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CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH

BENJAMIN CASTILLO

September 7, 2017

Local Government Assistance & Economic Analysis

Texas Comptroller of Public Accounts

P.O. Box 13528

Austin, Texas 78711-3528

RE: Amended Application to the Port Arthur Independent School District from
Premcor Refining Group, Inc. Application and Confidential Materials
(1205)

To the Local Government Assistance & Economic Analysis Division:

In response to the request for required information, the Premcor Refining Group, Inc. submitted Amendment 1 to Application # 2015. Below is a list of the amendments.

1. Added superintendent's email
2. Updated contact information for company representative
3. Updated Section 14 Q7(c) to reflect new COG report
4. Changed Section 14 Q8 Selection to wages 313.021(5)(B)
5. Updated Section 14 Q9 to 110% of Q7(c)
6. Updated Section 14 Q10 to match Q9
7. Updated Tab #5 by rewording descriptions and removing CONFIDENTIAL from Tab
8. Added a Non-Confidential Section for Tab #7 and Tab #8
9. Added Maps to Tab #11
 - a. Jefferson County with PAISD and Project Location identified plus Landmarks
 - b. PAISD Boundary Map with Project Location
10. Updated Tab #13 with new COG wage data and updated calculation page
11. Added Comment to Tab #14 Schedule D to include percentage of incentives

Confidential Information has been submitted separately.

Please do not hesitate to call with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. O'Hanlon', with a stylized flourish at the end.

Kevin O'Hanlon
School District Consultant

Cc: Premcor Refining Group, Inc.
Jefferson County Appraisal District

Texas Comptroller of Public Accounts

Application for Appraised Value Limitation on Qualified Property

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

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 comptroller.texas.gov/economy/local/ch313/. 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

SECTION 1: School District Information *(continued)*

3. Authorized School District Consultant *(If Applicable)*

Melody	Chappell
First Name	Last Name
Attorney	
Title	
Wells, Peyton, Greenberg & Hunt, LLP	
Firm Name	
409-838-2644	
Phone Number	
	Fax Number
	mchappell@wellspeyton.com
Mobile Number <i>(optional)</i>	Email Address

4. On what date did the district determine this application complete? September 7, 2017
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)*

Mark	Skobel
First Name	Last Name
Vice President & General Manager	Premcor Refining Group
Title	Organization
1801 S Gulfway Dr	
Street Address	
Mailing Address	
Port Arthur	Texas
City	State
409-985-1000	77640
Phone Number	ZIP
	Fax Number
	mark.skobel@valero.com
Mobile Number <i>(optional)</i>	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.

Russell	Minor
First Name	Last Name
Manager Ad Valorem Tax	Valero Energy Corporation
Title	Organization
One Valero Way	
Street Address	
PO Box 690110	
Mailing Address	
San Antonio	TX
City	State
210-345-4312	78269-0110
Phone Number	ZIP
	Fax Number
	russell.minor@valero.com
Mobile Number <i>(optional)</i>	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 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)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2017
(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)? 799
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? 10
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
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 1,077.75
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,197.25
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,470.36
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? 76,458.80
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 76,458.80
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**.

Item #5

Documentation to assist in determining if limitation is a determining factor

Section 8 Questions

1. Does the applicant currently own land on which the proposed project will occur?

The applicant owns a refinery referred to as the Valero Port Arthur Refinery at this location.

2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

No

3. Does the applicant have current business activities at the location where the proposed project will occur?

Premcor currently operates a refinery at the proposed project location, but there is not any business activity located in the proposed project site boundaries.

7. Is the applicant evaluating other locations not in Texas for the proposed project?

Valero Energy Corporation, the parent company of The Premcor Refining Group, is currently evaluating certain discretionary capital projects located at its Port Arthur Refinery, Houston Refinery, Texas City Refinery, Corpus Refinery, Three Rivers Refinery, and McKee Refineries all located in Texas as well as its Meraux and St. Charles Refineries located in Louisiana. These projects could all generate an attractive return on capital. Specifically, all of the above mentioned refineries could benefit from adding a New Refinery Processing Unit(s) similar to the proposed project for the Port Arthur Refinery. However, Valero's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective sites. Receiving this Appraised Value Limitation from PAISD will be a significant factor in determining whether or not to allocate these limited financial resources to the Port Arthur Refinery. Louisiana currently offers a 10 year exemption for new projects of this size and magnitude. Without a Value Limitation Agreement in Port Arthur, the proposed Refinery Project will have a very large financial disadvantage when compared to the Louisiana locations.

PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?

YES

Item #7

Description of Qualified Investment

The Premcor Refining Goup is considering installing a NEW Refinery Processing Unit(s) and associated at its Port Arthur Refinery. Utilities would include electricity, gas and steam and would be supplied via existing internal and external sources.

*Heat Exchangers

*Pressure Vessels

*Reactors

*Pumps

*Steam Lines

*Crude & Product Lines

*Heaters

*Compressors

*Other Miscellaneous Equipment

PREMCO REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #8

Description of Qualified Property

The Premcor Refining Goup is considering installing a Refinery Processing Unit(s) at its Port Arthur Refinery. Utilities would include electricity, gas and steam and would be supplied via existing internal and external sources.

*Heat Exchangers

*Pressure Vessels

*Reactors

*Pumps

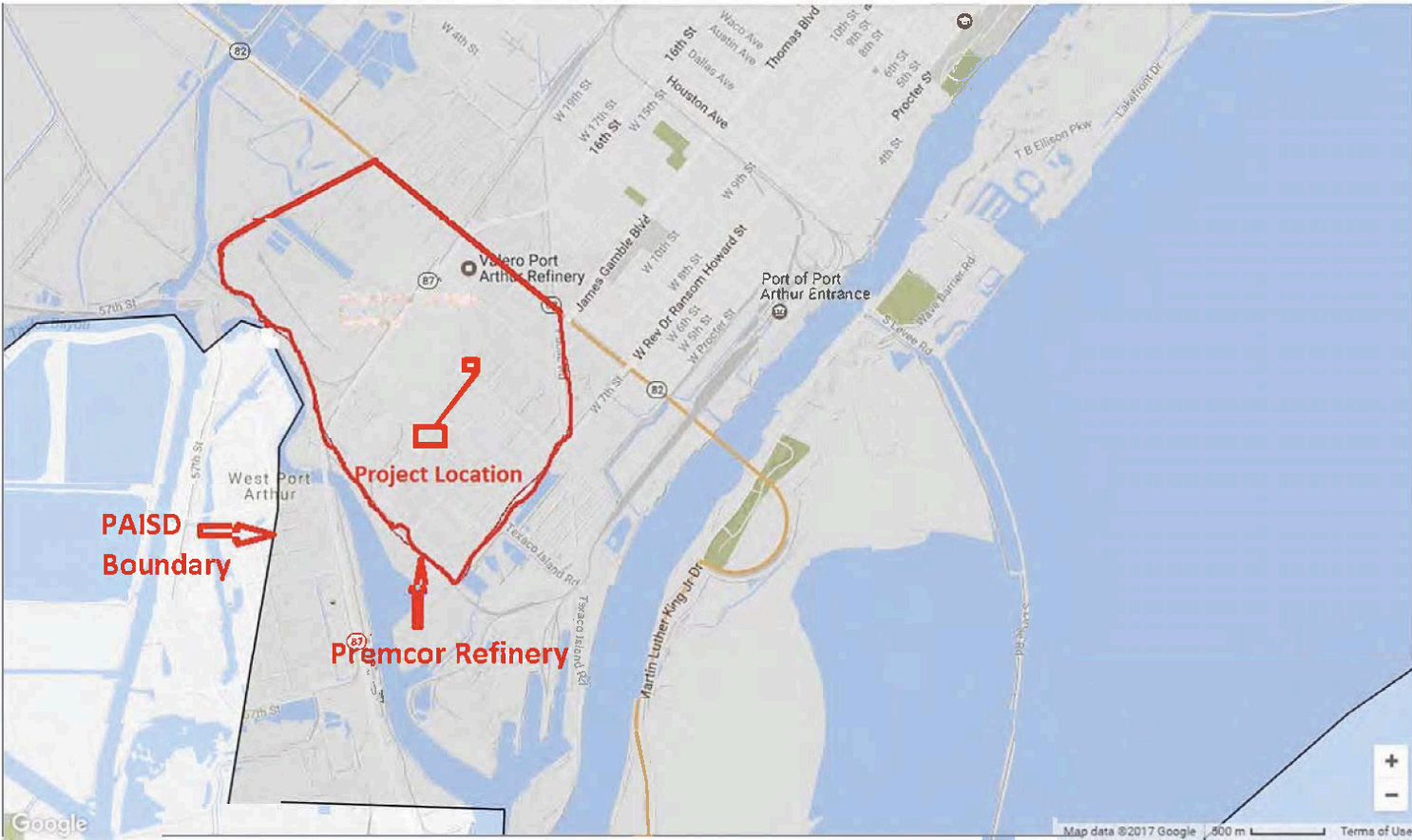
*Steam Lines

*Crude & Product Lines

*Heaters

*Compressors

*Other Miscellaneous Equipment





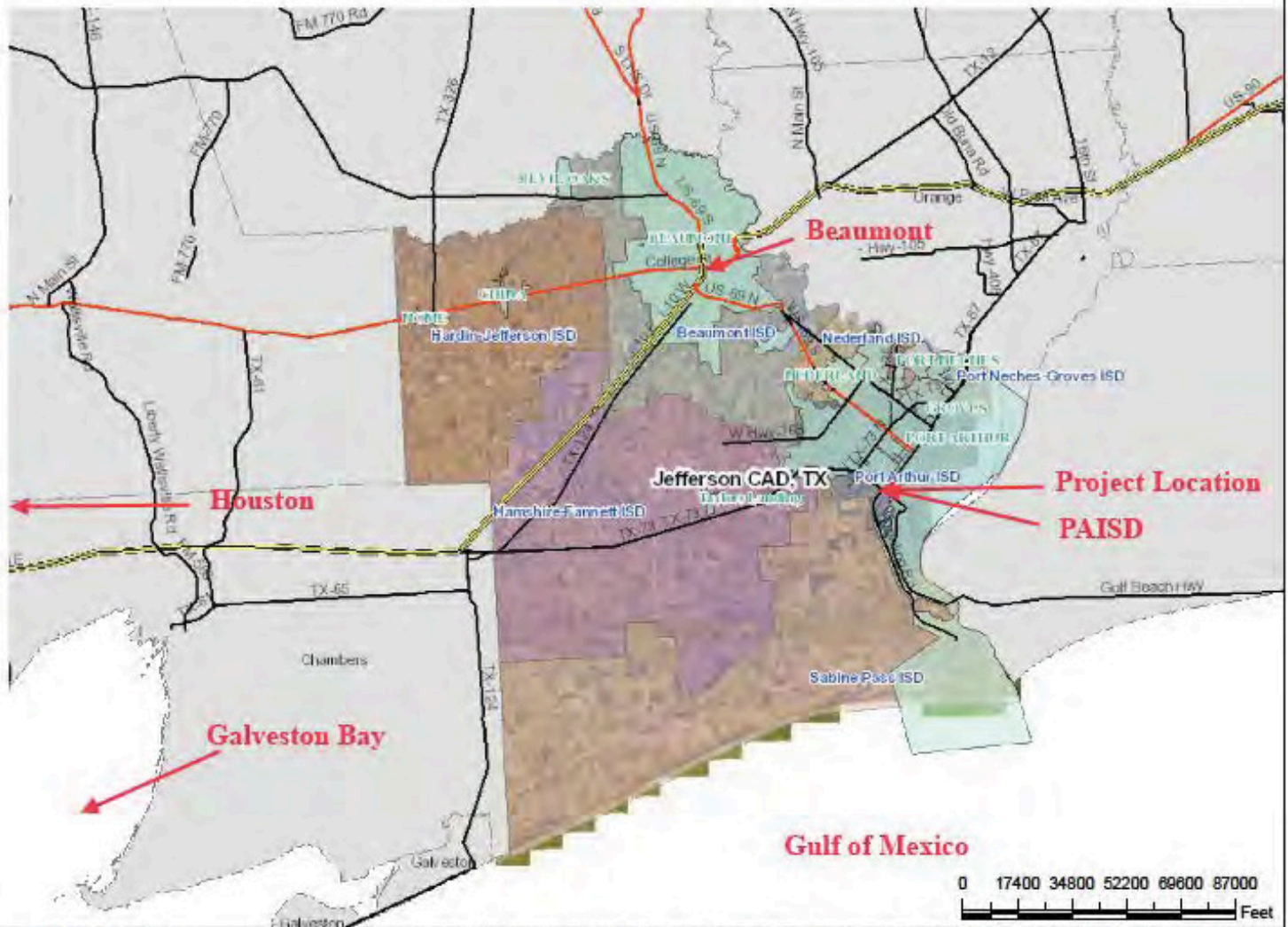
PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #11

