



December 14, 2011

**To: Industrial Development Board**  
**Re: Valero Refining Company-Tennessee, L.L.C.'s Diversity Plan**

Valero Refining Company-Tennessee, L.L.C. ("Valero Refining") acknowledges our understanding of the commitments, requirements for implementation, on-going participation and quarterly reporting requirements for compliance established with respect to diversity by The Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "Board").

Valero Refining values diversity as evidenced by its participation in the Jobs Plus optional program for its 2001 PILOT and its maintenance of an Affirmative Action Plan for its Memphis facility.

Valero Refining's screening of employment applicants and third party contractors is impacted greatly by laws and regulations of the Department of Homeland Security and by safety requirements and concerns. All on-site personnel, whether direct employees or employees of third-party vendors, regardless of their job positions, must receive federally-mandated security clearances. In order to insure the safety of the refinery's work environment, all third-party vendors are required to pass mandatory drug screening, meet acceptable industry standards for safety performance and injury rates, and maintain required levels of comprehensive and liability insurance coverage. The vast majority of the equipment purchased for maintenance and upkeep of Valero's refinery is highly specialized and is not available locally nor from minority or locally-owned vendors. However, where we are able to exercise discretion in spending dollars locally, we agree to consider minority and women-owned business enterprises and locally-owned small businesses and to participate in the following manner:

CONTRACT with local minority, women-owned, and small businesses (Memphis and Shelby County based) firms that are certified vendors through the Shelby County Office of Equal Opportunity Compliance or the City of Memphis on terms that are as agreed as outlined below.

**Contracting:** Regarding those expenditures which we have discretion to make within Memphis and Shelby County, we agree to endeavor to contract with MWBEs and LOSBs in the following categories as follows:

Construction / Tenant Improvements	<u>0%</u> (not applicable; Retention PILOT)
Professional Services	<u>15 %</u>
Goods and Services	<u>15 %</u>
Non-Professional Services	<u>10 %</u>

**Identified Labor Source:** Since this is a Retention PILOT, there is no commitment for new jobs. However, to the extent that there are openings by virtue of attrition or other causes, we agree to endeavor to hire and/or maintain an average annual level of 15% of our replacement jobs through the Memphis Area Career Centers (Workforce Investment Network).



Respectfully,

**VALERO REFINING COMPANY-TENNESSEE, L.L.C.**

By: *John H. Hill*  
Name: John H Hill  
Title: VP and General Manager

The Board acknowledges and agrees that, consistent with the requirements of the Board's Diversity Program 2009, the diversity plan above submitted by Valero Refining represents a realistically achievable, good faith diversity plan appropriate to the proposed project and Valero Refining's industry, setting forth appropriate and mutually beneficial goals governing the purchase of goods and services for the inclusion of M/WBEs and LOSBs and hiring of Workforce Investment Act participants through ILS. As a result, if Valero Refining exhibits a good faith effort in working to achieve and/or revise the goals of its diversity plan, files all of the required reports, but does not achieve its goals, the PILOT benefits may be modified by the Board only to the extent of additional matrix points, if any, tied to the Diversity Plan.

**THE INDUSTRIAL DEVELOPMENT  
BOARD OF THE CITY OF MEMPHIS  
AND COUNTY OF SHELBY, TENNESSEE**

By: *Natasha Brown*  
Name: Natasha Brown  
Title: Secretary

# Memphis & Shelby County Industrial Development Board Diversity Program

Company Name: Valero Refining Company-Tennessee, L.L.C.  
IDB #

Work Plan Summary

Note: For pilots longer than 5 years use 2 pages for requirement 1

## Requirement 1 – Contracting

	Year 1 Estimated Spending	M/WBE -LOSB	%	Year 2 Estimated Spending	M/WBE -LOSB	%	Year 3 Estimated Spending	M/WBE- LOSB	%	Year 4 Estimated Spending	M/WBE -LOSB	%	Years 5- 15 Estimated Spending	M/WBE -LOSB	%
Construction (N/A to Retention PILOT)	N/A			N/A			N/A			N/A			N/A		
Professional Services	1,700,000	255,000	15	1,700,000	255,000	15	1,700,000	255,000	15	1,700,000	255,000	15	1,700,000	255,000	15
Goods & Services	3,400,000	510,000	15	3,400,000	510,000	15	3,400,000	510,000	15	3,400,000	510,000	15	3,400,000	510,000	15
Non- Professional Services	2,400,000	240,000	10	2,400,000	240,000	10	2,400,000	240,000	10	2,400,000	240,000	10	2,400,000	240,000	10

Overall M/WBE-LOSB contracting spend is 13.4% during PILOT period. All figures are for discretionary spend only. These figures are not incremental amounts over amounts under Valero's 2001 Jobs Plus commitment.

## Requirement 2 – ILS (Memphis Area Career Center):

Please specify the # of new hires committed for the overall life of your pilot agreement: 0 (Not applicable for Retention PILOT)

	New Hires (Total)	# ILS Hires	# ILS Retained	If applicable	New Hires (Total)	# ILS Hires	# ILS Retained	If applicable	New Hires (Total)	# ILS Hires	# ILS Retained
Year 1				Year 6				Year 11			
Year 2				Year 7				Year 12			
Year 3				Year 8				Year 13			
Year 4				Year 9				Year 14			
Year 5				Year 10				Year 15			

The foregoing estimates are estimates only and are not warranted or guaranteed by the Applicant, it being understood that business plans and budgets change over time and must be flexible and realistic in response to the Applicant's business situation at any point in time. They were prepared based upon current information available to the Applicant. If Applicant's estimates change during the term of the PILOT incentive, Applicant shall be permitted to submit a revised work plan showing Applicant's revised estimates based upon then-current information.