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**FINDINGS  
OF THE  
LA PORTE INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
CELANESE LTD.**

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**OCTOBER 8, 2013**

Board Findings of the La Porte Independent School District

FINDINGS OF THE LA PORTE INDEPENDENT SCHOOL  
DISTRICT BOARD OF TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
CELANESE LTD.

*STATE OF TEXAS* §

*COUNTY OF HARRIS* §

On the 8<sup>th</sup> day of October, 2013, a public meeting of the Board of Trustees of the La Porte Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Celanese Ltd. (Celanese) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the La Porte Independent School District makes the following findings with respect to the application of Celanese, and the economic impact of that application:

On April 26, 2013, the Texas Comptroller of Public Accounts received an Application from Celanese for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Amended Application is attached as **Attachment A**.

The Applicant, Celanese (Texas Taxpayer Id. 17526225267), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The Board of Trustees has acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

Board Findings of the La Porte Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Harris County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on June 20, 2013. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the La Porte Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the La Porte Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with Celanese, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

## Board Findings of the La Porte Independent School District

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

### **Board Finding Number 1.**

**There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.**

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Celanese Ltd. project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

### **Board Finding Number 2.**

**The economic condition of La Porte, Texas is in need of long-term improvement, based on the state's analysis of Harris County data.**

Based on information provided by the Comptroller's Office that focused on the county level, Harris County is largest county in the state in terms of population. Population growth in Harris County is up; the population of Harris County grew by 1.8 percent between 2009 and 2010, equal to the state average of 1.8 percent.

September 2011 employment for Harris County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period, based on information provided by the Comptroller's Office. Even with the increase in total employment, however, the unemployment rate in Harris County was 8.6 percent in September 2011, slightly higher than the state average of 8.5 percent.

Board Findings of the La Porte Independent School District

Harris County has a higher per capita personal income than the state as a whole. In terms of per capita income, Harris County's \$48,337 in 2009 ranked 7<sup>th</sup> among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While the population growth and employment growth are generally positive trends, the underlying trends reported in the analysis prepared by the Comptroller's Office still indicate the need for long-term economic growth in the area served by La Porte ISD. The local economy in Harris County will benefit from economic activity like that associated with the Celanese project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$60,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Celanese indicates that total employment will be approximately 30 new jobs, 25 of which will be qualifying jobs.**

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 30 new jobs when fully operational. Twenty-five jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Harris County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Harris County is \$78,910. That same year, the county annual average wage for all industries was \$63,648. In addition to a salary of \$60,000, each qualifying position will receive medical coverage, basic life, basic AD&D, paid vacation, paid holidays, dental plan and 401(k) retirement savings plan.

**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 \$26.6 million on the basis of the goal of 25 new qualifying positions for the entire Celanese project.**

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$661.2 million resulting in a relative level of investment per qualifying job of \$26.6 million.

**Board Finding Number 5.**

**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 5, the economic impact evaluation states:

Table 1 depicts Celanese Ltd.'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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Board Findings of the La Porte Independent School District

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Celanese Ltd.**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	150	192	342	\$10,500,000	\$11,500,000	\$22,000,000
2014	330	472	802	\$22,800,000	\$31,200,000	\$54,000,000
2015	180	304	484	\$12,300,000	\$24,700,000	\$37,000,000
2016	30	154	184	\$1,800,000	\$15,200,000	\$17,000,000
2017	30	150	180	\$1,800,000	\$15,200,000	\$17,000,000
2018	30	148	178	\$1,800,000	\$15,200,000	\$17,000,000
2019	30	150	180	\$1,800,000	\$15,200,000	\$17,000,000
2020	30	154	184	\$1,800,000	\$16,200,000	\$18,000,000
2021	30	161	191	\$1,800,000	\$17,200,000	\$19,000,000
2022	30	165	195	\$1,800,000	\$18,200,000	\$20,000,000
2023	30	173	203	\$1,800,000	\$19,200,000	\$21,000,000
2024	30	140	170	\$1,800,000	\$17,200,000	\$19,000,000
2025	30	136	166	\$1,800,000	\$17,200,000	\$19,000,000
2026	30	132	162	\$1,800,000	\$18,200,000	\$20,000,000
2027	30	130	160	\$1,800,000	\$18,200,000	\$20,000,000
2028	30	130	160	\$1,800,000	\$19,200,000	\$21,000,000

Source: CPA, REMI, Celanese Ltd.

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. La Porte ISD's ad valorem tax base in 2011-2012 was \$6.1 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, La Porte ISD's estimated wealth per WADA was \$667,833. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Harris County, and city of Pasadena with all property tax incentives sought being granted using estimated market value from Celanese Ltd.'s application. Celanese Ltd. has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the city. Table 3 illustrates the estimated tax impact of the Celanese Ltd. project on the region if all taxes are assessed.

Board Findings of the La Porte Independent School District

**Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	La Porte ISD I&S Levy	La Porte ISD M&O Levy	La Porte ISD M&O and I&S Tax Levies (Before Credit Credited)	La Porte ISD M&O and I&S Tax Levies (After Credit Credited)	City of Pasadena Tax Levy	Harris County Tax Levy	Harris County Flood Control District Tax Levy	Port of Houston Authority Tax Levy	Harris County Hospital District Tax Levy	Harris County Education Department Tax Levy	San Jacinto College District Tax Levy	Estimated Total Property Taxes
				<b>0.2900</b>	<b>1.0400</b>			<b>0.5916</b>	<b>0.4002</b>	<b>0.0281</b>	<b>0.0195</b>	<b>0.1822</b>	<b>0.0066</b>	<b>0.1856</b>	
2014	\$103,977,000	\$103,977,000		\$301,533	\$1,081,361	\$1,382,894	\$1,382,894	\$307,560	\$416,126	\$29,207	\$20,296	\$189,405	\$6,880	\$192,983	\$2,545,352
2015	\$637,427,000	\$637,427,000		\$1,848,538	\$6,629,241	\$8,477,779	\$8,477,779	\$1,885,487	\$2,551,047	\$179,053	\$124,426	\$1,161,137	\$42,179	\$1,183,077	\$15,604,184
2016	\$637,427,000	\$30,000,000		\$1,848,538	\$312,000	\$2,160,538	\$2,160,538	\$1,885,487	\$2,551,047	\$179,053	\$124,426	\$1,161,137	\$42,179	\$1,183,077	\$9,286,943
2017	\$618,459,500	\$30,000,000		\$1,793,533	\$312,000	\$2,105,533	\$1,093,161	\$1,829,382	\$2,475,137	\$173,725	\$120,723	\$1,126,586	\$40,923	\$1,147,873	\$8,007,510
2018	\$600,061,025	\$30,000,000		\$1,740,177	\$312,000	\$2,052,177	\$1,039,805	\$1,774,960	\$2,401,504	\$168,557	\$117,132	\$1,093,071	\$39,706	\$1,113,725	\$7,748,460
2019	\$582,214,504	\$30,000,000		\$1,688,422	\$312,000	\$2,000,422	\$1,000,211	\$1,722,170	\$2,330,081	\$163,544	\$113,648	\$1,060,562	\$38,525	\$1,080,602	\$7,509,343
2020	\$564,903,379	\$30,000,000		\$1,638,220	\$312,000	\$1,950,220	\$975,110	\$1,670,964	\$2,260,800	\$158,681	\$110,269	\$1,029,028	\$37,380	\$1,048,472	\$7,290,704
2021	\$548,111,588	\$30,000,000		\$1,589,524	\$312,000	\$1,901,524	\$950,762	\$1,621,295	\$2,193,597	\$153,965	\$106,991	\$998,440	\$36,269	\$1,017,306	\$7,078,624
2022	\$531,823,550	\$30,000,000		\$1,542,288	\$312,000	\$1,854,288	\$927,579	\$1,573,115	\$2,128,411	\$149,389	\$103,812	\$968,770	\$35,191	\$987,075	\$6,873,343
2023	\$516,024,154	\$30,000,000		\$1,496,470	\$312,000	\$1,808,470	\$904,235	\$1,526,381	\$2,065,180	\$144,951	\$100,728	\$939,990	\$34,145	\$957,751	\$6,673,362
2024	\$500,698,739	\$500,698,739		\$1,452,026	\$5,207,267	\$6,659,293	\$6,354,462	\$2,962,099	\$2,003,846	\$140,646	\$97,736	\$912,073	\$33,131	\$929,307	\$13,433,301
2025	\$485,833,087	\$485,833,087		\$1,408,916	\$5,052,664	\$6,461,580	\$6,461,580	\$2,874,155	\$1,944,353	\$136,471	\$94,835	\$884,994	\$32,148	\$901,716	\$13,330,249
2026	\$471,413,404	\$471,413,404		\$1,367,099	\$4,902,699	\$6,269,798	\$6,269,798	\$2,788,849	\$1,886,644	\$132,420	\$92,020	\$858,727	\$31,193	\$874,953	\$12,934,603
2027	\$457,426,312	\$457,426,312		\$1,326,536	\$4,757,234	\$6,083,770	\$6,083,770	\$2,706,102	\$1,830,666	\$128,491	\$89,290	\$833,248	\$30,268	\$848,992	\$12,550,827
2028	\$443,858,833	\$443,858,833		\$1,287,191	\$4,616,132	\$5,903,322	\$5,903,322	\$2,625,838	\$1,776,367	\$124,680	\$86,641	\$808,533	\$29,370	\$823,811	\$12,178,563
						<b>Total</b>	<b>\$49,985,007</b>	<b>\$29,753,843</b>	<b>\$30,814,806</b>	<b>\$2,162,834</b>	<b>\$1,502,973</b>	<b>\$14,025,699</b>	<b>\$509,486</b>	<b>\$14,290,721</b>	<b>\$143,045,370</b>

Assumes School Value Limitation with the city.

Source: CPA, Celanese Ltd.

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	La Porte ISD I&S Levy	La Porte ISD M&O Levy	La Porte ISD M&O and I&S Tax Levies	City of Pasadena Tax Levy	Harris County Tax Levy	Harris County Flood Control District Tax Levy	Port of Houston Authority Tax Levy	Harris County Hospital District Tax Levy	Harris County Education Department Tax Levy	San Jacinto College District Tax Levy	
				<b>0.2900</b>	<b>1.0400</b>		<b>0.5916</b>	<b>0.4002</b>	<b>0.0281</b>	<b>0.0195</b>	<b>0.1822</b>	<b>0.0066</b>	<b>0.1856</b>	
2014	\$103,977,000	\$103,977,000		\$301,533	\$1,081,361	\$1,382,894	\$615,121	\$416,126	\$29,207	\$20,296	\$189,405	\$6,880	\$192,983	
2015	\$637,427,000	\$637,427,000		\$1,848,538	\$6,629,241	\$8,477,779	\$3,770,974	\$2,551,047	\$179,053	\$124,426	\$1,161,137	\$42,179	\$1,183,077	
2016	\$637,427,000	\$637,427,000		\$1,848,538	\$6,629,241	\$8,477,779	\$3,770,974	\$2,551,047	\$179,053	\$124,426	\$1,161,137	\$42,179	\$1,183,077	
2017	\$618,459,500	\$618,459,500		\$1,793,533	\$6,431,979	\$8,225,511	\$3,658,763	\$2,475,137	\$173,725	\$120,723	\$1,126,586	\$40,923	\$1,147,873	
2018	\$600,061,025	\$600,061,025		\$1,740,177	\$6,240,635	\$7,980,812	\$3,549,919	\$2,401,504	\$168,557	\$117,132	\$1,093,071	\$39,706	\$1,113,725	
2019	\$582,214,504	\$582,214,504		\$1,688,422	\$6,055,031	\$7,743,453	\$3,444,340	\$2,330,081	\$163,544	\$113,648	\$1,060,562	\$38,525	\$1,080,602	
2020	\$564,903,379	\$564,903,379		\$1,638,220	\$5,874,995	\$7,513,215	\$3,341,929	\$2,260,800	\$158,681	\$110,269	\$1,029,028	\$37,380	\$1,048,472	
2021	\$548,111,588	\$548,111,588		\$1,589,524	\$5,700,361	\$7,289,884	\$3,242,590	\$2,193,597	\$153,965	\$106,991	\$998,440	\$36,269	\$1,017,306	
2022	\$531,823,550	\$531,823,550		\$1,542,288	\$5,530,965	\$7,073,253	\$3,146,231	\$2,128,411	\$149,389	\$103,812	\$968,770	\$35,191	\$987,075	
2023	\$516,024,154	\$516,024,154		\$1,496,470	\$5,366,651	\$6,863,121	\$3,052,763	\$2,065,180	\$144,951	\$100,728	\$939,990	\$34,145	\$957,751	
2024	\$500,698,739	\$500,698,739		\$1,452,026	\$5,207,267	\$6,659,293	\$2,962,099	\$2,003,846	\$140,646	\$97,736	\$912,073	\$33,131	\$929,307	
2025	\$485,833,087	\$485,833,087		\$1,408,916	\$5,052,664	\$6,461,580	\$2,874,155	\$1,944,353	\$136,471	\$94,835	\$884,994	\$32,148	\$901,716	
2026	\$471,413,404	\$471,413,404		\$1,367,099	\$4,902,699	\$6,269,798	\$2,788,849	\$1,886,644	\$132,420	\$92,020	\$858,727	\$31,193	\$874,953	
2027	\$457,426,312	\$457,426,312		\$1,326,536	\$4,757,234	\$6,083,770	\$2,706,102	\$1,830,666	\$128,491	\$89,290	\$833,248	\$30,268	\$848,992	
2028	\$443,858,833	\$443,858,833		\$1,287,191	\$4,616,132	\$5,903,322	\$2,625,838	\$1,776,367	\$124,680	\$86,641	\$808,533	\$29,370	\$823,811	
						<b>Total</b>	<b>\$102,405,466</b>	<b>\$45,550,644</b>	<b>\$30,814,806</b>	<b>\$2,162,834</b>	<b>\$1,502,973</b>	<b>\$14,025,699</b>	<b>\$509,486</b>	<b>\$14,290,721</b>

Source: CPA, Celanese Ltd.

<sup>1</sup>Tax Rate per \$100 Valuation

**Board Finding Number 6.**

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.

The Celanese project remains fully taxable for debt services taxes, with LPISD currently levying a \$0.290 per\$100 I&S tax rate. While the value of the Celanese project is expected to depreciate over the life of the agreement and beyond, it will

provide assistance in meeting the District's debt service needs. At its peak value, the project will add about 9.1 percent to the LPISD tax base for debt service.

**Board Finding Number 7.**

**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 suggest little underlying enrollment growth based on the impact of the Celanese project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in La Porte ISD as stated in **Attachment D**.

**Board Finding Number 8.**

**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 Finding 8, the economic impact evaluation states:

According to Celanese Ltd.'s application, "Celanese Ltd. is wholly owned by Celanese Corporation which is a global technology and specialty materials company that engineers and manufactures a wide variety of products essential to everyday living. As a recognized innovator in product and process technology in the chemicals industry, we help to create applications that meet the needs of our customers worldwide. Serving a diverse global customer base, Celanese has 27 major facilities located around the world.

Celanese has the ability to invest in new or existing facilities in many countries around the world as well as numerous existing facilities in the United States. Relocation of the project to another jurisdiction may be possible, although such relocation would result in extras costs and would not be operationally optimal."

**Board Finding Number 9.**

**During the past two years, 32 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.**

**Board Finding Number 10.**

**The Board of Trustees hired consultants to review and verify the information in the Application from Celanese. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.**

**Board Finding Number 11.**

**The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).**

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for La Porte ISD is \$4.79 billion. La Porte ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. La Porte ISD is classified as a "rural" district due to its demographic characteristics. It is classified as a Category I district which can offer a minimum value limitation of \$30 million.

**Board Finding Number 12.**

**The Applicant (Taxpayer Id. 17526225267) 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 13.**

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss under current law in the first year and subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

**Board Finding Number 14.**

**Considering the purpose and effect of the law and the terms of the Agreement, that 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.**

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the La Porte 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 La Porte Independent School District.

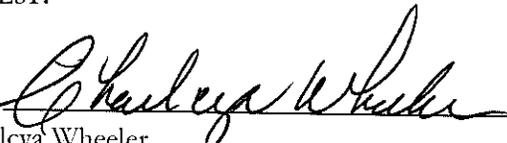
Board Findings of the La Porte Independent School District

Dated the 8th day of October 2013.

*LA PORTE INDEPENDENT SCHOOL DISTRICT*

By:   
Kathy Green  
President, Board of Trustees

**ATTEST:**

By:   
Charlyea Wheeler  
Secretary, Board of Trustees

**HENSLEE  
SCHWARTZ** LLP  
**ATTORNEYS AT LAW**

2700 VIA FORTUNA  
SUITE 100  
AUSTIN, TEXAS 78746

AUSTIN • DALLAS • FT. WORTH • HOUSTON • SAN ANTONIO

PHONE: (512) 708-1804  
TOLL FREE: (800) 969-7444  
FAX: (512) 708-9037

**JEFFREY D. JANOTA**  
Partner  
jjanota@hensleeschwartz.com

April 16, 2013

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

RE: Application to the La Porte Independent School District from Celanese Corporation

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the Application for review to the Comptroller's Office, the La Porte Independent School District is notifying the Applicant Celanese Corporation of its intent to consider the Application for Appraised Value Limitation on Qualified Property. The Applicant submitted the Application to the school district on April 9, 2013. The Board voted to accept the application on April 9, 2013. The Application was determined completed on April 9, 2013 Please prepare the economic impact report.

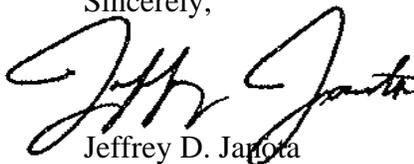
We have confirmed with the Applicant that the signature on the notarized page is the signature of the authorized business representative.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

A paper copy of the Application is being hand delivered to your office today. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Harris County Appraisal District.

Please feel free to contact me with questions.

Sincerely,



Jeffrey D. Janota

**HENSLEE SCHWARTZ LLP**  
Texas Comptroller of Public Accounts  
April 16, 2013  
Page 2

cc: **Certified Mail, R.R.R**  
Chief Appraiser  
Harris County Appraisal District  
13013 Northwest Freeway  
Houston, Texas 77040

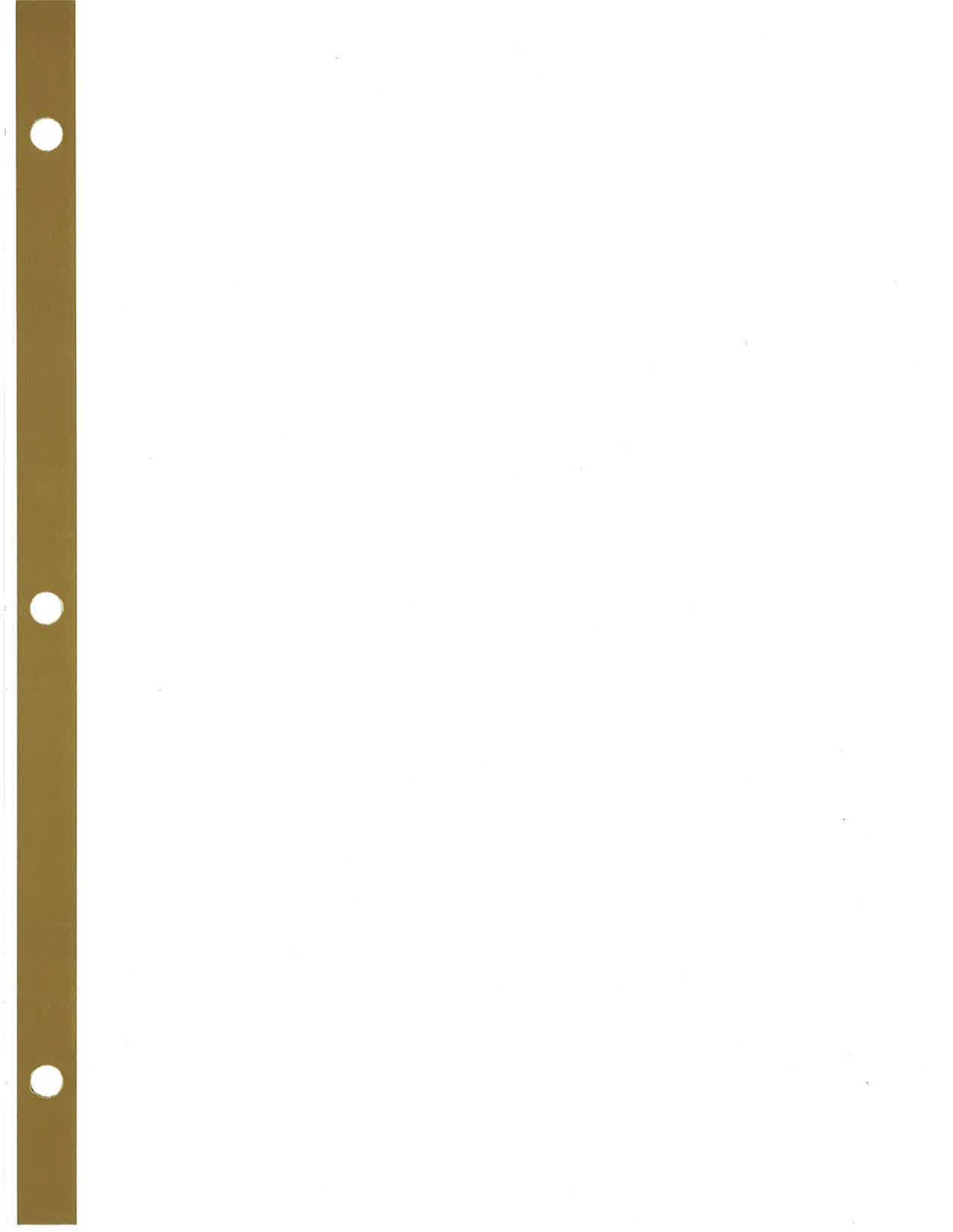
Lloyd Graham  
Superintendent  
La Porte ISD  
1002 San Jacinto St.  
La Porte, Texas 77571

George Francis  
Director  
Deloitte Credits & Incentives Practice  
2200 Ross Ave., Ste. 1600  
Dallas, Texas 75201

**APPLICATION FOR APPRAISED VALUE  
LIMITATION ON QUALIFIED PROPERTY**

**SUBMITTED TO  
LA PORTE ISD**

**CELANESE LTD.**





# Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

**Form 50-296**  
(Revised May 2010)

**INSTRUCTIONS:** This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application.  
This notice must include:
  - the date on which the school district received the application;
  - the date the school district determined that the application was complete;
  - the date the school board decided to consider the application; and
  - a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Date application received by district

4/9/13

### Authorized School District Representative

First Name

Lloyd

Last Name

Graham

Title

Superintendent

School District Name

La Porte Independent School District

Street Address

Mailing Address

1002 San Jacinto St.

City

La Porte

State

TX

ZIP

77571

Phone Number

281-604-7000

Fax Number

281-604-7010

Mobile Number (optional)

E-mail Address

lwgraham@lpsd.org

I authorize the consultant to provide and obtain information related to this application.....  Yes  No

Will consultant be primary contact? .....  Yes  No

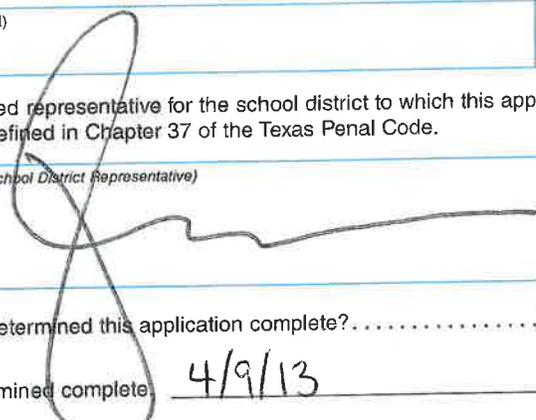


SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name <b>Jeffrey</b>	Last Name <b>Janota</b>	
Title <b>Partner</b>		
Firm Name <b>Henslee Schwartz LLP</b>		
Street Address <b>2700 Via Fortuna Suite 100</b>		
Mailing Address <b>2700 Via Fortuna Suite 100</b>		
City <b>Austin</b>	State <b>TX</b>	ZIP <b>78746</b>
Phone Number <b>512-708-1804</b>	Fax Number <b>512-708-9037</b>	
Mobile Number (Optional)	E-mail Address <b>jjanota@hensleeschwartz.com</b>	

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

Signature (Authorized School District Representative) 	Date <b>09 Apr 13</b>
---	--------------------------

Has the district determined this application complete? .....  Yes  No

If yes, date determined complete: 4/9/13

Have you completed the school finance documents required by TAC 9.1054(c)(3)? .....  Yes  No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	✓
2	Certification page signed and dated by authorized school district representative	2 of 16	✓
3	Date application deemed complete by ISD	2 of 16	✓
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5	Completed company checklist	12 of 16	✓
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	✓



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name <b>Ronnie</b>		Last Name <b>Berry</b>	
Title <b>Vice President</b>			
Organization <b>Celanese Ltd.</b>			
Street Address <b>222 W. Las Colinas Blvd.</b>			
Mailing Address <b>222 W. Las Colinas Blvd.</b>			
City <b>Irving</b>		State <b>TX</b>	ZIP <b>75039</b>
Phone Number <b>972-443-3061</b>		Fax Number	
Mobile Number (optional)		Business e-mail Address <b>ronnie.berry@celanese.com</b>	

Will a company official other than the authorized business representative be responsible for responding to future information requests?  Yes  No

If yes, please fill out contact information for that person.

First Name <b>Kyle</b>		Last Name <b>Redinger</b>	
Title <b>Senior Manager</b>			
Organization <b>Celanese Corporation</b>			
Street Address <b>222 W. Las Colinas Blvd.</b>			
Mailing Address <b>222 W. Las Colinas Blvd.</b>			
City <b>Irving</b>		State <b>TX</b>	ZIP <b>75039</b>
Phone Number <b>972-443-3902</b>		Fax Number	
Mobile Number (optional)		E-mail Address <b>kyle.redinger@celanese.com</b>	

I authorize the consultant to provide and obtain information related to this application...  Yes  No

Will consultant be primary contact?  Yes  No



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

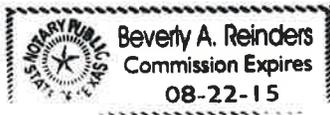
First Name <b>George</b>	Last Name <b>Francis</b>	
Title <b>Director</b>		
Firm Name <b>Deloitte Tax LLP</b>		
Street Address <b>2200 Ross Ave., Suite 1600</b>		
Mailing Address <b>2200 Ross Ave., Suite 1600</b>		
City <b>Dallas</b>	State <b>TX</b>	ZIP <b>75201</b>
Phone Number <b>214-840-1698</b>	Fax Number <b>214-880-5326</b>	
Business email Address <b>gfrancis@deloitte.com</b>		

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant)) 	Date <b>4/04/2013</b>
---	--------------------------

GIVEN under my hand and seal of office this 8<sup>th</sup> day of April, 2013



(Notary Seal)

  
Notary Public, State of Texas

My commission expires 08-22-15

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code § 37.10.



FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "payments to the school district" include any and all payments or transfers of things of value made to the school 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 for limitation on appraised value.

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)?

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Celanese Ltd.

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

17526225267

NAICS code

325199

Is the applicant a party to any other Chapter 313 agreements?

If yes, please list name of school district and year of agreement.

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State?

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?

2. Is the applicant current on all tax payments due to the State of Texas?

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

**ELIGIBILITY UNDER TAX CODE CHAPTER 313.024**

- Are you an entity to which Tax Code, Chapter 171 applies?  Yes  No
- The property will be used as an integral part, or as a necessary auxiliary part, in 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
- Are you requesting that any of the land be classified as qualified investment?  Yes  No
- Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
- Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
- Are you including property that is owned by a person other than the applicant?  Yes  No
- 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

**PROJECT DESCRIPTION**

Provide 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. (Use attachments as necessary)

**See Attachment 4.**

Describe the ability of your company to locate or relocate in another state or another region of the state.

**See Attachment 4-A.**

**PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)**

- New Jobs
- Construct New Facility
- New Business / Start-up
- Expand Existing Facility
- Relocation from Out-of-State
- Expansion
- Purchase Machinery & Equipment
- Consolidation
- Relocation within Texas

**PROJECTED TIMELINE**

Begin Construction Q3 2013      Begin Hiring New Employees Q4 2013

Construction Complete Q3 2015      Fully Operational Q3 2015

Purchase Machinery & Equipment Q4 2013

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?  Yes  No

**Note:** Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? Q4 2014

**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
Texas Enterprise Zone Program	\$2,500,000
_____	_____
_____	_____
Total	\$2,500,000

Will other incentives be offered by local units of government?  Yes  No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

City of Pasadena Property Tax Abatement - approx value \$2.0M  
 Local Training Assistance - San Jacinto CC.

**THE PROPERTY**

Identify county or counties in which the proposed project will be located Harris

Central Appraisal District (CAD) that will be responsible for appraising the property Harris County Appraisal District

Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Harris County (100%) City: City of Pasadena (100%)  
(Name and percent of project) (Name and percent of project)

Hospital District: Harris County (100%) Water District: \_\_\_\_\_  
(Name and percent of project) (Name and percent of project)

Other (describe): La Porte ISD (100%) Other (describe): \_\_\_\_\_  
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD?  Yes  No

If not, please provide additional information on the project scope and size to assist in the economic analysis.



INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$30 million

What is the amount of appraised value limitation for which you are applying? \$30 million

What is your total estimated qualified investment? \$585,000,000

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? August 2013

What is the anticipated date of the beginning of the qualifying time period? August 2014

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$661,000,000

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? Yes No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

(1) in or on the new building or other new improvement for which you are applying? Yes No

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? Yes No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? Yes No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? Yes No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? Yes No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? Yes No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements?

Will the applicant own the land by the date of agreement execution? Yes No

Will the project be on leased land? Yes No

**QUALIFIED PROPERTY (CONTINUED)**

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

**Miscellaneous**

Is the proposed project a building or new improvement to an existing facility?  Yes  No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. 107,275,413 (Market Value) 2012 (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313?  Yes  No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation?  Yes  No

**WAGE AND EMPLOYMENT INFORMATION**

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 300

The last complete calendar quarter before application review start date is the:

First Quarter  Second Quarter  Third Quarter  Fourth Quarter of 2013 (year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC?  
Celanese Ltd = 448 (statewide).

**Note:** For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application.

Total number of new jobs that will have been created when fully operational 30

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement?  Yes  No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)?  Yes  No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. **Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).**

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 24

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html>)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).

**WAGE AND EMPLOYMENT INFORMATION (CONTINUED)**

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$1,346  
 110% of the county average weekly wage for manufacturing jobs in the county is \$1,669  
 110% of the county average weekly wage for manufacturing jobs in the region is \$1,136

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or  §313.021(5)(B) or  §313.021(3)(E)(ii), or  §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$59,082

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$60,000

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)?  Yes  No
  - Will each qualifying job require at least 1,600 of work a year?  Yes  No
  - Will any of the qualifying jobs be jobs transferred from one area of the state to another?  Yes  No
  - Will any of the qualifying jobs be retained jobs?  Yes  No
  - Will any of the qualifying jobs be created to replace a previous employee?  Yes  No
  - Will any required qualifying jobs be filled by employees of contractors?  Yes  No
- If yes, what percent? \_\_\_\_\_

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job?  Yes  No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

**See Attachment 15.**

**ECONOMIC IMPACT**

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)?  Yes  No
- Is Schedule A completed and signed for all years and attached?  Yes  No
- Is Schedule B completed and signed for all years and attached?  Yes  No
- Is Schedule C (Application) completed and signed for all years and attached?  Yes  No
- Is Schedule D completed and signed for all years and attached?  Yes  No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

**CONFIDENTIALITY NOTICE****Property Tax Limitation Agreement Applications  
Texas Government Code Chapter 313  
Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

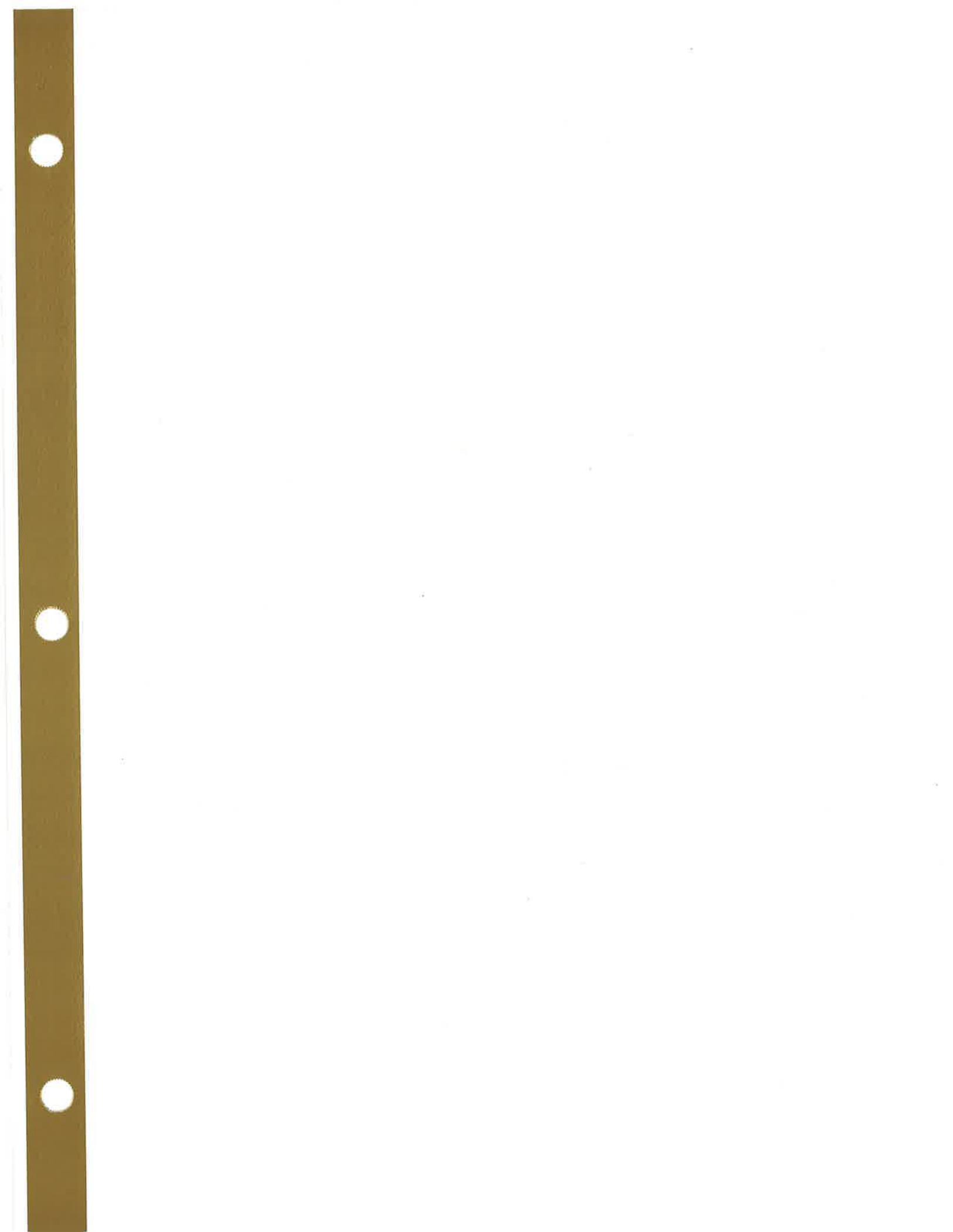
- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.



## COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	
2	Proof of Payment of Application Fee (Attachment)	5 of 16	
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	
4	Detailed description of the project	6 of 16	
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	
6	Description of Qualified Investment (Attachment)	8 of 16	
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	
8	Description of Qualified Property (Attachment)	8 of 16	
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	
10	Description of Land (Attachment)	9 of 16	
11	A detailed map showing location of the land with vicinity map.	9 of 16	
12	A description of all existing (if any) improvements (Attachment)	9 of 16	
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	
15	Description of Benefits	10 of 16	
16	Economic Impact (if applicable)	10 of 16	
17	Schedule A completed and signed	13 of 16	
18	Schedule B completed and signed	14 of 16	
19	Schedule C (Application) completed and signed	15 of 16	
20	Schedule D completed and signed	16 of 16	
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	

\*To be submitted with application or before date of final application approval by school board.



Attachment 2

Copy of Electronic Fund Transfer attached

Proof of payment of filing fee received by the  
Comptroller of Public Accounts per TAC Rule  
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public  
Accounts)*



## Attachment 3

See attached documentation of combined group membership

<b>Legal Name of Affiliate</b>	<b>Affiliate's Federal Taxpayer Number</b>	<b>Affiliate's Texas Taxpayer Number</b>	<b>Affiliate's TX Webfile (if applicable)</b>
Celanese Corp	980420726	19804207264	XT972956
Celanese US Holdings LLC	201206848	32049631933	XT458703
Crystal US Sub 3 Corp	201628482		
Celanese International Corp	752622529	17526225291	
Celanese Chemicals Corp	132916623	32033579668	
Celanese Americas LLC	221862783	12218627839	
CNA Holdings LLC	135568434	11355684348	
Celanese Advanced Material Inc	562271700		
Celanese Fibers Operations Ltd	133373680		
Celtran Inc.	560818166	15608181663	
Celanese Acetate LLC	562051387	32017429559	
Amcel International Co Inc.	566024521		
Ticona LLC	223546190		
Ticona Fortron Inc.	223140276		
Ticona Polymers Inc.	133313358	11333133582	
US PET Film, Inc.	570943560		
Celanese Ltd	752622526	17526225267	
Celanese EVA Performance Polymers Corp	980101721	19801017211	
Celanese EVA Performance Polymers Inc.	980118220	19801182205	
Nurtinova Inc.	223538206		
Nurticapital Inc.	223724708		
KEP Americas Engineering Plastics LLC	223537574		
Celanese Global Relocation LLC	412243055		
CNA Funding LLC	223847453		
Celanese Ventures USA Inc	621800858		



## Attachment 4

The project to which this application pertains is a potential green field project to construct a new methanol production facility on the grounds of the existing Clear Lake site. The new plant would have an annual projected production capacity of 1.3 million metric tons. The facility would be located at 9502 Bayport Blvd., Pasadena, TX 77507. Celanese's current facility in Pasadena, located at the project site, employs approximately 300 people and produces Acetic Acid, Vinyl Acetate and Ethanol. Additionally, the facility hosts four other chemical companies operating at the site. This site also has a Research and Development facility that supports Celanese business on a global basis.

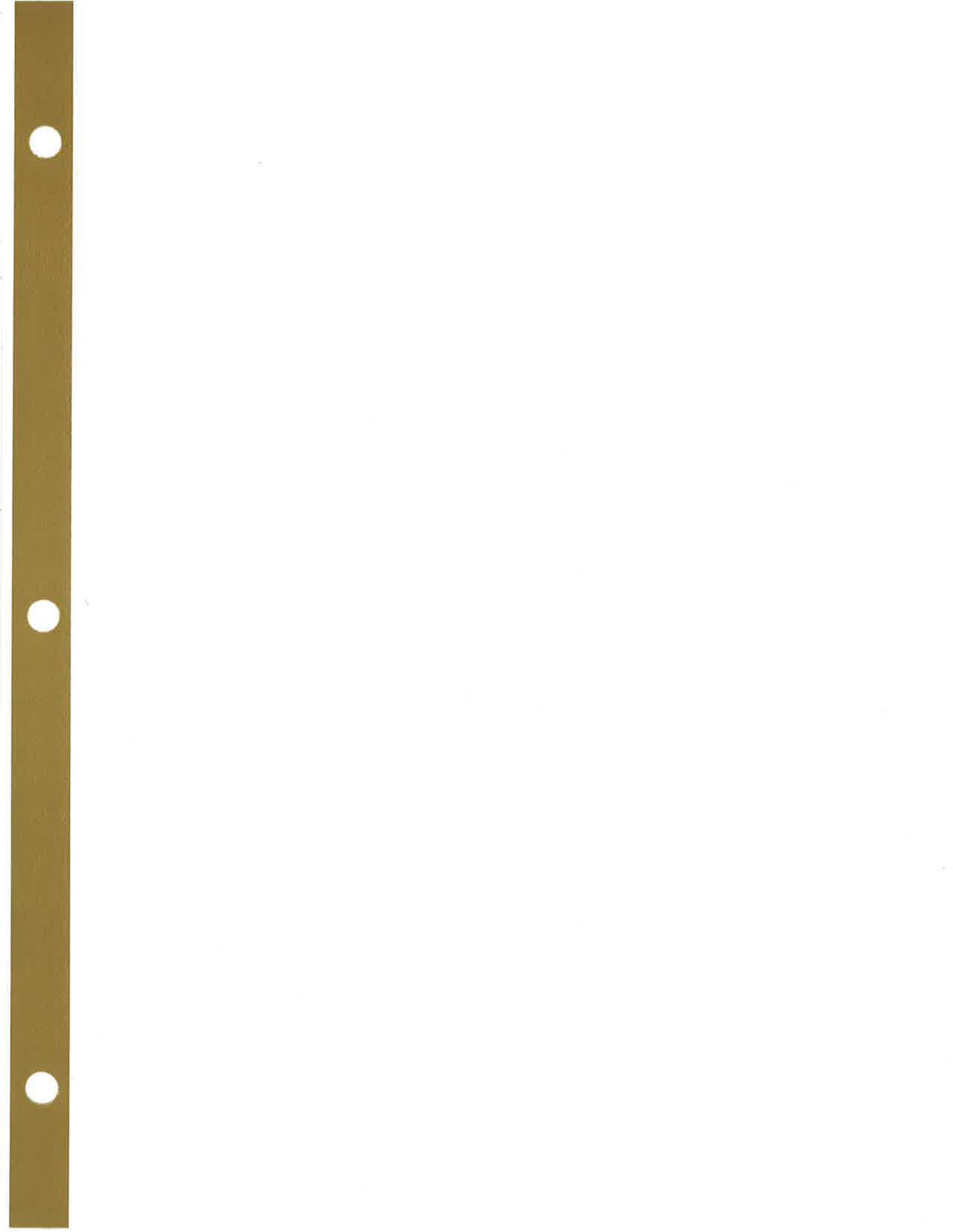
Celanese anticipates investments for construction of approximately \$661 million. This includes building and land costs of approximately \$100,000,000, machinery and equipment expenditures of approximately \$561,000,000.

# Attachment 4-A

## Attachment 4-A

Celanese Ltd is wholly owned by Celanese Corporation which is a global technology and specialty materials company that engineers and manufactures a wide variety of products essential to everyday living. As a recognized innovator in product and process technology in the chemicals industry, we help to create applications that meet the needs of our customers worldwide. Serving a diverse global customer base, Celanese has 27 major facilities located around the world.

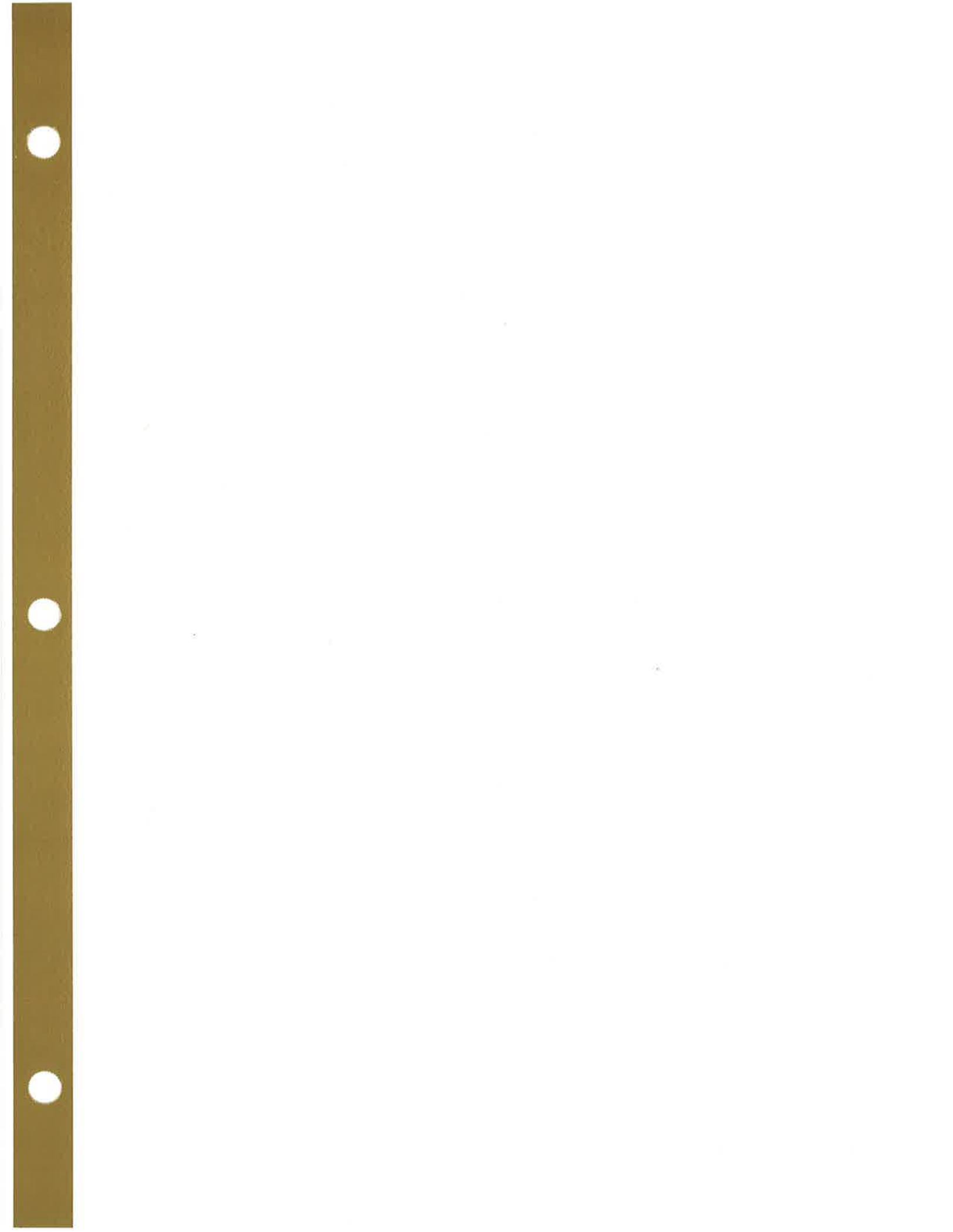
Celanese has the ability to invest in new or existing facilities in many countries around the world as well as numerous existing facilities in the United States. Relocation of the project to another jurisdiction may be possible, although such relocation would result in extra costs and would not be operationally optimal.



## Attachment 5

The project is located in the following taxing jurisdictions:

- Harris County (100%)
- La Porte ISD (100%)
- Harris County Flood Control District (100%)
- Port of Houston Authority (100%)
- Harris County Hospital District (100%)
- Harris County Education Department (100%)
- San Jacinto College District (100%)



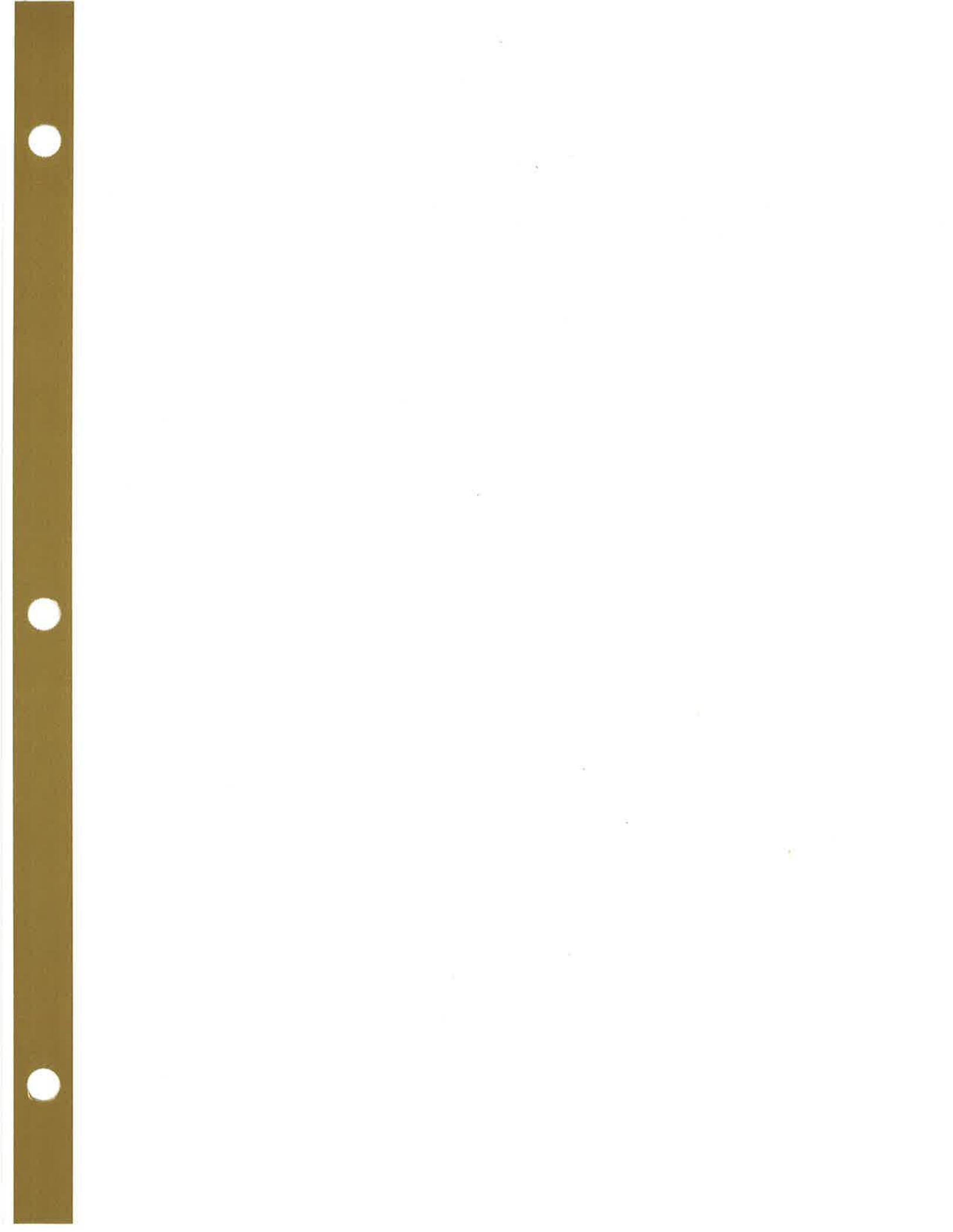
## Attachment 6

**1. A specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Texas Tax Code Sec. 313.021.**

Celanese plans to construct a new methanol production facility on the grounds of the existing Clear Lake site. The facility would be located at 9502 Bayport Blvd., Pasadena, TX 77507, with an expected investment of approximately \$661.0 million.

**2. A specific and description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum, qualified investment.**

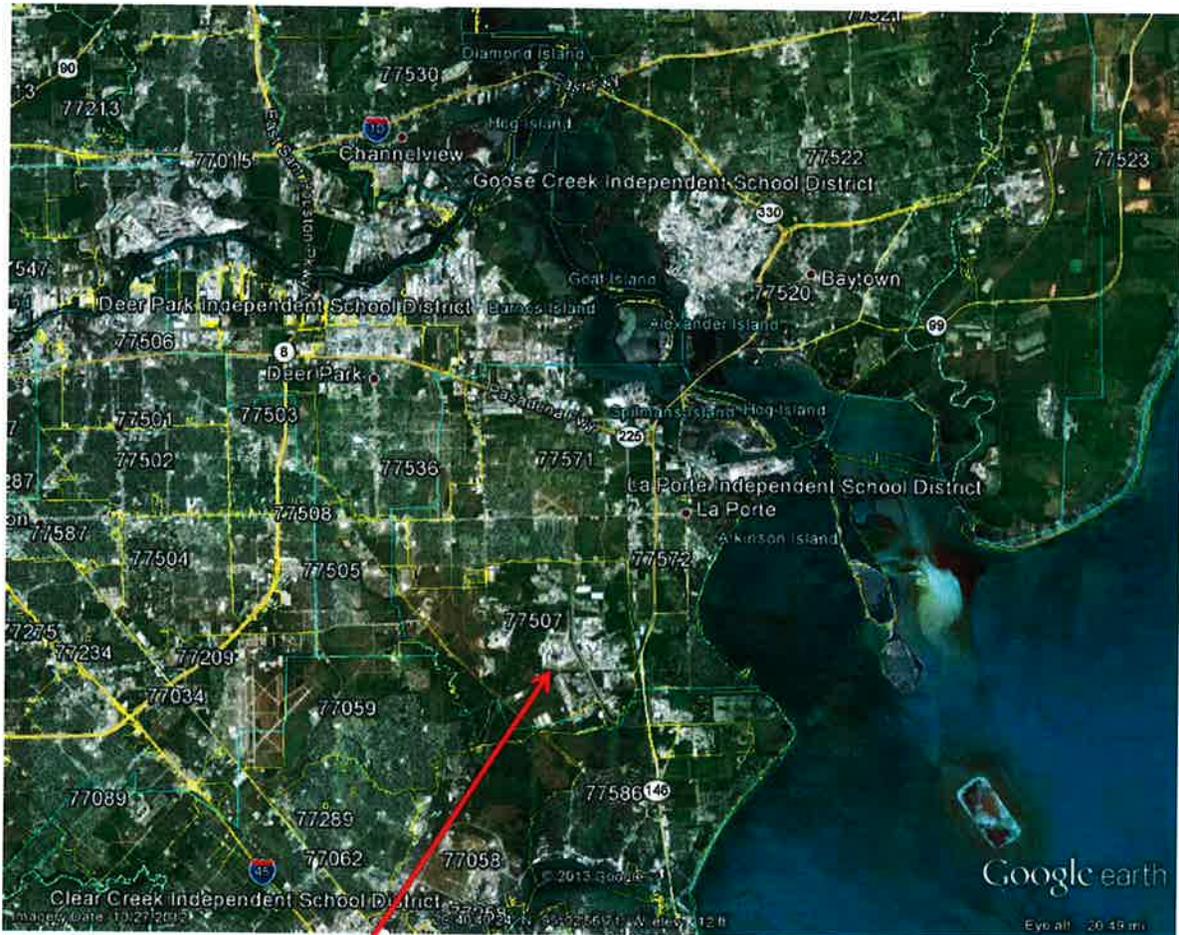
Celanese anticipates investments for construction of approximately \$661 million. This includes building costs of approximately \$84,000,000, machinery and equipment expenditures of approximately \$561,000,000, and land development and improvement costs of approximately \$16,000,000. Building costs include concrete, steel, and project management/engineering. Machinery and equipment includes approximately \$201 million on mechanical plant equipment, \$91 million on piping, pipefittings, and valves, and approximately \$40 million of electrical and instrumentation equipment.



## Attachment 7

See attached maps

# Celanese Ltd. Vicinity Map

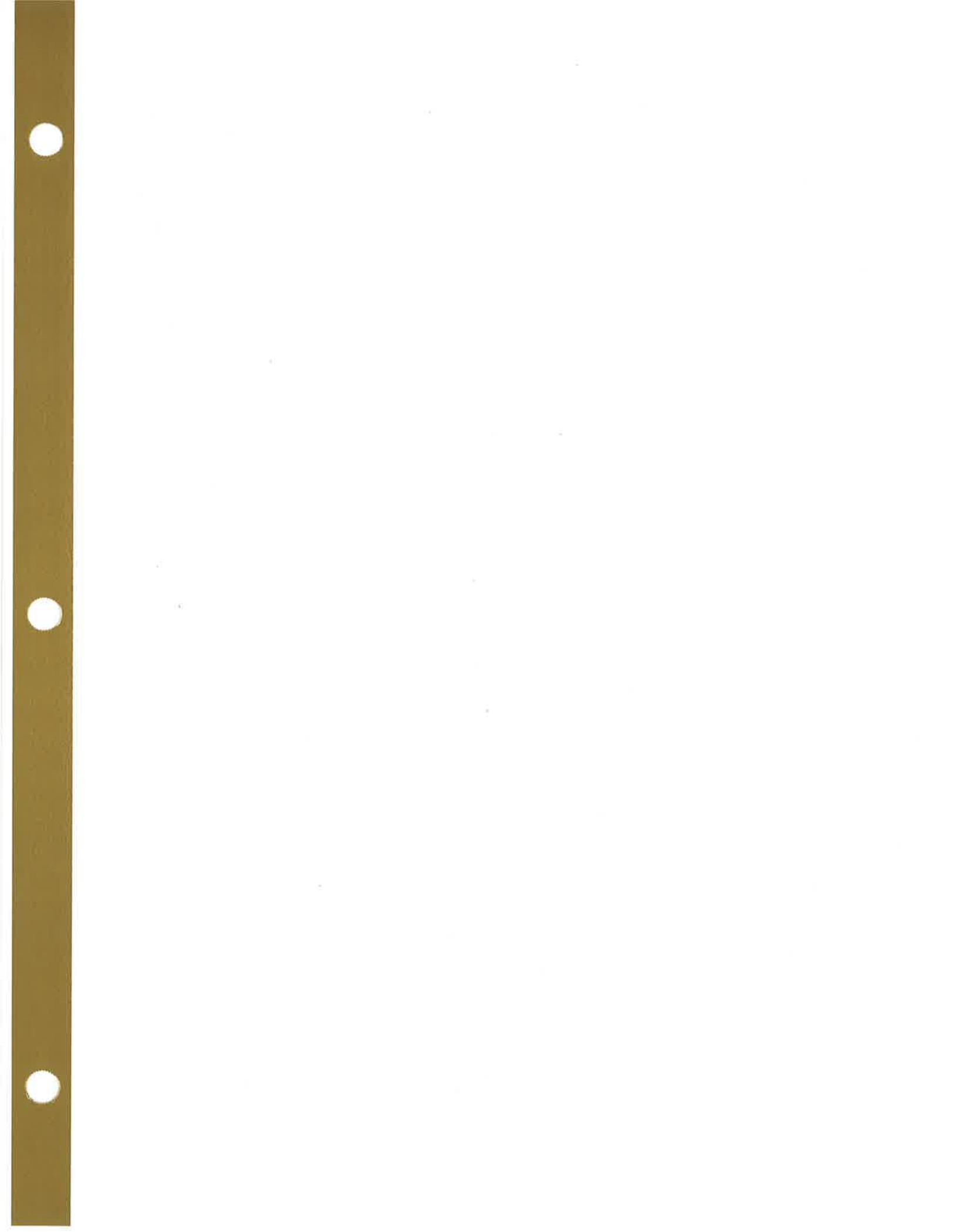


Project Site

# TEA Map of La Porte ISD



Project Site

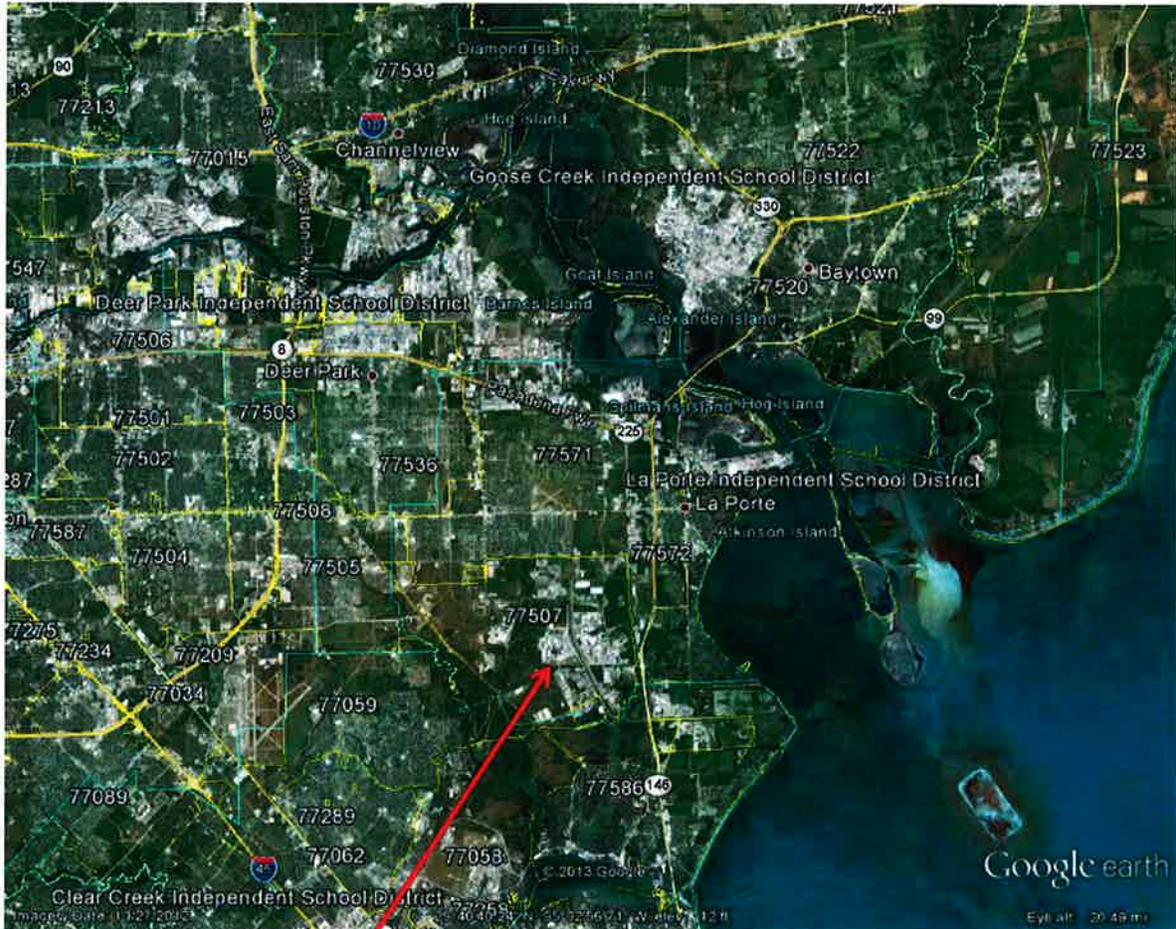




## Attachment 9

See attached maps

# Celanese Ltd. Vicinity Map



Project Site

# TEA Map of La Porte ISD



Project Site





## Attachment 10

The legal description of the proposed reinvestment zone is attached. Section 3 of Ordinance No. 2010-159 of the City Council of Pasadena, approved on July 20, 2010, established the reinvestment zone, and is attached.

**AGENDA REQUEST**

20  
NO: 2010-159

**ORDINANCE**       **RESOLUTION**

**CAPTION:** AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

**RECOMMENDATIONS & JUSTIFICATION:** To provide economic development incentives in the City for the retention and creation of jobs by nominating qualified industries for participation through the Texas Economic Development Bank in the Texas Enterprise Zone Program.

(IF ADDITIONAL SPACE IS REQUIRED, PLEASE ATTACH SECOND PAGE)

**COST:** \_\_\_\_\_      **TASK NO:** \_\_\_\_\_      **BUDGETED:** YES  NO   
**ACCOUNT NUMBER(S):** \_\_\_\_\_      **REQUESTING DEPARTMENT:** Economic Development

		COUNCIL ACTION	
 Paul Davis REQUESTING PARTY (TYPED)	DATE: 7/14/2010	FIRST READING:	FINAL READING:
PURCHASING DEPARTMENT		<u>Cote</u> MOTION	<u>VanHoute</u> MOTION
APPROVED:			
CONTROLLER CERTIFICATION		<u>Harrison</u> SECOND	<u>Brannon</u> SECOND
<u>LEE CLARK</u> CITY ATTORNEY		<u>7-20-10</u> DATE	<u>7-27-10</u> DATE
 MAYOR		DEFERRED: _____	

Ordinance No. 159

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

WHEREAS, the City Council of the City of Pasadena, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the City and to provide employment to residents of such area; and

WHEREAS, the project or activity is not located in an area designated as an enterprise zone; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Act, Celanese Corporation has applied to the City for designation as an enterprise project; and

WHEREAS, the City finds that Celanese Corporation meets the criteria for incentives adopted by the City on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and

WHEREAS, a public hearing to consider this ordinance was held by the City Council on July 20, 2010 after publication in the local newspaper on July 9, 2010.

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

Section 1: The City nominates Celanese Corporation for enterprise project status.

Section 2: The following local incentives, at the election of the governing body, are may be made available to the nominated project or activity of the qualified business;

- a) If located within the City limits of the City of Pasadena, the City may abate taxes on the increase in value of real property improvements and eligible personal property that are located in a designated enterprise zone. The level of abatement shall be in accordance with the City of Pasadena tax abatement policy and the extent to which the business receiving the abatement:
  - 1) Creates jobs for qualified employees as defined by the Act;

- 2) Creates new additional value of eligible property improvements in an amount equal to or greater than the amount established by the City Council as a minimum.
- b) If located in the City's extraterritorial jurisdiction, the City may enter into an industrial district agreement which provides for in-lieu-of tax payments to the City and exemptions from: City ad valorem taxes; City sales tax; City utilities fees and other license or permit fees; rules and regulations governing plats and subdivisions of land; as well as exemptions from building, electrical, plumbing code or codes and tax abatement.
- c) If located within the City, the City may provide regulatory relief to businesses including:
  - 1) Exemptions from certain inspection fees; or
  - 2) Streamlined permitting.
- d) If located within the City, the City may provide business and industrial development services, including creation of special one-stop permitting and problem resolution process or ombudsman.
- e) If located within the City, the City may provide regulatory relief to businesses, including:
  - 1) Zoning changes or variances;
  - 2) Exemptions from unnecessary building code requirements, impact fees, or inspection fees; or
  - 3) Streamlined permitting
- f) If located within the City, the City may provide enhanced municipal services to businesses, including:
  - 1) Improved police and fire protection;
  - 2) Institution of community crime prevention programs; or
  - 3) Special public transportation routes or reduced fares.
- g) If located within the City, the City may provide improvements in community facilities, including:
  - 1) Capital improvements in water and sewer facilities;
  - 2) Road repair; or
  - 3) Creation or improvement of parks.
- h) If located within the City, the City may provide improvements to housing, including:
  - 1) Low-interest loans for housing rehabilitation, improvement, or new construction; or
  - 2) Transfer of abandoned housing to individuals or community groups.
- i) If located within the City, the City may provide business and industrial development services, including:
  - 1) Low-interest loans for business;

- 2) Use of surplus school buildings or other underutilized publicly owned facilities as small business incubators;
  - 3) Provision of publicly owned land for development purposes, including residential, commercial, or industrial development;
  - 4) Creation of special one-stop permitting and problem resolution centers or ombudsmen; or
  - 5) Promotion and marketing services.
- j) The City may provide job training and employment services to businesses, including:
- 1) Retraining programs;
  - 2) Literacy and employment skills programs;
  - 3) Vocational education; or
  - 4) Customized job training.

Section 3: The enterprise zone areas within the City are reinvestment zones in accordance with the Texas Tax Code, Chapter 312.

Section 4: The City of Pasadena City Council directs and designates its Economic Development Director as the City's liaison to communicate and negotiate with the Office of the Governor Economic Development Tourism (EDT) through the Texas Economic Development Bank and enterprise project (s) and to oversee zone activities and communications with qualified businesses and other entities in an enterprise zone or affected by an enterprise project.

Section 5: The City finds that Celanese Corporation meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

- a) Celanese Corporation is a "qualified business" under Section 2303 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction, located outside of an enterprise zone and at least thirty-five percent (35%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and
- b) There has been and will continue to be high level of cooperation between public, private, and neighborhood entities in the area; and
- c) The designation of Celanese Corporation as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

Section 6: The enterprise project shall take effect on the date of designation of the enterprise project by EDT and terminate on September 1, 2015.

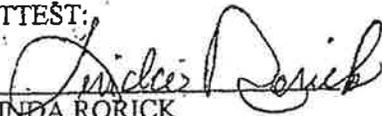
Section 7: This ordinance shall take effect from and after its passage as the law and charter in such case provides.

PASSED ON FIRST READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 20<sup>th</sup> day of July, A.D., 2010.

APPROVED this the 20<sup>th</sup> day of July, A.D., 2010.

  
JOHNNY ISBELL, MAYOR  
OF THE CITY OF PASADENA, TEXAS

ATTEST:

  
LINDA RORICK  
CITY SECRETARY  
CITY OF PASADENA, TEXAS

APPROVED AS TO FORM:

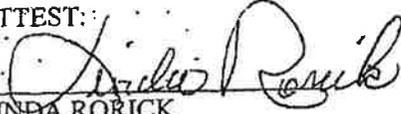
  
LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS

PASSED ON SECOND AND FINAL READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 27<sup>th</sup> day of July, A. D., 2010.

APPROVED this the 27<sup>th</sup> day of July, A.D., 2010.

