

NOTICE: ANY SUBJECT APPEARING ON THIS AGENDA, REGARDLESS OF HOW THE MATTER IS STATED, MAY BE ACTED UPON BY THE BOARD OF DIRECTORS OF TEXAS CITY HARBOUR FOREIGN TRADE ZONE CORPORATION.

TEXAS CITY HARBOUR FOREIGN TRADE ZONE CORPORATION
BOARD OF DIRECTORS MEETING

AGENDA

APRIL 1, 2019- 4:00 P.M.
CITY HALL CONFERENCE ROOM
1801 9th Ave. N.
Texas City, TX 77590

PLEASE NOTE: Public comments and matters from the floor are generally limited to 3 minutes in length. If you would like to request to speak, please do so in advance of the meeting by filling out a Request To Address Commission form. All in attendance are required to remove hats and/or sunglasses (dark glasses) during meetings and to also silence all cell phones and electronic devices.

1. ROLL CALL
2. NEW BUSINESS
 - a. Consider and take action on Resolution No. 19-01, approving a Minor Boundary Modification to FTZ 199A as requested by the Operator, Marathon Petroleum Company LP.
3. UPDATES
4. BOARD COMMENTS
5. ADJOURNMENT

I, THE UNDERSIGNED AUTHORITY, DO HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE BULLETIN BOARDS AT CITY HALL, 1801 9TH AVENUE NORTH, TEXAS CITY, TEXAS, AT A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AND ON THE CITY'S WEBSITE ON MARCH 29, 2019, PRIOR TO 4:00 P.M., AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING.

Texas City Harbour Foreign Trade Zone Corporation

**Texas City Harbour Foreign Trade Zone
Corporation Agenda**

2. a.

Meeting Date: 04/01/2019

Submitted By: James Hartshorn, City Secretary

Department: City Secretary

Information

ACTION REQUEST (Brief Summary)

Consider and take action on Resolution No. 19-01, approving a Minor Boundary Modification to FTZ 199A as requested by the Operator, Marathon Petroleum Company LP.

BACKGROUND

Marathon Petroleum Company LP (Marathon), is the operator of FTZ Subzone 199-A. They have requested a Minor Boundary Modification (MBM) which would remove a 1.933 acre tract from the existing area and adjust the boundaries to include a 1.933 acre tract of property, located at 201 21st Street S., which has a warehouse that they would like to use to store imported products which would benefit from the FTZ designation. The attachments include their full application complete with maps. Since it's a geographic application (traditional MBM for the subzone with an acreage swap), Marathon cannot file it with the FTZ Board -- the application must be transmitted by the grantee. In the attached letter of support we specify that our approval is contingent upon no objection from the U.S. Customs & Border Protection (CBP) agency.

ANALYSIS

ALTERNATIVES CONSIDERED

Attachments

Resolution

Marathon MBM Packet

MBM Map

Letter of Support

TEXAS CITY HARBOUR FOREIGN TRADE ZONE CORPORATION

RESOLUTION NO. 19-01

A RESOLUTION APPROVING A MINOR BOUNDARY MODIFICATION TO FTZ 199A AS REQUESTED BY MARATHON PETROLEUM COMPANY LP; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, at a meeting of the Board of Directors of the Texas City Harbour Foreign Trade Zone Corporation (TCHFTZC), duly held on April 1, 2019, consideration was given to approving a minor boundary modification to FTZ 199A as requested by the Operator, Marathon Petroleum Company LP; and

WHEREAS, the modification would remove a 1.933 acre tract from the existing area and adjust the boundaries to include a 1.933 acre tract of property located at 201 21st Street South.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS CITY HARBOUR FOREIGN TRADE ZONE CORPORATION THAT:

SECTION 1: The Texas City Harbour Foreign Trade Zone Corporation hereby approves Marathon Petroleum Company LP to modify their boundary to remove a 1.933 acre tract from the existing area and adjust the boundaries to include a 1.933 acre tract of property located at 201 21st Street South.

SECTION 2: That this Resolution shall be in full force and effect from and after its passage and adoption.

PASSED AND ADOPTED this 1st day of April 2019.

