

# POWELL & LEON, LLP

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February 22, 2019

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

Re: Application #1321 from Pasadena Performance Products, LP to Deer Park Independent School District – Amendment #003 Transmittal Letter

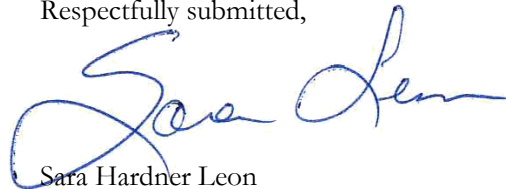
Dear Ms. Leura:

This letter is in response to your email dated February 20, 2019. Per your request, Pasadena Performance Products, LP has made the following changes to Application #1321. Enumerated below are the changes contained in Amendment #003:

1. **Application Section 14, Item 7: *Wage and Employment Information***  
Wages have been updated to include 2018 Q3 available wage information.
2. **Tab 7: *Detailed Description of the Qualified Investment***  
“Significant Components of the Facility Include” was updated to include requested additional detail.
3. **Tab 13: *Calculation of three possible wage requirements with TWC Documentation***  
Wages have been updated to include 2018 Q3 available wage information.
4. **Application Section 16: *Authorized Signatures and Application Certification***  
A new signature page is attached.

If you have any questions, or would like to discuss this matter further, please contact me or Shelly Leung at (512) 494-1177.

Respectfully submitted,



Sara Hardner Leon

Enclosures

cc: *Via Electronic Mail:* [white@dpisd.org](mailto:white@dpisd.org)  
Mr. Victor White, Superintendent of Schools, Deer Park Independent School District

*Via Electronic Mail:* [tina.wininger@nextwaveenergy.com](mailto:tina.wininger@nextwaveenergy.com)  
Ms. Tina Wininger, Controller, Next Wave Energy Partners, LP

*Via Electronic Mail:* [gfrancis@deloitte.com](mailto:gfrancis@deloitte.com)  
Mr. George Francis, Managing Tax Director, Deloitte Tax, LLP

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.

# Tab #7

## Detailed Description of Qualified Investment

### Proposed Project Description

The proposed project to which this application pertains is to construct an on-purpose alkylate manufacturing facility. The facility will consist of two units, an olefins unit (“Olefins Unit”) and an alkylation unit, as well as associated process infrastructure, auxiliary equipment and logistics assets.

The Olefins Unit produces olefins via a catalyst and co-catalyst. The alkylation unit will react light olefins – including the olefins produced by the Olefins Unit – with isobutane in the presence of a sulfuric acid catalyst to form alkylate. Alkylate is a premium blendstock used in the formulation of gasoline and is sought after for its high octane and low vapor pressure characteristics.

Feedstocks are sourced from a pipeline network connected to market hubs along the Gulf Coast. Final products produced are alkylates, which will be transported by pipeline and sold into the gasoline blending market for domestic and foreign consumption.

Applicant anticipates investments for construction of approximately \$575 million. This anticipated investment amount includes engineering, equipment, and construction costs.

### Significant Components of the Facility Include:

- Distillation towers
- Reactors
- Heat Exchangers, pumps and vessels
- Compressor and refrigeration units
- Acid and Caustic Storage & Neutralization Equipment
- Cooling Tower
- Electrical Substation
- Waste Water Tank
- Firewater Tank and Distribution System
- Metering Stations
- Feedstock and Product Storage
- Pipeline Transfer Pumps
- Truck Loading, Unloading & Truck Scale
  - catalysts to be used in the manufacturing process are brought in via truck, weighed and unloaded; smaller volume products of the manufacturing process are sold and loaded onto trucks for delivery to the customer
- Flare & Thermal Oxidizer
- Buildings

Tab 7 Continued

- Control Room
- Lab (used for testing the composition and quality of feedstock, mid-process product testing and quality assurance as well as finished product testing)
- Maintenance facility (base for plant maintenance workers and related tasks, spare parts, tools, maintenance equipment, etc.)