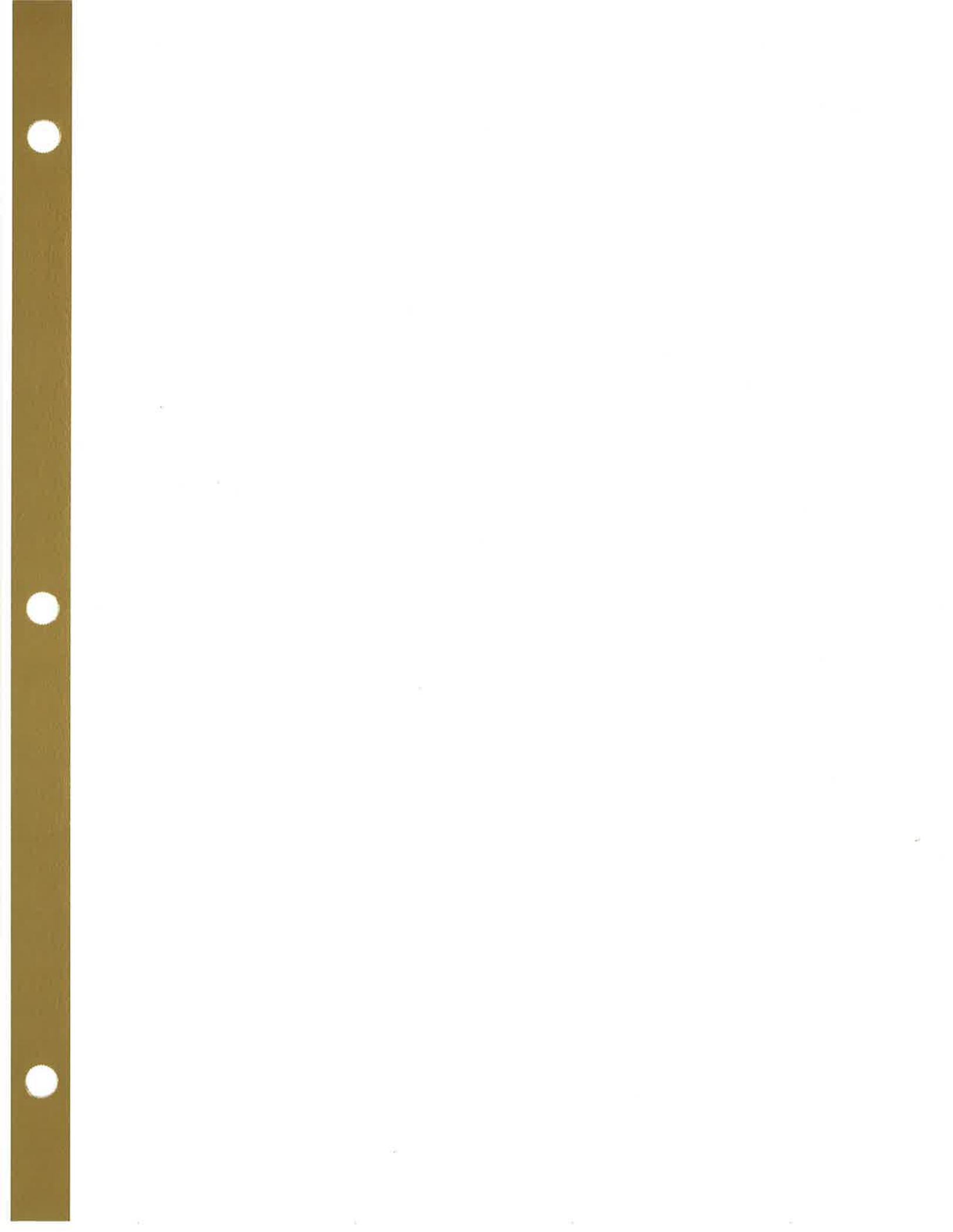
  
JOHNNY ISBELL, MAYOR  
OF THE CITY OF PASADENA, TEXAS

ATTEST:

  
LINDA RORICK  
CITY SECRETARY  
CITY OF PASADENA, TEXAS

APPROVED AS TO FORM:

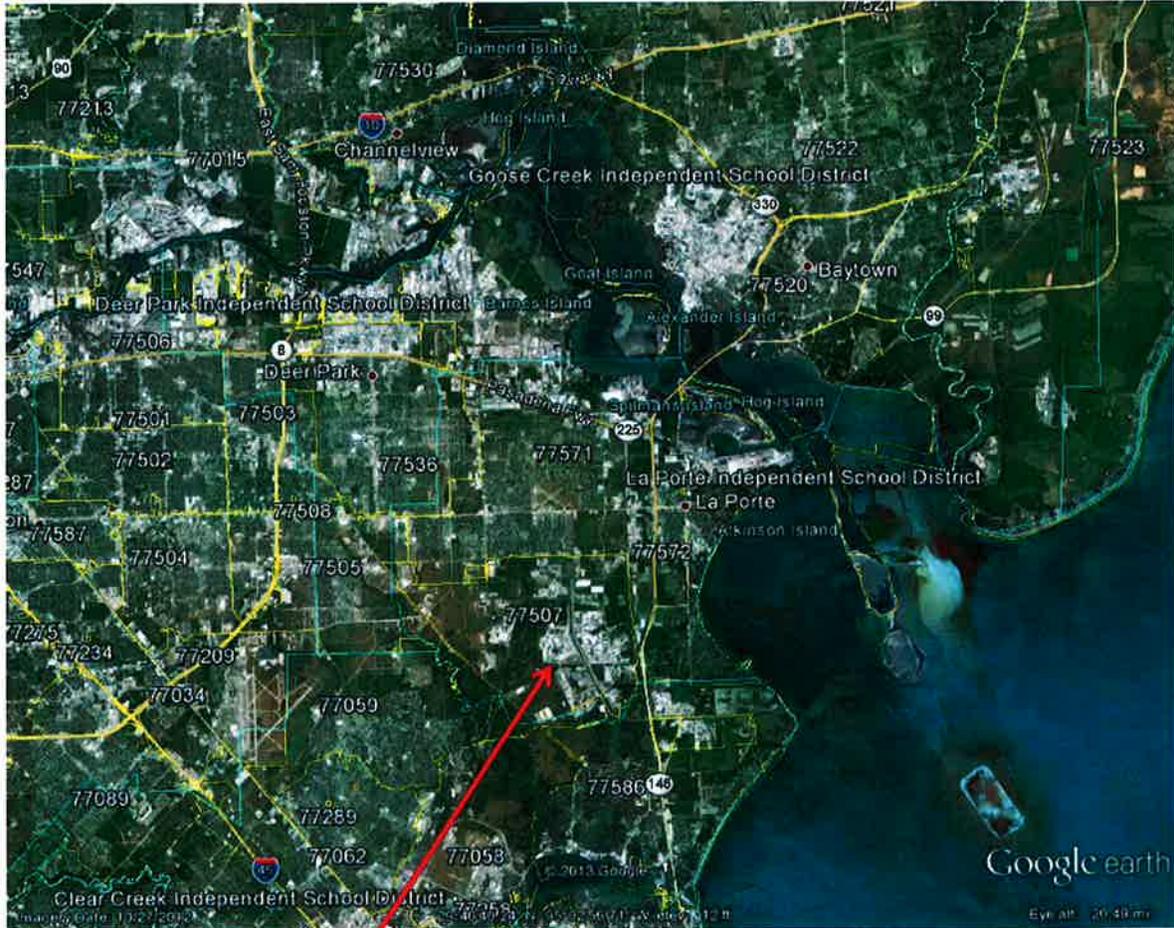
  
LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS



## Attachment 11

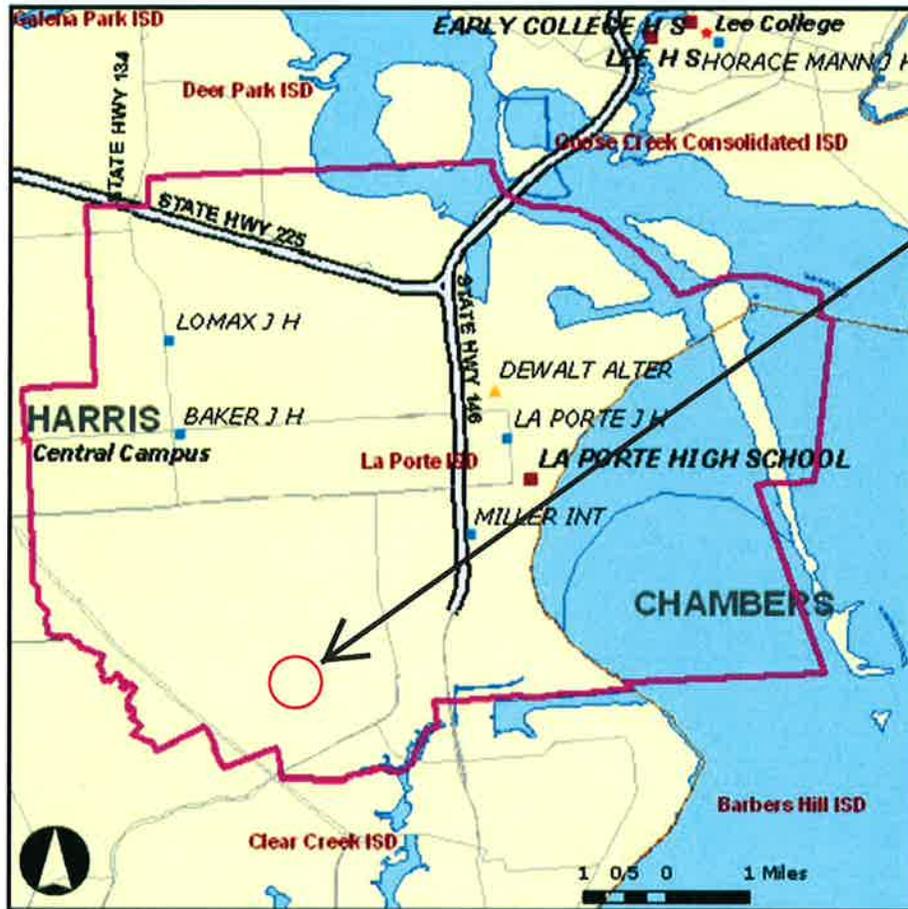
See attached maps

# Celanese Ltd. Vicinity Map



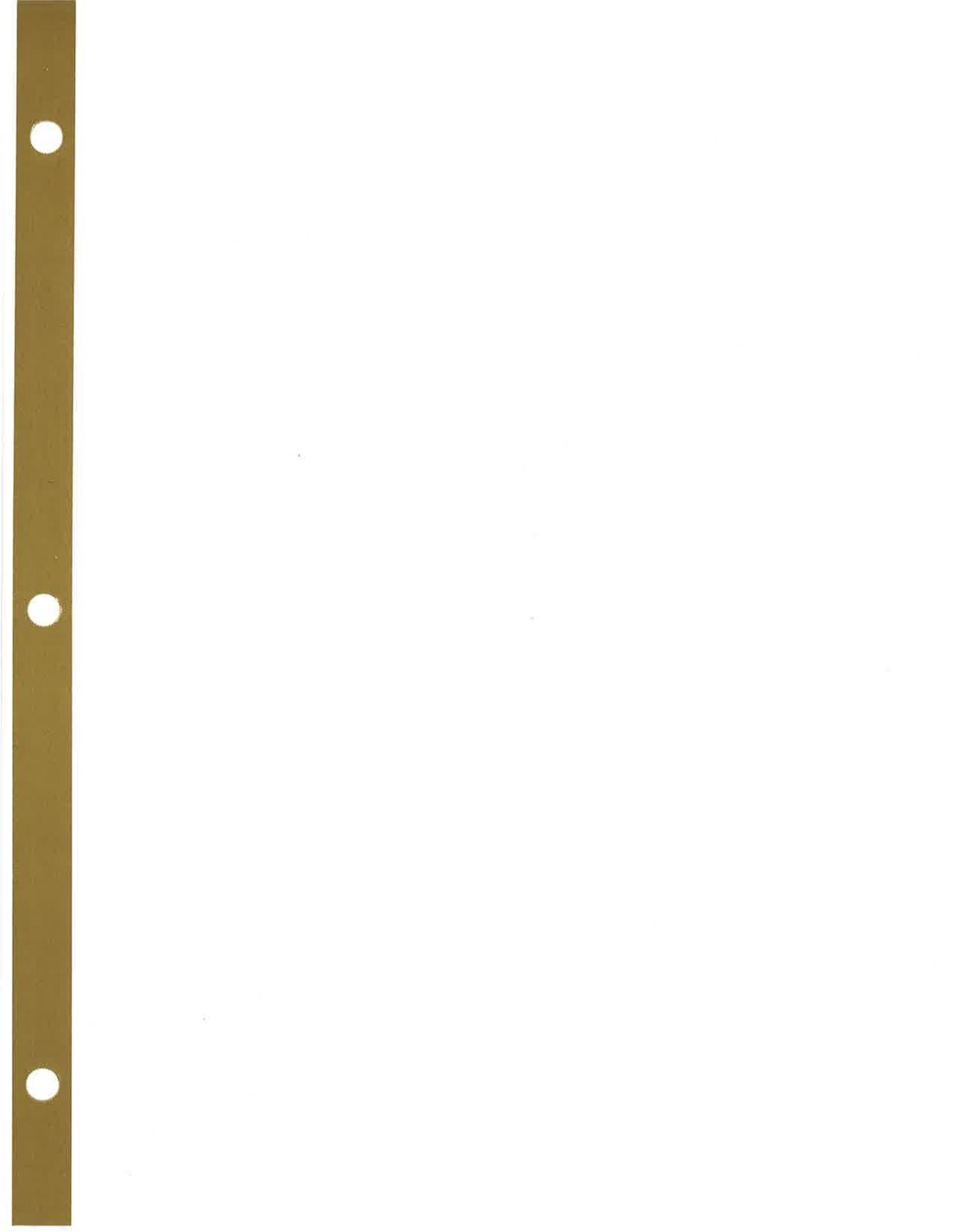
Project Site

# TEA Map of La Porte ISD



Project Site





**Attachment 12**

Account Number	Owner Name	Property Address	Zip	Market Value	Appraised Value
<b>100515000020</b>	CELANESE LTD	9502 BAYPORT BLVD	77507	\$107,275,413	\$107,275,413
<b>1005150000692</b>	CELANESE LTD	9602 BAYPORT BLVD	77507	\$4,398,410	\$4,398,410

HARRIS COUNTY APPRAISAL DISTRICT  
 REAL PROPERTY ACCOUNT INFORMATION  
**100515000020**

Tax Year: 2012

Owner and Property Information									
Owner Name & Mailing Address: <b>CELANESE LTD PO BOX 819063 DALLAS TX 75381-9063</b>				Legal Description: <b>TR 19 (IMPS*1005150000627 &amp; 1005150000681) (PC IMPS*1005150000628 &amp; 0683) BAYPORT SEC 1 U/R</b>					
				Property Address: <b>9502 BAYPORT BLVD PASADENA TX 77507</b>					
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Map Facet	Key Map®
F2 -- Real, Industrial	4416 -- Chemical and Allied Products	E	0	39,738,583 SF	0	0	5980.24	6152C	579P

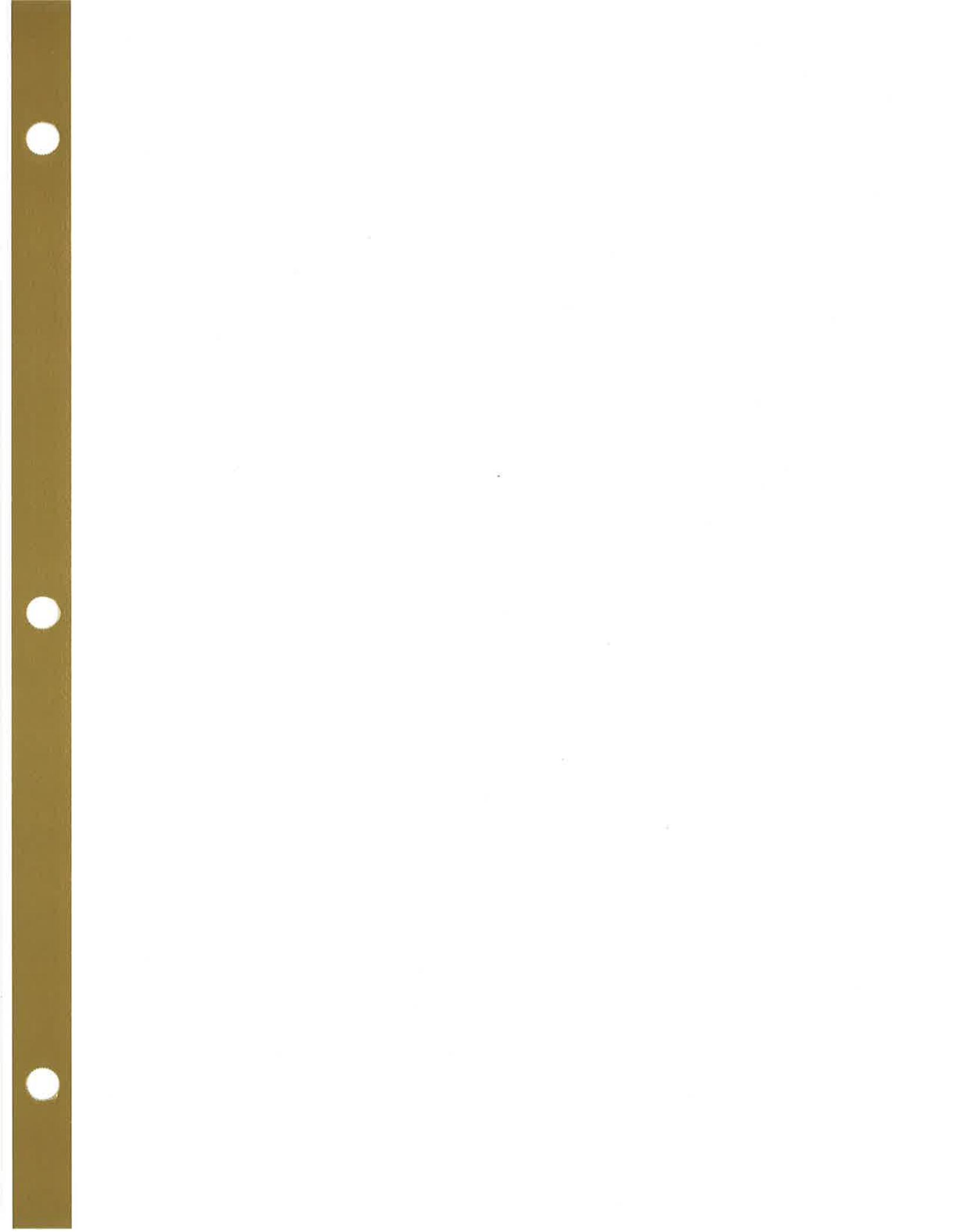
Value Status Information			
Capped Account	Value Status	Notice Date	Shared CAD
No	Noticed	04/13/2012	No

Exemptions and Jurisdictions					
Exemption Type	Districts	Jurisdictions	ARB Status	2011 Rate	2012 Rate
<b>None</b>	020	LA PORTE ISD	Certified: 08/10/2012	1.355000	1.330000
	040	HARRIS COUNTY	Certified: 08/10/2012	0.391170	0.400210
	041	HARRIS CO FLOOD CNTRL	Certified: 08/10/2012	0.028090	0.028090
	042	PORT OF HOUSTON AUTHY	Certified: 08/10/2012	0.018560	0.019520
	043	HARRIS CO HOSP DIST	Certified: 08/10/2012	0.192160	0.182160
	044	HARRIS CO EDUC DEPT	Certified: 08/10/2012	0.006581	0.006617
	047	SAN JACINTO COM COL D	Certified: 08/10/2012	0.185602	0.185602
	074	CITY OF PASADENA	Certified: 08/10/2012	0.591593	0.591593

Valuations			
Value as of January 1, 2011		Value as of January 1, 2012	
	Market	Appraised	
Land	20,463,443		Land
Improvement	81,044,210		Improvement
Total	101,507,653	101,507,653	Total
			Market
			Appraised
			20,095,143
			87,180,270
			107,275,413
			107,275,413

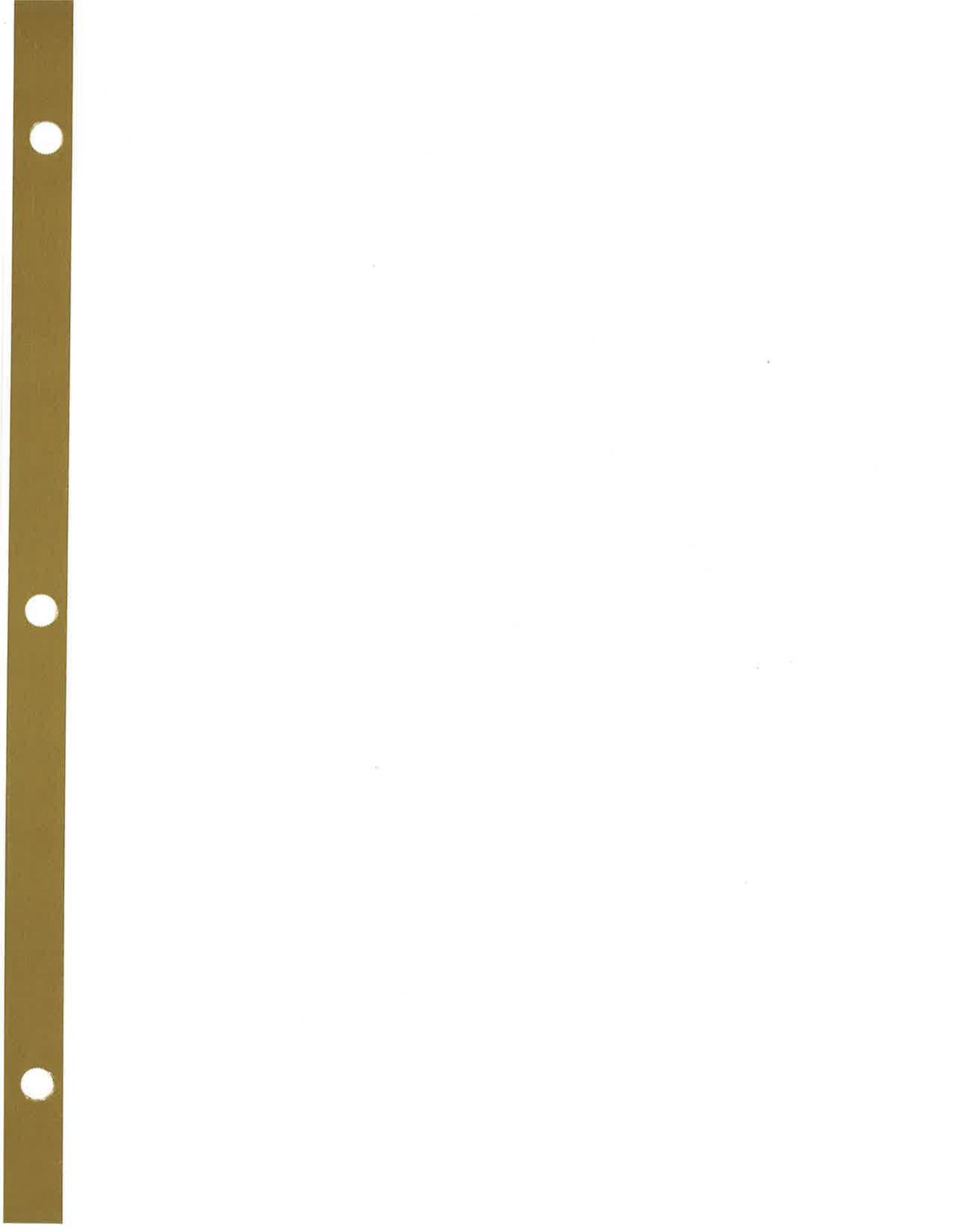
Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	4416 -- Chemical and Allied Products	AC6	AC	11.4800	1.00	1.00	0.50	Excessive Frontage	0.50	54,450.00	27,225.00	312,543
2	4416 -- Chemical and Allied Products	AC7	AC	900.7920	1.00	1.00	0.50	Shape or Size	0.50	43,560.00	21,780.00	19,619,250
3	4500 -- Retention Pond	--	SF	15	1.00	1.00	0.25	Restr or Non-Conf	0.25	43,560.00	10,890.00	163,350

Building												
Vacant (No Building Data)												



## Attachment 13

Not applicable



**CELANESE LTD**  
**ATTACHMENT TO CHAPTER 313 APPLICATION**

**CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
THIRD	2012	\$ 1,154	\$ 60,008
SECOND	2012	\$ 1,164	\$ 60,528
FIRST	2012	\$ 1,338	\$ 69,576
FOURTH	2011	\$ 1,240	\$ 64,480
	AVERAGE	\$ 1,224	\$ 63,648
	X	110%	110%
		\$ 1,346	\$ 70,013

**CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
THIRD	2012	\$ 1,429	\$ 74,308
SECOND	2012	\$ 1,413	\$ 73,476
FIRST	2012	\$ 1,672	\$ 86,944
FOURTH	2011	\$ 1,556	\$ 80,912
	AVERAGE	\$ 1,518	\$ 78,910
	X	110%	110%
		\$ 1,669	\$ 86,801

**CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
	2011	\$ 1,033	\$ 53,711
	X	110%	110%
		\$ 1,136	\$ 59,082

\*SEE ATTACHED TWC DOCUMENTATION

**ATTACHMENT 14**

### Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text"/> Year	<input type="text"/> Period	<input type="text"/> Area	<input type="text"/> Ownership	<input type="text"/> Division	<input type="text"/> Level	<input type="text"/> Ind Code	<input type="text"/> Industry	<input type="text"/> Avg Weekly Wages
2012	1st Qtr	Harris County	Total All	00	0	10	Total, All Industries	\$1,338
2012	2nd Qtr	Harris County	Total All	00	0	10	Total, All Industries	\$1,164
2012	3rd Qtr	Harris County	Total All	00	0	10	Total, All Industries	\$1,154
2011	4th Qtr	Harris County	Total All	00	0	10	Total, All Industries	\$1,240

### Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

<input type="text"/> Year	<input type="text"/> Period	<input type="text"/> Area	<input type="text"/> Ownership	<input type="text"/> Division	<input type="text"/> Level	<input type="text"/> Ind Code	<input type="text"/> Industry	<input type="text"/> Avg Weekly Wages
2012	1st Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,672
2012	2nd Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,413
2012	3rd Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,429
2011	4th Qtr	Harris County	Total All	31	2	31-33	Manufacturing	\$1,556

**2011 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$22.89</b>	<b>\$47,610</b>
<a href="#">1. Panhandle Regional Planning Commission</a>	\$19.32	\$40,196
<a href="#">2. South Plains Association of Governments</a>	\$16.45	\$34,210
<a href="#">3. NORTEX Regional Planning Commission</a>	\$18.14	\$37,733
<a href="#">4. North Central Texas Council of Governments</a>	\$24.03	\$49,986
<a href="#">5. Ark-Tex Council of Governments</a>	\$16.52	\$34,366
<a href="#">6. East Texas Council of Governments</a>	\$18.27	\$37,995
<a href="#">7. West Central Texas Council of Governments</a>	\$17.76	\$36,949
<a href="#">8. Rio Grande Council of Governments</a>	\$15.69	\$32,635
<a href="#">9. Permian Basin Regional Planning Commission</a>	\$21.32	\$44,349
<a href="#">10. Concho Valley Council of Governments</a>	\$15.92	\$33,123
<a href="#">11. Heart of Texas Council of Governments</a>	\$18.82	\$39,150
<a href="#">12. Capital Area Council of Governments</a>	\$26.46	\$55,047
<a href="#">13. Brazos Valley Council of Governments</a>	\$15.71	\$33,718
<a href="#">14. Deep East Texas Council of Governments</a>	\$15.48	\$32,207
<a href="#">15. South East Texas Regional Planning Commission</a>	\$28.23	\$58,724
<b>16. Houston-Galveston Area Council</b>	<b>\$25.82</b>	<b>\$53,711</b>
<a href="#">17. Golden Crescent Regional Planning Commission</a>	<del>\$20.38</del>	\$42,391
<a href="#">18. Alamo Area Council of Governments</a>	\$18.00	\$37,439
<a href="#">19. South Texas Development Council</a>	\$13.85	\$28,806
<a href="#">20. Coastal Bend Council of Governments</a>	\$22.35	\$46,489
<a href="#">21. Lower Rio Grande Valley Development Council</a>	\$15.08	\$31,365
<a href="#">22. Texoma Council of Governments</a>	\$20.76	\$43,190
<a href="#">23. Central Texas Council of Governments</a>	\$16.17	\$33,642
<a href="#">24. Middle Rio Grande Development Council</a>	\$13.65	\$28,382

$110\% \times \$53,711 =$   
 $\$59,082$

Source: Texas Occupational Employment and Wages

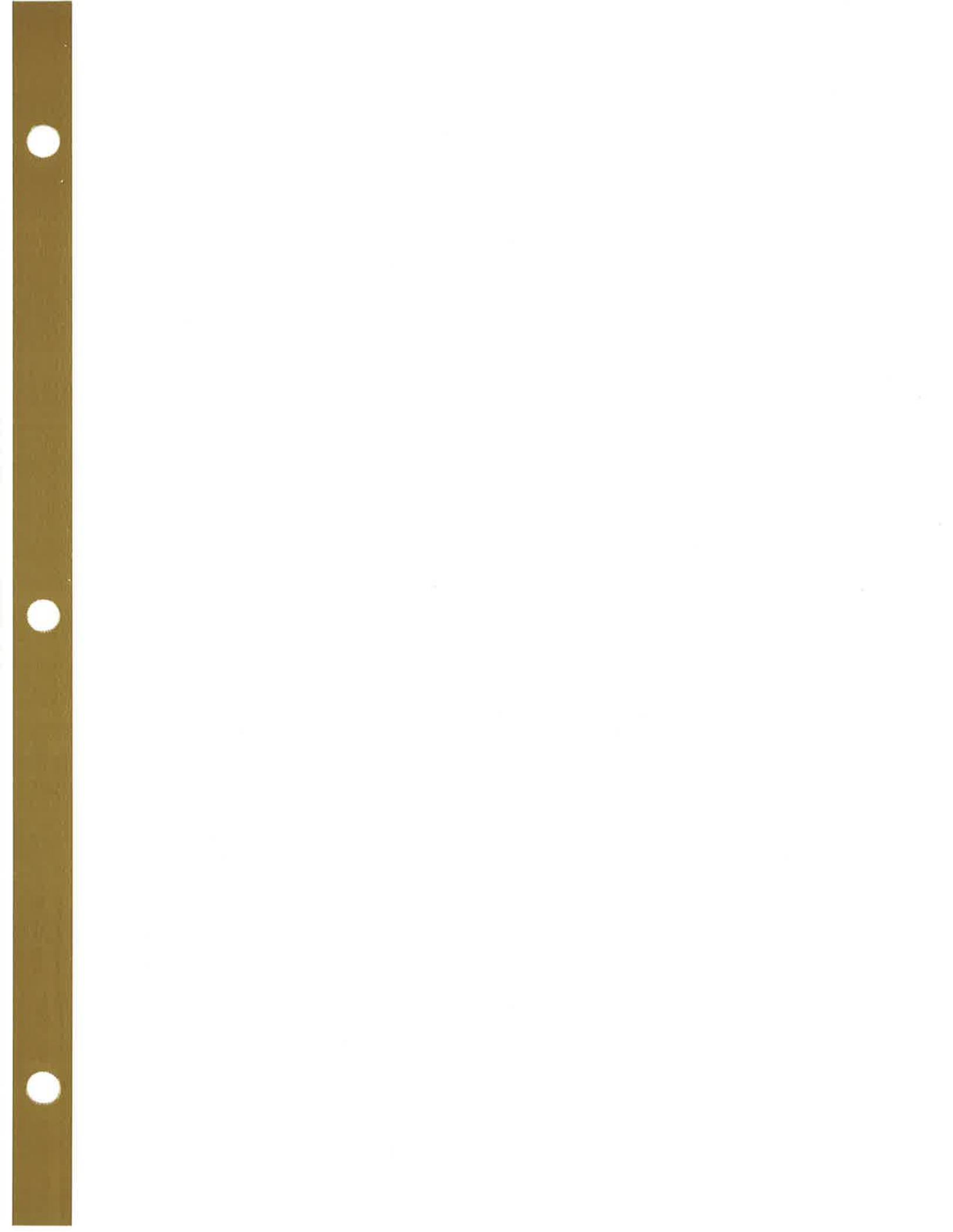
Data published: July 2012

Data published annually, next update will be summer 2013

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

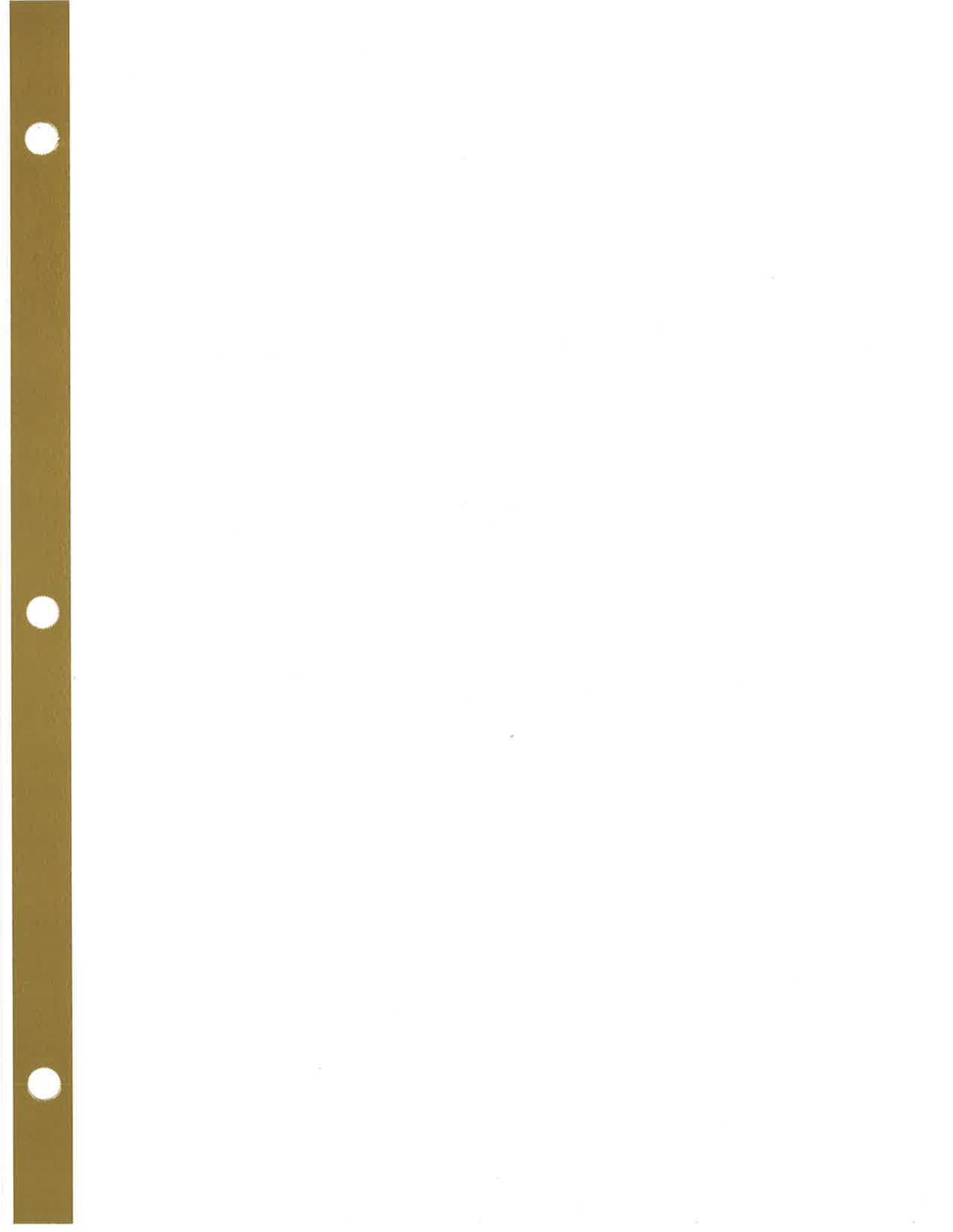
Data intended for TAC 313 purposes only.



## Attachment 15

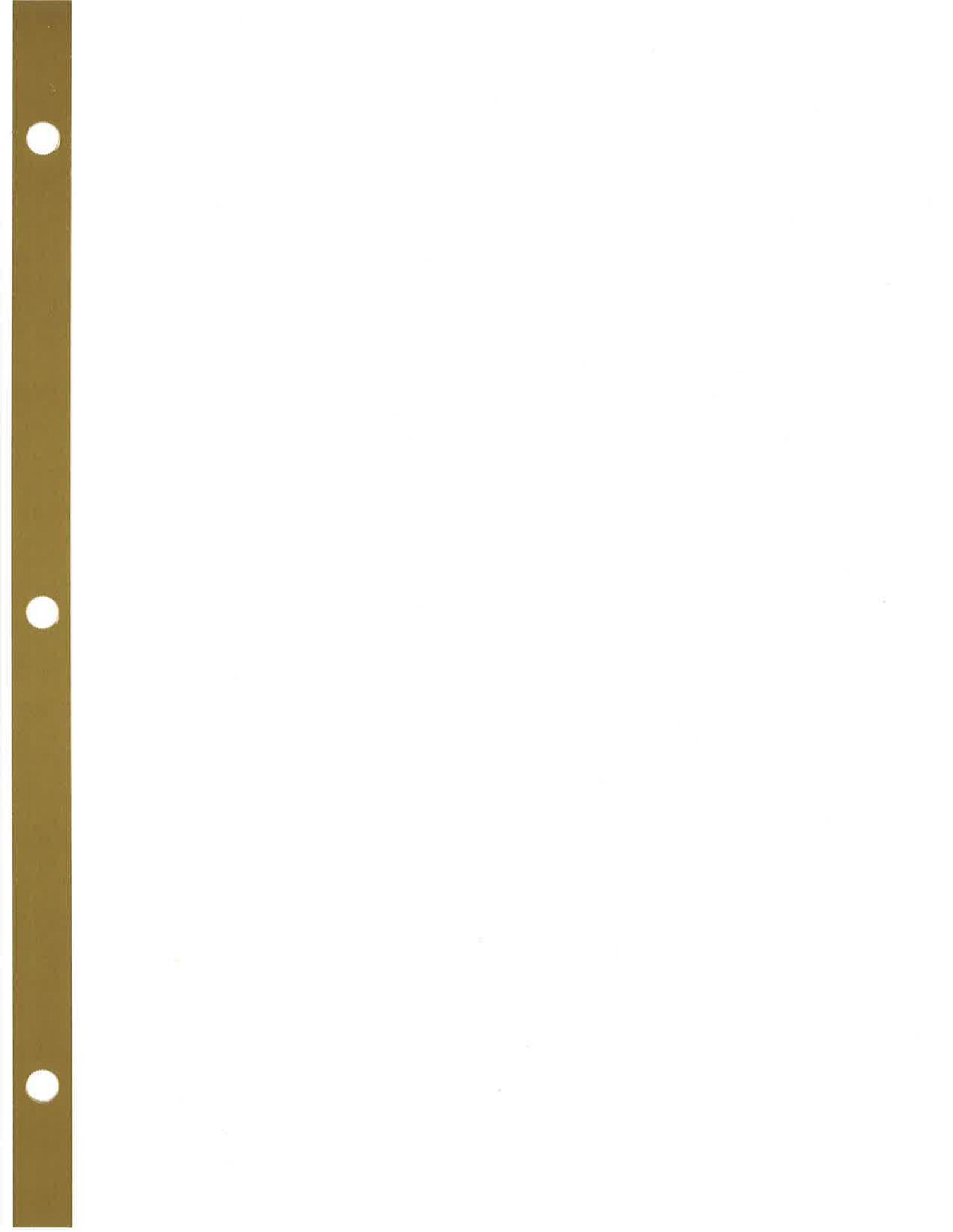
Celanese Ltd. provides its employees with benefits including, but not limited to, the following:

- Medical Coverage (company pays 80% of employee health insurance premiums)
- Basic Life – 1x annual salary (paid by company)
- Basic AD&D – 1x annual salary (paid by company)
- Paid Vacation
- Paid Holidays
- Dental Plan
- 401(k) Retirement Savings Plan



## Attachment 16

The economic impact study will be performed by the Comptroller at a future date.



