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Covestro LLC
CH. 313 Application #1565
Supplement002
Goose Creek CISD
May 11, 2021

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May 11, 2021

Local Government Assistance & Economic
Analysis Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Supplement002 of the Application to the Goose Creek Consolidated Independent
School District from Covestro LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed. Please find Supplement002 of the Application to the Goose Creek Consolidated
Independent School District from Covestro LLC. The following changes have been made:

1. Tabs 7 and 8 were updated removing the word "typically"
2. Tabs 7 and 8 were updated removing the word "may"

A copy of the application will be submitted to the Chambers County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Chambers CAD
Covestro LLC

Tab 7

Specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation, including a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment

Covestro AG is investigating future growth options worldwide, which include an investment at one of its global manufacturing locations. If a decision is made for further investment at the Baytown, TX facility of Covestro LLC, there will be a substantial increase in its overall site capacity. Construction activities commence in 2025, with completion in 2028.

Covestro is considering constructing “NEW” polymer manufacturing units for polyurethane and polycarbonate manufacturing - 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 and #8, you will see the proposed “NEW” main production and auxiliary units which consists of “NEW” process equipment, which has been determined as a result of further investigations in a “make” or “buy” situation for key raw materials. Therefore it is proposed to produce these materials on site vs purchasing them as proposed in preliminary investigations.

Polyurethane Production

The portion depicted on Map #3 is specifically to produce Aniline, a key raw material utilized to produce our final polyurethane product; however other raw materials will be required to produce this raw material. The process begins with producing Nitric Acid, which involves combining ammonia with oxygen together with a catalyst bed and various process steps to concentrate and clean the raw material to the desired levels. To achieve this, process equipment such as the following is required to accomplish these production steps:

- Vessels
- Reactors
- Compressors
- Pumps
- Distillation columns
- Refrigeration equipment
- Transformers
- Motors

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- Associated infrastructure, including cooling water, cooler, heat exchangers, etc.

The Nitric Acid is then transferred to various vessels and storage tanks for this project only for transfer via new piping to the next processing step or to be loaded and shipped.

The raw material Nitric Acid is then combined with Sulfuric Acid and Benzene to produce a Nitrobenzene solution. The processing involves a nitration reaction of benzene, a sulfuric acid recycle, washings of a reaction mixture, purification of NB and treatment of process water and gases. To accomplish these process steps, process equipment such as the following are required:

- Vessels
- Reactors
- Compressors
- Pumps
- Distillation columns
- Motors
- Associated infrastructure, which include:
 - Cooling towers
 - Refrigeration equipment
 - Electrical substation and other electrical infrastructure and controls
 - Computer control systems
 - Operational safety systems
 - **NEW** 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 **NEW** piping for this project only

These compounds are then transferred to various vessels and storage tanks for this project only for transfer via new piping to the next or final processing steps.

After producing the nitrobenzene, we will then produce the intermediate raw material known as Aniline. To produce the Aniline raw material, nitrobenzene produced in the last step is utilized to perform a hydrogenation process step. After completion of this processing step, the next several processing steps involve removing impurities and concentration of the raw material and additional treatment of wastewater and other impurities. These compounds and by-products will be transferred to various
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vessels and storage tanks for this project only for transfer via new piping to the next or final processing steps. To accomplish these steps, process equipment such as the following is used:

- Vessels
- Reactors
- Compressors
- Pumps
- Blowers
- Distillation columns
- Strippers
- Motors

This potential investment includes:

- Cooling towers
- Refrigeration equipment
- Electrical substation and other electrical infrastructure and controls
- Computer control systems
- Operational safety systems
- **NEW** Process piping
- Process heat exchangers and coolers
- Flares
- Process
- Waste water and cooling water circulation and distribution systems
- Pollution control equipment
- Intermediate and final storage tanks with associated **NEW** piping for this project only

As included in the previous plan “NEW” buildings include:

- Warehouses
- Control buildings
- Production laboratories
- Truck loading/unloading areas
- **NEW** 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. Map #3b depicts the original “NEW” production and

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auxiliary equipment lists provided on pages 1 through 4 and 9 and 10 respectively, whereas the current list is depicted on pages 5-8 on Map #3b, which include 112 new pieces of equipment covering 4 equipment categories. Auxiliary equipment will be increased in size, e.g. a cooling tower or refrigeration will be increased in size vs. the addition of a new piece of equipment, however additional items such as pumps, heat exchangers, process and **NEW** utility piping and other infrastructure items should be expected in the auxiliary area.