CHAIRPERSON/VICE CHAIRPERSON
Texas City Harbour Foreign Trade Zone Corporation

ATTEST:

BOARD SECRETARY
Texas City Harbour Foreign Trade Zone Corporation



Tax Department

Marathon Petroleum Company LP

539 South Main Street
Findlay, OH 45840

February 28, 2019

Mr. Roderick W. Hudson
Port Director
Port of Houston
7141 Office City Drive
Houston, TX 77087

Re: Application for TSF Subzone Designation for Marathon Petroleum Company LP

Dear Port Director Hudson:

Marathon Petroleum Company LP, Foreign Trade Zone (FTZ) Operator of FTZ 199A, wishes to obtain subzone designation for a storage facility located at 201 21st St S, Texas City and will be submitting a minor boundary application under the sponsorship of the Texas City, Grantee of FTZ No. 199. The application will remove 1.953 acres from the current FTZ 199A (parking lot area) and add the 1.953 acre 21st street facility.

Attached for your reference is a copy of the application which will be submitted in draft form to the Foreign Trade Zones Board ("FTZB") for their comments. We will finalize the application upon receipt of comments from the FTZB and forward a copy of the formal filing to your attention. We would like to obtain your comments for inclusion in the final submission to the FTZB. Kindly provide your comments to the Grantee's attention via email at NFinan@texas-city-tx.org or mail to PO Box 2608, Texas City, Texas, 77592.

We look forward to your support of this minor boundary modification. As this application involves a modification to the current activated boundaries of FTZ 199A, we will also be submitting an alteration request to your office to reflect the acreage being removed and the new facility being added. We will also coordinate with your office for a site visit to the new facility in the coming weeks.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Amy R. Schnipke".

Amy R. Schnipke
Customs and International Trade Lead
419-421-2728
ARSchnipke@MarathonPetroleum.com

cc: CBP Officer Elizabeth Soto, CBP Port of Houston
Nicholas Finan, Texas City Foreign-Trade Zone Corp., FTZ 199
Greg Krasnoschlik, Foreign Trade Zone Operator

Traditional Site Framework

REQUEST FOR MINOR BOUNDARY MODIFICATION

QUESTIONS

Proposed FTZ Space:

1. List the site's address, including the jurisdiction in which the site falls (town, city, county).

201 21st St S Texas City, TX, 77590, Galveston County

2. State the proposed acreage of the site.

Marathon proposes swapping an already existing Foreign Trade Zone Board (“FTZB”) approved parcel of land with a parcel of land not currently included within the FTZB approved boundary. Marathon seeks to swap a parking lot area within the existing FTZB approved boundary for the parcel of land not currently within the FTZB approved boundary (hereinafter referred to as the “Warehouse”). The swap will be for 1.953 acres leaving the Subzone boundary acres unchanged.

Reason for MBM:

3. Explain the primary reason for the proposed modification, including the name(s) of the company(ies) that will operate in the proposed new space and a summary of the company(ies)’s planned activities.

Marathon is seeking this parcel swap to adjust the existing Subzone boundary because the Warehouse is not currently included within the FTZB approved boundary. Marathon desires to store imported products in the Warehouse prior to transportation and use within the existing Subzone.

4. Explain why there is an **immediate need** for the proposed change.

Marathon anticipates receiving imported products into the Warehouse in the next few weeks. As such, Marathon respectfully requests immediate FTZ designation of the Warehouse in order to be able to admit the products in foreign status and preserve FTZ benefits.

Nature of Proposed MBM:

5. Explain how the FTZ space for which there is an immediate need will accommodate multiple companies' use (in other words, why "subzone" designation is not appropriate).

Not applicable as this is a modification of Subzone FTZ 199A.

Existing FTZ Space to Be Removed (as a "Swap" for the New Space):

6. Describe the existing FTZ space (building(s)/parcel(s)) for which you propose to remove FTZ designation in exchange for designation of new space.

The acreage being removed is part of the parking lot within the existing FTZB approved boundary.

Other MBMs Since Your Zone's Most Recent FTZ Board Order:

7. In the table below, list each of the sites or parcels of your FTZ approved by MBM since the last general-purpose Board Order for your FTZ (add rows to the table as needed):

Site Number	Site Name and Address	Size of Site (in Acres)	Month/Year of MBM Approving Site
6	Texas City 1320 Loop 197 South, Texas City, Tx	194	July 2014
7	South Tank Farm Dock Road and Loop 197 South, Texas City, Tx	30	July 2014

Other Site Qualifications:

8. Indicate the closest CBP port of entry. State whether the site is within – or within 60 miles from the boundaries of – the CBP port of entry. If the site is beyond 60 miles from the port of entry boundaries, state the driving time from the outer limits of the port of entry to the site.

