

**FINDINGS OF THE PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
THE PREMCOR REFINING GROUP, INC. (#1205)**



September 25, 2018

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SEPTEMBER 25, 2018

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STATE OF TEXAS §

COUNTY OF JEFFERSON §

On the 25th day of September 2018, a public meeting of the Board of Trustees of the Port Arthur Independent School District (“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 The Premcor Refining Group, Inc (“Applicant”) 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. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On June 22, 2017, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 14314912305), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Jefferson County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On September 19, 2017, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on October 20, 2017 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F**.

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

The Premcor Refining Group, Inc is considering a new manufacturing project at its Port Arthur Refinery. The project would include typical refining equipment such as reactors, heat exchangers, vessels, pumps, heaters and other processing equipment.

Property used for manufacturing is eligible for a limitation under §313.024(b)(1).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs will be at least \$76,458.80 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

The Applicant does not intend to create any non-qualifying jobs.

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For all non-qualifying jobs, the Applicant should create the Applicant will be required to pay at least the county average wage of \$56,030 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 7.

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.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$522 million to the tax base that would be available for debt service purposes at the peak investment level for the 2022-23 school year.

Board Finding Number 8.

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 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 project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

Board Finding Number 9.

The Board finds that with the adoption of District Policy CCG (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.

Board Finding Number 10.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

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).

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F. The total industrial value for the District is \$7.46 billion. The District 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. The District is classified as a "rural" district due to its placement in a strategic investment area. Given that the value of industrial property is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment I**)

Board Finding Number 13.

The Applicant (Taxpayer No. 14314912305) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 14314912305), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 14.

The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.

Board Finding Number 15.

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, and such provisions comply with the specific terms of Texas Tax Code, Chapter 313.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first year 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. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 16.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 17.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/Home/Index/723>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 18.

The Board directs that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.

Board Finding Number 19.

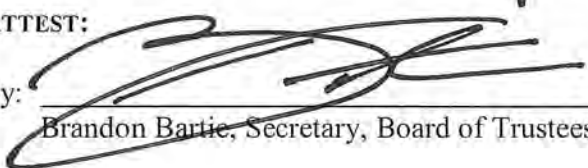
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

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 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 District.

Dated the 25th day of September 2018.

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

By: 
Debra Ambroise, President, Board of Trustees

ATTEST:
By: 
Brandon Bartie, Secretary, Board of Trustees

Attachment A

Application

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILIE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH
BENJAMIN CASTILLO

July 18, 2017

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

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

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Port Arthur Independent School District is notifying Premcor Refining Group, Inc. of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. Please prepare the economic impact report.

The Applicant submitted the Application to the school district on June 22, 2017. The Board voted to accept the application on July 11, 2015. The application has been determined complete as of July 17, 2017.

The company has submitted Tabs portions of tabs 4, 7, 8, and 11 as confidential materials as part of the application. The confidential materials have been submitted separately. A copy of the non-confidential version of the application will be submitted to the Jefferson County Appraisal District.

- Tab 4 Project Description. The company has provided a non-confidential version of the Project Description along with a confidential version. The confidential version will be submitted separately from the application. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.
- Tab 7 Description of Qualified Investment. The project description and maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.
- Item 8 Description of Qualified Property. The project description and maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project. The materials are

protected by the trade secret exception set forth in Texas Government Code §552.110.

- Tab 11 Maps of projects. The project description and maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.

Accessibility

We have included the accessibility report demonstrating that the document is fully accessible. To maintain the document in this form, we are submitting a password protected electronic version of the document. The password is ****.

Please do not hesitate to call with any questions.

Sincerely,

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

Kevin O'Hanlon
School District Consultant

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

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

6/22/2017

Date Application Received by District

Dr. Mark

First Name

Superintendent

Title

Port Arthur Independent School District

School District Name

4801 9th Ave

Street Address

Mailing Address

Port Arthur

City

409-989-6100

Phone Number

Porterie

Last Name

Texas

State

409-989-6229

Fax Number

77642

ZIP

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)

Bob

First Name

Consultant

Title

Moak Casey & Associates

Firm Name

512-485-7878

Phone Number

Popinski

Last Name

512-485-7888

Fax Number

bpopinski@moakcasey.com; mhanley@808west.com

Email Address

Mobile Number (optional)

4. On what date did the district determine this application complete? July 17, 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)

Greg

First Name

Vice President & General Manager

Title

1801 S Gulfway Dr

Street Address

1801 S Gulfway Dr

Mailing Address

Port Arthur

City

409-985-1000

Phone Number

Gentry

Last Name

Premcor Refining Group, Inc.

Organization

Texas

State

77742

ZIP

Fax Number

greg.gentry@valero.com

Business Email Address

Mobile Number (optional)

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

First Name

Director Ad Valorem Tax

Title

One Valero Way

Street Address

PO Box 690110

Mailing Address

San Antonio

City

210-345-4312

Phone Number

Minor

Last Name

Valero Energy Corporation

Organization

Texas

State

78269-0110

ZIP

Fax Number

russell.minor@valero.com

Business Email Address

Mobile Number (optional)

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

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Trey

Novosad

First Name

Last Name

Consultant

Title

Petrotax Energy Holdings, LLC

Firm Name

512-717-4988

512-717-6105

Phone Number

Fax Number

trey.novosad@petrotaxenergy.com

Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☒ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in Tab 2 proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "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.

2. 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)? ☐ Yes ☒ No ☐ N/A
3. 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)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? The Premcor Refining Group, Inc.
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 1-43-1491230-5
3. List the NAICS code 324110
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☒ Yes ☐ No
- 4a. If yes, please list application number, name of school district and year of agreement
Application #76, Port Arthur ISD, 2009

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc.) Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in Tab 3 a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in Tab 3)

N/A

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for 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
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. 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

SECTION 7: Project Description

1. In Tab 4, attach 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.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements

☐ Land has existing improvements (complete Section 13)

☐ Expansion of existing operation on the land (complete Section 13)

☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☐ Yes ☒ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☒ Yes ☐ No
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 ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." if you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

1. Application approval by school board 4Q 2017
2. Commencement of construction 1Q 2019
3. Beginning of qualifying time period 2019
4. First year of limitation 2022
5. Begin hiring new employees 2020
6. Commencement of commercial operations 1Q 2021
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? 4Q 2020

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Jefferson County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Jefferson County Appraisal District
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: Jefferson County, 100%, .365
(Name, tax rate and percent of project) | City: NONE
(Name, tax rate and percent of project) |
| Hospital District: NONE
(Name, tax rate and percent of project) | Water District: Drainage District #7, 100%, .160545
(Name, tax rate and percent of project) |
| Other (describe): Port of Port Arthur, 100%, .166645
(Name, tax rate and percent of project) | Other (describe): Sabine-Neches Nav Dist, 100%, .091640
(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? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
- 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 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);
 - 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
 - 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

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
- 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 (Tab 8);
 - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
- 2a. If yes, attach complete documentation including:
- legal description of the land (Tab 9);
 - each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - owner (Tab 9);
 - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new 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
- 3a. If yes, attach the applicable supporting documentation:
- evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - legal description of reinvestment zone (Tab 16);
 - order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - guidelines and criteria for creating the zone (Tab 16); and
 - a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
- 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? 4Q 2017

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property** that will not become new improvements as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
- maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00
- Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

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 1,337.92
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? 56,043.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 56,043.00
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.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	Maps that clearly show: a) Project vicinity b) Qualified investment including 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 c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * To be submitted with application or before date of final application approval by school board
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

Item #2

Proof of Payment of Application Fee

See 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)*

Item #3

Combined Group Membership Documentation

See Attached.

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

Item #4

Non-Confidential Detailed Description of Project

The Premcor Refining Group is considering a new manufacturing project at its Port Arthur Refinery. The project would include typical refining equipment such as reactors, heat exchangers, vessels, pumps, heaters and other processing equipment. Utilities would be supplied via existing internal and external sources.

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 Coker Unit and and New Sulfur Unit 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 Coker Project will have a very large financial disadvantage when compared to the Louisiana locations.

Applicant's response to this question has been provided confidentially pursuant to Tex. Government Code Section 552.104 which protects information that would give information to a competitor.

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 #6

Other School District Information

N/A

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PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #7

Description of Qualified Investment

The project description and maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.

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PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #8

Description of Qualified Property

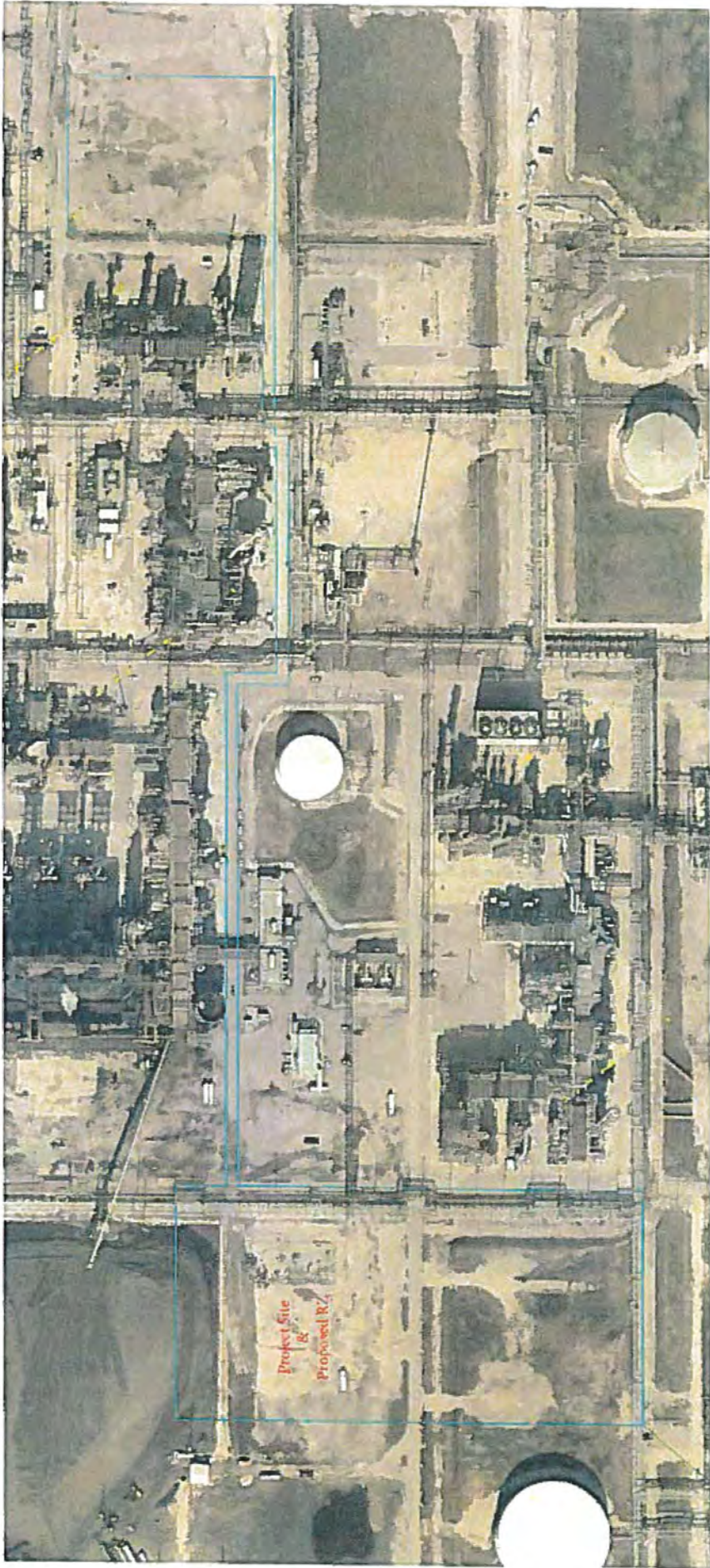
The project description and maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.

Item #9

Description of Land

The Port Arthur refinery is located in Port Arthur, Texas, which is approximately 85 miles east of Houston. This entire refinery site which covers 3,840 acres is located approximately 10 miles north of the Gulf of Mexico. The New Project would be located on a clean portion of the existing refinery property. The New Project Site would be razed to the ground such that no existing improvements, property, or buildings would remain.





Project Site
&
Proposed RZ

Item #10**Description of Property not Eligible to become Qualified Property**

Premcor Refining Group owns and operates the Port Arthur Refinery. The Project will be located on a relatively unimproved portion of the Refinery Land.

The Qualified Property will be limited to the new property located within the new Reinvestment Zone. All existing property will be specifically excluded from this application. Below is a list of Jefferson County Appraisal District accounts which contain the existing, non-qualifying, properties located at the refinery.

ACCOUNT NO.	PID NO.
065560-000-000100-000-3	264158
065560-000-000200-000-1	264159
065560-000-000300-000-9	264160
065560-000-000400-000-7	264162
065560-000-000500-000-4	264163
065560-000-000600-000-2	264164
065560-000-000700-000-0	264165
065560-000-000800-000-8	264166
065560-000-000900-000-6	264167
065560-000-001000-000-4	264168
065560-000-001100-000-2	264169
065560-000-001200-000-0	264170
065560-000-001300-000-8	264171
065560-000-001400-000-6	264172
065560-000-001500-000-3	264173
065560-000-001600-000-1	264174
065560-000-001700-000-9	264175
065560-000-001800-000-7	264176
065560-000-001900-000-5	264177
065560-000-002000-000-3	264178
065560-000-002100-000-1	264179
065560-000-002200-000-9	264180
065560-000-002300-000-7	264181
065560-000-002400-000-5	264182
065560-000-002500-000-2	264183
065560-000-002600-000-0	264184
065560-000-002700-000-8	264185
065560-000-002800-000-6	264186
065560-000-002900-000-4	264187
065560-000-003000-000-2	264188

PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

065560-000-003100-000-0	264189
508050-000-000030-000-9	144840
508050-000-000040-000-8	144843
508050-000-000045-000-7	144849
508050-000-000080-000-4	144858
508050-000-000110-000-9	144862
508050-000-000113-000-3	144864
508050-000-000114-000-1	144866
508050-000-000130-000-7	144869
508050-000-000131-000-0	248445
508050-000-000140-000-6	144870
529750-000-000010-000-1	147650
529750-000-000013-000-5	147652
529750-000-000015-000-0	147654

Detailed Description of all existing property:

The Project location currently has minor improvements such as asphalt and fencing. The site is also used as a "lay down yard" to temporarily store equipment before being installed. The project site will be completely razed to the ground such that no current improvements, buildings, or other property will remain at the site before the start of construction of the new project.

Proposed new property that will not become new improvements:

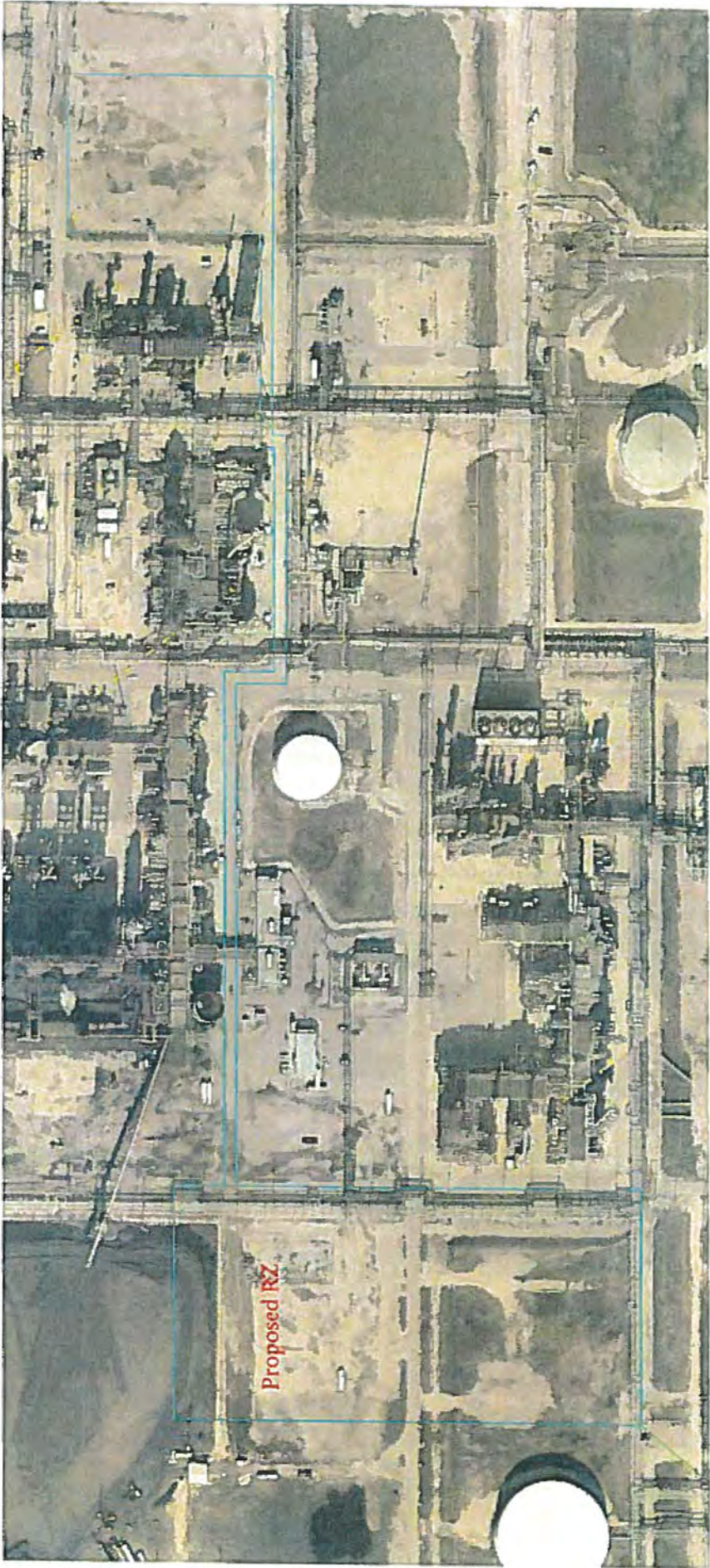
None

Property Not Eligible to become QP

None

Include appraisal by the CAD of all bldgs and imps existing as of a date within 15 days of the date the application is received by the school district:

The existing asphalt and fencing have no current value. In addition, the asphalt, fencing and any other minor improvements will be removed prior to construction of the new project. The lay down yard will also be relocated. As such, the future value of any and all existing buildings or improvements will be zero.



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PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #11

Maps of Project

See Attached

The project description and maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.





