

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

January 23, 2019

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Sweeny Independent School District from Phillips 66 Company

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Sweeny Independent School District is notifying Phillips 66 Company, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. Please prepare the economic impact report.

The Applicant submitted the Application to the school district on January 15, 2019. The Board voted to accept the application on January 15, 2019. The application has been determined complete as of January 23, 2019. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered.

A copy of the application will be submitted to the Brazoria County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Brazoria County Appraisal District
Phillips 66 Company

PHILLIPS 66 COMPANY

**CHAPTER 313 APPLICATION
FOR APPRAISED VALUE LIMITATION
TO SWEENEY ISD**

Comptroller

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>



TAB 1

Pages 1 through 9 of application



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 not later than the 150th 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 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

January 15, 2019

Date Application Received by District

Tory

First Name

Superintendent

Title

Sweeny Independent School District

School District Name

1310 North Elm Street

Street Address

1310 North Elm Street

Mailing Address

Sweeny

City

979-491-8010

Phone Number

Mobile Number (optional)

Hill

Last Name

TX

State

979-491-8030

Fax Number

TCHill@sweenyisd.org

Email Address

77480

ZIP

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

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Kevin	O'Hanlon
First Name	Last Name
Partner	
Title	
O'Hanlon, Demerath & Castillo	
Firm Name	
512-494-9949	512-494-9919
Phone Number	Fax Number
346-217-5208	kohanlon@808west.com
Mobile Number (optional)	Email Address
4. On what date did the district determine this application complete?	January 23, 2019
5. Has the district determined that the electronic copy and hard copy are identical?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Chris	Cisneros	
First Name	Last Name	
Property Tax Senior Advisor	Phillips 66 Company	
Title	Organization	
2331 City West Boulevard, Houston, TX 77042		
Street Address		
1075 N. Sam Houston N., Suite 200		
Mailing Address		
Houston	TX	77043
City	State	ZIP
832-765-4112	832-765-9806	
Phone Number	Fax Number	
346-217-5208	chris.g.cisneros@p66.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?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
2a. If yes, please fill out contact information for that person.		

Bob	Adair	
First Name	Last Name	
Director, Property Tax Planning and Valuation	Phillips 66 Company	
Title	Organization	
2331 City West Boulevard, Houston, TX 77042		
Street Address		
1075 N. Sam Houston N., Suite 200		
Mailing Address		
Houston	TX	77043
City	State	ZIP
281-235-6558	918-977-9431	
Phone Number	Fax Number	
281-235-6558	bob.adair@p66.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

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Sam	Gregson
First Name	Last Name
Senior Consultant	
Title	
Cummings Westlake, LLC	
Firm Name	
713-266-4456	713-266-2333
Phone Number	Fax Number
sgregson@cwlp.net	
Business Email Address	

SECTION 3: Fees and Payments

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

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Phillips 66 Company

2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 13716527026

3. List the NAICS code 325120

4. Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No

4a. If yes, please list application number, name of school district and year of agreement
App# 286, Sweeny ISD, 2015 ; App#1185, Sweeny ISD, 2021

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Corporation

2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? 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? Yes No

4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? 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**)

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:
 - Land has no existing improvements Land has existing improvements (*complete Section 13*)
 - Expansion of existing operation on the land (*complete Section 13*) 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, contracts or letters of intent 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 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. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
- 9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
- 10. 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

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

- 1. Application approval by school board July 2019
- 2. Commencement of construction 3Q 2019
- 3. Beginning of qualifying time period January 2, 2020
- 4. First year of limitation 2021
- 5. Begin hiring new employees December 2020
- 6. Commencement of commercial operations 2Q 2021
- 7. 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.
- 8. When do you anticipate the new buildings or improvements will be placed in service? 2Q 2021

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Brazoria
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Brazoria 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>Brazoria County, .440234, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Sweeny Hospital Dist, .516523, 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>W Brazoria Co Drainage Dist, .02, 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>Port Freeport, .0401, 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? 30,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
- 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 tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, 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

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)? 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? 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): \$ _____ 0.00
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.

