



July 14, 2014

Robert Wood
Director, Economic Development & Analysis
Texas Comptroller of Public Accounts
111 East 17th Street
Austin, TX 78774

Via First Class Mail

RE: Request for Hearing on Application for Appraised Value Limitation on Qualified Property by Jefferson Refinery, LLC to Vidor Independent School District, App. No. 1008

Dear Mr. Wood:

Pursuant to Section 9.1056 of Title 34 of the Texas Administrative Code, Jefferson Refinery, LLC ("Applicant") requests an eligibility determination hearing before the State Office of Administrative Hearings regarding determinations issued by your office ("Comptroller") on June 12, 2014. Specifically, Applicant objects to the following determinations:

1. This office concludes that the property that is the subject of the application is not eligible property under 313.024, because diluting bitumen does not create a new or different product—merely a diluted one—and the purpose of blending the bitumen is primarily for transportation, prior to the bitumen reaching the refinery. While refining petroleum is in Sectors 31-33 of the 2007 NAICS and is considered to be manufacturing, pipeline transportation of crude oil is in a different sector, Sector 48, of the 2007 NAICS, which is not considered to be manufacturing.
2. The comptroller is **unable to determine** 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, and therefore, the comptroller will not issue a certificate for a limitation of appraised value, and the district may not approve the application, as noted in Section 313.025(d-1).

Exhibit A, pp. 2-3 (emphasis in original).

Statement of Grounds

In the Comptroller's June 12 Determination Letter, you cite Section 313.035(h) of the Texas Tax Code, which states in relevant part "After receiving a copy of the application, the comptroller shall determine whether the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under this subchapter." Section 313.024 states in relevant part:

- (b) To be eligible for a limitation on appraised value under this subchapter, the entity must use the property for:
 - (1) manufacturing;
- ...
- (e) In this section:
 - (1) "Manufacturing" means an establishment primarily engaged in activities described in sectors 31-33 of the 2007 North American Industry Classification System.

The project at issue is a bitumen blending, offloading, storage and processing facility. *See* Exhibit B, p. 17. Applicant believes the facility is classified as a petroleum refinery, 324110 under the 2007 North American Industry Classification System (NAICS), and therefore clearly qualifies as eligible property under 313.024(b)(1). *See* Exhibit B, pp. 5 and 13-15.

Furthermore, in the June 12 Determination Letter, you cite Section 313.026 of the Texas Tax Code, which states in relevant part:

- (c) 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:
 - (1) 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; and
 - (2) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.
- (d) The comptroller shall state in writing the basis for the determinations made under Subsections (c)(1) and (2).
- (e) The applicant may submit information to the comptroller that would provide a basis for an affirmative determination under Subsection (c)(2).
- (f) Notwithstanding Subsections (c) and (d), if the comptroller makes a qualitative determination that other considerations associated with the project result in a net positive benefit to the state, the comptroller may issue the certificate.

Although Applicant believes the present Application included ample evidence supporting the Applicant's position regarding whether the limitation on appraised value would be a determining factor in the decision to invest capital and construct the project in Texas, you concluded that you were unable to determine if this was the case.

The proposed facility would manufacture refinery feedstock, not dilbit.

You characterize the process at issue in the present Application as diluting bitumen for transportation via pipeline. Exhibit A, p. 2. Diluted bitumen, or dilbit, is a blend of bitumen and condensate created for the purpose of transporting bitumen via pipeline. In your letter, you state that “[t]he diluent itself does not necessarily become a component part of the product being manufactured, and can be removed after the diluted bitumen reaches its destination.” *Id.* This is an accurate description of dilbit and is also what distinguishes dilbit from the product that will be produced by Jefferson Refinery at the Port of Beaumont facility. In contrast to dilbit, Jefferson plans to produce a value-added feedstock that is blended to the specifications of the recipient customers, most notably the Jefferson Refinery currently proposed for Jefferson County. The feedstock produced at the Port of Beaumont facility would have an average composition of 60% diesel, 25% jet fuel and 15% naphtha. The feedstock is not dilbit and is not produced for the sole purpose of transporting bitumen via pipeline. Accordingly, Applicant protests your characterization of the proposed project as “pipeline transportation of crude oil” as described in Sector 48 of 2007 NAICS.

The State of Texas has determined the proposed project is a manufacturing concern.

Additionally, it should be noted that the State of Texas has previously determined that the activities described in the present Application constitute manufacturing. Jefferson has received financing for the Port of Beaumont project via the Industrial Revenue Bond Program, which requires that the project at issue be manufacturing.

The 2007 NAICS classifies blending and mixing as manufacturing.

Although petroleum blending is not specifically listed in NAICS, there are numerous examples of manufacturing processes consisting of nothing more than blending or mixing two components for sale or use as a new product. For example, the following activities are described in 2007 NAICS as manufacturing:

- blending or compounding refined petroleum to make lubricating oils and greases and/or re-refining used petroleum lubricating oils (324191)

- mixing ingredients made elsewhere into fertilizer (325314)
- custom mixing and blending plastics resins made elsewhere (325991)
- preparing, blending, compounding, and packaging toilet preparations, such as perfumes, shaving preparations, hair preparations, face creams, lotions (including sunscreens), and other cosmetic preparations (325620)
- refining and/or blending vegetable, oilseed, and tree nut oils from purchased oils (311225)
- blending purchased animal fats with purchased vegetable fats (311225)
- blending animal feed (311119)
- blending tea (311920)
- mixing purchased dried and/or dehydrated ingredients including those mixing purchased dried and/or dehydrated ingredients for soup mixes and bouillon (311999)
- blending wines and brandies (312130)
- blending and mixing liquors and other ingredients (312140)

Additionally, the following products are included in the 2007 NAICS manufacturing sectors:

- Asphalt paving mixtures made from purchased asphaltic materials (324121)
- Drink powdered mixes, cocoa, made from cacao (311320)
- Drink powdered mixes, cocoa, made from purchased cocoa (311330)
- Dry mixes made from purchased flour (311822)

It should be noted that the 2007 NAICS does not describe any process involving blending or mixing as a non-manufacturing process. Accordingly, although petroleum blending to make refinery feedstock is not explicitly described in the 2007 NAICS, there is ample corollary evidence to support the classification of this process as manufacturing.

The proposed facility is ancillary and necessary to the proposed Jefferson Refinery.

The process to be carried out at the proposed Port of Beaumont facility is also ancillary and necessary to petroleum refining, and specifically to the Jefferson Refinery currently being proposed for construction in Jefferson County, Texas. Petroleum refineries are described in Sector 324110 of the 2007 NAICS as “establishments primarily engaged in refining crude petroleum into refined petroleum.” The feedstock produced at the Port of Beaumont facility would be used in the manufacture of diesel fuels, jet fuels, and naphtha, among other products. In many petroleum refineries, blending facilities such as those described in the present Application are present on-site. The location of this blending facility a distance from the main refinery does not remove the blending process from the overall petroleum refining process classified in Section 324110 of the 2007 NAICS.

The requested limitation on appraised value is a determining factor in Applicant's decision to invest capital in the State of Texas.

Although there is some question as to whether the State Office of Administrative Hearings has jurisdiction to review the Comptroller's determinations under Section 313.026, Applicant includes this section in the request for a hearing because there is no alternative procedure set forth in the Comptroller's rules for disputing this decision. You cite numerous marketing and investment sources in your rejection of the present Application based on 313.026. However, you seem to disregard Applicant's statements in Tab 5 of the Application, in which Applicant describes alternative locations in Louisiana for the present project and the proposed Jefferson Refinery. All of the statements made by Jefferson personnel regarding the plans to construct the facility at the Port of Beaumont were contingent upon receiving the requested limitation on appraised value. In addition, it should be noted that the Applicant has already significantly altered the original plans for the proposed Port of Beaumont facility due to the rejection of Applicant's initial Application for Appraised Value Limitation submitted on December 19, 2013. Applicant is willing and able to supply additional information regarding the ongoing decision-making process for the location of this facility and the Jefferson Refinery.

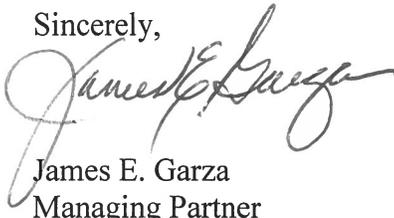
Finally, Applicant contends that the Comptroller's office has disregarded Section 313.026(f) of the Texas Tax Code in issuing the present determination letter. This section states "Notwithstanding Subsections (c) and (d), if the comptroller makes a qualitative determination that other considerations associated with the project result in a net positive benefit to the state, the comptroller may issue the certificate." Nowhere in the June 12 Determination Letter is this section referenced, and Applicant believes it is applicable in this case. You state that you are unable to determine whether the limitation on appraised value is a determining factor in Applicant's decision to locate the present project in Texas. Even if you are unable to make that determination, Applicant has provided information regarding the benefit this project will have to the State of Texas in that location of the blending facility in Texas will be a factor in determining whether to locate a new refinery in the state as well. If this Application is ultimately rejected and Applicant instead chooses to build the blending facility in Louisiana, there will be a significantly more compelling reason to also locate the refinery in that state.

Conclusion

For at least the reasons set forth above, Applicant contends that the project described in the present Application is a manufacturing concern and that the described property is therefore qualified

property as defined in Section 313.024 of the Texas Economic Development Act. Additionally, Applicant asserts that the Comptroller's office erred in failing to find 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. Barring a redetermination by your office accepting the eligibility of the property under the present Application, Applicant requests an oral hearing before a State Office of Administrative Hearings administrative law judge. To the best of my knowledge, the evidence contained in this hearing request is true and correct.

Sincerely,

A handwritten signature in black ink, appearing to read "James E. Garza". The signature is written in a cursive style with a large, looping initial "J".

James E. Garza
Managing Partner

S U S A N

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

C O M B S

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



June 12, 2014

Dr. Jay Killgo
 Superintendent
 Vidor Independent School District
 120 E. Bolivar
 Vidor, Texas 77662

RE: Jefferson Refinery, LLC

Dear Superintendent Killgo:

Our office has received the application for a limitation on appraised value submitted to the Vidor Independent School District by Jefferson Refinery, LLC (Jefferson) under the provisions of Tax Code Chapter 313 on May 21, 2014.

Chapter 313 requires several determinations before we can issue a certificate of limitation authorizing the district to enter into an agreement. This letter addresses the agency's determinations regarding whether the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value, as required under Tax Code Section 313.025(h), and the requirement that, in order to issue a certificate of limitation, the agency determine 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, as required by Tax Code 313.026(c)(2).

Determination required by 313.025(h)

Section 313.025(h) states in part:

"(h) After receiving a copy of the application, the comptroller shall determine whether the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under this subchapter."

Section 313.024 defines eligible property, including defining manufacturing as follows in 313.024(e)(1):

(1) "Manufacturing" means an establishment primarily engaged in activities described in sectors 31-33 of the 2007 North American Industry Classification System.

The project description for this application describes the project, in part, as:

"...the proposed project that is the subject of this Application is a bitumen blending, offloading, storage and processing facility. Heavy crude oil would be delivered to the Orange County manufacturing facility in jacketed rail cars or tanker trucks from North American suppliers. Bitumen is highly viscous and must be heated to over 200 °F in order to flow; the heavy crude cannot be transported via pipeline due to its high viscosity. With the use of boilers

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to generate steam, the rail cars and tankers would be heated to over 200 °F, at which point the lighter material would be flashed off and the heavier material would be blended with lighter crude oil to produce a feedstock specific to customer needs.”

Diluting bitumen is a means of transporting highly viscous petroleum. In its natural form, bitumen is the consistency of peanut butter—too thick for pipelines. Prior to pipelining, the bitumen is thinned by adding light hydrocarbons (typically natural gas condensates). The resulting mixture is called diluted bitumen, or dilbit. The diluent itself does not necessarily become a component part of the product being manufactured, and can be removed after the diluted bitumen reaches its destination. The American Petroleum Institute states [emphasis added], “Bitumen would not flow through a pipeline efficiently, so it is mixed with diluents *to be readied for pipeline transportation* as diluted bitumen, or ‘dilbit.’ Diluents are usually natural gas condensate, naphtha or a mix of other light hydrocarbons.”

This office concludes that the property that is the subject of the application is not eligible property under 313.024, because diluting bitumen does not create a new or different product – merely a diluted one – and the purpose of blending the bitumen is primarily for transportation, prior to the bitumen reaching the refinery. While refining petroleum is in Sectors 31-33 of the 2007 NAICS and is considered to be manufacturing, pipeline transportation of crude oil is in a different sector, Sector 48, of the 2007 NAICS, which is not considered to be manufacturing. Section 313.004 of the Texas Economic Development Act directs the Comptroller to “strictly interpret the criteria and selection guidelines provided by this chapter [Chapter 313].” This letter is notice of the Comptroller’s determination that application is not eligible for a limitation of appraised value.

Section 313.025(h) provides an applicant with the opportunity for a hearing conducted by the State Office of Administrative Hearings before this eligibility determination becomes final. To receive an eligibility hearing, the applicant must file a written request for an eligibility determination that complies with the requirements of 34 Texas Administrative Code § 9.1056 with this Division within 30 days after the date of this notice.

Determination required by 313.026(c)(2)

As noted above, this letter also addresses the requirement that, in order to issue a certificate of limitation, this agency determine that the limitation on appraised value is a determining factor in the applicant's decision to locate the project in Texas. The requirement that our office make this determination, and state in writing the basis for our determination, was added by the 83rd Legislature after concerns were raised that school districts were entering into Chapter 313 agreements with companies that would have located in the state without the tax benefits granted by Chapter 313.

Section 313.026 states in part:

(c) 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:

(2) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.

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The comptroller is **unable to determine** 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, and therefore, the comptroller will not issue a certificate for a limitation of appraised value, and the district may not approve the application, as noted in Section 313.025(d-1).

In reviewing the application and information available, the comptroller notes the following:

- In 2010, \$300,000 in Hurricane Ike Disaster Area Revenue Bonds were allocated by the Jefferson County Industrial Development Corporation to Jefferson Refinery LLC. While the details of the company financing are unknown, it is highly unlikely that Jefferson could access this financing if they do not locate in or near the proposed site at Port of Beaumont. Interest paid to the bond holders on these bonds is intended to be tax-free, potentially making this financing more attractive than other methods of finance.
- In August 2013, the Beaumont Business Journal published an article that relies heavily on interviews with multiple representatives from Jefferson Energy Companies (the parent company of Jefferson Refinery) as well as representatives of the construction company building the proposed project. That article states "Construction of Phase Two of the Jefferson transload railport is scheduled to begin as Phase One nears completion. Phase Two will include bitumen unloading stations that can accommodate jacketed railcars, so-named because they are built to have steam injected to heat the railcar and permit the crude inside to flow."
- In December 2013, the applicant began operations on the site for the Port of Beaumont Petroleum Transload Terminal LLC, a subsidiary of Jefferson Refinery LLC (referred in bond documents as POB I). POB I accepts light crude via train for further transport via barge or pipeline. This existing company operation also relies on the rail and port access, and is complementary to the proposed bitumen transportation project. POB I was funded using \$46.8 million in Hurricane Ike Disaster Area Revenue Bonds.
- In December 2013 (prior to the school board approving consideration of the first Chapter 313 application) a company presentation to the Southeast Texas Regional Planning Commission includes a slide titled "Jefferson Transload Railport," with the following bullets "Next July the ability to unload 120 bitumen crude rail cars from Canada" and "Ability to blend domestic light sweet crude with heavy Canadian crude."
- The company website states as one feature of the "state-of-the-art Jefferson Terminal": "steam to heat facilities to unload and store bitumen and other heavy crudes" and further states "Projected completion of the full facility is December 2014." Another "feature when complete" that is noted is "Handle Heavy Crude: The terminal will have heated unloading, piping, and storage to accommodate heavy Canadian crudes."
- In January 2014, the bitumen blending operation was the subject of a "Preliminary Remarketing Circular Dated January 6, 2014" that proposes to remarket \$115 million in Hurricane Ike bonds in December 2015. This document notes that the owner of the new operation is the Port of Beaumont Petroleum Transload Terminal II LLC, and is referred to as POB II. According to that document:
 - The applicant has a 10 year lease, with 2 automatic renewals of 10 years each, on the property where POB I and POB II are located.

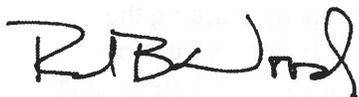
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- The Port of Beaumont has reported investing \$36 million in infrastructure to support the related businesses announced by the company. A similar investment by the Port was also reported in the August 2013 article in the Beaumont Business Journal.
- TxDOT and the Port have reportedly committed another \$10 million in infrastructure improvements to support POB I and POB II.

Based on the reported commitments by the Jefferson County Industrial Development Corporation, the Port of Beaumont, Orange County and the Texas Department of Transportation related to the site, as well as the fact that this the intent to build this project was disclosed by the company on several occasions, all before the December 2013 Chapter 313 application, the comptroller is unable to determine 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 and will not issue a certificate of limitation for this application.

Should you have any questions, please contact me by e-mail at robert.wood@cpa.state.tx.us or by phone at (512) 463-3973.

Sincerely,



Robert B. Wood
Director, Economic Development and Analysis

cc: Jefferson Refinery, LLC

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Tab 1

Application for Appraised Value Limitation on Qualified Property



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links on this Web page 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

5/19/2014

Date Application Received by District

Dr. Jay

Killgo

First Name

Last Name

Superintendent

Title

Vidor Independent School District

School District Name

120 E. Bolivar St.

Street Address

120 E. Bolivar St.

Mailing Address

Vidor

TX

77662

City

State

ZIP

(409) 951-8700

(409) 769-0093

Phone Number

Fax Number

(409) 679-0816

jkillgo@vidorisd.org

Mobile Number (optional)

Email Address

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

The Economic Development and Analysis Division at the Texas Comptroller of Public Accounts provides information and resources for taxpayers and local taxing entities.