The closest CBP port of entry is Houston Seaport (5301) and the site is within 60 miles from the port's boundaries.

9. Indicate the current zoning and existing and planned buildings (including square footage) for the site. (Note: Sites (or areas within a site) with inappropriate zoning – such as agricultural, retail, or residential – are not eligible for FTZ status and should not be proposed in any MBM request.)

The property is zoned Industrial Business District and includes 1 building with a total of 21,078 combined Sq. Ft.

10. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site.

FTZ designation or the use of FTZ procedures is NOT a requirement or a precondition for future activity or construction at the site.

11. List the owner(s). (If the site is not owned by the grantee or the company(ies) planning to use the site – as named in response to Question 3 above – then provide a "Right to Use" attachment with documentation demonstrating the right to use the site. Such evidence could be a signed letter from the proposed operator on its letterhead attesting to its right to use the property or a letter of concurrence from the owner of the new site.)

Four Winds Investments, Inc.

Please refer to Attachment 11 for the “right to use” letter.

REQUIRED ATTACHMENTS

Attach the documents listed below (items 12 through 14, plus 16 if applicable) directly behind the text of your request.

12. Provide one or more maps showing the new site in relation to your existing FTZ sites (specifically identify the site where acreage is being removed). All documents must be legible and letter-sized (8 ½” x 11”).

See Attachment 12

13. For the new site proposed for FTZ designation, attach a clear and detailed site map showing existing and planned structures. The site boundaries must be outlined clearly **in red**. Note that if streets or similar landmarks are not legible on the site plan, you will also need to provide a

detailed street map with the proposed site's boundaries **in red**. Any site map should be no larger than letter-sized (8 ½" x 11") and clearly labeled, with legends provided for any markings.

See Attachment 13

14. For the parcel/building proposed for removal from the FTZ (as a "swap" for the new site), you will only need to provide a map if the parcel/building constitutes just a portion of an existing site, in which case provide a letter-sized (8 ½" x 11") detailed site plan showing both:

- the overall boundaries clearly outlined **in red** of the entire area of the site which would continue to have FTZ designation after approval of the MBM request; and,
- the boundaries of the area to be removed clearly outlined **in blue**.

Note: If the overall site map you provide for the site from which a portion is being removed does not clearly show the precise boundaries of the removed portion (for example, if the overall site is large and the portion removed is only a small portion), you will also need to provide a separate detailed map clearly showing the boundaries of the portion being removed (again, with the removed portion's boundaries outlined **in blue**).

See Attachment 14

15. Comments from U.S. Customs and Border Protection (CBP): The grantee generally should provide comments from CBP with the submitted request. Alternatively, the grantee may provide a copy of the request to CBP at the time the request is submitted to the FTZ Board, in which case the grantee should also communicate with CBP regarding the 20-day timeframe in the FTZ Board's regulations for CBP to provide comments to the FTZ Board.

See Attachment 15

16. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site(s), please attach all of the following:

- A. An explanation of the specific local taxes that will be affected;
- B. A stand-alone letter that:
 - Lists all of the affected parties;
 - Includes a statement below the list certifying that this is a complete list of all parties that would be affected by this particular request; and,
 - Is signed by an official of the grantee organization.
- C. Correspondence from all of the affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.

Under the FTZ Act, imported inventory and inventory held for export is exempt from inventory tax. Marathon will not take advantage of the inventory tax benefit for the Warehouse. See Attachment 16 for letters from the Grantee and Marathon to this effect.

ATTACHMENT 11
Right to Use Letter



Tax Department

Marathon Petroleum Company LP

539 South Main Street
Findlay, OH 45840

February 20, 2019

Mr. Andrew McGilvray
Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Ave., NW, Room 21013
Washington, D.C. 20230

RE: Marathon Petroleum Company LP – Subzone 199A

Dear Mr. McGilvray:

Blanchard Refining Company LLC, a subsidiary of Marathon Petroleum Company LP leases the proposed subzone property from the following property owner:

1. MPG Warehouse – Owned by Four Winds Investments, Inc.: 201 21st St S Texas City, TX, 77590, Galveston County

Marathon Petroleum Company LP hereby attests to its right to use the proposed site pursuant to the lease.