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)? 0

2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2018
(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)? 3,982

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? 10

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

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 1,127.00

b. 110% of the average weekly wage for manufacturing jobs in the county is 2,663.00

c. 110% of the average weekly wage for manufacturing jobs in the region is 1,274.00

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? 66,222.00

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 66,222.00

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 §313.021(3)(F)? 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

Please find on the attached page, copy of the check for the \$75,000 application fee to Sweeny Independent School District.

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

Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)

See Attached

Texas Franchise Tax Affiliate Schedule

Tcode 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2018
Reporting entity taxpayer name PHILLIPS 66 COMPANY

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 PHILLIPS 66 COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 13716527026		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 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 91912362371 .00			
10. Gross receipts in Texas (before eliminations) 19971576550 .00		11. Cost of goods sold or compensation (before eliminations) 87815892090 .00			
1. Legal name of affiliate DOUGLAS STATIONS, INC.		2. Affiliate taxpayer number (if none, use FEI number) 952371340		3. Affiliate NAICS code 531190	
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 checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
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			
1. Legal name of affiliate ASAMERA OIL (U.S.) INC.		2. Affiliate taxpayer number (if none, use FEI number) 840239892		3. Affiliate NAICS code 551112	
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 checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 709310 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 24675 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/franchise/. 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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TAB 4

Detailed Description of the Project

Provide 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.

Phillips 66 Company is currently evaluating projected economics to construct a natural gas liquids (NGL) fractionator and related facilities to meet market demand for purity products. The proposed site is on the parcels indicated on the attached exhibits. The proposed fractionator is near Fractionators 2 and 3 which are under construction in Brazoria County Reinvestment Zone 7. The proposed fractionator, capable of producing up to 150,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. Such products include ethane, iso-butane, normal butane, propane and natural gasoline.

The source of the y-grade supply for the new fractionator would likely originate from field gas plants in Texas and/or Oklahoma. Product placement of the purity products would include domestic and international markets. These aspects hold true regardless of the final location decision.

The proposed site is within Brazoria County Reinvestment Zone 7 for Phillips 66, approved by the Brazoria County Commissioners' Court on February 28, 2017.

Estimated Construction Schedule

Construction Start: Q3 2019
Construction Complete: Q2 2021

Improvements and Fixed Equipment for which Abatement is Requested

Air Cooling Exchangers
Amine System
Control Room and Building
Control System
Control Valves
Electrical and Instrumentation
Fire Protection/Deluge System
Flare System
Fractionation Columns
Gasoline Treatment
Heat Exchanges



Heat Pump Compressors
Instrument Air Package and Supply System
Manifolds and Pipelines
Nitrogen Skid
Piping
Power Substation
Process Air Package and Supply System
Pumps
Refrigerant Compressor
Waste Water Treatment
Water Purification



TAB 5

Documentation to assist in determining if limitation is a determining factor.

This Tab is intended to assist the Comptroller in compliance with Tax Code 313.026 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.” Phillips 66 management approves most capital investment in the following categories:

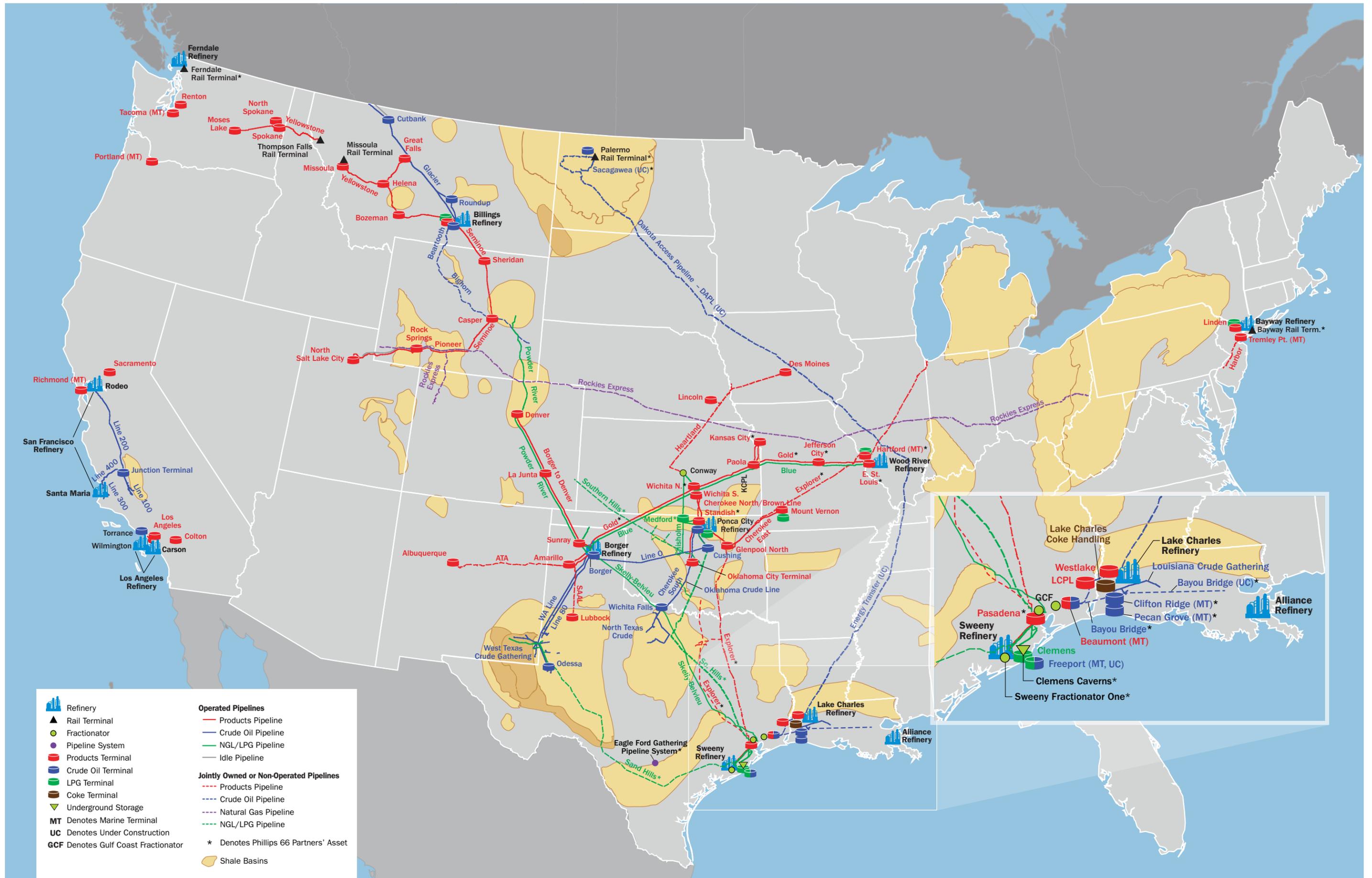
- **Unfunded Mandates** – As state and local government have unfunded mandates, businesses are also given unfunded mandates as a requirement to stay in business. A common example of this category is a requirement to install new facilities, which also generally increases operating cost, to comply with environmental law and regulations.
- **Sustaining Operations** – Significant capital investment is needed for periodic replacements of equipment and other property nearing the end of its ability to operate physically, efficiently, and safely. After a review of anticipated economic performance with current operations, company management will decide whether to fully sustain, downsize, or occasionally, close the facility. The amount of approved capital investment will align with the level of planned operations.
- **Growth** – Growth projects are often near existing operations but may be in a new area. Phillips 66’s existing facilities are:
 - Refining – 11 U.S. refineries in eight states and 2 in Europe;
 - Midstream – 21,000 miles of pipelines, 40 finished product terminals, 38 storage locations, 19 crude oil terminals, and 5 liquefied petroleum gas terminals in 21 states and 50% equity investment in DCP Midstream, LLC;
 - Chemicals – 50% equity investment in Chevron Phillips Chemical Company, LLC with 30 manufacturing facilities in seven states and five other countries; and
 - Marketing and Specialties – The Marketing segment includes sales through approximately 7,550 independently owned outlets in 48 states and company owned, leased or joint venture outlets in four European countries. The Specialties segment includes lubricants, petroleum coke, waxes, solvents, and polypropylene.