For more information, visit our website:
www.TexasAhead.org/tax_programs/chapter313/
50-296-A • 02-14/1



Application for Appraised Value Limitation on Qualified Property

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Kevin _____ O'Hanlon _____
 First Name Last Name
 Shareholder _____
 Title _____
 O'Hanlon, McCollom & Demerath _____
 Firm Name _____
 (512) 494-9949 _____ (512) 494-9919 _____
 Phone Number Fax Number
 (512) 633-1491 _____ kohanlon@808west.com _____
 Mobile Number (optional) Email Address

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

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Alfred _____ Salazar _____
 First Name Last Name
 Chief Executive Officer _____ Jefferson Refinery, LLC _____
 Title Organization
 9595 Six Pines Dr. Ste. 6370 _____
 Street Address _____
 9595 Six Pines Dr. Ste. 6370 _____
 Mailing Address _____
 The Woodlands _____ TX _____ 77380 _____
 City State ZIP
 (281) 677-4900 _____ (281) 466-3698 _____
 Phone Number Fax Number
 _____ asalazar@jeffcorefinery.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.

Mark _____ Viator _____
 First Name Last Name
 Director of Communications / Government & Public Affairs _____ Jefferson Refinery, LLC _____
 Title Organization
 9595 Six Pines Dr. Ste. 6370 _____
 Street Address _____
 9595 Six Pines Dr. Ste. 6370 _____
 Mailing Address _____
 The Woodlands _____ TX _____ 77380 _____
 City State ZIP
 (281) 677-4900 _____ (281) 466-3698 _____
 Phone Number Fax Number
 (409) 350-3998 _____ mviator@jeffcorefinery.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/



Application for Appraised Value Limitation on Qualified Property

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

James Garza
First Name Last Name
Managing Partner
Title
Industrial Valuation Services, LLC
Firm Name
(512) 858-2373 (512) 858-2369
Phone Number Fax Number
jegarza@indval.com
Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? [X] 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 [X] 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 [X] No [] N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Jefferson Refinery, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 3203318447
3. List the NAICS code 324110
4. Is the applicant a party to any other pending or active Chapter 313 agreements? [] Yes [X] No
4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? [X] 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? [X] Yes [] No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? [X] 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)

[Empty box for explanation of default, delinquencies, or litigation]



Application for Appraised Value Limitation on Qualified Property

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:

<input type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> 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 or contracts for work to be performed 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 official 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. 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
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project? Yes No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

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



Application for Appraised Value Limitation on Qualified Property

SECTION 9: Projected Timeline

- 1. Application approval by school board May 19, 2014
- 2. Beginning of qualifying time period July 1, 2014
- 3. First year of limitation January 1, 2017
- 4. Begin hiring new employees September 1, 2014
- 5. Commencement of commercial operations January 1, 2016
- 6. 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.
- 7. When do you anticipate the new buildings or improvements will be placed in service? April 1, 2015

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Orange County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Orange CAD
- 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: <u>Orange, 0.53843 - 100%</u> <small>(Name, tax rate and percent of project)</small>	City: _____ <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Vidor ESD #1, 0.1% - 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Drainage District, 0.10726% - 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Port of Orange, 0.0079% - 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>Farm to Market, 0.00557% - 100%</u> <small>(Name, tax rate and percent of project)</small>
- 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 www.texasahead.org/tax_programs/chapter313/.

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? \$25,000,000
- 2. What is the amount of appraised value limitation for which you are applying? \$25,000,000
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? Yes No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of new buildings or new improvements 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

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



Application for Appraised Value Limitation on Qualified Property

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:
1a. 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);
1b. 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
1c. 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)? [X] Yes [] No
2a. If yes, attach complete documentation including:
a. legal description of the land (Tab 9);
b. 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);
c. owner (Tab 9);
d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
e. 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? [X] Yes [] No
3a. If yes, attach the applicable supporting documentation:
a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
b. legal description of reinvestment zone (Tab 16);
c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
d. guidelines and criteria for creating the zone (Tab 16); and
e. 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? _____

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:
a. maps and/or detailed site plan;
b. surveys;
c. appraisal district values and parcel numbers;
d. inventory lists;
e. existing and proposed property lists;
f. model and serial numbers of existing property; or
g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 30,000,000.00
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.

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



Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 30
2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2014
(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)? 12
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? 50
5. What is the number of new non-qualifying jobs you are estimating you will create? 14
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 967.18
 b. 110% of the average weekly wage for manufacturing jobs in the county is 1,740.20
 c. 110% of the average weekly wage for manufacturing jobs in the region is 1,292.88
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? 67,230.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 67,230.00
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 §313.024(d-2)? Yes No
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

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

Tab 2

Proof of Payment of Application Fee

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)*

Tab 3

Combined Group Membership

AMENDED

Texas Franchise Tax Affiliate Schedule

130257280781

TX2013 05-166
Ver 4.2 (Rev.9-11/4)

■ Tcode **13263 ANNUAL AMENDED**

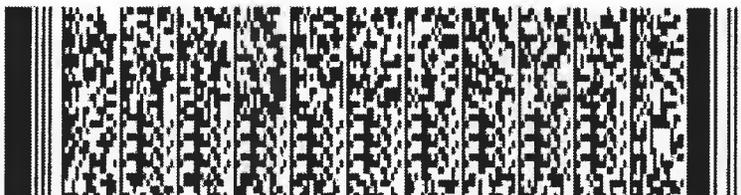
■ Reporting entity taxpayer number **32033184477** ■ Report year **2013** Reporting entity taxpayer name **JEFFERSON REFINERY, LLC**

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate JEFFERSON REFINERY, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32033184477		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 2		7. Affiliate reporting end date m m d d y y 1 2 3 1 1 2	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 192854.00			
10. Gross receipts in Texas (before eliminations) 192854.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate HIGH ISLAND PORT & TERMINAL		2. Affiliate taxpayer number (if none, use FEI number) 32042447832		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 2		7. Affiliate reporting end date m m d d y y 1 2 3 1 1 2	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate WINCO REFINERY AND TERMINAL LLC		2. Affiliate taxpayer number (if none, use FEI number) 32037130906		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 2		7. Affiliate reporting end date m m d d y y 1 2 3 1 1 2	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at window.texas.gov/commonowner/. This information must be provided to satisfy franchise tax reporting requirements. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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AMENDED

Texas Franchise Tax Affiliate Schedule

130257280781

TX2013 05-166
Ver 4.2 (Rev.9-11/4)

■ Tcode 13263 ANNUAL AMENDED

■ Reporting entity taxpayer number ■ Report year Reporting entity taxpayer name

32033184477

2013

JEFFERSON REFINERY, LLC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate WINCO PIPELINE COMPANY LLC		2. Affiliate taxpayer number (if none, use FEI number) 32043455081		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 2		7. Affiliate reporting end date m m d d y y 1 2 3 1 1 2	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		
1. Legal name of affiliate WINCO INDUSTRIAL & MARINE SERVICES LLC		2. Affiliate taxpayer number (if none, use FEI number) 32042378037		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 2		7. Affiliate reporting end date m m d d y y 1 2 2 6 1 2	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		
1. Legal name of affiliate WINCO BAYTOWN INDUSTRIAL SERVICES LLC		2. Affiliate taxpayer number (if none, use FEI number) 32043455891		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input checked="" type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 2		7. Affiliate reporting end date m m d d y y 1 2 3 1 1 2	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		

The reporting entity of a combined group with a temporary credit for business loss and carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at window.texas.gov/commonowner/. This information must be provided to satisfy franchise tax reporting requirements. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



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1019

AMENDED

Texas Franchise Tax Affiliate Schedule

130257280781

TX2013 05-166
Ver. 4.2 (Rev 9-11/4)

Tcode 13263 ANNUAL AMENDED

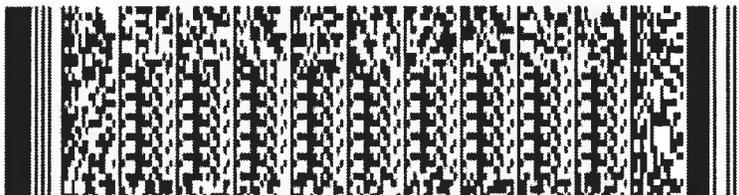
Reporting entity taxpayer number 32033184477
Report year 2013
Reporting entity taxpayer name JEFFERSON REFINERY, LLC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PORT OF BEAUMONT PETROLEUM TRANSLOAD TERMINAL		2. Affiliate taxpayer number (if none, use FEI number) 32047829117		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date 0 5 0 1 1 2	
				7. Affiliate reporting end date 1 2 3 1 1 2	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y	
				7. Affiliate reporting end date m m d d y y	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y	
				7. Affiliate reporting end date m m d d y y	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/>		Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>			

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Tab 4
Project Description

PROJECT DESCRIPTION

Jefferson Refinery, LLC is exploring the possibility of constructing a new refinery in Hamshire, Jefferson County, Texas. If built, the Jefferson Refinery would produce up to 40,000 barrels per day of light crude, including diesel, jet fuel, and naphtha. In conjunction with the refinery, Jefferson is considering building a crude oil blending facility at the Port of Beaumont in Orange County. This subsidiary manufacturing facility would involve an investment of \$250-400 million and would have the capability of blending and transporting very heavy crude, known as bitumen. There are currently no facilities in the Gulf Coast region capable of handling this very heavy crude. The proposed manufacturing facility would enable Jefferson to bring in North American bitumen crude, heat it up, remove light ends, and blend the bitumen with light crude to produce a crude oil feedstock fitting the specific needs of Gulf Coast and international refiners that require a heavier feedstock.

Jefferson Refinery, LLC currently operates the Port of Beaumont Petroleum Transload Terminal (PBPTT). The terminal, which began construction in 2013 and is expected to be completed in 2014, is a light crude offloading and storage facility. Operations at PBPTT began in December 2013, and approximately 30 new jobs were created at this facility in 2013. When complete, PBPTT will be capable of storing light crude and transferring light crude from train cars or storage tanks directly to barges. **The Port of Beaumont Petroleum Transload Terminal, described in more detail in Tab 10, is not the subject of the present Application for Appraised Value Limitation on Qualified Property.**

In contrast, the proposed project that is the subject of this Application is a bitumen blending, offloading, storage and processing facility. Heavy crude oil would be delivered to the Orange County manufacturing facility in jacketed rail cars or tanker trucks from North American suppliers. Bitumen is highly viscous and must be heated to over 200 °F in order to flow; the heavy crude cannot be transported via pipeline due to its high viscosity. With the use of boilers to generate steam, the rail cars and tankers would be heated to over 200 °F, at which point the lighter material would be flashed off and the heavier material would be blended with lighter crude oil to produce a feedstock specific to customer needs. The manufactured blend would then be transferred via pipeline to the proposed Jefferson Refinery in Hamshire for further manufacturing; other Gulf Coast refiners and international clients may also receive product via heated barges and/or pipeline. **The existing PBPTT facility is completely independent of the proposed project. The systems cannot be combined or integrated due to the risk of contamination of the light crude system by the bitumen.**

If completed, the new manufacturing facility would offer the following features:

- Blending operations for heavy North America crudes, which require specialty equipment for handling and transportation.
- Heated unloading, piping, and storage to accommodate heavy North American crudes.
- Six receiving tracks, each over 9,000 feet, which would prevent the need to break trains for unloading. The tracks would be capable of unloading up to 300,000 barrels of crude from rail tank cars per day.
- Direct pipeline connections to major oil refineries and crude terminals in the Gulf Coast region. These direct pipelines would provide feedstock and products to refineries and major markets.
- Three docks for both inland-river and ocean-going vessels, including a deep-water dock for ships or ocean-going barges.

The port facility would be serviced by three major Class I rail carriers, allowing for direct haul without the need for “handoffs” between carriers. These major rail carriers would provide access from all shale oil regions in the United States, Canada and Mexico, while providing service availability as well as competitive transportation rates.

Although the proposed Port of Beaumont blending facility and the proposed refinery in Hamshire are not completely dependent on one another, the location of the blending facility will impact the determination of where to build the refinery. If the present Application is approved, a separate Application for Appraised Value Limitation on Qualified Property will be filed with the Hamshire-Fannett Independent School District for the proposed refinery. The Application submitted to HFISD will contain the investment information and estimated market value of the Jefferson Refinery, which is not included in this Application.

ARTISTIC RENDERING OF JEFFERSON REFINERY TRANSLOAD RAILPORT



The proposed Jefferson Refinery facility at the Port of Beaumont will provide blending operations, offer up to 2,000,000 barrels of storage capacity, and enable direct pipeline transfers between local refineries and rail cars, trucks, and both inland-river and ocean-going vessels.

Tab 5

Limitation as Determining Factor

APPRAISED VALUE LIMITATION AS DETERMINING FACTOR**Question 3**

Jefferson Refinery, LLC currently operates the Port of Beaumont Petroleum Transload Terminal (PBPTT). The terminal, which began construction in 2013 and is expected to be complete in 2014, is a light crude offloading and storage facility. Operations at PBPTT began in December 2013, and approximately 30 new jobs were created at this facility in 2013. When complete, PBPTT will be capable of storing light crude and transferring light crude from train cars or storage tanks directly to barges. The Port of Beaumont Petroleum Transload Terminal, described in more detail in Tab 13, is not the subject of the present Application for Appraised Value Limitation on Qualified Property.

Question 6

On May 12, 2014, Jefferson received unanimous approval by Orange County Commissioners' Court for a Chapter 381 Economic Development Agreement, attached.

Question 7

As discussed in response to Questions 8 and 10 below, there are many factors in determining where Jefferson Refinery, LLC will locate its proposed blending facility and new refinery. Although the facilities are not completely dependent upon one another, having them in close proximity to one another provides mutual financial benefits because feedstock from the port could be used at the refinery. Jefferson is exploring the possibility of locating both new facilities in the Lake Charles, Louisiana area rather than the Texas Gulf Coast. Tax incentives are considered favorably in analyzing the optimal facility location(s).

Question 8

In addition to the Port of Beaumont in Texas, Jefferson has identified seven potential sites in Louisiana meeting the company's needs. As a result of a meeting with the Louisiana Economic Development (LED) office, the company was offered over \$53 million in incentives to locate this project in Louisiana, making the project more fiscally sound to Jefferson's investors. Specifically, Louisiana offers a 10-year industrial property tax exemption, a 10-year payroll rebate for new jobs, and a sales tax credit on building materials or a tax credit on capital expenditures. Attached is a letter from Mark Moret, LED Secretary, describing the Louisiana incentive proposal. Although not included in this application and not discussed in length with LED, the location of the blending facility will also impact the decision on where to build the proposed Jefferson Refinery in the coming years. Accordingly, incentives that the company is able to negotiate for the Port of Beaumont facility will also affect the final site selection for the refinery.

Question 10

As previously discussed, bitumen, lighter crudes, and other blending components may arrive at the Port of Beaumont facility via train, truck, ship, or pipeline. Although few pipelines are currently connected to the existing Jefferson facility at the port, many more may be added to transfer raw materials and products to and from Gulf Coast refineries. If the blending facility is located at the Port of Beaumont, it would potentially function as a feedstock source for the proposed Jefferson Refinery in Hamshire. The Hamshire location is not ideally situated for receiving and transporting crude, so the proximity of a Jefferson blending facility will have a

great impact on the final site selection for the refinery. Additionally, the capability of transferring materials directly to ocean-going barges makes international sales of crude manufactured at the port facility possible and cost-effective.

WHEREAS, COUNTY wishes to encourage JEFFERSON to select Orange County as the site for the proposed expansion in the Gulf Coast by JEFFERSON and the Jefferson Affiliates (as defined below); and

WHEREAS, the proposed expansion by JEFFERSON and the Jefferson Affiliates will result in new economic development in the COUNTY, including creating new jobs, increasing sales tax revenues to the COUNTY and increasing ad valorem taxes within the COUNTY; and

WHEREAS, the proposed expansion by JEFFERSON and the Jefferson Affiliates will have a direct position and measurable economic benefit to the COUNTY; and

WHEREAS, the COUNTY recognizes the positive economic impact the proposed expansion will have on the COUNTY and wishes to provide incentives to JEFFERSON to assist in the proposed expansion by JEFFERSON and the Jefferson Affiliates, thereby contributing toward the further economic development and growth of the COUNTY; and

WHEREAS, the COUNTY finds that this AGREEMENT embodies an eligible "program" and clearly promotes economic development in Orange County, Texas, and, as such, meets the requisites under Chapter 381 of the Texas Local Government Code and further is in the best interests of the COUNTY.

NOW, THEREFORE, for the mutual consideration set out below, the Parties hereto agree as follows:

I. AUTHORIZATION

COUNTY's execution and performance of this AGREEMENT is authorized by Section 381.004, Texas Local Government Code, and constitutes the valid and binding obligation of the COUNTY from and after execution hereof by all Parties. JEFFERSON's execution and performance of this AGREEMENT has been duly authorized and constitutes the valid and binding obligation of JEFFERSON from and after execution hereof by all Parties.

II. DEFINITIONS

1. "Ad Valorem Taxes" means with respect to any property tax year, all *ad valorem* property taxes collected by the COUNTY on the Eligible Property for that tax year. For the purposes of this AGREEMENT, Ad Valorem Taxes collected by the COUNTY shall not include penalties, interest, or attorneys' fees.

2. "Affiliate" of any specified person or entity means any other person or entity, which, (i) directly or indirectly, through one or more intermediaries, controls, or is controlled by, or (ii) is under direct or indirect common control with such specified person or entity. For the purposes of this definition, "control" when used with respect to any person or entity means (a) the ownership, directly or indirectly, of fifty (50%) or more of the voting securities of such person or entity; or (b) the right to direct the management and operations of such person or entity, directly or indirectly, whether through the ownership of (directly or indirectly) of securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

3. "Commercially Reasonable Efforts" means, as to a Party hereto, an undertaking by such Party to perform or satisfy an obligation or duty or otherwise act in a manner reasonably calculated to obtain the intended result by action or expenditure not disproportionate or unduly burdensome under the circumstances, which means, among other things, that such Party shall not be required to (i) expend funds other than for payment of the reasonable and customary costs and expenses of employees, contractors, counsel, consultants, representatives or agents of such Party in connection with the performance or satisfaction of such obligation, duty or other action or (ii) institute or settle any litigation or arbitration as a part of its reasonable efforts.

4. "Eligible Property" means the buildings, structures, fixed machinery and equipment, process units including all integral components necessary for operations, site improvements, infrastructure, and that office space and related fixed improvements necessary to the operations and administration of the Project. During the construction phase of the Eligible Property, JEFFERSON and/or the applicable Jefferson Affiliates may make such Change Orders to the Eligible Property as are reasonably necessary to accomplish its intended use.

