansion will facilitate productivity options within its global acetic acid network in both Singapore and Nanjing, China leading to approximately 600 kilo tons per annum of production rationalization and limited net change in total system tonnage.

- These projects will generate approximately $100 million of productivity and efficiency benefits across the platform as completed.

"By reconfiguring our global production capabilities through these capital-efficient, value-creation steps, Celanese will have a more optimized production network supporting our customer base," said Todd Elliott, Celanese Senior Vice President, Acetyls. "Furthermore, this strengthening of our position in Clear Lake supports the recently completed VAM expansion."

About Celanese

Celanese Corporation is a global technology leader in the production of differentiated chemistry solutions and specialty materials used in most major industries and consumer applications. Our businesses use the full breadth of Celanese's global chemistry, technology and commercial expertise to create value for our customers, employees, shareholders and the corporation. As we partner with our customers to solve their most critical business needs, we strive to make a positive impact on our communities and the world through The Celanese Foundation. Based in Dallas, Celanese employs approximately 7,700 employees worldwide and had 2017 net sales of $6.1 billion. For more information about Celanese Corporation and its product offerings, visit www.celanese.com *or our blog at* www.celaneseblog.com.

This content is a press release from our partner Business Wire. The AP newsroom and editorial departments were not involved in its creation.

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Celanese Completes Acquisition of Synthesis Gas Production Unit from Linde AG

February 13, 2019

DALLAS--(BUSINESS WIRE)--Feb 13, 2019--Celanese Corporation (NYSE: CE), a global chemical and specialty materials company, today announced it has completed the acquisition of a 365 kilo tons per annum synthesis gas production unit from Linde AG. The production unit is located at the Celanese Clear Lake acetyl intermediates manufacturing facility located in Pasadena, Texas.

“With on-site production capability of synthesis gas – a crucial intermediate raw material for the production of acetic acid, hydrogen and methanol – Celanese is able to manage future productivity and growth configuration options for the world’s largest acetyl intermediates production facility, as well as the production network of Celanese acetyls plants globally,” said Todd Elliott, Celanese Senior

Vice President, Acetyls.

Synthesis gas, or syngas, is a mixture of carbon monoxide, carbon dioxide and hydrogen. Syngas can be produced from many sources, including natural gas, coal, biomass, or virtually any hydrocarbon feedstock, by reaction with steam or oxygen.

Celanese announced its intent to acquire Linde's CO production unit on January 15, 2019.

About Celanese

Celanese Corporation is a global technology leader in the production of differentiated chemistry solutions and specialty materials used in most major industries and consumer applications. Our businesses use the full breadth of Celanese's global chemistry, technology and commercial expertise to create value for our customers, employees, shareholders and the corporation. As we partner with our customers to solve their most critical business needs, we strive to make a positive impact on our communities and the world through The Celanese Foundation. Based in Dallas, Celanese employs approximately 7,700 employees worldwide and had 2018 net sales of $7.2 billion. For more information about Celanese Corporation and its product offerings, visit or our blog at .

All registered trademarks are owned by Celanese International Corporation or its affiliates.

Forward-Looking Statements

This release may contain "forward-looking statements," which include information concerning the company's plans, objectives, goals, strategies, future revenues or performance, capital expenditures and other information that is not historical information. When used in this release, the words "outlook," "forecast," "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the company or its customers will realize these benefits or that

The Board of Trustees
La Porte Independent School District
Notice of Regular Meeting

A Regular Meeting of the Board of Trustees of La Porte Independent School District will be held June 18, 2019, beginning at 5:30 PM in the Board Room of the Administration Building, at 1002 San Jacinto St., La Porte, TX 77571.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

I. **Call to Order**
CALL TO ORDER and an announcement by the president that a notice of the meeting has been posted in a manner required by law, and that a quorum is present.

II. **Closed Meeting from 5:30 to 7:00 PM**

III. **Reconvene from Closed Meeting 7:00 PM**

IV. **Pledge and Invocation**
- A. Pledge of Allegiance to the United States and Texas Flags
- B. Invocation will be given by Camilla Whitlock, Principal, College Park Elementary

V. **Board Recognitions**
- A. District Recognition

VI. **Public Comments**
The Board will now hear those who wish to make comments and who have completed and returned the Public Comment Participation Request. This section will be conducted in accordance with the Texas Open Meetings Act and Board Policy. Complaints and concerns, for which other resolution channels are provided, shall be directed through those channels.

VII. **Election of Board Officers and the Reorganization of the Board for the 2019-2020 Year**
Superintendent Lloyd Graham will act as president pro tem for the election of Board Officers for 2019-2020 year.

VIII. **Reports**
- A. Superintendent's Report

IX. **Public Hearing to Discuss Budget and Proposed Tax Rate for 2019**
- A. Presentation of Budget and Proposed Tax Rate for 2019
- B. Public Hearing

X. **Consent Agenda**
- A. Determine and Approve any Consent Agenda Items.
- B. Approve Board Minutes.
  1. Regular Board Meeting Minutes, May 14, 2019
- C. Receive Principal's Reports.

1. Bayshore Elementary
2. College Park Elementary
3. Heritage Elementary
4. Jennie Reid Elementary
5. La Porte Elementary
6. Leo A. Rizzuto Elementary
7. Lomax Elementary
8. James H. Baker Sixth Grade Campus
9. La Porte Junior High
10. Lomax Junior High
11. La Porte High School
12. Viola DeWalt High School
13. La Porte ISD DAEP

D. Receive Financial Reports for May 2019.

E. Receive TASB Local Policy Update 113, affecting BBE(LOCAL), BDD(LOCAL), BJCD(LOCAL), CI(LOCAL), CO(LOCAL), COA(LOCAL), COB(LOCAL), CRB(LOCAL), EFD(LOCAL), EHBAF(LOCAL), FNF(LOCAL).

F. Approve Purchase of State Adopted Instructional Materials for Grades 9-12 Mathematics and Grades K-12 Social Studies.

G. Approve Compensation Plan 2019-2020.

H. Approve 2019-2020 Purchases/Encumbrances over $50,000.

I. Approve Low Attendance Day Waiver.

J. Approve Budget Amendment.

K. Approve Disposal of Out-of-Adoption Instructional Materials.

L. Approve Payment for Medicaid Consulting and Billing Services.

M. Approve to Begin New Three (3) Year Plan/Year One (1) for Worker's Compensation Coverage.

N. Adopt a Resolution (No. 2019-09) for Review of Investment Policies and Investment Strategies and Resolution (No. 2019-10) for Investment Officers.

O. Adopt a Resolution (No. 2019-11) for Investment Training Providers.

P. Notice to Board of Employment of Professional Staff.

XI. **Action and/or Discussion Items**

A. Adopt Budget for the 2019-2020 School Year.

B. Approve Weighted Criteria and Adopt a Resolution (No. 2019-12) for Facilities Improvement to High School Parking Lot.

C. Approve Guaranteed Maximum Price (GMP) for Lomax Elementary and Administration Building Lobby Renovations.

D. Accept for consideration Celanese, Ltd.'s Application for an Appraised Value Limitation on Qualified Property and assess a reduced Application fee of $50,000, and authorize the Superintendent to review the Application and upon a determination that such Application is complete that it be submitted to the Comptroller as set out in Chapter 313 of the Texas Tax Code, and retain the firm of Moak, Casey and Associates as consultants to assist the District in processing and evaluating Celanese,