As noted throughout on all equipment lists, a key to determining if the equipment is connected to an existing process step is included. On Map #4, you will find “NEW” processing and other equipment associated with handling and processing of by-products and waste stream. This equipment is directly associated with and necessary for manufacturing process of the proposed investment. This equipment consists 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
- **NEW** Process piping
- Process heaters
- Flares
- Process
- Waste water and cooling water circulation and distribution systems
- Pollution control equipment
- Intermediate storage tanks for this project only
- Loading stations with associated **NEW** piping

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 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. On Map #5, the raw material storage tanks (4) for this project will not contain the raw material Aniline as originally proposed, rather they will be now be used for the raw materials to produce Aniline in earlier process steps, thus it remains critical that these raw materials 00109833 - 1DMA – DuCharme McMillen and Associates, Inc.

are unloaded and stored to ensure appropriate raw material quality and stability before being introduced into their process step as defined above.

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
- **NEW** Process piping
- Process heaters
- Evaporation equipment
- Process
- Waste water and cooling water circulation and distribution systems
- Pollution control equipment
- Storage tanks for this project only
- Loading and unloading stations with associated **NEW** piping

Maps #5a and #6a provide 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 would be sited. Map #7 depicts the “NEW” logistics processing and packaging area necessary for the proposed project. This area consists of “NEW”:

- Loading and unloading equipment
- Pumps
- Motors
- Electrical infrastructure and controls
- Computer control systems
- Operational safety systems
- **NEW** Process piping
- Process heaters

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- Process
- Waste water and distribution systems
- Pollution control equipment
- Storage tanks with associated **NEW** piping for this project only

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.

Polycarbonate Production

The portion depicted on Map #8 is specifically to produce polycarbonate. The process begins with producing bisphenol A, which involves combining phenol with acetone and various process steps to concentrate and clean the bisphenol A to the desired levels. To achieve this, process equipment such as the following are required to accomplish these production steps:

- Vessels
- Reactors
- Compressors
- Pumps
- Columns
- Refrigeration equipment
- Transformers
- Motors
- Associated infrastructure, including cooling water, cooler, heat exchangers, etc.

The bisphenol A is then transferred to various vessels and storage tanks for this project only for transfer via new piping to the next processing step.

The bisphenol A is then combined with reactants to produce polycarbonate solution which requires several processing steps to clean and concentrate the polycarbonate to the desired product quality. To achieve this, process equipment such as the following are required to accomplish these production steps:

- Vessels
- Reactors
- Compressors
- Pumps
- Distillation
- Refrigeration equipment
- Transformers
- Motors
- Associated infrastructure, including cooling water, cooler, heat exchangers, etc.

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Overview of investment:

Maps #3b and #8b –340 pieces of equipment, covering 5 equipment categories:

Reactor – 43
Column – 49
Tower – 2
Vessel – 229
Other - 17

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Tab 8

Specific and detailed description of the qualified property you propose to make on the property for which you are requesting an appraised value limitation, including a description of any new buildings, proposed new improvements or personal property.

Covestro AG is investigating future growth options worldwide, which include an investment at one of its global manufacturing locations. If a decision is made for further investment at the Baytown, TX facility of Covestro LLC, there will be a substantial increase in its overall site capacity. Construction activities commence in 2025, with completion in 2028.

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Polyurethane Production

On Map #3, you will see the proposed “NEW” main production and auxiliary units which consists of “NEW” process equipment, which has been determined as a result of further investigations in a “make” or “buy” situation for key raw materials. Therefore it is proposed to produce these materials on site vs purchasing them as proposed in preliminary investigations. The portion depicted on Map #3 specifically is to produce Aniline, a key raw material utilized to produce our final polyurethane product, however other raw materials will be required to produce this raw material. The process begins with producing Nitric Acid, which involves combining ammonia with oxygen together with a catalyst bed and various process steps to concentrate and clean the raw material to the desired levels. To achieve this, process equipment such as the following are required to accomplish these production steps:

- Vessels
- Reactors
- Compressors
- Pumps
- Distillation columns
- Refrigeration equipment
- Transformers
- Motors
- Associated infrastructure, including cooling water, cooler, heat exchangers, etc.

