

AN ORDINANCE

AUTHORIZING THE CITY OF CORPUS CHRISTI TO PARTICIPATE IN THE TEXAS ENTERPRISE ZONE PROGRAM UNDER THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE (ACT); PROVIDING TAX INCENTIVES; REQUESTING THAT CORPUS CHRISTI 2000 ENTERPRISE ZONE REMAIN IN EFFECT; NOMINATING CITGO REFINING AND CHEMICALS COMPANY, L. P. TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK (BANK) FOR DESIGNATION AS A QUALIFIED BUSINESS AND TRIPLE JUMBO ENTERPRISE PROJECT (PROJECT) UNDER THE ACT; DESIGNATING A LIAISON FOR OVERSEEING ENTERPRISE PROJECTS AND COMMUNICATING WITH INTERESTED PARTIES; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Corpus Christi, Texas ("Corpus Christi") desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas of the City and to provide employment to residents of those areas;

WHEREAS, the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code, as amended, (the "Act") authorizes the designation of enterprise projects within an enterprise zone (or, if the requirements of Section 2303.402 (a) (2) of the Act are met, within an area that does not qualify as an enterprise zone);

Whereas, under the 2003 amendments to the Act, the Act is now administered by The Office Of The Governor Economic Development & Tourism (EDT) through the Texas Economic Development Bank (Bank);

Whereas, the City has a previously-designated enterprise zone, Corpus Christi 2000 Enterprise Zone, approved by EDT's predecessor agency, the Texas Department of Economic Development, on January 9, 1998, and scheduled under the Act (before the 2003 amendments) to expire on September 1, 2005; and the City requests that this Enterprise Zone remain in effect indefinitely, as authorized by Section 2303.109 of the amended Act, so long as the area qualifies under the amended Act;

WHEREAS, with proper notice to the public, a public hearing to consider this ordinance was held on Tuesday, October 14, 2003, during a meeting of the City Council, in the Council Chambers, at City Hall, in the City of Corpus Christi, during which all interested persons were allowed to appear and be heard; and

WHEREAS, the City Council has determined that passage of this ordinance would best serve public health, necessity, and convenience and the general welfare of the City of Corpus Christi and its citizens.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORPUS CHRISTI, TEXAS:

SECTION 1. The City is authorized to participate in the Texas Enterprise Zone Program under the 2003 amendments to the Act. As required by Section 2303.4051 (b) of the Act, the City's local incentives available in each area within an enterprise zone and in each area not in an enterprise zone are identified and summarized briefly in the attached **Exhibit A**; and at least one of the local incentives is unique to the enterprise zone area. The City is in full compliance with the Act.

SECTION 2. The City finds that the City has a previously-designated enterprise zone, Corpus Christi 2000 Enterprise Zone ("Enterprise Zone"), approved by EDT's predecessor agency, on January 9, 1998, and scheduled under the Act (before the 2003 amendments) to expire on September 1, 2005; and the City requests that this Enterprise Zone remain in effect indefinitely, as authorized by Section 2303.109 of the amended Act, so long as the area qualifies under the amended Act.

SECTION 3. The City finds that CITGO REFINING AND CHEMICALS COMPANY, L.P (CITGO), or its successor in interest, meets the criteria for designation as an enterprise project under the Act on the following grounds:

- (a) CITGO is located in the Enterprise Zone and CITGO is a "qualified business" under Section 2303.402 of the Act because CITGO is engaged in the active conduct of a trade or business in the Enterprise Zone and at least twenty-five (25%) percent of its new employees in the Enterprise Zone are residents of an enterprise zone in this state or economically disadvantaged individuals;
- (b) According to the 2000 Census, the CITGO business facility is located in Census Tract 6, Block Group 1 (88% poverty) and Census Tract 50, Block Group 1 (37% poverty). These two Block Groups exceed the 20% poverty level described in Section 2303.101 of the Act. Therefore, these two block Groups automatically qualify for designation as an enterprise zone;
- (c) The CITGO project is qualified under Section 2303.404 of the Act because (1) it involves "an expansion, renovation, or new construction"; (2) it will be completed within a predetermined period not to exceed five years; and (3) the CITGO subsidiary maintains separate books and records for the Corpus Christi refinery operations;
- (d) There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the jurisdiction of the City of Corpus Christi;