Item #12

Request for Waiver of Job Creation Requirement

N/A

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	\$30.41	\$63,247.00
	Avg Weekly Wage: \$1,216.29	
	110% of Region Weekly Wage: \$1,337.92	
	110% of Annual Wages: \$69,571.70	

Documentation: SEE ATTACHED

**2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
<u>1. Panhandle Regional Planning Commission</u>	\$20.64	\$42,941
<u>2. South Plains Association of Governments</u>	\$17.50	\$36,408
<u>3. NORTEX Regional Planning Commission</u>	\$23.28	\$48,413
<u>4. North Central Texas Council of Governments</u>	\$25.03	\$52,068
<u>5. Ark-Tex Council of Governments</u>	\$18.46	\$38,398
<u>6. East Texas Council of Governments</u>	\$19.84	\$41,270
<u>7. West Central Texas Council of Governments</u>	\$19.84	\$41,257
<u>8. Rio Grande Council of Governments</u>	\$18.32	\$38,109
<u>9. Permian Basin Regional Planning Commission</u>	\$25.18	\$52,382
<u>10. Concho Valley Council of Governments</u>	\$18.80	\$39,106
<u>11. Heart of Texas Council of Governments</u>	\$21.41	\$44,526
<u>12. Capital Area Council of Governments</u>	\$29.98	\$62,363
<u>13. Brazos Valley Council of Governments</u>	\$18.78	\$39,057
<u>14. Deep East Texas Council of Governments</u>	\$17.30	\$35,993
<u>15. South East Texas Regional Planning Commission</u>	\$30.41	\$63,247
<u>16. Houston-Galveston Area Council</u>	\$26.44	\$54,985
<u>17. Golden Crescent Regional Planning Commission</u>	\$23.73	\$49,361
<u>18. Alamo Area Council of Governments</u>	\$19.96	\$41,516
<u>19. South Texas Development Council</u>	\$15.87	\$33,016
<u>20. Coastal Bend Council of Governments</u>	\$25.97	\$54,008
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.17	\$33,634
<u>22. Texoma Council of Governments</u>	\$19.04	\$39,595
<u>23. Central Texas Council of Governments</u>	\$18.04	\$37,533
<u>24. Middle Rio Grande Development Council</u>	\$22.24	\$46,263

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

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)

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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

Item #14

Schedules A-D

See Attached

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Applicant Name
D Name

Form 50-296/
Revised May 201

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2017	Not eligible to become Qualified Property		\$0	\$0	\$0
Investment made after filing complete application with district, but before final board approval of application				\$0	\$0	\$0	\$0	\$0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$0	\$0	\$0	\$0	\$0
Complete tax years of qualifying time period	QTP0	2018-2019	2018	\$0	\$0	\$0	\$0	\$0
	QTP0	2019-2020	2019	\$5,000,000	\$160,000,000	\$0	\$0	\$165,000,000
	QTP1	2020-2021	2020	\$20,000,000	\$500,000,000	\$0	\$0	\$520,000,000
	QTP2	2022-2023	2021	\$5,000,000	\$270,000,000	\$0	\$0	\$275,000,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$30,000,000	\$930,000,000	\$0	\$0	\$960,000,000
Total Qualified Investment (sum of green cells)				\$960,000,000	Enter amounts from TOTAL row above in Schedule A2			

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (Including Qualified Property and other investments)

Date _____
Applicant Name _____
ISD Name _____

Form 50-296A
Revised May 2019

PROPERTY INVESTMENT AMOUNTS

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

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other investment made during this year that will become Qualified Property (SEE NOTE)	Column D Other investment made during this year that will become Qualified Property (SEE NOTE)	Column E Total investment (A + B + C + D)
Total Investment from Schedule A1*	-	TOTALS FROM SCHEDULE A1		\$30,000,000	\$330,000,000	\$0	\$0	\$360,000,000
Each year prior to start of value limitation period** (REPORT AS MANY ROWS AS NECESSARY)	0	2017-2018	2017					
Each year prior to start of value limitation period** (REPORT AS MANY ROWS AS NECESSARY)	0	2018-2019	2018					
Each year prior to start of value limitation period** (REPORT AS MANY ROWS AS NECESSARY)	0	2019-2020	2019	\$5,000,000	\$160,000,000			\$165,000,000
Each year prior to start of value limitation period** (REPORT AS MANY ROWS AS NECESSARY)	0	2020-2021	2020	\$20,000,000	\$500,000,000			\$520,000,000
Each year prior to start of value limitation period** (REPORT AS MANY ROWS AS NECESSARY)	0	2021-2022	2021	\$5,000,000	\$270,000,000			\$275,000,000
Value limitation period***	1	2022-2023	2022					
	2	2023-2024	2023					
	3	2024-2025	2024					
	4	2025-2026	2025					
	5	2026-2027	2026					
	6	2027-2028	2027					
	7	2028-2029	2028					
	8	2029-2030	2029					
	9	2030-2031	2030					
	10	2031-2032	2031					
Total investment made through limitation				30,000,000	\$330,000,000			\$360,000,000
Continue to maintain viable presence	11	2032-2033	2032					
	12	2033-2034	2033					
	13	2034-2035	2034					
	14	2035-2036	2035					
	15	2036-2037	2036					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2037-2038	2037					
	17	2038-2039	2038					
	18	2039-2040	2039					
	19	2040-2041	2040					
	20	2041-2042	2041					
	21	2042-2043	2042					
	22	2043-2044	2043					
	23	2044-2045	2044					
	24	2045-2046	2045					
	25	2046-2047	2046					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the first row.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "Year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date _____
 Applicant Name _____
 ISD Name _____

Form 50-296A
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (File actual tax year) YYYY	Qualified Property			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 buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	\$0	\$0	\$0	\$0	\$0	\$0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	\$0	\$0	\$0	\$0	\$0	\$0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	\$0	\$0	\$0	\$0	\$0	\$0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2020-2021	2020	\$0	\$ 80,000,000	\$ 2,500,000	\$ 82,500,000	\$ 82,500,000	\$ 82,500,000
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	\$0	\$ 330,000,000	\$ 12,500,000	\$ 342,500,000	\$ 342,500,000	\$ 342,500,000
Value Limitation Period	1	2022-2023	2022	\$0	\$ 558,000,000	\$ 22,500,000	\$ 522,450,000	\$ 522,450,000	\$30,000,000
	2	2023-2024	2023	\$0	\$ 541,260,000	\$ 21,375,000	\$ 506,371,500	\$ 506,371,500	\$30,000,000
	3	2024-2025	2024	\$0	\$ 525,022,200	\$ 20,306,250	\$ 490,795,605	\$ 490,795,605	\$30,000,000
	4	2025-2026	2025	\$0	\$ 509,271,534	\$ 19,290,938	\$ 475,706,224	\$ 475,706,224	\$30,000,000
	5	2026-2027	2026	\$0	\$ 493,993,388	\$ 18,326,391	\$ 461,087,801	\$ 461,087,801	\$30,000,000
	6	2027-2028	2027	\$0	\$ 479,173,586	\$ 17,410,071	\$ 446,925,292	\$ 446,925,292	\$30,000,000
	7	2028-2029	2028	\$0	\$ 464,798,379	\$ 16,539,568	\$ 433,204,152	\$ 433,204,152	\$30,000,000
	8	2029-2030	2029	\$0	\$ 450,854,427	\$ 15,712,589	\$ 419,910,315	\$ 419,910,315	\$30,000,000
	9	2030-2031	2030	\$0	\$ 437,328,795	\$ 14,926,960	\$ 407,030,179	\$ 407,030,179	\$30,000,000
	10	2031-2032	2031	\$0	\$ 424,208,931	\$ 14,180,612	\$ 394,550,588	\$ 394,550,588	\$30,000,000
Continue to maintain viable presence	11	2032-2033	2032	\$0	\$ 411,482,663	\$ 13,471,581	\$ 382,458,820	\$ 382,458,820	\$ 382,458,820
	12	2033-2034	2033	\$0	\$ 399,138,183	\$ 12,798,002	\$ 370,742,566	\$ 370,742,566	\$ 370,742,566
	13	2034-2035	2034	\$0	\$ 387,164,037	\$ 12,158,102	\$ 359,389,925	\$ 359,389,925	\$ 359,389,925
	14	2035-2036	2035	\$0	\$ 375,549,116	\$ 11,550,197	\$ 348,389,382	\$ 348,389,382	\$ 348,389,382
	15	2036-2037	2036	\$0	\$ 364,282,643	\$ 10,972,687	\$ 337,729,797	\$ 337,729,797	\$ 337,729,797
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2037-2038	2037	\$0	\$ 353,354,164	\$ 10,424,053	\$ 327,400,395	\$ 327,400,395	\$ 327,400,395
	17	2038-2039	2038	\$0	\$ 342,753,539	\$ 9,902,850	\$ 317,390,750	\$ 317,390,750	\$ 317,390,750
	18	2039-2040	2039	\$0	\$ 332,470,932	\$ 9,407,708	\$ 307,690,776	\$ 307,690,776	\$ 307,690,776
	19	2040-2041	2040	\$0	\$ 322,496,804	\$ 8,937,322	\$ 298,290,714	\$ 298,290,714	\$ 298,290,714
	20	2041-2042	2041	\$0	\$ 312,821,900	\$ 8,490,456	\$ 289,181,121	\$ 289,181,121	\$ 289,181,121
	21	2042-2043	2042	\$0	\$ 303,437,243	\$ 8,065,933	\$ 280,352,859	\$ 280,352,859	\$ 280,352,859
	22	2043-2044	2043	\$0	\$ 294,334,126	\$ 7,662,637	\$ 271,797,086	\$ 271,797,086	\$ 271,797,086
	23	2044-2045	2044	\$0	\$ 285,504,102	\$ 7,279,505	\$ 263,505,246	\$ 263,505,246	\$ 263,505,246
	24	2045-2046	2045	\$0	\$ 276,938,979	\$ 6,915,530	\$ 255,469,058	\$ 255,469,058	\$ 255,469,058
	25	2046-2047	2046	\$0	\$ 268,630,810	\$ 6,569,753	\$ 247,680,507	\$ 247,680,507	\$ 247,680,507

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
 Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date _____
 Applicant Name _____
 ISD Name _____

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 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			
Value Limitation Period The qualifying time period could overlap the value limitation period	1	2022-2023	2022				10	\$56,043
	2	2023-2024	2023				10	\$56,043
	3	2024-2025	2024				10	\$56,043
	4	2025-2026	2025				10	\$56,043
	5	2026-2027	2026				10	\$56,043
	6	2027-2028	2027				10	\$56,043
	7	2028-2029	2028				10	\$56,043
	8	2029-2030	2029				10	\$56,043
	9	2030-2031	2030				10	\$56,043
	10	2031-2032	2031				10	\$56,043
Years Following Value Limitation Period	11 through 25	2032-2047	2032-2046				10	\$56,043

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 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(-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

☐ Yes	☒ No
☐ Yes	☒ No
☐ Yes	☒ No

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:

Item #15

Economic Impact Analysis

Provided by Comptroller

Item #16

Map and Description of Reinvestment Zone

Order Establishing Reinvestment Zone

Guidelines and Criteria for Establishing the Reinvestment Zone

TBD

New RZ will be established by Port Arthur ISD

EXHIBIT "A"

Legal Description: 16.1095 Acre Tract or Parcel of Land
B.C. Arthur Survey, Abstract No. 61
Jefferson County, Texas

BEING a 16.1095 acre tract or parcel of land situated in the B.C. Arthur Survey, Abstract No. 61, Jefferson County, Texas and being out of and part of that certain called 554.093 acre tract of land, identified as TRACT 3, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas, said 16.1095 acre tract being more particularly described as follows:

NOTE: All bearings are referenced to the commencing call of that certain called 371.719 acre tract of land, identified as TRACT 6, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas as NORTH 01°15'31" WEST. All coordinates are referenced to Texas Coordinate System of 1983, South Central Zone NAD83 (2011).

COMMENCING at a Gulf concrete monument found for the Southwest corner of that certain called 0.034 acre tract of land as described in a deed from Port Arthur Canal and Dock Co. to Gulf Refining Company as recorded in Volume 219, Page 76, Deed Records, Jefferson County, Texas, and said corner also being the point of beginning in the description of that certain called 103.224 acre tract, identified as TRACT 5, as described in a "Special Warranty Deed" from Chevron U.S.A. to Clark Refining & Marketing, Inc. as recorded in Clerk's File No. 95-9505598, Official Public Records of Real Property, Jefferson County, Texas;

THENCE NORTH 08°46'45" WEST for a distance of 3732.00 feet to the **POINT OF BEGINNING** of the tract herein described;

THENCE NORTH 48°42'00" WEST, for a distance of 1000.00 feet to a point;

THENCE NORTH 41°18'00" EAST, for a distance of 500.00 feet to a point;

THENCE SOUTH 48°42'00" EAST, for a distance of 108.12 feet to a point;

THENCE NORTH 41°18'00" EAST, for a distance of 1099.47 feet to a point;

THENCE SOUTH 48°42'00" EAST, for a distance of 105.40 feet to a point;

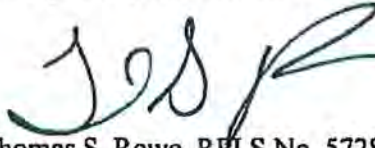
THENCE NORTH 41°18'00" EAST, for a distance of 482.19 feet to a point;

THENCE NORTH 48°42'00" WEST, for a distance of 29.34 feet to a point;

THENCE NORTH 41°18'00" EAST, for a distance of 456.72 feet to a point;

THENCE NORTH 48°42'00" WEST, for a distance of 415.00 feet to a point;
THENCE NORTH 41°18'00" EAST, for a distance of 335.00 feet to a point;
THENCE SOUTH 48°42'00" EAST, for a distance of 440.00 feet to a point;
THENCE SOUTH 41°18'00" WEST, for a distance of 766.72 feet to a point;
THENCE SOUTH 48°42'00" EAST, for a distance of 29.34 feet to a point;
THENCE SOUTH 41°18'00" WEST, for a distance of 532.19 feet to a point;
THENCE NORTH 48°42'00" WEST, for a distance of 105.40 feet to a point;
THENCE SOUTH 41°18'00" WEST, for a distance of 1074.47 feet to a point;
THENCE SOUTH 48°42'00" EAST, for a distance of 866.88 feet to a point;
THENCE SOUTH 41°18'00" WEST, for a distance of 500.00 feet to the **POINT OF BEGINNING** of the tract herein described and containing 16.1035 acres more or less.

This legal description has been prepared for tax purposes based on prior surveys prepared by Mark W. Whiteley & Associates, Inc. This legal description is being submitted along with a plat based on this description. (SEE EXHIBIT "B")


Thomas S. Rowe, RPLS No. 5728

6/22/17



TBPLS Firm No.: 10106700

W:\2017\17 859 VALERO COKER RESTART PROJECT\17-859_EXHIBIT_A.DOC

EXHIBIT "A"

Page 2 of 2

MARK W. WHITELEY AND ASSOCIATES, INC.

NOTE:

1. NOTHING IN THIS SURVEY IS INTENDED TO EXPRESS AN OPINION REGARDING OWNERSHIP OR TITLE.
2. THE WORD CERTIFY IS UNDERSTOOD TO BE AN EXPRESSION OF PROFESSIONAL JUDGMENT BY THE SURVEYOR, WHICH IS BASED ON HIS BEST KNOWLEDGE, INFORMATION AND BELIEF, FORMED IN THE COURSE OF HIS PERFORMING THE SURVEY IN COMPLIANCE WITH THE STANDARDS OF PRACTICE REQUIRED AND PROMULGATED BY THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYORS AND THE TEXAS SOCIETY OF PROFESSIONAL SURVEYORS. AS SUCH, IT CONSTITUTES NEITHER A GUARANTEE NOR A WARRANTY, EXPRESSED OR IMPLIED.
3. ALL BEARINGS ARE REFERENCED TO THE COMMENCING CALL OF THAT CERTAIN CALLED 371.719 ACRE TRACT, IDENTIFIED AS TRACT 6, DESCRIBED IN CLERKS FILE NO. 95-9505598, OPRJC, AS NORTH 01°15'31" WEST.
4. BOUNDARY DESCRIPTION AND PLAT PREPARED FOR TX PURPOSES ONLY. BASED ON PRIOR SURVEY PERFORMED BY MARK W. WHITELEY & ASSOCIATES, INC.



CALLLED 103.224 ACRES
TRACT 5
CLARK REFINING &
MARKETING, INC.
CF. NO. 95-9505598
OPRJC

CALLLED 554.093 ACRES
TRACT 3
CLARK REFINING &
MARKETING, INC.
CF. NO. 95-9505598
OPRJC

SEE SHEET
2 OF 2
FOR DETAIL

POB

B.C. ARTHUR SURVEY
ABSTRACT NO. 61

CALLLED 554.093 ACRES
TRACT 3
CLARK REFINING &
MARKETING, INC.
CF. NO. 95-9505598
OPRJC

KANSAS CITY SOUTHERN RAILROAD

N08°46'45"W 3732.00'

CALLLED 40.502 ACRES
TRACT 4
CLARK REFINING &
MARKETING, INC.
CF. NO. 95-9505598
OPRJC

POC

FND. GULF MONU.
S.W. CORNER OF
0.034 ACRE

CALLLED 0.034 ACRES
GULF REFINING CO.
VOL. 219, PG. 76
DRJC

Handwritten signature of Thomas S. Rowe



EXHIBIT "B"

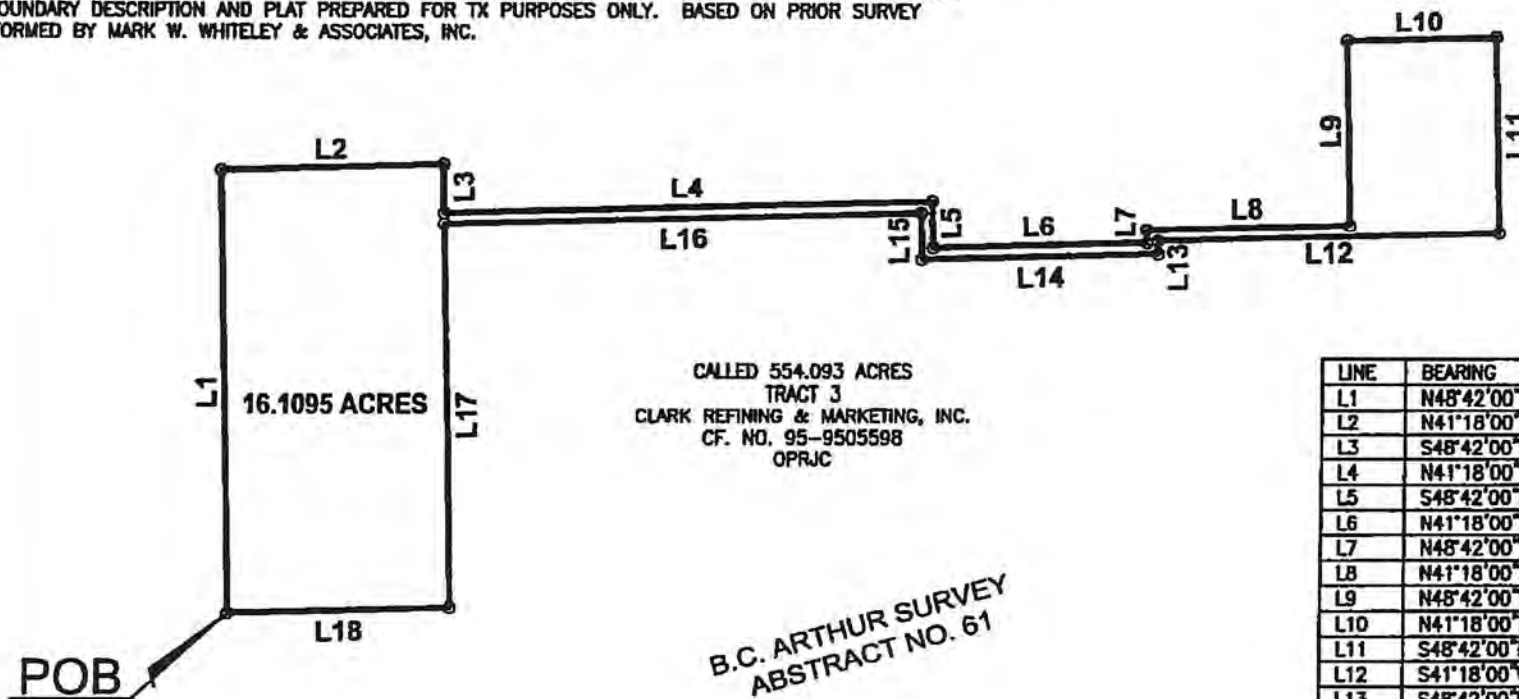
REFER TO EXHIBIT "A"
FOR LEGAL DESCRIPTION

VALERO PORT ARTHUR			
DATE: 08/20/16	SCALE: 1"=600'	SHEET NO.: 1 of 2	
JOB NO.: 17-859	FILE: 17-859 VALERO COVER RESORT PROJECT 17-859 EXHIBIT B SH 1.DWG		
MARK W. WHITELEY AND ASSOCIATES INCORPORATED CONSULTING ENGINEERS, SURVEYORS, AND PLANNERS T.B.P.L.S. FIRM NO. 10106700			
P.O. BOX 5403 BEAUMONT, TEXAS 77705-5403 (409) 882-0421		3750 EAST TEX PRVY BEAUMONT, TEXAS 77705 (409) 882-1346	
EXHIBIT OF 16.1095 ACRES B.C. ARTHUR SURVEY ABSTRACT NO. 61 JEFFERSON COUNTY TEXAS			

THOMAS S. ROWE - REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5728

NOTE:

1. NOTHING IN THIS SURVEY IS INTENDED TO EXPRESS AN OPINION REGARDING OWNERSHIP OR TITLE.
2. THE WORD CERTIFY IS UNDERSTOOD TO BE AN EXPRESSION OF PROFESSIONAL JUDGMENT BY THE SURVEYOR, WHICH IS BASED ON HIS BEST KNOWLEDGE, INFORMATION AND BELIEF, FORMED IN THE COURSE OF HIS PERFORMING THE SURVEY IN COMPLIANCE WITH THE STANDARDS OF PRACTICE REQUIRED AND PROMULGATED BY THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYORS AND THE TEXAS SOCIETY OF PROFESSIONAL SURVEYORS. AS SUCH, IT CONSTITUTES NEITHER A GUARANTEE NOR A WARRANTY, EXPRESSED OR IMPLIED.
3. ALL BEARINGS ARE REFERENCED TO THE COMMENCING CALL OF THAT CERTAIN CALLED 371.719 ACRE TRACT, IDENTIFIED AS TRACT 6, DESCRIBED IN CLERKS FILE NO. 95-9505598, OPRJC, AS NORTH 01°15'31" WEST.
4. BOUNDARY DESCRIPTION AND PLAT PREPARED FOR TX PURPOSES ONLY. BASED ON PRIOR SURVEY PERFORMED BY MARK W. WHITELEY & ASSOCIATES, INC.