Maps of Project

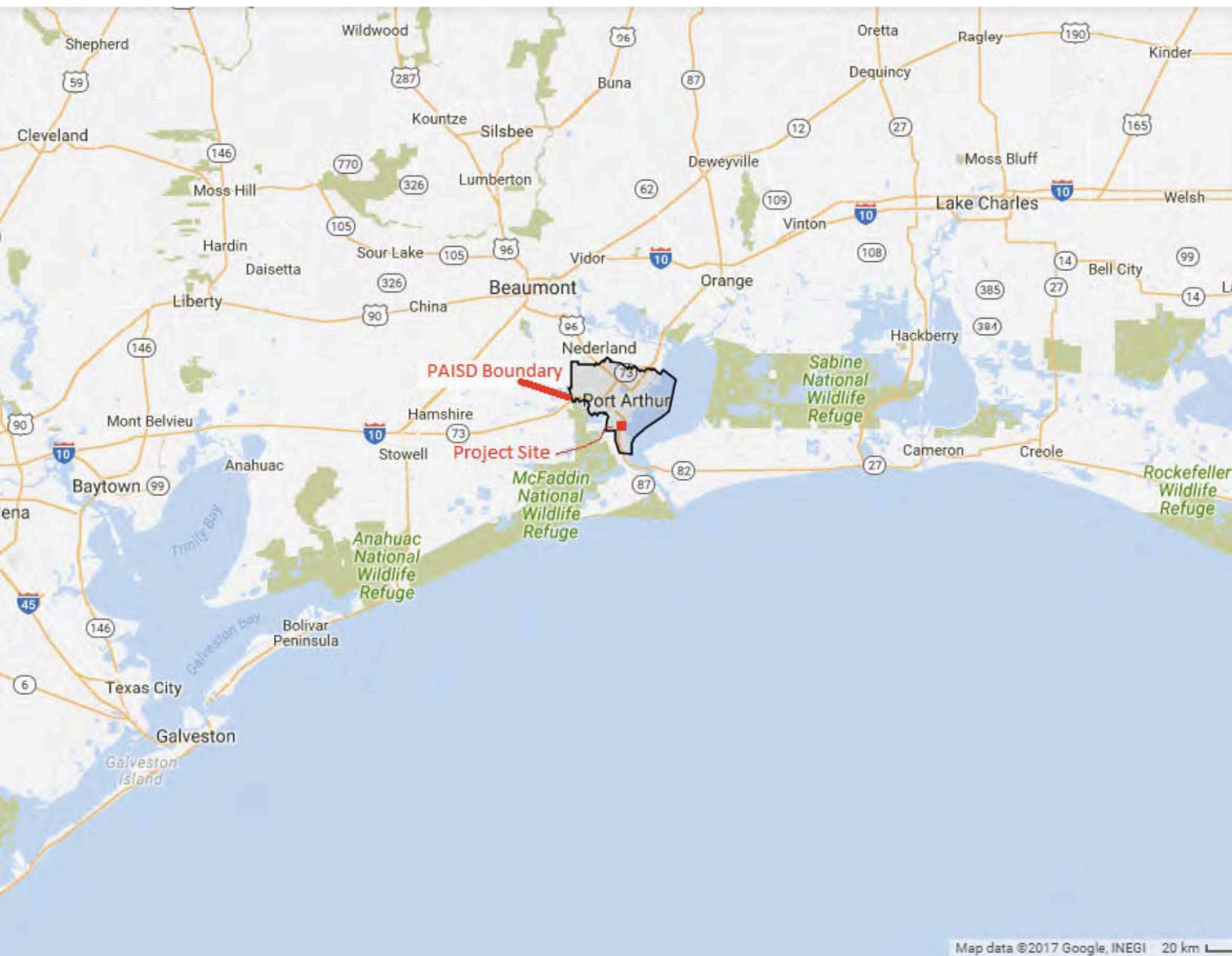
See Attached

Jefferson County Vicinity Map

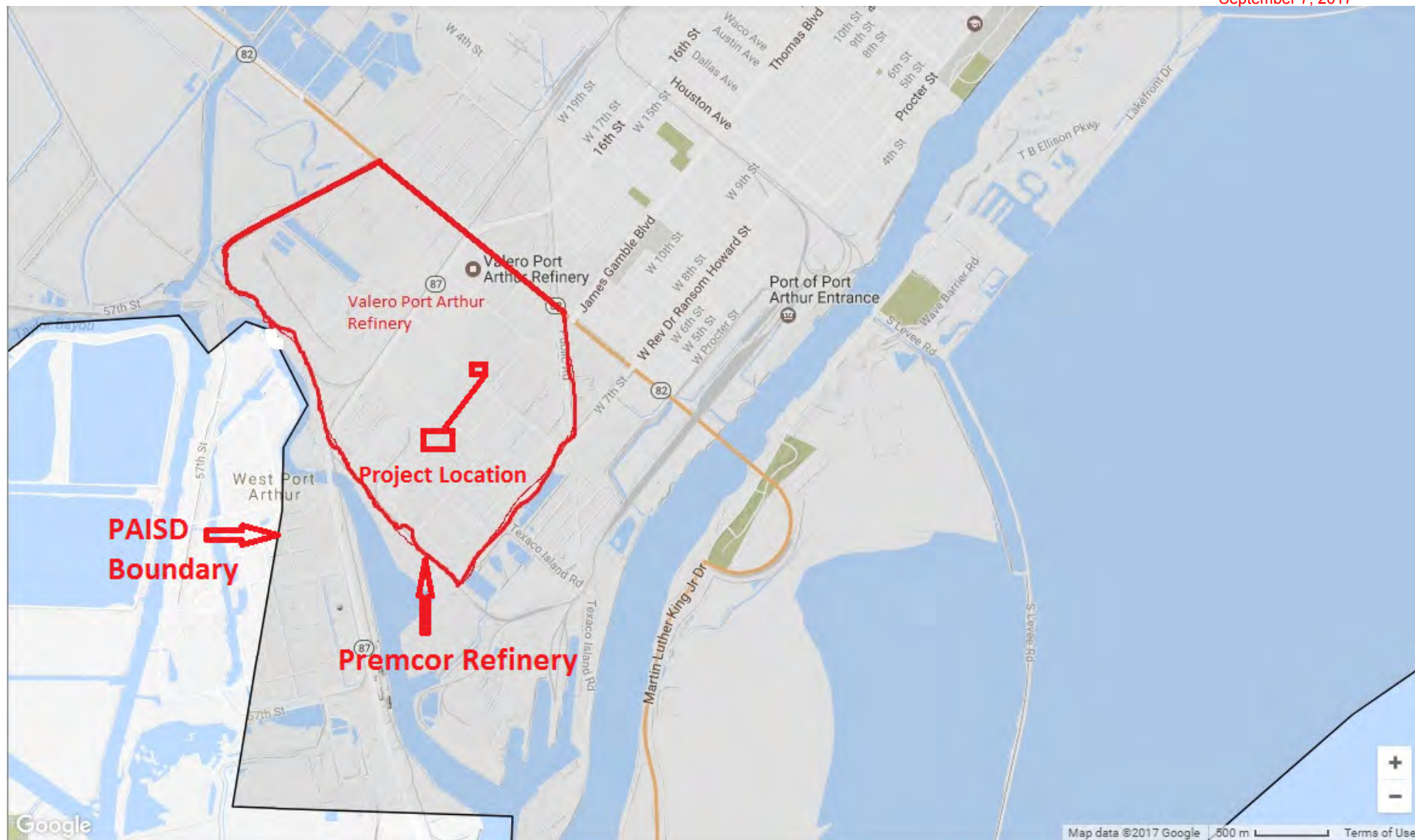


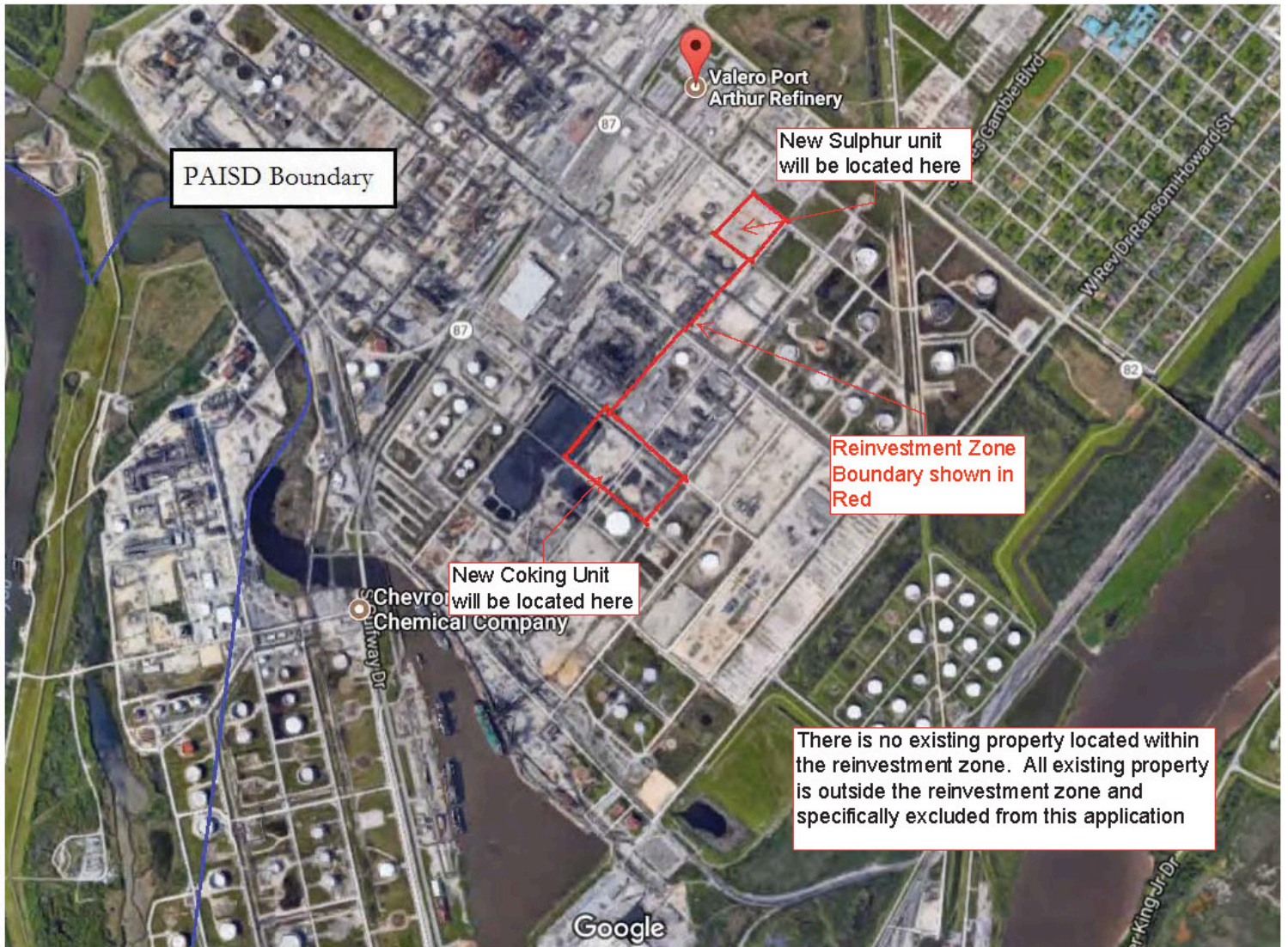
Jefferson CAD, TX
Date Printed: August 16, 2017

This map is for illustrative purposes only and does not represent a survey. It is provided "as is" without warranty or any representation of accuracy, timeliness or completeness. The user acknowledges and accepts all inherent limitations of the maps and data, including the fact that the maps and data are dynamic and in a constant state of maintenance, correction and revision. No liability is assumed by Jefferson County as to the accuracy of the data delineated hereon.