- (e) The designation of CITGO as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area in which the enterprise project will be located; and
- (f) CITGO qualifies for job retention benefits under Section 2303.406 (a) (4) (G) because CITGO is both adding a new business line or product and deleting or decreasing an existing business line or product; and the designation will prevent CITGO's net production capacity from decreasing and will result in the retention of at least 500 existing jobs.

SECTION 4. The City finds that CITGO qualifies as a Triple Jumbo Enterprise Project as defined in Section 2303.407 (b) (6) and Section 2303.407 (d) of the Act because CITGO will be making a capital investment in a project in excess of \$250,000,000. The City finds that it is in the best interest of the City to nominate CITGO as a Triple Jumbo Enterprise Project under the Act.

SECTION 5. The City finds that CITGO meets the criteria for tax relief and other incentives adopted by the City and hereby nominates CITGO as a Triple Jumbo Enterprise Project in accordance with the Act on the grounds that it will be located wholly within the Enterprise Zone, and will create a higher level of employment, economic activity and stability. As required by Section 2303.4051 (c) (2) of the Act, the City's local incentives, including tax incentives, that , at the election of the City Council, are or will be made available to CITGO, the nominated project, are identified and summarized briefly in the attached **Exhibit B**.

SECTION 6. The City designates the City Manager or his designee as liaison to oversee enterprise projects nominated by the City and to perform the other duties described in Section 2303.204 of the Act. The City authorizes the City Manager or his designee to file an application requesting designation of CITGO as a Triple Jumbo Enterprise Project with the Texas Economic Development Bank (Bank), and to execute all documents and agreements necessary to process the application. Further, the City directs the City Manager or his designee to submit to the Bank the information required by section 2303.4052 of the Act and to execute all documents and agreements necessary for the City to participate in the Texas Enterprise Zone Program under the 2003 amendments to the Act.

SECTION 7. Upon approval of the Bank, the Triple Jumbo Enterprise Project will be named CITGO-CORPUS CHRISTI Project.

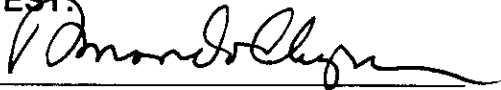
SECTION 8. The Enterprise Project designation must be for a predetermined designation period approved by the Bank, with a beginning date and ending date for the Project; and the designation period for the Project may not exceed five (5) years from date on which the designation is made, as required by Section 2303.404 of the Act. CITGO and the City request that the Bank approve January 1, 2004, as the beginning date and December 31, 2008, as the ending date of the Project.

SECTION 9. The enterprise zone areas within the City are reinvestment zones in accordance with the Texas Tax Code, Chapter 312.

SECTION 10. The Corpus Christi areas that meet the 2003 requirements in Section 2303.101 of the Act for automatic qualification for designation as an enterprise zone are shown in the attached **Exhibit C**.

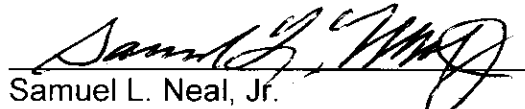
SECTION 11. Upon written request of the Mayor or five Council members, copy attached, **the City Council (1) finds and declares** an emergency due to the need for immediate action necessary for the efficient and effective administration of City affairs **and (2) suspends** the Charter rule as to consideration and voting upon ordinances at two regular meetings so that this ordinance is passed upon first reading as an emergency measure on this 14th day of October, 2003.