LINE	BEARING	DISTANCE
L1	N48°42'00"W	1000.00'
L2	N41°18'00"E	500.00'
L3	S48°42'00"E	108.12'
L4	N41°18'00"E	1089.47'
L5	S48°42'00"E	105.40'
L6	N41°18'00"E	482.19'
L7	N48°42'00"W	29.34'
L8	N41°18'00"E	456.72'
L9	N48°42'00"W	415.00'
L10	N41°18'00"E	335.00'
L11	S48°42'00"E	440.00'
L12	S41°18'00"W	766.72'
L13	S48°42'00"E	29.34'
L14	S41°18'00"W	532.19'
L15	N48°42'00"W	105.40'
L16	S41°18'00"W	1074.47'
L17	S48°42'00"E	866.88'
L18	S41°18'00"W	500.00'

EXHIBIT "B"
REFER TO EXHIBIT "A"
FOR LEGAL DESCRIPTION



THOMAS S. ROWE - REGISTERED PROFESSIONAL LAND SURVEYOR No. 5728

VALERO PORT ARTHUR

DR. ETL. CDD	SCALE: 1"=400'	SHEET No. 2 of 2
VER. ACID 2018	FILE: 16/2017/17-859 VALERO COKE REFINERY	PROJECT: 17-859 EXHIBIT B SURVEY
JOB NO. 17-859		
MARK W. WHITELEY AND ASSOCIATES INCORPORATED CONSULTING ENGINEERS, SURVEYORS, AND PLANNERS T.B.P.L.S. FIRM NO. 10108700		
P.O. BOX 5402 BEAUMONT, TEXAS 77705-0402 409-882-8121		3050 EASTERN HWY BEAUMONT, TEXAS 77705 (409) 882-1346

EXHIBIT OF
16.1095 ACRES
B.C. ARTHUR SURVEY
ABSTRACT NO. 61
JEFFERSON COUNTY
TEXAS



Item #17

Signature and Certification Page

See Attached

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)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

July 11, 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

Greg Gentry

Print Name (Authorized Company Representative (Applicant))

Vice President & General Manager

Title

sign
here

Signature (Authorized Company Representative (Applicant))

7/5/17

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

5th day of July, 2017
 Elaine M. Sims
 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.

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILIE: (512) 494-9919

KEVIN O'HANLON
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

6/22/2017

Date Application Received by District

Dr. Mark

First Name

Porterie

Last Name

Superintendent

Title

Port Arthur Independent School District

School District Name

4801 9th Ave

Street Address

Mailing Address

Port Arthur

City

409-989-6100

Phone Number

Texas

State

77642

ZIP

409-989-6229

Fax Number

mporterie@paisd.org

Email Address

Mobile Number (optional)

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)

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 _____
Email Address _____
Mobile Number (optional) _____

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 _____ 77640
City State ZIP
409-985-1000 _____
Phone Number Fax Number
mark.skobel@valero.com _____
Business Email Address _____
Mobile Number (optional) _____

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 _____ 78269-0110
City State ZIP
210-345-4312 _____
Phone Number Fax Number
russell.minor@valero.com _____
Business Email Address _____
Mobile Number (optional) _____

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**.

PREMCO REFING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

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.

PREMCO 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

PREMCO REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

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 Group 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

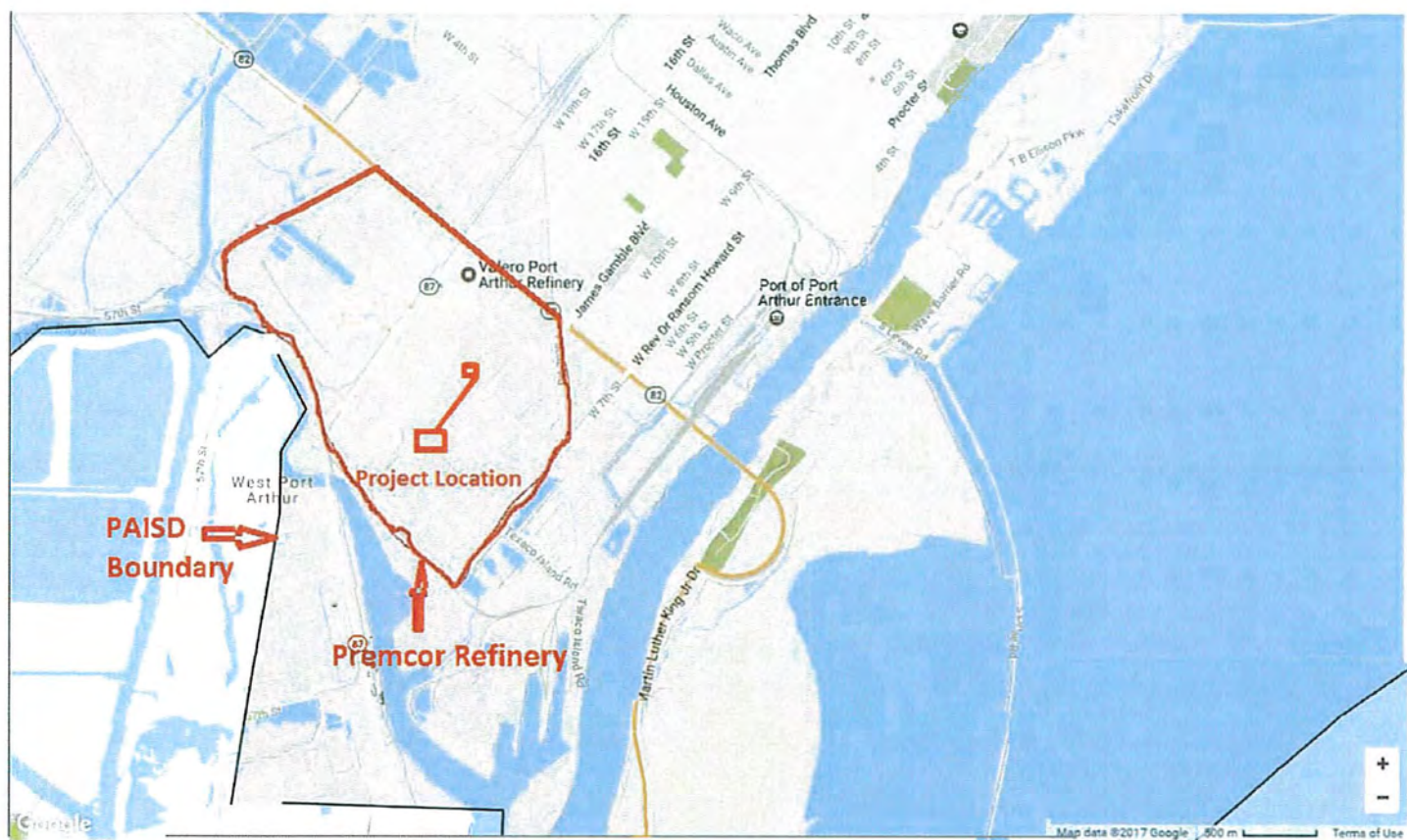
*Steam Lines

*Crude & Product Lines

*Heaters

*Compressors

*Other Miscellaneous Equipment





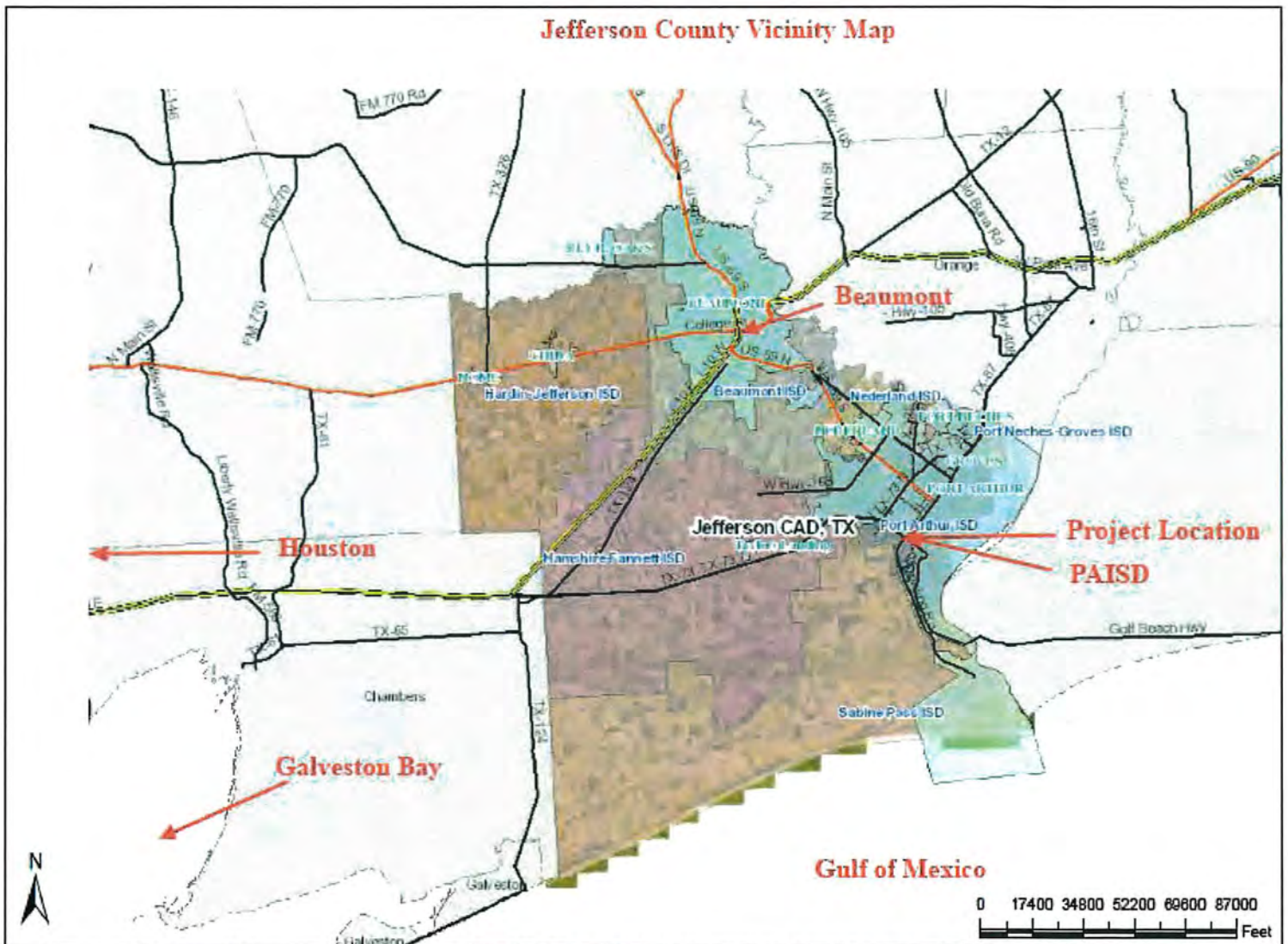
PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #11

Maps of Project

See Attached

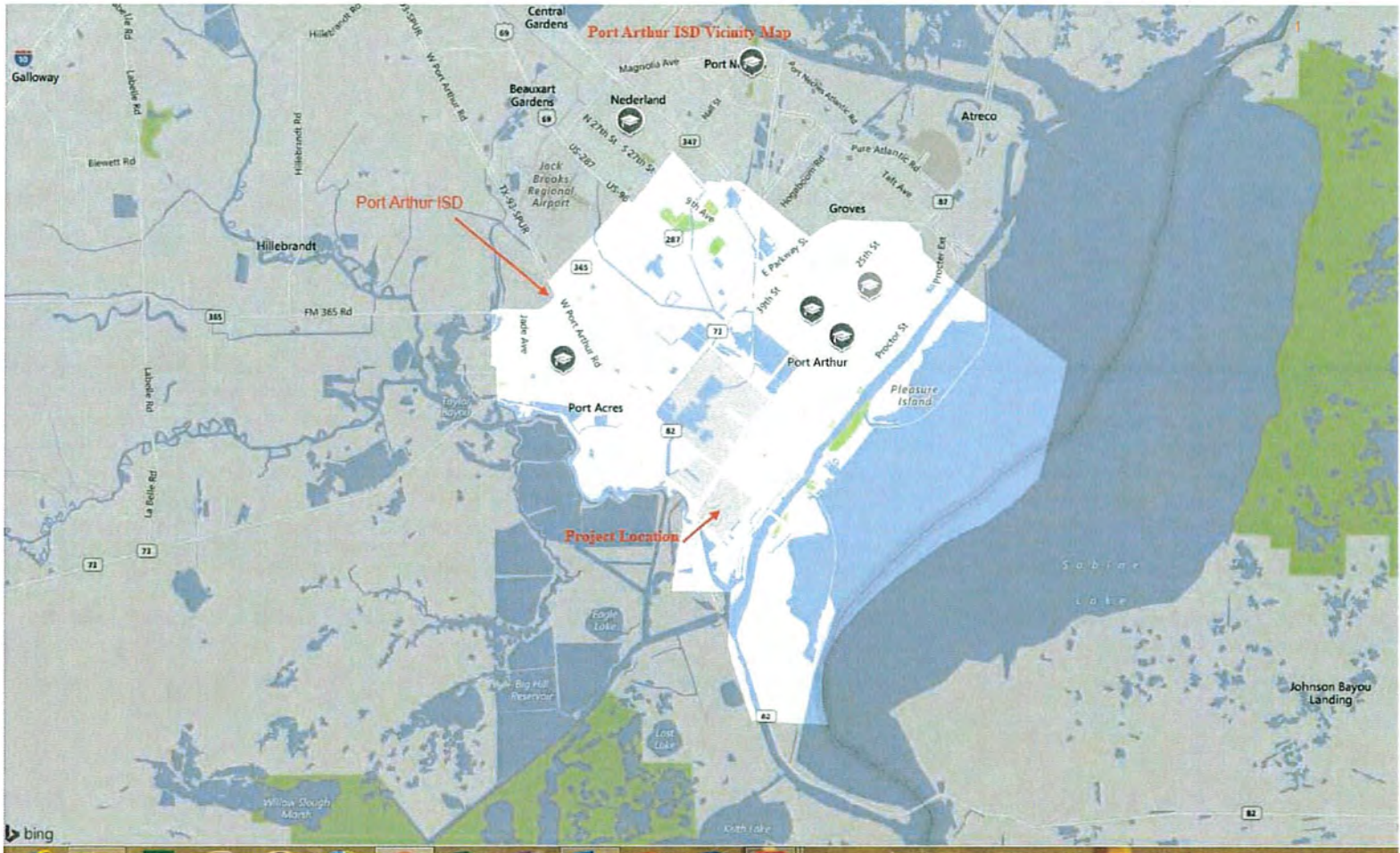
Jefferson County Vicinity Map

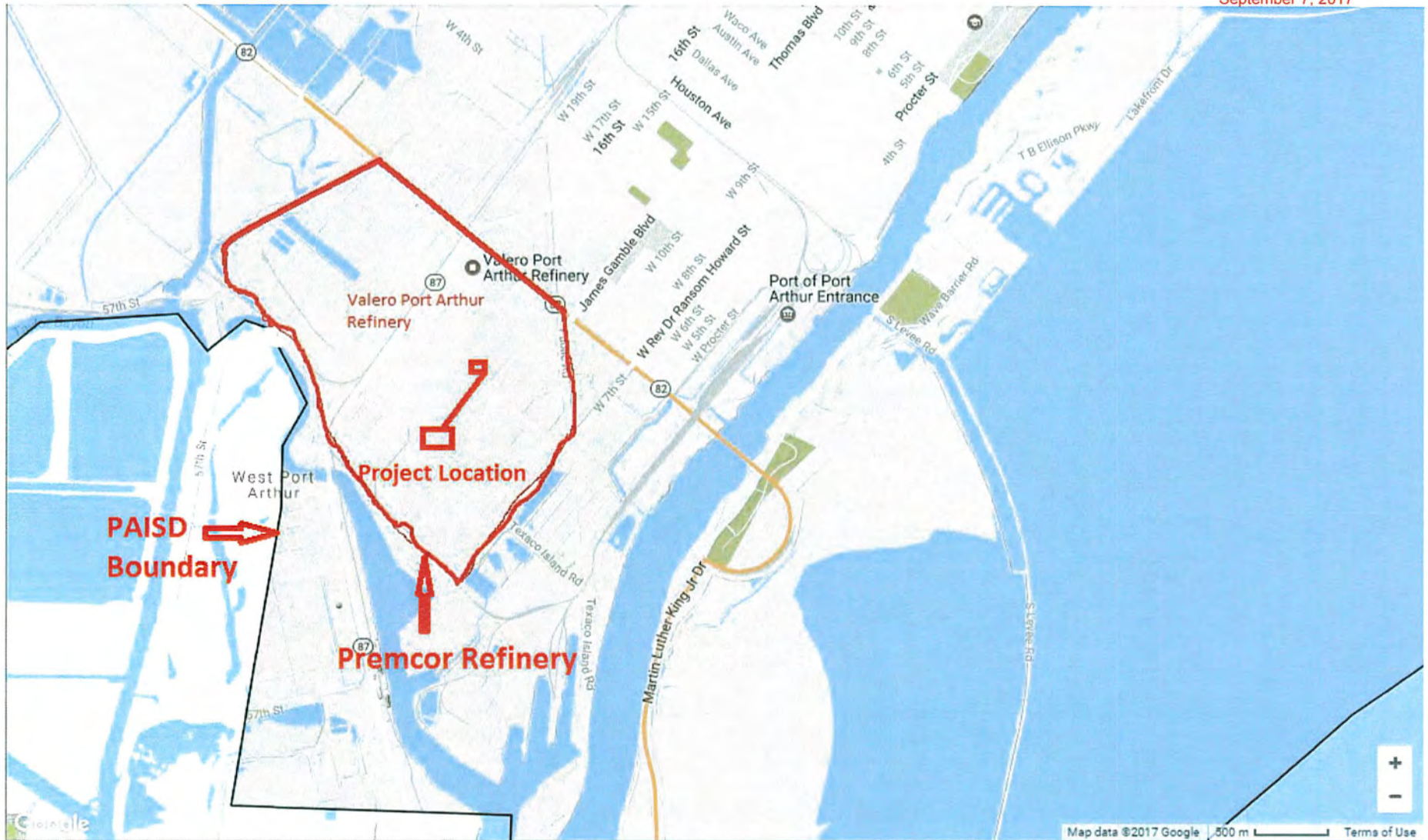


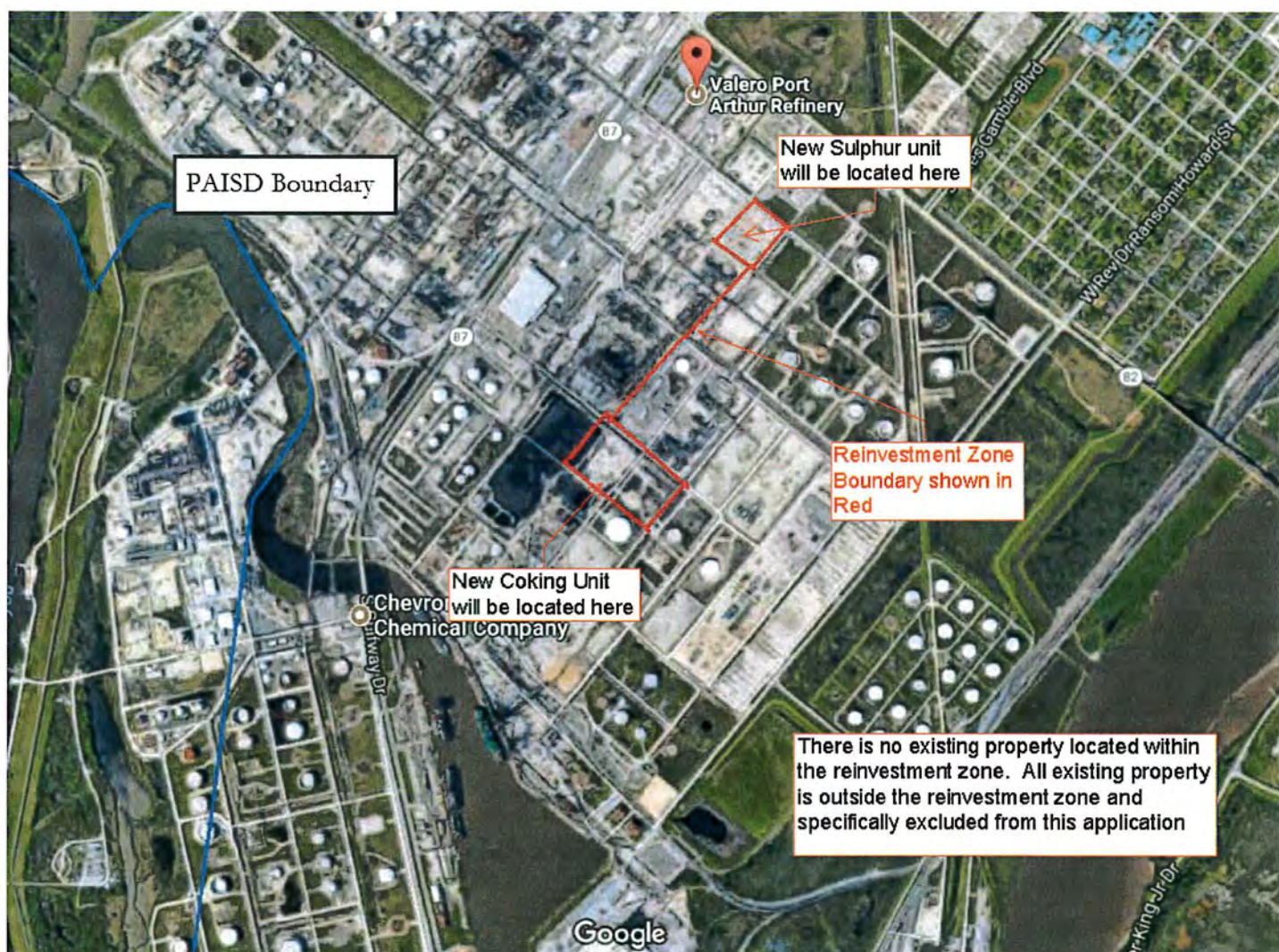
Jefferson CAD, TX
Date Printed: August 18, 2017

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.