## Attachment 17

See attached Schedule A

Schedule A (Rev. May 2010): Investment

Form 50-296

Celanese LTD  
La Porte ISD

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount) only	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	1	2013 - 2014	2013	\$ -	\$ 16,000,000	\$ 16,000,000	\$ 5,177,000	\$ 21,177,000
	2	2014 - 2015	2014	\$ 24,000,000	\$ 60,000,000	\$ 84,000,000		\$ 84,000,000
	3	2015 - 2016	2015	\$ 551,000,000	\$ 10,000,000	\$ 561,000,000		\$ 561,000,000
	4	2016 - 2017	2016	\$ -		\$ -		\$ -
	5	2017 - 2018	2017	\$ -		\$ -		\$ -
	6	2018 - 2019	2018	\$ -		\$ -		\$ -
	7	2019-2020	2019					
	8	2020 - 2021	2020					
	9	2021 - 2022	2021					
	10	2022 - 2023	2022					
	11	2023 - 2024	2023					
	12	2024 - 2025	2024					
	13	2025 - 2026	2025					
	14	2026 - 2027	2026					
	15	2027- 2028	2027					
15	2028 - 2029	2028						
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period							
	Value Limitation Period							
Credit Settle-Up Period	Continue to Maintain Viable Presence							
	Post- Settle-Up Period							
	Post- Settle-Up Period							

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).

For the purposes of investment, please list amount invested each year, not cumulative totals.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].

Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility.

The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

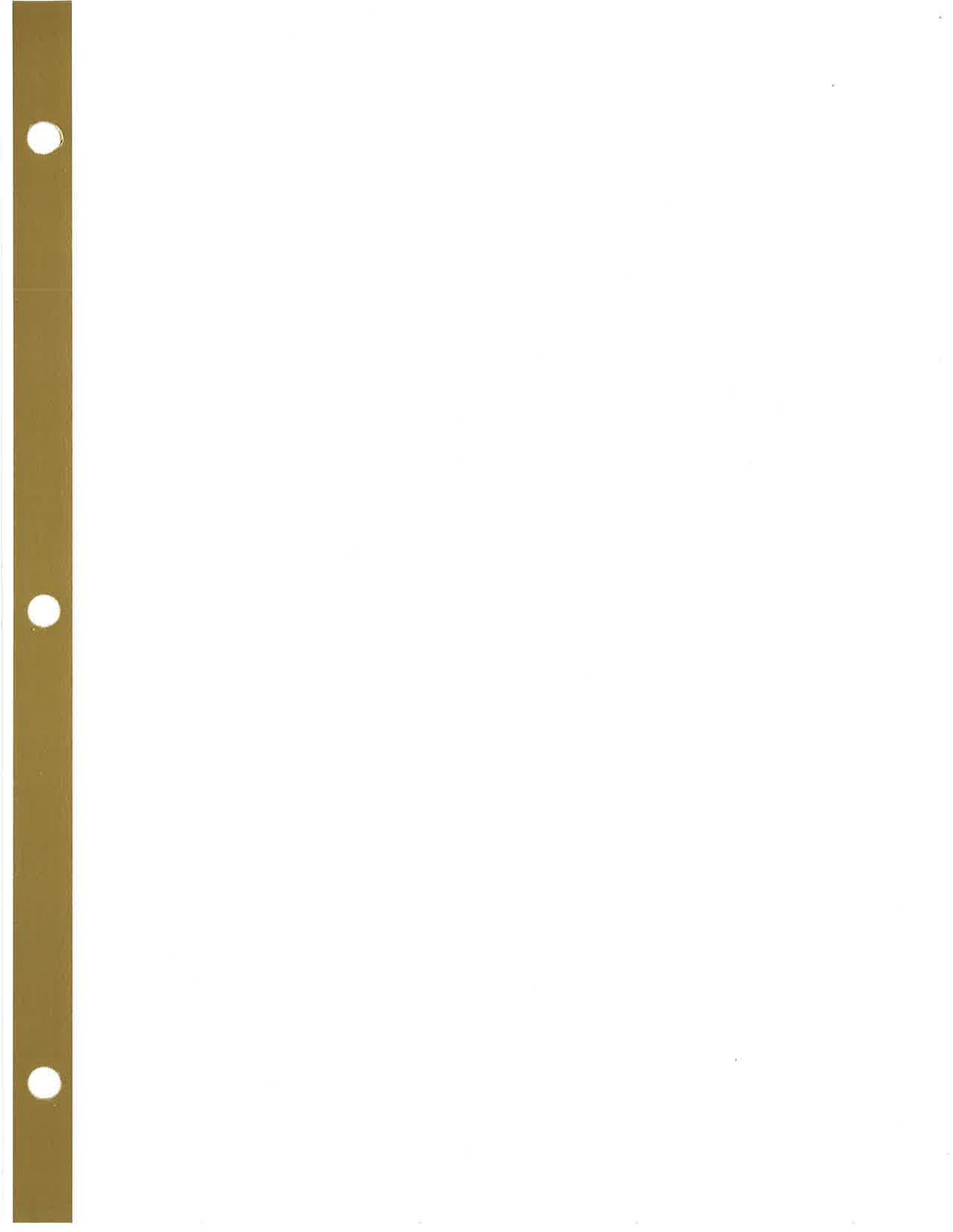
This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*[Signature]*

DATE

4/04/2013



## Attachment 18

See attached Schedule B

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**  
**CELANESE LTD**

Applicant Name  
 ISD Name

La Porte ISD

Form 30-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for I&S after all reductions	Final taxable value for M&O—after all reductions
	pre-year 1	2013 - 2014	2013	\$ 5,177,000	\$ 16,000,000	\$ -		\$ 21,177,000	\$ 21,177,000
Complete tax years of qualifying time period	1	2014 - 2015	2014	\$ 5,177,000	\$ 76,000,000	\$ 24,000,000	\$ 1,200,000	\$ 103,977,000	\$ 103,977,000
	2	2015 - 2016	2015	\$ 5,177,000	\$ 86,000,000	\$ 575,000,000	\$ 28,750,000	\$ 637,427,000	\$ 637,427,000
	3	2016 - 2017	2016	\$ 5,177,000	\$ 86,000,000	\$ 575,000,000	\$ 28,750,000	\$ 637,427,000	\$ 30,000,000
	4	2017 - 2018	2017	\$ 5,177,000	\$ 83,420,000	\$ 557,750,000	\$ 27,887,500	\$ 618,459,500	\$ 30,000,000
	5	2018 - 2019	2018	\$ 5,177,000	\$ 80,917,400	\$ 541,017,500	\$ 27,050,875	\$ 600,061,025	\$ 30,000,000
Tax Credit Period (with 50% cap on credit)	6	2019 - 2020	2019	\$ 5,177,000	\$ 78,489,878	\$ 524,786,975	\$ 26,239,349	\$ 582,214,504	\$ 30,000,000
	7	2020 - 2021	2020	\$ 5,177,000	\$ 76,135,182	\$ 509,043,366	\$ 25,452,168	\$ 564,903,379	\$ 30,000,000
	8	2021 - 2022	2021	\$ 5,177,000	\$ 73,851,126	\$ 493,772,065	\$ 24,688,603	\$ 548,111,588	\$ 30,000,000
	9	2022 - 2023	2022	\$ 5,177,000	\$ 71,635,592	\$ 478,958,903	\$ 23,947,945	\$ 531,823,550	\$ 30,000,000
	10	2023 - 2024	2023	\$ 5,177,000	\$ 69,486,525	\$ 464,590,136	\$ 23,229,507	\$ 516,024,154	\$ 30,000,000
Credit Settle-Up Period	11	2024 - 2025	2024	\$ 5,177,000	\$ 67,401,929	\$ 450,652,432	\$ 22,532,622	\$ 500,698,739	\$ 500,698,739
	12	2025 - 2026	2025	\$ 5,177,000	\$ 65,379,871	\$ 437,132,859	\$ 21,856,643	\$ 485,833,087	\$ 485,833,087
	13	2026 - 2027	2026	\$ 5,177,000	\$ 63,418,475	\$ 424,018,873	\$ 21,200,944	\$ 471,413,404	\$ 471,413,404
Post- Settle-Up Period	14	2027 - 2028	2027	\$ 5,177,000	\$ 61,515,921	\$ 411,298,307	\$ 20,564,915	\$ 457,426,312	\$ 457,426,312
Post- Settle-Up Period	15	2028 - 2029	2028	\$ 5,177,000	\$ 59,670,443	\$ 398,959,358	\$ 19,947,968	\$ 443,858,833	\$ 443,858,833

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
 This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application,  
 replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed,  
 enter those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

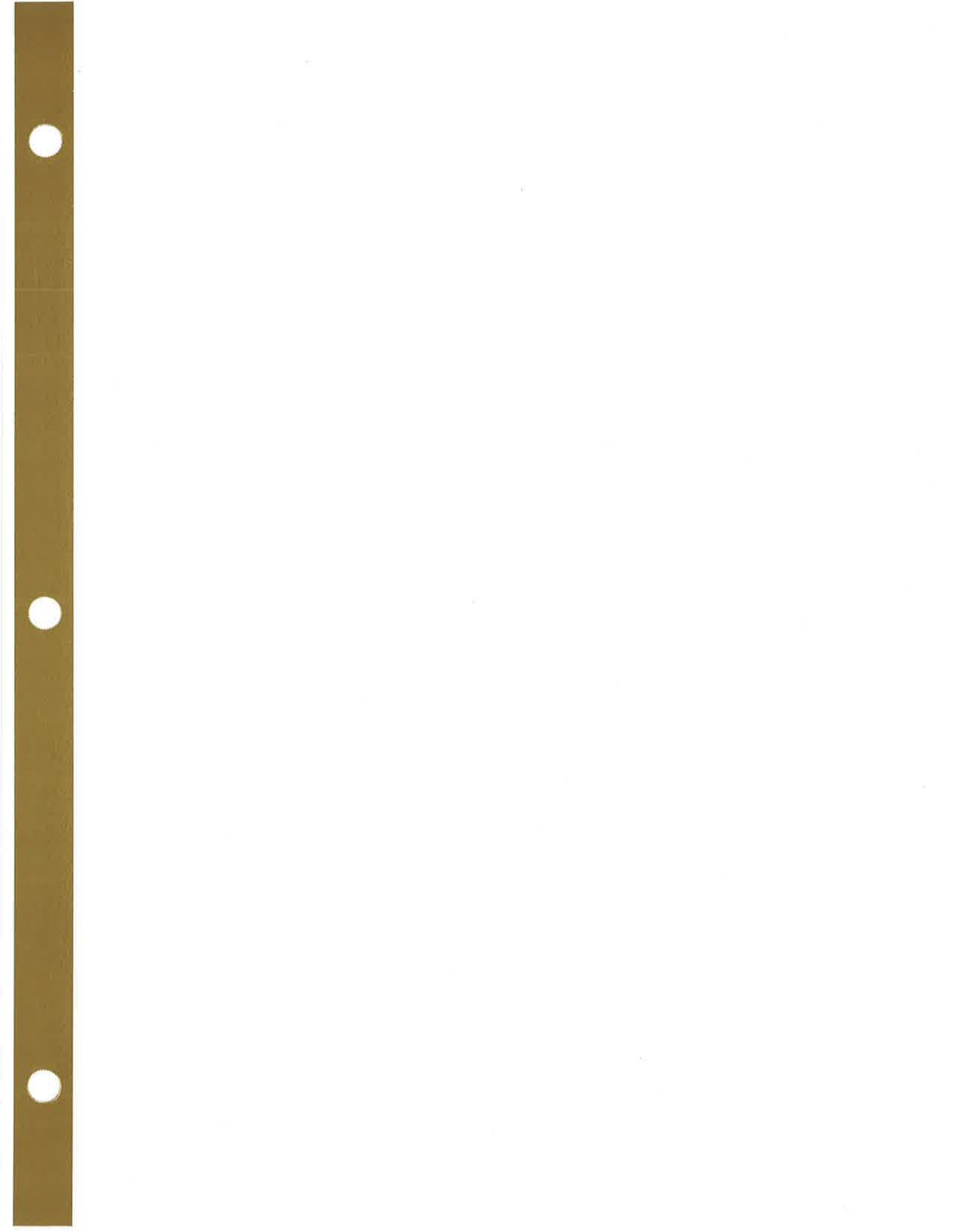
4/08/2013



## Attachment 19

See attached Schedule C





## Attachment 20

See attached Schedule D

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-236

La Porte ISD

ISD Name

Other Property Tax Abatements Sought

CELANESE LTD

Applicant Name	Sales Tax Information				Franchise Tax	Other Property Tax Abatements Sought					
	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax		Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Franchise Tax	County	City	Hospital	Other
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013 - 2014	2013	\$ 4,000,000	\$ 12,000,000	\$ 480,000		N/A	N/A	N/A	
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2014 - 2015	2014	\$ 24,000,000	\$ 480,000	50%	N/A	N/A	N/A	
		2	2015 - 2016	2015	\$ 110,000,000	\$ 480,000	50%	N/A	N/A	N/A	
	Value Limitation Period	3	2016 - 2017	2016	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		4	2017 - 2018	2017	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		5	2018 - 2019	2018	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		6	2019 - 2020	2019	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		7	2020 - 2021	2020	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		8	2021 - 2022	2021	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		9	2022 - 2023	2022	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		10	2023 - 2024	2023	\$ -	\$ -	\$ 480,000	50%	N/A	N/A	N/A
		11	2024 - 2025	2024	\$ -	\$ -	\$ 480,000		N/A	N/A	N/A
		12	2025 - 2026	2025	\$ -	\$ -	\$ 480,000		N/A	N/A	N/A
		13	2026 - 2027	2026	\$ -	\$ -	\$ 480,000		N/A	N/A	N/A
		14	2027 - 2028	2027	\$ -	\$ -	\$ 480,000		N/A	N/A	N/A
		15	2028 - 2029	2028	\$ -	\$ -	\$ 480,000		N/A	N/A	N/A

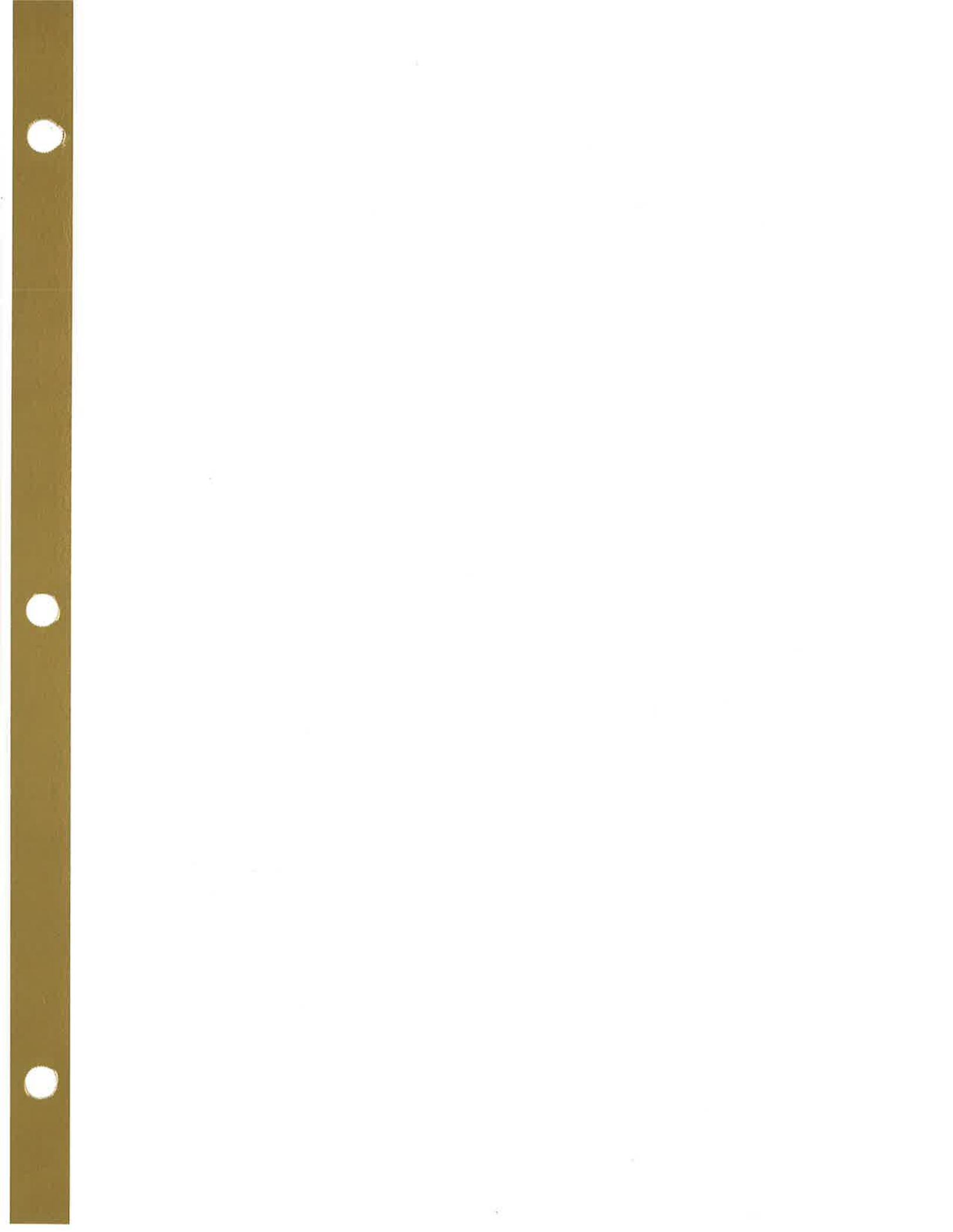
\*For planning, construction and operation of the facility.



4/14/2013

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE



## Attachment 21

A map of the proposed reinvestment zone is attached as a vicinity map. Ordinance No. 2010-159 of the City Council of Pasadena, approved on July 20, 2010, established the reinvestment zone.



Ordinance No. 159

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

WHEREAS, the City Council of the City of Pasadena, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the City and to provide employment to residents of such area; and

WHEREAS, the project or activity is not located in an area designated as an enterprise zone; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Act, Celanese Corporation has applied to the City for designation as an enterprise project; and

WHEREAS, the City finds that Celanese Corporation meets the criteria for incentives adopted by the City on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and

WHEREAS, a public hearing to consider this ordinance was held by the City Council on July 20, 2010 after publication in the local newspaper on July 9, 2010.

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

Section 1: The City nominates Celanese Corporation for enterprise project status.

Section 2: The following local incentives, at the election of the governing body, are may be made available to the nominated project or activity of the qualified business;

- a) If located within the City limits of the City of Pasadena, the City may abate taxes on the increase in value of real property improvements and eligible personal property that are located in a designated enterprise zone. The level of abatement shall be in accordance with the City of Pasadena tax abatement policy and the extent to which the business receiving the abatement:
  - 1) Creates jobs for qualified employees as defined by the Act;

- 2) Creates new additional value of eligible property improvements in an amount equal to or greater than the amount established by the City Council as a minimum.
- b) If located in the City's extraterritorial jurisdiction, the City may enter into an industrial district agreement which provides for in-lieu-of tax payments to the City and exemptions from: City ad valorem taxes; City sales tax; City utilities fees and other license or permit fees; rules and regulations governing plats and subdivisions of land; as well as exemptions from building, electrical, plumbing code or codes and tax abatement.
- c) If located within the City, the City may provide regulatory relief to businesses including:
  - 1) Exemptions from certain inspection fees; or
  - 2) Streamlined permitting.
- d) If located within the City, the City may provide business and industrial development services, including creation of special one-stop permitting and problem resolution process or ombudsman.
- e) If located within the City, the City may provide regulatory relief to businesses, including:
  - 1) Zoning changes or variances;
  - 2) Exemptions from unnecessary building code requirements, impact fees, or inspection fees; or
  - 3) Streamlined permitting
- f) If located within the City, the City may provide enhanced municipal services to businesses, including:
  - 1) Improved police and fire protection;
  - 2) Institution of community crime prevention programs; or
  - 3) Special public transportation routes or reduced fares.
- g) If located within the City, the City may provide improvements in community facilities, including:
  - 1) Capital improvements in water and sewer facilities;
  - 2) Road repair; or
  - 3) Creation or improvement of parks.
- h) If located within the City, the City may provide improvements to housing, including:
  - 1) Low-interest loans for housing rehabilitation, improvement, or new construction; or
  - 2) Transfer of abandoned housing to individuals or community groups.
- i) If located within the City, the City may provide business and industrial development services, including:
  - 1) Low-interest loans for business;

- 2) Use of surplus school buildings or other underutilized publicly owned facilities as small business incubators;
  - 3) Provision of publicly owned land for development purposes, including residential, commercial, or industrial development;
  - 4) Creation of special one-stop permitting and problem resolution centers or ombudsmen; or
  - 5) Promotion and marketing services.
- j) The City may provide job training and employment services to businesses, including:
- 1) Retraining programs;
  - 2) Literacy and employment skills programs;
  - 3) Vocational education; or
  - 4) Customized job training.

Section 3: The enterprise zone areas within the City are reinvestment zones in accordance with the Texas Tax Code, Chapter 312.

Section 4: The City of Pasadena City Council directs and designates its Economic Development Director as the City's liaison to communicate and negotiate with the Office of the Governor Economic Development Tourism (EDT) through the Texas Economic Development Bank and enterprise project (s) and to oversee zone activities and communications with qualified businesses and other entities in an enterprise zone or affected by an enterprise project.

Section 5: The City finds that Celanese Corporation meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

- a) Celanese Corporation is a "qualified business" under Section 2303 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction, located outside of an enterprise zone and at least thirty-five percent (35%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and
- b) There has been and will continue to be high level of cooperation between public, private, and neighborhood entities in the area; and
- c) The designation of Celanese Corporation as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

Section 6: The enterprise project shall take effect on the date of designation of the enterprise project by EDT and terminate on September 1, 2015.

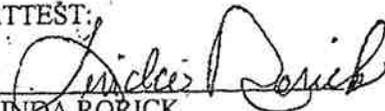
Section 7: This ordinance shall take effect from and after its passage as the law and charter in such case provides.

PASSED ON FIRST READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 20<sup>th</sup> day of July, A.D., 2010.

APPROVED this the 20<sup>th</sup> day of July, A.D., 2010.

  
JOHNNY ISBELL, MAYOR  
OF THE CITY OF PASADENA, TEXAS

ATTEST:

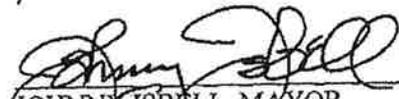
  
LINDA RORICK  
CITY SECRETARY  
CITY OF PASADENA, TEXAS

APPROVED AS TO FORM:

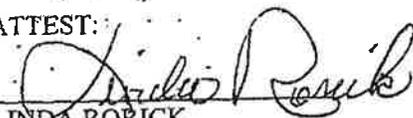
  
LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS

PASSED ON SECOND AND FINAL READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 27<sup>th</sup> day of July, A. D., 2010.

APPROVED this the 27<sup>th</sup> day of July, A.D., 2010.

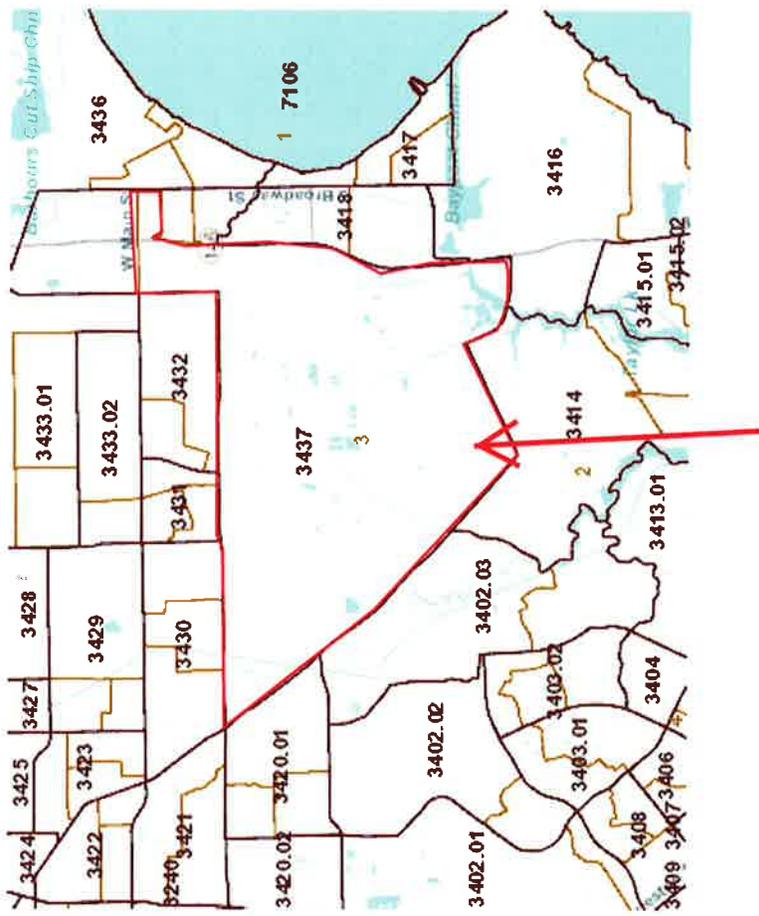
  
JOHNNY ISBELL, MAYOR  
OF THE CITY OF PASADENA, TEXAS

ATTEST:

  
LINDA RORICK  
CITY SECRETARY  
CITY OF PASADENA, TEXAS

APPROVED AS TO FORM:

  
LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS



Reinvestment zone includes land inside the red lines.

**Legend:**

**Boundaries**

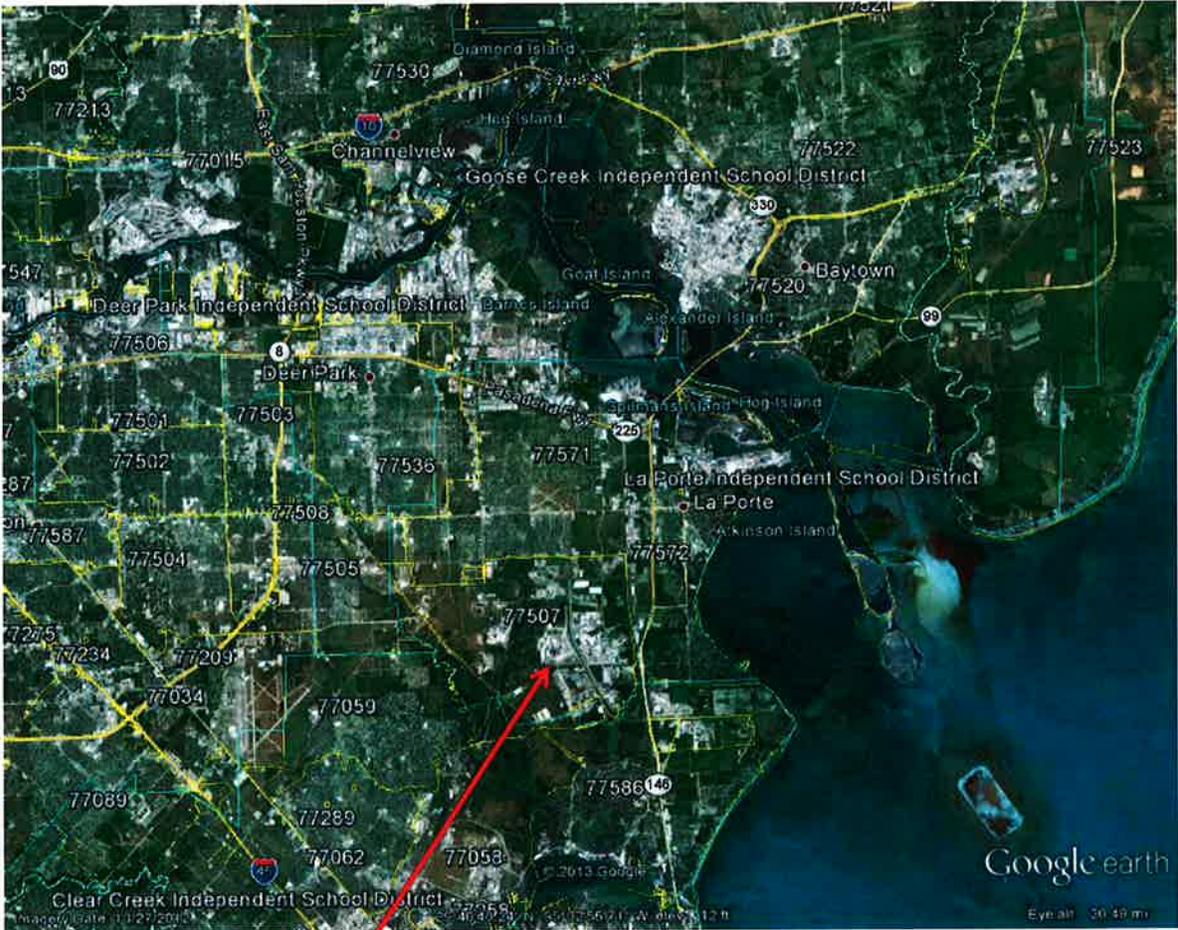
- State
- '10 County
- '10 Census Tract
- '10 Block Group

Items in grey text are not visible at this zoom level

**Features**

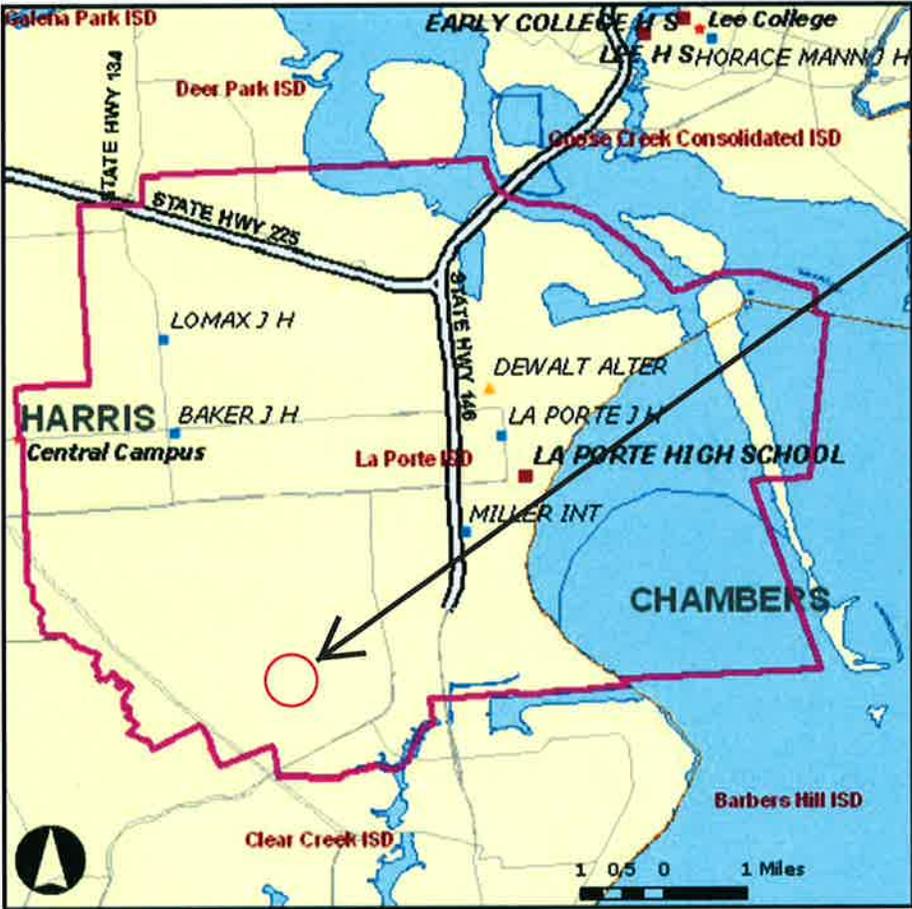
- Major Road
- Street
- Stream/Waterbody

# Celanese Ltd. Vicinity Map

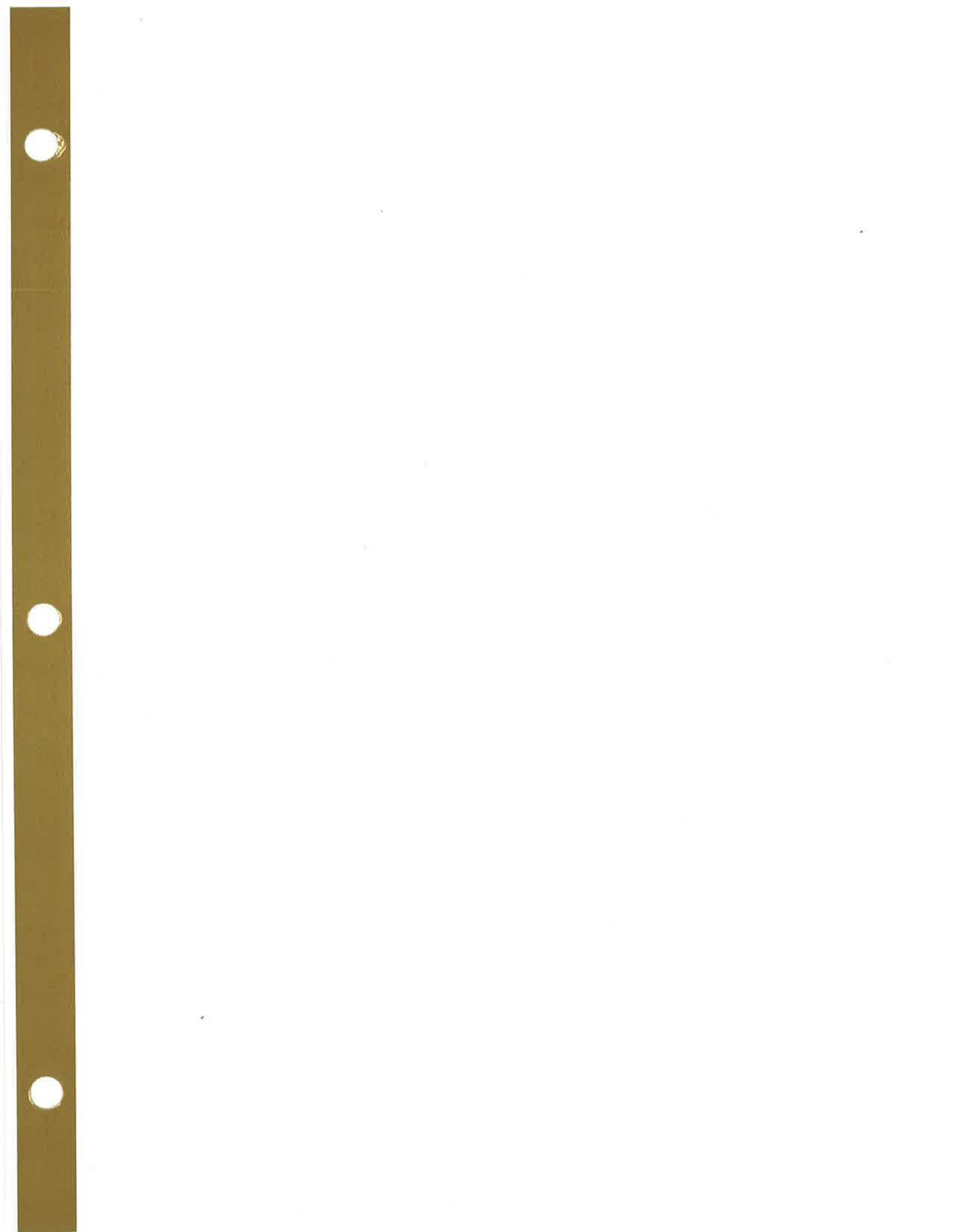


Project Site

# TEA Map of La Porte ISD



Project Site



## Attachment 22

Ordinance No. 2010-159 of the City Council of Pasadena, approved on July 20, 2010, established the reinvestment zone, and is attached.