ATTEST:



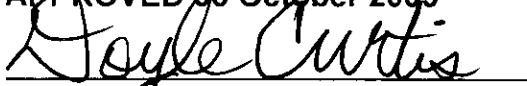
Armando Chapa
City Secretary

THE CITY OF CORPUS CHRISTI



Samuel L. Neal, Jr.
Mayor, The City of Corpus Christi

APPROVED 08 October 2003



Doyle D. Curtis
Chief, Administrative Law Section
Senior Assistant City Attorney
For City Attorney

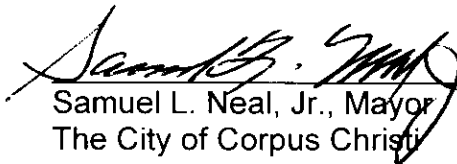
Corpus Christi, Texas
14 day of October, 2003.

TO THE MEMBERS OF THE CITY COUNCIL
Corpus Christi, Texas

For the reasons set forth in the emergency clause of the foregoing ordinance an emergency exists requiring suspension of the Charter rule as to consideration and voting upon ordinances at two regular meetings. I/we, therefore, request that you suspend said Charter rule and pass this ordinance finally on the date it is introduced, or at the present meeting of the City Council.

Respectfully

Respectfully,


Samuel L. Neal, Jr., Mayor
The City of Corpus Christi

Council Members

The above ordinance was passed by the following vote:

Samuel L. Neal, Jr.	<u>AYE</u>
Brent Chesney	<u>AYE</u>
Javier D. Colmenero	<u>AYE</u>
Melody Cooper	<u>AYE</u>
Henry Garret	<u>AYE</u>
William Kelly	<u>AYE</u>
Rex A. Kinnison	<u>AYE</u>
Jesse Noyola	<u>AYE</u>
Mark Scott	<u>AYE</u>

Exhibit A

Incentives offered by the City of Corpus Christi

	Name of Incentive	Description of Incentive	Availability
1.	Business and Job Development Corporation business incentives	As approved by the Board – funds for loan participation, guarantees, direct low interest loans, rent subsidies, relocation, moving expenses, job training	As approved by Business and Job Development Corporation.
2.	Tax Abatement	According to investment	As approved by City Council
3.	Section 108 Loan Guarantee	Loan Guarantee	Benefiting low income individuals, eliminating slum and blight or addressing an immediate need
4.	Community Development Block Grant	Grant Funds	Benefiting low income individuals, eliminating slum and blight or addressing an immediate need
5.	Department of Commerce – Economic Development Administration Grant for Public Works	Grant Funds	Citywide
6.	Environmental Clean up costs deduction	Deduct costs of environmental clean up	Citywide
7.	Tax Exempt Revenue Bonds	Bonds	Citywide
8.	Environmental Clean-up Costs	Deduct qualified clean up costs	Citywide
9.	HUB Zone		CTS 59, 56.02, 8, 17, 16.02, 16.01, 9, 15, 10, 13, 12, 50, 7, 11, 5, 4, 3)
10.	Welfare to Work Wage Credit	Credit of up to \$8,500 per employee	Employee must be certified through the State of Texas

11	Work Opportunity Wage Credit	Credit up to \$2,400 per employee	Employee must be certified through the State of Texas
12	New Markets Tax Credit	Credit of up to 39% to investors	In census tracts with 20% poverty or greater
13	Authorize the City Manager to engage in certain public/private partnerships with proposed enterprise zone projects for purposes of offering incentives unique to the proposal.		Texas Enterprise Zone
14	Enterprise Zone Expeditor	Expeditor	Texas Enterprise Zone
15	Enterprise Zone Signage Program	Signage	Texas Enterprise Zone
16	Industrial District	Payment in lieu of taxes	Texas Enterprise Zone – Industrial District
17	Corpus Christi Foreign Trade Zone #122	Not subject to Customs duties or certain excise taxes.	Texas Enterprise Zone - Port of Corpus Christi
18	Increased Section 179 Deduction	Deduct additional \$35,000 on machinery and equipment	Texas Enterprise Zone – Renewal Community
19	Renewal Community Commercial Revitalization Deduction	Depreciate 50% of the total qualifying expenditure in the first year the building is placed in service or depreciate over 120 months.	Texas Enterprise Zone – Renewal Community
20	Renewal Community Wage Credit	Credit of up to \$1,500 per employee	Texas Enterprise Zone – Renewal Community
21	Zero Percent Capital Gains	Exclusion from Capital Gains	Texas Enterprise Zone – Renewal Community