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The Nitric Acid is then transferred to various vessels and storage tanks for this project only for transfer via new piping to the next processing step or to be loaded and shipped. The raw material Nitric Acid is then combined with Sulfuric Acid and Benzene to produce a Nitrobenzene solution. The processing involves a nitration reaction of benzene, a sulfuric acid recycle, washings of a reaction mixture, purification of NB and treatment of process water and gases. To accomplish these process steps, process equipment such as the following are required:

- Vessels
- Reactors
- Compressors
- Pumps
- Distillation columns
- Motors
- Associated infrastructure, which include:
 - Cooling towers
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 - Electrical substation and other electrical infrastructure and controls
 - Computer control systems
 - Operational safety systems
 - **NEW** 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 **NEW** piping for this project only

These compounds are then transferred to various vessels and storage tanks for transfer via new piping for this project only to the next or final processing steps.

After producing the nitrobenzene, we will then produce the intermediate raw material known as Aniline. To produce the Aniline raw material, nitrobenzene produced in the last step is utilized to perform a hydrogenation process step. After completion of this processing step, the next several processing steps involve removing impurities and concentration of the raw material and additional treatment of wastewater and other impurities. These compounds and by-products will be transferred to various vessels and storage tanks for this project only for transfer via new piping to the next or final processing steps. To accomplish these steps, process equipment such as the following are utilized:

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- Vessels
- Reactors
- Compressors
- Pumps
- Blowers
- Distillation columns
- Strippers
- Motors
- Associated infrastructure

Polycarbonate Production

The portion depicted on Map #8 is specifically to produce polycarbonate. The process begins with producing bisphenol A, which involves combining phenol with acetone and various process steps to concentrate and clean the bisphenol A to the desired levels. To achieve this, the following process equipment is required to accomplish these production steps:

- Vessels
- Reactors
- Compressors
- Pumps
- Columns
- Refrigeration equipment
- Transformers
- Motors
- Associated infrastructure, including cooling water, cooler, heat exchangers, etc.

The bisphenol A is then transferred to various vessels and storage tanks for this project only for transfer via new piping to the next processing step.

The bisphenol A is then combined with reactants to produce polycarbonate solution which requires several processing steps to clean and concentrate the polycarbonate to the desired product quality. To achieve this, process equipment such as the following are required to accomplish these production steps:

- Vessels
- Reactors
- Compressors
- Pumps
- Columns

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- Refrigeration equipment
- Transformers
- Motors
- Associated infrastructure, including cooling water, cooler, heat exchangers, etc.

This potential investment includes:

- Cooling towers
- Refrigeration equipment
- Electrical substation and other electrical infrastructure and controls
- Computer control systems
- Operational safety systems
- **NEW** Process piping
- Process heat exchangers and coolers
- Flares
- Process
- Waste water and cooling water circulation and distribution systems
- Pollution control equipment
- Intermediate and final storage tanks with associated **NEW** piping for this project only
- “NEW” buildings include:
 - Warehouses
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 - 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. Map #3b depicts the “NEW” production and auxiliary equipment lists covering 4 equipment categories. Auxiliary equipment will be increased in size, e.g. a cooling tower or refrigeration will be increased in size vs. the addition of a new piece of equipment, however additional items such as pumps, heat exchangers, process and **NEW** utility piping and other infrastructure items should be expected in the auxiliary area. As noted throughout on all equipment lists, a column indicating whether the equipment is connected to an existing process step is included. On Map #4, you will find “NEW” processing and other equipment associated with handling and processing of by-products and waste stream. This equipment is directly associated with and necessary for manufacturing process of the proposed investment. This equipment consists of:

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- Operational safety systems
- **NEW** Process piping
- Process heaters
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- Waste water and cooling water circulation and distribution systems
- Pollution control equipment
- Intermediate storage tanks for this project only
- Loading stations with associated **NEW** piping

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- Vessels
- Compressors
- Pumps
- Drying columns
- Motors
- Cooling towers
- Electrical substation and other electrical infrastructure and controls
- Computer control systems

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- Operational safety systems
- **NEW** Process piping
- Process heaters
- Evaporation equipment
- Process
- Waste water and cooling water circulation and distribution systems
- Pollution control equipment
- Storage tanks for this project only
- Loading and unloading stations with associated **NEW** piping

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- Loading and unloading equipment
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