PREMCOR REFINING 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](#)

Page 1 of 1 (40 results/page)

▲▼ 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
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Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

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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	\$681,467	\$681,467	\$0
	Other: Port of Port Arthur	2021	10 Years	\$707,380	\$707,380	\$0
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
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

Dr. Mark Porterie

Signature (Authorized School District Representative)

Superintendent

Title

Sept 7, 2017

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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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

Mark Skobel

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*
Elaina M. Sims
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.

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILIE: (512) 494-9919

KEVIN O'HANLON

CERTIFIED, 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

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 - 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,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written in a cursive style.

Kevin O'Hanlon
School District Consultant

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

Texas Comptroller of Public Accounts

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- 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

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 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 _____ 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 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 _____ 78269-0110
 City State ZIP
 210-345-4312 _____
 Phone Number Fax Number
 _____ russell.minor@valero.com
 Mobile Number (optional) Business Email Address

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

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

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 _____ (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 1,076.50
- 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? ☐ §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**.

PREMCO REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

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

PREMCO REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #7

Description of Qualified Investment

The Premcor Refining Group 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 Group 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

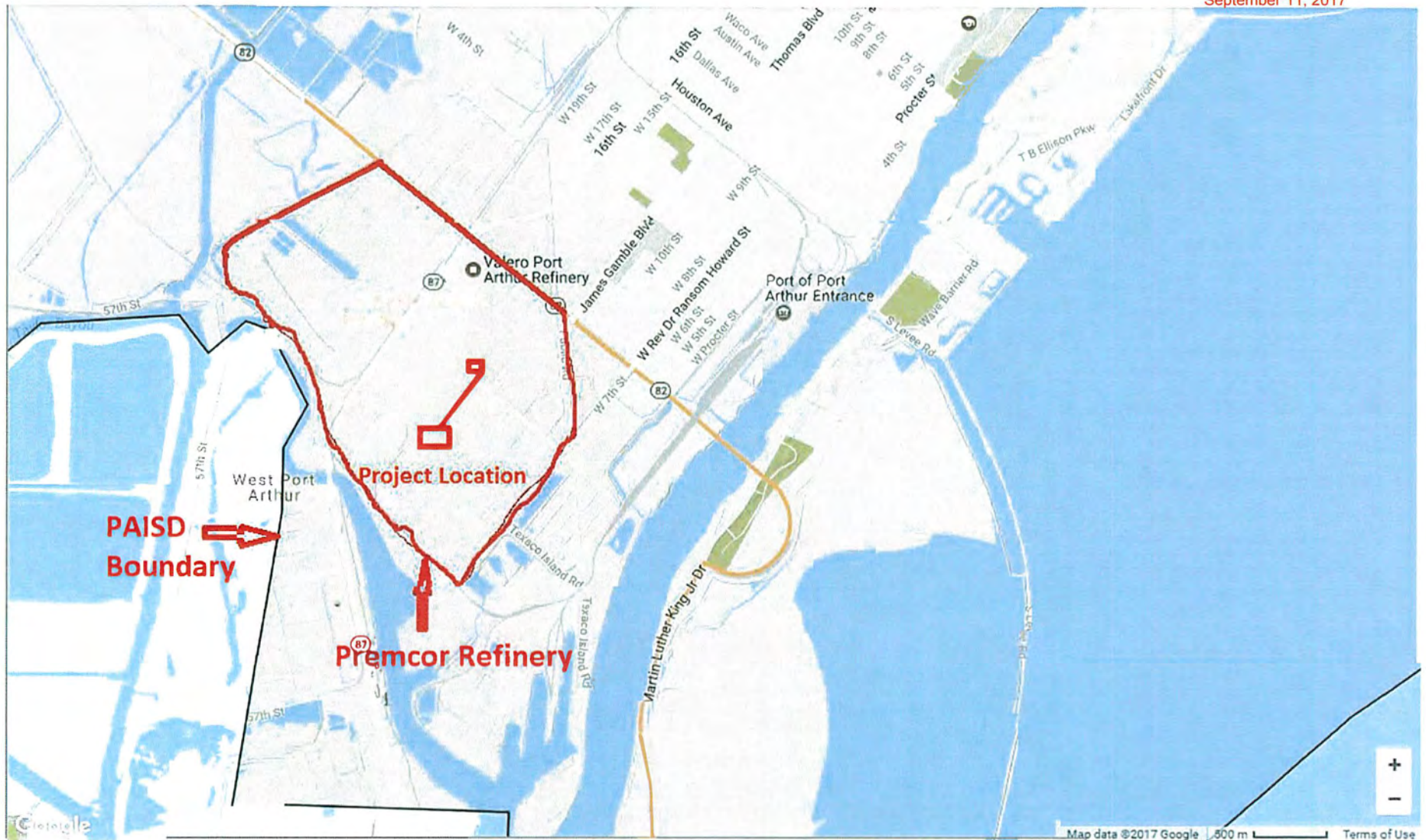
*Steam Lines

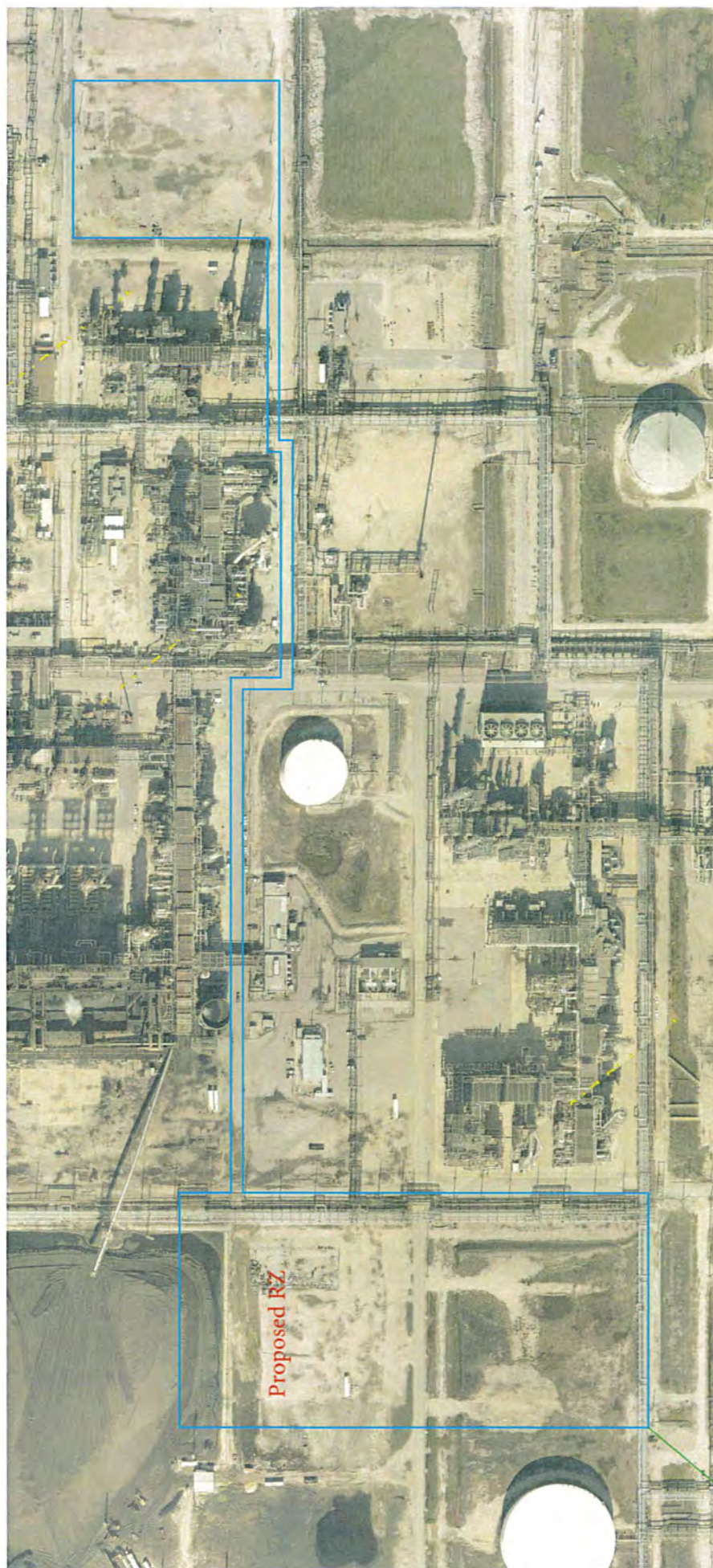
*Crude & Product Lines

*Heaters

*Compressors

*Other Miscellaneous Equipment





PREMCOR REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #11

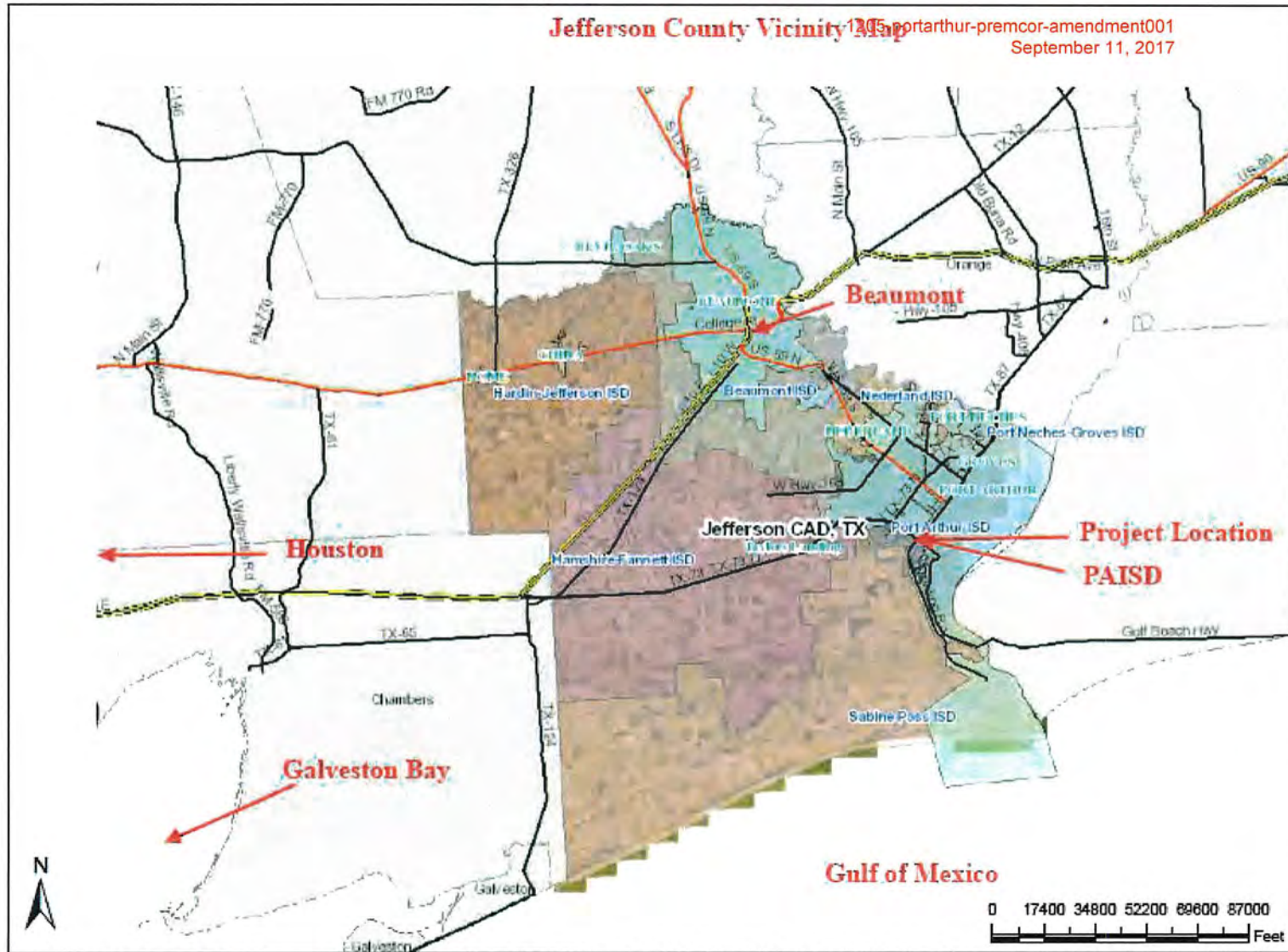
Maps of Project

See Attached

Jefferson County Vicinity Map

1205-portarthur-premcor-amendment001

September 11, 2017

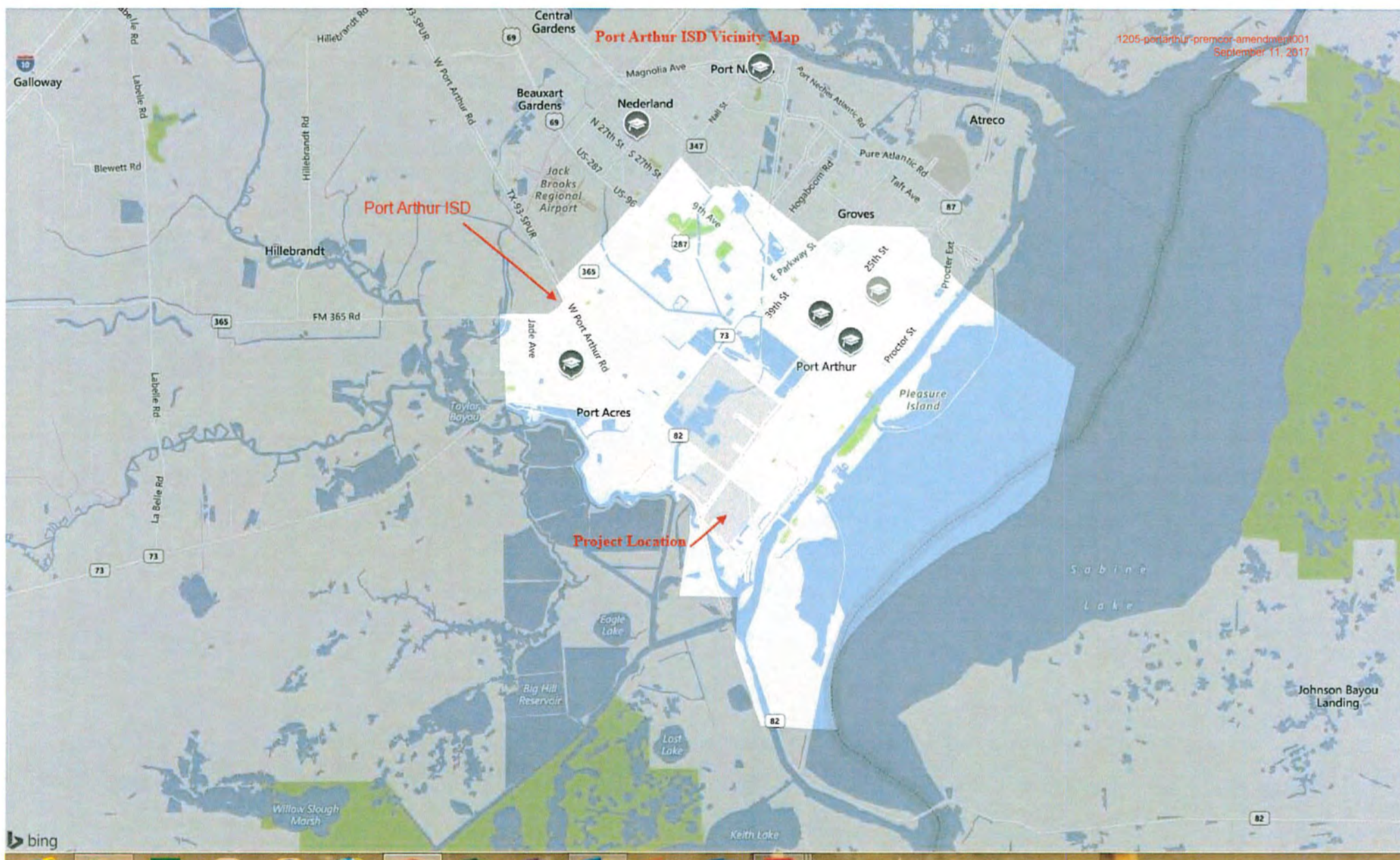


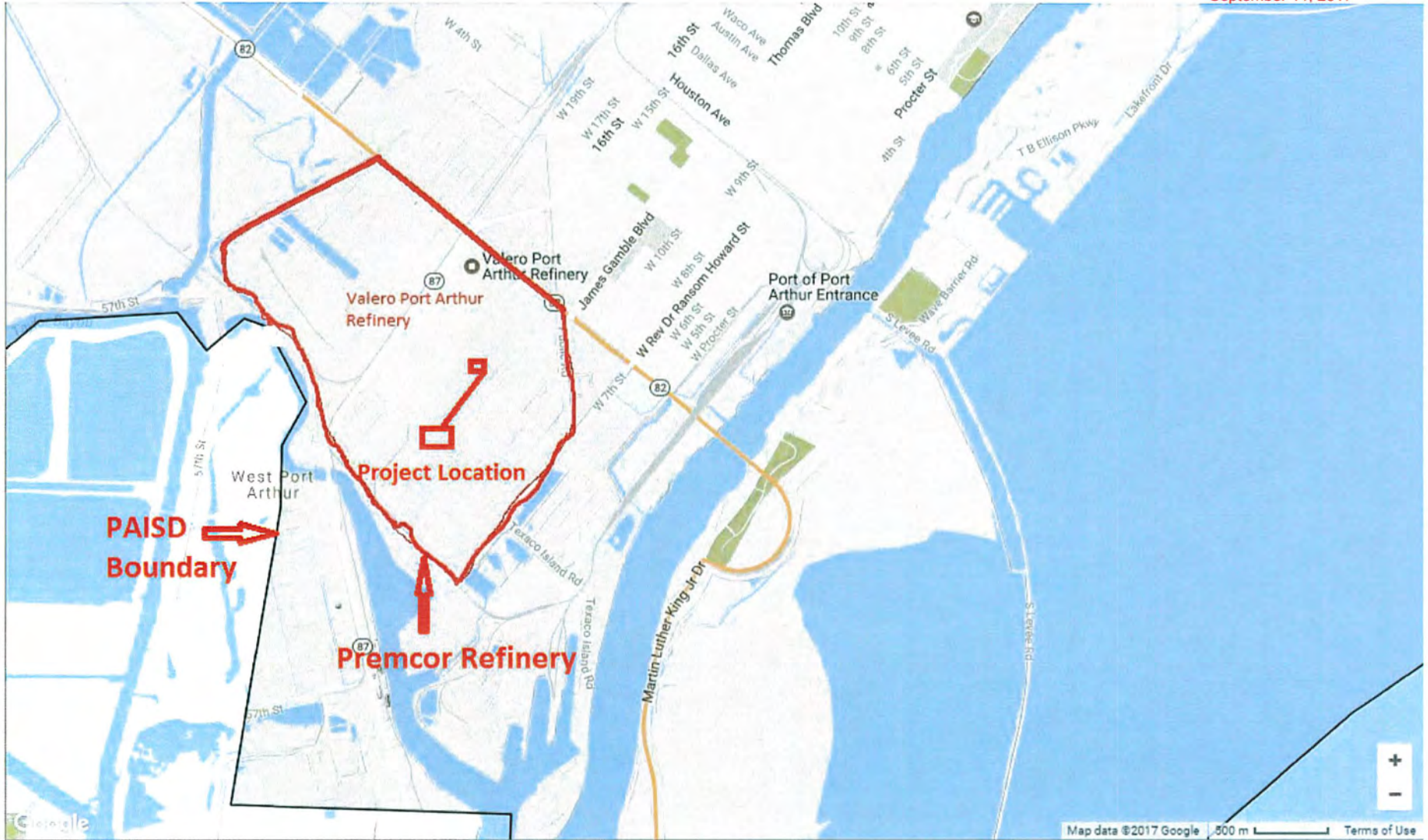
Jefferson CAD, TX

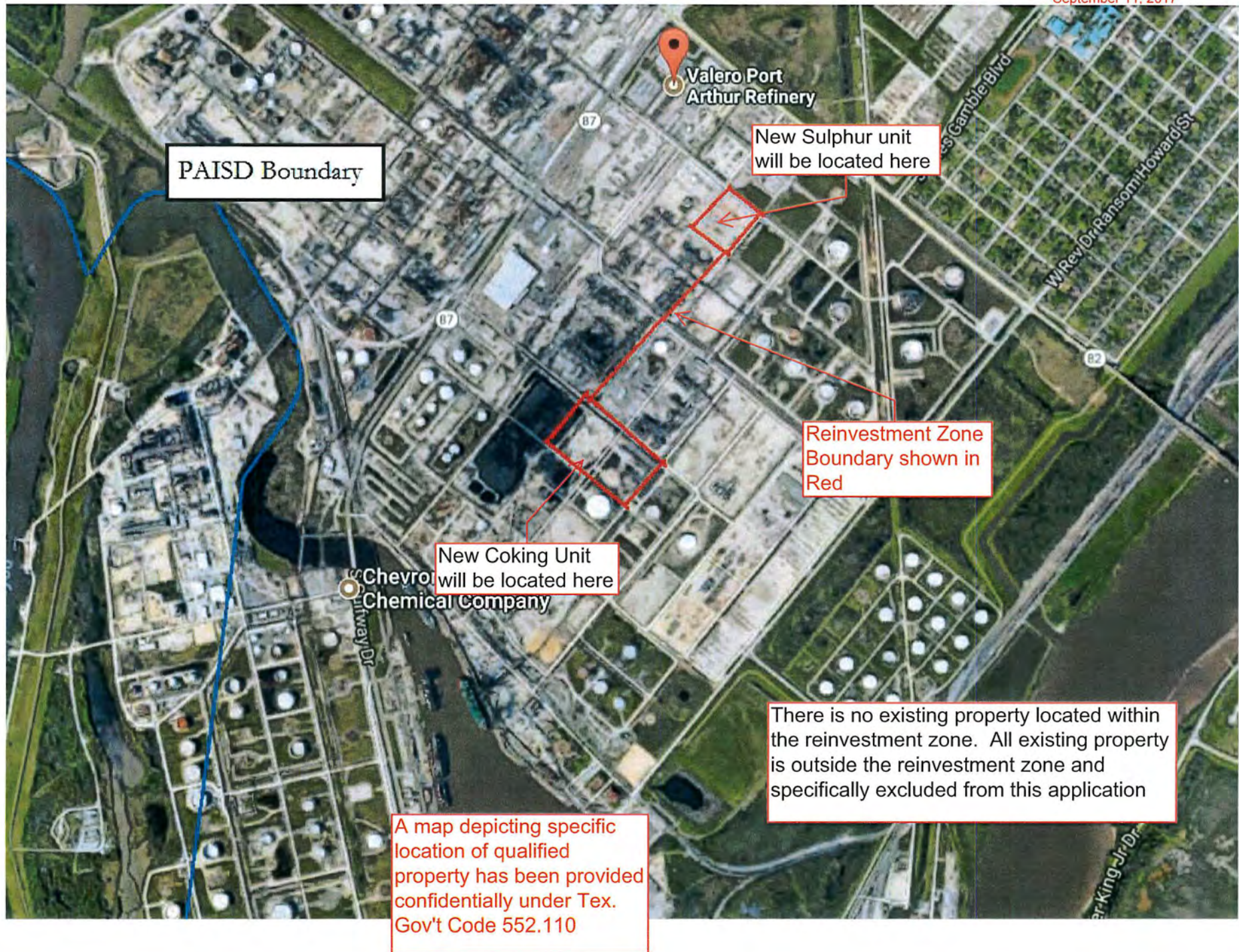
Date Printed: August 16, 2017

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 REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

Item #13

Calculation of three possible wage requirements with TWC documentation

Documentation: SEE ATTACHED

Jefferson County All Industries Average Weekly 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 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

Jefferson 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 Region Wage				
South East Texas Regional Planning Commission				
2016 Average Manufacturing Wages			Hourly	Annual
			\$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

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

COG	Wages	
	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)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wage
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)

[Back](#)

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

		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
	Year			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	2017-2018	2017					
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018					
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019					
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2020-2021	2020	900 FTE's	\$102,000			
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	1500 FTE's	\$102,000			
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	200 FTE's	\$102,000			
Value Limitation Period <i>The qualifying time period shall overlap the value limitation period.</i>	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
	5	2026-2027	2026				10	\$76,458.80
	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	2032-2047	2032-2046				10	\$76,458.80

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

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:					
	Other:					
Freeport Exemptions						
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 *Dr. Mark Porterie*
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 *Mark Skobel*
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*
Elaina M. Sims
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.

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 09/19/2018 09:26:53

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

THE PREMCOR REFINING GROUP INC.

Texas Taxpayer Number 14314912305

Mailing Address PO BOX 696000 SAN ANTONIO, TX 78269-6000

Right to Transact Business in Texas ACTIVE

State of Formation DE

Effective SOS Registration Date 10/24/1988

Texas SOS File Number 0007803606

Registered Agent Name C T CORPORATION SYSTEM

Registered Office Street Address 1999 BRYAN ST., STE. 900 DALLAS, TX 75201

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 20, 2017

Dr. Mark Porterie
Superintendent
Port Arthur Independent School District
4801 9th Ave
Port Arthur, Texas 77642

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Port Arthur Independent School District and The Premcor Refining Group, Inc., Application 1205

Dear Superintendent Porterie:

On September 19, 2017, the Comptroller issued written notice that The Premcor Refining Group, Inc. (applicant) submitted a completed application (Application 1205) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on June 06, 2017, to the Port Arthur School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 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 issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1205.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem* tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of September 19, 2017, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

 for Mike Reissig
Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of The Premcor Refining Group, Inc. (project) applying to Port Arthur Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of The Premcor Refining Group, Inc..

Applicant	The Premcor Refining Group, Inc.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Port Arthur ISD
2015-2016 Average Daily Attendance	7,993
County	Jefferson
Proposed Total Investment in District	\$960,000,000
Proposed Qualified Investment	\$960,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,470.36
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,470.36
Minimum annual wage committed to by applicant for qualified jobs	\$76,458.80
Minimum weekly wage required for non-qualifying jobs	\$1,077.50
Minimum annual wage required for non-qualifying jobs	\$56,030
Investment per Qualifying Job	\$96,000,000
Estimated M&O levy without any limit (15 years)	\$70,530,118
Estimated M&O levy with Limitation (15 years)	\$26,246,589
Estimated gross M&O tax benefit (15 years)	\$44,283,529

Table 2 is the estimated statewide economic impact of The Premcor Refining Group, Inc. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	900	1,488	2388	\$91,800,000	\$112,200,000	\$204,000,000
2020	1500	2,600	4100	\$153,000,000	\$214,000,000	\$367,000,000
2021	200	712	912	\$20,400,000	\$81,600,000	\$102,000,000
2022	10	331	341	\$764,588	\$55,235,412	\$56,000,000
2023	10	152	162	\$764,588	\$39,235,412	\$40,000,000
2024	10	67	77	\$764,588	\$29,235,412	\$30,000,000
2025	10	45	55	\$764,588	\$25,235,412	\$26,000,000
2026	10	62	72	\$764,588	\$25,235,412	\$26,000,000
2027	10	100	110	\$764,588	\$27,235,412	\$28,000,000
2028	10	144	154	\$764,588	\$30,235,412	\$31,000,000
2029	10	187	197	\$764,588	\$35,235,412	\$36,000,000
2030	10	224	234	\$764,588	\$39,235,412	\$40,000,000
2031	10	253	263	\$764,588	\$44,235,412	\$45,000,000
2032	10	265	275	\$764,588	\$47,235,412	\$48,000,000
2033	10	272	282	\$764,588	\$49,235,412	\$50,000,000

Source: CPA REMI, The Premcor Refining Group, Inc.

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	Jefferson County Tax Levy	Port of Port Arthur Tax Levy	Drainage Distict #7 Tax Levy	Sabine-Neches Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3135	1.0400		0.3650	0.1667	0.1606	0.0916	
2020	\$82,500,000	\$82,500,000		\$258,613	\$858,000	\$1,116,613	\$301,125	\$137,486	\$132,454	\$75,603	\$1,763,281
2021	\$342,500,000	\$342,500,000		\$1,073,635	\$3,562,000	\$4,635,635	\$1,250,125	\$570,776	\$549,884	\$313,867	\$7,320,287
2022	\$522,450,000	\$522,450,000		\$1,637,724	\$5,433,480	\$7,071,204	\$1,906,943	\$870,663	\$838,793	\$478,773	\$11,166,376
2023	\$506,371,500	\$506,371,500		\$1,587,323	\$5,266,264	\$6,853,586	\$1,848,256	\$843,868	\$812,979	\$464,039	\$10,822,729
2024	\$490,795,605	\$490,795,605		\$1,538,497	\$5,104,274	\$6,642,771	\$1,791,404	\$817,911	\$787,972	\$449,765	\$10,489,824
2025	\$475,706,224	\$475,706,224		\$1,491,196	\$4,947,345	\$6,438,541	\$1,736,328	\$792,764	\$763,746	\$435,937	\$10,167,317