Exhibit B**Incentives that may be considered and offered by the City of Corpus Christi to Nominated Texas Enterprise Zone Projects**

	Name of Incentive	Description of Incentive	Availability
1)	Authorize the City Manager to engage in certain public/private partnerships with proposed enterprise zone projects for purposes of offering incentives unique to the proposal.		Texas Enterprise Zone
2)	Enterprise Zone Expeditor	Expeditor	Texas Enterprise Zone
3)	Enterprise Zone Signage Program	Signage	Texas Enterprise Zone
4)	Industrial District	Contract for Payment in lieu of taxes	Texas Enterprise Zone – Industrial District
5)	Corpus Christi Foreign trade Zone #122	Not subject to Customs duties or certain excise taxes.	Texas Enterprise Zone - Port of Corpus Christi
6)	Increased Section 179 Deduction	Deduct additional \$35,000 on machinery and equipment	Texas Enterprise Zone- Renewal Community
7)	Renewal Community Commercial Revitalization Deduction	Depreciate 50% of the total qualifying expenditure in the first year the building is placed in service or depreciate over 120 months.	Texas Enterprise Zone- Renewal Community
8)	Renewal Community Wage Credit	Credit of up to \$1,500 per employee	Texas Enterprise Zone- Renewal Community
9)	Zero Percent Capital Gains	Zero Percent Capital Gains	Texas Enterprise Zone- Renewal Community

Exhibit C
Corpus Christi Areas meeting the 2003 Requirements for
Texas Enterprise Zone (Sections 2303.101 and 2303.109)

Census Tract	Block Group	Designation
1 (See note at end of chart)	1	Renewal Community (expires 12/09)
1 (See note at end of chart)	1	Texas Enterprise Zone (expires 9/05)
3	1	Census block group with 20% poverty or greater
3	2	Census block group with 20% poverty or greater
3	1, 2	Renewal Community (expires 12/09)
3	1, 2	Texas Enterprise Zone (expires 9/05)
4	1	Census block group with 20% poverty or greater
4	2	Census block group with 20% poverty or greater
4	3	Census block group with 20% poverty or greater
4	1, 2, 3	Renewal Community (expires 12/09)
4	1, 2, 3	Texas Enterprise Zone (expires 9/05)
5	1	Census block group with 20% poverty or greater
5	1	Texas Enterprise Zone (expires 9/05)
6	1	Census block group with 20% poverty or greater
6	3	Census block group with 20% poverty or greater
6	4	Census block group with 20% poverty or greater
6	5	Census block group with 20% poverty or greater
6 (See note at end of chart)	1, 2, 3, 4, 5, 6, 7, 8	Texas Enterprise Zone (expires 9/05)
7	1	Census block group with 20% poverty or greater
7	1	Texas Enterprise Zone (expires 9/05)
7 (See note at end of chart)	2	Texas Enterprise Zone (expires 9/05)
7	3	Census block group with 20% poverty or greater
8	1	Census block group with 20% poverty or greater
8	1	Texas Enterprise Zone (expires 9/05)
8 (See note at end of chart)	2	Texas Enterprise Zone (expires 9/05)
8	3	Census block group with 20% poverty or greater
8	3	Texas Enterprise Zone (expires 9/05)
9	1	Census block group with 20% poverty or greater
9	2	Census block group with 20% poverty or greater
9	3	Census block group with 20% poverty or greater
9	4	Census block group with 20% poverty or greater
9	5	Census block group with 20% poverty or greater
10	1	Census block group with 20% poverty or greater
10	2	Census block group with 20% poverty or greater
10	3	Census block group with 20% poverty or greater
10	4	Census block group with 20% poverty or greater
10	1, 2, 3, 4	Renewal Community (expires 12/09)
10	1, 2, 3, 4	Texas Enterprise Zone (expires 9/05)
11	1	Census block group with 20% poverty or greater
11	2	Census block group with 20% poverty or greater
11	1, 2	Renewal Community (expires 12/09)
11	1, 2	Texas Enterprise Zone (expires 9/05)
12	1	Census block group with 20% poverty or greater
12	1	Texas Enterprise Zone (expires 9/05)
12	2	Census block group with 20% poverty or greater
12	2	Texas Enterprise Zone (expires 9/05)
12	3	Census block group with 20% poverty or greater
12	3	Texas Enterprise Zone (expires 9/05)
13	1	Census block group with 20% poverty or greater
13	2	Census block group with 20% poverty or greater
13	3	Census block group with 20% poverty or greater
13	4	Census block group with 20% poverty or greater