5. "Jefferson Affiliates" means those Affiliates of JEFFERSON that own the portions of the Project and/or the Property that are not owned by JEFFERSON.

6. "Force Majeure" means an event or occurrence caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over JEFFERSON, the applicable Jefferson Affiliates, or the Project; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared

or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this AGREEMENT shall require JEFFERSON or the applicable Jefferson Affiliates to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of JEFFERSON or the applicable Jefferson Affiliates receive product into, or to ship or transport product out their respective facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which JEFFERSON or the applicable Jefferson Affiliate(s) have no reasonable control and which forbids or prevents performance.

7. "Parties" means collectively the COUNTY and JEFFERSON, and "Party" means the COUNTY or JEFFERSON, as the case may be.

8. "PILOT Payment" means the amount for each tax year as designated in Exhibit "B" attached hereto, subject to reduction as provided in Section IV.1 and Section VII.4 of this Agreement.

9. "Project" means the new trans-loading facilities to be constructed by JEFFERSON at its Port of Beaumont, Orange County complex, as described in Section IV. 1, below on the Property described in Exhibit A.

10. "Property" means the land on which the Project will be developed as described in the legal description and depicted on the plat attached hereto as Exhibit A.

11. "Term" means the period commencing on the Effective Date and ending on the Termination Date.

12. "Termination Date" means December 31, 2024.

III. TERM

This AGREEMENT shall be enforceable upon execution and delivery by both Parties (which date is herein referred to as the "Effective Date"). Subject to the provisions of Section 1 of Article IV, should JEFFERSON and the Jefferson Affiliates not undertake

the expansion described in Section 1 of Article IV below, this AGREEMENT shall be null and void.

IV. JEFFERSON REPRESENTATIONS / OBLIGATIONS

JEFFERSON agrees as a condition of receiving the benefits of this AGREEMENT:

1. Project: To construct, and/or to cause the Jefferson Affiliates to construct the following new trans-loading facilities on the Property described on Exhibit A at the estimated construction costs set forth below:

- i) Trans-load and Blending Facility \$250 Million

Notwithstanding the foregoing or anything to the contrary in this AGREEMENT, if Jefferson and/or the applicable Jefferson Affiliates are unable or unwilling to construct any of the foregoing manufacturing facilities, JEFFERSON may elect, by written notice ("Exclusion Notice") to the COUNTY at any time prior to the date that is one year after the Effective Date, to exclude such manufacturing facilities ("Excluded Facilities") from coverage under this AGREEMENT; and if JEFFERSON timely delivers an Exclusion Notice, (i) this AGREEMENT shall not terminate; (ii) such failure to construct the Excluded Facilities shall not constitute a default by JEFFERSON under this AGREEMENT; and (iii) this AGREEMENT shall be amended by the Parties to exclude the Excluded Facilities from coverage under this AGREEMENT, including, without limitation, (A) a prospective commensurate reduction in the PILOT Payment amounts from Jefferson to the COUNTY with respect to the Excluded Facilities and (B) a commensurate reduction in the number of full-time employees required under Section 2 below.

2. Employment: To maintain from the date of completion of the Project until the Termination Date an employment level of not less than 75 full-time employees at the new facilities listed in item 1, above.

3. Reporting: To certify annually to the COUNTY and the OCEDC that JEFFERSON is in compliance with each applicable term of the AGREEMENT within 30 days after the end of each calendar year.

4. Local Sourcing: To make Commercially Reasonable Efforts, with respect to any contracts for the purchase of supplies and services in connection with construction of the Project that are let to bid after the Effective Date, to identify and ensure that

qualified Orange County vendors suppliers and sub-contractors are given the opportunity to bid on such contracts.

5. Administration Fee: Beginning on January 31, 2015, and on or before January 31st of each calendar year thereafter during the life of this Agreement, JEFFERSON shall pay to the Orange County Economic Development Corporation (OCEDC) an administration fee of 10% of the PILOT Payment in such calendar year. This fee is considered payment for Chapter 381 administrative services as provided in Section 381.004 (c) of the Texas Local Government Code.

6. PILOT Payments: Commencing January 31, 2015, and continuing through the term of this Agreement, JEFFERSON shall pay to the COUNTY the PILOT Payment amount set forth on Exhibit B less 10% payment made to the OCEDC for the Administration Fee set forth in Section IV.5 of this AGREEMENT.

V. VALUE AND TERM OF AGREEMENT

1. The Abatement provided for in this Agreement for the Project shall be effective on the January 1, 2014 valuation date as authorized by Sec. 312.007 of the Texas Tax Code and Section 381.004 (g) of the Texas Local Government Code. In each year that this Agreement is in effect, the amount of abatement for this portion of the Project shall be an amount equal to the percentage as indicated in the Tax Abatement Schedule ("Schedule") below. The appraised value, as defined in the Texas Property Tax Code, of Eligible Property must be abated in accordance with the Schedule below:

TAX ABATEMENT SCHEDULE

<u>Tax Year Abated</u>	<u>Percentage of Value Abated</u>
2014	100%
2015	100%
2016	100%
2017	100%

2018	100%
2019	100%
2020	100%
2021	100%
2022	100%
2023	100%

2. In no event shall the abatement period for the Project exceed a period of ten (10) years, in accordance with state law.

VI. LIABILITY

1. No Assumption: By this AGREEMENT, JEFFERSON assumes no obligation, duty or other responsibility with regard to any governmental function or service for which the COUNTY is responsible that is not otherwise addressed by this AGREEMENT. In addition, JEFFERSON assumes no legal liability for the actions of the COUNTY through the execution of this AGREEMENT. The COUNTY individually assumes no obligation, duty or other responsibility with regard to any duty, right, obligation or responsibility associated with the Project for which JEFFERSON is responsible that is not otherwise addressed by this AGREEMENT. In addition, the COUNTY assumes no legal liability for the actions of JEFFERSON or its successors or assigns by virtue of its execution of this AGREEMENT.

2. Agents: Each Party to this AGREEMENT agrees that it shall have no liability for the actions or omissions of the employees, agents, directors, members, trustees or representatives of any other Party, and each Party is solely responsible for the actions and omissions of its own employees, agents, directors, members, trustees or representatives.

VII. DEFAULT

1. Events of Default: During the Term, the COUNTY may declare a default hereunder by JEFFERSON if JEFFERSON (i) fails to commence construction of the Project within two (2) years after the Effective Date, (ii) fails to complete construction of the Project within three (3) years, (iii) refuses or neglects to comply with any of the terms of this AGREEMENT, or (iv) if any representation made by JEFFERSON in this AGREEMENT is false or misleading in any material respect.

2. Notice and Cure: If the COUNTY declares JEFFERSON to be in default of this AGREEMENT, the COUNTY shall notify JEFFERSON in writing prior to the end of the abatement period, and if such default is not cured within sixty (60) days from the date of such notice (such sixty (60) day period, or such longer period as is provided for in this Section 2 being referred to as the "Cure Period"), then this AGREEMENT may be terminated or modified; provided, however, that in the case of a default for causes beyond JEFFERSON's reasonable control which cannot with due diligence be cured within such sixty (60) day period, the Cure Period shall be deemed extended if JEFFERSON (i) shall immediately, upon the receipt of such notice, advise the COUNTY of JEFFERSON's intention to institute all steps necessary to cure such default and (ii) shall proceed to cure.

3. Delinquent Ad Valorem Taxes: In the event JEFFERSON allows its *ad valorem* taxes on the Project owed the COUNTY to become delinquent and fails to timely and properly follow the legal procedures for their protest and appeal, or if JEFFERSON violates any of the terms and conditions of this AGREEMENT and fails to cure during the Cure Period, this AGREEMENT may then be terminated.

4. Discontinuation: In the event the Project herein is completed and begins producing product or services, but subsequently discontinues producing product or services for any reason excepting fire, explosion or other casualty, accident or natural disaster, or governmental mandate, or other event of Force Majeure, for a period of one (1) year during the Term of the AGREEMENT, then this AGREEMENT shall terminate with respect to the applicable portion of the Project that is no longer producing product or services; and in such event, this AGREEMENT shall be amended to exclude such portion of the Project from coverage under this AGREEMENT, including, without limitation, (A) a commensurate reduction in the PILOT Payment amounts from Jefferson to the COUNTY with respect to such portion of the Project and (B) a commensurate reduction in the number of full-time employees required under Section 2 of Article IV above.

5. Termination: If after notice of default and failure to cure, the COUNTY terminates this Agreement, it shall provide JEFFERSON written notice of such

termination. If JEFFERSON believes that such termination was improper, JEFFERSON may file suit in the Orange County District Court appealing such termination within sixty (60) days after receipt from the COUNTY of written notice of the termination. If such a suit is filed, JEFFERSON shall remit to the COUNTY, within ninety (90) days after receipt of the notice of termination, any additional Ad Valorem Taxes as may be payable during the pendency the litigation pursuant to the payment provisions of Section 42.08, Tax Code. If the final determination of the appeal increases JEFFERSON's tax liability above the amount of tax paid, JEFFERSON shall remit the additional tax to the COUNTY pursuant to Section 42.42, Tax Code. If the final determination of the appeal decreases JEFFERSON's tax liability, the COUNTY shall refund to JEFFERSON the difference between the amount of tax paid and the amount of tax for which JEFFERSON is liable pursuant to Section 42.43, Tax Code.

VIII. NOTICE

Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate Party at the following addresses:

Notices to JEFFERSON shall be addressed to:

Alfred Salazar, CEO
 JEFFERSON Holdings, LLC
 9595 Six Pines Drive, Suite 6370
 The Woodlands, Texas 77380

With copies to:

ATTN: General Counsel

JEFFERSON Holdings LLC
 9595 Six Pines Drive, Suite 6370
 The Woodlands, Texas 77380

Notices to ORANGE COUNTY shall be addressed to:

Carl Thibodeaux, County Judge
 123 South 6th Street;
 Orange, Texas
 Fax: 409-882-7079

With copies to:

Orange County Economic Development Corporation
 1201 Childers Road
 Orange, TX 77630
 Fax: (409) 883-7775

Either Party may change its address for receipt of notices under this AGREEMENT from time to time by delivering at least ten (10) days prior written notice of such change to the other Party in the manner prescribed above.

IX. MISCELLANEOUS PROVISIONS

1. Disclaimer: Nothing herein shall confer upon any person, firm or other entity other than the Parties hereto any benefit or any legal or equitable right, remedy or claim under this AGREEMENT. All obligations hereunder of the Parties hereto shall be binding upon their respective successors and assigns.

2. Assignment. This CONTRACT cannot be assigned by JEFFERSON unless written permission is first granted by COUNTY, which such permission shall not be unreasonably withheld. For the avoidance of doubt, an assignment only occurs in connection with an asset transaction involving JEFFERSON. Upon assignment of this CONTRACT by JEFFERSON, with the consent of COUNTY, JEFFERSON shall be deemed released from this CONTRACT for all purposes with respect to any default hereunder after such assignment, and any JEFFERSON assignee shall be responsible for all obligations, and shall succeed to the benefits, of JEFFERSON hereunder, including, but not limited to those set forth herein. The COUNTY shall be furnished with written evidence of assignment of this CONTRACT by JEFFERSON and of the identity of the assignee. No consent to assignment by the COUNTY shall be deemed to constitute a waiver of any default hereunder arising before such assignment.

3. Amendments to Agreement; Waivers: This AGREEMENT may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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.

4. Approvals or Consents: Approvals or consents required or permitted to be given under this AGREEMENT shall be evidenced by an ordinance, resolution, or minute order adopted by the governing body or board of the appropriate Party or by a certificate executed by a person, firm or entity previously authorized to give such approval or consent on behalf of a Party. Approvals and consents shall be effective

without regard to whether given before or after the time required for giving such approvals or consents.

5. Assignment: This AGREEMENT cannot be assigned by JEFFERSON unless written permission is first granted by COUNTY, which such permission shall not be unreasonably withheld. Upon such assignment, JEFFERSON's assignee will be liable to the COUNTY for outstanding taxes or other obligations arising under this AGREEMENT with respect to the applicable portion of the Property or the Project. The COUNTY shall not assign its rights or obligations under this Agreement to any other person or party.

6. Parties in Interest: This AGREEMENT shall be for the sole and exclusive benefit of the Parties hereto and shall not be construed to confer any rights upon any third parties.

7. Supplementation: In the event any further documentation or information is required for this AGREEMENT to be valid, then the Parties to this AGREEMENT shall provide or cause to be provided such documentation or information. The Parties shall execute and deliver such documentation, including but not limited to any amendments, corrections, deletions or additions as necessary to this AGREEMENT provided however that the Parties shall not be required to do anything that has the effect of changing the essential economic terms of this AGREEMENT or imposing greater liability on the Parties. The Parties further agree that they shall do anything necessary to comply with any requirements to enable the full effect of this AGREEMENT; provided, however, that the Parties shall not be required to do anything that has the effect of changing the essential economic terms of this AGREEMENT or imposing greater liability on the Parties.

8. Merger: This AGREEMENT contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this AGREEMENT.

9. 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 Orange County, Texas.

10. Authorization: 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.

11. **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 a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10, 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.

12. **Payment of Expenses:** Except as otherwise expressly provided in this AGREEMENT, or as covered by the application fee, (i) 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, and (ii) in the event of a dispute between the Parties in connection with this AGREEMENT, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party to the extent allowed by law.

13. **Force Majeure:** In the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this AGREEMENT, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this AGREEMENT, then the obligations of such Party, to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the Force Majeure relied upon, the Party

whose contractual obligations are affected thereby shall give notice and full particulars of such Force Majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence.

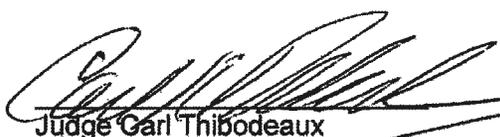
14. Interpretation: When a reference is made in this AGREEMENT to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this AGREEMENT unless otherwise indicated. The headings contained in this AGREEMENT are for reference purposes only and shall not affect in any way the meaning or interpretation of this AGREEMENT. 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. This AGREEMENT is the joint product of the Parties and each provision of this AGREEMENT has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

15. 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.

16. Waiver. Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing thereunder upon default or failure of performance shall not be considered a waiver of the right to insist on and to enforce by an appropriate remedy, strict compliance with any other obligation hereunder to exercise any right or remedy occurring as a result of any future default or failure of performance.

17. Governmental Immunity; Consent to Suit. Nothing in this AGREEMENT shall constitute a waiver by the COUNTY of its governmental or sovereign immunity. Nothing in this AGREEMENT shall be construed as express or implied consent by the COUNTY to being sued.

Executed in duplicate this the 12th day of May, 2014 ORANGE COUNTY:


Judge Carl Thibodeaux
Orange County Judge

JEFFERSON REFINERY, LLC
By: Jefferson Refining, LLC. Its: Sole
Manager

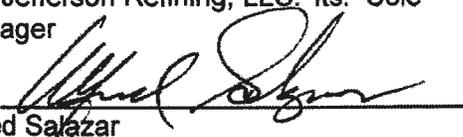
By: 
Alfred Salazar
Chief Executive Officer

EXHIBIT "A"

Property Description

EXHIBIT "B"

PILOT Payment Schedule

Tax Year	PILOT Payment Amount	Payment Date
2014	\$300,000	1/31/2015
2015	\$125,000	1/31/2016
2016	\$125,000	1/31/2017
2017	\$125,000	1/31/2018
2018	\$125,000	1/31/2019
2019	\$125,000	1/31/2020
2020	\$125,000	1/31/2021
2021	\$125,000	1/31/2022
2022	\$125,000	1/31/2023
2023	\$125,000	1/31/2024



Bobby Jindal
Governor

Stephen Moret
Secretary

April 30, 2014

Mr. Mark E. Viator
Director, Communications and Human Resources
Jefferson Energy Companies
9595 Six Pines Drive STE 6370
The Woodlands, TX 77380

DELIVERED VIA EMAIL

Dear Mr. Viator:

Louisiana Economic Development (LED) is thrilled that Jefferson Refinery, LLC (Jefferson Refinery) is seriously considering a transportation terminal and blending facility in Louisiana. Accordingly, we are pleased to offer you this significant incentive package.

State Incentive Package*:	Est. Value \$ Millions
1) Industrial Tax Exemption Program – property (ad valorem) tax exemption; 10-year term	48.0
2) Quality Jobs Program – 5% or 6% payroll rebate for each qualifying new job; 10-year term; and either a 4% sales/use tax rebate on building materials, or a 1.5% refundable tax credit on capital expenditures (excluding land, building, interest, and tax-exempt machinery and equipment)	2.0
3) LED FastStart® Program – customized workforce recruitment, screening, training development, and training delivery during employment ramp-up period	1.0
Estimated Total:	\$53.0 million

*Note: See Exhibit for more information

The estimated value of this offer is predicated on capital investment, employment, and payroll levels projected in Jefferson Refinery's correspondence with LED. Please note that the above offer is conditioned upon the following commitments by Jefferson Refinery:

- a. Total capital investment by Jefferson Refinery in Louisiana of at least \$327.5 million by December 31, 2019.

Mr. Mark E. Viator – Page 2

- b. New jobs and new annual payroll (excluding benefits and contract labor) at the Louisiana facility at the following levels:

Year	Average Number of New Jobs	New Actual Payroll (\$millions)	Year	Average Number of New Jobs	New Actual Payroll (\$millions)
2016	7	0.2	2021	65	2.9
2017	50	2.1	2022	65	3.0
2018	65	2.8	2023	65	3.1
2019	65	2.8	2024	65	3.1
2020	65	2.9	2025	65	3.2

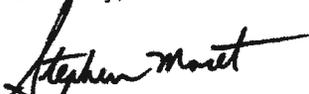
This offer is subject to Jefferson Refinery coordinating with LED on a news release and public announcement of the project, including information on the capital investment, the number of new and existing jobs, the average salary associated with new jobs, and other relevant project information. Any public disclosure of the project, regardless of whether the company name is disclosed, by Jefferson Refinery or its representatives (e.g., on a website, in comments to a media outlet, in a press release, through a public vote of a local governmental entity on local incentives) prior to an official announcement coordinated with LED will result in the forfeiture of the LED FastStart Program.

Please note that some of the proposed incentives will require the approval of other government entities, including the Louisiana Board of Commerce and Industry. Our staff will assist you with each of these application processes.