The following map of U.S. operations is intended as a quick reference indication that Phillips 66 has many options of where to place capital investment.



All Phillips 66 major capital investments must go through a structured review by the project team and management. The final management decision of whether and/or where to build the proposed major project is based on technical feasibility, projected economics, and financial risk.

The proposed fractionator in this application is in intense competition with many unrelated projects in the Company. Because property taxes in Texas are a significantly large portion of annual operating cost versus other areas of the country where Phillips 66 operates, the project team is requesting approval of all available property tax abatements and incentives to help move the project through the next management decision “gate” and closer to final approval. Approval of Chapter 312 non-school abatements and a Chapter 313 school value limitation are determining factors in management’s decision to invest or not invest in this proposed project in Texas.



Refinery	Operated Pipelines
Rail Terminal	Products Pipeline
Fractionator	Crude Oil Pipeline
Pipeline System	NGL/LPG Pipeline
Products Terminal	Idle Pipeline
Crude Oil Terminal	Jointly Owned or Non-Operated Pipelines
LPG Terminal	Products Pipeline
Coke Terminal	Crude Oil Pipeline
Underground Storage	Natural Gas Pipeline
MT Denotes Marine Terminal	NGL/LPG Pipeline
UC Denotes Under Construction	* Denotes Phillips 66 Partners' Asset
GCF Denotes Gulf Coast Fractionator	Shale Basins



TAB 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

- | | |
|-------------------------------|--------|
| 1) Brazoria County | – 100% |
| 2) Sweeny Hospital District | – 100% |
| 3) W Braz. Co. Drain Dist. #2 | – 100% |
| 4) Port Freeport | – 100% |
| 5) Sweeny ISD | – 100% |



TAB 7

Description of Qualified Investment

Phillips 66 Company is currently evaluating projected economics to construct a natural gas liquids (NGL) fractionator and related facilities to meet market demand for purity products. The proposed site is on the parcels indicated on the attached exhibits. The proposed fractionator is near Fractionators 2 and 3 which are under construction in Brazoria County Reinvestment Zone 7. The proposed fractionator, capable of producing up to 150,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. Such products include ethane, iso-butane, normal butane, propane and natural gasoline. The source of the y-grade supply for the new fractionator would likely originate from field gas plants in Texas and/or Oklahoma. Product placement of the purity products would include domestic and international markets. These aspects hold true regardless of the final location decision.

Qualified Investment for which Abatement is Requested

Air Cooling Exchangers
Amine System
Control Room and Building
Control System
Control Valves
Electrical and Instrumentation
Fire Protection/Deluge System
Flare System
Fractionation Columns
Gasoline Treatment
Heat Exchanges
Heat Pump Compressors
Instrument Air Package and Supply System
Manifolds and Pipelines
Nitrogen Skid
Piping
Power Substation
Process Air Package and Supply System
Pumps
Refrigerant Compressor
Waste Water Treatment
Water Purification



TAB 8

Description of Qualified Property

Qualified Investment for which Abatement is Requested

Air Cooling Exchangers
Amine System
Control Room and Building
Control System
Control Valves
Electrical and Instrumentation
Fire Protection/Deluge System
Flare System
Fractionation Columns
Gasoline Treatment
Heat Exchanges
Heat Pump Compressors
Instrument Air Package and Supply System
Manifolds and Pipelines
Nitrogen Skid
Piping
Power Substation
Process Air Package and Supply System
Pumps
Refrigerant Compressor
Waste Water Treatment
Water Purification



TAB 9

Description of Land

Not applicable. The land on which the new buildings and new improvements will be built, is not being claimed as part of the qualified property described by §313.021(2)(A).