**AGENDA REQUEST**

20  
NO: 2010-159

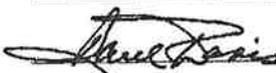
**ORDINANCE**       **RESOLUTION**

**CAPTION:** AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

**RECOMMENDATIONS & JUSTIFICATION:** To provide economic development incentives in the City for the retention and creation of jobs by nominating qualified industries for participation through the Texas Economic Development Bank in the Texas Enterprise Zone Program.

(IF ADDITIONAL SPACE IS REQUIRED, PLEASE ATTACH SECOND PAGE)

**COST:** \_\_\_\_\_      **TASK NO:** \_\_\_\_\_      **BUDGETED:** YES  NO   
**ACCOUNT NUMBER(S):** \_\_\_\_\_      **REQUESTING DEPARTMENT:** Economic Development

		COUNCIL ACTION	
			
<u>Paul Davis</u> REQUESTING PARTY (TYPED)	DATE: <u>7/14/2010</u>	FIRST READING:	FINAL READING:
_____	_____	<u>Cote</u> MOTION	<u>VanHoute</u> MOTION
<b>PURCHASING DEPARTMENT</b>			
<b>APPROVED:</b>			
_____		<u>Harrison</u> SECOND	<u>Brannon</u> SECOND
<b>CONTROLLER CERTIFICATION</b>			
<u>LEE CARK</u>		<u>7-20-10</u> DATE	<u>7-27-10</u> DATE
<b>CITY ATTORNEY</b>			
			
<b>MAYOR</b>		<b>DEFERRED:</b> _____	

Ordinance No. 159

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

WHEREAS, the City Council of the City of Pasadena, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the City and to provide employment to residents of such area; and

WHEREAS, the project or activity is not located in an area designated as an enterprise zone; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Act, Celanese Corporation has applied to the City for designation as an enterprise project; and

WHEREAS, the City finds that Celanese Corporation meets the criteria for incentives adopted by the City on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and

WHEREAS, a public hearing to consider this ordinance was held by the City Council on July 20, 2010 after publication in the local newspaper on July 9, 2010.

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

Section 1: The City nominates Celanese Corporation for enterprise project status.

Section 2: The following local incentives, at the election of the governing body, are may be made available to the nominated project or activity of the qualified business;

- a) If located within the City limits of the City of Pasadena, the City may abate taxes on the increase in value of real property improvements and eligible personal property that are located in a designated enterprise zone. The level of abatement shall be in accordance with the City of Pasadena tax abatement policy and the extent to which the business receiving the abatement:
  - 1) Creates jobs for qualified employees as defined by the Act;

- 2) Creates new additional value of eligible property improvements in an amount equal to or greater than the amount established by the City Council as a minimum.
- b) If located in the City's extraterritorial jurisdiction, the City may enter into an industrial district agreement which provides for in-lieu-of tax payments to the City and exemptions from: City ad valorem taxes; City sales tax; City utilities fees and other license or permit fees; rules and regulations governing plats and subdivisions of land; as well as exemptions from building, electrical, plumbing code or codes and tax abatement.
- c) If located within the City, the City may provide regulatory relief to businesses including:
  - 1) Exemptions from certain inspection fees; or
  - 2) Streamlined permitting.
- d) If located within the City, the City may provide business and industrial development services, including creation of special one-stop permitting and problem resolution process or ombudsman.
- e) If located within the City, the City may provide regulatory relief to businesses, including:
  - 1) Zoning changes or variances;
  - 2) Exemptions from unnecessary building code requirements, impact fees, or inspection fees; or
  - 3) Streamlined permitting
- f) If located within the City, the City may provide enhanced municipal services to businesses, including:
  - 1) Improved police and fire protection;
  - 2) Institution of community crime prevention programs; or
  - 3) Special public transportation routes or reduced fares.
- g) If located within the City, the City may provide improvements in community facilities, including:
  - 1) Capital improvements in water and sewer facilities;
  - 2) Road repair; or
  - 3) Creation or improvement of parks.
- h) If located within the City, the City may provide improvements to housing, including:
  - 1) Low-interest loans for housing rehabilitation, improvement, or new construction; or
  - 2) Transfer of abandoned housing to individuals or community groups.
- i) If located within the City, the City may provide business and industrial development services, including:
  - 1) Low-interest loans for business;

- 2) Use of surplus school buildings or other underutilized publicly owned facilities as small business incubators;
  - 3) Provision of publicly owned land for development purposes, including residential, commercial, or industrial development;
  - 4) Creation of special one-stop permitting and problem resolution centers or ombudsmen; or
  - 5) Promotion and marketing services.
- j) The City may provide job training and employment services to businesses, including:
- 1) Retraining programs;
  - 2) Literacy and employment skills programs;
  - 3) Vocational education; or
  - 4) Customized job training.

Section 3: The enterprise zone areas within the City are reinvestment zones in accordance with the Texas Tax Code, Chapter 312.

Section 4: The City of Pasadena City Council directs and designates its Economic Development Director as the City's liaison to communicate and negotiate with the Office of the Governor Economic Development Tourism (EDT) through the Texas Economic Development Bank and enterprise project (s) and to oversee zone activities and communications with qualified businesses and other entities in an enterprise zone or affected by an enterprise project.

Section 5: The City finds that Celanese Corporation meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

- a) Celanese Corporation is a "qualified business" under Section 2303 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction, located outside of an enterprise zone and at least thirty-five percent (35%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and
- b) There has been and will continue to be high level of cooperation between public, private, and neighborhood entities in the area; and
- c) The designation of Celanese Corporation as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

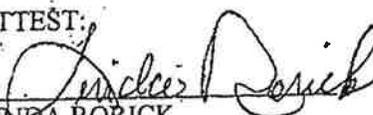
Section 6: The enterprise project shall take effect on the date of designation of the enterprise project by EDT and terminate on September 1, 2015.

Section 7: This ordinance shall take effect from and after its passage as the law and charter in such case provides.

PASSED ON FIRST READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 20<sup>th</sup> day of July, A.D., 2010.

APPROVED this the 20<sup>th</sup> day of July, A.D., 2010.

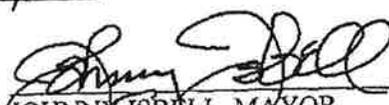
  
JOHNNY ISBELL, MAYOR  
OF THE CITY OF PASADENA, TEXAS

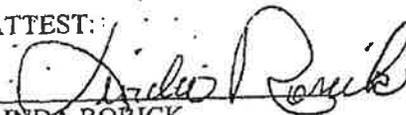
ATTEST:  
  
LINDA RORICK  
CITY SECRETARY  
CITY OF PASADENA, TEXAS

APPROVED AS TO FORM:  
  
LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS

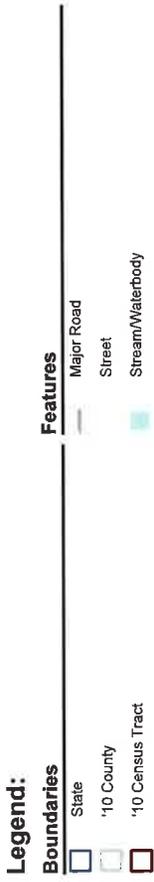
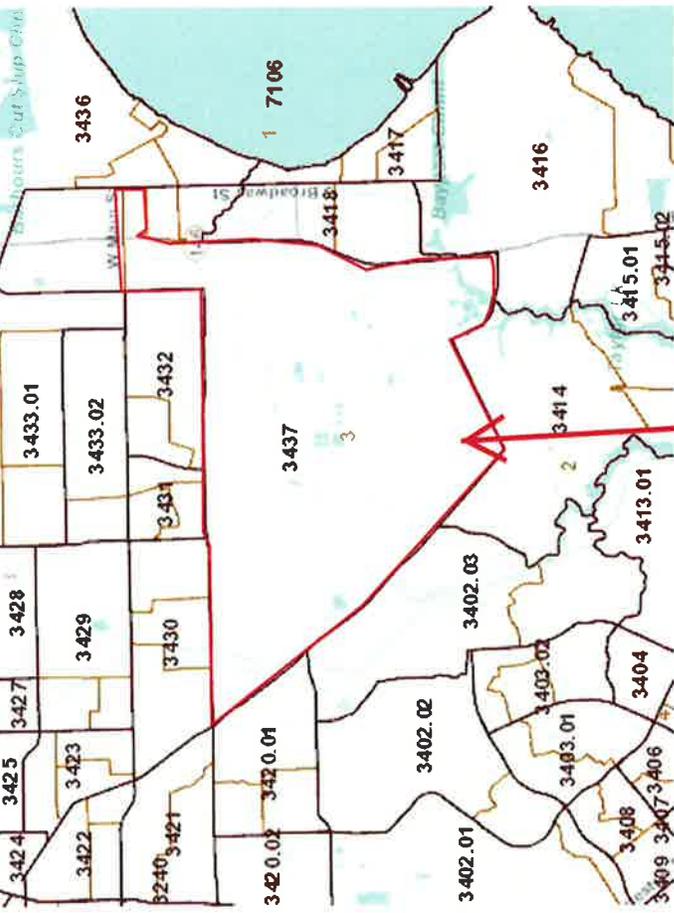
PASSED ON SECOND AND FINAL READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 27<sup>th</sup> day of July, A. D., 2010.

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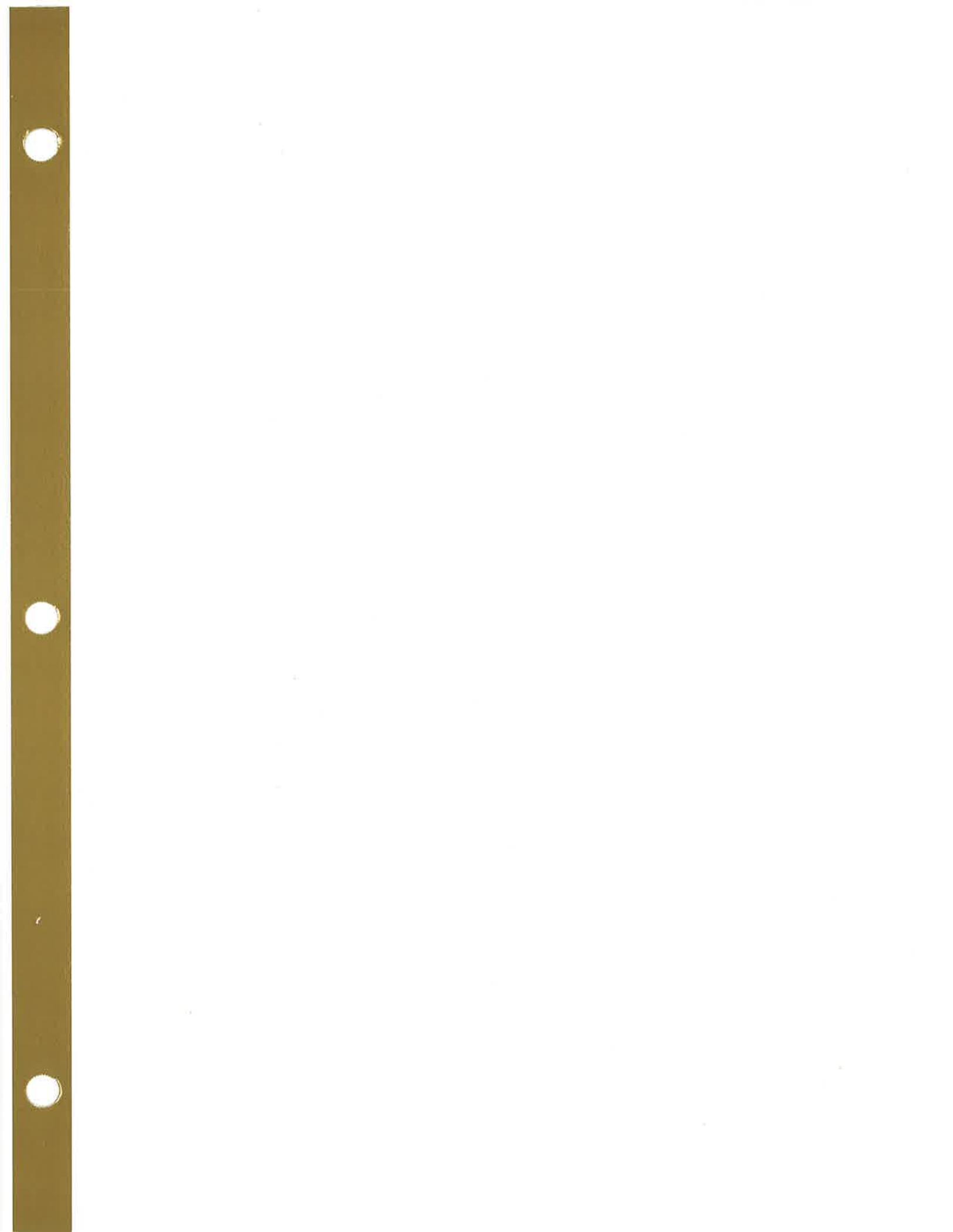
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CITY OF PASADENA, TEXAS

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LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS



Items in grey text are not visible at this zoom level

Reinvestment zone includes land inside the red lines.



## Attachment 23

The legal description of the proposed reinvestment zone is attached. Section 3 of Ordinance No. 2010-159 of the City Council of Pasadena, approved on July 20, 2010, established the reinvestment zone, and is attached.

**AGENDA REQUEST**

20 No: 2010-159

**ORDINANCE**       **RESOLUTION**

**CAPTION:** AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

**RECOMMENDATIONS & JUSTIFICATION:** To provide economic development incentives in the City for the retention and creation of jobs by nominating qualified industries for participation through the Texas Economic Development Bank in the Texas Enterprise Zone Program.

(IF ADDITIONAL SPACE IS REQUIRED, PLEASE ATTACH SECOND PAGE)

**COST:** \_\_\_\_\_ **TASK NO:** \_\_\_\_\_ **BUDGETED:** YES  NO   
**ACCOUNT NUMBER(S):** \_\_\_\_\_ **REQUESTING DEPARTMENT:** Economic Development

		COUNCIL ACTION	
 <u>Paul Davis</u> <b>DATE:</b> 7/14/2010 <b>REQUESTING PARTY (TYPED)</b>		<b>FIRST READING:</b>	<b>FINAL READING:</b>
<b>PURCHASING DEPARTMENT</b>		<u>Cote</u> MOTION	<u>VanHoute</u> MOTION
<b>APPROVED:</b>			
<b>CONTROLLER CERTIFICATION</b>		<u>Harrison</u> SECOND	<u>Brannon</u> SECOND
<u>LEE CARK</u> <b>CITY ATTORNEY</b>		<u>7-20-10</u> DATE	<u>7-27-10</u> DATE
 <b>MAYOR</b>		<b>DEFERRED:</b> _____	

Ordinance No. 159

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

WHEREAS, the City Council of the City of Pasadena, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the City and to provide employment to residents of such area; and

WHEREAS, the project or activity is not located in an area designated as an enterprise zone; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Act, Celanese Corporation has applied to the City for designation as an enterprise project; and

WHEREAS, the City finds that Celanese Corporation meets the criteria for incentives adopted by the City on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and

WHEREAS, a public hearing to consider this ordinance was held by the City Council on July 20, 2010 after publication in the local newspaper on July 9, 2010.

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

Section 1: The City nominates Celanese Corporation for enterprise project status.

Section 2: The following local incentives, at the election of the governing body, are may be made available to the nominated project or activity of the qualified business;

- a) If located within the City limits of the City of Pasadena, the City may abate taxes on the increase in value of real property improvements and eligible personal property that are located in a designated enterprise zone. The level of abatement shall be in accordance with the City of Pasadena tax abatement policy and the extent to which the business receiving the abatement:
  - 1) Creates jobs for qualified employees as defined by the Act;

- 2) Creates new additional value of eligible property improvements in an amount equal to or greater than the amount established by the City Council as a minimum.
- b) If located in the City's extraterritorial jurisdiction, the City may enter into an industrial district agreement which provides for in-lieu-of tax payments to the City and exemptions from: City ad valorem taxes; City sales tax; City utilities fees and other license or permit fees; rules and regulations governing plats and subdivisions of land; as well as exemptions from building, electrical, plumbing code or codes and tax abatement.
- c) If located within the City, the City may provide regulatory relief to businesses including:
  - 1) Exemptions from certain inspection fees; or
  - 2) Streamlined permitting.
- d) If located within the City, the City may provide business and industrial development services, including creation of special one-stop permitting and problem resolution process or ombudsman.
- e) If located within the City, the City may provide regulatory relief to businesses, including:
  - 1) Zoning changes or variances;
  - 2) Exemptions from unnecessary building code requirements, impact fees, or inspection fees; or
  - 3) Streamlined permitting
- f) If located within the City, the City may provide enhanced municipal services to businesses, including:
  - 1) Improved police and fire protection;
  - 2) Institution of community crime prevention programs; or
  - 3) Special public transportation routes or reduced fares.
- g) If located within the City, the City may provide improvements in community facilities, including:
  - 1) Capital improvements in water and sewer facilities;
  - 2) Road repair; or
  - 3) Creation or improvement of parks.
- h) If located within the City, the City may provide improvements to housing, including:
  - 1) Low-interest loans for housing rehabilitation, improvement, or new construction; or
  - 2) Transfer of abandoned housing to individuals or community groups.
- i) If located within the City, the City may provide business and industrial development services, including:
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- 2) Use of surplus school buildings or other underutilized publicly owned facilities as small business incubators;
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- j) The City may provide job training and employment services to businesses, including:
- 1) Retraining programs;
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Section 3: The enterprise zone areas within the City are reinvestment zones in accordance with the Texas Tax Code, Chapter 312.

Section 4: The City of Pasadena City Council directs and designates its Economic Development Director as the City's liaison to communicate and negotiate with the Office of the Governor Economic Development Tourism (EDT) through the Texas Economic Development Bank and enterprise project (s) and to oversee zone activities and communications with qualified businesses and other entities in an enterprise zone or affected by an enterprise project.

Section 5: The City finds that Celanese Corporation meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

- a) Celanese Corporation is a "qualified business" under Section 2303 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction, located outside of an enterprise zone and at least thirty-five percent (35%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and
- b) There has been and will continue to be high level of cooperation between public, private, and neighborhood entities in the area; and
- c) The designation of Celanese Corporation as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

Section 6: The enterprise project shall take effect on the date of designation of the enterprise project by EDT and terminate on September 1, 2015.

Section 7: This ordinance shall take effect from and after its passage as the law and charter in such case provides.

PASSED ON FIRST READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 20<sup>th</sup> day of July, A.D., 2010.

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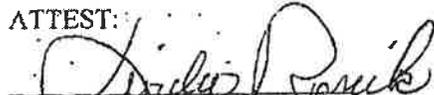
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CITY OF PASADENA, TEXAS

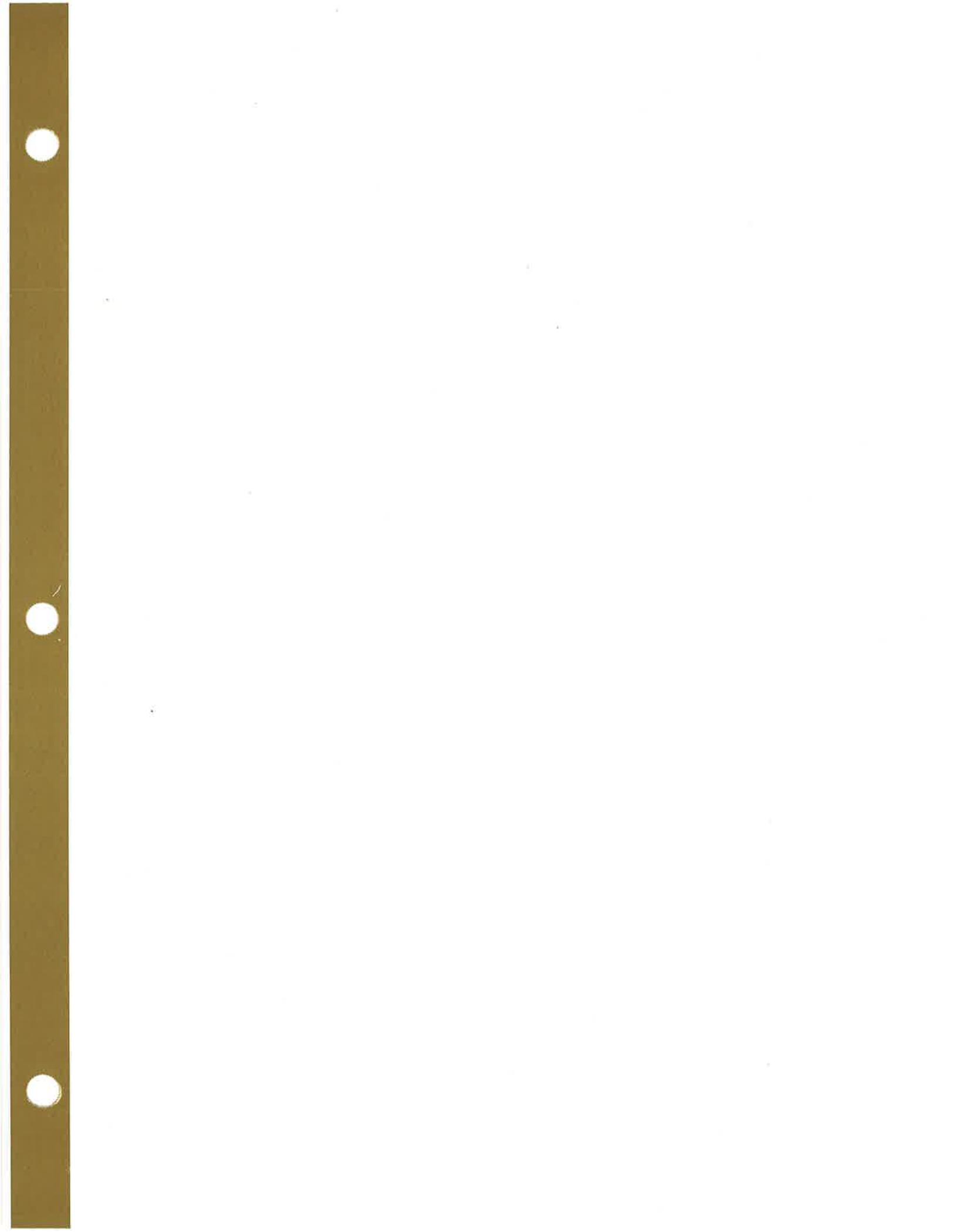
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LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS



## Attachment 24

Tax abatement guidelines for Harris County are attached. Ordinance No. 2010-159 of the City Council of Pasadena is attached.



# ***HARRIS COUNTY, TEXAS***

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**COMMISSIONERS COURT:**

**ED EMMETT**

COUNTY JUDGE

**EL FRANCO LEE**

COMMISSIONER, PRECINCT 1

**JACK MORMAN**

COMMISSIONER, PRECINCT 2

**STEVE RADACK**

COMMISSIONER, PRECINCT 3

**R. JACK CAGLE**

COMMISSIONER, PRECINCT 4

c/o Community Services Dept.  
8410 Lantern Point Drive  
Houston, Texas 77054  
(713) 578-2000

## **GUIDELINES & CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN HARRIS COUNTY**

**Whereas**, the creation and retention of job opportunities that bring new wealth is the highest civic priority; and

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

**Whereas**, the communities within Harris County must compete with other localities across the nation currently offering tax inducements to attract jobs and investments; and

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

**Whereas**, any tax incentives should not have a substantial adverse effect on the competitive position of existing companies operating in Harris County; and

**Whereas**, tax incentives should not be used to attract those industries that have demonstrated a lack of commitment to protecting our environment, but should be used to encourage projects designed to protect our environment; and

**Whereas**, the abatement of property taxes, when offered to attract primary jobs in industries which bring in money from outside a community instead of merely re-circulating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and

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

**Whereas**, to assure a common, coordinated effort to promote our communities' economic development, any such Guidelines and Criteria should be adopted only through the cooperation of municipalities, taxing jurisdictions, and Harris County; and

**Whereas**, Harris County Commissioners Court has approved the circulation of Guidelines and Criteria to affected taxing jurisdictions for consideration as a common policy for all jurisdictions choosing to participate in tax abatement agreements;

**Now**, therefore, be it resolved that Harris County does hereby adopt these Guidelines and Criteria for granting tax abatements within reinvestment zones created in Harris County.

## SECTION 1 DEFINITIONS

- (a) **"Abatement"** means partial exemption from ad valorem taxes of certain real property (including fixed-in-place machinery & equipment) in a reinvestment zone designated for economic development purposes.
- (b) **"Eligible Jurisdiction"** means Harris County ("the County") and any municipality or other taxing jurisdiction eligible to abate its taxes according to Texas law that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone.
- (c) **"Agreement"** means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement.
- (d) **"Base Year Value"** means the appraised value in the reinvestment zone on January 1 preceding the effective date of the tax abatement agreement, plus the agreed upon value of eligible property improvements made after January 1 but before the effective date of the agreement, or the sales price, if the property was conveyed subsequent to January 1, whichever is greater.
- (e) **"Competitively-Sited Project"** means a project where the applicant has completed a written evaluation of competing locations for expansion, relocation, or new operations, including identification of specific sites in those locations.
- (f) **"Economic Life"** means the number of years a property improvement is expected to be in service in a reinvestment zone.
- (g) **"Employee"** means a person whose employment is both permanent and fulltime, who works for and is an employee of the Owner or an employee of a Contractor, who works a minimum of 1,750 hours per year exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Owner's (and Contractor's, if applicable) quarterly report filed with the Texas Workforce Commission("TWC"); but *excluding* any direct contract (seasonal, part-time, and full-time equivalent).
- (h) **"Expansion"** means the addition of buildings, structures, fixed machinery or equipment for purposes of increasing production capacity.
- (i) **"Facility"** means property improvements completed or in the process of construction which together comprise an integral whole.

- (j) "**Manufacturing Facility**" means buildings and structures, including fixed-in-place machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (k) "**New Facility**" means a property, previously undeveloped, which is placed into service by means other than or in conjunction with expansion or modernization.
- (l) "**Other Basic Industry Facility**" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which primarily serve a market in the creation of new permanent employment and bring in new wealth.
- (m) "**Regional Distribution Center Facility**" means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator where a majority of the goods or services are distributed to points at least 100 miles from any part of the County.
- (n) "**Regional Entertainment Facility**" means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of users reside at least 100 miles from any part of the County.
- (o) "**Regional Service Facility**" means buildings and structures, including fixed machinery and equipment, used or to be used to service goods where a majority of the goods being serviced originate at least 100 miles from any part of the County.
- (p) "**Research Facility**" means building and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (q) "**Research & Development Facility**" means buildings and structures, including fixed-in-place machinery and equipment, used or to be used entirely for research or experimentation to improve or develop current technology in biomedicine, electronics or pre-commercial emerging industries.

## SECTION 2 ABATEMENT AUTHORIZED

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Regional Distribution Center Facility, Regional Service Facility, Regional Entertainment Facility, Research and Development Facility or Other Basic Industry Facility.

- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible real property (including fixed-in-place machinery and equipment) listed in an agreement between the County and the property owner and lessee (if applicable), subject to such limitations as Commissioners Court and the Texas Property Tax Code may require.
- (c) **Eligible Property.** An abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility. The value of all property shall be the Certified Appraised Value for each year, as finally determined by the Harris County Appraisal District (“HCAD”).
- (d) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased (except as provided in “Leased Facilities,” below); property with an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas, or any property exempted by local, state or federal law. When such exempted property includes manufacturing machinery and equipment listed in the Investment Budget (as required in “Application”), then the value of such property may not be included toward the achievement of investment or valuation thresholds set out in the Agreement.
- (e) **Leased Facility.** If a leased facility is granted a tax abatement, then the Agreement shall be executed with both the lessor (owner) and the lessee.
- (f) **Value and Term of Abatement.** A tax abatement shall be granted in accordance with the terms of a tax abatement agreement, as follows:
1. Projects are eligible for abatement of new value, subject to an abatement cap: to be calculated as \$1,000,000 per job created/retained times the number of such jobs as required in a tax abatement agreement. Such cap shall not exceed the increased value requirement as set out in the Agreement, and will be adjusted annually. To determine the amount of the abatement each year, the Adjusted Cap shall be multiplied by up to 50 percent, up to a total of 10 years. Under no circumstance will any facility receive the benefit of a tax abatement for more than 10 years. The value of eligible property must remain greater than or equal to the contractually-defined minimum value requirement.
  2. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined minimum value requirement.
  3. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined employment creation and retention requirement.

4. The Agreement shall set out in detail the exact method to be used in computing the tax abatement in each year.

**(g) Basic Qualifications for Tax Abatement.** To be eligible for designation as a reinvestment zone and receive tax abatement the planned improvement:

1. must be shown to increase the appraised value of the property at least **\$1,000,000** upon completion of the contractually-defined construction period;
2. must be shown to directly create or prevent the loss of permanent full-time employment for at least **25** people within the reinvestment zone upon completion of the contractually-defined employment period;
3. must be **competitively-sited**; and
4. must be shown not to solely or primarily have the effect of transferring employment from one part of the County to another.

**(h) Taxability.** From execution to expiration of Agreement, taxes shall be payable as follows:

1. value of ineligible property in the reinvestment zone shall be fully taxable;
2. non-abatable real property in the reinvestment zone shall be fully taxable each year;
3. additional value of new eligible property shall be taxable in the manner described in "Value and Term of Abatement;"
4. if Base Year Value decreases during the term of a tax abatement or if an additional exemption is granted by the state or federal government, then the maximum amount of abatable value to be used in abatement calculation ("the Cap") will be reduced each year at the same rate; and
5. each year the exemption will be computed by HCAD in the following manner:
  - Current Property Value will be the current appraised value of all Eligible property and existing property within the reinvestment zone for the year in which the Abatement Agreement is executed.
  - Base Year Value will be subtracted from the Current Property Value, the result to be called "Current Amount Eligible for Abatement," provided the result is greater than or equal to the value of Eligible property. In no case may this amount exceed the lower of the Cap (see (h)4.) or the Adjusted Cap (see (f)1.).
  - Current Amount Eligible for Abatement is multiplied by up to 50% to determine the amount of exemption in each year, after adjustment is made to the Cap, if applicable.

(i) **Environmental and Worker Safety Qualification.** In determining whether to grant a tax abatement, consideration will be given to compliance with all state and federal laws designed to protect human health, welfare and the environment (“environmental laws”) that are applicable to all facilities in the State of Texas owned or operated by the owner of the facility or lessee, its parent, subsidiaries and, if a joint venture or partnership, every member of the joint venture or partnership (“applicants”). Consideration may also be given to compliance with environmental and worker safety laws by applicants at other facilities within the United States.

(j) **Leadership in Energy and Environmental Design (LEED®) Tax Abatement:** If the owner of new commercial construction has registered with the U.S. Green Building Council (“USGBC”) seeking LEED Certification, then the County Community Services Department (“CSD”) may recommend approval of a partial tax abatement for the incremental investment associated with obtaining such certification. The Agreement shall be effective up to 10 years, at a percentage based upon the level of certification actually obtained after completion of construction:

- LEED Certification Level and “Imputed LEED-Related Value Increment:”
  1. Certified (Basic) Level 1.0%
  2. Silver Level 2.5%
  3. Gold Level 5.0%
  4. Platinum Level 10%
- The minimum value increase requirement derived from the “Imputed LEED-Related Value Increment” to meet the eligibility test is **\$100,000**.
- This type of tax abatement may be sought by an applicant of the County’s standard economic development tax abatement, or as a stand-alone tax abatement. When an applicant seeks only a LEED Certification Tax Abatement, no job creation target or competitive siting will be required in order to qualify. The investment requirement will be at least **\$1 million** for a commercial structure with Platinum LEED Certification, and at least **\$10 million** for a commercial with the Basic Certification (assumes percentages from preceding table and minimum value increase of **\$100,000**).
- Applicant must be registered with USGBC seeking LEED Certification, prior to submitting its application to the County.
- The application for a LEED Certification Tax Abatement must be submitted to the County prior to commencing construction of the applicable new development. A non-refundable application fee of **\$1,000** specifically for “LEED Certification Tax Abatement,” made payable to Harris County, must be provided to the County with an application.

- The Agreement shall become effective in the year the application is approved by Commissioners Court and effective up to 10 years. However, the tax abatement benefit (i.e., partial exemption of value from ad valorem taxes) shall not commence until construction of the project is completed and LEED Certification is obtained by the applicant. The value of the tax abatement shall be calculated on the appraised value after LEED Certification is obtained.
- The value of the tax abatement may be increased by up to **\$1,000** in the final year of the Agreement, at the County’s discretion.

**(k) Additional Incentive for Locating New Project in HUD-Designated Low Income Target Area in the County.** Construction of a new eligible facility in a “HUD-Designated Low-Income Target Area” within the County, as determined on the application date, may enable CSD to recommend that Commissioners Court approve an additional tax abatement up to 10%.

- A qualifying project must nevertheless meet the three basic requirements to for an economic development tax abatement: (1) creation of at least \$1 million in new tax roll value, (2) creation of at least 25 new permanent full-time jobs, and (3) competitive siting.
- A specific “Target Area Project Site Incentive” provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.

**(l) Additional Incentive for Full-Time Permanent Job Creation for Residents of HUD-Designated Low Income Target Areas in the County.** Construction of a new eligible facility resulting in creation of jobs for residents of “HUD-Designated Low-Income Target Areas” within the County, as determined on application date, may enable CSD to recommend that Commissioners Court approve an additional tax abatement, per the following table:

1. 10 jobs (up to 24)	2.0% increase in tax abatement
2. 25 jobs (up to 49)	5.0% increase in tax abatement
3. 50 jobs (up to 99)	10% increase in tax abatement
4. 100 jobs (or more)	20% increase in tax abatement.

- A qualifying project must nevertheless meet the three basic requirements to for an economic development tax abatement: (1) creation of at least \$1 million in new tax roll value, (2) creation of at least 25 new permanent full-time jobs, and (3) competitive siting.
- Compliance shall be monitored annually based on W-2s and other pertinent employee-specific data to be required/requested from employer as needed. A specific “Target Area Employment Incentive” provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.