Please contact me at 419-421-2728 should you have any questions or require additional information.

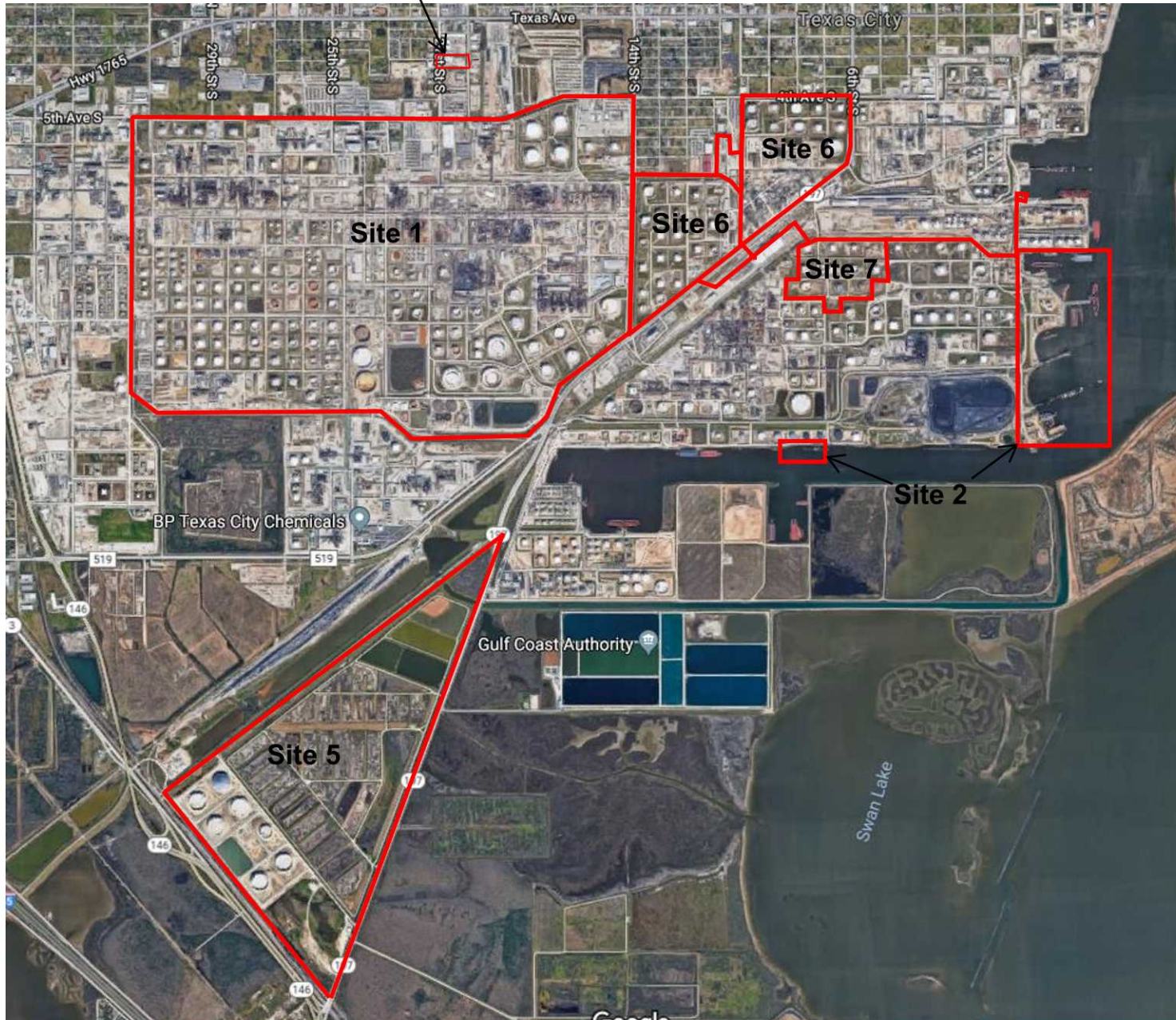
Sincerely,

A handwritten signature in blue ink that reads "Amy R. Schnipke".