2026	\$461,087,801	\$461,087,801		\$1,445,372	\$4,795,313	\$6,240,685	\$1,682,970	\$768,403	\$740,276	\$422,541	\$9,854,876
2027	\$446,925,292	\$446,925,292		\$1,400,977	\$4,648,023	\$6,049,000	\$1,631,277	\$744,801	\$717,539	\$409,562	\$9,552,179
2028	\$433,204,152	\$433,204,152		\$1,357,965	\$4,505,323	\$5,863,288	\$1,581,195	\$721,935	\$695,509	\$396,988	\$9,258,916
2029	\$419,910,315	\$419,910,315		\$1,316,293	\$4,367,067	\$5,683,360	\$1,532,673	\$699,781	\$674,166	\$384,806	\$8,974,785
2030	\$407,030,179	\$407,030,179		\$1,275,918	\$4,233,114	\$5,509,031	\$1,485,660	\$678,316	\$653,487	\$373,002	\$8,699,497
2031	\$394,550,588	\$394,550,588		\$1,236,798	\$4,103,326	\$5,340,124	\$1,440,110	\$657,519	\$633,451	\$361,566	\$8,432,769
2032	\$382,458,820	\$382,458,820		\$1,198,894	\$3,977,572	\$5,176,465	\$1,395,975	\$637,368	\$614,038	\$350,485	\$8,174,331
2033	\$370,742,566	\$370,742,566		\$1,162,167	\$3,855,723	\$5,017,889	\$1,353,210	\$617,842	\$595,227	\$339,748	\$7,923,918
2034	\$359,389,925	\$359,389,925		\$1,126,580	\$3,737,655	\$4,864,235	\$1,311,773	\$598,923	\$577,001	\$329,345	\$7,681,277
2035	\$348,389,382	\$348,389,382		\$1,092,096	\$3,623,250	\$4,715,346	\$1,271,621	\$580,591	\$559,339	\$319,264	\$7,446,161
2036	\$337,729,797	\$337,729,797		\$1,058,682	\$3,512,390	\$4,571,071	\$1,232,714	\$562,827	\$542,225	\$309,496	\$7,218,333
			Total	\$21,258,727	\$70,530,118	\$91,788,845	\$24,753,359	\$11,301,773	\$10,888,087	\$6,214,789	\$144,946,853

Source: CPA, The Premcor Refining Group, Inc.

*Tax Rate per \$100 Valuation

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that The Premcor Refining Group, Inc. (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$858,000	\$858,000	\$0	\$0
	2021	\$3,562,000	\$4,420,000	\$0	\$0
Limitation Period (10 Years)	2022	\$312,000	\$4,732,000	\$5,121,480	\$5,121,480
	2023	\$312,000	\$5,044,000	\$4,954,264	\$10,075,744
	2024	\$312,000	\$5,356,000	\$4,792,274	\$14,868,018
	2025	\$312,000	\$5,668,000	\$4,635,345	\$19,503,363
	2026	\$312,000	\$5,980,000	\$4,483,313	\$23,986,676
	2027	\$312,000	\$6,292,000	\$4,336,023	\$28,322,699
	2028	\$312,000	\$6,604,000	\$4,193,323	\$32,516,022
	2029	\$312,000	\$6,916,000	\$4,055,067	\$36,571,089
	2030	\$312,000	\$7,228,000	\$3,921,114	\$40,492,203
	2031	\$312,000	\$7,540,000	\$3,791,326	\$44,283,529
	2032	\$3,977,572	\$11,517,572	\$0	\$44,283,529
Maintain Viable Presence (5 Years)	2033	\$3,855,723	\$15,373,294	\$0	\$44,283,529
	2034	\$3,737,655	\$19,110,950	\$0	\$44,283,529
	2035	\$3,623,250	\$22,734,199	\$0	\$44,283,529
	2036	\$3,512,390	\$26,246,589	\$0	\$44,283,529
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$3,404,964	\$29,651,553	\$0	\$44,283,529
	2038	\$3,300,864	\$32,952,417	\$0	\$44,283,529
	2039	\$3,199,984	\$36,152,401	\$0	\$44,283,529
	2040	\$3,102,223	\$39,254,624	\$0	\$44,283,529
	2041	\$3,007,484	\$42,262,108	\$0	\$44,283,529
	2042	\$2,915,670	\$45,177,778	\$0	\$44,283,529
	2043	\$2,826,690	\$48,004,468	\$0	\$44,283,529
	2044	\$2,740,455	\$50,744,922	\$0	\$44,283,529
	2045	\$2,656,878	\$53,401,800	\$0	\$44,283,529
	2046	\$2,575,877	\$55,977,678	\$0	\$44,283,529

\$55,977,678

is greater than

\$44,283,529

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, The Premcor Refining Group, Inc.

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.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the The Premcor Refining Group, Inc.’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per The Premcor Refining Group, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Premcor currently operates a refinery at the proposed project location, but there is not any business activity located in the proposed project site boundaries.”
 - B. “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.”
 - C. “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.”
 - D. “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.”
- In the September 2017 issue of the *Beaumont Business Journal* reports that a “roughly half-billion-dollar expansion project on the horizon for Valero’s Port Arthur refinery site could be complete by 2020, with the planning stages well underway and applications for the expansion under review and pending approval.”
- A July 14, 2017 *The News Port Arthur* article states “Vice President and General Manager of Valero Port Arthur Greg Gentry addressed the board about a possible new operating facility within the plant under Chapter 313 agreement. According to him, it would create additional products and additional jobs and require an estimated 500 construction workers to build it.”
- Attached Railroad Commission of Texas Public GIS Viewer map depicting area pipelines.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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.

Supporting Information

Section 8 of the Application for
a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for 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
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. 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

SECTION 7: Project Description

1. In Tab 4, attach 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.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements	☐ Land has existing improvements (complete Section 13)
☐ Expansion of existing operation on the land (complete Section 13)	☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☐ Yes ☒ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☒ Yes ☐ No
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 ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

PREMCO REFINING GROUP INC CHAPTER 313 APPLICATION TO PORT ARTHUR ISD

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.

PREMCO 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

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

beaumont BUSINESS JOURNAL

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Evaluation of Valero plant expansion highlights community partnerships



A roughly half-billion-dollar expansion project on the horizon for Valero's Port Arthur refinery site could be complete by 2020, with the planning stages well underway and applications for the expansion under review and pending approval.

During a presentation to the Board of Trustees of the Port Arthur Independent School District in July to hash out taxing specs, Valero representatives acknowledged the company is currently in the process of securing approval for a project that will expand the capacity of the Port Arthur refinery. The specifics of the project's design have not yet been fully disclosed, but project planners are anticipating a large-scale addition including a delayed coker unit, sulfur recovery unit, and modifications to selected processing units to increase crude capacity utilization.

"Basically, it is a project that has approximately \$522 million in taxable value," Daniel Casey of Moak, Casey and Associates reported during the presentation. Casey, commissioned by the school board officials, said he

reviewed the proposal and found the construction to be an asset the school district would be wise to consider supporting. According to him, the value to be gained by supporting the project is not only monetary – although there is that aspect.

For 20 years, if the agreement is approved at the Texas Comptroller's Office, the Port Arthur school district would set a cap on the construction's taxable value at \$30 million, with the remaining life of the project to be placed on the tax rolls at value. However, according to Casey, the project would still be taxed at full value every year, including the 20-year agreement period, for debt service taxes due the school district. In addition, negotiations could also garner additional support from the company via a \$200 per student per year stipend on top of tax funds and "in lieu of tax" payments made on behalf of the project.

"It's a sizeable project," Casey summed up, "and one that's worthy of your consideration based on our initial review."

Port Arthur ISD trustees agreed and have given tentative support to the expansion's genesis.

Greg Gentry, vice-president and general manager of Valero's Port Arthur Refinery, pointed out that the expansion project is still not a done-deal, although company reps are trying to make it so.

"Essentially, we are evaluating... whether we should build an additional operating facility inside our existing plant," he said. Community support, such as that given by the school district, is one aspect of that decision-making process.

Should Valero garner all the necessary support needed to get the project in the works, the added tax contribution to the school district – not to mention the city, county, and drainage district – is not the only benefit the community is expected to see.

In Port Arthur, Gentry points out that the community will also benefit from job production. According to the plant manager, Valero prides itself in utilizing local workers, and foregoes securing employment through traditional outlets such as engineering procurement construction (EPC) companies. Instead, according to Gentry, the company is working with the city of Port Arthur, the Economic Development Corporation, and the Texas Workforce Commission to continue to draft and update processes and procedures to ensure as many of the workers as possible are from the Port Arthur area.

When Valero is hiring, there is no shortage of applicants. According to Gentry, a recent call for new employees netted 1,700 applicants for 30 posted positions. Of those hired, roughly 25 percent were Port Arthur residents. "We work very hard to hire Port Arthur applicants," he said, although he did touch on some complications that make that task difficult at times. For example, Gentry noted, roughly 30 percent of Port Arthur resident workers are gone within two to three years of employment.

"They actually leave the city," he said. "They get the training and then they get jobs in the field elsewhere."