PREMCO REFING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #13

Calculation of three possible wage requirements with TWC documentation

Jefferson County All Industries Average Weekly Wages								
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Jefferson County	Private	0	0	10	Total, All Industries	\$1,106
2016	2nd Qtr	Jefferson County	Private	0	0	10	Total, All Industries	\$1,033
2016	3rd Qtr	Jefferson County	Private	0	0	10	Total, All Industries	\$1,068
2016	4th Qtr	Jefferson County	Private	0	0	10	Total, All Industries	\$1,104
							4 Period Weekly Average:	\$1,077.75
							Average Weekly Wage:	\$1,077.75
							Annual Wages:	\$56,043.00
Jefferson County Average Manufacturing Weekly Wages								
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$2,285
2016	2nd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,864
2016	3rd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,893
2016	4th Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,948
							4 Period Weekly Average:	\$1,998
							110% of Avg Weekly Wage:	\$2,197.25
							Annual Wages:	\$114,257
COG Region Wage								
South East Texas Regional Planning Commission								
			Hourly	Annual				
2015 Average Manufacturing Wages			\$33.42	\$69,508.00				
		Avg Weekly Wage:	\$1,336.69					
		110% of Region Weekly Wage:	\$1,470.36					
		110% of Annual Wages:	\$76,458.80					