14	2	Census block group with 20% poverty or greater
15	1	Census block group with 20% poverty or greater
15	2	Census block group with 20% poverty or greater
15	3	Census block group with 20% poverty or greater
15	4	Census block group with 20% poverty or greater
16.01	1	Census block group with 20% poverty or greater
16.01	2	Census block group with 20% poverty or greater
16.01	3	Census block group with 20% poverty or greater
16.01	4	Census block group with 20% poverty or greater
16.02	1	Census block group with 20% poverty or greater
16.02	2	Census block group with 20% poverty or greater
16.02	3	Census block group with 20% poverty or greater
17	1	Texas Enterprise Zone (expires 9/05)
17	2	Census block group with 20% poverty or greater
17	2	Texas Enterprise Zone (expires 9/05)
17	3	Texas Enterprise Zone (expires 9/05)
17	4	Census block group with 20% poverty or greater
17	5	Census block group with 20% poverty or greater
17	6	Census block group with 20% poverty or greater
17	7	Census block group with 20% poverty or greater
17	7	Texas Enterprise Zone (expires 9/05)
18.01	1	Census block group with 20% poverty or greater
18.01	4	Census block group with 20% poverty or greater
18.01	4	Texas Enterprise Zone (expires 9/05)
18.01	5	Census block group with 20% poverty or greater
18.01	5	Texas Enterprise Zone (expires 9/05)
18.02	1	Census block group with 20% poverty or greater
19.01	3	Census block group with 20% poverty or greater
19.01	4	Census block group with 20% poverty or greater
19.01	5	Census block group with 20% poverty or greater
19.01	6	Census block group with 20% poverty or greater
19.01	7	Census block group with 20% poverty or greater
19.02	1	Census block group with 20% poverty or greater
19.02	2	Census block group with 20% poverty or greater
20	1	Census block group with 20% poverty or greater
20	3	Census block group with 20% poverty or greater
20	5	Census block group with 20% poverty or greater
20	6	Census block group with 20% poverty or greater
20	7	Census block group with 20% poverty or greater
21	4	Census block group with 20% poverty or greater
21	5	Census block group with 20% poverty or greater
22	2	Census block group with 20% poverty or greater
22	4	Census block group with 20% poverty or greater
23.01	2	Census block group with 20% poverty or greater
27.03	4	Census block group with 20% poverty or greater
30	2	Census block group with 20% poverty or greater
30	3	Census block group with 20% poverty or greater
30	4	Census block group with 20% poverty or greater
31	7	Census block group with 20% poverty or greater
33.01	1	Census block group with 20% poverty or greater
33.02	2	Census block group with 20% poverty or greater
34.01	1	Census block group with 20% poverty or greater
34.02	3	Census block group with 20% poverty or greater
35	2	Census block group with 20% poverty or greater
36.01	4	Census block group with 20% poverty or greater
36.02	2	Census block group with 20% poverty or greater
36.03	3	Census block group with 20% poverty or greater

