O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW 808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949 FACSIMILIE: (512) 494-9919

KEVIN O'HANLONCERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH
BENJAMIN CASTILLO

September 11, 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
 - c. Provided "Confidential Map" of Qualified Property that details the plotted location of the new qualified property within the property boundary and reinvestment zone.
- 10. Updated Tab #13 with new COG wage data and updated calculation page, including changing to "Total All"
- 11. Updated Schedule C
- 12. 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,

Kevin O'Hanlon

School District Consultant

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

Texas Comptroller of Public Accounts

Transparency
Form 50-296-A

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		
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 inform	nation related to this application?	Yes No



1205-portarthur-premcor-amendment001 Application for Appraised Value Limitation on Qualified Property

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 (optional)	Email Address	
4. On what date did the district determine this application complet	te?	September 7, 2017
5. Has the district determined that the electronic copy and hard co	opy 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	77640
City	State	ZIP
409-985-1000		
Phone Number	Fax Number	
	mark.skobel@valero.com	
Mobile Number (optional)	Business Email Address	
2. Will a company official other than the authorized company reprinformation requests?	esentative be responsible for responding to future	Yes No
2a. If yes, please fill out contact information for that person.		
	Maria	
Russell	Minor	
First Name	Last Name	
Manager Ad Valorem Tax	Valero Energy Corporation	
Title	Organization	
One Valero Way		
Street Address		
PO Box 690110		
PO Box 690110 Mailing Address	TV	70000 0440
PO Box 690110 Mailing Address San Antonio	TX	78269-0110
PO Box 690110 Mailing Address San Antonio City	State	78269-0110 ZIP
PO Box 690110 Mailing Address San Antonio City 210-345-4312	State 210-345-2495	
PO Box 690110 Mailing Address San Antonio City	State 210-345-2495 Fax Number	
PO Box 690110 Mailing Address San Antonio City 210-345-4312	State 210-345-2495	

Texas Comptroller of Public Accounts

September Atta Analysis and Transparency Form 50-296-A

S	ECTION 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	
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 necessary for the operation, according to industry standards.	he number of employees
7.	Attach in Tab 13 the four most recent quarters of data for each wage calculation below, including documentation from the actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly based on information from the four quarterly periods for which data were available at the time of the application review application). See TAC §9.1051(21) and (22).	from this estimate — will be
	a. Average weekly wage for all jobs (all industries) in the county is	1,076.50
	b. 110% of the average weekly wage for manufacturing jobs in the county is	2,255.55
	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?	1(5)(A) or 3 §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 Vo
	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 Vo
	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

- 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.