Amy R. Schnipke
Customs and International Trade Lead
ARSchnipke@MarathonPetroleum.com
419-421-2728

ATTACHMENT 12
Map of New Site in Relation to Existing Sites

MPG Warehouse



MPG Warehouse to be included in Site 1.
Site 1 will remove 1.953 acres to swap with the MPG Warehouse location.

- Site 1: Galveston Bay Refinery
- Site 2: Galveston Bay Docks
- Site 5: Galveston Bay Land Farm
- Site 6: Texas City
- Site 7: Texas City South Tank Farm

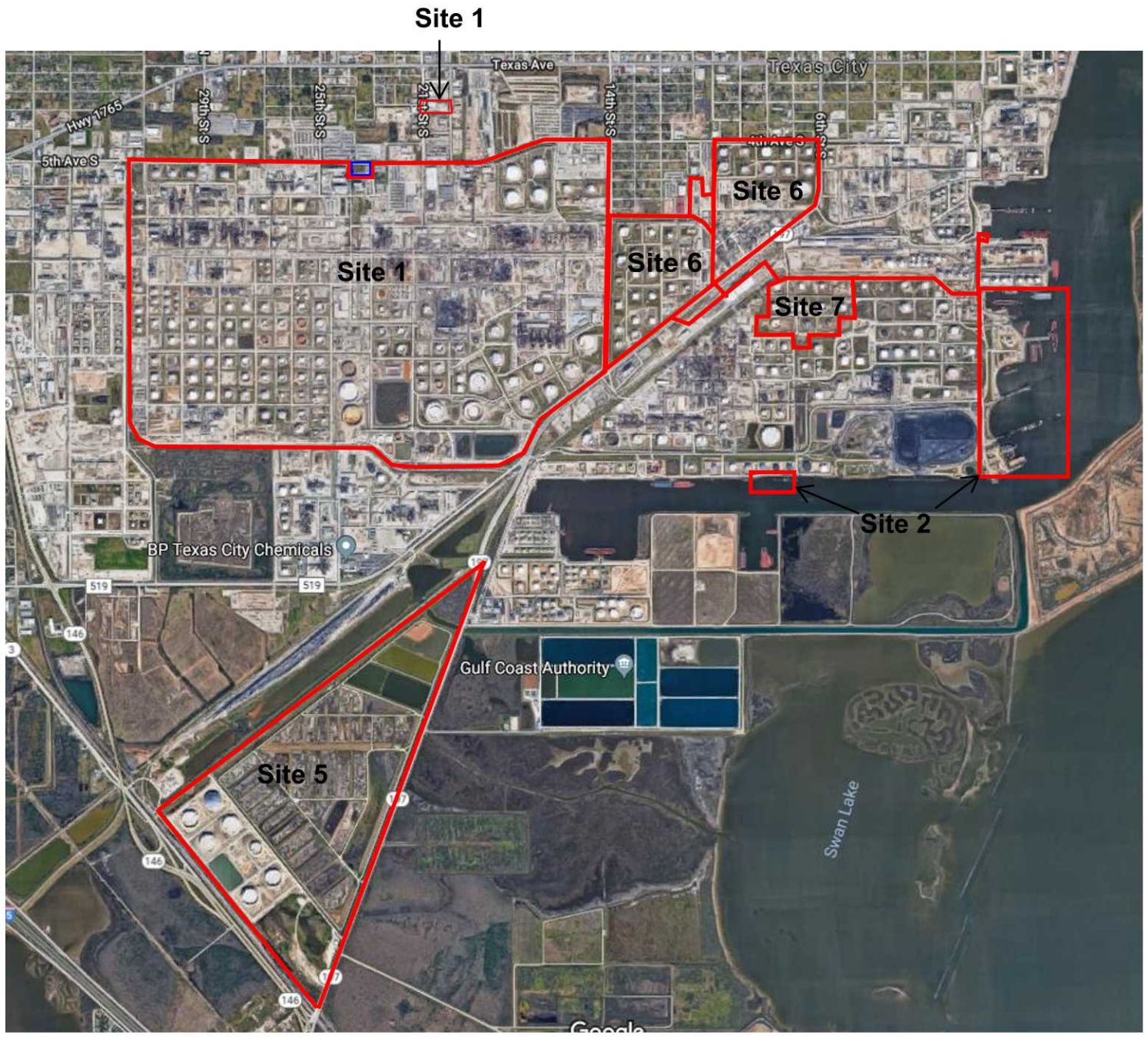
ATTACHMENT 13
Map of Proposed Expansion Area



MPG Warehouse: 201 21st St S, Texas City

MPG Warehouse (outlined in red) to be included in Site 1, with a "swap" of 1.953 acres.