This competitive incentive offer demonstrates Louisiana's enthusiasm for Jefferson Refinery. The incentive offer, combined with Louisiana's business-friendly tax structure and low-cost environment, ensures that Jefferson Refinery will minimize both its net total and its ongoing costs to operate profitably.

The foregoing offer described in this letter is valid for 60 days. We look forward to continuing our discussions and hope we can accommodate your business needs. LED is committed to supporting the long-term success of your company and to ensuring that Louisiana represents a compelling platform for the future growth of Jefferson Refinery.

Sincerely,



Stephen Moret
Secretary

Mr. Mark E. Viator – Page 3

EXHIBIT

Industrial Tax Exemption Program	<p>The Industrial Tax Exemption Program (ITEP) is Louisiana's incentive program for capital investments. It is available to manufacturers and allows local property tax abatement for investment and miscellaneous capital additions to existing facilities in Louisiana for a period of 10 years. The program is administered by the Louisiana Board of Commerce & Industry. An Advance Notification form should be filed if an individual project is to be greater than \$5 million, or if the business is also applying for another incentive (e.g., Enterprise Zone or Quality Jobs) for the same project. The Advance Notification form must be filed with LED, Business Incentives Services prior to purchasing materials or prior to the beginning of construction.</p>
Quality Jobs Program	<p>The Louisiana Quality Jobs Program is a jobs creation program that offers a 5% or 6% annual payroll rebate on new direct jobs for up to 10 years. (Minimum requirement for the 5% rebate is \$14.50/hour in wages and health care and for the 6% rebate, \$19.10/hour in wages and health care, where the health care has a value of at least \$1.25/hour). The number of new direct jobs is based on the net job additions at the project location less any net job reductions across all other in-state locations (including affiliate locations) of the business applying for the program. The program also provides a rebate of state sales/use tax paid (4%) on construction materials purchased during the construction period and used exclusively on site OR a 1.5% refundable tax credit on project capital expenditures (excluding land, building, tax-exempt machinery and equipment, and interest). The program is administered by the Louisiana Board of Commerce & Industry. An Advance Notification must be filed with LED, Business Incentives Services prior to hiring, prior to purchasing materials, or prior to the beginning of construction.</p>
LED FastStart Program	<p>The LED FastStart Program provides a turnkey workforce solution for business expansion and recruitment projects. LED FastStart identifies, develops, and delivers performance-based training to equip workers with the right knowledge base, technical skills, and interpersonal effectiveness to help employers achieve their productivity and quality goals in the shortest possible time. LED FastStart services include a comprehensive needs analysis, training consultation, instructional design, high-quality customized training materials, and instruction. LED FastStart will collaborate with key business leaders and incorporate the business' strategic goals and objectives into the plan to ensure a successful startup and continued operations for years.</p> <p>The heart of LED FastStart's service is customized job-specific training. LED FastStart enhances job-specific training with instruction in quality systems, productivity improvement, employee involvement, instructor skills, and leadership. All LED FastStart projects are initiated with a thorough training needs analysis conducted by an experienced team of manufacturing, service operations, and training specialists. These specialists will systematically analyze company processes and</p>

Mr. Mark E. Viator – Page 4

	job classifications through observation (where possible) and consultation with company subject matter experts.
--	--

Tab 6

Other Taxing Jurisdictions

Not Applicable

Tab 7
Qualified Investment

QUALIFIED INVESTMENT

If constructed, the new Jefferson Refinery Port of Beaumont facility would provide blending operations, particularly for heavy North American crude, and would be located on the east bank of the Neches River, with an expected investment of approximately \$325,000,000. Investments would be made in the following improvements and equipment:

- Blender Building
- Motor Control Center Buildings
- Collection Pipes
- Various Other Piping
- Pipe Racks
- Railroad Tracks
- Railcar Scales
- Blend Tanks
- Crude Tanks
- Loading and Unloading Tanks
- Railcar Cans
- Blender
- Mixers
- Boilers
- Sump Pumps
- Loading and Unloading Pumps
- Transfer and Other Pumps
- Lease Automatic Custody Transfer (LACT) Units
- Process Control System
- Lab Facility
- Vapor Balance System

Tab 8
Qualified Property

QUALIFIED PROPERTY

See Tab 7, Qualified Investment.

Tab 9

Land

LAND DESCRIPTION

Orange County Appraisal District Parcel: R15279

Description: ABST. 23 W. STEPHENSON 148.42 ABST. 167 G. STEVENSON 78.000

2013 Land Value: \$120,275

2013 Improvement Value: \$154,344

A dock bulkhead existed at the site at the beginning of 2013 and was included in the 2013 property assessment.

1937

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<p>EAST BEAUMONT TOWNSITE CO.,</p> <p>TO</p> <p>CITY OF BEAUMONT.</p> <p>Deed.</p>	<p>THE STATE OF TEXAS COUNTY OF JEFFERSON. KNOW ALL MEN BY THESE PRESENTS: That The East Beaumont Townsite Company, a joint stock association, with headquarters at Beaumont, Jefferson County, Texas, and its legally and duly elected and qualified trustees, H. A. Perlstein, J. E. Broussard, and Wm. Saenger, all of Beaumont, Jefferson County, Texas, hereunto duly authorized, for and in consideration of the sum of ONE HUNDRED EIGHTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$127,500.00) cash to it in hand paid by the City of Beaumont, a municipal corporation of Jefferson County, Texas, the receipt of which is hereby acknowledged and confessed, has granted, sold, and conveyed, and by these presents does grant, sell, and convey unto the said City of Beaumont, a municipal corporation, of the County of Jefferson, State of Texas, all that certain tract or parcel of land, being two hundred fifty (250) acres of land out of the Gilbert Stephenson and William Stephenson surveys in Orange County, Texas, more specifically described by the following field notes:</p> <p>"A part of East Beaumont Townsite out of the Wm. Stephenson Survey and the Gilbert Stephenson survey in Orange County, Texas;</p> <p>Beginning at the intersection of the center line of the K. C. S. Railroad track with the east bank of the Neches River; thence with the meanders of said river as follows: S. 68 deg. 30' E. 435 ft. S. 62 deg. 38' E. 140 ft., N. 74 deg. 29' E. 120 ft., S. 70 deg. 13' E. 780 ft.,</p>
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S. 75 deg. 14' E. 350 ft., S. 55 deg. 38' E. 250 ft., S. 59 deg. 56' E. 250 ft., S. 73 deg. 41' E. 450 ft., S. 10 deg. 51' E. 285 ft., S. 54 deg. 31' E. 140 ft., S. 53 deg. 40' E. 510 ft., S. 66 deg. 30' E. 305 ft., S. 67 deg. 41' E. 580 ft., N. 82 deg. 16' E. 950 ft., N. 71 deg. 31' E. 20 ft. to corner; thence north 4485 ft. to center of said K. O. S. Railroad track; thence with same S. 61 deg. 08' W. 4424.4 ft. to corner; thence with same S. 54 deg. 57' W. 269 feet and S. 49 deg. 40' W. 327 ft. to main bridge; thence with same S. 47 deg. 10' W. 200 ft. to place of beginning, containing 250 acres of land, inclusive of offsets to river bank and exclusive of K. O. S. Railway Company's 75 foot right of way on south side of track."

And as shown and delineated upon the blueprint map or plat of said land attached hereto, marked "Exhibit A", and made a part hereof.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said City of Beaumont, its successors and assigns forever, provided, however, the grantor reserves unto itself a one-sixteenth (1/16) perpetual royalty upon any minerals produced from said two hundred fifty (250) acres of land herein conveyed.

And The East Beaumont Townsite Company hereby binds itself, its trustees, successors, and assigns to warrant and forever defend all and singular the said premises unto the said City of Beaumont, a municipal corporation, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

And for and in consideration of the premises, The East Beaumont Townsite Company, and its Trustees, herunto duly authorized, do hereby bargain, grant, sell, and convey unto the said City of Beaumont, a municipal corporation, its successors and assigns, the following right-of-ways and easements, to wit:

A. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width, beginning at the Neches River bank about 2500 feet east of the Southern Pacific Railroad bridge, thence parallel in a northeasterly direction with the Southern Pacific and Kansas City Southern right-of-way, respectively, to a connection with the Old Spanish Trail highway; this was formerly a section of the old Beaumont-Orange Road utilizing the Hickory Street crossing.

B. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width and extending from the 250-acre tract of land conveyed herein at a point about 1250 feet east of the Kansas City Southern Railroad bridge, thence extending in a northeasterly direction along the East Beaumont Townsite Company's levee and parallels the river, to a connection with the right-of-way easement conveyed in article (A) hereof. This is another section of the old Beaumont-Orange Road utilizing the Hickory Street crossing.

C. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width and extending from the 250-acre tract of land conveyed herein by way of the Kansas City Southern Railroad and Southern Pacific Railroad underpasses, respectively, to a connection with the highway easement described in article (A) hereof.

D. A right-of-way for the free and uninterrupted use, liberty and privilege of and passage in and along a certain way, for all highway purposes, for the building of switch track or tracks of railroads connecting with the Southern Pacific Railroad and for the construction of ditches for drainage facilities over a strip of land eighty (80) feet in width beginning at a point on the Southern Pacific Railroad right-of-way about 1000 feet northeast of the "Blocking Tower" and continuing thence due south to a connection with the Neches River.

E. A right-of-way for the free and uninterrupted use, liberty, and privilege for the laying of railroad switch tracks and the use thereof over a strip of land twenty (20) feet in

width, having as its beginning a point on the west side of the land designated in article (D) hereof, about 1250 feet north of the Neches River and continuing westward, more or less, parallel to the River to the 250-acre tract herein conveyed.

F. A right-of-way over the land of the East Beaumont Townsite Company to east of the 250-acre tract of land herein conveyed and the right to lay and construct pipe lines connecting with the present trunk pipe line of the United Gas System (gas) and the Magnolia Petroleum Company (crude oil), respectively, to connect with the 250-acre tract of land herein conveyed.

G. A right-of-way over the East Beaumont Townsite Company's property immediately alongside the Southern Pacific Railroad and the Kansas City Southern Railroad right-of-ways, respectively, and the right to erect poles and construct telephone, telegraph, electric light and electric power lines to a connection with the west terminus of the right-of-way of the Gulf States Utilities Company located along the Old Spanish Trail approximately one mile north of the 250-acre tract of land herein conveyed.

H. A right-of-way of sufficient width as may be required by the Orange County Water Company, Inc., or its successors, and the right to construct a canal thereover for the conveyance of water over and across the lands of the East Beaumont Townsite Company to the east of the 250-acre tract herein conveyed, and along the division line of the Gilbert Stephenson and Wm. Stephenson Leagues of land in Orange County, Texas, to the east boundary of The East Beaumont Townsite Company's land in Orange County, Texas, for a canal connecting with the Orange County Water Company System, said right-of-way being approximately 3-1/3 miles in extent.

I. A right-of-way sixty (60) feet in width for all highway purposes, and the free and uninterrupted use, liberty, and privilege of and passage in and along the same across the land leading from the Old Spanish Trail highway at a point where it crosses the Kansas City Southern Railroad before it turns east to Vidor near the old Hickory Street Road entrance to the property of the East Beaumont Townsite Company, thence to connect with the 250-acre tract of land herein conveyed.

Said easements and right-of-ways being delineated upon the map or plat hereto attached and marked, "Exhibit B", and hereby referred to for a more particular description.

TO HAVE AND TO HOLD the above-described property unto the said City of Beaumont, its successors and assigns forever, and The East Beaumont Townsite Company hereby binds itself, its trustees, successors and assigns to warrant and forever defend all and singular the said property herein conveyed unto the said City of Beaumont, its successors or assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

And it is further distinctly understood and agreed by both parties hereto that the several easements for roadways, switch tracks, water supplies, power lines, telephone and telegraph lines, over the property of The East Beaumont Townsite Company not included in the 250 acres of land herein conveyed are intended for the use of the City of Beaumont, its successors or assigns, and in no event is the City of Beaumont, its successors or assigns, to have any exclusive rights into or upon said easements or right-of-ways, and that all the comforts ensuing from time to time through said easements, such as drainage, fresh water supply, electric power, switching service, telephone, telegraph, and gas service, are to be available alike to The East Beaumont Townsite Company, its successors or assigns, and to the City of Beaumont, its successors or assigns.

It is further understood and agreed by the parties hereto that The East Beaumont Townsite Company, in conveying the easement for water supply canal described in article (H) hereof, reserves for itself, its successors or assigns, a perpetual right of egress and ingress to and across said right-of-way, as well as the right to construct improvements, build and maintain streets, alleys, drainage ditches, pipe lines, and other facilities incident to an industrial addition or city across the strip of land affected by said easement, with the understanding, however, that the canal or whatever conveyance may be provided for conducting water thereover will

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be safeguarded by The East Beaumont Townsite Company. And it is further understood and agreed that in the provision of the water supply canal over said easement, The East Beaumont Townsite Company's canal levees and roadways shall not be destroyed or unreasonably damaged.

It is further understood and agreed by the parties hereto that the land herein conveyed to the City of Beaumont, and that affected by the easements herein conveyed, is a part of The East Beaumont Townsite Company's land which has been surrounded by a levee to protect it against overflow from rises in the Neches River and has been provided with a system of canals for drainage of same, and that both parties hereto, their successors and assigns, shall not so improve or use the land over which the several easements have been conveyed as will destroy the purpose for which said levees or drainage canals were created.

As a part of the consideration for this conveyance, The East Beaumont Townsite Company, and the trustees thereof, hereby waive any claim to the spoils to be engendered by pending improvements of the waterway contiguous to the land purchased by the City herein, and further waive any claim to the spoil in that section extending from the southeast corner of the 250-acre tract of land conveyed herein down stream to a point directly above the drainage outlet of The East Beaumont Townsite Company at its pumping station, so that the City of Beaumont may use same for the further filling in of the property herein conveyed.

In further consideration hereof, The East Beaumont Townsite Company, and the trustees thereof, hereby withdraw any and all objections which they have heretofore registered against such contemplated improvement work by the United States Government or by the Wharf and Dock Board of the City of Beaumont on the Neches River and harbor development, and hereby bind themselves to make no further objections thereto.

It is further distinctly understood and agreed that The East Beaumont Townsite Company is a joint stock association, without personal liability of the stockholders, trustees, or officers, and that for any debt, demand or damage, judgment, or decree, or for any money obligation whatever that may become due and payable by reason of this contract or its breach or performance in whole or in part, against the said The East Beaumont Townsite Company and in favor of the party of the second, or other party or parties in whose behalf such demand may arise, shall look exclusively to the trust property in the hands of the trustee of said association for payment of same, and upon no account and in no event shall there be any individual liability of the shareholders, its officers or trustees, under and by virtue of the terms of this contract.

In testimony whereof The East Beaumont Townsite Company and the trustees thereof, H. A. Perlstein, J. E. Broussard, and Wm. Saenger, have executed this deed and had the same attested by the secretary and caused the seal of The East Beaumont Townsite Company to be hereto affixed this, the 12th day of March, A. D. 1937.

(SEAL)

EAST BEAUMONT TOWNSITE COMPANY
H. A. Perlstein
J. E. Broussard
William Saenger
Trustees

THE STATE OF TEXAS :
COUNTY OF JEFFERSON : BEFORE ME, the undersigned notary public in and for Jefferson County, Texas, on this day personally appeared H. A. Perlstein, J. E. Broussard, and Wm. Saenger, trustees of The East Beaumont Townsite Company, each of whom is known to me to be the person whose name is subscribed to the foregoing instrument of writing, and severally acknowledged to me that they executed the same for the purposes and considerations therein expressed and in the capacity therein stated, and as the act and deed of The East Beaumont Townsite Company.

(SEAL)

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 13th day of March, A. D. 1937.

Louise Averra

Notary Public in and for Jefferson County, Texas.

(Map marked "Exhibit A" hereto attached, recorded in Vol. 2, Page 45, Map Records, Orange County, Texas)

(Map marked "Exhibit B" hereto attached, recorded in Vol. 2, Page 46, Map Records, Orange County, Texas)

Filed for record the 26th day of April, A. D., 1937, at 8 o'clock A. M., and duly recorded this the 11th day of May, A. D., 1937, at 11:25 o'clock A. M.

W. A. Gunning, Clerk,
County Court, Orange County, Texas.

By: Sadie Stephens, Deputy.