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

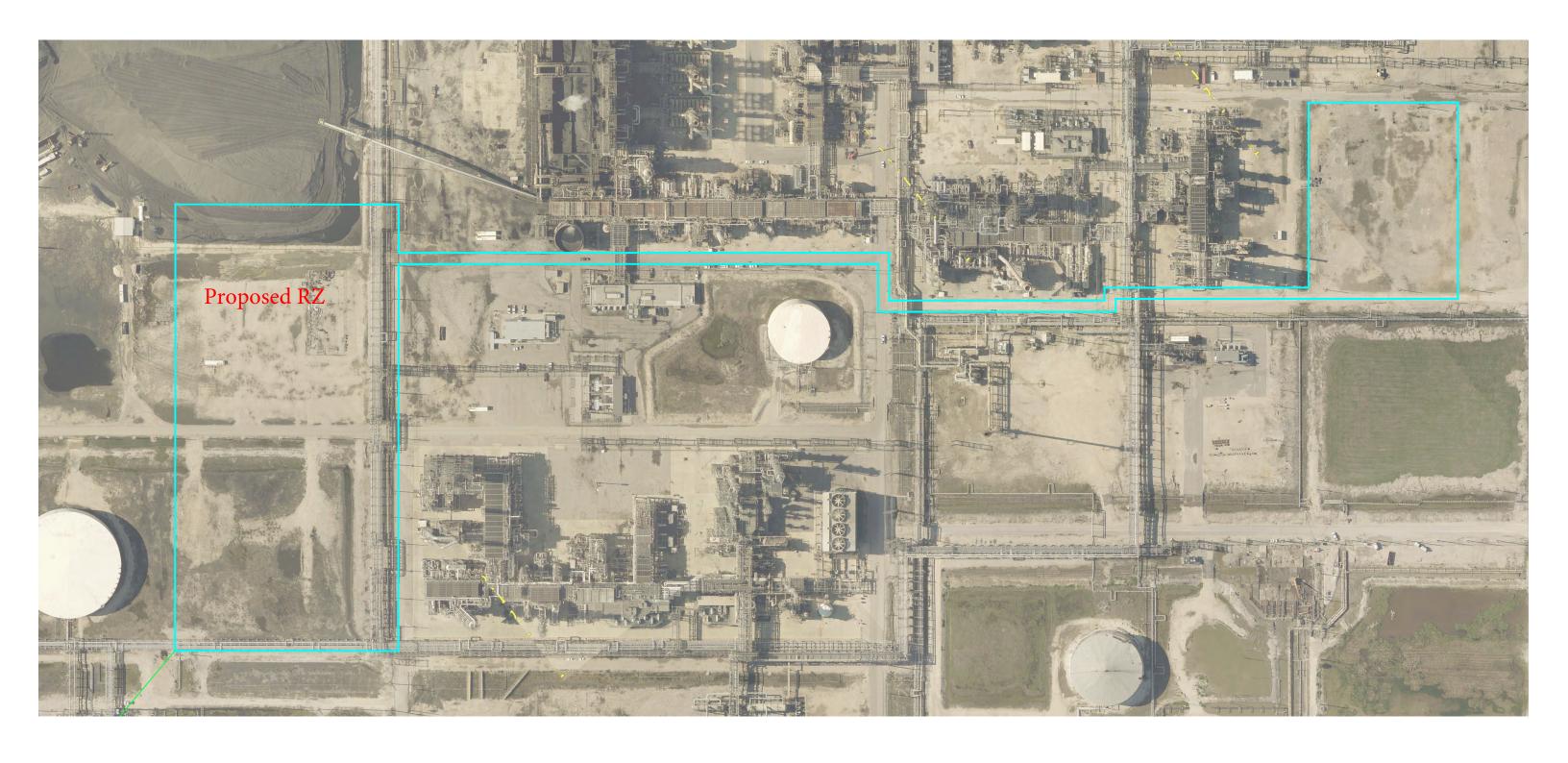
Item #8

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

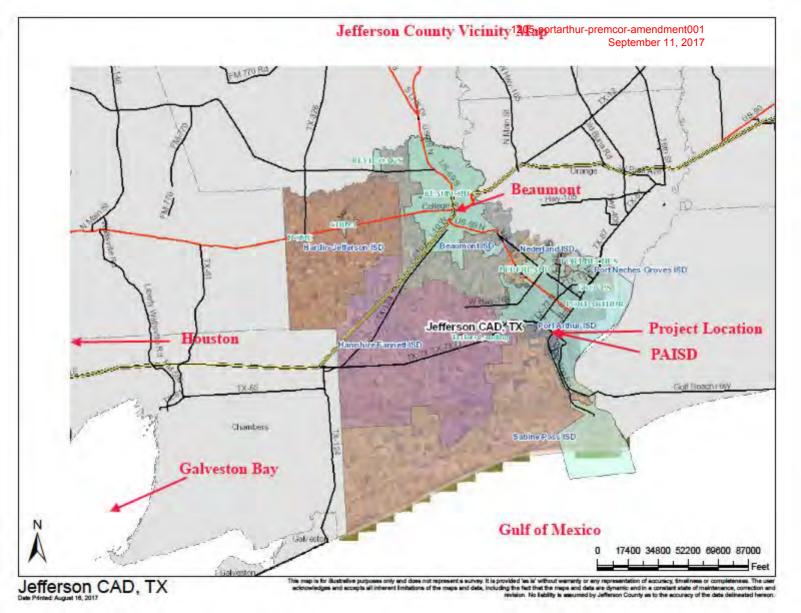
Map data \$2017 Google 500 m L

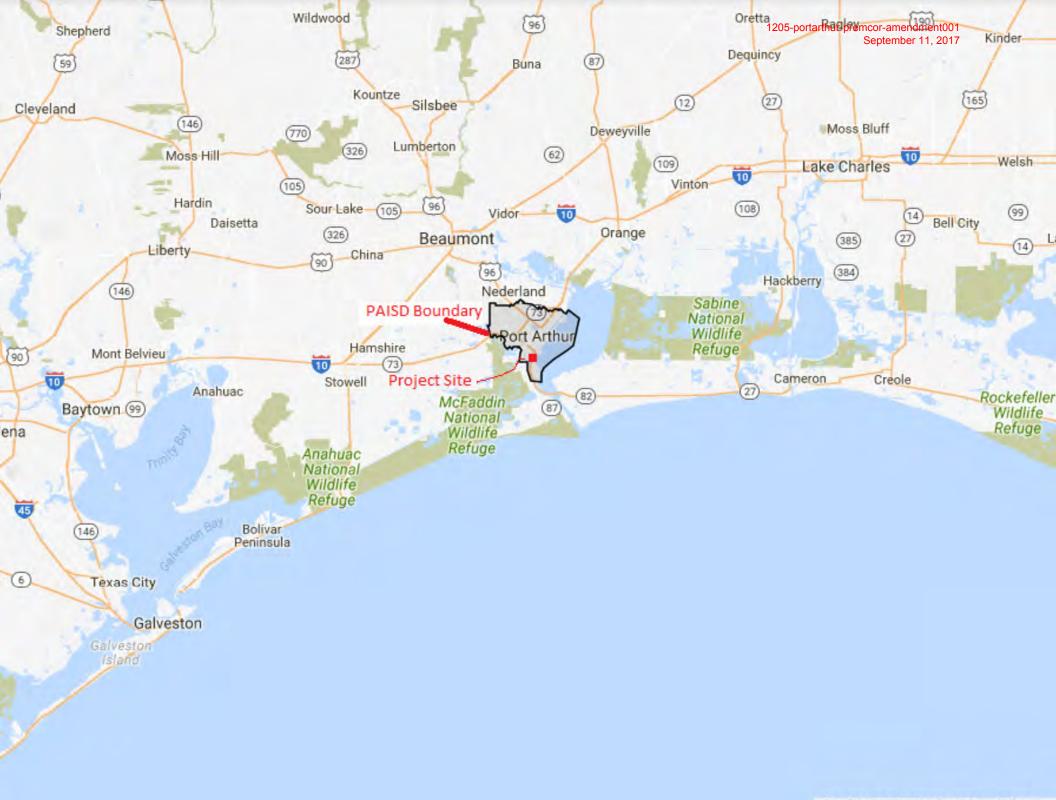


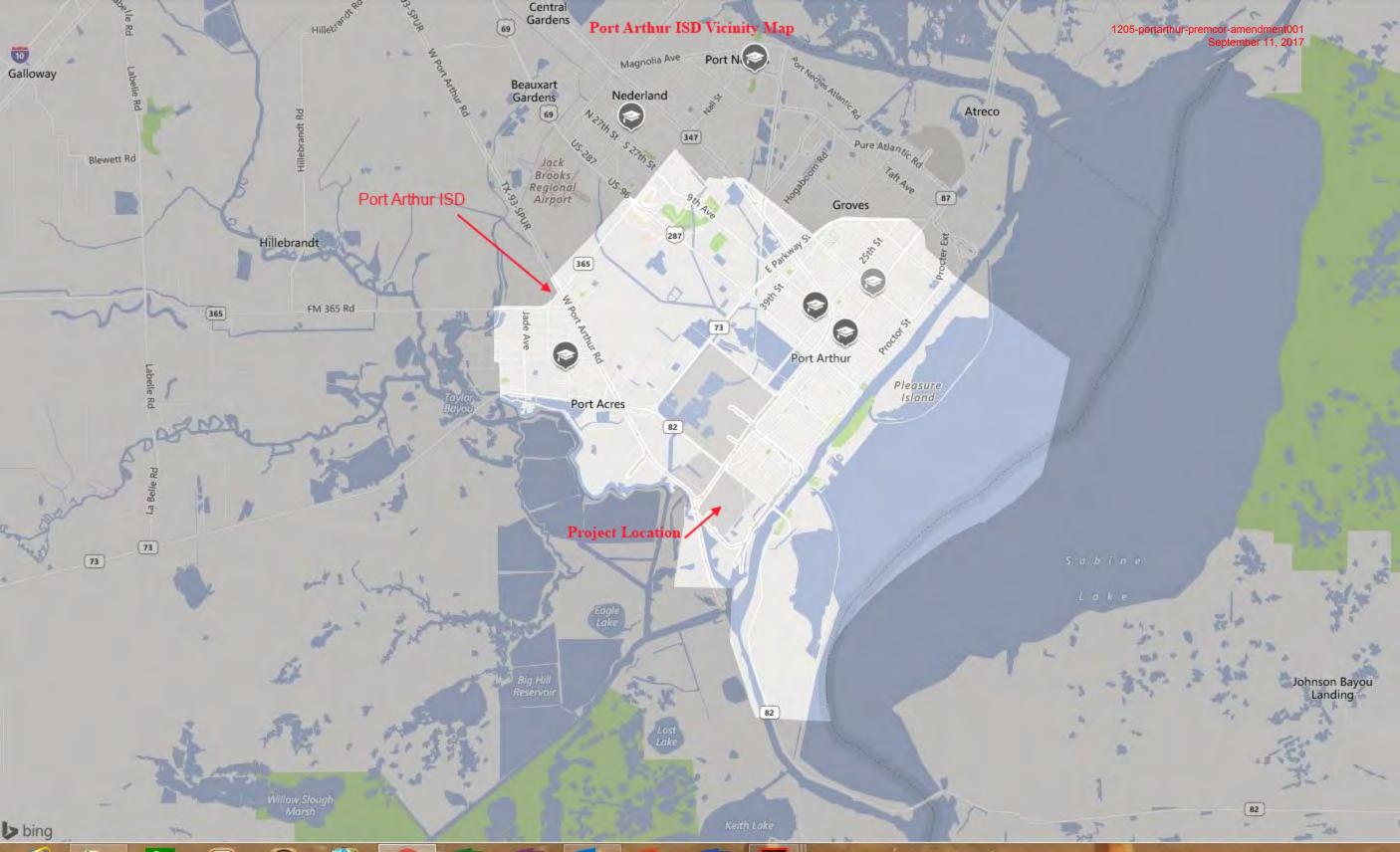
Item #11

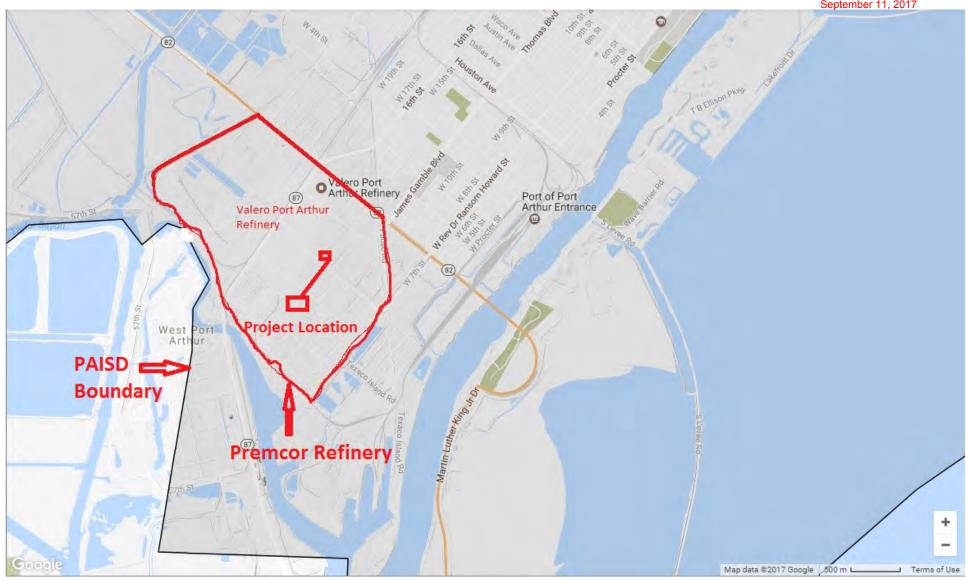
Maps of Project

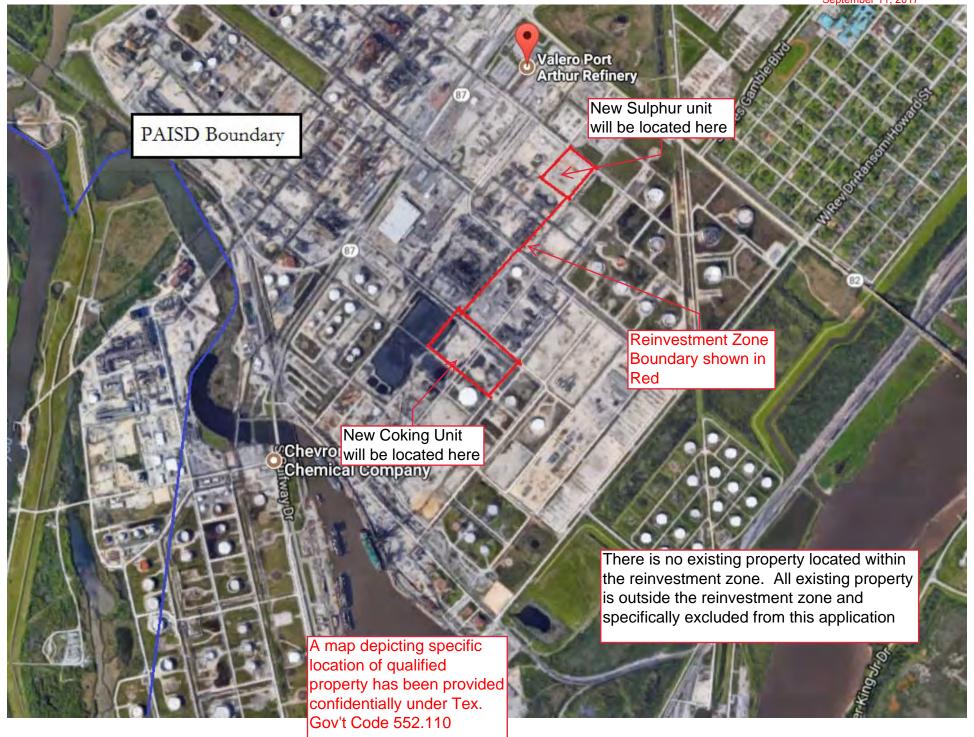
See Attached











Item #13

Calculation of three possible wage requirements with TWC documentation

Documentation: SEE ATTACHED

Jefferson (County All Ir	ndustries Average W	eekly Wages					
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	1st Qtr	Jefferson County	Total All	0	0	10	Total, All Industries	\$1,137
2016	2nd Qtr	Jefferson County	Total All	0	0	10	Total, All Industries	\$1,031
2016	3rd Qtr	Jefferson County	Total All	0	0 10 Total, All In		Total, All Industries	\$1,062
2016	4th Qtr	Jefferson County	Total All	0	0	10	Total, All Industries	\$1,076
							4 Period Weekly Average:	\$1,076.50
							Average Weekly Wage:	\$1,076.50
							Annual Wages:	\$55,978

efferson (on County Average Manufacturing Weekly Wages								
		_							
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages	
2017	1st Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$2,451	
2016	2nd Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$1,953	
2016	3rd Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$1,891	
2016	4th Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$1,907	
							4 Period Weekly Average:	\$2,051	
							110% of Avg Weekly Wage:	\$2,255.55	
							Annual Wages:	\$117,289	