### SECTION 3 APPLICATION

- (a) **Timely application:** Any current or potential owner or lessee of taxable property in the County may request a tax abatement by filing a completed application with the CSD prior to any public expression of a siting decision or any commitment (legal or financial) to the proposed project.
- (b) **A complete application package** for consideration of a tax abatement shall consist of:
- a completed Harris County Application form;
  - a non-refundable check in the amount of \$1,000 payable to Harris County.
  - a completed narrative prepared in accordance with the template provided with the County Application and its instructions;
  - an “Investment Budget” detailing components and costs of the real property improvements and fixed-in-place improvements for which tax abatement is requested, including type, number, economic life, and eligibility for a tax exemption granted by the Texas Commission on Environmental Quality (“TCEQ”), if known;
  - a map and legal description of the property;
  - a time schedule for undertaking and completing the proposed improvements;
  - a ten-year environmental and worker safety compliance history for all facilities located within the State of Texas and owned in whole or in part by applicants, as defined in “Environmental and Worker Safety Qualification;”
  - a copy of the evaluation of competing locations;
  - information pertaining to the reasons that the requested tax abatement is necessary to ensure that the proposed project is built in the County (i.e., documentation supporting assertion that “but for” a tax abatement, the stated project could not be constructed in the County);
  - copies of the immediately preceding 4 quarterly reports filed with the TWC, documenting the current number of permanent full-time employees, and full-time Contractor employees, if any, at the time the application is submitted;
  - financial and other information, as the County deems appropriate for evaluating the financial capacity and other factors of the applicant;
  - certification prepared by County Tax Assessor-Collector stating that all tax accounts within the County are paid on a current basis;
  - *for a leased facility*, the applicant shall provide with the application the name and address of the lessor and a draft copy of the proposed lease, or option

contract. In the event a lease or option contract has already been executed with owner of site, the document must include a provision whereby abatement applicant may terminate such contract without penalty or loss of earnest money, in the event that the County does not grant a tax abatement.

- (c) Upon receipt of a completed application, CSD shall determine whether a project qualifies for a tax abatement under these guidelines and criteria. If CSD determines that it qualifies, then the department shall schedule a public hearing, request creation of a reinvestment zone, and request approval of a tax abatement agreement, in accordance with the Tax Code.
- (d) The County shall not establish a reinvestment zone or enter into a tax abatement agreement if it finds that an application was received after a project commenced construction or installation of improvements. Property eligible for abatement includes only new improvements commencing after approval of an agreement with the County.

#### **SECTION 4 PUBLIC HEARING & APPROVAL**

- (a) The Commissioners Court may not adopt a resolution designating a reinvestment zone for the purposes of considering approval of a tax abatement Agreement until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 13 days prior to the public hearing.
- (b) At the public hearing, interested persons shall be entitled to speak and present written materials for or against the approval of the proposed project or Agreement.
- (c) Any variance to these guidelines must be approved by a vote of at least three-fourths (3/4) of the Commissioners Court.
- (d) In order to enter into a tax abatement agreement, Commissioners Court must find that the terms of the proposed agreement conform to these Guidelines and Criteria and that:
  - 1. there will be no substantial adverse effect on the provision of the jurisdictions' service or tax base; and
  - 2. the planned use of the property will not constitute a hazard to public safety, health or morals.

#### **SECTION 5 AGREEMENT**

After approval the County shall formally pass a resolution and execute an Agreement with the owner of the facility (or lessee, where applicable) as required which shall include:

- (a) estimated value to be abated;
- (b) percent of value to be abated each year as provided in "Abatement Authorized";
- (c) the commencement date and the termination date of abatement;
- (d) the proposed use of the facility; nature of construction, time schedule, survey, property description and improvement list;
- (e) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in "Abatement Authorized," "Recapture," "Administration," and "Assignment," or other provisions that may be required for uniformity or by state law;
- (f) amount of investment, increase in appraised value and number of jobs involved, as provided in "Abatement Authorized;"
- (g) a requirement that the applicant annually submit to HCAD and CSD, a January employee count for the abated facility which corresponds to employee counts reported in the facility Employer's Quarterly Report to the TWC for the quarter most recently ended at calendar year-end, and a separate notarized letter certifying the number of jobs created or retained as a direct result of the abated improvements and the number of employees in other facilities located within Harris County and the compliance with the environmental and worker safety requirements in the Agreement for the preceding calendar year, for as of January 1. Submission shall be used to determine abatement eligibility and shall be subject to audit if requested by the governing body. Failure to submit will result in the ineligibility to receive an abatement; and
- (h) a requirement that the owner or lessee will (a) obtain and maintain all required permits and other authorizations from the United States Environmental Protection Agency and the TCEQ for the construction and operation of its facility and for the storage, transport and disposal of solid waste; and (b) seek a permit from the TCEQ for all grandfathered units on the site of the abated facility by filing with the TCEQ, within three years of receiving the abatement, a technically complete application for such a permit.

Such Agreement normally shall be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County.

## **SECTION 6 RECAPTURE**

- (a) If the facility is completed and begins producing product or service, but subsequently discontinues producing product or service for any reason for a period of 180 days while the Agreement is active, or one year in the event of natural disaster, then the Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that

calendar year shall be paid to the County within 60 days from the date of termination. The company or individual shall notify the County in writing at the address stated in the Agreement within 10 days from any discontinuation, stating the reason for the discontinuation and the projected length of the discontinuation. If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured and paid within 60 days of the termination.

- (b) If the company is in default according to the terms and conditions of its Agreement, the company or individual shall notify the County in writing at the address stated in the Agreement within 10 days from the default, and cure such default within 60 days from the date of the default (“Cure Period”). If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured, together with interest at 6% per annum calculated from the effective date of the Agreement and paid within 60 days of the termination. If the County does not receive full payment within said 60 days, a penalty may be added, equal to 15% of the total amount abated.
- (c) If the company allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for its protest and/or contest, the Agreement then may be terminated, and all taxes previously abated by the Agreement may be recaptured and paid within 60 days of the termination, and penalties and interest may be assessed as set out in herein.

## SECTION 7 ADMINISTRATION

- (a) HCAD annually shall determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving a tax abatement shall furnish the HCAD and CSD with such information as may be necessary for the abatement. After value has been established, the HCAD shall notify the affected taxing jurisdictions of the certified appraised value.
- (b) The Agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with the facility’s safety standards.
- (c) Upon completion of construction, CSD annually shall evaluate each facility receiving an abatement to ensure compliance with its Agreement and report violations to the County Attorney, the Commissioners Court, and affected taxing jurisdictions.

## **SECTION 8 ASSIGNMENT**

A tax abatement Agreement may be assigned to a new owner or lessee of a facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the Agreement. Any assignment shall be to an owner that continues the same improvements or repairs to the property (except to the extent such improvements or repairs have been completed), and continues the same use of the facility as stated in the original Agreement with the initial applicant. No assignment shall be approved if the assignor or the assignee is indebted to the County for past due ad valorem taxes or other obligations.

## **SECTION 9 NON-COMPETE AGREEMENTS**

A tax abatement shall not be granted for projects whose competitive siting consists **only** of counties that have agreed with the County to forego the use of tax incentives to compete for such projects.

## **SECTION 10 SUNSET PROVISION**

These Guidelines and Criteria are **effective April 1, 2012**, and will remain in force **until March 31, 2014**, at which time all tax abatement contracts created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

**Re-Adopted by Harris County  
Commissioners Court March 27, 2012**



Ordinance No. 159

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PASADENA, TEXAS, ORDAINING THE CITY'S PARTICIPATION IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT), PROVIDING INCENTIVES, DESIGNATING A LIAISON FOR COMMUNICATION WITH INTERESTED PARTIES, AND NOMINATING CELANESE CORPORATION TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) AS AN ENTERPRISE PROJECT (PROJECT).

WHEREAS, the City Council of the City of Pasadena, Texas desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the City and to provide employment to residents of such area; and

WHEREAS, the project or activity is not located in an area designated as an enterprise zone; and

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Act, Celanese Corporation has applied to the City for designation as an enterprise project; and

WHEREAS, the City finds that Celanese Corporation meets the criteria for incentives adopted by the City on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and

WHEREAS, a public hearing to consider this ordinance was held by the City Council on July 20, 2010 after publication in the local newspaper on July 9, 2010.

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

Section 1: The City nominates Celanese Corporation for enterprise project status.

Section 2: The following local incentives, at the election of the governing body, are may be made available to the nominated project or activity of the qualified business;

- a) If located within the City limits of the City of Pasadena, the City may abate taxes on the increase in value of real property improvements and eligible personal property that are located in a designated enterprise zone. The level of abatement shall be in accordance with the City of Pasadena tax abatement policy and the extent to which the business receiving the abatement:
  - 1) Creates jobs for qualified employees as defined by the Act;

- 2) Creates new additional value of eligible property improvements in an amount equal to or greater than the amount established by the City Council as a minimum.
- b) If located in the City's extraterritorial jurisdiction, the City may enter into an industrial district agreement which provides for in-lieu-of tax payments to the City and exemptions from: City ad valorem taxes; City sales tax; City utilities fees and other license or permit fees; rules and regulations governing plats and subdivisions of land; as well as exemptions from building, electrical, plumbing code or codes and tax abatement.
- c) If located within the City, the City may provide regulatory relief to businesses including:
  - 1) Exemptions from certain inspection fees; or
  - 2) Streamlined permitting.
- d) If located within the City, the City may provide business and industrial development services, including creation of special one-stop permitting and problem resolution process or ombudsman.
- e) If located within the City, the City may provide regulatory relief to businesses, including:
  - 1) Zoning changes or variances;
  - 2) Exemptions from unnecessary building code requirements, impact fees, or inspection fees; or
  - 3) Streamlined permitting
- f) If located within the City, the City may provide enhanced municipal services to businesses, including:
  - 1) Improved police and fire protection;
  - 2) Institution of community crime prevention programs; or
  - 3) Special public transportation routes or reduced fares.
- g) If located within the City, the City may provide improvements in community facilities, including:
  - 1) Capital improvements in water and sewer facilities;
  - 2) Road repair; or
  - 3) Creation or improvement of parks.
- h) If located within the City, the City may provide improvements to housing, including:
  - 1) Low-interest loans for housing rehabilitation, improvement, or new construction; or
  - 2) Transfer of abandoned housing to individuals or community groups.
- i) If located within the City, the City may provide business and industrial development services, including:
  - 1) Low-interest loans for business;

- 2) Use of surplus school buildings or other underutilized publicly owned facilities as small business incubators;
  - 3) Provision of publicly owned land for development purposes, including residential, commercial, or industrial development;
  - 4) Creation of special one-stop permitting and problem resolution centers or ombudsmen; or
  - 5) Promotion and marketing services.
- j) The City may provide job training and employment services to businesses, including:
- 1) Retraining programs;
  - 2) Literacy and employment skills programs;
  - 3) Vocational education; or
  - 4) Customized job training.

Section 3: The enterprise zone areas within the City are reinvestment zones in accordance with the Texas Tax Code, Chapter 312.

Section 4: The City of Pasadena City Council directs and designates its Economic Development Director as the City's liaison to communicate and negotiate with the Office of the Governor Economic Development Tourism (EDT) through the Texas Economic Development Bank and enterprise project (s) and to oversee zone activities and communications with qualified businesses and other entities in an enterprise zone or affected by an enterprise project.

Section 5: The City finds that Celanese Corporation meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

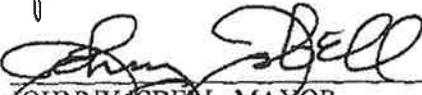
- a) Celanese Corporation is a "qualified business" under Section 2303 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction, located outside of an enterprise zone and at least thirty-five percent (35%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and
- b) There has been and will continue to be high level of cooperation between public, private, and neighborhood entities in the area; and
- c) The designation of Celanese Corporation as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

Section 6: The enterprise project shall take effect on the date of designation of the enterprise project by EDT and terminate on September 1, 2015.

Section 7: This ordinance shall take effect from and after its passage as the law and charter in such case provides.

PASSED ON FIRST READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 20<sup>th</sup> day of July, A.D., 2010.

APPROVED this the 20<sup>th</sup> day of July, A.D., 2010.

  
JOHNNY ISBELL, MAYOR  
OF THE CITY OF PASADENA, TEXAS

ATTEST:  
  
LINDA RORICK  
CITY SECRETARY  
CITY OF PASADENA, TEXAS

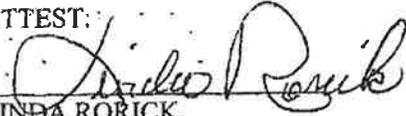
APPROVED AS TO FORM:

  
LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS

PASSED ON SECOND AND FINAL READING by the City Council of the City of Pasadena, Texas in regular meeting in the City Hall this the 27<sup>th</sup> day of July, A. D., 2010.

APPROVED this the 27<sup>th</sup> day of July, A.D., 2010.

  
JOHNNY ISBELL, MAYOR  
OF THE CITY OF PASADENA, TEXAS

ATTEST:  
  
LINDA RORICK  
CITY SECRETARY  
CITY OF PASADENA, TEXAS

APPROVED AS TO FORM:

  
LEE CLARK  
CITY ATTORNEY  
CITY OF PASADENA, TEXAS

**Schedule D: (Rev. May 2010): Other Tax Information**

Applicant Name					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
CELANESE LTD								La Porte ISD			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2013 - 2014	2013	\$ 4,000,000	\$ 12,000,000	\$ 480,000	N/A		N/A	N/A
	Complete tax years of qualifying time period	1	2014 - 2015	2014	\$ 24,000,000	\$ 60,000,000	\$ 480,000	N/A	50%	N/A	N/A
		2	2015 - 2016	2015	\$ 110,000,000	\$ 441,000,000	\$ 480,000	N/A	50%	N/A	N/A
	Tax Credit Period (with 50% cap on credit)	3	2016 - 2017	2016	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
		4	2017 - 2018	2017	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
		5	2018 - 2019	2018	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
		6	2019 - 2020	2019	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
		7	2020 - 2021	2020	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
		8	2021 - 2022	2021	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
		9	2022 - 2023	2022	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
		10	2023 - 2024	2023	\$ -	\$ -	\$ 480,000	N/A	50%	N/A	N/A
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024 - 2025	2024	\$ -	\$ -	\$ 480,000	N/A		N/A	N/A
		12	2025 - 2026	2025	\$ -	\$ -	\$ 480,000	N/A		N/A	N/A
		13	2026 - 2027	2026	\$ -	\$ -	\$ 480,000	N/A		N/A	N/A
Post- Settle-Up Period		14	2027- 2028	2027	\$ -	\$ -	\$ 480,000	N/A		N/A	N/A
Post- Settle-Up Period		15	2028 - 2029	2028	\$ -	\$ -	\$ 480,000	N/A		N/A	N/A

\*For planning, construction and operation of the facility.

  
 \_\_\_\_\_  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

May 29, 2013  
 \_\_\_\_\_  
 DATE

BEING ONE THOUSAND (1,000.00) ACRES CONSISTING OF TWO TRACTS, TRACT 1 BEING NINE HUNDRED SIXTY-THREE AND EIGHT HUNDRED FIFTY THOUSANDTHS (963.850) ACRES OUT OF THE GEORGE B. MCKINSTRY LEAGUE, A-47, AND TRACT 2 BEING THIRTY-SIX AND ONE HUNDRED FIFTY THOUSANDTHS (36.150) ACRES OUT OF THE DAVID HARRIS LEAGUE A-25, HARRIS COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

TRACT 1

BEGINNING at a Rod marked 2126 for the southernmost corner of the herein described tract in the George B. McKinstry League, A-47, said rod being N 19° 19' 33" W, 333.42 feet from a Rod marked 2045 at the west corner of a 100-acre tract described in deed from Humble Oil & Refining Company to Lockheed Aircraft Corporation, dated December 18, 1964, and recorded in Volume 5762, Page 57, Deed Records of Harris County, Texas;

THENCE N 82° 48' 25" W, 124.22 feet to Rod 2127, in the east line of a 100-foot wide pipeline easement;

THENCE N 7° 12' 35" E, with the east line of said pipeline easement, 1847.98 feet to Rod 2128;

THENCE N 10° 18' 35" E, with the east line of said pipeline easement, 1260.58 feet to Rod 2129;

THENCE N 29° 45' 31" E, 300.31 feet to Rod 2130;

THENCE N 10° 18' 35" E, 398.19 feet to Rod 2131;

THENCE N 47° 01' 00" E, 372.48 feet to Rod 2132;

THENCE N 10° 17' 31" E, 900.61 feet to Rod 2133;

THENCE N 38° 06' 12" E, 284.35 feet to Rod 2134;

THENCE N 65° 54' 53" E, 526.80 feet to Rod 2135;

THENCE N 35° 14' 27" E, 1500.00 feet to Rod 2136;

THENCE S 54° 45' 33" W, 60.00 feet to Rod 2137;

THENCE N 35° 14' 27" E, 100.00 feet to Rod 2138;

THENCE N 54° 45' 33" W, 60.00 feet to Rod 2139;

THENCE N 35° 14' 27" E, 962.61 feet to Rod 2140;

THENCE N 2° 24' 31" W, 1273.20 feet to Rod 2141, said rod being in the northwest line of a 20-foot pipeline right-of-way and easement described in a conveyance from Humble Oil & Refining Company to Tennessee Gas Transmission Company, dated July 27, 1955;

THENCE N 66° 04' 08" E, with the northwest line of said Easement 64.50 feet to Rod 2142

THENCE N 2° 24' 81" W, 76.34 feet to Rod 2143;

THENCE S 87° 35' 29" W, 60.00 feet to Rod 2144;

THENCE N 2° 24' 31" W, 879.54 feet to Rod 2145 at the northwest corner of the herein described Tract 1;

THENCE N 87° 31' 40" E, 3840.52 feet to Rod 2146 at the P.C. of a curve to the left;

THENCE S 2° 28' 20" E, 3084.65 feet to Rod 2147 at the P.C. of a curve to the left;

THENCE with said curve to the left having a radius of 3139.79 feet and a central angle of 25° 04' 20", a distance of 1373.95 feet to Rod 2148 at the P.T. of said curve;

THENCE S 27° 32' 40" E, 1346.35 feet to Rod 2149 at the east corner of the herein described Tract 1;

THENCE S 62° 27' 20" W, 3337.12 feet to Rod 2150;

THENCE N 27° 32' 40" W, 100.00 feet to Rod 2151;

THENCE S 62° 27' 20" W, 363.61 feet to Rod 2152;

THENCE S 76° 11' 25" E, 257.26 feet to Rod 2153;

THENCE S 62° 27' 20" W, 5522.21 feet to the place of beginning and containing 963.850 acres, more or less, in Tract 1.

#### TRACT 2

BEGINNING at a Rod marked 2154 at the north corner of the Herein described Tract 2 in the David Harris League, A-25, Said Rod being S 27° 32' 40" E, 150.00 feet from Rod 2149 at the east corner of Tract 1 previously described;

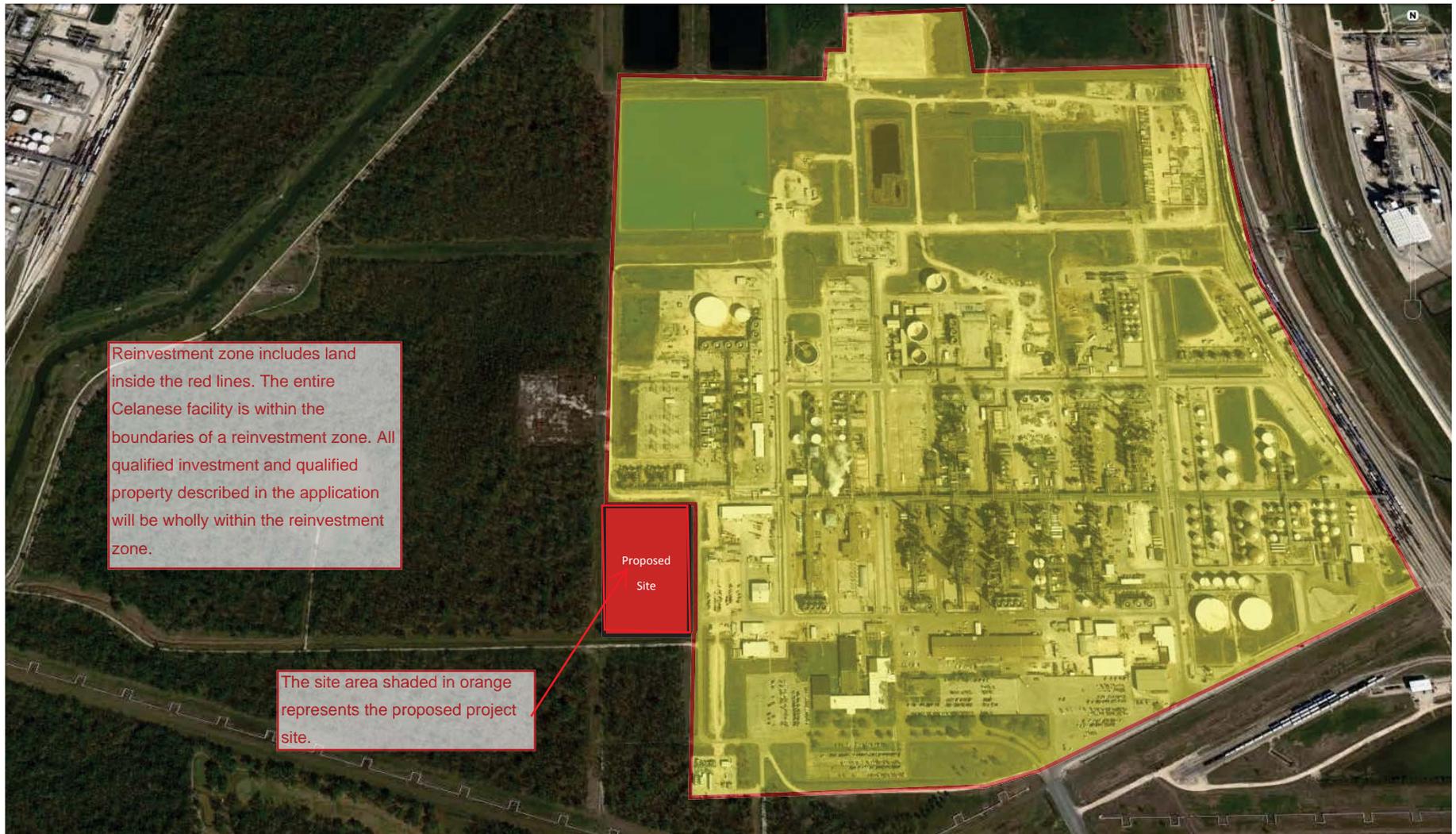
THENCE S 27° 32' 40" E, 1219.78 feet to Rod 2155 in the north Right-of-way line of proposed Choate Road;

THENCE S 87° 12' 25" W, with the said north line of proposed Choate Road, 2460.88 feet to Rod 2156;

THENCE N 27° 32' 40" W, 189.46 feet to Rod 2157;

THENCE N 62° 27' 20" E, 2234.81 feet to the place of beginning and containing 36.150 acres, more or less, in Tract 2

# Project Plot Plant



Reinvestment zone includes land inside the red lines. The entire Celanese facility is within the boundaries of a reinvestment zone. All qualified investment and qualified property described in the application will be wholly within the reinvestment zone.

Proposed Site

The site area shaded in orange represents the proposed project site.



## Franchise Tax Account Status

As of 09/25/2013 08:36:27 AM

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**This Page is Not Sufficient for Filings with the Secretary of State**

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<b>CELANESE LTD.</b>	
Texas Taxpayer Number	17526225267
Mailing Address	1601 LYNDON B JOHNSON FWY DALLAS, TX 75234-6034
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	11/30/1995
Texas SOS File Number	0008495110
Registered Agent Name	CT CORPORATION SYSTEM
Registered Office Street Address	350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



June 20, 2013

Lloyd W. Graham  
Superintendent  
La Porte Independent School District  
1002 San Jacinto Street  
La Porte, Texas 77571-6496

Dear Superintendent Graham:

On April 26, 2013, the Comptroller received the completed application (Application # 282) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in April 2013 to the La Porte Independent School District (the school district) by Celanese Ltd. (the applicant). This letter presents the results of the Comptroller's review of the application:

- 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 C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$661 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Harris County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of April 26, 2013 or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

**Economic Impact for Chapter 313 Project**

Applicant	Celanese Ltd
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	La Porte ISD
2011-12 Enrollment in School District	7,768
County	Harris
Total Investment in District	\$666,177,000
Qualified Investment	\$661,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	30
Number of qualifying jobs committed to by applicant	25
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,154
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,136
Minimum Annual Wage committed to by applicant for qualified jobs	\$60,000
Investment per Qualifying Job	\$26,647,080
Estimated 15 year M&O levy without any limit or credit:	\$80,076,454
Estimated gross 15 year M&O tax benefit	\$52,420,459
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$52,002,523
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$7,086,602
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$28,073,931
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	64.9%
Percentage of tax benefit due to the limitation	86.5%
Percentage of tax benefit due to the credit	13.5%

This presents the Comptroller's economic impact evaluation of Celanese Ltd. (the project) applying to La Porte Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
  - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
  - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

### **Wages, salaries and benefits [313.026(6-8)]**

After construction, the project will create 30 new jobs when fully operational. Twenty-five jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Harris County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Harris County is \$78,910. That same year, the county annual average wage for all industries was \$63,648. In addition to a salary of \$60,000, each qualifying position will receive medical coverage, basic life, basic AD&D, paid vacation, paid holidays, dental plan and 401(k) retirement savings plan. The project's total investment is \$666.17 million, resulting in a relative level of investment per qualifying job of \$26.6 million.

### **Ability of applicant to locate to another state and [313.026(9)]**

According to Celanese Ltd.'s application, "Celanese Ltd. is wholly owned by Celanese Corporation which is a global technology and specialty materials company that engineers and manufactures a wide variety of products essential to everyday living. As a recognized innovator in product and process technology in the chemicals industry, we help to create applications that meet the needs of our customers worldwide. Serving a diverse global customer base, Celanese has 27 major facilities located around the world.

Celanese has the ability to invest in new or existing facilities in many countries around the world as well as numerous existing facilities in the United States. Relocation of the project to another jurisdiction may be possible, although such relocation would result in extras costs and would not be operationally optimal."

### **Number of new facilities in region [313.026(12)]**

During the past two years, 32 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

### **Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]**

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Celanese Ltd. project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

### **Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]**

Table 1 depicts Celanese Ltd.'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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Celanese Ltd.**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	150	192	342	\$10,500,000	\$11,500,000	\$22,000,000
2014	330	472	802	\$22,800,000	\$31,200,000	\$54,000,000
2015	180	304	484	\$12,300,000	\$24,700,000	\$37,000,000
2016	30	154	184	\$1,800,000	\$15,200,000	\$17,000,000
2017	30	150	180	\$1,800,000	\$15,200,000	\$17,000,000
2018	30	148	178	\$1,800,000	\$15,200,000	\$17,000,000
2019	30	150	180	\$1,800,000	\$15,200,000	\$17,000,000
2020	30	154	184	\$1,800,000	\$16,200,000	\$18,000,000
2021	30	161	191	\$1,800,000	\$17,200,000	\$19,000,000
2022	30	165	195	\$1,800,000	\$18,200,000	\$20,000,000
2023	30	173	203	\$1,800,000	\$19,200,000	\$21,000,000
2024	30	140	170	\$1,800,000	\$17,200,000	\$19,000,000
2025	30	136	166	\$1,800,000	\$17,200,000	\$19,000,000
2026	30	132	162	\$1,800,000	\$18,200,000	\$20,000,000
2027	30	130	160	\$1,800,000	\$18,200,000	\$20,000,000
2028	30	130	160	\$1,800,000	\$19,200,000	\$21,000,000

Source: CPA, REMI, Celanese Ltd.

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. La Porte ISD's ad valorem tax base in 2011-2012 was \$6.1 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, La Porte ISD's estimated wealth per WADA was \$667,833. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Harris County, and city of Pasadena with all property tax incentives sought being granted using estimated market value from Celanese Ltd.'s application. Celanese Ltd. has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the city. Table 3 illustrates the estimated tax impact of the Celanese Ltd. project on the region if all taxes are assessed.



Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$80,076,454. The estimated gross 15 year M&O tax benefit, or levy loss, is \$52,420,458.

Attachment 3 is an economic overview of Harris County.

**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.

June 17, 2013

Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Celanese Ltd. project on the number and size of school facilities in La Porte Independent School District (LPISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the LPISD superintendent, Mr. Lloyd Graham, the TEA has found that the Celanese Ltd. project would not have a significant impact on the number or size of school facilities in LPISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk

June 17, 2013

Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Celanese Ltd. project for the La Porte Independent School District (LPISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the Celanese Ltd. project on LPISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk

# Harris County

## Population

- Total county population in 2010 for Harris County: 4,147,218 , up 1.8 percent from 2009. State population increased 1.8 percent in the same time period.
- Harris County was the state's 1th largest county in population in 2010 and the 46 th fastest growing county from 2009 to 2010.
- Harris County's population in 2009 was 35.3 percent Anglo (below the state average of 46.7 percent), 17.9 percent African-American (above the state average of 11.3 percent) and 39.8 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Harris County:

Houston:	2,257,926	Pasadena:	145,789
Baytown:	70,872	La Porte:	34,191
Deer Park:	30,938	Bellaire:	18,176
South Houston:	16,346	West University Place:	15,613
Humble:	14,865	Katy:	13,891

## Economy and Income

### *Employment*

- September 2011 total employment in Harris County: 1.9 million, up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.  
*(October 2011 employment data will be available November 18, 2011).*
- September 2011 Harris County unemployment rate: 8.6 percent, up from 8.3 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Houston:	8.5 percent, up from 8.1 percent in September 2010.
Pasadena:	10.0 percent, unchanged from 10.0 percent in September 2010.
Baytown:	11.6 percent, up from 11.3 percent in September 2010.
La Porte:	8.9 percent, down from 9.4 percent in September 2010.
Deer Park:	8.4 percent, unchanged from 8.4 percent in September 2010.

**(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).**

### *Income*

- Harris County's ranking in per capita personal income in 2009: 7th with an average per capita income of \$48,337, down 6.1 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

### *Industry*

- Agricultural cash values in Harris County averaged \$419.01 million annually from 2007 to 2010. County total agricultural values in 2010 were unchanged 0.0 percent from 2009. Major agriculture related commodities in Harris County during 2010 included:
  - Timber
  - Horses
  - Hay
  - Other Beef
  - Nursery
- 2011 oil and gas production in Harris County: 756,538.0 barrels of oil and 13.6 million Mcf of gas. In September 2011, there were 328 producing oil wells and 146 producing gas wells.

## Taxes

### *Sales Tax - Taxable Sales*

**(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).  
Quarterly (September 2010 through December 2010)**

- Taxable sales in Harris County during the fourth quarter 2010: \$16.08 billion, up 11.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Houston:	\$12.97 billion, up 12.2 percent from the same quarter in 2009.
Pasadena:	\$352.50 million, up 3.3 percent from the same quarter in 2009.
Baytown:	\$193.94 million, up 3.5 percent from the same quarter in 2009.
La Porte:	\$71.70 million, up 25.1 percent from the same quarter in 2009.
Deer Park:	\$93.27 million, up 13.2 percent from the same quarter in 2009.
Bellaire:	\$38.04 million, down 9.7 percent from the same quarter in 2009.
South Houston:	\$27.61 million, up 0.7 percent from the same quarter in 2009.
West University Place:	\$14.26 million, up 5.1 percent from the same quarter in 2009.
Humble:	\$272.85 million, up 3.3 percent from the same quarter in 2009.
Katy:	\$161.63 million, up 6.3 percent from the same quarter in 2009.

<b>Seabrook:</b>	\$26.48 million, up 3.7 percent from the same quarter in 2009.
<b>Webster:</b>	\$152.51 million, up 1.5 percent from the same quarter in 2009.
<b>Tomball:</b>	\$97.38 million, up 4.3 percent from the same quarter in 2009.
<b>Galena Park:</b>	\$9.24 million, up 8.2 percent from the same quarter in 2009.
<b>Jacinto City:</b>	\$11.37 million, down 1.1 percent from the same quarter in 2009.
<b>Jersey Village:</b>	\$37.18 million, up 4.2 percent from the same quarter in 2009.
<b>Hunters Creek Village:</b>	\$3.51 million, up 1.7 percent from the same quarter in 2009.
<b>Nassau Bay:</b>	\$8.79 million, up 43.1 percent from the same quarter in 2009.
<b>Spring Valley Village:</b>	\$20.66 million, up 26.7 percent from the same quarter in 2009.
<b>Bunker Hill Village:</b>	\$533,920.00, up 24.9 percent from the same quarter in 2009.
<b>Taylor Lake Village:</b>	\$490,161.00, down 18.9 percent from the same quarter in 2009.
<b>Piney Point Village:</b>	\$2.05 million, up 255.5 percent from the same quarter in 2009.
<b>El Lago:</b>	\$1.81 million, up 12.8 percent from the same quarter in 2009.
<b>Hedwig Village:</b>	\$46.87 million, up 6.5 percent from the same quarter in 2009.
<b>Southside Place:</b>	\$7.99 million, down 2.1 percent from the same quarter in 2009.
<b>Shoreacres:</b>	\$500,657.00, up 2.5 percent from the same quarter in 2009.
<b>Hilshire Village:</b>	\$139,643.00, down 3.3 percent from the same quarter in 2009.
<b>Morgan's Point:</b>	\$2.86 million, up 2.4 percent from the same quarter in 2009.

***Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)***

- Taxable sales in Harris County through the fourth quarter of 2010: \$58.57 billion, up 0.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

<b>Houston:</b>	\$46.99 billion, up 0.6 percent from the same period in 2009.
<b>Pasadena:</b>	\$1.33 billion, down 4.8 percent from the same period in 2009.
<b>Baytown:</b>	\$709.79 million, down 3.8 percent from the same period in 2009.
<b>La Porte:</b>	\$254.55 million, up 7.9 percent from the same period in 2009.
<b>Deer Park:</b>	\$337.69 million, up 1.4 percent from the same period in 2009.
<b>Bellaire:</b>	\$164.62 million, down 1.4 percent from the same period in 2009.
<b>South Houston:</b>	\$111.12 million, down 4.3 percent from the same period in 2009.
<b>West University Place:</b>	\$51.05 million, down 2.2 percent from the same period in 2009.
<b>Humble:</b>	\$936.31 million, up 0.4 percent from the same period in 2009.
<b>Katy:</b>	\$528.44 million, up 6.1 percent from the same period in 2009.
<b>Seabrook:</b>	\$106.27 million, down 2.5 percent from the same period in 2009.
<b>Webster:</b>	\$544.62 million, down 4.9 percent from the same period in 2009.
<b>Tomball:</b>	\$364.93 million, up 1.7 percent from the same period in 2009.
<b>Galena Park:</b>	\$35.96 million, down 8.8 percent from the same period in 2009.
<b>Jacinto City:</b>	\$47.71 million, down 2.7 percent from the same period in 2009.
<b>Jersey Village:</b>	\$143.42 million, down 1.6 percent from the same period in 2009.
<b>Hunters Creek Village:</b>	\$12.44 million, down 7.4 percent from the same period in 2009.
<b>Nassau Bay:</b>	\$28.91 million, down 5.0 percent from the same period in 2009.
<b>Spring Valley Village:</b>	\$71.86 million, up 5.3 percent from the same period in 2009.
<b>Bunker Hill Village:</b>	\$2.18 million, down 15.3 percent from the same period in 2009.
<b>Taylor Lake Village:</b>	\$1.60 million, up 1.4 percent from the same period in 2009.
<b>Piney Point Village:</b>	\$5.91 million, up 129.5 percent from the same period in 2009.
<b>El Lago:</b>	\$7.15 million, up 6.2 percent from the same period in 2009.
<b>Hedwig Village:</b>	\$157.84 million, up 8.4 percent from the same period in 2009.
<b>Southside Place:</b>	\$26.60 million, down 0.3 percent from the same period in 2009.
<b>Shoreacres:</b>	\$1.98 million, up 9.3 percent from the same period in 2009.
<b>Hilshire Village:</b>	\$551,837.00, down 51.7 percent from the same period in 2009.
<b>Morgan's Point:</b>	\$12.83 million, down 3.4 percent from the same period in 2009.