Tab 10
Existing Property

EXISTING PROPERTY

Jefferson Refinery, LLC currently operates the Port of Beaumont Petroleum Transload Terminal (PBPTT). The terminal, which began construction in 2013 and is expected to be complete in 2014, is a light crude offloading and storage facility. Operations at PBPTT began in December 2013, and approximately 30 new jobs were created at this facility in 2013. When complete, PBPTT will be capable of storing light crude and transferring light crude from train cars or storage tanks directly to barges. **The Port of Beaumont Petroleum Transload Terminal is not the subject of the present Application for Appraised Value Limitation on Qualified Property.**

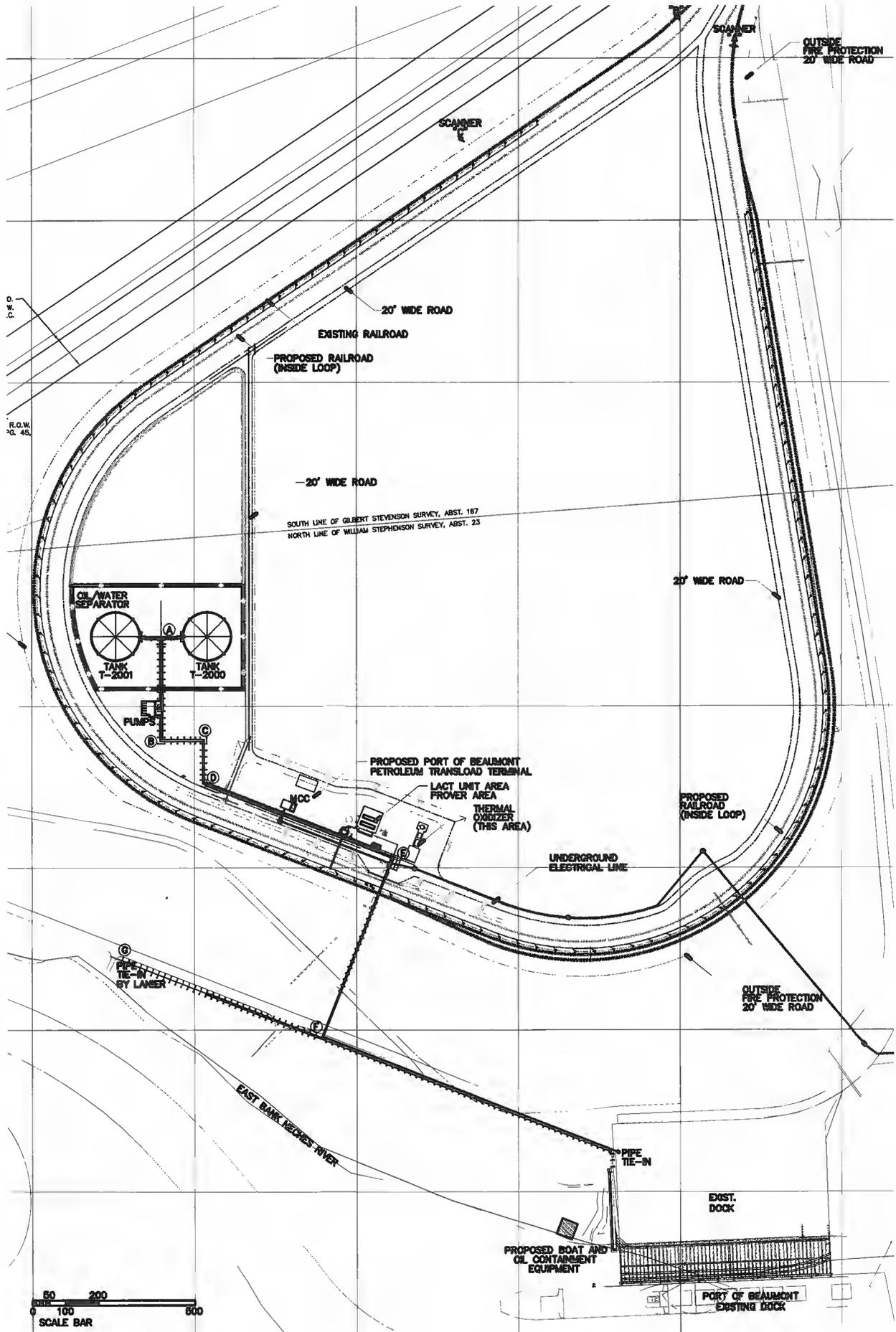
In contrast, the proposed project that is the subject of this Application is a bitumen blending, offloading, storage and processing facility. The heavy crude known as bitumen is highly viscous and must be heated to over 200 °F in order to flow. Specialty equipment is required to be able to unload the bitumen from rail cars or tanker trucks, and the heavy crude cannot be transported via pipeline due to its high viscosity. The proposed facility would be capable of heating and blending bitumen with light crude to produce a new product capable of transport via pipeline. As bitumen is heated, lighter end materials come off the feedstock. The remaining material may then be blended with other materials to form a product that is more easily transportable and compatible with existing Gulf Coast refineries. **The existing PBPTT facility is completely independent of the proposed project. The systems cannot be combined or integrated due to the risk of contamination of the light crude system by the bitumen.**

As of January 2014, PBPTT had the following equipment on site:

- 120 Railcar Unloading Stations
- 2 LACT Units
- LACT Prover
- Underground Can
- 2 Storage Tanks
- 8 Pumps
- Thermal Oxidizer
- Pipe Racks and Piping
- Railcar Scanners
- Temporary MCC Building
- Temporary Control Room
- Dock Superstructure

At the time of this application, 2014 property value assessments had not yet been issued for the property located at the Port of Beaumont Petroleum Transload Terminal. The equipment was new in 2013 and therefore did not have a value as of January 1, 2013, the latest year for which assessment data was available.

DIAGRAM OF EXISTING IMPROVEMENTS AND CIP AT PROJECT SITE AS OF APPLICATION DATE: 11/17/11



PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



Image # 131120 - 6012
Acq. Date : 11.20.2013
File # 888-542-0231

Port of Beaumont Orange County Project



PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



Port of Beaumont Orange County Project

Image # 131120 6014
Acq Date : 11.20.2013
Photo 888.542.0231

PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



**Port of Beaumont
Orange County Project**

Image # 131120 6021
Date : 11.20.2013
Phone 888.542.0231
www.aeraphoto.com

PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



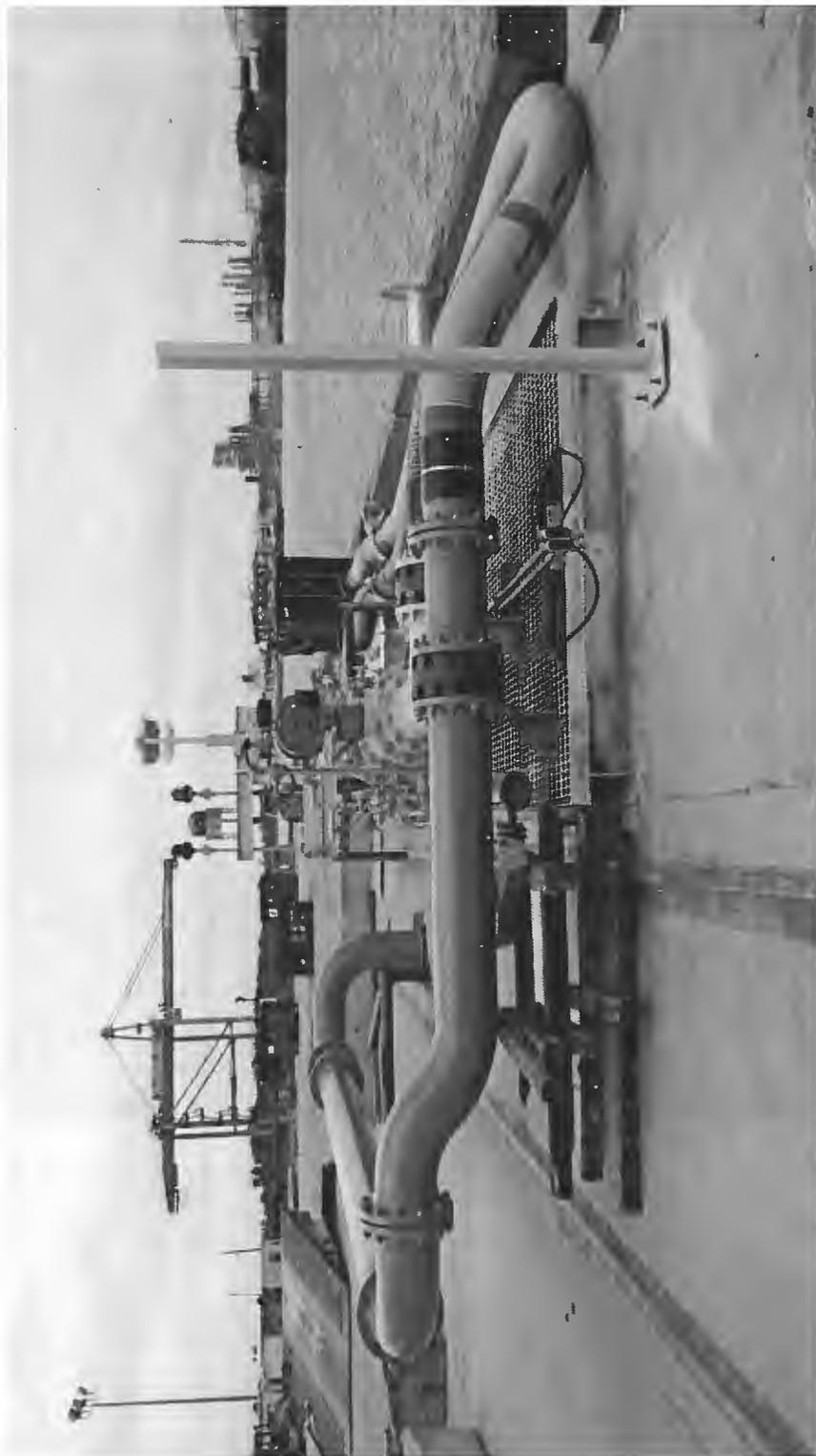
PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



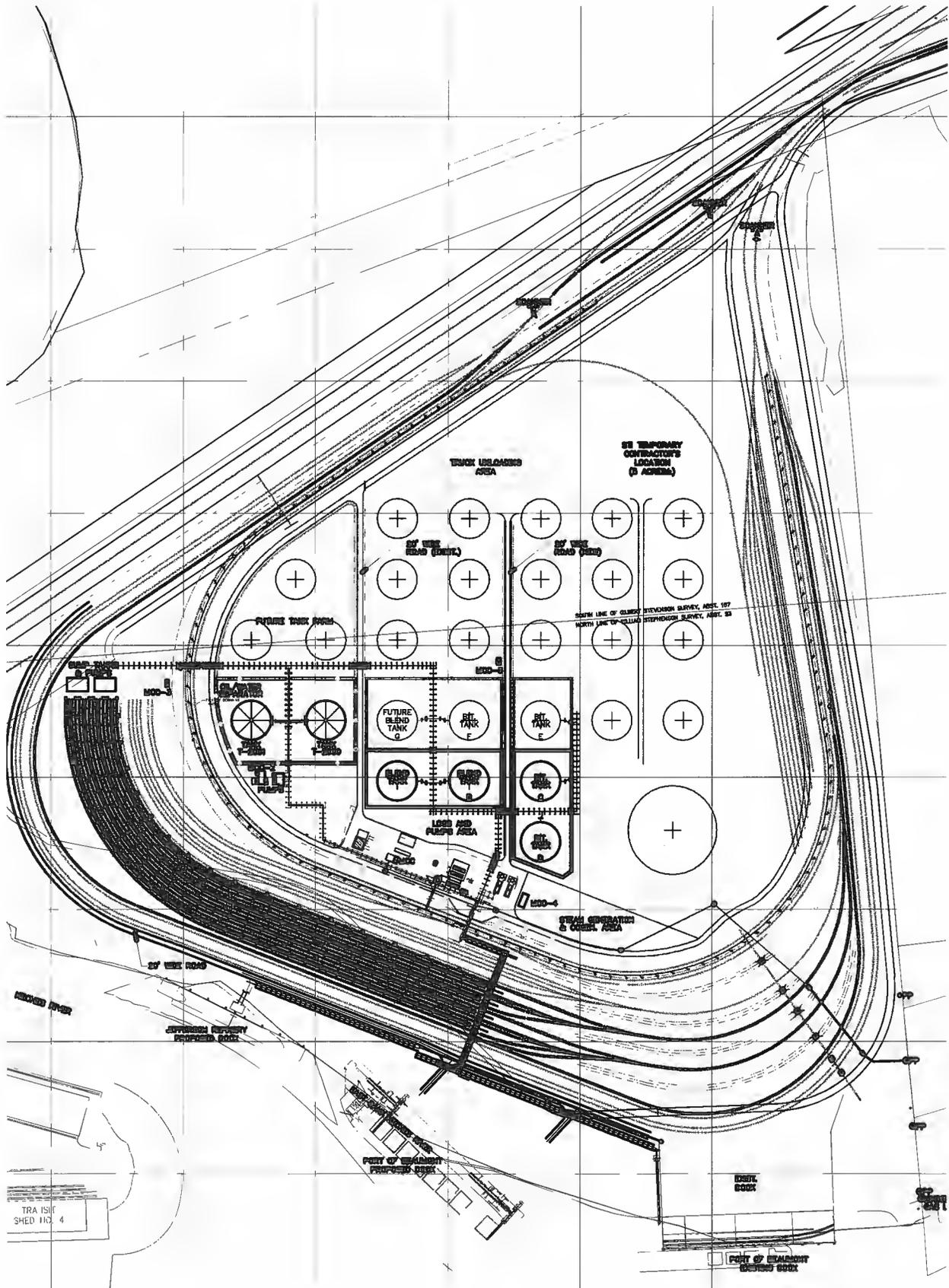
PHOTOGRAPH OF EXISTING IMPROVEMENTS AT PROJECT SITE AS OF APPLICATION DATE



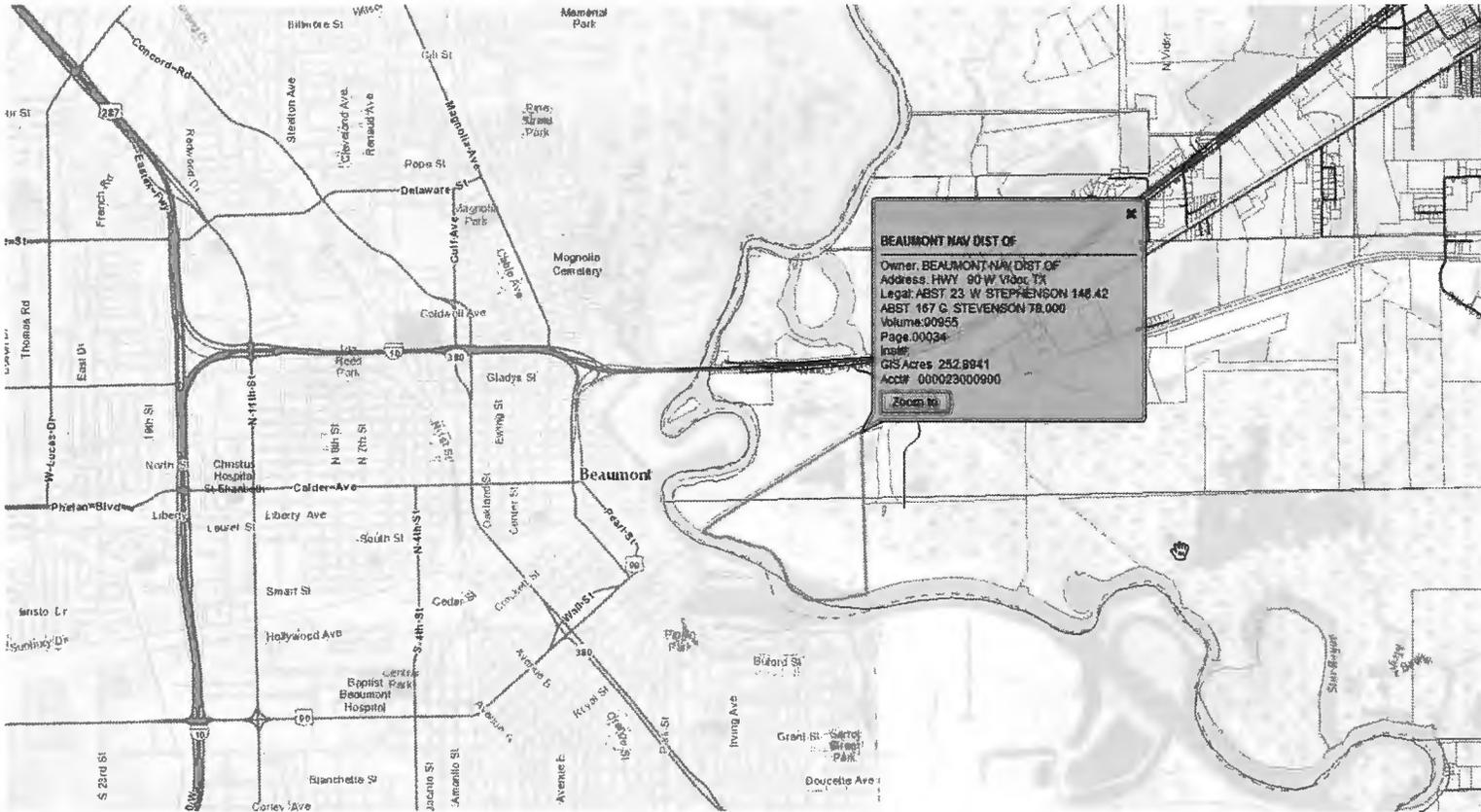
Tab 11

Maps

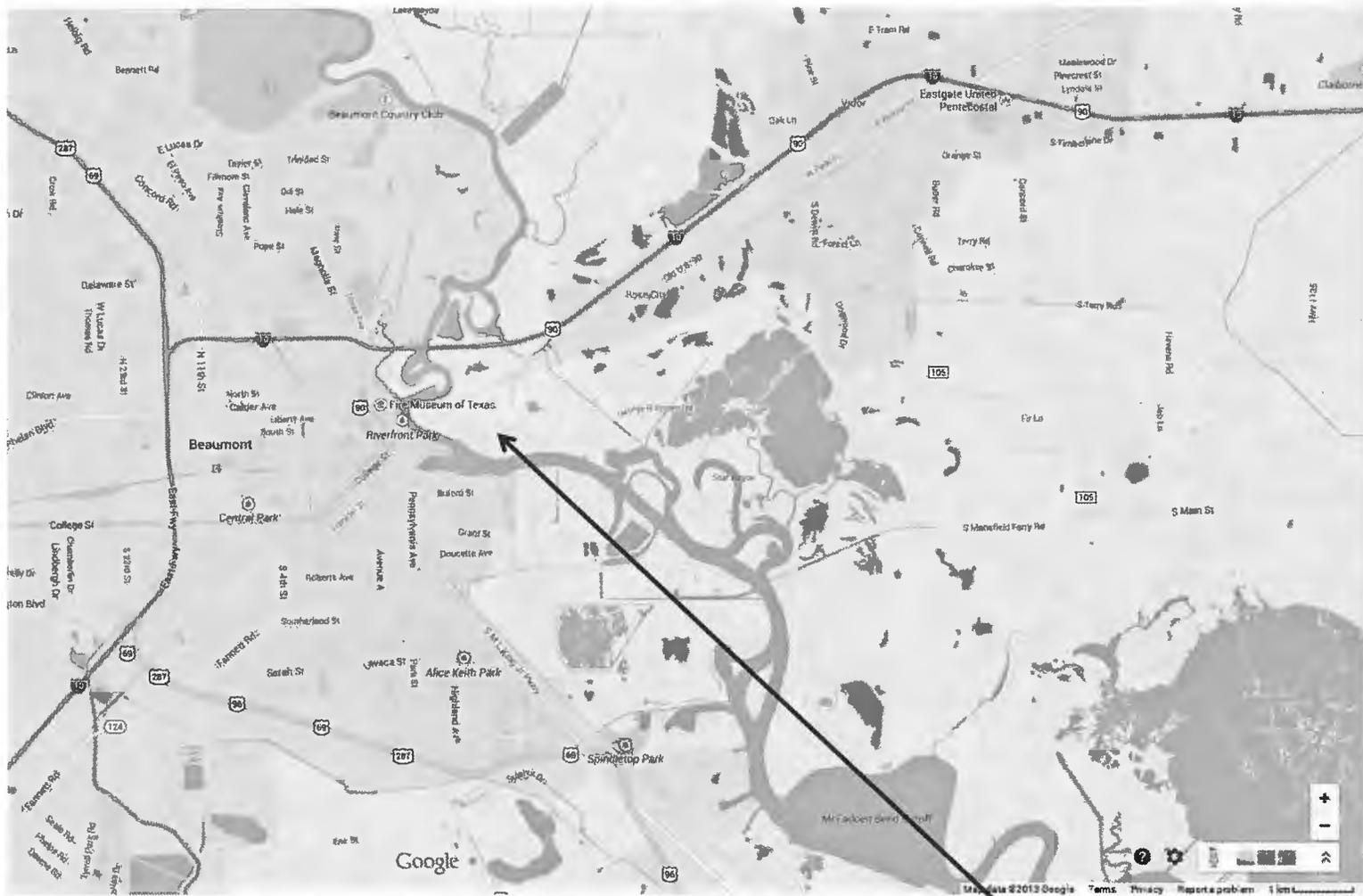
DIAGRAM OF PROPOSED IMPROVEMENTS AT PROJECT SITE
(INCLUDING QUALIFIED INVESTMENTS AND EXISTING PROPERTY DESCRIBED IN TAB 10)