COG Regio	n Wage							
South East								
2016 Avera	2016 Average Manufacturing Wages Hourly							
			\$33.42	\$69,508.00				
		Avg V	Weekly Wage:	\$1,336.69				
	110% of Region Weekly Wage:							
		110% of A	nnual Wages:	\$76,458.80				

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

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



								Page 1 of 1 (40 results/page)
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Jefferson County	Total All	00	0	10	Total, all industries	\$1,089
2017	1st Qtr	Jefferson County	Total All	00	0	10	Total, all industries	\$1,137
2016	2nd Qtr	Jefferson County	Total All	00	0	10	Total, all industries	\$1,031
2016	3rd Qtr	Jefferson County	Total All	00	0	10	Total, all industries	\$1,062
2016	4th Qtr	Jefferson County	Total All	00	0	10	Total, all industries	\$1,076

Quarterly Employment and Wages (QCEW)



								Page 1 of 1 (40 results/page)
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$2,338
2017	1st Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$2,451
2016	2nd Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$1,953
2016	3rd Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$1,891
2016	4th Qtr	Jefferson County	Total All	31	2	31-33	Manufacturing	\$1,907

Schedule C: Employment Information

Date
Applicant Name
ISD Name

Form 50-296A

Revised May 2014

				Construction Non-Qualifying Jobs			Qualifyi	ng Jobs
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	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 onew qualifying jobs
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2017-2018	2017					
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2018-2019	2018					
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2019-2020	2019	900 FTE's	\$102,000			
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2020-2021	2020	1500 FTE's	\$102,000			
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2021-2022	2021	200 FTE's	\$102,000			
	1	2022-2023	2022		, , , , , , , , , , , , , , , , , , , ,			
							10	\$76,458.80
	2	2023-2024	2023				10	\$76,458.80
	3	2024-2025	2024				10	\$76,458.80
	4	2025-2026	2025				10	\$76,458.80
Value Limitation Period The qualifying time period could overlap the	5	2026-2027	2026				10	\$76,458.80
value limitation period.	6	2027-2028	2027				10	\$76,458.80
	7	2028-2029	2028				10	\$76,458.80
	8	2029-2030	2029				10	\$76,458.80
	9	2030-2031	2030				10	\$76,458.80
	10	2031-2032	2031				10	\$76,458.80
Years Following Value Limitation Period	11 through 25	3032-2047	2032-2046				10	\$76,458.80

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

Schedule D: Other Incentives (Estimated)

Date
Applicant Name
ISD Name

Form 50-296A

Revised May 2014

Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
	County:					
Tax Code Chapter 311	City:					
	Other:					
	County: Jefferson	2021	10 Years	\$1,549,364	\$1,549,364	\$0
Tax Code Chapter 312	Other: Sabine Neches Navigation	2021	10 Years	\$388,996	\$388,996	\$0
Tax Code Chapter 312	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			1			
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 Athur



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 bere Dr. Mark Porterie	Superintendent
	Print Name (Authorized School District Representative) sign here Signature (Authorized School District Representative)	Title Jeph 7, 2017 Date
2.	Authorized Company Representative (Applicant) Signature and No	
	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	Vice President & General Manager
	Print Name (Authorized Company Representative (Applicant))	Title
	sign here MA SKAL Signature (Authorized Company Representative (Applicant))	8-25-17 Date
	Elaina M Sims Notary Public, State of Texas Commission # 124832397 Expires: 02/23/2020	GIVEN under my hand and seal of office this, the 35 th August 2017 Bluma M. Jums Notary Public in and for the State of Texas
	(Notary Seal)	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.