***Annual (2010)***

- Taxable sales in Harris County during 2010: \$58.57 billion, up 0.6 percent from 2009.
- Harris County sent an estimated \$3.66 billion (or 21.40 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

<b>Houston:</b>	\$46.99 billion, up 0.6 percent from 2009.
<b>Pasadena:</b>	\$1.33 billion, down 4.8 percent from 2009.
<b>Baytown:</b>	\$709.79 million, down 3.8 percent from 2009.
<b>La Porte:</b>	\$254.55 million, up 7.9 percent from 2009.
<b>Deer Park:</b>	\$337.69 million, up 1.4 percent from 2009.
<b>Bellaire:</b>	\$164.62 million, down 1.4 percent from 2009.
<b>South Houston:</b>	\$111.12 million, down 4.3 percent from 2009.
<b>West University Place:</b>	\$51.05 million, down 2.2 percent from 2009.
<b>Humble:</b>	\$936.31 million, up 0.4 percent from 2009.
<b>Katy:</b>	\$528.44 million, up 6.1 percent from 2009.
<b>Seabrook:</b>	\$106.27 million, down 2.5 percent from 2009.
<b>Webster:</b>	\$544.62 million, down 4.9 percent from 2009.
<b>Tomball:</b>	\$364.93 million, up 1.7 percent from 2009.
<b>Galena Park:</b>	\$35.96 million, down 8.8 percent from 2009.
<b>Jacinto City:</b>	\$47.71 million, down 2.7 percent from 2009.
<b>Jersey Village:</b>	\$143.42 million, down 1.6 percent from 2009.
<b>Hunters Creek Village:</b>	\$12.44 million, down 7.4 percent from 2009.
<b>Nassau Bay:</b>	\$28.91 million, down 5.0 percent from 2009.
<b>Spring Valley Village:</b>	\$71.86 million, up 5.3 percent from 2009.
<b>Bunker Hill Village:</b>	\$2.18 million, down 15.3 percent from 2009.
<b>Taylor Lake Village:</b>	\$1.60 million, up 1.4 percent from 2009.
<b>Piney Point Village:</b>	\$5.91 million, up 129.5 percent from 2009.
<b>El Lago:</b>	\$7.15 million, up 6.2 percent from 2009.
<b>Hedwig Village:</b>	\$157.84 million, up 8.4 percent from 2009.
<b>Southside Place:</b>	\$26.60 million, down 0.3 percent from 2009.
<b>Shoreacres:</b>	\$1.98 million, up 9.3 percent from 2009.
<b>Hilshire Village:</b>	\$551,837.00, down 51.7 percent from 2009.
<b>Morgan's Point:</b>	\$12.83 million, down 3.4 percent from 2009.

### ***Sales Tax – Local Sales Tax Allocations***

*(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)*

#### ***Monthly***

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Harris County based on the sales activity month of August 2011: \$50.26 million, up 11.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

<b>Houston:</b>	\$41.60 million, up 12.2 percent from August 2010.
<b>Pasadena:</b>	\$1.88 million, up 0.6 percent from August 2010.
<b>Baytown:</b>	\$1.12 million, up 27.9 percent from August 2010.
<b>La Porte:</b>	\$496,096.00, down 1.1 percent from August 2010.
<b>Deer Park:</b>	\$337,908.46, down 12.2 percent from August 2010.
<b>Bellaire:</b>	\$151,464.38, up 1.9 percent from August 2010.
<b>South Houston:</b>	\$217,348.75, up 17.8 percent from August 2010.
<b>West University Place:</b>	\$83,229.63, down 9.1 percent from August 2010.
<b>Humble:</b>	\$884,514.03, up 5.0 percent from August 2010.
<b>Katy:</b>	\$712,343.61, up 9.7 percent from August 2010.
<b>Seabrook:</b>	\$156,900.34, unchanged 0.0 percent from August 2010.
<b>Webster:</b>	\$1.13 million, up 25.1 percent from August 2010.
<b>Tomball:</b>	\$782,963.98, up 9.6 percent from August 2010.
<b>Galena Park:</b>	\$81,533.61, up 31.3 percent from August 2010.
<b>Jacinto City:</b>	\$43,105.63, up 6.7 percent from August 2010.
<b>Jersey Village:</b>	\$209,463.65, up 4.2 percent from August 2010.
<b>Hunters Creek Village:</b>	\$23,962.64, up 2.7 percent from August 2010.
<b>Nassau Bay*:</b>	\$68,510.08, up 22.1 percent from August 2010.
<b>Spring Valley Village:</b>	\$81,322.11, up 21.1 percent from August 2010.
<b>Bunker Hill Village:</b>	\$3,742.40, down 6.9 percent from August 2010.

<b>Taylor Lake Village:</b>	\$3,504.55, down 8.0 percent from August 2010.
<b>Pinney Point Village:</b>	\$20,019.31, up 91.3 percent from August 2010.
<b>El Lago:</b>	\$10,406.16, up 2.7 percent from August 2010.
<b>Hedwig Village:</b>	\$110,761.01, up 4.8 percent from August 2010.
<b>Southside Place:</b>	\$24,973.30, up 0.1 percent from August 2010.
<b>Shoreacres*:</b>	\$5,381.38, up 16.4 percent from August 2010.
<b>Hilshire Village:</b>	\$3,000.30, up 13.7 percent from August 2010.
<b>Morgan's Point:</b>	\$22,653.71, down 3.0 percent from August 2010.

**Fiscal Year**

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Harris County based on sales activity months from September 2010 through August 2011: \$604.18 million, up 5.8 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

<b>Houston:</b>	\$499.83 million, up 6.1 percent from fiscal 2010.
<b>Pasadena:</b>	\$23.73 million, up 4.0 percent from fiscal 2010.
<b>Baytown:</b>	\$12.14 million, up 2.9 percent from fiscal 2010.
<b>La Porte:</b>	\$5.62 million, up 4.4 percent from fiscal 2010.
<b>Deer Park:</b>	\$4.21 million, up 1.0 percent from fiscal 2010.
<b>Bellaire:</b>	\$2.04 million, down 9.6 percent from fiscal 2010.
<b>South Houston:</b>	\$2.32 million, up 3.6 percent from fiscal 2010.
<b>West University Place:</b>	\$971,835.68, down 7.3 percent from fiscal 2010.
<b>Humble:</b>	\$11.13 million, up 5.1 percent from fiscal 2010.
<b>Katy:</b>	\$8.88 million, up 12.3 percent from fiscal 2010.
<b>Seabrook:</b>	\$2.12 million, up 1.2 percent from fiscal 2010.
<b>Webster:</b>	\$13.59 million, up 4.8 percent from fiscal 2010.
<b>Tomball:</b>	\$9.16 million, up 5.0 percent from fiscal 2010.
<b>Galena Park:</b>	\$835,705.85, up 15.4 percent from fiscal 2010.
<b>Jacinto City:</b>	\$586,319.01, up 2.4 percent from fiscal 2010.
<b>Jersey Village:</b>	\$2.50 million, up 5.9 percent from fiscal 2010.
<b>Hunters Creek Village:</b>	\$280,913.52, up 1.4 percent from fiscal 2010.
<b>Nassau Bay*:</b>	\$697,089.68, up 0.9 percent from fiscal 2010.
<b>Spring Valley Village:</b>	\$909,058.37, up 15.4 percent from fiscal 2010.
<b>Bunker Hill Village:</b>	\$70,751.11, up 2.6 percent from fiscal 2010.
<b>Taylor Lake Village:</b>	\$54,619.56, up 9.9 percent from fiscal 2010.
<b>Pinney Point Village:</b>	\$117,523.19, up 2.1 percent from fiscal 2010.
<b>El Lago:</b>	\$127,088.67, down 4.6 percent from fiscal 2010.
<b>Hedwig Village:</b>	\$1.55 million, up 8.0 percent from fiscal 2010.
<b>Southside Place:</b>	\$295,068.35, up 0.1 percent from fiscal 2010.
<b>Shoreacres*:</b>	\$65,389.62, up 7.7 percent from fiscal 2010.
<b>Hilshire Village:</b>	\$33,321.98, up 0.3 percent from fiscal 2010.
<b>Morgan's Point:</b>	\$318,555.46, up 20.7 percent from fiscal 2010.

**January 2011 through August 2011 (Sales Activity Year-To-Date)**

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Harris County based on sales activity months through August 2011: \$397.02 million, up 6.5 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

<b>Houston:</b>	\$329.28 million, up 7.1 percent from the same period in 2010.
<b>Pasadena:</b>	\$15.53 million, up 3.3 percent from the same period in 2010.
<b>Baytown:</b>	\$8.03 million, up 3.4 percent from the same period in 2010.
<b>La Porte:</b>	\$3.63 million, up 0.9 percent from the same period in 2010.
<b>Deer Park:</b>	\$2.71 million, up 1.6 percent from the same period in 2010.
<b>Bellaire:</b>	\$1.30 million, down 13.9 percent from the same period in 2010.
<b>South Houston:</b>	\$1.53 million, up 3.0 percent from the same period in 2010.
<b>West University Place:</b>	\$637,456.21, down 10.9 percent from the same period in 2010.

<b>Humble:</b>	\$7.12 million, up 5.0 percent from the same period in 2010.
<b>Katy:</b>	\$5.55 million, up 6.6 percent from the same period in 2010.
<b>Seabrook:</b>	\$1.38 million, down 0.1 percent from the same period in 2010.
<b>Webster:</b>	\$8.77 million, up 6.6 percent from the same period in 2010.
<b>Tomball:</b>	\$5.98 million, up 4.1 percent from the same period in 2010.
<b>Galena Park:</b>	\$575,774.79, up 17.3 percent from the same period in 2010.
<b>Jacinto City:</b>	\$388,281.03, up 1.2 percent from the same period in 2010.
<b>Jersey Village:</b>	\$1.70 million, up 6.4 percent from the same period in 2010.
<b>Hunters Creek Village:</b>	\$190,726.12, up 4.9 percent from the same period in 2010.
<b>Nassau Bay*:</b>	\$455,909.40, up 3.9 percent from the same period in 2010.
<b>Spring Valley Village:</b>	\$640,187.56, up 18.7 percent from the same period in 2010.
<b>Bunker Hill Village:</b>	\$47,170.87, down 2.8 percent from the same period in 2010.
<b>Taylor Lake Village:</b>	\$35,502.33, up 9.6 percent from the same period in 2010.
<b>Piney Point Village:</b>	\$72,779.00, down 9.4 percent from the same period in 2010.
<b>El Lago:</b>	\$79,540.23, down 9.2 percent from the same period in 2010.
<b>Hedwig Village:</b>	\$976,432.35, up 7.9 percent from the same period in 2010.
<b>Southside Place:</b>	\$182,173.91, up 1.1 percent from the same period in 2010.
<b>Shoreacres*:</b>	\$44,169.76, up 7.7 percent from the same period in 2010.
<b>Hilshire Village:</b>	\$19,496.08, up 3.1 percent from the same period in 2010.
<b>Morgan's Point:</b>	\$185,767.94, down 7.8 percent from the same period in 2010.

*12 months ending in August 2011*

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Harris County based on sales activity in the 12 months ending in August 2011: \$604.18 million, up 5.8 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

<b>Houston:</b>	\$499.83 million, up 6.1 percent from the previous 12-month period.
<b>Pasadena:</b>	\$23.73 million, up 4.0 percent from the previous 12-month period.
<b>Baytown:</b>	\$12.14 million, up 2.9 percent from the previous 12-month period.
<b>La Porte:</b>	\$5.62 million, up 4.4 percent from the previous 12-month period.
<b>Deer Park:</b>	\$4.21 million, up 1.0 percent from the previous 12-month period.
<b>Bellaire:</b>	\$2.04 million, down 9.6 percent from the previous 12-month period.
<b>South Houston:</b>	\$2.32 million, up 3.6 percent from the previous 12-month period.
<b>West University Place:</b>	\$971,835.68, down 7.3 percent from the previous 12-month period.
<b>Humble:</b>	\$11.13 million, up 5.1 percent from the previous 12-month period.
<b>Katy:</b>	\$8.88 million, up 12.3 percent from the previous 12-month period.
<b>Seabrook:</b>	\$2.12 million, up 1.2 percent from the previous 12-month period.
<b>Webster:</b>	\$13.59 million, up 4.8 percent from the previous 12-month period.
<b>Tomball:</b>	\$9.16 million, up 5.0 percent from the previous 12-month period.
<b>Galena Park:</b>	\$835,705.85, up 15.4 percent from the previous 12-month period.
<b>Jacinto City:</b>	\$586,319.01, up 2.4 percent from the previous 12-month period.
<b>Jersey Village:</b>	\$2.50 million, up 5.9 percent from the previous 12-month period.
<b>Hunters Creek Village:</b>	\$280,913.52, up 1.4 percent from the previous 12-month period.
<b>Nassau Bay*:</b>	\$697,089.68, up 0.9 percent from the previous 12-month period.
<b>Spring Valley Village:</b>	\$909,058.37, up 15.4 percent from the previous 12-month period.
<b>Bunker Hill Village:</b>	\$70,751.11, up 2.6 percent from the previous 12-month period.
<b>Taylor Lake Village:</b>	\$54,619.56, up 9.9 percent from the previous 12-month period.
<b>Piney Point Village:</b>	\$117,523.19, up 2.1 percent from the previous 12-month period.
<b>El Lago:</b>	\$127,088.67, down 4.6 percent from the previous 12-month period.
<b>Hedwig Village:</b>	\$1.55 million, up 8.0 percent from the previous 12-month period.
<b>Southside Place:</b>	\$295,068.35, up 0.1 percent from the previous 12-month period.
<b>Shoreacres*:</b>	\$65,389.62, up 7.7 percent from the previous 12-month period.
<b>Hilshire Village:</b>	\$33,321.98, up 0.3 percent from the previous 12-month period.
<b>Morgan's Point:</b>	\$318,555.46, up 20.7 percent from the previous 12-month period.

■ *City Calendar Year-To-Date (RJ 2011)*

■ Payment to the cities from January 2011 through October 2011:

<b>Houston:</b>	\$419.51 million, up 6.8 percent from the same period in 2010.
<b>Pasadena:</b>	\$19.86 million, up 3.6 percent from the same period in 2010.
<b>Baytown:</b>	\$10.23 million, up 2.9 percent from the same period in 2010.
<b>La Porte:</b>	\$4.63 million, up 2.5 percent from the same period in 2010.
<b>Deer Park:</b>	\$3.47 million, up 3.9 percent from the same period in 2010.
<b>Bellaire:</b>	\$1.69 million, down 10.0 percent from the same period in 2010.
<b>South Houston:</b>	\$1.92 million, up 3.2 percent from the same period in 2010.
<b>West University Place:</b>	\$798,014.35, down 10.3 percent from the same period in 2010.
<b>Humble:</b>	\$9.41 million, up 4.2 percent from the same period in 2010.
<b>Katy:</b>	\$7.51 million, up 12.2 percent from the same period in 2010.
<b>Seabrook:</b>	\$1.74 million, up 0.5 percent from the same period in 2010.
<b>Webster:</b>	\$11.53 million, up 8.2 percent from the same period in 2010.
<b>Tomball:</b>	\$7.71 million, up 5.3 percent from the same period in 2010.
<b>Galena Park:</b>	\$704,147.86, up 16.0 percent from the same period in 2010.
<b>Jacinto City:</b>	\$482,029.54, up 0.5 percent from the same period in 2010.
<b>Jersey Village:</b>	\$2.12 million, up 6.5 percent from the same period in 2010.
<b>Hunters Creek Village:</b>	\$234,813.77, up 2.1 percent from the same period in 2010.
<b>Nassau Bay*:</b>	\$599,365.98, up 9.7 percent from the same period in 2010.
<b>Spring Valley Village:</b>	\$781,620.50, up 17.6 percent from the same period in 2010.
<b>Bunker Hill Village:</b>	\$59,987.49, down 0.3 percent from the same period in 2010.
<b>Taylor Lake Village:</b>	\$45,492.06, up 6.6 percent from the same period in 2010.
<b>Piney Point Village:</b>	\$103,038.24, up 5.6 percent from the same period in 2010.
<b>El Lago:</b>	\$104,396.51, down 3.5 percent from the same period in 2010.
<b>Hedwig Village:</b>	\$1.30 million, up 8.0 percent from the same period in 2010.
<b>Southside Place:</b>	\$250,112.33, up 2.1 percent from the same period in 2010.
<b>Shoreacres*:</b>	\$54,222.77, up 6.2 percent from the same period in 2010.
<b>Hillshire Village:</b>	\$26,900.10, up 9.3 percent from the same period in 2010.
<b>Morgan's Point:</b>	\$250,864.49, up 10.1 percent from the same period in 2010.

*Annual (2010)*

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Harris County based on sales activity months in 2010: \$579.94 million, up 0.7 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

<b>Houston:</b>	\$478.01 million, up 0.8 percent from 2009.
<b>Pasadena:</b>	\$23.23 million, down 3.5 percent from 2009.
<b>Baytown:</b>	\$11.87 million, down 2.7 percent from 2009.
<b>La Porte:</b>	\$5.59 million, up 11.1 percent from 2009.
<b>Deer Park:</b>	\$4.16 million, down 1.9 percent from 2009.
<b>Bellaire:</b>	\$2.25 million, up 3.1 percent from 2009.
<b>South Houston:</b>	\$2.28 million, down 3.4 percent from 2009.
<b>West University Place:</b>	\$1.05 million, up 10.9 percent from 2009.
<b>Humble:</b>	\$10.78 million, down 1.2 percent from 2009.
<b>Katy:</b>	\$8.54 million, up 14.1 percent from 2009.
<b>Seabrook:</b>	\$2.12 million, down 2.9 percent from 2009.
<b>Webster:</b>	\$13.05 million, down 3.2 percent from 2009.
<b>Tomball:</b>	\$8.93 million, up 0.4 percent from 2009.
<b>Galena Park:</b>	\$750,580.78, up 6.6 percent from 2009.
<b>Jacinto City:</b>	\$581,584.28, up 3.1 percent from 2009.
<b>Jersey Village:</b>	\$2.40 million, up 1.2 percent from 2009.
<b>Hunters Creek Village:</b>	\$271,978.08, down 5.2 percent from 2009.
<b>Nassau Bay*:</b>	\$679,854.28, down 6.5 percent from 2009.
<b>Spring Valley Village:</b>	\$807,981.43, up 2.0 percent from 2009.
<b>Bunker Hill Village:</b>	\$72,086.00, up 17.7 percent from 2009.
<b>Taylor Lake Village:</b>	\$51,516.47, up 16.2 percent from 2009.

<b>Piney Point Village:</b>	\$125,031.28, up 26.0 percent from 2009.
<b>El Lago:</b>	\$135,168.06, up 4.4 percent from 2009.
<b>Hedwig Village:</b>	\$1.48 million, up 8.0 percent from 2009.
<b>Southside Place:</b>	\$293,163.92, down 0.3 percent from 2009.
<b>Shoreacres*:</b>	\$62,215.94, up 23.4 percent from 2009.
<b>Hillshire Village:</b>	\$32,733.90, down 16.1 percent from 2009.
<b>Morgan's Point:</b>	\$334,244.58, up 71.7 percent from 2009.

\*On 1/1/2009, the city of Nassau Bay's local sales tax rate increased by 0.00 from 1.750 percent to 1.750 percent.

\*On 10/1/2009, the city of Shoreacres's local sales tax rate increased by 0.00 from 1.250 percent to 1.250 percent.

### ***Property Tax***

- As of January 2009, property values in Harris County: \$337.95 billion, up 1.3 percent from January 2008 values. The property tax base per person in Harris County is \$83,014, below the statewide average of \$85,809. About 0.1 percent of the property tax base is derived from oil, gas and minerals.

### **State Expenditures**

- Harris County's ranking in state expenditures by county in fiscal year 2010: 1st. State expenditures in the county for FY2010: \$14.82 billion, up 0.2 percent from FY2009.
- In Harris County, 50 state agencies provide a total of 46,388 jobs and \$690.59 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - University of Texas (MD Anderson)
  - University of Houston
  - University of Texas Health Science Center
  - Department of Family and Protective Services

### **Higher Education**

- Community colleges in Harris County fall 2010 enrollment:
  - Tomball College, a Public Community College (part of Lone Star College System), had 10,791 students.
  - South Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 10,497 students.
  - North Harris College, a Public Community College (part of Lone Star College System), had 15,213 students.
  - North Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 6,573 students.
  - Lee College, a Public Community College, had 6,719 students.
  - Kingwood College, a Public Community College (part of Lone Star College System), had 9,807 students.
  - Houston Community College, a Public Community College, had 49,717 students.
  - Cy-Fair College, a Public Community College (part of Lone Star College System), had 16,861 students.
  - Central Campus (San Jacinto Community College), a Public Community College (part of San Jacinto Community College), had 15,035 students.
- Harris County is in the service area of the following:
  - Houston Community College with a fall 2010 enrollment of 49,717 . Counties in the service area include:
    - Fort Bend County
    - Harris County
    - Waller County
  - Lee College with a fall 2010 enrollment of 6,719 . Counties in the service area include:
    - Chambers County
    - Hardin County
    - Harris County
    - Liberty County
  - Lone Star College System with a fall 2010 enrollment of 63,826 . Counties in the service area include:
    - Harris County
    - Liberty County
    - Montgomery County
    - San Jacinto County
    - Walker County
  - San Jacinto Community College with a fall 2010 enrollment of 32,105 . Counties in the service area include:
    - Chambers County
    - Harris County

■ Institutions of higher education in Harris County fall 2010 enrollment:

- University of St. Thomas, an Independent University, had 3,437 students.
- University of Houston-Downtown, a Public University (part of University of Houston System), had 12,900 students.
- University of Houston-Clear Lake, a Public University (part of University of Houston System), had 8,099 students.
- University of Houston, a Public University (part of University of Houston System), had 38,752 students.
- The University of Texas M.D. Anderson Cancer Center, a Public Health-Related Institution (part of The University of Texas System), had 248 students.
- The University of Texas Health Science Center at Houston, a Public Health-Related Institution (part of The University of Texas System), had 4,485 students.
- Texas Southern University, a Public University, had 9,557 students.
- Texas Chiropractic College, an Independent Senior College/University, had 292 students.
- South Texas College of Law, an Independent Senior College/University, had 1,295 students.
- Rice University, an Independent University, had 5,879 students.
- Houston Baptist University, an Independent University, had 2,597 students.
- Baylor College of Medicine, an Independent Health-Related Institution, had 1,485 students.

## School Districts

■ Harris County had 20 school districts with 897 schools and 773,881 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

- Aldine ISD had 62,532 students in the 2009-10 school year. The average teacher salary was \$51,698. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
- Alief ISD had 45,410 students in the 2009-10 school year. The average teacher salary was \$51,983. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Channelview ISD had 8,628 students in the 2009-10 school year. The average teacher salary was \$51,435. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Crosby ISD had 4,997 students in the 2009-10 school year. The average teacher salary was \$47,973. The percentage of students meeting the 2010 TAKS passing standard for all tests was 74 percent.
- Cypress-Fairbanks ISD had 103,897 students in the 2009-10 school year. The average teacher salary was \$48,160. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.
- Deer Park ISD had 12,436 students in the 2009-10 school year. The average teacher salary was \$54,620. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
- Galena Park ISD had 21,409 students in the 2009-10 school year. The average teacher salary was \$49,054. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Goose Creek ISD had 20,819 students in the 2009-10 school year. The average teacher salary was \$50,503. The percentage of students meeting the 2010 TAKS passing standard for all tests was 76 percent.
- Houston ISD had 200,944 students in the 2009-10 school year. The average teacher salary was \$52,535. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Huffman ISD had 3,150 students in the 2009-10 school year. The average teacher salary was \$46,579. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- Humble ISD had 34,689 students in the 2009-10 school year. The average teacher salary was \$46,844. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Katy ISD had 58,444 students in the 2009-10 school year. The average teacher salary was \$50,374. The percentage of students meeting the 2010 TAKS passing standard for all tests was 88 percent.
- Klein ISD had 44,695 students in the 2009-10 school year. The average teacher salary was \$51,719. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.
- La Porte ISD had 7,818 students in the 2009-10 school year. The average teacher salary was \$50,976. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- North Forest ISD had 7,662 students in the 2009-10 school year. The average teacher salary was \$47,706. The percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.
- Pasadena ISD had 51,923 students in the 2009-10 school year. The average teacher salary was \$48,436. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Sheldon ISD had 6,525 students in the 2009-10 school year. The average teacher salary was \$48,991. The percentage of students meeting the 2010 TAKS passing standard for all tests was 68 percent.
- Spring ISD had 35,276 students in the 2009-10 school year. The average teacher salary was \$48,690. The percentage of students meeting the 2010 TAKS passing standard for all tests was 69 percent.
- Spring Branch ISD had 32,415 students in the 2009-10 school year. The average teacher salary was \$50,971. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
- Tomball ISD had 10,212 students in the 2009-10 school year. The average teacher salary was \$51,337. The percentage of students meeting the 2010 TAKS passing standard for all tests was 85 percent.

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED CELANESE  
LTD PROJECT ON THE FINANCES OF THE LA PORTE  
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED  
CHAPTER 313 PROPERTY VALUE LIMITATION**

**May 1, 2013**

**Final Report**

**PREPARED BY**



# Estimated Impact of the Proposed Celanese LTD Project on the Finances of the La Porte Independent School District under a Requested Chapter 313 Property Value Limitation

## Introduction

Celanese LTD (Celanese) has requested that the La Porte Independent School District (LPISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to LPISD on April 9, 2013, Celanese proposes to invest \$661 million to construct a new methanol production facility in LPISD.

The Celanese project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, LPISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning in the 2016-17 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project would be assessed for debt service taxes on voter-approved bond issues throughout the limitation period and thereafter, with LPISD currently levying a \$0.29 per \$100 I&S tax rate. The taxable value of the investment is expected to reach \$637 million in the 2016-17 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement. At its peak value, the proposed Celanese plant would represent an increase of 9.1 percent in the projected I&S tax base for LPISD.

In the case of the Celanese project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. LPISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$237,814), with a total school district revenue loss of \$417,860 over the course of the value limitation agreement.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$52.0 million over the life of the agreement. This amount is net of any anticipated revenue losses for the District.

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## School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values. In the case of the Celanese project, the estimates presented below show a larger revenue loss in the first year the value limitation takes effect, followed by smaller revenue losses in the remaining seven years the limitation is in effect.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. This resulted in 336 districts receiving ASATR funding, with an estimated 688 districts operating on state funding formulas.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is expected that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

The initial legislation in the 2013 legislative session shows a further reduction in the number of ASATR districts being reduced to 308 districts under the Senate language, compared with an estimated 266 districts under the initial House language. The final bill language is probably a month away as this report is being written. As a result, current law will be the basis for the estimates presented below.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Celanese project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

### **Underlying Assumptions**

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, until the 2017-18 school year. There is a statement of legislative intent adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Celanese project are factored into the base model used here. The impact of the limitation value for the proposed Celanese project is isolated separately and the focus of this analysis.

Student enrollment counts are held at approximately 7,000 students in average daily attendance (ADA) in analyzing the effects of the Celanese project on the finances of LPISD. The District's local tax base reached \$6.01 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. The three previous Chapter 313 value limitation agreement approved by the LPISD Board of Trustees are also factored into both the baseline and limitation model assumptions so that they are neutralized in order to isolate the financial impact of the Celanese agreement.

An M&O tax rate of \$1.04 per \$100 is used throughout this analysis. LPISD has estimated state property wealth per weighted ADA or WADA of approximately \$678,997 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

### **School Finance Impact**

School finance models were prepared for LPISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for

that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions. In this case, it appears that LPISD exceeds the Austin yield and is not subject to recapture for its four cents of Tier II tax effort.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Celanese facility to the model, but without assuming that a value limitation is approved. The results of this model are shown in Table 2.

A second model is developed which adds the Celanese value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, LPISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$237,814). The revenue reduction results primarily from the mechanics of the four cents beyond the compressed M&O tax rate that are not subject to recapture, which reflect the one-year lag in value associated with the state property value study. Smaller revenue losses are expected for the remaining seven years of the agreement, which will be reimbursed by the Company.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent. Current legislative changes to school funding are under consideration but will probably not be available before the end of May.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. It is assumed that Celanese would see an M&O tax reduction of \$6.3 million in the initial year the value limitation takes effect. The formula loss of \$237,814 cited above between the baseline and the limitation models is based on an assumption that LPISD would receive \$3.6 million in additional ASATR funding in the 2016-17 school year under current law. In addition, it is expected that recapture costs would be reduced by \$2.3 million. Under the estimates presented here and as highlighted in Table 4, the increase in ASATR funding and the reduction in recapture costs offset most of the reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses little financial risk to LPISD as a result of the adoption of the value limitation agreement, given the hold-harmless provisions that are in place. But a significant reduction of ASATR funding could reduce the residual tax savings in the first year that the \$30 million value limitation takes effect.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Two state property value estimates are now prepared for Chapter 313 school districts, consistent with local practice. A consolidated single state property value had been provided previously.

## **Impact on the Taxpayer**

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed for the 2012-13 school year and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$45.3 million over the life of the agreement. In addition, Celanese would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$7.1 million over the life of the agreement, with no unpaid tax credits anticipated. LPISD is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key LPISD revenue losses are expected to total approximately -\$417,934 over the course of the agreement. In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are expected to reach \$52.0 million. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Celanese under the value limitation agreement for the remaining years that the limitation is in effect.

## **Facilities Funding Impact**

The Celanese project remains fully taxable for debt services taxes, with LPISD currently levying a \$0.29 per \$100 I&S rate. While the value of the Celanese project is expected to depreciate, full access to the additional value is expected to increase the District's I&S tax base by 9.1 percent in the peak value year for the project. This should assist the District in meeting its future debt service needs.

The Celanese project is not expected to affect LPISD in terms of enrollment. The project expects to employ 30 new workers when it begins operations. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

## **Conclusion**

The proposed Celanese methanol production facility enhances the tax base of LPISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$52.0 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of LPISD in meeting its future debt service obligations.

