

POWELL & LEON, LLP

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February 8, 2018

Michelle Luera, CTCM
Senior Research Analyst
Data Analysis and Transparency Division
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Application #1084 from Lubrizol Corporation to Deer Park Independent School District –
Amendment #003 Transmittal Letter

Dear Ms. Luera:

This letter is in response to your email dated January 30, 2019. Per your request, Lubrizol Corporation has made the following changes to Application #1084. Enumerated below are the changes contained in Amendment #003:

- Application Section 1, Item 1:** *Authorized School District Representative*
The name of the Superintendent of Schools has been changed to Victor White. The email address has been updated to white@dpsid.org.
- Application Section 1, Item 3:** *Authorized School District Consultant*
The name of the District's Consultant has been changed to Sara Leon, Attorney, Powell & Leon, LLP. The phone number and email address has been updated to reflect this.
- Application Section 9, Item 5:** *Begin Hiring New Employees*
The year has been changed to reflect 2019.
- Application Section 14, Item 4:** *What is the number of new qualifying jobs you are committing to create?*
The number of jobs has been changed to 16.
- Application Section 14, Item 6:** *Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)?*
The answer has been changed to "Yes."
- Application Section 16:** *Authorized Signatures and Applicant Certification*
A new signature page is attached.
- Tab 4:** *Project Description*
The number of jobs in the Project Description has been changed to 16.
- Tab 12:** *Request for the Governing Body to Waive the Minimum New Qualifying Job Creation Requirement*
A job waiver request letter from the Applicant to the District is attached.
- Tab 14:** *Schedule C*
Schedule C has been updated with a job creation number of 16 and the first year of the value limitation period to begin during Tax Year 2019.

Thank you for your consideration to the foregoing. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,



Sara Hardner Leon

SHL;sl

Enclosures

cc: *Via Electronic Mail:* kglasby@dmains.com
Mr. Kirk Glasby, Director of Property Tax, DuCharme McMillen and Associates, Inc.

Via Electronic Mail: white@dpisd.org
Mr. Victor White, Superintendent of Schools, Deer Park Independent School District



AN EXTENSION OF YOUR TAX DEPARTMENT

February 7, 2019

Via Electronic Mail:

Sara Hardner Leon
Powell & Leon, LLP
115 Wild Basin Road, Suite 106
Austin, TX 78746

**Re: Application Number 1084 Deer Park ISD
Lubrizol Corporation – Job Creation Amendment - Revised**

Dear Ms. Leon:

Attached please find attached copies of the Amended Application pages for Lubrizol Corporation (Application #1084 in Deer Park ISD).

The changes to the original Application are as follows:

- 1. Page #1, Section #1 – New Superintendent name**
- 2. Page #2, Section #1 – New ISD consultant**
- 3. Page #5, Section #9, item #5 – Changed to reflect 2019**
- 4. Page #7, Section #14, items #4, #6 – Changed to reflect 16 and “yes”**
- 5. Page #8, signature page – new signatures**
- 6. Tab 4 – Project Description – revised job creation to 16**
- 7. Form 50-296, Schedule C – updated job creation number to 16 and year to 2019**
- 8. Job Waiver Request Letter**

Thank you so much for your kind attention to this matter.

Respectfully submitted,

S. Kirk Glasby,
Director, Property Tax
DuCharme McMillen and Associates, Inc.

Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

Economic Development
 and Analysis
Form 50-296-A

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 hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, 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 website. 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. For more information, see guidelines on Comptroller's website.

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. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. 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, issue a certificate for a limitation on appraised value 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 not later than the 150th 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 issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

 Date Application Received by District

 First Name

 Last Name

 Title

 School District Name

 Street Address

 Mailing Address

 City

 State

 ZIP

 Phone Number

 Fax Number

 Mobile Number (optional)

 Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application? Yes No

Application for Appraised Value Limitation on Qualified Property

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

First Name _____ Last Name _____

Title _____

Firm Name _____

Phone Number _____ Fax Number _____

Mobile Number (optional) _____ Email Address _____

4. On what date did the district determine this application complete?
5. Has the district determined that the electronic copy and hard copy are identical? Yes No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

First Name _____ Last Name _____

Title _____ Organization _____

Street Address _____

Mailing Address _____

City _____ State _____ ZIP _____

Phone Number _____ Fax Number _____

Mobile Number (optional) _____ Business Email Address _____

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

2a. If yes, please fill out contact information for that person.

First Name _____ Last Name _____

Title _____ Organization _____

Street Address _____

Mailing Address _____

City _____ State _____ ZIP _____

Phone Number _____ Fax Number _____

Mobile Number (optional) _____ Business Email Address _____

3. Does the applicant authorize the consultant to provide and obtain information related to this application? Yes No

Texas Comptroller of Public Accounts

SECTION 9: Projected Timeline

1. Application approval by school board _____
2. Commencement of construction _____
3. Beginning of qualifying time period _____
4. First year of limitation _____
5. Begin hiring new employees _____
6. Commencement of commercial operations _____
7. 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.
8. When do you anticipate the new buildings or improvements will be placed in service? _____

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located _____
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property _____
3. Will this CAD be acting on behalf of another CAD to appraise this property? Yes No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 County: _____ (Name, tax rate and percent of project) City: _____ (Name, tax rate and percent of project)
 Hospital District: _____ (Name, tax rate and percent of project) Water District: _____ (Name, tax rate and percent of project)
 Other (describe): _____ (Name, tax rate and percent of project) Other (describe): _____ (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? Yes No
5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: 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 Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at comptroller.texas.gov/economy/local/ch313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? _____
2. What is the amount of appraised value limitation for which you are applying? _____
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? Yes No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. 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 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? Yes No

Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

1. 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)?
 2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of _____ (year)
 3. 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 Texas Workforce Commission (TWC)?
- Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create?
 5. What is the number of new non-qualifying jobs you are estimating you will create?
 6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
 7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. 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(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is
 - b. 110% of the average weekly wage for manufacturing jobs in the county is
 - c. 110% of the average weekly wage for manufacturing jobs in the region is
 8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)
 9. What is the minimum required annual wage for each qualifying job based on the qualified property?
 10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property?
 11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
 12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No
 - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
 13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

NON-CONFIDENTIAL

***THE LUBRIZOL CORPORATION
PROJECT SUMMARY***

The Lubrizol Corporation (Lubrizol) plans to construct a new chemical manufacturing plant and is considering multiple sites for the proposed new construction, including 13 undeveloped acres in an existing location that Lubrizol owns at 41 Tidal Road, Deer Park, Texas. Lubrizol anticipates spending approximately \$300 million on the project and creating at least 16 new, permanent, production-related jobs if the project is consummated. Lubrizol plans to commence construction in the third quarter of 2016 and estimates construction completion by the third quarter of 2018.

Lubrizol already operates a chemical production facility at 41 Tidal Road, Deer Park, Texas. The facility at Deer Park is between State Highway 225 and the Houston Ship Channel and is 180 +/- acres. The land at Deer Park has unimproved areas, including the 13 acres involved here, that would be suitable for the proposed construction of the new chemical manufacturing unit; hence, Lubrizol included the Texas site in the selection process. But, the value limitation that is provided for in Chapter 313 of the Tax Code and that the Deer Park Independent School District is willing to agree to is necessary for us to finalize our decision to locate the new manufacturing unit at Deer Park



February 7, 2019

Mr. Victor White,
Superintendent of Schools
Deer Park Independent School District
2800 Texas Avenue
Deer Park, TX 77536

Re: LUBRIZOL CORPORATION – Chapter 313
Value Limitation Agreement No. 1084
Job Waiver Request

Dear Mr. White:

As provided in the Parties' Chapter 313 Application and in the Value Limitation Agreement #1084 (Agreement), Lubrizol anticipated creating 25 "new qualifying jobs" (QJs) by December 31, 2018. The proposed operations at Deer Park will now commence later in 2019 and will require only 16 QJs, that are capable of meeting the facility's start-up requirements. That number is 9 jobs short of the required QJs under the Agreement, and therefore under TEX. TAX CODE 313.025(f-1) we request that you approve the acceptability of the reduction of the QJs number to 16 to be hired by 12/31/2019.

Based on current operating standards, staffing within comparable, existing Lubrizol operating units and planned utilization of automation in operating this new unit, Lubrizol has determined the 25 QJs requirement exceeds the number of "new qualifying jobs" necessary for the operation of this new unit. The 16 QJs to be created for this project will be qualified jobs under TEX. TAX CODE 313.021(3) and 34 TAC 9.1051(30), and the individuals selected to occupy them, will meet the industry standards for the number of "new qualifying jobs" reasonably necessary for the operation of the Deer Park facility described in the Application.

Sincerely,

A handwritten signature in blue ink that reads "Deborah Peres". The signature is written in a cursive, flowing style.

Deborah Peres
Manager Finance & Accounting
Lubrizol Corporation

Schedule C: Employment Information

Date Jan-15
Applicant Name Lubrizol Corp.
ISD Name Deer Park

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2015-2016	2015	0	0	0		
	0	2016-2017	2016	240,000 hours	\$ 94,000	0		
	0	2017-2018	2017	480,000 hours	\$ 94,000	0		
	0	2018-2019	2018	240,000 hours	\$ 94,000	0	0	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2019-2020	2019			0	16	65,000
	2	2020-2021	2020			0	16	65,000
	3	2021-2022	2021			0	16	65,000
	4	2022-2023	2022			0	16	65,000
	5	2023-2024	2023			0	16	65,000
	6	2024-2025	2024			0	16	65,000
	7	2025-2026	2025			0	16	65,000
	8	2026-2027	2026			0	16	65,000
	9	2027-2028	2027			0	16	65,000
	10	2028-2029	2028			0	16	65,000
Years Following Value Limitation Period	11 through 25	2026-2036	2026-2036			0	16	65,000

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No
qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts.
If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)? Yes No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No



Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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.

print here → Victor E. Whete, Jr. Title: SUPERINTENDENT
Print Name (Authorized School District Representative)

sign here → *Victor E. Whete, Jr.* Date: 1-31-19
Signature (Authorized School District Representative)

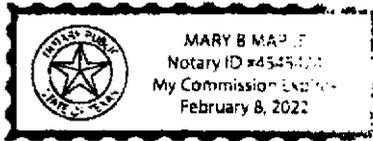
2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

print here → Deborah L Peres Title: Manager of Acct & Fin
Print Name (Authorized Company Representative (Applicant))

sign here → *Deborah L Peres* Date: 1-29-2019
Signature (Authorized Company Representative (Applicant))



(Notary Seal)

GIVEN under my hand and seal of office this, the
29th day of January 2019
Mary B Maple
 Notary Public in and for the State of Texas
 My Commission expires: 2/8/2022

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 Section 37.10.