ORANGE COUNTY APPRAISAL DISTRICT MAP OF PROPOSED PROJECT LOCATION



VICINITY MAP OF PROPOSED PROJECT LOCATION



PROPOSED PROJECT LOCATION

VICINITY MAP OF PROPOSED PROJECT LOCATION

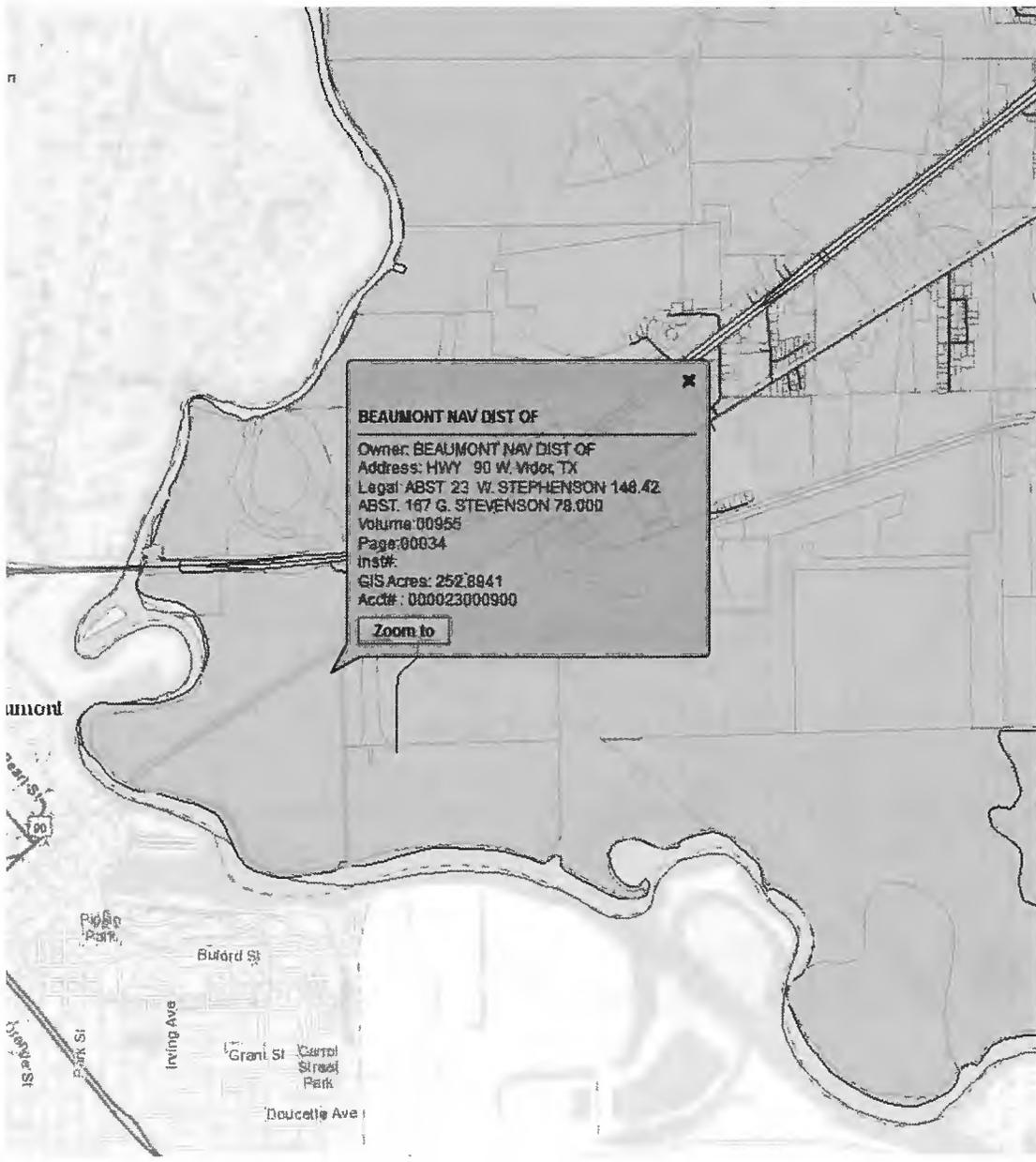


PROPOSED PROJECT LOCATION

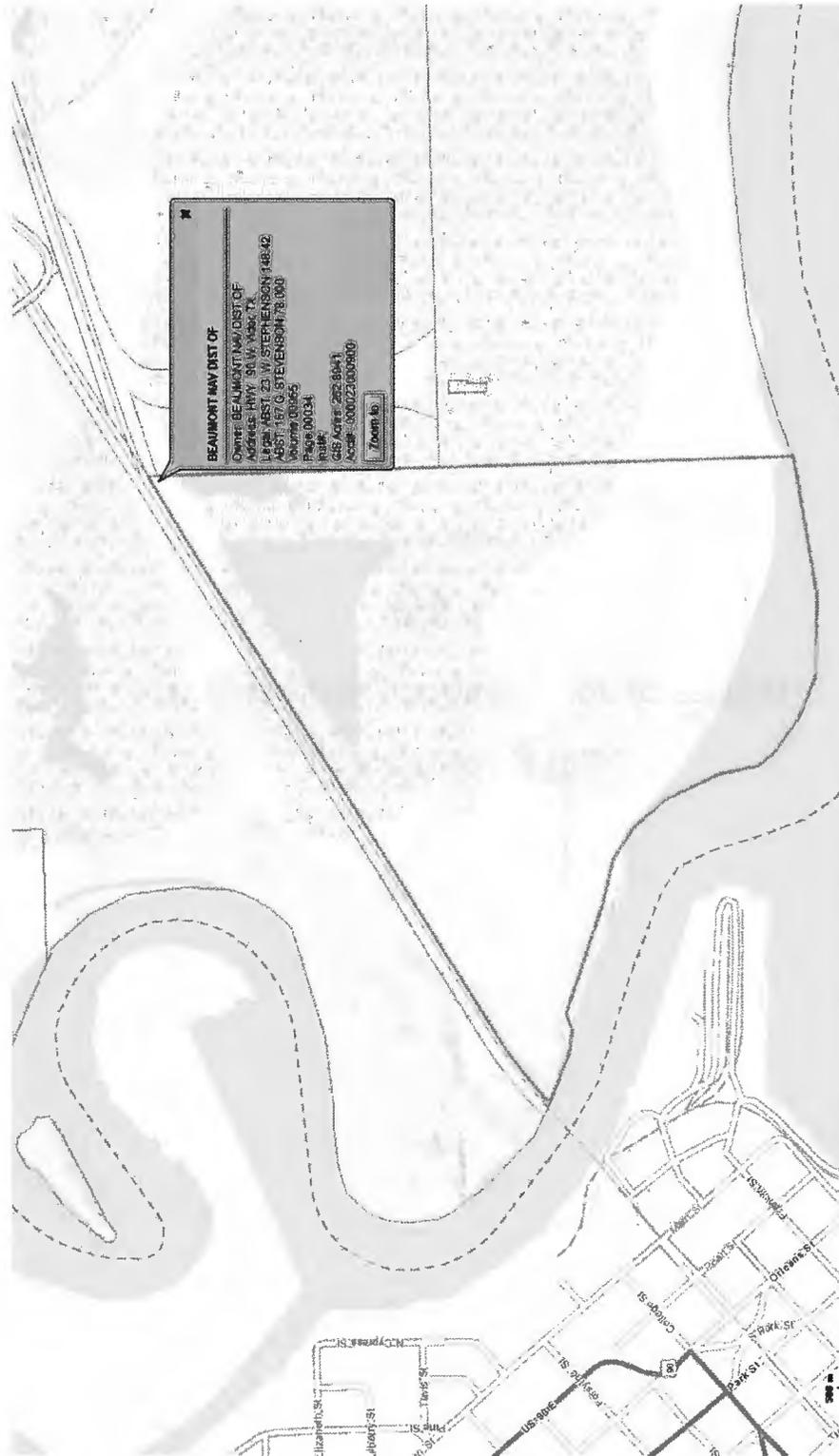
TEXAS EDUCATION AGENCY MAP OF VIDOR INDEPENDENT SCHOOL DISTRICT



**ORANGE COUNTY APPRAISAL DISTRICT MAP
OF VIDOR INDEPENDENT SCHOOL DISTRICT**



MAP OF REINVESTMENT ZONE



Tab 12

Waiver of Job Creation Requirement

Not Requested

Tab 13

Wage Requirement Calculations

WAGE CALCULATIONS

ALL JOBS (ALL INDUSTRIES) IN ORANGE COUNTY:

QUARTER	AVG WEEKLY WAGES*	ANNUALIZED
2012 Q4	\$882	\$45,864
2013 Q1	\$892	\$46,384
2013 Q2	\$845	\$43,940
2013 Q3	\$898	\$46,696
AVERAGE	\$879	\$45,721
	x	110%
	\$967	\$50,293

MANUFACTURING JOBS IN ORANGE COUNTY:

QUARTER	AVG WEEKLY WAGES*	ANNUALIZED
2012 Q4	\$1,530	\$79,560
2013 Q1	\$1,756	\$91,312
2013 Q2	\$1,493	\$77,636
2013 Q3	\$1,549	\$80,548
AVERAGE	\$1,582	\$82,264
	x	110%
	\$1,740	\$90,490

REGIONAL WAGE RATE:

REGION	AVG WEEKLY WAGES*	AVG ANNUAL WAGES*
SOUTH EAST	\$1,175	\$61,118
	x	110%
	\$1,292.88	\$67,230

* SEE ATTACHED TWC DOCUMENTATION.

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	1st Qtr	Orange County	Total All	00	0	10	Total, All Industries	\$922
2012	2nd Qtr	Orange County	Total All	00	0	10	Total, All Industries	\$822
2012	3rd Qtr	Orange County	Total All	00	0	10	Total, All Industries	\$854
2012	4th Qtr	Orange County	Total All	00	0	10	Total, All Industries	\$882
2013	1st Qtr	Orange County	Total All	00	0	10	Total, All Industries	\$892
2013	2nd Qtr	Orange County	Total All	00	0	10	Total, All Industries	\$845
2013	3rd Qtr	Orange County	Total All	00	0	10	Total, All Industries	\$894

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	W	k	W
2012	1st Qtr	Orange County	Total All	31	2	31-33	Manufacturing			\$1,910
2012	2nd Qtr	Orange County	Total All	31	2	31-33	Manufacturing			\$1,451
2012	3rd Qtr	Orange County	Total All	31	2	31-33	Manufacturing			\$1,477
2012	4th Qtr	Orange County	Total All	31	2	31-33	Manufacturing			\$1,530
2013	1st Qtr	Orange County	Total All	31	2	31-33	Manufacturing			\$1,756
2013	2nd Qtr	Orange County	Total All	31	2	31-33	Manufacturing			\$1,494
2013	3rd Qtr	Orange County	Total All	31	2	31-33	Manufacturing			\$1,531

**2012 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$23.56	\$48,996
<u>1. Panhandle Regional Planning Commission</u>	\$20.12	\$41,850
<u>2. South Plains Association of Governments</u>	\$16.18	\$33,662
<u>3. NORTEX Regional Planning Commission</u>	\$17.83	\$37,076
<u>4. North Central Texas Council of Governments</u>	\$24.68	\$51,333
<u>5. Ark-Tex Council of Governments</u>	\$16.84	\$35,032
<u>6. East Texas Council of Governments</u>	\$19.61	\$40,797
<u>7. West Central Texas Council of Governments</u>	\$18.24	\$37,941
<u>8. Rio Grande Council of Governments</u>	\$16.17	\$33,631
<u>9. Permian Basin Regional Planning Commission</u>	\$21.93	\$45,624
<u>10. Concho Valley Council of Governments</u>	\$16.33	\$33,956
<u>11. Heart of Texas Council of Governments</u>	\$19.07	\$39,670
<u>12. Capital Area Council of Governments</u>	\$26.03	\$54,146
<u>13. Brazos Valley Council of Governments</u>	\$16.55	\$34,424
<u>14. Deep East Texas Council of Governments</u>	\$16.20	\$33,698
<u>15. South East Texas Regional Planning Commission</u>	\$29.38	\$61,118
<u>16. Houston-Galveston Area Council</u>	\$26.59	\$55,317
<u>17. Golden Crescent Regional Planning Commission</u>	\$21.03	\$43,742
<u>18. Alamo Area Council of Governments</u>	\$18.40	\$38,280
<u>19. South Texas Development Council</u>	\$13.54	\$28,170
<u>20. Coastal Bend Council of Governments</u>	\$22.97	\$47,786
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.33	\$33,961
<u>22. Texoma Council of Governments</u>	\$22.57	\$46,949
<u>23. Central Texas Council of Governments</u>	\$17.16	\$35,689
<u>24. Middle Rio Grande Development Council</u>	\$18.93	\$39,380

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

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.

Tab 14

Schedules A1, A2, B, C, and D

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

Applicant Name:

Jefferson Refinery, LLC

Form 50-296A

ISD Name:

Vidor Independent School District

Revised Feb 2014

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)	2014	Not eligible to become Qualified Property		\$ -	\$ -	\$ -
Investment made after filing complete application with district, but before final board approval of application	--			\$ -	\$ -	\$ -	\$ -	\$ -
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$ 124,809,000	\$ 191,000	\$ -	\$ -	\$ 125,000,000
Complete tax years of qualifying time period	QTP1	2015-2016	2015	\$ 124,807,000	\$ 193,000	\$ -	\$ -	\$ 125,000,000
	QTP2	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ 249,616,000	\$ 384,000	\$ -	\$ -	\$ 250,000,000
Enter amounts from TOTAL row above in Schedule A2								
Total Qualified Investment (sum of green cells)				\$ 250,000,000				

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. 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.

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.

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)

Applicant Name:

Jefferson Refinery, LLC

Form 50-296A

ISD Name:

Vidor Independent School District

Revised Feb 2014

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 not 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		Enter amounts from TOTAL row in Schedule A1 in the row below				
				\$ 249,616,000	\$ 384,000	\$ -	\$ -	\$ 250,000,000
Value limitation period***	1	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -
	2	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -
	3	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -
	4	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -
	5	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -
	6	2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -
	7	2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -
	8	2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -
	9	2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -
	10	2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -
Total Investment made through limitation				\$ 249,616,000	\$ 384,000	\$ -	\$ -	\$ 250,000,000
Continue to maintain viable presence	11	2027-2028	2027			\$ -		\$ -
	12	2028-2029	2028			\$ -		\$ -
	13	2029-2030	2029			\$ -		\$ -
	14	2030-2031	2030			\$ -		\$ -
	15	2031-2032	2031			\$ -		\$ -
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2032-2033	2032			\$ -		\$ -
	17	2033-2034	2033			\$ -		\$ -
	18	2034-2035	2034			\$ -		\$ -
	19	2035-2036	2035			\$ -		\$ -
	20	2036-2037	2036			\$ -		\$ -
	21	2037-2038	2037			\$ -		\$ -
	22	2038-2039	2038			\$ -		\$ -
	23	2039-2040	2039			\$ -		\$ -
	24	2040-2041	2040			\$ -		\$ -
	25	2041-2042	2041			\$ -		\$ -

* 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 investment

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)

Applicant Name:
ISD Name:

Jefferson Refinery, LLC
Vidor Independent School District

Form 50-296A
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	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) 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
<i>Each year prior to start of Value Limitation Period Insert as many rows as necessary</i>	0	2014-2015	2014	\$ 120,275	\$ -	\$ -	\$ 120,275	\$ 120,275	\$ 120,275
	0	2015-2016	2015	\$ 120,275	\$ 186,000	\$ 121,689,000	\$ 107,392,595	\$ 107,392,595	\$ 107,392,595
	0	2016-2017	2016	\$ 120,275	\$ 370,000	\$ 240,334,000	\$ 211,984,195	\$ 211,984,195	\$ 211,984,195
Value Limitation Period	1	2017-2018	2017	\$ 120,275	\$ 361,000	\$ 234,325,650	\$ 206,687,847	\$ 206,687,847	\$ 25,000,000
	2	2018-2019	2018	\$ 120,275	\$ 352,000	\$ 228,467,509	\$ 201,523,683	\$ 201,523,683	\$ 25,000,000
	3	2019-2020	2019	\$ 120,275	\$ 343,000	\$ 222,755,821	\$ 196,488,398	\$ 196,488,398	\$ 25,000,000
	4	2020-2021	2020	\$ 120,275	\$ 334,000	\$ 217,186,926	\$ 191,578,769	\$ 191,578,769	\$ 25,000,000
	5	2021-2022	2021	\$ 120,275	\$ 326,000	\$ 211,757,252	\$ 186,792,657	\$ 186,792,657	\$ 25,000,000
	6	2022-2023	2022	\$ 120,275	\$ 318,000	\$ 206,463,321	\$ 182,125,998	\$ 182,125,998	\$ 25,000,000
	7	2023-2024	2023	\$ 120,275	\$ 310,000	\$ 201,301,738	\$ 177,575,804	\$ 177,575,804	\$ 25,000,000
	8	2024-2025	2024	\$ 120,275	\$ 302,000	\$ 196,269,195	\$ 173,139,166	\$ 173,139,166	\$ 25,000,000
	9	2025-2026	2025	\$ 120,275	\$ 294,000	\$ 191,362,465	\$ 168,813,244	\$ 168,813,244	\$ 25,000,000
	10	2026-2027	2026	\$ 120,275	\$ 287,000	\$ 186,578,403	\$ 164,596,270	\$ 164,596,270	\$ 25,000,000
Continue to maintain viable presence	11	2027-2028	2027	\$ 120,275	\$ 280,000	\$ 181,913,943	\$ 160,484,545	\$ 160,484,545	\$ 160,484,545
	12	2028-2029	2028	\$ 120,275	\$ 273,000	\$ 177,366,094	\$ 156,475,438	\$ 156,475,438	\$ 156,475,438
	13	2029-2030	2029	\$ 120,275	\$ 266,000	\$ 172,931,942	\$ 152,566,384	\$ 152,566,384	\$ 152,566,384
	14	2030-2031	2030	\$ 120,275	\$ 259,000	\$ 168,608,644	\$ 148,754,881	\$ 148,754,881	\$ 148,754,881
	15	2031-2032	2031	\$ 120,275	\$ 253,000	\$ 164,393,427	\$ 145,039,491	\$ 145,039,491	\$ 145,039,491
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2032-2033	2032	\$ 120,275	\$ 247,000	\$ 160,283,592	\$ 141,416,836	\$ 141,416,836	\$ 141,416,836
	17	2033-2034	2033	\$ 120,275	\$ 241,000	\$ 156,276,502	\$ 137,884,597	\$ 137,884,597	\$ 137,884,597
	18	2034-2035	2034	\$ 120,275	\$ 235,000	\$ 152,369,589	\$ 134,440,514	\$ 134,440,514	\$ 134,440,514
	19	2035-2036	2035	\$ 120,275	\$ 229,000	\$ 148,560,350	\$ 131,082,383	\$ 131,082,383	\$ 131,082,383
	20	2036-2037	2036	\$ 120,275	\$ 223,000	\$ 144,846,341	\$ 127,808,055	\$ 127,808,055	\$ 127,808,055
	21	2037-2038	2037	\$ 120,275	\$ 217,000	\$ 141,225,182	\$ 124,615,436	\$ 124,615,436	\$ 124,615,436
	22	2038-2039	2038	\$ 120,275	\$ 212,000	\$ 137,694,553	\$ 121,503,482	\$ 121,503,482	\$ 121,503,482
	23	2039-2040	2039	\$ 120,275	\$ 207,000	\$ 134,252,189	\$ 118,469,201	\$ 118,469,201	\$ 118,469,201
	24	2040-2041	2040	\$ 120,275	\$ 202,000	\$ 130,895,884	\$ 115,510,653	\$ 115,510,653	\$ 115,510,653
	25	2041-2042	2041	\$ 120,275	\$ 197,000	\$ 127,623,487	\$ 112,625,944	\$ 112,625,944	\$ 112,625,944

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

Applicant Name:

Jefferson Refinery, LLC

Form 50-296A

ISD Name:

Vidor Independent School District

Revised Feb 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
<i>Each year prior to start of Value Limitation Period Insert as many rows as necessary</i>	0	2014-2015	2014	180 FTEs	\$ 54,100	7	25	\$ 67,230
Value Limitation Period The qualifying time period could overlap the value limitation period.	1	2015-2016	2015	200 FTEs	\$ 54,100	14	50	\$ 67,230
	2	2016-2017	2016	180 FTEs	\$ 54,100	14	50	\$ 67,230
	3	2017-2018	2017	10 FTEs	\$ 54,100	14	50	\$ 67,230
	4	2018-2019	2018		\$ -	14	50	\$ 67,230
	5	2019-2020	2019		\$ -	14	50	\$ 67,230
	6	2020-2021	2020		\$ -	14	50	\$ 67,230
	7	2021-2022	2021		\$ -	14	50	\$ 67,230
	8	2022-2023	2022		\$ -	14	50	\$ 67,230
	9	2023-2024	2023		\$ -	14	50	\$ 67,230
	10	2024-2025	2024		\$ -	14	50	\$ 67,230
Years Following Value Limitation Period	11 through 25	2025-2026	2025		\$ -	14	50	\$ 67,230

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) Yes No

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)

Applicant Name:

Jefferson Refinery, LLC

Form 50-296A

ISD Name:

Vidor Independent School District

Revised Feb 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:					
	City:					
	Other:					
Local Government Code Chapters 380/381	County: Orange	2014	10 YEARS	\$ 1,058,000.00	100% - ALL YEARS	\$ -
	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				\$ 1,058,000		\$ -

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Additional information on incentives for this project:

381 AGREEMENT WILL INCLUDE ANNUAL FEES AND PILOT PAYMENTS PAYABLE TO THE LOCAL JURISDICTIONS TOTALLING \$1,455,000 OVER 10 YEARS.

EXHIBIT B

Tab 15
Economic Impact Analysis

ECONOMIC IMPACT ANALYSIS

The economic impact study will be performed by the Comptroller at a future date.

Tab 16
Reinvestment Zone

ORDER FOR DESIGNATION OF REINVESTMENT ZONE

WHEREAS, the Commissioners' Court of Orange County, Texas, has determined that the economic well-being of the Orange community is a primary concern of the Court; and

WHEREAS, Chapter 312, Tax Code, V.A.C.S. known as the Texas Property Redevelopment and Tax Abatement Act provides that Orange County has authority to create reinvestment zones within the County for the purpose of economic development; and

WHEREAS, on November 18, 2013, the Orange County Commissioners' Court established certain guidelines and criteria governing tax abatement agreements and indicated the desire of Orange County to become eligible to participate in tax abatement; and

WHEREAS, Jefferson Refining, Inc. has indicated a desire to create a reinvestment zone comprised of real property belonging to Port of Beaumont, for the purposes of economic development as defined under the Texas Redevelopment and Tax Abatement Act; and

WHEREAS, on the 11th day of December, 2013, notice was published in the Orange Leader, a newspaper of general circulation in Orange County, Texas, stating that a public hearing would be conducted by the Orange County Commissioners' Court on December 18th, 2013, to consider the application of Jefferson Refining, to have property herein described as Exhibit "A", designated as a reinvestment zone; and

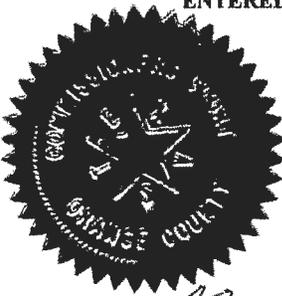
WHEREAS, it is the finding of the Commissioners' Court of Orange County, that the terms of the agreement and the property would be a benefit to the said property and the development anticipated to occur in the proposed zone would contribute to the economic development of Orange County, Texas; and

WHEREAS, it is the finding of the Commissioners' Court of Orange County, that the designation of the reinvestment zone would contribute to the retention or expansion of primary employment within Orange County; and

WHEREAS, it is the finding of the Commissioners' Court of Orange County, that the terms of the agreement and the property described as Exhibit "A", meet the applicable guidelines and criteria adopted by Orange County; and

BE IT THEREFORE ORDERED, that the Commissioner's Court of Orange County, hereby designates as a reinvestment zone property herein described as Exhibit "A", pursuant to the authority of Section 312.401 of the Texas Property Redevelopment and Tax Abatement Act.

ENTERED INTO on this the 18th day of December, 2013.



Carl K. Thibodeaux
Carl K. Thibodeaux, County Judge

David Dubose
David Dubose, Commissioner, Pct. 1

Owen Burton
Owen Burton, Commissioner, Pct. 2

John Banken
John Banken, Commissioner, Pct. 3

Jody Crump
Jody Crump, Commissioner, Pct. 4

Attest:

Karen Jo Vance
Karen Jo Vance, County Clerk

S. 75 deg. 14' E. 350 ft., S. 55 deg. 38' E. 250 ft., S. 39 deg. 58' E. 250 ft., S. 23 deg. 41' E. 450 ft., S. 10 deg. 51' E. 285 ft., S. 54 deg. 31' E. 140 ft., S. 53 deg. 40' E. 310 ft., S. 66 deg. 30' E. 305 ft., S. 57 deg. 41' E. 580 ft., N. 52 deg. 16' E. 950 ft., N. 71 deg. 51' E. 20 ft. to corner; thence north 4455 ft. to center of said K. C. S. Railroad track; thence with same S. 61 deg. 08' W. 4424.4 ft. to corner; thence with same S. 54 deg. 57' W. 269 feet and S. 49 deg. 40' W. 327 ft. to main bridge; thence with same S. 47 deg. 10' W. 200 ft. to place of beginning, containing 250 acres of land, inclusive of offsets to river bank and exclusive of K. C. S. Railway Company's 75 foot right of way on south side of track."

And as shown and delineated upon the blueprint map or plat of said land attached hereto, marked "Exhibit A", and made a part hereof.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said City of Beaumont, its successors and assigns forever, provided, however, the grantor reserves unto itself a one-sixteenth (1/16) perpetual royalty upon any minerals produced from said two hundred fifty (250) acres of land herein conveyed.

And The East Beaumont Townsite Company hereby binds itself, its trustees, successors, and assigns to warrant and forever defend all and singular the said premises unto the said City of Beaumont, a municipal corporation, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

And for and in consideration of the premises, The East Beaumont Townsite Company, and its Trustees, hereunto duly authorized, do hereby bargain, grant, sell, and convey unto the said City of Beaumont, a municipal corporation, its successors and assigns, the following right-of-ways and easements, to wit:

A. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width, beginning at the Neches River bank about 2500 feet east of the Southern Pacific Railroad bridge, thence parallel in a northeasterly direction with the Southern Pacific and Kansas City Southern right-of-way, respectively, to a connection with the Old Spanish Trail highway; this was formerly a section of the old Beaumont-Orange Road utilizing the Hickory Street crossing.

B. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width and extending from the 250-acre tract of land conveyed herein at a point about 1250 feet east of the Kansas City Southern Railroad bridge, thence extending in a northeasterly direction along the East Beaumont Townsite Company's levee and parallels the river, to a connection with the right-of-way easement conveyed in article (A) hereof. This is another section of the old Beaumont-Orange Road utilizing the Hickory Street crossing.

C. A right-of-way, the free and uninterrupted use, liberty, and privilege of and passage in and along, for all highway purposes, a certain way over a strip of land sixty (60) feet in width and extending from the 250-acre tract of land conveyed herein by way of the Kansas City Southern Railroad and Southern Pacific Railroad underpasses, respectively, to a connection with the highway easement described in article (A) hereof.

D. A right-of-way for the free and uninterrupted use, liberty and privilege of and passage in and along a certain way, for all highway purposes, for the building of switch track or tracks of railroads connecting with the Southern Pacific Railroad and for the construction of ditches for drainage facilities over a strip of land eighty (80) feet in width beginning at a point on the Southern Pacific Railroad right-of-way about 1000 feet northeast of the "Blocking Tower" and continuing thence due south to a connection with the Neches River.

E. A right-of-way for the free and uninterrupted use, liberty, and privilege for the laying of railroad switch tracks and the use thereof over a strip of land twenty (20) feet in

width, having as its beginning a point on the west side of the land designated in article (D) hereof, about 1350 feet north of the Neches River and continuing westward, more or less, parallel to the River to the 250-acre tract herein conveyed.

F. A right-of-way over the land of the East Beaumont Townsite Company to east of the 250-acre tract of land herein conveyed and the right to lay and construct pipe lines connecting with the present trunk pipe line of the United Gas System (gas) and the Magnolia Petroleum Company (crude oil), respectively, to connect with the 250-acre tract of land herein conveyed.

G. A right-of-way over the East Beaumont Townsite Company's property immediately alongside the Southern Pacific Railroad and the Kansas City Southern Railroad right-of-ways, respectively, and the right to erect poles and construct telephone, telegraph, electric light and electric power lines to a connection with the west terminus of the right-of-way of the Gulf States Utilities Company located along the Old Spanish Trail approximately one mile north of the 250-acre tract of land herein conveyed.

H. A right-of-way of sufficient width as may be required by the Orange County Water Company, Inc., or its successors, and the right to construct a canal thereover for the conveyance of water over and across the lands of the East Beaumont Townsite Company to the east of the 250-acre tract herein conveyed, and along the division line of the Gilbert Stephenson and Wm. Stephenson Leagues of land in Orange County, Texas, to the east boundary of The East Beaumont Townsite Company's land in Orange County, Texas, for a canal connecting with the Orange County Water Company System, said right-of-way being approximately 3-1/3 miles in extent.

I. A right-of-way sixty (60) feet in width for all highway purposes, and the free and uninterrupted use, liberty, and privilege of and passage in and along the same across the land leading from the Old Spanish Trail highway at a point where it crosses the Kansas City Southern Railroad before it turns east to Vidar near the old Hickory Street Road entrance to the property of the East Beaumont Townsite Company, thence to connect with the 250-acre tract of land herein conveyed.

Said easements and right-of-ways being delineated upon the map or plat hereto attached and marked, "Exhibit B", and hereby referred to for a more particular description.

TO HAVE AND TO HOLD the above-described property unto the said City of Beaumont, its successors and assigns forever, and The East Beaumont Townsite Company hereby binds itself, its trustees, successors and assigns to warrant and forever defend all and singular the said property herein conveyed unto the said City of Beaumont, its successors or assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

And it is further distinctly understood and agreed by both parties hereto that the several easements for roadways, switch tracks, water supplies, power lines, telephone and telegraph lines, over the property of The East Beaumont Townsite Company not included in the 250 acres of land herein conveyed are intended for the use of the City of Beaumont, its successors or assigns, and in no event is the City of Beaumont, its successors or assigns, to have any exclusive rights into or upon said easements or right-of-ways, and that all the comforts ensuing from time to time through said easements, such as drainage, fresh water supply, electric power, switching service, telephone, telegraph, and gas service, are to be available alike to The East Beaumont Townsite Company, its successors or assigns, and to the City of Beaumont, its successors or assigns.

It is further understood and agreed by the parties hereto that The East Beaumont Townsite Company, in conveying the easement for water supply canal described in article (H) hereof, reserves for itself, its successors or assigns, a perpetual right of egress and ingress to and across said right-of-way, as well as the right to construct improvements, build and maintain streets, alleys, drainage ditches, pipe lines, and other facilities incident to an industrial addition or city across the strip of land affected by said easement, with the understanding, however, that the canal or whatever conveyance may be provided for conducting water thereover will

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be safeguarded by The East Beaumont Townsite Company. And it is further understood and agreed that in the provision of the water supply canal over said easement, The East Beaumont Townsite Company's canal levees and roadways shall not be destroyed or unreasonably damaged.

It is further understood and agreed by the parties hereto that the land herein conveyed to the City of Beaumont, and that affected by the easements herein conveyed, is a part of The East Beaumont Townsite Company's land which has been surrounded by a levee to protect it against overflow from rises in the Neches River and has been provided with a system of canals for drainage of same, and that both parties hereto, their successors and assigns, shall not so improve or use the land over which the several easements have been conveyed as will destroy the purpose for which said levees or drainage canals were created.

As a part of the consideration for this conveyance, The East Beaumont Townsite Company, and the trustees thereof, hereby waive any claim to the spoils to be engendered by pending improvements of the waterway contiguous to the land purchased by the City herein, and further waive any claim to the spoil in that section extending from the southeast corner of the 250-acre tract of land conveyed herein down stream to a point directly above the drainage outlet of The East Beaumont Townsite Company at its pumping station, so that the City of Beaumont may use same for the further filling in of the property herein conveyed.

In further consideration hereof, The East Beaumont Townsite Company, and the trustees thereof, hereby withdraw any and all objections which they have heretofore registered against such contemplated improvement work by the United States Government or by the Wharf and Dock Board of the City of Beaumont on the Neches River and harbor development, and hereby bind themselves to make no further objections thereto.

It is further distinctly understood and agreed that The East Beaumont Townsite Company is a joint stock association, without personal liability of the stockholders, trustees, or officers, and that for any debt, demand or damage, judgment, or decree, or for any money obligation whatever that may become due and payable by reason of this contract or its breach or performance in whole or in part, against the said The East Beaumont Townsite Company and in favor of the party of the second, or other party or parties in whose behalf such demand may arise, shall look exclusively to the trust property in the hands of the trustee of said association for payment of same, and upon no account and in no event shall there be any individual liability of the shareholders, its officers or trustees, under and by virtue of the terms of this contract.

In testimony whereof The East Beaumont Townsite Company and the trustees thereof, H. A. Perlstein, J. E. Broussard, and Wm. Saenger, have executed this deed and had the same attested by the secretary and caused the seal of The East Beaumont Townsite Company to be hereto affixed this, the 12th day of March, A. D. 1937.

(SEAL)

EAST BEAUMONT TOWNSITE COMPANY

H. A. Perlstein

J. E. Broussard

William Saenger

Trustees

THE STATE OF TEXAS :
COUNTY OF JEFFERSON : BEFORE ME, the undersigned notary public in and for Jefferson County, Texas, on this day personally appeared H. A. Perlstein, J. E. Broussard, and Wm. Saenger, trustees of The East Beaumont Townsite Company, each of whom is known to me to be the person whose name is subscribed to the foregoing instrument of writing, and severally acknowledged to me that they executed the same for the purposes and considerations therein expressed and in the capacity therein stated, and as the act and deed of The East Beaumont Townsite Company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 13th day of March, A. D. 1937.

(SEAL)

Louise Averre

Notary Public in and for Jefferson County, Texas.

(Map marked "Exhibit A" hereto attached, recorded in Vol. 2, Page 45, Map Records, Orange County, Texas)

(Map marked "Exhibit B" hereto attached, recorded in Vol. 2, Page 46, Map Records, Orange County, Texas)

Filed for record the 28th day of April, A. D., 1937, at 8 o'clock A. M., and duly recorded this the 11th day of May, A. D., 1937, at 11:25 o'clock A. M.

W. A. Gunning, Clerk,
County Court, Orange County, Texas.

By Sadin Stephens, Deputy.