ATTACHMENT 14
Maps of Proposed Removal Areas



Site 1

Zone Boundaries in red (area removed)

- Site 1: Galveston Bay Refinery
- Site 2: Galveston Bay Docks
- Site 5: Galveston Bay Land Farm
- Site 6: Texas City
- Site 7: Texas City South Tank Farm

Site 1: Galveston Bay Refinery



-Overall boundary of Site 1 outlined in red (area removed).



-Boundaries of area to be removed outlined [in blue](#).

ATTACHMENT 15
Comments from CBP

ATTACHMENT 16
Letters from Grantee and Marathon
Correspondence on Tax Benefits



Tax Department

Marathon Petroleum Company LP

February 28, 2019

539 South Main Street
Findlay, OH 45840

Nicholas Finan
Management Services, Director
FTZ 199
1801 9 Ave N, Texas City, Texas

Re: Application for Modification of TSF Subzone 199A for Marathon Petroleum Company LP

Dear Mr. Finan:

I am writing in reference to the potential impact of the subzone designation requested for the 201 21st Street S Texas City facility in the attached Minor Boundary Modification application for Marathon Petroleum Company LP ("Marathon") on *ad valorem* tax revenues for:

- Texas City
- Galveston County (including GC Road & Flood)
- Mainland College
- Texas City ISD

Marathon understands that Texas City, Galveston County (including GC Road & Flood) Mainland College, and Texas City ISD have not submitted a letter of support (or non-objection) for the subzone designation of the 21st Street facility, and that the FTZ Board ordinarily would not process the minor boundary modification application without that letter. In that context, Marathon commits to making payments to offset fully any FTZ-related negative impact on *ad valorem* tax revenues stemming from our FTZ use of the 21st Street facility, unless Marathon obtains a letter from Texas City, Galveston County (including GC Road & Flood) Mainland College, and/or Texas City ISD stating that said entity does not object to FTZ designation for the 21st Street facility.