50	1	Census block group with 20% poverty or greater
50 (See note at end of chart)	2 (place 9999)	Texas Enterprise Zone (expires 9/05)
54.06	1	Census block group with 20% poverty or greater
56.01	3	Census block group with 20% poverty or greater
56.01	4	Census block group with 20% poverty or greater
56.01	5	Census block group with 20% poverty or greater
56.02	1	Census block group with 20% poverty or greater
56.02	2	Census block group with 20% poverty or greater
56.02	3	Census block group with 20% poverty or greater
56.02	5	Census block group with 20% poverty or greater
56.02	6	Census block group with 20% poverty or greater
56.02	7	Census block group with 20% poverty or greater
58.02	1	Census block group with 20% poverty or greater
59	1	Census block group with 20% poverty or greater
59	2	Census block group with 20% poverty or greater

Note: A Census Tract marked "**(See note at end of chart)**" denotes an area that upon expiration of the designation will be subject to the 20% poverty rule for continuation in the Texas Enterprise Zone (numbers in bold italics [1, 2, 3, 4, 5, 6, 7, 8] indicate the affected block groups in the census tract).

PUBLISHER'S AFFIDAVIT

CLERK OF COURSE DEPARTMENT

03 OCT 22 PM 4:40

State of Texas }
County of Nueces }

CITY OF CORPUS CHRISTI
ss: Ad # 4703557
PO #

Before me, the undersigned, a Notary Public, this day personally came Diana Hinojosa, who being first duly sworn, according to law, says that she is Credit Manager of the Corpus Christi Caller-Times, a daily newspaper published at Corpus Christi in said City and State, generally circulated in Aransas, Bee, Brooks, Duval, Jim Hogg, Jim Wells, Karnes, Kenedy, Kleberg, Live Oak, Nueces, Refugio, San Patricio, Victoria and Webb Counties, and that the publication of, NOTICE OF PASSAGE OF ORDINANCE NO. which the annexed is a true copy, was inserted in the Corpus Christi Caller-Times and on the World Wide Web on the Caller-Times Interactive on the 20TH day(s) of OCTOBER, 2003.

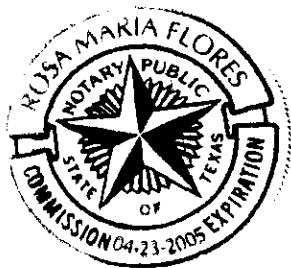
\$120.55

Diana Hinojosa

Credit Manager

TWO (2) Time(s)

Subscribed and sworn to me on the date of OCTOBER 21, 2003.



Rosa Maria Flores

Notary Public, Nueces County, Texas
ROSA MARIA FLORES
Print or Type Name of Notary Public

My commission expires on 04/23/05.

NOTICE OF PASSAGE
OF ORDINANCE NO.

025513 Ordinance authorizing the City of Corpus Christi to participate in the Texas Enterprise Zone Program under the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code (Act); providing tax incentives; requesting that Corpus Christi 2000 Enterprise Zone remain in effect; nominating CITGO Refining and Chemicals Company, L.P. to the Office of the Governor Economic Development and Tourism (EDT) through the Economic Development Bank (Bank) for designation as a Qualified Business and Triple Jumbo Enterprise Project (Project) under the Act; and designating a liaison for overseeing Enterprise Projects and communicating with interested parties. This ordinance was passed and approved by the City Council of the City of Corpus Christi on October 14, 2003.

/s/ Armando Chapa
City Secretary
City of Corpus Christi