

ITEM #57

ADDITIONAL MATERIAL

**Regular Meeting
FEBRUARY 26, 2019**

SUBMITTED AT THE REQUEST OF

PORT EVERGLADES



CITGO Petroleum Corporation

P.O. Box 4689
Houston, TX 77210-4689

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February 25, 2019

VIA ELECTRONIC MAIL ONLY

Mr. Neil Kutchera
Port Everglades Dept. of Broward County
1850 Eller Drive
Fort Lauderdale, Florida 33316

Re: CITGO Petroleum Corporation's Response to the Motion on the Broward County Commission Agenda (Item 57) for February 26, 2019 Regarding use of County Resources

Dear Mr. Kutchera:

Pursuant to your request, this letter provides CITGO Petroleum Corporation's ("CITGO's") response to Item 57 on the Broward County Commission agenda for February 26, 2019. The agenda item addressed herein states:

MOTION TO DISCUSS County's contractual dealings with Citgo Petroleum Corporation, which is majority-owned by a corporation ["PDVSA"] owned by the Venezuelan government, to ensure that County resources are not used to worsen or prolong the political and humanitarian crisis in Venezuela. (Commissioner Geller)

CITGO's contractual dealings with Broward County are limited to the License Agreement Between Broward County and CITGO Petroleum Corporation for Bulk Petroleum Product Pipelines at Port Everglades ("CITGO Pipeline License Agreement") which was approved by the Broward County Commission on November 7, 2017. The term of the CITGO Pipeline License Agreement is for 10 years. There are two pipelines subject to the CITGO Pipeline License Agreement. The pipelines themselves are owned by CITGO and transport petroleum products from vessels arriving at Port Everglades to the CITGO terminal facility and from the CITGO terminal facility to the Ft. Lauderdale-Hollywood International Airport. CITGO's terminal facility is located at 801 Southeast 28th Street, Fort Lauderdale, Florida on property owned by CITGO. The two CITGO pipelines run underground through land owned by Broward County which land CITGO uses subject to the CITGO Pipeline License Agreement.

The following information relates to CITGO's current relationship with Broward County:

1. CITGO is a Delaware Corporation with its principal place of business in Houston Texas, and it is authorized to conduct business in the state of Florida;
2. CITGO owns real property in Broward County Florida and pays property taxes to Broward County tax collector;
3. CITGO employs local residents at its terminal facility located in Broward County, and many those employees live in and pay taxes in Broward County;
4. In 2018, CITGO's terminal facility operations at Port Everglades supplied 1,300,000 gallons of petroleum products **per day** to Broward County and the surrounding area through 52 CITGO branded service stations and unbranded facilities all operated by local businessmen, and through a dedicated pipeline to the Ft. Lauderdale-Hollywood International;
5. CITGO's current terminal facility operations at Port Everglades are keeping pace with the 2018 operations;
6. CITGO's ongoing operations provide employment to many residents of Broward County and fuel for vehicle and air transportation in and through Broward County;
7. Any disruption of the flow of petroleum products through CITGO's Port Everglades terminal facility would disrupt commerce in Broward County and negatively impact air travel at Ft. Lauderdale-Hollywood International;
8. At this time, the United States Government has already imposed sanctions on Venezuela, and CITGO is currently operating under a license and pursuant to those sanctions which in summary provide that:
 - any activity other than activity related to the purchase of petroleum or petroleum products from PDVSA will be prohibited after 12:01 a.m., February 27, 2019; and
 - payments for any activity related to the purchase of petroleum or petroleum products from PDVSA must be made into a blocked, interest-bearing account located in the United States.

9. Under the current license and pursuant to the current United States Government sanctions, CITGO may purchase petroleum or petroleum products from PDVSA after 12:01a.m., February 27, 2019 through 12:01a.m., April 28, 2019; however, payments for any activity related to the purchase of petroleum or petroleum products from PDVSA must be made into a blocked, interest-bearing account located in the United States; and
10. Under the current license and pursuant to the current United States Government sanctions, after 12:01a.m., April 28, 2019, CITGO will no longer be able to purchase petroleum or petroleum products from PDVSA.
11. CITGO has a diverse supply chain. In 2018, CITGO's refineries in the United States processed over 50 different types of crude from more than 30 suppliers from 18 different countries. CITGO does not expect any impact to its refinery operations. Like other non-CITGO refiners who purchased Venezuelan crude, CITGO is adjusting its supply volumes based on thorough contingency planning. CITGO expects trade patterns to rebalance soon; therefore, CITGO does not anticipate any of its refineries cutting back process rates as a result of the current United States Government sanctions on Venezuela.

In summary, CITGO's business dealings with Broward County are of economic and social benefit to Broward County and its residents, and there is currently no financial benefit related to CITGO's contractual relationship with Broward County flowing from CITGO to PDVSA which could worsen or prolong the political and humanitarian crisis in Venezuela. Any action taken by the Broward County Commission to curtail CITGO's use of Broward County resources would negatively impact the residents of Broward County and the flow of traffic through Ft. Lauderdale-Hollywood International Airport and would have no positive impact on the political and humanitarian crisis in Venezuela which is currently being addressed by the sanctions already imposed by the United States Government.

We appreciate your support. If additional information is needed on this matter, please contact me at (832) 486-5450.

Sincerely,



Dan Worden
General Manager Terminals and Pipeline
CITGO Petroleum Corporation