**Table 1 – Base District Information with Celanese LTD Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2013-14	7,171.42	9,094.42	\$1.0400	\$0.2900	\$6,383,115,742	\$6,383,115,742	\$6,471,964,584	\$6,471,964,584	\$711,641	\$711,641
1	2014-15	7,127.47	9,033.89	\$1.0400	\$0.2900	\$6,496,321,017	\$6,496,321,017	\$6,513,747,596	\$6,513,747,596	\$721,034	\$721,034
2	2015-16	7,083.79	9,133.65	\$1.0400	\$0.2900	\$7,000,137,230	\$7,000,137,230	\$6,576,053,327	\$6,576,053,327	\$719,981	\$719,981
3	2016-17	7,040.38	9,082.21	\$1.0400	\$0.2900	\$7,000,137,230	\$6,392,710,230	\$7,079,869,540	\$7,079,869,540	\$779,532	\$779,532
4	2017-18	6,997.24	9,031.96	\$1.0400	\$0.2900	\$6,981,169,730	\$6,392,710,230	\$7,079,869,540	\$6,472,442,540	\$783,869	\$716,616
5	2018-19	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,962,771,255	\$6,392,710,230	\$7,060,902,040	\$6,472,442,540	\$786,040	\$720,531
6	2019-20	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,944,924,734	\$6,392,710,230	\$7,042,503,565	\$6,472,442,540	\$783,992	\$720,531
7	2020-21	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,927,613,609	\$6,392,710,230	\$7,024,657,044	\$6,472,442,540	\$782,005	\$720,531
8	2021-22	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,955,381,418	\$6,437,269,830	\$7,007,345,919	\$6,472,442,540	\$780,078	\$720,531
9	2022-23	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,945,563,585	\$6,443,740,035	\$7,035,113,728	\$6,517,002,140	\$783,169	\$725,492
10	2023-24	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,955,661,346	\$6,469,637,192	\$7,025,295,895	\$6,523,472,345	\$782,076	\$726,212
11	2024-25	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,932,291,532	\$6,932,291,532	\$7,035,393,656	\$6,549,369,502	\$783,201	\$729,095
12	2025-26	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,909,789,281	\$6,909,789,281	\$7,012,023,842	\$7,012,023,842	\$780,599	\$780,599
13	2026-27	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,888,119,558	\$6,888,119,558	\$6,989,521,592	\$6,989,521,592	\$778,094	\$778,094
14	2027-28	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,867,248,811	\$6,867,248,811	\$6,967,851,868	\$6,967,851,868	\$775,682	\$775,682
15	2028-29	6,954.36	8,982.88	\$1.0400	\$0.2900	\$6,847,133,800	\$6,847,133,800	\$6,946,981,121	\$6,946,981,121	\$773,358	\$773,358

\*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

**Table 2– “Baseline Revenue Model”--Project Value Added with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$65,600,504	\$2,344,397	\$1,034,145	\$0	-\$20,498,917	\$2,588,277	\$0	\$0	\$51,068,405
1	2014-15	\$66,709,971	\$2,323,559	\$577,026	\$0	-\$21,446,402	\$2,632,598	\$0	\$0	\$50,796,750
2	2015-16	\$71,647,617	\$2,541,141	\$0	\$0	-\$23,042,473	\$2,829,847	\$0	\$0	\$53,976,131
3	2016-17	\$71,647,617	\$3,021,434	\$376,460	\$0	-\$26,629,117	\$2,829,847	\$0	\$0	\$51,246,240
4	2017-18	\$71,461,726	\$2,510,092	\$0	\$0	-\$26,800,830	\$2,822,421	\$0	\$0	\$49,993,409
5	2018-19	\$71,281,412	\$2,984,516	\$0	\$0	-\$26,853,388	\$2,815,217	\$0	\$0	\$50,227,757
6	2019-20	\$71,106,507	\$2,482,703	\$0	\$0	-\$26,673,182	\$2,808,230	\$0	\$0	\$49,724,259
7	2020-21	\$70,936,850	\$2,969,508	\$0	\$0	-\$26,498,355	\$2,801,453	\$0	\$0	\$50,209,456
8	2021-22	\$71,208,988	\$2,482,703	\$0	\$0	-\$26,498,698	\$2,812,324	\$0	\$0	\$50,005,317
9	2022-23	\$71,112,768	\$2,969,508	\$0	\$0	-\$26,630,754	\$2,808,480	\$0	\$0	\$50,260,003
10	2023-24	\$71,211,731	\$2,482,703	\$0	\$0	-\$26,609,644	\$2,812,434	\$0	\$0	\$49,897,225
11	2024-25	\$70,982,696	\$2,969,508	\$0	\$0	-\$26,581,519	\$2,803,284	\$0	\$0	\$50,173,969
12	2025-26	\$70,762,163	\$2,969,508	\$0	\$0	-\$26,353,316	\$2,794,474	\$0	\$0	\$50,172,829
13	2026-27	\$70,549,789	\$2,969,508	\$0	\$0	-\$26,133,525	\$2,785,991	\$0	\$0	\$50,171,762
14	2027-28	\$70,345,245	\$2,969,508	\$0	\$0	-\$25,921,810	\$2,777,819	\$0	\$0	\$50,170,762
15	2028-29	\$70,148,108	\$2,969,508	\$0	\$0	-\$25,717,808	\$2,769,944	\$0	\$0	\$50,169,753

**Table 3--“Value Limitation Revenue Model”--Project Value Added with Value Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$65,600,504	\$2,344,397	\$1,034,145	\$0	-\$20,498,917	\$2,588,277	\$0	\$0	\$51,068,405
1	2014-15	\$66,709,971	\$2,323,559	\$577,026	\$0	-\$21,446,402	\$2,632,598	\$0	\$0	\$50,796,750
2	2015-16	\$71,647,617	\$2,541,141	\$0	\$0	-\$23,042,473	\$2,829,847	\$0	\$0	\$53,976,131
3	2016-17	\$65,694,534	\$3,021,434	\$4,015,368	\$0	-\$24,314,943	\$2,592,033	\$0	\$0	\$51,008,426
4	2017-18	\$65,694,534	\$2,510,092	\$0	\$0	-\$20,837,800	\$2,592,033	\$0	\$0	\$49,958,859
5	2018-19	\$65,694,534	\$2,984,516	\$0	\$0	-\$21,077,174	\$2,592,033	\$0	\$0	\$50,193,909
6	2019-20	\$65,694,534	\$2,482,703	\$0	\$0	-\$21,077,174	\$2,592,033	\$0	\$0	\$49,692,096
7	2020-21	\$65,694,534	\$2,969,508	\$0	\$0	-\$21,077,174	\$2,592,033	\$0	\$0	\$50,178,901
8	2021-22	\$66,131,240	\$2,482,703	\$0	\$0	-\$21,225,079	\$2,609,478	\$0	\$0	\$49,998,343
9	2022-23	\$66,194,652	\$2,969,508	\$0	\$0	-\$21,542,209	\$2,612,012	\$0	\$0	\$50,233,962
10	2023-24	\$66,448,456	\$2,482,703	\$0	\$0	-\$21,672,075	\$2,622,151	\$0	\$0	\$49,881,235
11	2024-25	\$70,982,696	\$2,969,508	\$0	\$0	-\$23,413,263	\$2,803,284	\$0	\$0	\$53,342,226
12	2025-26	\$70,762,163	\$2,969,508	\$0	\$0	-\$26,353,316	\$2,794,474	\$0	\$0	\$50,172,829
13	2026-27	\$70,549,789	\$2,969,508	\$0	\$0	-\$26,133,525	\$2,785,991	\$0	\$0	\$50,171,762
14	2027-28	\$70,345,245	\$2,969,508	\$0	\$0	-\$25,921,810	\$2,777,819	\$0	\$0	\$50,170,762
15	2028-29	\$70,148,108	\$2,969,508	\$0	\$0	-\$25,717,808	\$2,769,944	\$0	\$0	\$50,169,753

**Table 4 – Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$5,953,082	\$0	\$3,638,908	\$0	\$2,314,174	-\$237,814	\$0	\$0	-\$237,814
4	2017-18	-\$5,767,191	\$0	\$0	\$0	\$5,963,029	-\$230,388	\$0	\$0	-\$34,550
5	2018-19	-\$5,586,877	\$0	\$0	\$0	\$5,776,214	-\$223,185	\$0	\$0	-\$33,848
6	2019-20	-\$5,411,973	\$0	\$0	\$0	\$5,596,007	-\$216,198	\$0	\$0	-\$32,163
7	2020-21	-\$5,242,315	\$0	\$0	\$0	\$5,421,181	-\$209,420	\$0	\$0	-\$30,555
8	2021-22	-\$5,077,747	\$0	\$0	\$0	\$5,273,619	-\$202,846	\$0	\$0	-\$6,974
9	2022-23	-\$4,918,117	\$0	\$0	\$0	\$5,088,544	-\$196,469	\$0	\$0	-\$26,041
10	2023-24	-\$4,763,275	\$0	\$0	\$0	\$4,937,568	-\$190,283	\$0	\$0	-\$15,990
11	2024-25	\$0	\$0	\$0	\$0	\$3,168,257	\$0	\$0	\$0	\$3,168,257
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial impact of the Celanese LTD Project Property Value Limitation Request Submitted to LPISD at \$1.04 M&O Tax Rate**

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 Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$103,977,000	\$103,977,000	\$0	\$1.040	\$1,081,361	\$1,081,361	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$637,427,000	\$637,427,000	\$0	\$1.040	\$6,629,241	\$6,629,241	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$637,427,000	\$30,000,000	\$607,427,000	\$1.040	\$6,629,241	\$312,000	\$6,317,241	\$0	\$6,317,241	-\$237,814	\$6,079,427
4	2017-18	\$618,459,500	\$30,000,000	\$588,459,500	\$1.040	\$6,431,979	\$312,000	\$6,119,979	\$1,012,372	\$7,132,350	-\$34,550	\$7,097,801
5	2018-19	\$600,061,025	\$30,000,000	\$570,061,025	\$1.040	\$6,240,635	\$312,000	\$5,928,635	\$1,012,372	\$6,941,006	-\$33,848	\$6,907,158
6	2019-20	\$582,214,504	\$30,000,000	\$552,214,504	\$1.040	\$6,055,031	\$312,000	\$5,743,031	\$1,000,211	\$6,743,242	-\$32,163	\$6,711,079
7	2020-21	\$564,903,379	\$30,000,000	\$534,903,379	\$1.040	\$5,874,995	\$312,000	\$5,562,995	\$975,110	\$6,538,105	-\$30,555	\$6,507,550
8	2021-22	\$548,111,588	\$30,000,000	\$518,111,588	\$1.040	\$5,700,361	\$312,000	\$5,388,361	\$950,762	\$6,339,122	-\$6,974	\$6,332,148
9	2022-23	\$531,823,550	\$30,000,000	\$501,823,550	\$1.040	\$5,530,965	\$312,000	\$5,218,965	\$927,144	\$6,146,109	-\$26,041	\$6,120,068
10	2023-24	\$516,024,154	\$30,000,000	\$486,024,154	\$1.040	\$5,366,651	\$312,000	\$5,054,651	\$904,235	\$5,958,886	-\$15,990	\$5,942,896
11	2024-25	\$500,698,739	\$500,698,739	\$0	\$1.040	\$5,207,267	\$5,207,267	\$0	\$304,396	\$304,396	\$0	\$304,396
12	2025-26	\$485,833,087	\$485,833,087	\$0	\$1.040	\$5,052,664	\$5,052,664	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$471,413,404	\$471,413,404	\$0	\$1.040	\$4,902,699	\$4,902,699	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$457,426,312	\$457,426,312	\$0	\$1.040	\$4,757,234	\$4,757,234	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$443,858,833	\$443,858,833	\$0	\$1.040	\$4,616,132	\$4,616,132	\$0	\$0	\$0	\$0	\$0
<b>Totals</b>						<b>\$80,076,454</b>	<b>\$34,742,598</b>	<b>\$45,333,857</b>	<b>\$7,086,602</b>	<b>\$52,420,458</b>	<b>-\$417,934</b>	<b>\$52,002,524</b>
<b>Tax Credit for Value Over Limit in First 2 Years</b>								<b>Year 1</b>	<b>Year 2</b>	<b>Max Credits</b>		
								\$769,361	\$6,317,241	\$7,086,602		
								Credits Earned		\$7,086,602		
								Credits Paid		<u>\$7,086,602</u>		
								Excess Credits Unpaid		\$0		

**\*Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2012 ISD Summary Worksheet

### 036/Chambers

### 101-916/La Porte ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	0	N/A	0	0
B. Multi-Family Residences	0	N/A	0	0
C. Vacant Lots	0	N/A	0	0
D. Rural Real(Taxable)	0	N/A	0	0
F1. Commercial Real	651,390	N/A	651,390	651,390
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	0	N/A	0	0
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0

S. Special Inventory	0	N/A	0	0
Subtotal	651,390		651,390	651,390
Less Total Deductions	0		0	0
Total Taxable Value	651,390		651,390	651,390 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	0	N/A	0
Prod Value Qualified Acres	0	N/A	0
Taxable Value	0		0

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

**Value Taxable For M&O Purposes**

T1	T2	T3	T4	T5	T6
651,390	651,390	651,390	651,390	651,390	651,390

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
0	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead

exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

**Value Taxable For I&S Purposes**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>	<b>T11</b>	<b>T12</b>
651,390	651,390	651,390	651,390	651,390	651,390

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

**101/Harris**

**101-916/La Porte ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2012 WTD Mean Ratio</b>	<b>2012 PTAD Value Estimate</b>	<b>2012 Value Assigned</b>
A. Single-Family Residences	1,619,342,677	N/A	1,619,342,677	1,619,342,677
B. Multi-Family				

Residences	77,900,102	N/A	77,900,102	77,900,102
C. Vacant Lots	126,313,738	N/A	126,313,738	126,313,738
D. Rural Real(Taxable)	88,343,598	N/A	88,343,598	88,343,598
F1. Commercial Real	789,640,851	N/A	789,640,851	789,640,851
F2. Industrial Real	2,882,794,108	N/A	2,882,794,108	2,882,794,108
G. Oil, Gas, Minerals	4,850	N/A	4,850	4,850
J. Utilities	96,247,884	N/A	96,247,884	96,247,884
L1. Commercial Personal	503,485,910	N/A	503,485,910	503,485,910
L2. Industrial Personal	1,908,326,001	N/A	1,908,326,001	1,908,326,001
M. Other Personal	6,119,895	N/A	6,119,895	6,119,895
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	332,382	N/A	332,382	332,382
S. Special Inventory	8,021,186	N/A	8,021,186	8,021,186
Subtotal	8,106,873,182		8,106,873,182	8,106,873,182
Less Total Deductions	1,704,182,488		1,704,182,488	1,704,182,488
Total Taxable Value	6,402,690,694		6,402,690,694	6,402,690,694 T2

<b>Category D Detail</b>	<b>Local Tax Roll</b>	<b>Ratio</b>	<b>PTAD Value</b>
Market Value Non-Qualified Acres And Farm/Ranch Imp	88,100,397	N/A	88,100,397
Prod Value Qualified Acres	243,201	N/A	243,201
Taxable Value	88,343,598		88,343,598

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

**Value Taxable For M&O Purposes**

T1	T2	T3	T4	T5	T6
6,503,716,220	6,402,690,694	6,374,789,245	6,273,763,719	6,402,690,694	6,273,763,719

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
101,025,526	128,926,975

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

**Value Taxable For I&S Purposes**

T7	T8	T9	T10	T11	T12
6,503,716,220	6,402,690,694	6,374,789,245	6,273,763,719	6,402,690,694	6,273,763,719

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead

exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

## 101-916/La Porte ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	1,619,342,677	N/A	1,619,342,677	1,619,342,677
B. Multi-Family Residences	77,900,102	N/A	77,900,102	77,900,102
C. Vacant Lots	126,313,738	N/A	126,313,738	126,313,738
D. Rural Real(Taxable)	88,343,598	N/A	88,343,598	88,343,598
F1. Commercial Real	790,292,241	N/A	790,292,241	790,292,241
F2. Industrial Real	2,882,794,108	N/A	2,882,794,108	2,882,794,108
G. Oil, Gas, Minerals	4,850	N/A	4,850	4,850
J. Utilities	96,247,884	N/A	96,247,884	96,247,884
L1. Commercial Personal	503,485,910	N/A	503,485,910	503,485,910
L2. Industrial Personal	1,908,326,001	N/A	1,908,326,001	1,908,326,001
M. Other Personal	6,119,895	N/A	6,119,895	6,119,895

N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	332,382	N/A	332,382	332,382
S. Special Inventory	8,021,186	N/A	8,021,186	8,021,186
Subtotal	8,107,524,572		8,107,524,572	8,107,524,572
Less Total Deductions	1,704,182,488		1,704,182,488	1,704,182,488
Total Taxable Value	6,403,342,084		6,403,342,084	6,403,342,084 T2

<b>Category D Detail</b>	<b>Local Tax Roll</b>	<b>Ratio</b>	<b>PTAD Value</b>
Market Value Non-Qualified Acres And Farm/Ranch Imp	88,100,397	N/A	88,100,397
Prod Value Qualified Acres	243,201	N/A	243,201
Taxable Value	88,343,598		88,343,598

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

**AGREEMENT 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.**

*Texas Taxpayer ID # 17526225267*

Dated

October 8, 2013

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

*STATE OF TEXAS* §

*COUNTY OF HARRIS* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **LA PORTE INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **CELANESE LTD.**, Texas Taxpayer Identification Number 17526225267, hereinafter referred to as the “Applicant.” The Applicant and the District are each hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.” Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

**RECITALS**

**WHEREAS**, on April 9, 2013, the Superintendent of Schools of the La Porte Independent School District, acting as agent of the Board of Trustees of the District (the “Board of Trustees”), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, and acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local)pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on April 9, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Celanese Ltd.; and,

**WHEREAS**, on April 16, 2013 the Application was delivered to the Texas Comptroller’s Office for review pursuant to Texas Tax Code § 313.025(d); and,

**WHEREAS**, the Comptroller’s Office has established April 26, 2013 as the completed Application date; and,

**WHEREAS**, pursuant to 34 Tex. Admin Code §9.1054, the Application was delivered for review to the Harris County Appraisal District established in Harris County, Texas (the “Harris County Appraisal District”), pursuant to Texas Tax Code § 6.01; and,

**WHEREAS**, the Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code § 313.025(d), and on June 20, 2013, the Comptroller’s Office, via letter, recommended that the Application be approved; and,

**WHEREAS**, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at the public hearing held in connection with the Board's consideration of the Application; and,

**WHEREAS**, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Tex. Tax Code § 313.026 and has carefully considered such The Comptroller's positive recommendation for the project; and,

**WHEREAS**, on October 8, 2103, 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; and,

**WHEREAS**, on October 8, 2013, the Board of Trustees made factual findings pursuant to Tex. Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code § 313.025(e) has been met; and,

**WHEREAS**, on October 8, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022( b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

**WHEREAS**, on September 24, 2013, the District received written notification, pursuant to 34 Tex. Admin Code § 9.1055(e)(2)(A), that the Texas Comptroller of Public Accounts reviewed this Agreement, and recommending that the Application be approved: and,

**WHEREAS**, on October 8, 2013, 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;

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

## **ARTICLE I**

### **AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS**

#### **Section 1.1. 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 Texas Tax Code § 313.027.

**Section 1.2. TERM OF THE AGREEMENT**

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2015, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of October 8, 2013 and ending on December 31, 2015 will be referred to herein as the “Qualifying Time Period,” as that term is defined in Texas Tax Code § 313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2023. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date, as defined in Section 1.3, below. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

<b>Full Tax Year of Agreement</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year (Commencing October 8, 2013)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.

1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 30 million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2023	2023-24	2023	\$ 30 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

12	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

**Section 1.3. DEFINITIONS**

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” means any entity that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Aggregate Limit” means, for any year of this Agreement, the cumulative total of the Annual Limit amount for the current year and all previous years of the Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV, below.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Tex. Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be Seven Hundred Seventeen Thousand Dollars (\$717,000.00), based upon the District’s 2012-2013 Average Daily Attendance of 7,171, rounded to the whole number. The Annual Limit shall first be computed for tax year 2013, which, by virtue of the Commencement Date, is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means Celanese Ltd. (Texas Taxpayer ID # 17526225267), the company

listed in the Preamble of this Agreement who, on April 9, 2013, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means the Original 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 July 24, 2012, which has been certified by the Comptroller’s office to constitute a complete final Application as of the date of October 31, 2012. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

“Appraisal District” means the Harris County Appraisal District.

“Board of Trustees” means the Board of Trustees of the La Porte Independent School District.

“Commencement Date” means October 8, 2013, the date upon which this Agreement was approved by the District’s Board of Trustees.

“Completed Application Date” means the date upon which the Comptroller determined to be the date of its receipt of a completed Chapter 313 application from Applicant, to wit: April 26, 2013.

“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 at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

“County” means Harris County, Texas.

“Determination of Breach” shall have the meaning assigned to such term in Section 7.8 of the Agreement.

“District” or “School District” means the La Porte Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C 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 December 31, 2026.

“Force Majeure” means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant’s Qualified Property or the Applicant’s Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant’s Qualified Property or the Applicant’s Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport products from the Applicant’s facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

“Land” shall have the meaning assigned to such term in Section 2.2.

“Maintain Viable Presence” means, after the development and construction of the project described in the Application and in the description of Qualified Investment/Qualified property as set forth in Section 2.3, be low, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered: (ii) the retention over the term of this Agreement of the number of New Jobs and Qualifying Jobs set forth in its Application by the

Applicant, and the retention of the highest number of New Jobs and Qualifying Jobs set forth in its Application through the Final Termination Date of this Agreement.

“M&O Amount” shall have the meaning assigned to such term in Section 3.2 of the Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

“Net Tax Benefit” means (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

“New Jobs” means the total number of jobs, defined by 34 Tex. Admin. Code § 9.1051, which Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Tex. Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

“Qualified Investment” has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller’s Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller’s Rules.

“Qualifying Jobs” means the number of New Jobs Applicant will create in connection with the project which is the subject of its Application, which meet the requirements of Tex. Tax Code 313.021(3).

“Qualified Property” has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school

districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules. Qualified Property is limited to the property and improvements described in the Application and further identified by red shading in the map attached as Exhibit 2.

"Qualifying Time Period" means the period that begins on the Commencement Date of October 8, 2013 and ends on December 31, 2015.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Tax Credit" means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the school district imposes on Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

"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.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

## ARTICLE II

### PROPERTY DESCRIPTION

#### **Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE**

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 312 of the Texas Tax Code. The reinvestment zone is an enterprise zone, established on or about July 20, 2010 by Ordinance No. 2010-159 of the City Council of Pasadena, Texas. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

#### **Section 2.2. LOCATION OF QUALIFIED PROPERTY**

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is identified in the map which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The Qualified Property will be located in the red shaded box on this map. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

#### **Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY**

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Qualified Investment shall be that property, described in **EXHIBIT 3**, which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2, above, and the definition of Qualifying Time Period set forth in Section 1.3, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to, Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by Applicant; 2) was first placed in service after August 1, 2012, the completed Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the school district and the Comptroller a written request to

add property to the limitation agreement, which request shall include a specific description of the additional property to which the applicant requests that the limitation apply;

- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

**Section 2.4. APPLICANT’S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY**

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**, upon a reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to the agreement.

**Section 2.5. QUALIFYING USE**

The Applicant’s Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(1) as a manufacturing facility.

**Section 2.6. LIMITATION ON APPRAISED VALUE**

So long as Applicant makes a Qualified Investment in the amount Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023, the Appraised Value of the Applicant’s Qualified Investment 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 Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tex. Tax Code § 313.023.

## **ARTICLE III**

### **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

#### **Section 3.1. INTENT OF THE PARTIES**

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Tex. Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, 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 IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

#### **Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT**

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to Maintenance and Operations Revenue because of any portion of this agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.

- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment 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 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the full M & O revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

### **Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES**

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses 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 attributable to the project. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.
- (c) any other loss of District revenues which are, or may be, attributable to the payment by Applicant to or on behalf any other third party beneficiary.

### **Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY**

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the

Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

### **Section 3.5. 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 Harris County Appraisal District in its annual certified tax roll submitted to the District 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 3.4. The certified tax 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 Harris County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

### **Section 3.6. DELIVERY OF CALCULATIONS**

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, or under Section 5.1 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. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, 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 and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of 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 or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

### **Section 3.7. PAYMENT BY APPLICANT**

The Applicant shall pay any amount determined 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 pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, 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 tax

credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be, required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

### **Section 3.8. RESOLUTION OF DISPUTES**

Pursuant to Sections 3.3(b), 3.4 and 3.6, 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 of receipt of the certification. Within thirty (30) 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. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Independent School District Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

### **Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT**

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, Applicant has appealed the taxable values placed by the Harris County Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the Harris County Appraisal District for the preceding year.

In the event that the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed after a final appeal of the valuation or is otherwise changed, once the determination of a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations required by this Agreement for the applicable year or years using the new valuations. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the Party owing funds to the other signatories to this Agreement shall pay any amounts owed within thirty (30) days of receipt of the new calculations from the Third Party.

### **Section 3.10. EFFECT OF STATUTORY CHANGES**

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the revenue protection amount limit set forth

in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

## **ARTICLE IV SUPPLEMENTAL PAYMENTS**

### **Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS**

In interpreting the provisions of Article IV, the parties agree as follows:

(a) **Amounts Exclusive of Indemnity Amounts**

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, 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 IV. 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, Tex. Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(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 Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Tex. Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date.

### **Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT – SUBJECT TO AGGREGATE LIMIT**

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) Applicant's Stipulated Supplemental Payment Amount, defined as forty percent (40%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above; or,

(b) the Aggregate Limit, as the term is defined in Section 1.3, above.

**Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT**

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2016), the Stipulated Supplemental Payment amount, described in Section 4.2, will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Minus,*

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Multiplied by,*

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

*Plus,*

Any Tax Credit received by the Applicant with respect to such Tax Year;

*Minus,*

Any amounts previously paid to the District under Article III;

*Multiplied by,*

The number 0.4;

*Minus,*

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

**Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT**

For each year of this Agreement, beginning with year three (Tax Year 2016) and continuing thereafter through year thirteen (Tax Year 2026), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit, defined in Section 1.3, above.

Any Stipulated Supplemental Payment amount, which cannot be paid to the District prior to the end of year thirteen (Tax Year 2026), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law.

**Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS**

- (a) All calculations required by this Article, including but not limited to: (i) the calculation of the Stipulated Supplemental Payment amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; and (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, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) 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 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

**Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to Applicant under this Agreement, direct that Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students.

Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to Applicant in conformance with the provisions of Section 6.1, below. Such designation may be rescinded by the District's Board of Trustees, by Board action, at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

## **ARTICLE V**

### **ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

#### **Section 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS**

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2017 Tax Year, 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 III and IV 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 Section 3.4, 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 III and IV shall be reduced until such excess is eliminated.

#### **Section 5.2. OPTION TO CANCEL AGREEMENT**

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 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. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that 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.

## **ARTICLE VI TAX CREDITS**

### **Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS**

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

### **Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS**

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code, and either Comptroller and/or Texas Education Agency Rules.

### **Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES**

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

## **ARTICLE VII**

### **ADDITIONAL OBLIGATIONS OF APPLICANT**

#### **Section 7.1. DATA REQUESTS**

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Harris County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code § 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. All inspections will be made at a mutually agreeable time after the giving of not less than

five (5) business days 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. 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 Harris County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

## **Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES**

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

## **Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE**

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District 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 this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

## **Section 7.4. 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 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this

recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. 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 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

#### **Section 7.5. CALCULATION OF PENALTY AND INTEREST**

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 owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date 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 7.4 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 Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

#### **Section 7.6 MATERIAL BREACH OF AGREEMENT**

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this

Agreement on or before its due date.

- (d) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain set forth on Schedule C, Column C of its Application.
- (e) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain set forth on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by Applicant on the project as Qualifying Jobs.
- (g) Applicant makes 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, Tex. Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (h) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

#### **Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH**

In accordance with the provisions of Tex. Tax Code § 313.0275, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement, defined in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Tex. Tax Code § 313.0275(b), in accordance with the provisions of Tex. Tax Code § 313.0275(c).

#### **Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT**

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, or failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible,

the cure proposed by the District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/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 whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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").

#### **Section 7.9. DISPUTE RESOLUTION**

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) 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 resorting to litigation and within ninety (90) days after the Applicant's written notice to the District initiating mediation of the dispute, 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 residing in Harris County, Texas. The Parties agree to sign a document that designates 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.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, 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 and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the

attorneys representing the District pursuant to Texas Tax Code § 6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, 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 covenant, agreement or undertaking made by a Party pursuant to this Agreement.

**Section 7.10. 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 greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. 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 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

**Section 7.11. BINDING ON SUCCESSORS**

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.

**ARTICLE VIII MISCELLANEOUS PROVISIONS**

**Section 8.1. INFORMATION AND NOTICES**

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 transmission, with "answer back" or other "advice 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 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.

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

Lloyd W. Graham, Superintendent  
**LA PORTE INDEPENDENT SCHOOL DISTRICT**  
1002 San Jacinto Street  
La Porte, Texas 77571  
Fax: (281) 640-7072  
E-mail: [supt-secretary@lpsid.org](mailto:supt-secretary@lpsid.org)

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

Notices to the Applicant shall be addressed to:

Ronnie Berry, Vice President  
**CELANESE LTD.**  
222 W. Las Colinas Blvd.  
Irving, Texas 75039  
[ronnie.berry@celanese.com](mailto:ronnie.berry@celanese.com)

With a copy to:

George Francis, Director  
Deloitte Tax LLP  
2200 Ross Ave., Ste. 1600  
Dallas, Texas 75201  
Fax: 214-880-5326  
[gfrancis@deloitte.com](mailto:gfrancis@deloitte.com)

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

## **Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT**

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

### **Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS**

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall (1) require that all property added by amendment be eligible property as defined by Tax Code §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the Applicant. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

### **Section 8.4. ASSIGNMENT**

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

### **Section 8.5. 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 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS**

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Harris County Appraisal District shall determine the Market Value thereof and include

both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

#### **Section 8.7. 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 Harris County, Texas.

#### **Section 8.8. 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 8.9. 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 of 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 to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, 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 or administrative body having jurisdiction over the matter or matters in question.

#### **Section 8.10. 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 8.11. INTERPRETATION**

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. 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. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

#### **Section 8.12. 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 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. Applicant warrants that all information, facts, and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, the Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Tex. Admin. Code § 9.1053(f)(2)(K).

#### **Section 8.14. 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; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

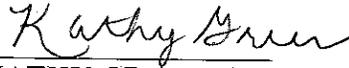
- a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- b. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section does not require the Publication of information that is confidential under Tex. Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

**CELANESE LTD.**

**LA PORTE INDEPENDENT SCHOOL DISTRICT**

By: 

By:   
**KATHY GREEN**, President  
Board of Trustees

Name: Ronni Berry  
Title: VP, Global Tax

ATTEST:   
**CHARLCYA WHEELER**  
Secretary  
Board of Trustees

## **EXHIBIT 1**

### **DESCRIPTION OF QUALIFIED REINVESTMENT ZONE**

*The Celanese Ltd. Reinvestment Zone* was created on October 8, 2013 by action of the La Porte Independent School District Board of Trustees. A legal description of *The Celanese Ltd. Reinvestment Zone* is attached as the next page following this **EXHIBIT 1**.

As a result of the action of the board of Trustees of the La Porte Independent School District, *The Celanese Ltd. Reinvestment Zone* includes real property within Harris County, Texas, more specifically the real property within Harris County, Texas and legally described on the page next following the survey.

## Legal Description of the Land

BEING ONE THOUSAND (1,000-00) ACRES CONSISTING OF TWO TRACTS, TRACT 1 BEING NINE HUNDRED SIXTY-THREE AND EIGHT HUNDRED FIFTY THOUSANDTHS (963.850) ACRES OUT OF THE GEORGE B. MCKINSTRY LEAGUE, A-47, AND TRACT 2 BEING THIRTY-SIX AND ONE HUNDRED FIFTY THOUSANDTHS (36.150) ACRES OUT OF THE DAVID HARRIS LEAGUE A-25, HARRIS COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

### TRACT 1

BEGINNING at a Rod marked 2126 for the southernmost corner of the herein described tract in the George B. McKinstry League, A-47, said rod being N 19° 19' 33" W, 333.42 feet from a Rod marked 2045 at the west corner of a 100- acre tract described in deed from Humble Oil & Refining Company to Lockheed Aircraft Corporation, dated December 18, 1964, and recorded in Volume 5762, Page 57, Deed Records of Harris County, Texas;

THENCE N 82° 48' 25" W, 124.22 feet to Rod 2127, in the east line of a 100-foot wide pipeline easement;

THENCE N 7° 12' 35" E, with the east line of said pipeline easement, 1847.98 feet to Rod 2128;

THENCE N 10° 18' 35" E, with the east line of said pipeline easement, 1260.58 feet to Rod 2129;

THENCE N 29° 45' 31" E, 300.31 feet to Rod 2130;

THENCE N 10° 18' 35" E, 398.19 feet to Rod 2131;

THENCE N 47° 01' 00" E, 372.48 feet to Rod 2132;

THENCE N 10° 17' 31" E, 900.61 feet to Rod 2133;

THENCE N 38° 06' 12" E, 284.35 feet to Rod 2134;

THENCE N 65° 54' 53" E, 526 .80 feet to Rod 2135;

THENCE N 35° 14, 27" E, 1500.00 feet to Rod 2136;

THENCE s 54° 45, 33" W, 60.00 feet to Rod 2137;

THENCE N 35° 14' 27" E, 100.00 feet to Rod 2138;

THENCE N 54° 45' 33" W, 60.00 feet to Rod 2139;

THENCE N 35° 14, 27" E, 962.61 feet to Rod 2140;

THENCE N 2° 24' 31" W, 1273.20 feet to Rod 2141, said rod being in the northwest line of a 20-foot pipeline right-of-way and easement described in a conveyance from Humble Oil & Refining Company to Tennessee Gas Transmission Company, dated July 27, 1955;

THENCE N 66° 04' 08" E, with the northwest line of said Easement 64.50 feet to Rod 2142

### **Agreement for Limitation on Appraised Value**

Between La Porte Independent School District and Celanese Ltd.

October 8, 2013

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THENCE N 2° 24' 81" W, 76.34 feet to Rod 2143;  
THENCE S 87° 35' 29" W, 60.00 feet to Rod 2144;

THENCE N 2°24' 31" W, 879.54 feet to Rod 2145 at the northwest corner of the herein described Tract 1;

THENCE N 87° 31' 40" E, 3840.52 feet to Rod 2146 at the P.C. of a curve to the left;

THENCE S 2° 28' 20" E, 3084.65 feet to Rod 2147 at the  
P.C. of a curve to the left;

THENCE with said curve to the left having a radius of  
3139.79 feet and a central angle of 25° 04' 20", a distance of 1373.95 feet to Rod 2148 at the P.T. of said  
curve;

THENCE S 27° 32' 40" E, 1346.35 feet to Rod 2149 at the east corner of the herein described Tract 1;

THENCE S 62° 27' 20" W, 3337.12 feet to Rod 2150;

THENCE N 27° 32' 40" W, 100.00 feet to Rod 2151;

THENCE S 62° 27' 20" W, 363.61 feet to Rod 2152;

THENCE S 76° 11' 25" E, 257 .26 feet to Rod 2153;

THENCE S 62° 27' 20" W, 5522.21 feet to the place of beginning and containing 963.850 acres, more or  
less, in Tract 1.

## TRACT 2

BEGINNING at a Rod marked 2154 at the north corner of the Herein described Tract 2 in the David Harris  
League, A-25,  
Said Rod being S 27° 32'40" E, 150.00 feet from Rod 2149 at the east corner of Tract 1 previously  
described;

THENCE S 27° 32' 40" E, 1219.78 feet to Rod 2155 in the north Right-of-way line of proposed Choate  
Road;

THENCE S 87°12' 25" W, with the said north line of proposed Choate Road, 2460.88 feet to Rod 2156;

THENCE N 27° 32' 40" W 189.46 feet to Rod 2157;

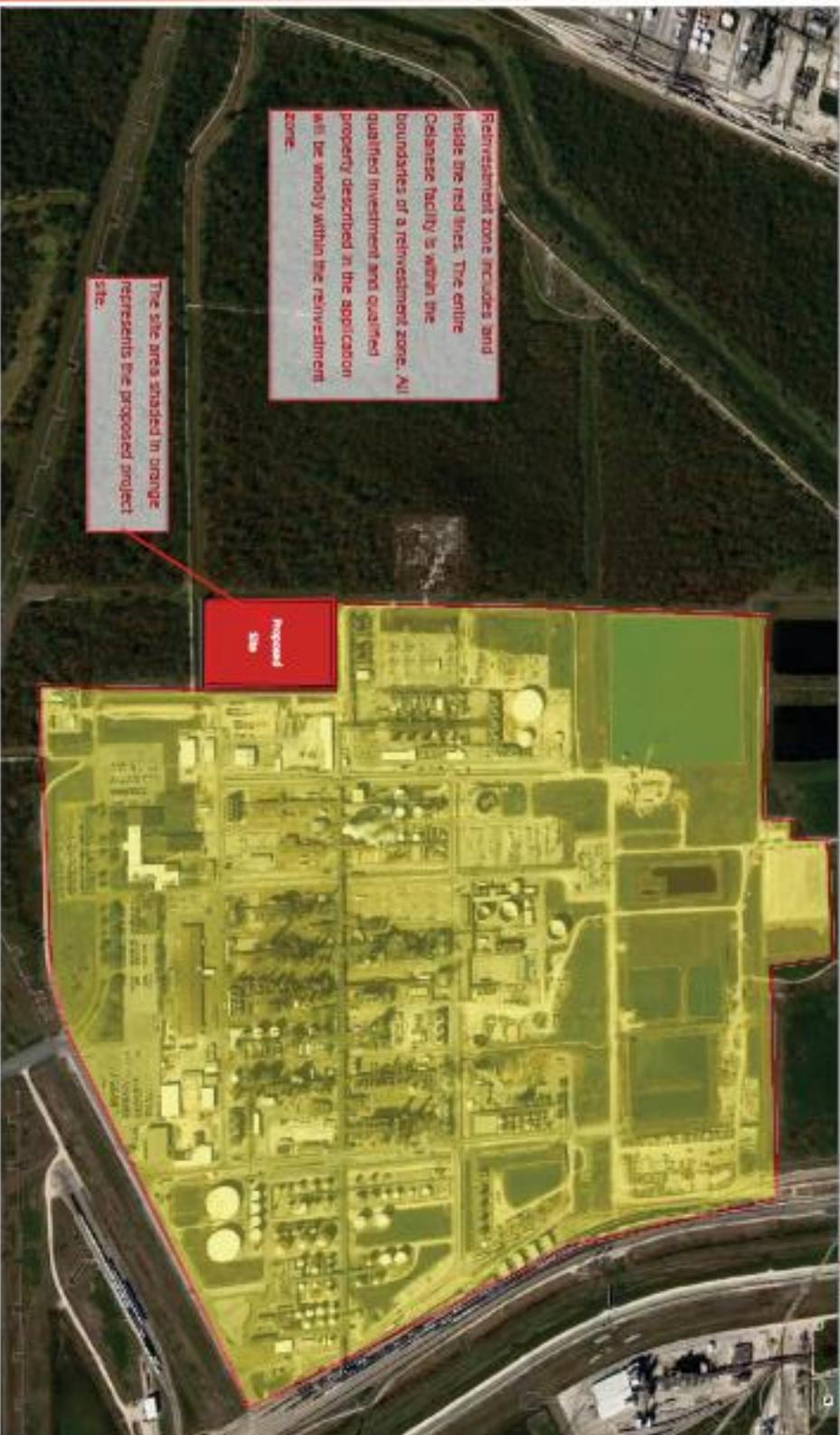
THENCE N 62°27' 20" E, 2234.81 feet to the place of beginning and containing 36.150 acres, more or  
less, in Tract 2.

## **EXHIBIT 2**

### **LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

The Qualified Property owned by Applicant and located within the boundaries of both the La Porte Independent School District and *The Celanese Ltd. Reinvestment Zone* will be included in and subject to this agreement. Qualified Property is limited to the property and improvements described in the Application and further identified by the red-shaded rectangle in the map attached as **EXHIBIT 2**.

# Project Plot Plant



### **EXHIBIT 3**

#### **DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

The project to which this application pertains is a potential green field project to construct a new methanol production facility on the grounds of the existing Clear Lake site. The new plant, would have an annual projected production capacity of 1.3 million metric tons. The facility would be located at 9502 Bayport Blvd., Pasadena, TX 77507. Celanese's current facility in Pasadena, located at the project site, employs approximately 200 people and produces Acetic Acid, Vinyl Acetate and Ethanol. Additionally, the facility hosts four other chemical companies operating at the site. This site also has a Research and Development facility that supports Celanese business on a global basis.

Celanese anticipates investments for construction of approximately \$671 million. This includes building costs of approximately \$94,300,000, machinery and equipment expenditures of approximately \$571,900,000, and land development costs of approximately \$5,177,000. Building costs include approximately \$201 million on mechanical plant equipment, \$91 million on piping, pipefittings, and valves, and approximately \$40 million of electrical and instructional equipment.