ORANGE COUNTY UNIFORM TAX ABATEMENT POLICY-2005

SPECIAL PROVISION OF THE ORANGE COUNTY APPRAISAL DISTRICT

The final determination of value to be abated is vested with the Orange County Appraisal District(OCAD), an agency autonomous from the Taxing Jurisdiction(s). The Procedures used by OCAD are attached as Exhibit "A" and incorporated and adopted in this Abatement Policy for all purposes.

STATEMENT OF PURPOSE SECTION I

(a) The Governing Body of the Taxing Jurisdiction(s) adopted this tax abatement policy to provide incentives to the owner of real property who proposes a Project to develop, redevelop or improve eligible facilities. The incentives will consist of a limited special exemption from certain taxes provided that the Owner agrees to accept and abide by this Policy and provided that the real property is located in a lawfully created Reinvestment or Enterprise Zone.

(b) This policy is intended to improve the quality of life in economically depressed areas by stimulating industrial development, and job creation and retention.

DEFINITIONS SECTION II

(a) "**Abatement**" means the full or partial exemption from ad valorem taxes of certain real property values and/or tangible personal property values in a reinvestment or enterprise zone designated by the Taxing Jurisdiction(s) for economic development purposes.

(b) "**Agreement**" means a contractual agreement between a property owner and/or lessee and the Taxing Jurisdiction(s).

(c) "**Base Year**" means the calendar year in which the abatement contract is executed (signed).

(d) "**Base Year Value**" means the assessed value of eligible property January 1 preceding the execution of the agreement plus the value of eligible property improvements and Tangible Personal Property made after January 1, but before the execution of the Agreement, and which property is owned by the owner, co-owner, its parent companies, subsidiaries, partners, venturers, or any entity exercising control over the owner or subject to control by the owner.

(e) "**Deferred Maintenance**" means improvements necessary for continued operation which that do not improve productivity, or alter the process technology, reduce pollution or conserve resources.

(f) "**Eligible Facilities**" means new, expanded or modernized buildings and structures, tangible personal property as defined in the Texas Tax Code, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute

to the retention or expansion of primary employment or to attract major investment in the reinvestment or enterprise zone that would be a benefit to the property and that would contribute to the economic development within the Taxing Jurisdiction(s), but does not include facilities which are intended primarily to provide goods or services to residents or existing businesses located in the Taxing Jurisdiction(s) such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to, industrial buildings and warehouses. Eligible facilities may also include facilities designed to serve a regional population greater than the County for medical, scientific, recreational or other purposes.

(g) “**Expansion**” means the addition of buildings, structures, machinery, tangible personal property, equipment or payroll for purposes of increasing production capacity.

(h) “**Facility**” means property improvements completed or in the process of construction which together comprise an integral whole.

(i) “**Modernization**” means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, equipment, pollution control devices or resource conservation equipment.

(j) “**New Facility**” means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

(k) “**Productive Life**” means the number of years a property improvement is expected to be in service in a facility.

(l) “**Tangible Personal Property**” means tangible personal property classified as such under state law, but excluding inventory and/or supplies and tangible personal property that was located in the investment or enterprise zone at any time before the period covered by the agreement with the County.

ABATEMENT AUTHORIZED SECTION III

(a) **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for tax abatement as hereinafter provided.

(b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible facilities made subsequent to and specified in an abatement agreement between the Taxing Jurisdiction(s) and the property owner or lessee, subject to such limitations as the Taxing Jurisdiction(s) may require.

(c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.

(d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility.

(e) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, inventory, deferred maintenance, property to be rented or leased (except as provided in Section III(f)), property which has a productive life of less than ten years, or any other property for which abatement is not allowed by state law.

(f) **Owned/Leased Facilities.** If a leased facility is granted abatement, the agreement shall be executed with the lessor and the lessee.

(g) **Economic Qualification.** In order for an Eligible Facility to receive tax abatement the planned improvement:

(1) Must be expected to have an increased appraised ad valorem tax value based upon the Orange County Appraisal District's assessment of the eligible property; and

(2) Must be expected to prevent the loss of payroll or retain, increase or create payroll on a permanent basis in Orange County.

(3) Must not have the effect of displacing workers or transferring employment from one part of Orange County to another.

(h) **Standards For Tax Abatement.** The following factors, among others, shall be considered in determining whether to grant tax abatements for an Eligible Facility, and if so, the percentage of value to be abated and the duration of the tax abatement:

(1) Existing improvements, if any;

(2) Type and value of proposed improvements;

(3) Productive life of proposed improvements;

(4) Number of existing jobs to be retained by proposed improvements;

(5) Number and types of new jobs to be created by proposed improvements;

(6) The extent to which new jobs to be created will be filled by persons who are economically disadvantaged, including residents of a Reinvestment or Enterprise Zone;

(7) The extent to which local labor or local subcontractors will be used in the construction phase of the project;

(8) Amount of local taxes to be generated directly;

(9) Amount the property tax base valuation will be increased during term of abatement and after abatement;

(10) The costs to be incurred by the Taxing Jurisdiction(s) to provide facilities or services directly resulting from the new improvements;

- (11) The amount of ad valorem taxes to be paid to the Taxing Jurisdiction(s) during the abatement period considering (a) the existing values; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period;
- (12) The population growth of Orange County projected to occur directly as a result of new improvements;
- (13) The types and values of public improvements, if any, to be made by applicant seeking abatement;
- (14) Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
- (15) The impact on the business opportunities of existing businesses;
- (16) The attraction of other new businesses to the area as a result of the project;
- (17) The overall compatibility with the zoning ordinances and comprehensive plan for the area;
- (18) Whether the project is environmentally compatible with no negative impact on quality of life perceptions;
- (19) The extent to which local vendors and suppliers will be used in the construction phase of the project.

Each application for tax abatement shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

(i) **Local Employment.** For purposes of evaluating Section III(h)(7), Local labor is defined as those laborers or skilled craftsmen who reside in a nine county region comprised of Jefferson, Orange, Hardin, Jasper, Newton, Liberty, Tyler and Chambers counties, as well as the Bolivar Peninsula area of Galveston County.

(k) **Denial of Abatement.** Neither a reinvestment or enterprise zone nor abatement agreement shall be authorized if it is determined that:

- (1) There would be a substantial adverse affect on the provision of government service or tax base;
- (2) The applicant has insufficient financial capacity;
- (3) Planned or potential use of the property would constitute a hazard to public safety, health or morals;
- (4) There is a violation of state or federal laws; or
- (5) Any other reason deemed appropriate by the County.

(l) **"Taxability"** From the execution of the abatement agreement to the end of the agreement period, taxes shall be payable as follows:

- (1) The value of ineligible property as provided in Section II(e) shall be fully taxable; and
- (2) The base year value of existing eligible property as determined each year shall be fully taxable.

APPLICATION SECTION IV

- (a) Any present, potential owner, or Lessee of taxable property in the Taxing Jurisdiction(s) may request the creation of a reinvestment or enterprise zone and tax abatement by filing a written request with the presiding officer of the lead Taxing Jurisdiction.
- (b) The application shall consist of a completed application form which shall provide detailed information on the items described in Section III(h) hereof; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as may be deemed appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Prior to the adoption of an ordinance order designating a reinvestment or application by the Lead Taxing Jurisdiction for designation of an enterprise zone, the lead Taxing Jurisdiction shall: (1) give written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located not later than the seventh (7th) day before the public hearing; and (2) publish notice of a public hearing in a newspaper of general circulation within such taxing jurisdiction not later than the seventh (7th) day before the public hearing. Before acting upon the application, the Taxing Jurisdiction shall, through public hearing, afford the applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.
- (d) The Lead Taxing Jurisdiction shall make every reasonable effort to by resolution either approve or disapprove the application for tax abatement within forty-five (45) days after receipt of the application. The Lead Taxing Jurisdiction shall notify the applicant of approval or disapproval.
- (e) The Taxing Jurisdiction shall not establish a reinvestment or enterprise zone or enter into an abatement agreement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation or improvements related to a proposed modernization, expansion or new facility.
- (f) Information that is provided to the Taxing Jurisdiction(s) in connection with an application or request for tax abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which a tax abatement agreement is requested is confidential and not subject to public disclosure pursuant to the Texas Public Information Act until the tax abatement agreement is executed. That information in the possession of a taxing unit after the agreement is executed is not confidential and is subject to disclosure.

**AGREEMENT
SECTION V**

- (a) Not later than the seventh (7th) day before the date on which the Taxing Jurisdiction(s) enters into the abatement agreement, the Taxing Jurisdiction(s) shall deliver to the presiding officer of the governing body of each other taxing unit in which the property is located a written notice that the Taxing Jurisdiction(s) intends to enter into the agreement. The notice shall include a copy of the prepared agreement.
- (b) After approval, the Taxing Jurisdiction(s) shall formally pass a resolution and execute an agreement with the owner of the facility and lessee as required which shall include at least the following terms:
- (1) Estimated value to be abated and the base year value;
 - (2) Percent of value to be abated each year as provided in Section III(g);
 - (3) The commencement date and the termination date of abatement;
 - (4) The proposed use of the facility, nature of construction, time schedule, map, property description and improvement list as provided in application, Section IV(b);
 - (5) Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, or assignment;
 - (6) Provision for access to and authorization for inspection of the property by Taxing Jurisdiction(s) employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;
 - (7) Limitations on the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
 - (8) Provision for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement;
 - (9) Contain each and every term agreed to by the owner of the property;
 - (10) Requirement that the owner or lessee of the property certify annually to the governing body of each taxing unit that the owner or lessee is in compliance with each applicable term of the agreement; and
 - (11) All terms required by Texas Tax Code §312.205, as amended; Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the Taxing Jurisdiction(s).

**RECAPTURE
SECTION VI**

- (a) In the event that the company or individual (1) allows its ad valorem taxes owed the Taxing Jurisdiction(s) to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the abatement agreement; and fails to cure during the cure period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.
- (b) Should the Taxing Jurisdiction(s) determine that the company or individual is in default according to the terms and conditions of its agreement, the Taxing Jurisdiction(s) shall notify the company or individual of such default in writing at the address stated in

the agreement; and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the agreement may be terminated.

ADMINISTRATION SECTION VII

(a) The Chief Appraiser of the Orange County Appraisal District will annually determine an assessment of the real and personal property subject to each abatement agreement. Each year, the company or individual receiving abatement shall furnish the appraiser with such information as may be necessary to determine compliance with the abatement agreement. Once value has been established, the Chief Appraiser will notify the Taxing Jurisdiction(s) of the amount of the assessment.

(b) The abatement agreement shall stipulate that employees and/or designated representatives of the Taxing Jurisdiction(s) will have access to the facility during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representative of the company or individual and in accordance with its safety standards.

(c) Upon completion of construction, the designated representative of the Taxing Jurisdiction(s) shall annually evaluate each facility receiving abatement to insure compliance with the agreement, and a formal report shall be made to the Taxing Jurisdiction(s).

(c) The Taxing Jurisdiction(s) shall timely file with the Texas Department of Economic Development and the State Property Tax Board all information required by the Tax Code.

AGREEMENT SECTION VIII

Abatement may be transferred and assigned in whole or in part by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners' Court; subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are assumed. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

SUNSET PROVISION SECTION IX

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by three-quarters of the Governing Body of each of the Taxing Jurisdiction(s) at which time all reinvestment and enterprise zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on that review, the guidelines and criteria may be modified, renewed or eliminated.

**DISCRETION OF THE TAXING JURISDICTION(S)
SECTION X**

The adoption of these guidelines and criteria by the Taxing Jurisdiction(s) does not:

- (1) Limit the discretion of the Taxing Jurisdiction(s) to decide whether to enter into a specific tax abatement agreement;
- (2) Limit the discretion of the Taxing Jurisdiction(s) to delegate to its employees the authority to determine whether or not the Taxing Jurisdiction(s) should consider a particular application or request for tax abatement; or
- (3) Create any property, contract, or other legal rights in any person to have the Taxing Jurisdiction(s) consider or grant a specific application or request for tax abatement.

**QUESTIONS TO BE ANSWERED IN ORDER TO DEVELOP
AN APPLICATION AND ECONOMIC IMPACT STATEMENT
FOR VALUE ADDED TAX ABATEMENTS IN ORANGE COUNTY**

General:

Orange County will provide a representative to assist in preparation and presentation of all documents and to guide them through the abatement process.

Opening Paragraph:

The application should include a summary statement about the company and its operations. This information can come from an annual report, corporate 10K or other document provided by the company. (Please include these documents with this questionnaire.)

Maps and Plats

Provide maps, plats, and drawings necessary to establish the location of the improvements and their relationships to the boundaries of cities, ETJ's, and reinvestment or enterprise zone boundaries.

Questions to be Answered

- (1) Is your project within a city limit? _____. Name of City _____
- (2) Is your project within an ETJ? _____. Name of City _____
- (3) Is your project within an Enterprise or Reinvestment Zone? ____ Which? _____
- (4) Will you own the realty or lease the realty? _____
- (5) Present Appraisal District value of land and any EXISTING improvements owned by the OWNER: _____
(Answer this question based on Appraisal District records for the specific site you select.)
- Number of Acres: _____ or Square Feet: _____
- (6) Type and value of proposed improvements: _____
- Type of construction: _____
(Tiltwall, Build-Out of Existing Facility, Etc.)
- Value of Construction: _____
- Value of Equipment: _____

Value of Personal Property: _____

Value of Pollution Control Devices: _____

(7) Productive life of proposed improvements: _____ years, or term of initial lease: _____

(8) Number of existing jobs to be retained by proposed improvements: _____
(Answer only if the location is already in or near Orange County and now employs Orange County residents.)

(9) Number and types of new jobs to be created by proposed improvements: _____

(10) Amount of Annual local payroll to be created: _____.

(11) What percentage and type of jobs to be created will local residents have the opportunity to fill? _____

(12) Amount property tax base valuation will be increased:
During term of abatement: _____
After term of abatement: _____

(13) The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements: _____
(Explain any costs for development or depletion of infrastructure the county or city is being asked to absorb, if any.)

(14) The amount of ad valorem taxes to be paid to the county during the abatement period considering: (a) the existing values; (b) the percentage of new value abated; (c) the abatement period; and (d) the value after expiration of the abatement period.

(15) The population growth of the county that will occur directly as a result of new improvements: _____
(If you relocate to Orange County, how many of your employees do you anticipate to relocate?)

(16) The types and values of public improvements, if any, to be made by applicant seeking abatement:

(List any facilities from which the public might benefit.)

(17) Whether the proposed improvements compete with existing businesses to the detriment of the local economy:

(18) The impact on the business opportunities of existing businesses:

(Are there possibilities for local businesses to become suppliers? Any new retail opportunities?)

(19) The attraction of other new businesses to the area:

(Will any of your suppliers, customers, parent, or sister companies relocate because of your relocation?)

(20) The overall compatibility with the zoning ordinances and comprehensive plan for the area:

(21) Describe, including the estimated value, all pollution control devices and other improvements for which you intend to seek TCEQ exemption from taxation:

NOTE: Failure to accurately disclose exempted property may result in a total default under the Abatement Contract, resulting in recapture of previously abated taxes and forfeiture of future abatement.

EXHIBIT “A”
ORANGE COUNTY APPRAISAL DISTRICT
PROCEDURE FOR CALCULATING ABATEMENTS

Purpose The purpose of this procedure is to clarify the method used in calculating the tax abatement under the attached Contract. This requires calculation of the current market Value, Base Year Value, and taxable Value as these terms are defined below. By deducting the abatable value from the current market Value the Taxable Value may be determined. However, in accordance with the Orange County Uniform Tax Abatement Policy, the Real Property Owner’s Current Taxable Value shall not be less than the Base Year Value in order for a project to receive the full amount of abatement.

Calculation of “ Current Market Value”

“Current Market Value” is determined by calculating for that Tax Year the market value of all industrial realty improvements of a property owner that comprise the “Base year Value” for each taxing entity.

Calculation of “Base Year Value”

“Base Year Value” for each taxing entity executing an abatement contract is the market value of all industrial realty improvements of a property owner located within that entity for the tax period defined as the “Base Year” less the abated value of all projects granted by that entity for the “Base year.” “Base year” is defined as the calendar year in which the abatement contract is executed (signed).

Calculation of “Taxable Value”

“Taxable Value” for each taxing entity is determined by deducting from the appraised market value of all industrial realty improvements of a property owner the amount of any applicable abatements granted for that Tax Year.

Calculation of Value Potentially Eligible for Abatement

The following procedures are followed for each project for which a tax abatement contract has been executed and for each taxing entity granting the abatement.

1. The project base value, if applicable, is subtracted from the current year project value, and the percentage of abatement to be granted is then applied to the net amount to determine the project value subject to abatement.
2. The Base Year Value is subtracted from the current Market Value. If the difference is greater than zero (0), then the remaining value is the value potentially eligible for abatement to the extent that it does not exceed the project

value subject to abatement. If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

Calculation of Abated Value

Each project that remains potentially eligible for abatement is then tested for each taxing entity granting the abatement on an individual basis in chronological order based on the date the contract was executed.

1. For the project being tested, the Base year Value plus the value potentially eligible for abatement for all other projects is subtracted from the Current Market Value. If the difference is greater than zero (0), then the remaining value is the value of the project to be abated to the extent that it does not exceed the project value subject to abatement for that year. If the difference is zero (0) or less, then the project is not eligible for an abatement for that Tax Year.

If a subsequent project being tested is determined to be ineligible for the full value potentially eligible for abatement calculated previously after performing the calculation stated above, then the test process must be redone for all prior projects using the actual value subject to abatement for the subsequent project to determine if there is any effect on the abatement for each project and each taxing entity for that Tax Year.

Tab 17

Signature and Certification Page



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.

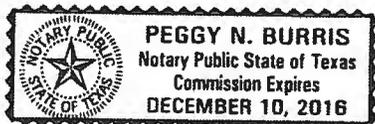
print here Dr. Jay Killgo Superintendent
Print Name (Authorized School District Representative) Title
sign here [Signature] 5/19/2014
Signature (Authorized School District Representative) Date

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 Alfred Salazar Chief Executive Officer
Print Name (Authorized Company Representative (Applicant)) Title
sign here [Signature] 5/19/2014
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the
19th day of May 2014
Peggy N. Burris
Notary Public in and for the State of Texas
My Commission expires: Dec. 10, 2016

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.