## **Tab #13**

# **Calculation of three possible wage requirements with TWC Documentation**

## Calculations of Wages for Harris County

Based on Most Recent Data Available

Average Weekly Wage for all jobs (all industries) in the County		
Year	Period	Wages
2017	4	\$1,351
2018	1	\$1,494
2018	2	\$1,269
2018	3	\$1,272
<b>Average</b>		<b>\$1,346.50</b>

110% of Average Weekly Wage for Manufacturing jobs in the County		
Year	Period	Wages
2017	4	\$1,671
2018	1	\$1,921
2018	2	\$1,611
2018	3	\$1,585
<b>Average</b>		<b>\$1,697</b>
<b>110% of Average Weekly Wage</b>		<b>\$1,866.70</b>

110% of Average Weekly Wage for Manufacturing jobs in the Region Houston-Galveston Area Council	
Rate per Hour	\$28.94
110% of Rate Per Hour	\$31.83
Hours per Week	40
<b>110% of Average Weekly Wage</b>	
<b>\$1,273.36</b>	
<b>Annual Average Wage (52 Weeks)</b>	
<b>\$66,214.72</b>	

110% of Average Annual Wage for Manufacturing jobs in the Region	
Average Annual Wage	\$60,202.00
<b>110% of Average Annual Wage</b>	
<b>\$66,222.20</b>	

<b>Minimum Required Annual Wage</b>	<b>\$66,222.20</b>
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Year	Period	Area	Ownership	Ind Code	Industry	Avg Weekly Wages
2017	4	Harris	Total All	10	Total, All Industries	\$1,351
2018	1	Harris	Total All	10	Total, All Industries	\$1,494
2018	2	Harris	Total All	10	Total, All Industries	\$1,269
2018	3	Harris	Total All	10	Total, All Industries	\$1,272

Year	Period	Area	Ownership	Ind Code	Industry	Avg Weekly Wages
2017	4	Harris	Private	31-33	Manufacturing	\$1,671
2018	1	Harris	Private	31-33	Manufacturing	\$1,921
2018	2	Harris	Private	31-33	Manufacturing	\$1,611
2018	3	Harris	Private	31-33	Manufacturing	\$1,585



**2017 Manufacturing Average Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$26.24</b>	<b>\$54,587</b>
<a href="#">1. Panhandle Regional Planning Commission</a>	\$23.65	\$49,190
<a href="#">2. South Plains Association of Governments</a>	\$19.36	\$40,262
<a href="#">3. NORTEX Regional Planning Commission</a>	\$23.46	\$48,789
<a href="#">4. North Central Texas Council of Governments</a>	\$26.80	\$55,747
<a href="#">5. Ark-Tex Council of Governments</a>	\$18.59	\$38,663
<a href="#">6. East Texas Council of Governments</a>	\$21.07	\$43,827
<a href="#">7. West Central Texas Council of Governments</a>	\$21.24	\$44,178
<a href="#">8. Rio Grande Council of Governments</a>	\$18.44	\$38,351
<a href="#">9. Permian Basin Regional Planning Commission</a>	\$26.24	\$54,576
<a href="#">10. Concho Valley Council of Governments</a>	\$19.67	\$40,924
<a href="#">11. Heart of Texas Council of Governments</a>	\$21.53	\$44,781
<a href="#">12. Capital Area Council of Governments</a>	\$31.49	\$65,497
<a href="#">13. Brazos Valley Council of Governments</a>	\$17.76	\$39,931
<a href="#">14. Deep East Texas Council of Governments</a>	\$17.99	\$37,428
<a href="#">15. South East Texas Regional Planning Commission</a>	\$34.98	\$72,755
<a href="#">16. Houston-Galveston Area Council</a>	<b>\$28.94</b>	<b>\$60,202</b>
<a href="#">17. Golden Crescent Regional Planning Commission</a>	\$26.94	\$56,042
<a href="#">18. Alamo Area Council of Governments</a>	\$22.05	\$48,869
<a href="#">19. South Texas Development Council</a>	\$15.07	\$31,343
<a href="#">20. Coastal Bend Council of Governments</a>	\$28.98	\$60,276
<a href="#">21. Lower Rio Grande Valley Development Council</a>	\$17.86	\$37,152
<a href="#">22. Texoma Council of Governments</a>	\$21.18	\$44,060
<a href="#">23. Central Texas Council of Governments</a>	\$19.30	\$40,146
<a href="#">24. Middle Rio Grande Development Council</a>	\$24.07	\$50,058

Source: Texas Occupational Employment and Wages

Data published: July 2018

Data published annually, next update will be July 31, 2019

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.

Texas Comptroller of Public Accounts

Data Analysis and Transparency Form 50-296-A

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. WARE, JR. Title: SUPERINTENDENT
Signature (Authorized School District Representative)
sign here -> [Signature] Date: 2-21-19

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 -> A. Patrick Diamond Title: Executive Chairman
Signature (Authorized Company Representative (Applicant))
sign here -> [Signature] Date: 2/20/2019



(Notary Seal)

GIVEN under my hand and seal of office this, the

20 day of February, 2019
Sarah W. Joens
Notary Public in and for the State of Texas
My Commission expires: July 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.