But that doesn't stop the refinery from training as many Port Arthur residents as they can get in. Valero currently works with other industry supporters to host a co-enrollment program for 100 Port Arthur students to learn a trade while still in school, funds 20 scholarships annually to pay for Port Arthur students to strive toward higher education, and funds training through the workforce necessary for those wanting to enter the refinery field.

"We've also been working with the city of Port Arthur ... to find the metrics of hiring Port Arthur residents or qualified businesses," Gentry said. And while it may sound simple, it's more complicated than it seems on the surface. "The issue is the programs that work are very difficult to put together."

For example, one known contracting business supplying employment support through the city's program has

only 20 percent of its employees as Port Arthur residents, but it has a Port Arthur address for the business – so it is a qualified recipient of concessions made to “local” business; another known to Gentry has 90 percent of its employees living in Port Arthur but holds a Beaumont address, so the company does not qualify as a “local” business.

Additionally, Gentry said, “We have trouble getting enough Port Arthur residents to apply for the 20 scholarships, ... so now we have instituted a second-chance program,” which allows those who have previously graduated from Port Arthur schools to take some time off and then come back as adults and receive higher education funding. Continuing the commitment to Port Arthur, he said, “The only people who can apply for that scholarship are Port Arthur residents.”

For the proposed expansion, Gentry noted that the company will likely need to acquire 500 construction workers, 20 operators, technical staff and maintenance staff, “roughly 30-40 permanent hires.” A job posting seeking a supervisor for the project has been online since June. Valero is still accepting applications for the position. Those coming on as new hires with the company will be taken on by a crew dedicated not only to their employer but to the community it serves, as well, Gentry pointed out.

“Valero is probably one of the most giving companies there is,” Gentry said, and made special note of two main projects undertaken by the company – the Valero Texas Open, which has generated \$122 million since Valero took over the program, and the company’s United Way contribution program at Port Arthur, which netted \$860,000 of funding for the nonprofit this year alone. For the United Way drive, employees contribute funding themselves, which is then matched at 50 percent by the company.

“I’m very proud of that program,” Gentry said. “We, as a company, strive to be an extremely valuable partner in the communities we operate in.”

According to him, the new expansion project is just an extension of the community-minded business Valero always works to be known as.

“This expansion adds value to the property,” he said, and “it adds value to the community.”

The Valero Port Arthur Refinery, commissioned in 1901, has had many process additions and improvements in its recent history, including nearly \$850 million invested in a delayed coker and hydrocracker to enable the plant to run heavy, sour crude; and a \$1.6 billion hydrocracker and saturated-gas plant project that assists with increased diesel production. The refinery encompasses a sprawling 4,000 acres on the Port Arthur Ship Channel, where it maintains a total throughput capacity of 395,000 BPD. Valero is a top producer of conventional, premium and reformulated gasoline before oxygenate blending, as well as diesel, jet fuel, petrochemicals, petroleum coke and sulfur.

Company estimates are that the Port Arthur refinery, in addition to contract and temporary employees, consists of a staff of roughly 850 personnel.

— Jennifer Johnson

Photo courtesy of Valero

Category: News

Tags: Valero

Expansion

Port Arthur

Current Issue

September 2017



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Valero talks expansion at PAISD meet



By L.V. Salinas
Email the author

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Talk about refinery agreements, budgets and taxes dominated this week's board meeting of the Port Arthur Independent School District trustees.

Vice President and General Manager of Valero Port Arthur Greg Gentry addressed the board about a possible new operating facility within the plant under Chapter 313 agreement. According to him, it would create additional products and additional jobs and require an estimated 500 construction workers to build it.

"It would be an expansion of values and bring more tax base to the city, county, drainage and district," Gentry said. "And we'd hire more employees for the operating facility."

Gentry said the additional workers the expansion would bring would result in more money being spent in Port Arthur because they would stay in local hotels, eat at local restaurants and

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generally spend more money in the area.

"We work very hard to hire Port Arthur workers," Gentry said. However, he added that many workers who work in the city for two to three years tend not to stay in the area long after.

Trustee Kenneth Lofton asked how many permanent jobs would be created. Gentry said he didn't have exact numbers, but estimated 30 to 40 including 20 operator positions.

Trustee Robert Reid asked how it would benefit the Port Arthur community overall.

"We look at our company as one of the most giving companies there is," Gentry said.

He cited Valero's participation in charities, volunteer employee hours and fundraising events for children as part of the benefits it brings to the city.

Trustee Joseph Guillory expressed concern that the 313 agreement would only benefit the refinery and not the community. He said he would like to see Valero hire more PAISD graduates.

Gentry said Valero and other business partners engage in hiring practices and qualification processes that specifically target Port Arthur residents and businesses. In fact, according to him, the sponsors have trouble getting Port Arthur residents to apply for scholarships.

In addition, Gentry said Valero works with Texas Workforce Commission and Port Arthur Economic Development Corporation in reaching out to local residents.

"We use some money to pay some contractors to hire Port Arthur residents. We pay part of their salary," Gentry said.

In bond news, Charles Kelley with Skanska updated the board about the status of various school construction projects.

Kelley said Woodrow Wilson would be the first project to be finished in early August; Tyrrell Elementary would be expected to be completed some time in early September.

Kelley described the progress at Memorial 9th Grade Academy, Sam Houston and Travis as "going well."

"There are no significant challenges. All projects are under budget and on time," Kelley said.

Assistant Superintendent for Business and Finance Phyllis Geans

provided a budget update for the district, including a projected expenditure budget if the Tax Ratification Election (TRE) in August does not pass.

Geans made special note of the state's unfunded mandate, which would require PAISD to increase teacher pay by \$1,000 with no new money from the state. Geans estimated the cost for the district as \$662,000.

She said the state has slowly been phasing out its additional state aid, which has been the share of money it has doled out for public education. This, in turn, has forced many school districts to increase their taxes.

It was yet another reason PAISD seeks to raise its Maintenance & Operations tax from \$1.04 to \$1.17 pending voter approval in August.

Porterie and Geans explained some aspects of recapture to Guillory.

Specifically, Geans said the district would be subject to recapture in the 2019-20 fiscal year after the 313 agreements expire in the previous year.

Porterie said that whether voters approve the \$1.17 tax rate or not, the district would still have to pay back the estimated \$13 million owed the state after recapture.

"We'll have to pay it back, not if," Porterie said.

Geans said voters would determine how to pay it back in a Chapter 41 election during the 2019-20 school year.

And, as Porterie pointed out to Guillory, PAISD is already considered a Chapter 41 district, or a property-wealthy district subject to Chapter 41 rules.



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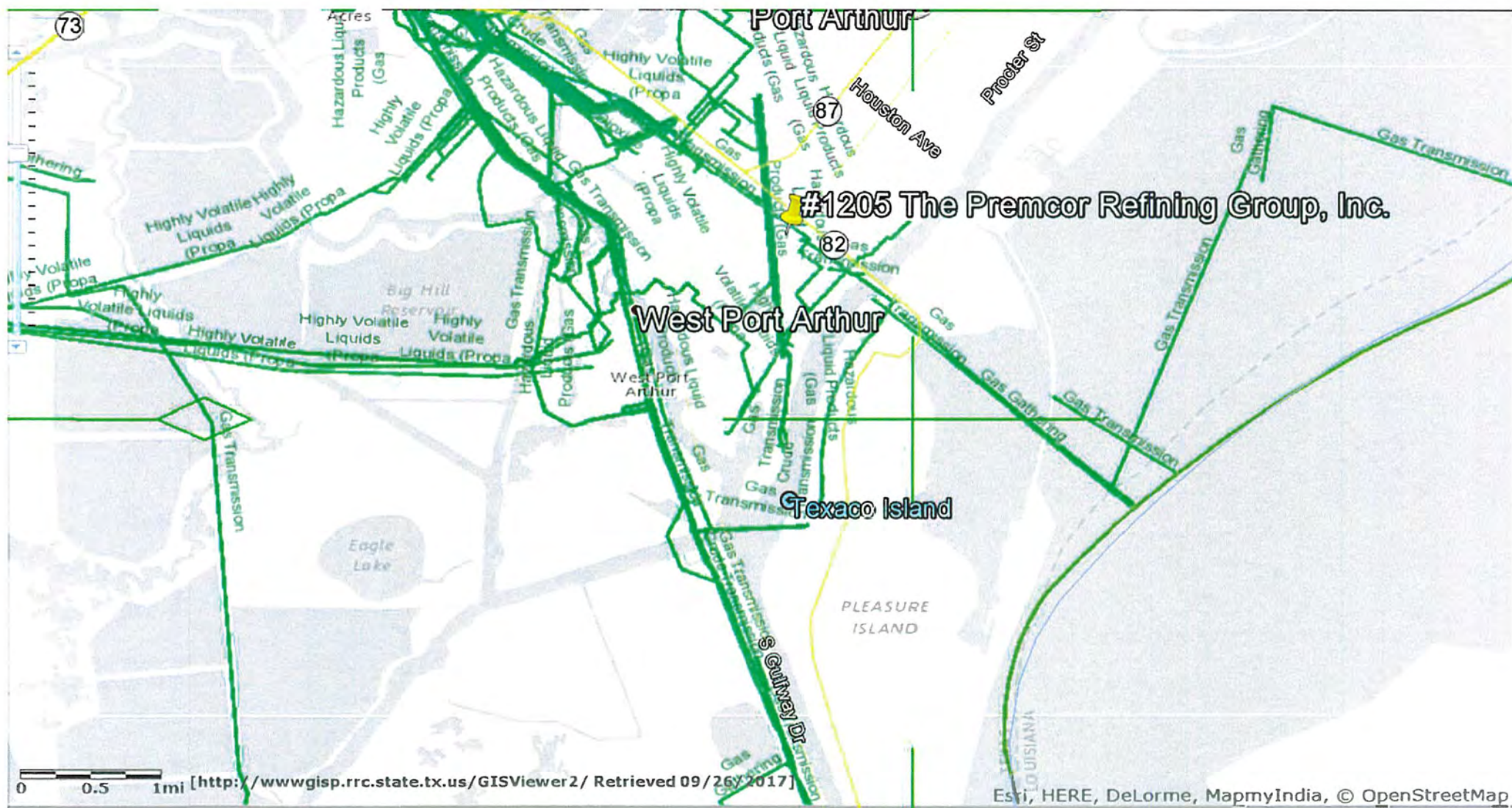
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Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED PREMCOR
REFINING CORP, INC. PROJECT IN THE PORT ARTHUR
INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1205)**

PREPARED BY



MAY 31, 2018

Executive Summary

Premcor Refining Corp, Inc. (Company) has requested that the Port Arthur Independent School District (PAISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application originally submitted to PAISD on June 6, 2017, the Company plans to invest \$522.5 million in additional taxable value to construct a refining manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Premcor 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, PAISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2022-23 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted last year. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to PAISD	\$4.1 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$45.7 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for the project was issued on September 19, 2017.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Certificate Package for the Premcor project was issued on October 20, 2017.

After the Comptroller's certificate was received, O'Hanlon, Demerath & Castillo contacted the school district to discuss the value limitation agreement and began negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon, Demerath & Castillo will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (For more detailed information on the school finance funding system, please review the Texas Education Agency's website ([Manuals and Presentations](#)) or ([School Finance-One Page Descriptions](#)).

Because the general school finance formula system calculates state aid entitlements using the Comptroller's certified property value for the preceding year, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment remained at \$5,140 and the Tier II Austin yield increased to \$106.28 for 2018-19, which is maintained for future years.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313

projects are also factored into the M&O tax bases used. The impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes is beyond the scope of this revenue report.

ADA: 7,901
Local Tax Base: \$7.7 billion
M&O Tax Rate: \$1.17 per \$100
I&S Tax Rate: \$0.311 per \$100
Wealth per WADA: \$347,085

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 – Base District Information with Premcor 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
QTP1	2020-21	7,901.18	10,726.93	\$1.1700	\$0.3110	\$11,852,675,718	\$11,852,675,718	\$7,556,788,643	\$7,556,788,643	\$704,469	\$704,469
QTP2	2021-22	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,112,675,718	\$12,112,675,718	\$7,639,288,643	\$7,639,288,643	\$712,160	\$712,160
VL1	2022-23	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,292,625,718	\$11,800,175,718	\$7,899,288,643	\$7,899,288,643	\$736,398	\$736,398
VL2	2023-24	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,381,413,670	\$11,905,042,170	\$8,079,238,643	\$7,586,788,643	\$753,174	\$707,266
VL3	2024-25	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,359,094,453	\$11,898,298,848	\$8,168,026,595	\$7,691,655,095	\$761,451	\$717,042
VL4	2025-26	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,337,598,915	\$11,891,892,691	\$8,145,707,378	\$7,684,911,773	\$759,370	\$716,413
VL5	2026-27	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,316,894,644	\$11,885,806,843	\$8,124,211,840	\$7,678,505,616	\$757,366	\$715,816
VL6	2027-28	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,296,950,578	\$11,880,025,286	\$8,103,507,569	\$7,672,419,768	\$755,436	\$715,249
VL7	2028-29	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,275,078,822	\$12,351,874,670	\$8,083,563,503	\$7,666,638,211	\$753,577	\$714,710
VL8	2029-30	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,254,490,211	\$12,325,579,896	\$8,062,626,724	\$7,648,487,595	\$751,285	\$713,697
VL9	2030-31	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,233,955,465	\$12,299,545,286	\$8,042,103,136	\$7,628,192,821	\$749,595	\$712,246
VL10	2031-32	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,213,564,387	\$12,276,013,799	\$8,021,188,390	\$7,608,158,211	\$747,967	\$711,819
VP1	2032-33	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,193,931,632	\$12,256,931,632	\$8,001,177,312	\$7,588,626,724	\$746,610	\$710,625
VP2	2033-34	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,174,629,378	\$12,237,629,378	\$7,982,544,557	\$7,569,544,557	\$745,381	\$709,381
VP3	2034-35	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,155,604,938	\$12,218,604,938	\$7,963,242,303	\$7,550,242,303	\$744,277	\$708,277
VP4	2035-36	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,136,807,771	\$12,199,807,771	\$7,944,217,863	\$7,531,217,863	\$743,291	\$707,291
VP5	2036-37	7,901.18	10,726.93	\$1.1700	\$0.3110	\$12,118,189,390	\$12,181,189,390	\$7,925,420,696	\$7,512,420,696	\$742,420	\$706,420

*Basic Allotment: \$5,140; AISD Yield: \$106.28; Equalized Wealth: \$514,000 per WADA

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact of the Premcor Project on PAISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$4.1 million over the course of the Agreement, with all the loss reflected in the first limitation year (2022-23), under the assumptions used here. The reduction in M&O taxes under the limitation agreement is offset chiefly through a reduction in recapture costs owed to the state under current law.

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	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP1	2020-21	\$117,353,663	\$3,345,157	\$0	-\$30,656,524	\$19,950,123	\$3,582,411	-\$6,701,575	\$0	\$270,125	\$107,143,380
QTP2	2021-22	\$119,901,663	\$1,922,944	\$0	-\$32,290,206	\$20,383,283	\$3,543,133	-\$6,908,450	\$0	\$270,125	\$106,822,492
VL1	2022-23	\$121,763,663	\$3,345,157	\$0	-\$35,700,913	\$20,699,823	\$3,238,692	-\$7,203,628	\$0	\$270,125	\$106,412,919
VL2	2023-24	\$122,630,569	\$1,922,944	\$0	-\$37,869,198	\$20,847,197	\$3,025,740	-\$7,378,753	\$0	\$270,125	\$103,448,624
VL3	2024-25	\$122,408,725	\$3,345,157	\$0	-\$38,706,816	\$20,809,484	\$2,906,063	-\$7,424,390	\$0	\$270,125	\$103,608,348
VL4	2025-26	\$122,195,051	\$1,922,944	\$0	-\$38,411,369	\$20,773,159	\$2,929,382	-\$7,396,749	\$0	\$270,125	\$102,282,543
VL5	2026-27	\$121,989,226	\$3,345,157	\$0	-\$38,126,389	\$20,738,169	\$2,952,005	-\$7,370,099	\$0	\$270,125	\$103,798,194
VL6	2027-28	\$121,790,941	\$1,922,944	\$0	-\$37,851,491	\$20,704,460	\$2,973,956	-\$7,344,401	\$0	\$270,125	\$102,466,534
VL7	2028-29	\$126,277,854	\$3,345,157	\$0	-\$39,073,516	\$21,467,235	\$3,108,042	-\$7,601,207	\$0	\$270,125	\$107,793,689
VL8	2029-30	\$125,887,227	\$1,922,944	\$0	-\$43,554,654	\$21,400,829	\$2,527,254	-\$7,876,841	\$0	\$270,125	\$100,576,884
VL9	2030-31	\$125,503,286	\$3,345,157	\$0	-\$43,041,327	\$21,335,558	\$2,568,048	-\$7,828,314	\$0	\$270,125	\$102,152,533
VL10	2031-32	\$125,147,882	\$1,922,944	\$0	-\$42,543,226	\$21,275,140	\$2,605,464	-\$7,781,905	\$0	\$270,125	\$100,896,423
VP1	2032-33	\$124,735,571	\$3,345,157	\$0	-\$42,052,275	\$21,205,047	\$2,640,379	-\$7,733,711	\$0	\$270,125	\$102,410,294
VP2	2033-34	\$124,409,208	\$1,922,944	\$0	-\$41,603,547	\$21,149,566	\$2,674,141	-\$7,691,657	\$0	\$270,125	\$101,130,780
VP3	2034-35	\$124,095,369	\$3,345,157	\$0	-\$41,171,097	\$21,096,213	\$2,709,829	-\$7,651,157	\$0	\$270,125	\$102,694,439
VP4	2035-36	\$123,793,557	\$1,922,944	\$0	-\$40,754,340	\$21,044,904	\$2,741,437	-\$7,612,151	\$0	\$270,125	\$101,406,476
VP5	2036-37	\$123,503,297	\$3,345,157	\$0	-\$40,352,713	\$20,995,561	\$2,772,011	-\$7,574,585	\$0	\$270,125	\$102,958,853

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

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	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP1	2020-21	\$117,353,663	\$3,345,157	\$0	-\$30,656,524	\$19,950,123	\$3,582,411	-\$6,701,575	\$0	\$270,125	\$107,143,380
QTP2	2021-22	\$119,901,663	\$1,922,944	\$0	-\$32,290,206	\$20,383,283	\$3,543,133	-\$6,908,450	\$0	\$270,125	\$106,822,492
VL1	2022-23	\$116,839,163	\$3,345,157	\$0	-\$34,213,674	\$19,862,658	\$3,105,643	-\$6,912,291	\$0	\$270,125	\$102,296,781
VL2	2023-24	\$117,866,854	\$1,922,944	\$0	-\$31,135,337	\$20,037,365	\$3,554,451	-\$6,752,971	\$0	\$270,125	\$105,763,431
VL3	2024-25	\$117,800,769	\$3,345,157	\$0	-\$32,284,479	\$20,026,131	\$3,408,499	-\$6,825,002	\$0	\$270,125	\$105,741,200
VL4	2025-26	\$117,737,989	\$1,922,944	\$0	-\$32,192,644	\$20,015,458	\$3,414,696	-\$6,816,554	\$0	\$270,125	\$104,352,014
VL5	2026-27	\$117,678,348	\$3,345,157	\$0	-\$32,105,354	\$20,005,319	\$3,424,306	-\$6,808,525	\$0	\$270,125	\$105,809,376
VL6	2027-28	\$117,621,688	\$1,922,944	\$0	-\$32,022,385	\$19,995,687	\$3,429,905	-\$6,800,896	\$0	\$270,125	\$104,417,069
VL7	2028-29	\$122,245,812	\$3,345,157	\$0	-\$33,257,220	\$20,781,788	\$3,573,379	-\$7,063,959	\$0	\$270,125	\$109,895,082
VL8	2029-30	\$121,988,124	\$1,922,944	\$0	-\$38,271,256	\$20,737,981	\$2,932,619	-\$7,379,465	\$0	\$270,125	\$102,201,072
VL9	2030-31	\$121,732,984	\$3,345,157	\$0	-\$37,921,646	\$20,694,607	\$2,959,545	-\$7,346,666	\$0	\$270,125	\$103,734,106
VL10	2031-32	\$121,502,376	\$1,922,944	\$0	-\$37,581,891	\$20,655,404	\$2,989,605	-\$7,315,478	\$0	\$270,125	\$102,443,085
VP1	2032-33	\$124,735,571	\$3,345,157	\$0	-\$38,362,262	\$21,205,047	\$3,097,617	-\$7,494,020	\$0	\$270,125	\$106,797,235
VP2	2033-34	\$124,409,208	\$1,922,944	\$0	-\$41,603,547	\$21,149,566	\$2,674,141	-\$7,691,657	\$0	\$270,125	\$101,130,780
VP3	2034-35	\$124,095,369	\$3,345,157	\$0	-\$41,171,097	\$21,096,213	\$2,709,829	-\$7,651,157	\$0	\$270,125	\$102,694,439
VP4	2035-36	\$123,793,557	\$1,922,944	\$0	-\$40,754,340	\$21,044,904	\$2,741,437	-\$7,612,151	\$0	\$270,125	\$101,406,476
VP5	2036-37	\$123,503,297	\$3,345,157	\$0	-\$40,352,713	\$20,995,561	\$2,772,011	-\$7,574,585	\$0	\$270,125	\$102,958,853