Documentation: SEE ATTACHED

2016 Manufacturing Average Wages by Council of Government Region Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$25.41	\$52,850
<u>1. Panhandle Regional Planning Commission</u>	\$22.52	\$46,834
<u>2. South Plains Association of Governments</u>	\$18.27	\$38,009
<u>3. NORTEX Regional Planning Commission</u>	\$24.14	\$50,203
<u>4. North Central Texas Council of Governments</u>	\$26.06	\$54,215
<u>5. Ark-Tex Council of Governments</u>	\$19.07	\$39,663
<u>6. East Texas Council of Governments</u>	\$20.52	\$42,677
<u>7. West Central Texas Council of Governments</u>	\$20.31	\$42,242
<u>8. Rio Grande Council of Governments</u>	\$19.32	\$40,188
<u>9. Permian Basin Regional Planning Commission</u>	\$26.00	\$54,079
<u>10. Concho Valley Council of Governments</u>	\$18.78	\$39,066
<u>11. Heart of Texas Council of Governments</u>	\$21.14	\$43,962
<u>12. Capital Area Council of Governments</u>	\$30.06	\$62,522
<u>13. Brazos Valley Council of Governments</u>	\$17.66	\$36,729
<u>14. Deep East Texas Council of Governments</u>	\$18.06	\$37,566
<u>15. South East Texas Regional Planning Commission</u>	\$33.42	\$69,508
<u>16. Houston-Galveston Area Council</u>	\$27.52	\$57,246
<u>17. Golden Crescent Regional Planning Commission</u>	\$26.38	\$54,879
<u>18. Alamo Area Council of Governments</u>	\$21.67	\$45,072
<u>19. South Texas Development Council</u>	\$15.02	\$31,235
<u>20. Coastal Bend Council of Governments</u>	\$27.85	\$57,921
<u>21. Lower Rio Grande Valley Development Council</u>	\$17.55	\$36,503
<u>22. Texoma Council of Governments</u>	\$20.98	\$43,648
<u>23. Central Texas Council of Governments</u>	\$18.65	\$38,783
<u>24. Middle Rio Grande Development Council</u>	\$23.05	\$47,950

Source: Texas Occupational Employment and Wages

Data published: July 2017

Data published annually, next update will be July 31, 2018

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.

Quarterly Employment and Wages (QCEW)

[Back](#)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	2nd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,033
2016	1st Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,106
2016	3rd Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,068
2016	4th Qtr	Jefferson County	Private	00	0	10	Total, All Industries	\$1,104

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	2nd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,864
2016	1st Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$2,285
2016	3rd Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,893
2016	4th Qtr	Jefferson County	Private	31	2	31-33	Manufacturing	\$1,948

Schedule D: Other Incentives (Estimated)

Date
Applicant Name
ISD Name

Form 50-296A
Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Jefferson	2021	10 Years	\$1,549,364	\$1,549,364	\$0
	Other: Sabine Neches Navigation	2021	10 Years	\$388,996	\$388,996	\$0
	Other: Drainage District 7	2021	10 Years	\$681,487	\$681,487	\$0
	Other: Port of Port Arthur	2021	10 Years	\$707,380	\$707,380	\$0
Local Government Code Chapters 380/381						
	County:					
	City:					
Freeport Exemptions	Other:					
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$3,327,227	\$3,327,227	\$0

Additional information on incentives for this project:

Estimates assume 100% tax abatement for Jefferson County, Sabine Neches Navigation District, Drainage District #7 and the Port of Port Arthur



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

Dr. Mark Porterie

Print Name (Authorized School District Representative)

sign
here

Signature (Authorized School District Representative)

Superintendent

Title

Sept 7, 2017

Date

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

Mark Skobel

Print Name (Authorized Company Representative (Applicant))

sign
here

Signature (Authorized Company Representative (Applicant))

Vice President & General Manager

Title

8-25-17

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

25th day of August 2017

Notary Public in and for the State of Texas

My Commission expires: 02-23-2020

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.