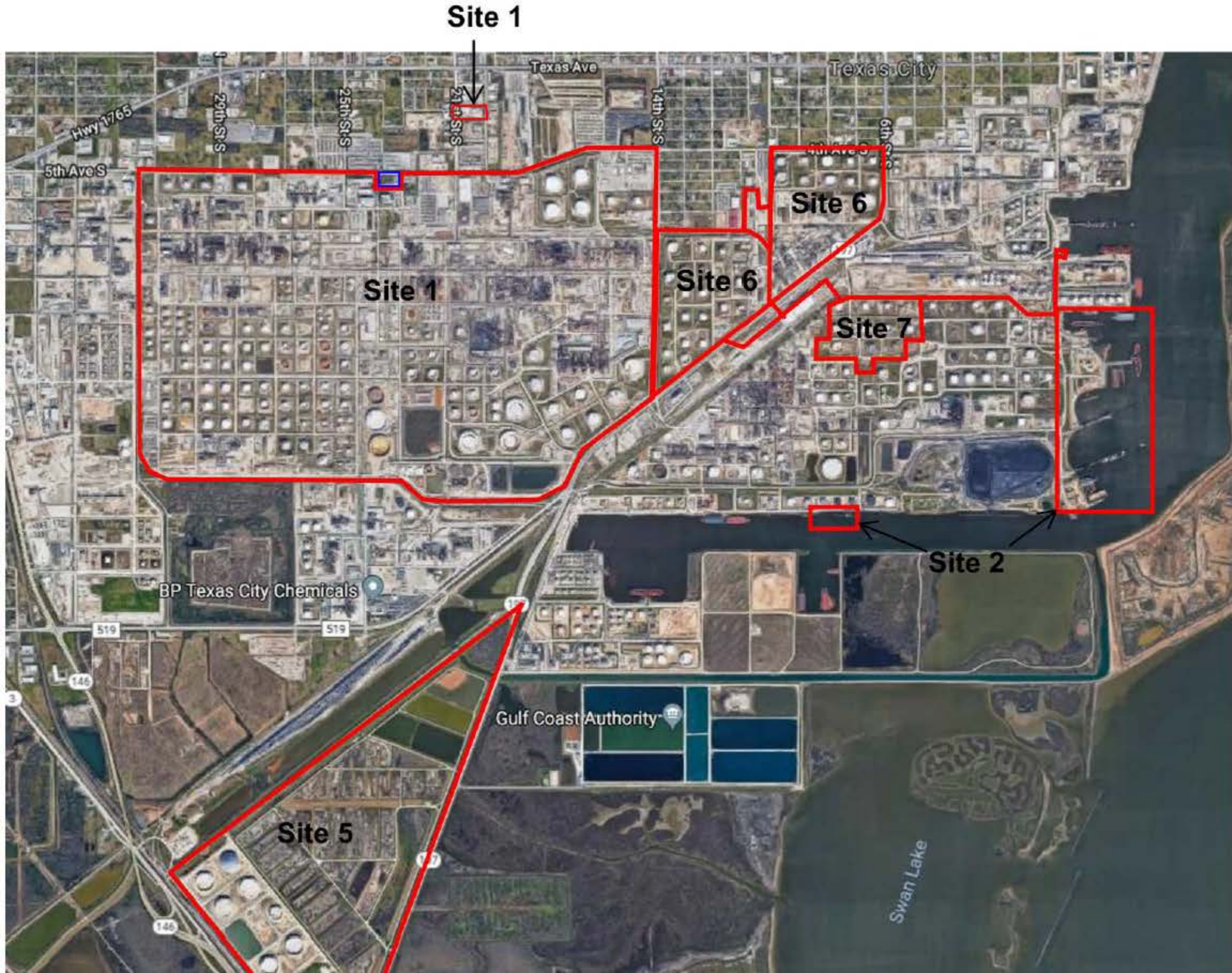
Marathon also agrees to any measures that the Grantee may need to take to enforce compliance with that commitment (including deactivation of the 21st Street facility and termination of its subzone designation, if needed).

Should you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in blue ink that reads "Amy R. Schnipke".

Amy R. Schnipke
Customs and International Trade Lead
419-421-2728
ARSchnipke@MarathonPetroleum.com



Zone Boundaries in red (area removed)

- Site 1: Galveston Bay Refinery
- Site 2: Galveston Bay Docks
- Site 5: Galveston Bay Land Farm
- Site 6: Texas City
- Site 7: Texas City South Tank Farm

[To be placed on Grantee letterhead]

April 1, 2019

Mr. Andrew McGilvray
Executive Secretary
Foreign Trade Zones Board
U.S. Department of Commerce
1401 Constitution Avenue, NW, Room 21013
Washington, DC 20230

Re: TSF MBM Application – Marathon Petroleum Company LP

Dear Mr. McGilvray:

The Texas City Foreign-Trade Zone Corp., Grantee of FTZ No. 199, respectfully requests the approval of the attached Traditional Site Framework (“TSF”) Minor Boundary Modification application for subzone FTZ No. 199-A, Marathon Petroleum Company, LP - Operator.

This Minor Boundary Modification application proposes a swap of an already existing Foreign Trade Zone Board approved parcel of land with a parcel of land to be used by Marathon Petroleum Company LP (“Marathon”), currently outside of the subzone, and located at the following address: 201 21st St S Texas City, TX, 77590, Galveston County. Marathon will store imported products in the requested parcel of land prior to transportation and use within the existing Subzone.

Given the separation of the parcel from the zone, we make this request pending approval, or a letter of support or no objection from the CBP.

If you have any questions, feel free to contact me. I appreciate the support and assistance of you and your staff and will be available as necessary during this process.

Sincerely,

Nicholas Finan
Manager
Texas City Foreign Trade Zone Corp., FTZ 199

Randy Dietel
Chair
Texas City Foreign Trade Zone Corp., FTZ 199

cc: Roderick W. Hudson, Port Director Port of Houston
CBP Officer Elizabeth Soto, CBP Port of Houston
Amy R. Schnipke, Customs and International Trade Lead, Marathon Petroleum
Greg Krasnoschlik, Foreign Trade Zone Operator, Marathon Petroleum