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

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	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP1	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2022-23	-\$4,924,500	\$0	\$0	\$1,487,239	-\$837,165	-\$133,049	\$291,337	\$0	\$0	-\$4,116,138
VL2	2023-24	-\$4,763,715	\$0	\$0	\$6,733,861	-\$809,832	\$528,711	\$625,783	\$0	\$0	\$2,314,807
VL3	2024-25	-\$4,607,956	\$0	\$0	\$6,422,337	-\$783,353	\$502,436	\$599,388	\$0	\$0	\$2,132,852
VL4	2025-26	-\$4,457,062	\$0	\$0	\$6,218,725	-\$757,701	\$485,314	\$580,195	\$0	\$0	\$2,069,471
VL5	2026-27	-\$4,310,878	\$0	\$0	\$6,021,035	-\$732,850	\$472,301	\$561,573	\$0	\$0	\$2,011,182
VL6	2027-28	-\$4,169,253	\$0	\$0	\$5,829,106	-\$708,773	\$455,949	\$543,506	\$0	\$0	\$1,950,535
VL7	2028-29	-\$4,032,042	\$0	\$0	\$5,816,296	-\$685,447	\$465,337	\$537,248	\$0	\$0	\$2,101,392
VL8	2029-30	-\$3,899,103	\$0	\$0	\$5,283,398	-\$662,848	\$405,365	\$497,375	\$0	\$0	\$1,624,188
VL9	2030-31	-\$3,770,302	\$0	\$0	\$5,119,681	-\$640,951	\$391,497	\$481,648	\$0	\$0	\$1,581,573
VL10	2031-32	-\$3,645,506	\$0	\$0	\$4,961,335	-\$619,736	\$384,141	\$466,428	\$0	\$0	\$1,546,662
VP1	2032-33	\$0	\$0	\$0	\$3,690,013	\$0	\$457,238	\$239,691	\$0	\$0	\$4,386,942
VP2	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2036-37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$49.8 million over the life of the agreement. The PAISD revenue losses are expected to total approximately \$4.1 million under the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$45.7 million, prior to any negotiations with Premcor on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with PAISD currently levying a \$0.311 per \$100 I&S tax rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Local taxpayers should benefit from the addition of the Premcor project to the local I&S tax roll. 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.

**Table 5 - Estimated Financial Impact of the Premcor Project Property Value Limitation
Request Submitted to PAISD at \$1.17 per \$100 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	School District Revenue Losses	Estimated Net Tax Benefits
QTP1	2020-21	\$82,500,000	\$82,500,000	\$0	\$1.170	\$965,250	\$965,250	\$0	\$0	\$0
QTP2	2021-22	\$342,500,000	\$342,500,000	\$0	\$1.170	\$4,007,250	\$4,007,250	\$0	\$0	\$0
VL1	2022-23	\$522,450,000	\$30,000,000	\$492,450,000	\$1.170	\$6,112,665	\$351,000	\$5,761,665	-\$4,116,138	\$1,645,527
VL2	2023-24	\$506,371,500	\$30,000,000	\$476,371,500	\$1.170	\$5,924,547	\$351,000	\$5,573,547	\$0	\$5,573,547
VL3	2024-25	\$490,795,605	\$30,000,000	\$460,795,605	\$1.170	\$5,742,309	\$351,000	\$5,391,309	\$0	\$5,391,309
VL4	2025-26	\$475,706,224	\$30,000,000	\$445,706,224	\$1.170	\$5,565,763	\$351,000	\$5,214,763	\$0	\$5,214,763
VL5	2026-27	\$461,087,801	\$30,000,000	\$431,087,801	\$1.170	\$5,394,727	\$351,000	\$5,043,727	\$0	\$5,043,727
VL6	2027-28	\$446,925,292	\$30,000,000	\$416,925,292	\$1.170	\$5,229,026	\$351,000	\$4,878,026	\$0	\$4,878,026
VL7	2028-29	\$433,204,152	\$30,000,000	\$403,204,152	\$1.170	\$5,068,489	\$351,000	\$4,717,489	\$0	\$4,717,489
VL8	2029-30	\$419,910,315	\$30,000,000	\$389,910,315	\$1.170	\$4,912,951	\$351,000	\$4,561,951	\$0	\$4,561,951
VL9	2030-31	\$407,030,179	\$30,000,000	\$377,030,179	\$1.170	\$4,762,253	\$351,000	\$4,411,253	\$0	\$4,411,253
VL10	2031-32	\$394,550,588	\$30,000,000	\$364,550,588	\$1.170	\$4,616,242	\$351,000	\$4,265,242	\$0	\$4,265,242
VP1	2032-33	\$382,458,820	\$382,458,820	\$0	\$1.170	\$4,474,768	\$4,474,768	\$0	\$0	\$0
VP2	2033-34	\$370,742,566	\$370,742,566	\$0	\$1.170	\$4,337,688	\$4,337,688	\$0	\$0	\$0
VP3	2034-35	\$359,389,925	\$359,389,925	\$0	\$1.170	\$4,204,862	\$4,204,862	\$0	\$0	\$0
VP4	2035-36	\$348,389,382	\$348,389,382	\$0	\$1.170	\$4,076,156	\$4,076,156	\$0	\$0	\$0
VP5	2036-37	\$337,729,797	\$337,729,797	\$0	\$1.170	\$3,951,439	\$3,951,439	\$0	\$0	\$0
						\$79,346,383	\$29,527,413	\$49,818,970	-\$4,116,138	\$45,702,832

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

Attachment E

Taxable Value of Property



Glenn Hegar
Texas Comptroller of Public Accounts



Property Tax

School and Appraisal Districts Property Value Study 2015 Report

2015 ISD Summary Worksheet

123/Jefferson

123-907/Port Arthur ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	906,900,131	N/A	906,900,131	906,900,131
B. Multi-Family Residences	108,757,982	N/A	108,757,982	108,757,982
C1. Vacant Lots	40,087,501	N/A	40,087,501	40,087,501
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	366,040	N/A	366,040	366,040
D2. Real Prop Farm & Ranch	279,600	N/A	279,600	279,600
E. Real Prop NonQual Acres	58,789,820	N/A	58,789,820	58,789,820
F1. Commercial Real	445,126,714	N/A	445,126,714	445,126,714
F2. Industrial Real	6,900,444,094	N/A	6,900,444,094	6,900,444,094
G. Oil, Gas, Minerals	22,392,292	N/A	22,392,292	22,392,292
J. Utilities	136,054,620	N/A	136,054,620	136,054,620
L1. Commercial Personal	216,420,820	N/A	216,420,820	216,420,820
L2. Industrial Personal	562,910,100	N/A	562,910,100	562,910,100

M. Other Personal	385,560	N/A	385,560	385,560
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	2,971,260	N/A	2,971,260	2,971,260
S. Special Inventory	7,492,200	N/A	7,492,200	7,492,200
Subtotal	9,409,378,734		9,409,378,734	9,409,378,734
Less Total Deductions	5,686,224,251		5,686,224,251	5,686,224,251
Total Taxable Value	3,723,154,483		3,723,154,483	3,723,154,483 T2

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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
3,820,406,437	3,723,154,483	3,820,406,437	3,723,154,483

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
97,251,954	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

Value Taxable For I&S Purposes

T7	T8	T9	T10
8,104,577,187	8,007,325,233	8,104,577,187	8,007,325,233

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

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

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

PORT ARTHUR INDEPENDENT SCHOOL DISTRICT

and

THE PREMCOR REFINING GROUP, INC.

(Texas Taxpayer ID # 14314912305)

Comptroller Application # 1205

Dated

September 25, 2018

WHEREAS, the District's Board of Trustees, by vote on September 25, 2018, ratified the Superintendent's action to extend the statutory deadline by which the District must consider the Application until December 31, 2018, and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on September 25, 2018, 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;

WHEREAS, on September 25, 2018, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on September 18, 2018, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on September 25, 2018 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 or in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized the Board Vice President to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I DEFINITIONS

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, including any statutory amendments that are applicable to Applicant.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

"Applicant" means The Premcor Refining Group, Inc., (Texas Taxpayer ID #14314912305) the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

"Applicant's Qualified Investment" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

"Applicant's Qualified Property" means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

"Application" means the 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 June 22, 2017. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

"Application Approval Date" means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

"Application Review Start Date" means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

"Appraisal District" means the Jefferson County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Port Arthur Independent School District.

"Commercial Operation" means the relevant property has been constructed, has received all necessary permits to operate, and has commenced commercial operations of receiving

feedstocks and converting them into usable products for later sale or processing as intended by the final project design.

"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 in 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Jefferson County, Texas.

"District" or "School District" means the Port Arthur Independent School District, being a duly authorized and operating 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 the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

"Force Majeure" means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

"Land" means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

"Maintain Viable Presence" means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

"New Qualifying Jobs" means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller's Rules.

"New Non-Qualifying Jobs" means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"Qualified Investment" has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller's Rules.

"Qualified Property" has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

"Qualifying Time Period" means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller's Rules, and this Agreement.

"State" means the State of Texas.

"Supplemental Payment" means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on the Applicant's Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

"Tax Limitation Period" means the Tax Years for which the Applicant's Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

"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.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

"Aggregate Limit" means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article VI.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Section 313.027(i) of the TEXAS TAX CODE. For purposes of this Agreement, and as further provided in Sections 6.2A and 6.2D, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying by the District’s Average Daily Attendance, as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District’s Average 2016-2017 Average Daily Attendance of 8,040 (rounded to the nearest whole number) times \$100, or any larger amount allowed by Section 313.027(i) of the TEXAS TAX CODE, if such limitation is increased for any future year of this Agreement and such increase is effective for purposes of this Agreement. The Annual Limit shall first be computed for Tax Year 2019, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i.

“Applicable School Finance Law” means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the 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, 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 includes any amendments or successor statutes that may be adopted in the future which 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.

“Applicant’s Stipulated Supplemental Payment Amount” means, for purposes of Article VI, for any Tax Year during the term of this Agreement, an amount equal to the amount set forth in Section 6.3.

“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 Section 45.002 of the TEXAS EDUCATION CODE 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 the District’s 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.

“Major Property Loss” means a property casualty loss to the Qualified Property which is reasonably estimated to cost in excess of Fifty Million Dollars (\$50,000,000) to repair or replace, provided such repairs are undertaken in a commercially reasonable and timely manner. “M&O Amount” has the meaning given such term in Section 4.2.

“New M&O Revenue” has the meaning given such term in Section 4.2. A. ii.

"Net Tax Benefit" means, for any single Tax Year during the term of this Agreement, an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year and all previous Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; minus; (ii) an amount equal to 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 such Tax Year and all previous Tax Years during the term of this Agreement, plus (B) any payments due to the District under Articles IV, V and VI under this Agreement for such Tax Year and all previous Tax Years during the term of this Agreement.

"Original M&O Revenue" has the meaning given such term in Section 4.2. A. i.

"Supplemental Payments" has the meaning given such term in Section 6.1(a).

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. 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 Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

- A. The Application Review Start Date for this Agreement is September 19, 2017, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.
- B. The Application Approval Date for this Agreement is September 25, 2018.
- C. The Qualifying Time Period for this Agreement:
 - i. Starts on January 2, 2019, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE;
 - ii. Ends on December 31, 2021, the last day of the second complete Tax Year following the Qualifying Time Period start date.
- D. The Tax Limitation Period for this Agreement:
 - i. Starts on January 1, 2022, the first complete Tax Year that begins

- after the date of the commencement of Commercial Operation; and
- ii. Ends on December 31, 2031, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2036, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii. plus 5 years.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property 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 Property; or
- B. Thirty Million Dollars (\$30,000,000), based on Section 313.054 of the TEXAS TAX CODE.

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.022(b) of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$1,077.50 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, the Applicant shall:

- A. provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified

in Article V:

- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3

qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as property used for manufacturing.

ARTICLE IV PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a producing cause, or which resulted, at least in part, because of, or on account of, the execution of 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 Articles V and VI of this Agreement. Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the risk of any negative financial consequence to the District's Maintenance and Operations Revenue, to which the execution of this Agreement contributed in any manner, will be borne solely by the Applicant and not by the District.

The Parties expressly understand and agree that, for all Tax Years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may periodically change in accordance with changes in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: (i) for illustrative purposes only, and are not intended to be relied upon, and have not been relied upon, by the Parties as a prediction of future consequences to either Party; (ii) based upon the current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and (iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF M&O REVENUES BY THE DISTRICT. Subject to the provisions of Sections 4.10, 7.1 and 7.2, 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 starting in the year of the Application Review Start Date and ending on the Final Termination Date (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:

- A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions, where:
 - i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant's

Qualified Property been subject to the District's ad valorem maintenance and operations tax at the District-adopted rate for the applicable Tax Year. For purposes of this calculation, the Third Party (as defined in Section 4.3) will base its calculations upon (1) the total Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District's maintenance and operations ad valorem tax purposes, save and except for the Applicant's Qualified Property subject to this Agreement, *plus* (2) the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's debt service (interest and sinking fund) ad valorem tax purposes (which total Taxable Values for the Applicant's Qualified Property subject to this Agreement shall be used in lieu of the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's maintenance and operations ad valorem tax purposes).

- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District actually received or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year.

B. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for the year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property 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 4.2, results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for any year during the Tax Limitation Period under Subsection *ii* of Section 4.2.A will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made using a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factor not contained in this Agreement.

Section 4.3. SCHEDULE OF MINIMUM PROPERTY VALUES FOR DEBT TAX PURPOSES. Applicant agrees, for each of the years set forth below in this Section, to ensure that Applicant's Qualified Property shall have at least the taxable value for debt service taxation purposes as listed on the following chart, net of any loss of value attributable to a Major Property Loss during a calendar year preceding the date of appraisal for the Tax Year for which values are being guaranteed by the chart below, but only to the extent that that Applicant is pursuing the repairs of such Major Casualty Loss with reasonable diligence, and to the extent that appraised values for the repair of such Major Property Loss are subtracted from the amount of such loss calculation.

The following minimum property values, listed for each Tax Year, represent 50% of the values set forth by the Applicant in Schedule B of the Application.

Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Guaranteed Minimum Taxable Values
1	January 1, 2022	2022-23	2022	\$261,225,000.00
2	January 1, 2023	2023-24	2023	\$253,185,750.00
3	January 1, 2024	2024-25	2024	\$245,397,802.50
4	January 1, 2025	2025-26	2025	\$237,853,112.00
5	January 1, 2026	2026-27	2026	\$230,543,900.50
6	January 1, 2027	2027-28	2027	\$223,462,646.00
7	January 1, 2028	2028-29	2028	\$216,602,076.00
8	January 1, 2029	2029-30	2029	\$209,955,157.50
9	January 1, 2030	2030-21	2030	\$203,515,089.50
10	January 1, 2031	2031-32	2031	\$197,275,294.00
11	January 1, 2032	2032-33	2032	\$191,229,410.00
12	January 1, 2033	2033-34	2033	\$185,371,283.00
13	January 1, 2034	2034-35	2034	\$179,694,962.50

Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Guaranteed Minimum Taxable Values
14	January 1, 2035	2035-36	2035	\$174,194,691.00
15	January 1, 2036	2036-37	2036	\$168,864,898.50

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES CAUSED BY APPLICANT'S FAILURE TO MAINTAIN MINIMUM PROPERTY VALUES. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, beginning with Tax Year 2022 and continuing thereafter through Tax Year 2036, shall also indemnify and reimburse the District for any loss of District Debt Service Tax revenues to its Interest and Sinking (I&S) Fund, arising from Applicant's failure to maintain at least the taxable values set forth in Section 4.3 on the Qualified Property that is the subject of this Agreement for Debt Service Tax purposes.

In the event that Applicant fails to maintain the minimum annual taxable value for Debt Service Tax purposes as set forth in Section 4.3, above, Applicant shall reimburse the District for such revenue shortfall in accordance with the following formula:

Guaranteed Local Debt Service Tax Value (as listed in Section 4.3) for the applicable Tax Year

Minus

Actual Taxable Value for Debt Service Tax purposes for the applicable year (net of any loss of value attributable to a Major Property Loss)

Multiplied by

District's adopted Debt Service Tax rate for the applicable year.

If, for any year of this Agreement, the calculation set forth in this Section results in a negative number, the negative number will be considered to be zero.

The District specifically agrees that all payments to the District made under this Subsection shall only be deposited into the District's Interest and Sinking Fund account and may be used for no other purpose.

Section 4.5. DEBT SERVICE REVENUE LOSS PAYMENT LIMITATION. For each Tax Year set forth in the Section 4.3 Schedule of Minimum Property Values for which a payment is due (Tax Years 2022-2036, inclusive), Applicant shall not be required to make any payment pursuant to Sections 4.3 and 4.4, in excess of Fifty Percent (50%) of Applicant's Net Tax Benefit, as defined in Section 1.2, above. This amount shall be calculated by the Third-Party designated under Section, 4.6, below and certified by the Third-Party in accordance with Section 4.11. In the event

that such payment would exceed Fifty Percent (50%) of Applicant's Net Tax Benefit, only payments to the District under Sections 4.3 and 4.4 shall be reduced under this Section. Payments due to the District required by Section 4.2 and Section 6.4 shall not be subject to this limitation. For any year for which the limitation imposed by this Section 4.5 is applicable, all amounts calculated under Sections 4.3 and 4.4 which remain unpaid by Applicant shall carry forward and be added to any amounts otherwise due under Sections 4.3. and 4.4 in future years, so long as the Limit set forth in this Section 4.5 has not been exceeded for the year in question. Any amounts unpaid after the application of this Section for Tax Year 2036, if any, will be deemed to have been cancelled.

Section 4.6. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected and appointed each year by the District.

Section 4.7. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the 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 and appointed under Section 4.6. 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, including any amounts constituting a Major Property Loss, 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 Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected and appointed under Section 4.6 makes its calculations under this Agreement the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property and/or the Applicant's Qualified Investment and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Investment, respectively, by the Appraisal District. If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable 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 Taxable Value. 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 a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Such appeal will not affect the values set forth in the Minimum Schedule of Property Values or

the calculation of any reduction of District tax revenues to its Interest and Sinking Fund (I & S) revenue.

Section 4.9. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Sections 7.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, the Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, 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, the Applicant shall make payments to District, up to but not to exceed the amount of the limits set forth in this Agreement (including Sections 7.1), that are necessary to offset any such negative impact on the District as a result of its participation in this Agreement. The calculation of any such payments to the District 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 District.

Section 4.10. RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification containing the calculations prepared and/or delivered pursuant to Section 4.6, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the receipt of the certification. Within ten (10) 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 the certification containing the calculations to the Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the Applicant's receipt of the Third Party's final determination of the certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.11. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, and/or Article VI 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, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.12, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, 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 calculations until the Final Termination Date.

Section 4.12. 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 4.6, 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 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. Notwithstanding the foregoing, for no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of Third Party fees and expenses under this Article IV which exceeds Fifteen Thousand Dollars (\$15,000.00).

ARTICLE V PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, the Applicant on an annual basis shall also indemnify and reimburse the District for 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 described in the Application 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 such project. The Applicant shall have the right to contest the findings of the District's external auditor in accordance with the procedures set forth in Section 4.9.

ARTICLE VI SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, 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 VI (the "Supplemental Payments"). The 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, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V and this Article VI are subject to the limitations contained in Sections 7.1 and 4.10, and that all payments under this Article VI are subject to the separate limitations contained in Sections 6.2 and 6.3.

(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 the Applicant under this Article VI shall not exceed either (i) the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement, (ii) or the amount described in Section 6.3.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article VI shall: not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period;

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement; and

D. for purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2016-2017 Average Daily Attendance of 8,040, rounded to the nearest whole number.

Section 6.3 STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT. Beginning with the first Tax Year of the Tax Limitations Period (Tax Year 2022) and ending the third tax year after the Limitation expires (Tax Year 2034), the District shall receive Supplemental Payments on in the dates set forth on the following schedule:

Supplemental Payment	Tax Year	School Year	Payment Due Date	Payment Amount
1.	2022	2022-2023	January 31, 2023	\$989,538.46
2.	2023	2023-2024	January 31, 2024	\$989,538.46
3.	2024	2024-2025	January 31, 2025	\$989,538.46
4.	2025	2025-2026	January 31, 2026	\$989,538.46
5.	2026	2026-2027	January 31, 2027	\$989,538.46
6.	2027	2027-2028	January 31, 2028	\$989,538.46
7.	2028	2028-2029	January 31, 2029	\$989,538.46

8.	2029	2029-2030	January 31, 2030	\$989,538.46
9.	2030	2030-2031	January 31, 2031	\$989,538.46
10.	2031	2031-2032	January 31, 2032	\$989,538.46
11.	2032	2032-2033	January 31, 2033	\$989,538.46
12.	2033	2033-2034	January 31, 2034	\$989,538.46
13.	2034	2034-2035	January 31, 2035	\$989,538.46

Section 6.4. ADDITIONAL LIMIT ON SUPPLEMENTAL PAYMENTS ONLY. For Tax Years 2032, 2033 and 2034 of this Agreement, Applicant shall not be required to make Supplemental Payments to the District which exceed Fifty Percent (50%) of Applicant's Net Tax Benefit, as defined in Section 1.2, above. Supplemental Payment amounts, if any, not paid to the District by Applicant by virtue of this Additional Limit shall carry forward and be added to any amounts otherwise due under Section 6.3, so long as the Limit set forth in this Section 6.4 has not been exceeded for the year in question.

Section 6.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

- (a) All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (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; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.
- (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 4.6.
- (c) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.7.

Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during the term of this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by action of the Board of Trustees, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section

10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in this Article IV, including Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by the Applicant shall be made in the manner and to the Party designated in this Agreement unless the Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, 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 IV, V, and VI of this Agreement 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 Article IV of this Agreement, 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 IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1

satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period 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, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not

less than forty-eight (48) hours 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.

B. 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 Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State

Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made 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 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present

any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response 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:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any; and
- iv. whether or not any such breach has been cured.

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. 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") and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have sixty (60) 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 resort to litigation and within sixty (60) days after the Applicant initiates mediation, 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 presiding in Jefferson County, Texas. The Parties agree to sign a document that provides 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.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the

District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Jefferson County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE 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 to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. 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 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. 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 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. 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 less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period 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 9.4.C 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 Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. 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 amounts calculated under Section 9.4. 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 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS.

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. 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 or email transmission, with notice 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 or email 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.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

Dr. Mark Porterie
Superintendent
Port Arthur Independent School District
4801 9th Ave
Port Arthur, Texas
Phone: 409-989-6100
Facsimile: 409-989-6229
Email: mporterie@paisd.org

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

Mark Skobel
Vice President and General Manager
The Premcor Refining Group, Inc.
1801 S Gulfway Drive
Port Arthur, Texas 77640
Phone: 409-985-1000
Email: mark.skobel@valero.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. 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.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller; and
 - c. any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

- i. require that all property added by amendment be eligible property as defined

by Section 313.024 of the TEXAS TAX CODE; and

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement.

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and

ii. If the Comptroller provides its certificate for a limitation with conditions different from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of this Agreement, other than a collateral assignment considered an amendment to the Agreement or obligations, or interests of this Agreement arising from amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. 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.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement shall be binding on the Parties relating to the

discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. 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 a state district court in Jefferson County.

Section 10.6. 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 10.7. 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 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 so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. 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 10.9. INTERPRETATION.

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. 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 10.11. 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; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The 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 Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or

- certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
 - iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 25th day of September, 2018.

**THE PREMCO REFINING GROUP, INC.
SCHOOL DISTRICT**

By: MARK SKOBEL
Name: Mark Skobel
Title: V.P. & General MGR

PORT ARTHUR INDEPENDENT

By: Debra Ambrosie
Debra Ambrosie
President, Board of Trustees

ATTEST:

Brandon Bartie
Brandon Bartie
Secretary, Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

At the time of the Application Approval Date, pursuant to Chapter 312 of the Texas Tax Code, the Port Arthur Independent School District Board of Trustees created the *The Premcor Refining Group, Inc. Reinvestment Zone*. The legal description of the boundaries of the *The Premcor Refining Group, Inc. Reinvestment Zone* is attached as the next two pages of this **EXHIBIT 1**, and a map of the *The Premcor Refining Group, Inc. Reinvestment Zone* is attached as the last page of this **EXHIBIT 1** following the legal description of the zone.

RZ & Project Boundary Map

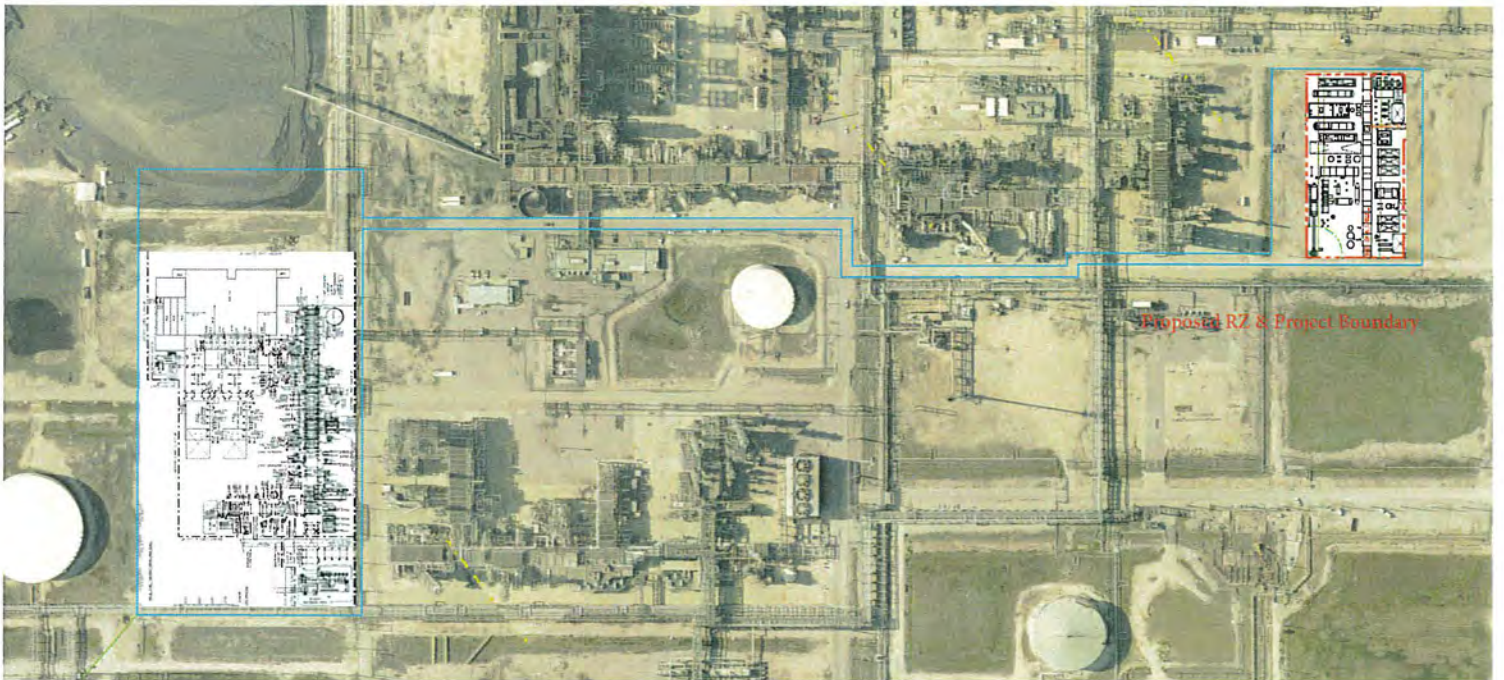


EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the map attached to **Exhibit 1**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Description

The Premcor Refining Group is considering installing a NEW Coker Unit and NEW Sulfur Unit at its Port Arthur Refinery. The project would include installing a NEW 54,000 bpd Coking Unit and a NEW 417 tpd Sulfur Unit. Utilities would include electricity, gas and steam and would be supplied via existing internal and external sources.

- Coke Drums
- Heat Exchangers
- Pressure Vessels
- Reactors
- Pumps
- Steam Lines
- Crude & Product Lines
- Heaters
- Compressors
- Coke Handling Equipment
- Other Miscellaneous Equipment

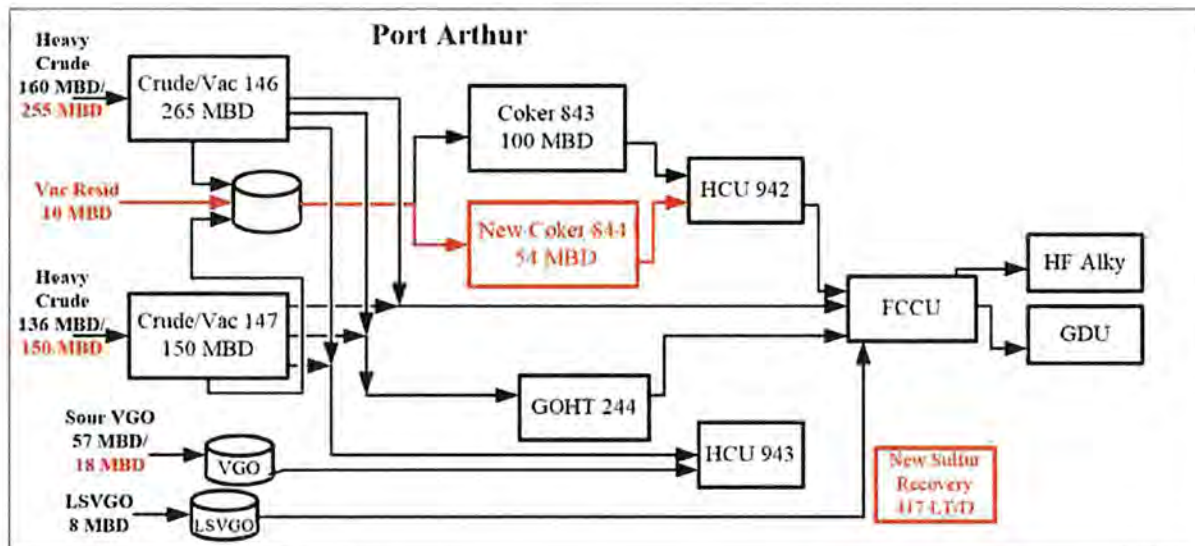
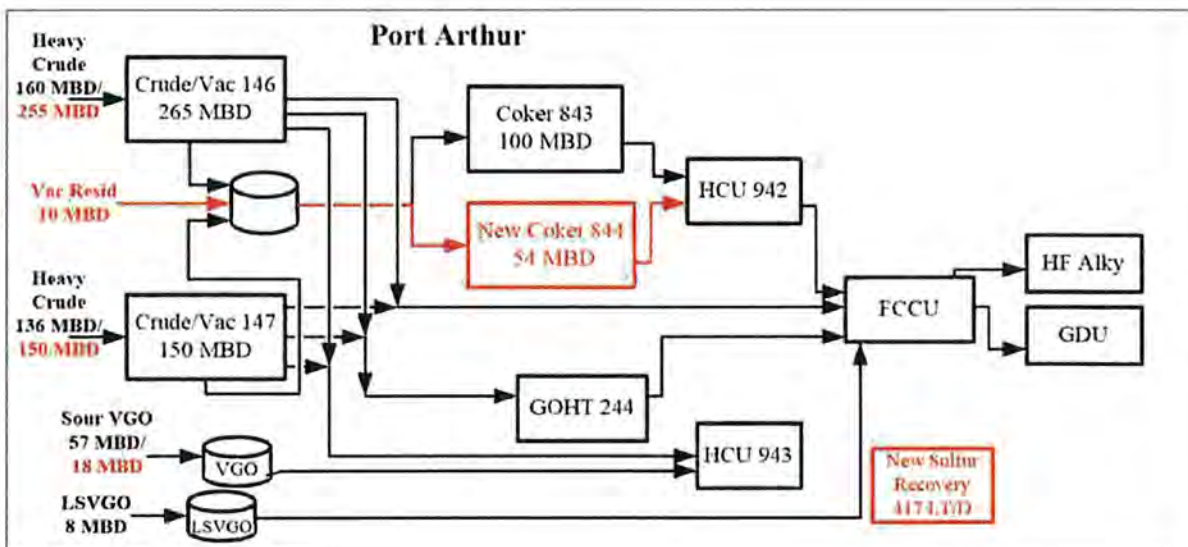


EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

The Premcor Refining Group is considering installing a NEW Coker Unit and NEW Sulfur Unit at its Port Arthur Refinery. The project would include installing a NEW 54,000 bpd Coking Unit and a NEW 417 tpd Sulfur Unit. Utilities would include electricity, gas and steam and would be supplied via existing internal and external sources.

- Coke Drums
- Heat Exchangers
- Pressure Vessels
- Reactors
- Pumps
- Steam Lines
- Crude & Product Lines
- Heaters
- Compressors
- Coke Handling Equipment
- Other Miscellaneous Equipment



RZ & Project Boundary Map

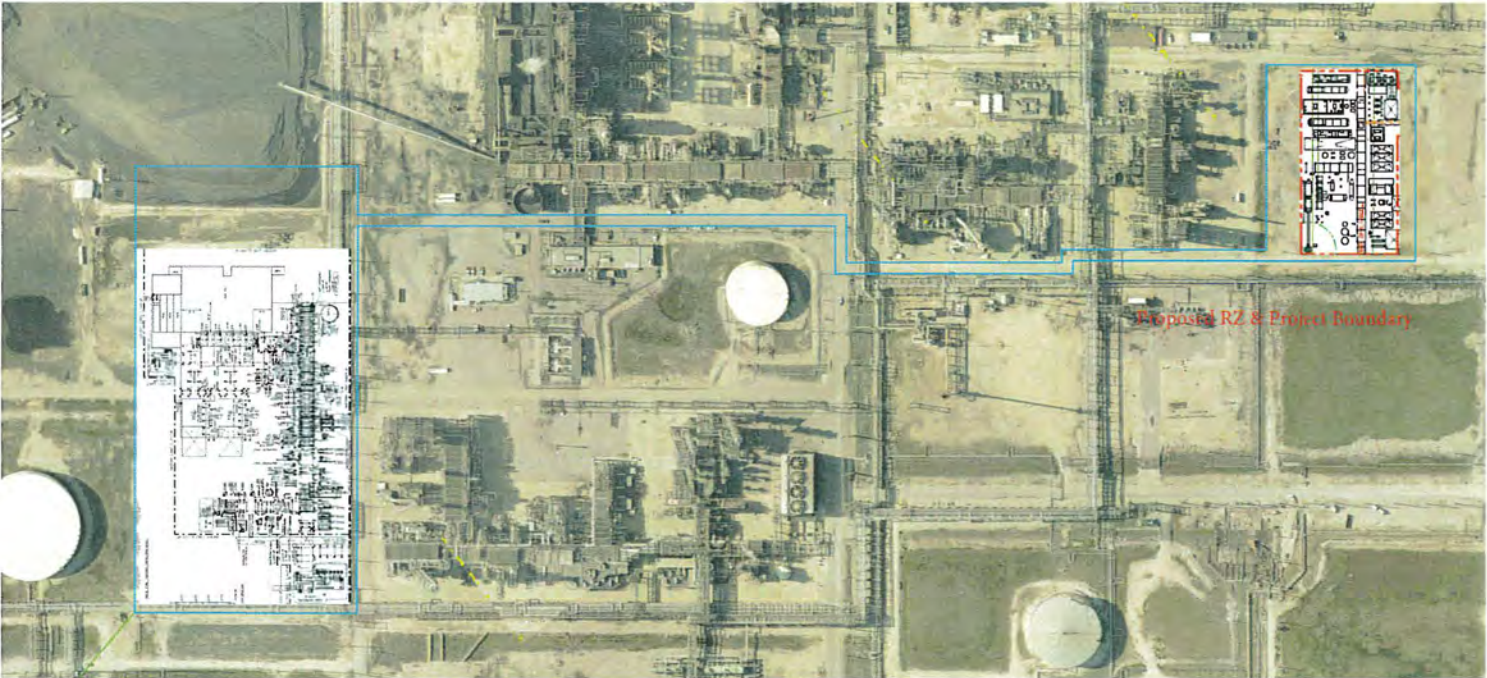


EXHIBIT 5
AGREEMENT SCHEDULE

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
Pre-Limitation Period	Partial Deferral Year Beginning on the Application Approval Date	January 1, 2018	2018-2019	2018	Application Approval Date (9/25/2018). No limitation on appraised value.
	Partial Year Deferral Period 1/1/2019	January 1, 2019	2019-2020	2019	Deferral Period. No limitation on appraised value.
	Partial Year Beginning on 01/02/19	January 1, 2019	2019-2020	2019	Start of Qualifying Time Period beginning on January 2, 2019. No limitation on appraised value. First year for computation of Annual Limit.
	1	January 1, 2020	2020-2021	2020	Qualifying Time Period. No limitation on appraised value.
	2	January 1, 2021	2021-2022	2021	Qualifying Time Period. No limitation on appraised value.
Limitation Period (10 Years)	1	January 1, 2022	2022-2023	2022	\$30 million appraised value limitation.
	2	January 1, 2023	2023-2024	2023	\$30 million appraised value limitation.
	3	January 1, 2024	2024-2025	2024	\$30 million appraised value limitation.
	4	January 1, 2025	2025-2026	2025	\$30 million appraised value limitation.
	5	January 1, 2026	2026-2027	2026	\$30 million appraised value limitation.
	6	January 1, 2027	2027-2028	2027	\$30 million appraised value limitation.
	7	January 1, 2028	2028-2029	2028	\$30 million appraised value limitation.
	8	January 1, 2029	2029-2030	2029	\$30 million appraised value limitation.
	9	January 1, 2030	2030-2031	2030	\$30 million appraised value limitation.
	10	January 1, 2031	2031-2032	2031	\$30 million appraised value limitation.
Maintain Viable Presence (5 Years)	1	January 1, 2032	2032-2033	2032	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	2	January 1, 2033	2033-2034	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	3	January 1, 2034	2034-2035	2034	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	4	January 1, 2035	2035-2036	2035	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	5	January 1, 2036	2036-2037	2036	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

Agreement for Limitation on Appraised Value
Between Port Arthur ISD and The Premcor Refining Group, Inc.
September 25, 2018

Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

September 25, 2018

President and Members
Board of Trustees
Port Arthur Independent School District
4801 9th Ave
Port Arthur, Texas 77642

Re: Recommendations and Findings of the firm Concerning Application of The Premcor Refining Group, Inc. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Port Arthur Independent School District, with respect to the pending Application of The Premcor Refining Group, Inc. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of The Premcor Refining Group, Inc. for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH

BENJAMIN CASTILLO

September 25, 2018

President and Members

Board of Trustees

Port Arthur Independent School District

4801 9th Ave

Port Arthur, Texas 77642

*Re: Recommendations and Findings of the Firm Concerning Application of The
Premcor Refining Group, Inc for Limitation on Appraised Value of Property for
School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Port Arthur Independent School District ~~with respect to the pending Application~~ of The Premcor Refining Group, Inc for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and The Premcor Refining Group, Inc. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of The Premcor Refining Group, Inc for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

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

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 18, 2018

Dr. Mark Porterie
Superintendent
Port Arthur Independent School District
4801 9th Ave
Port Arthur, Texas 77642

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Port Arthur Independent School District and The Premcor Refining Group, Inc., Application 1205

Dear Superintendent Porterie:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Port Arthur Independent School District and The Premcor Refining Group, Inc. (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Bob Popinski, Moak, Casey & Associates LLP
Greg Gentry, Premcor Refining Group, Inc
Russell Minor, Premcor Refining Group, Inc
Trey Novosad, Petrotax Energy Holdings, LLC

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.