TAB 10

Description of all property not eligible to become qualified property (if applicable)

None



TAB 11

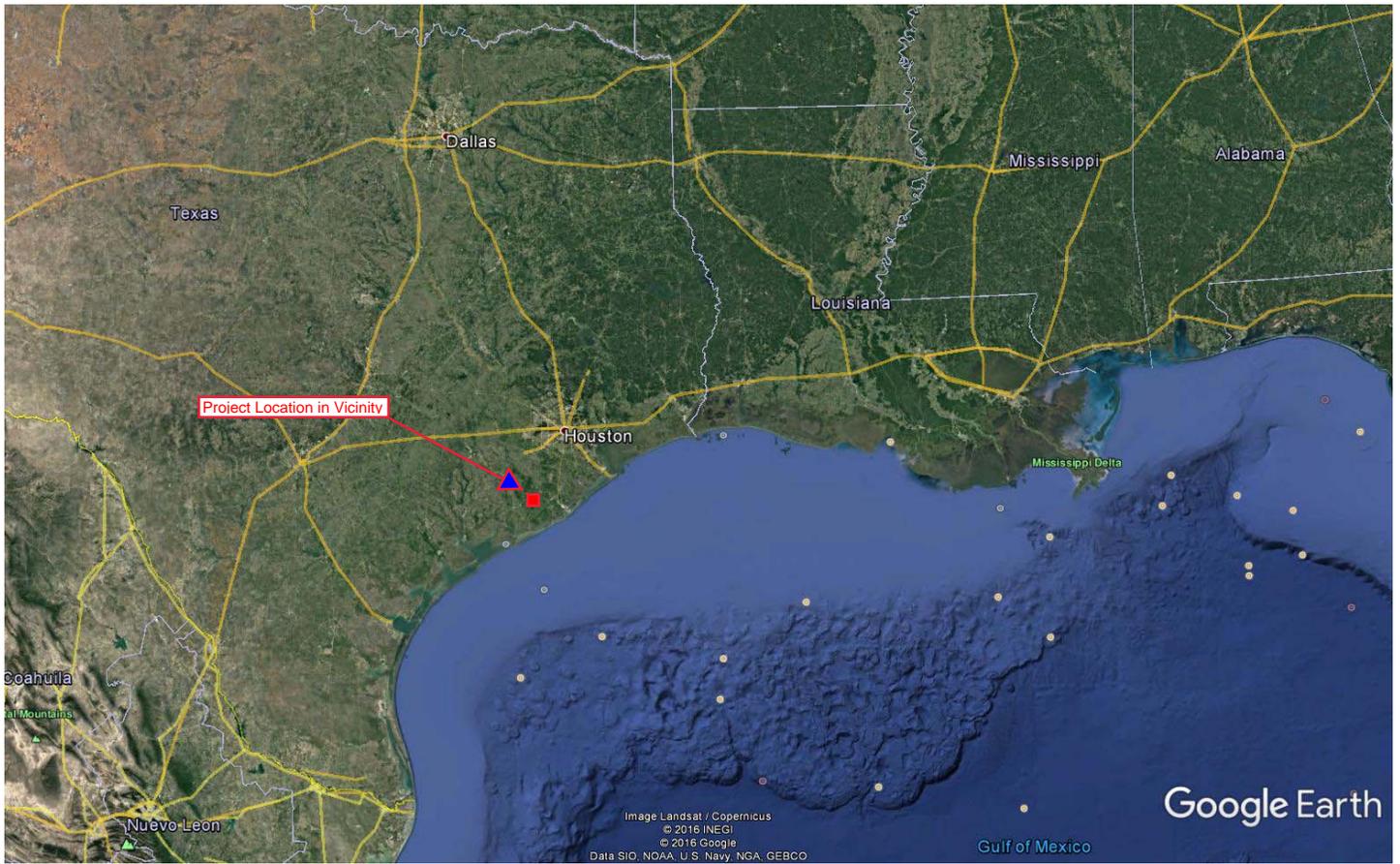
Maps that clearly show:

- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size



Google Earth

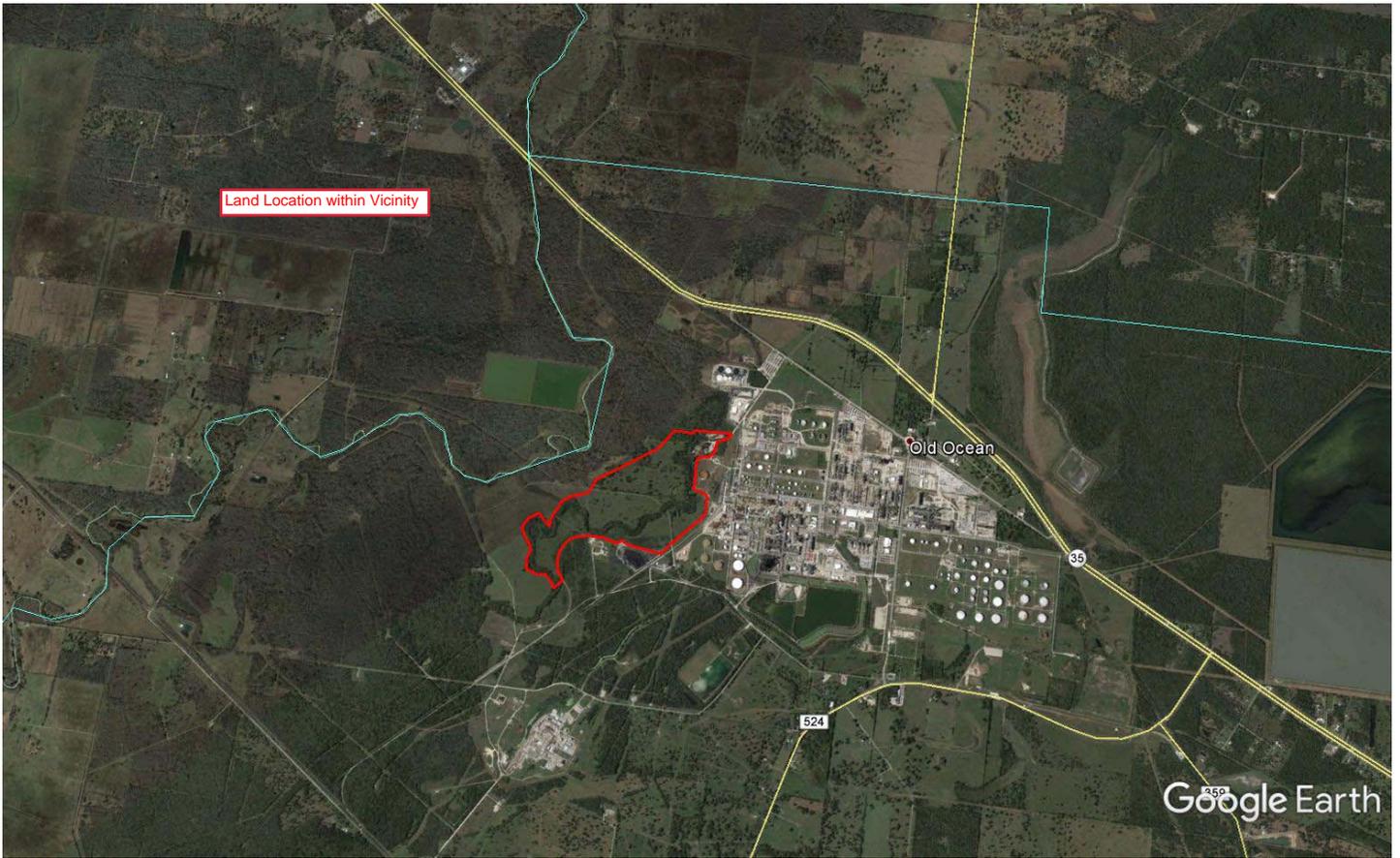




Google Earth

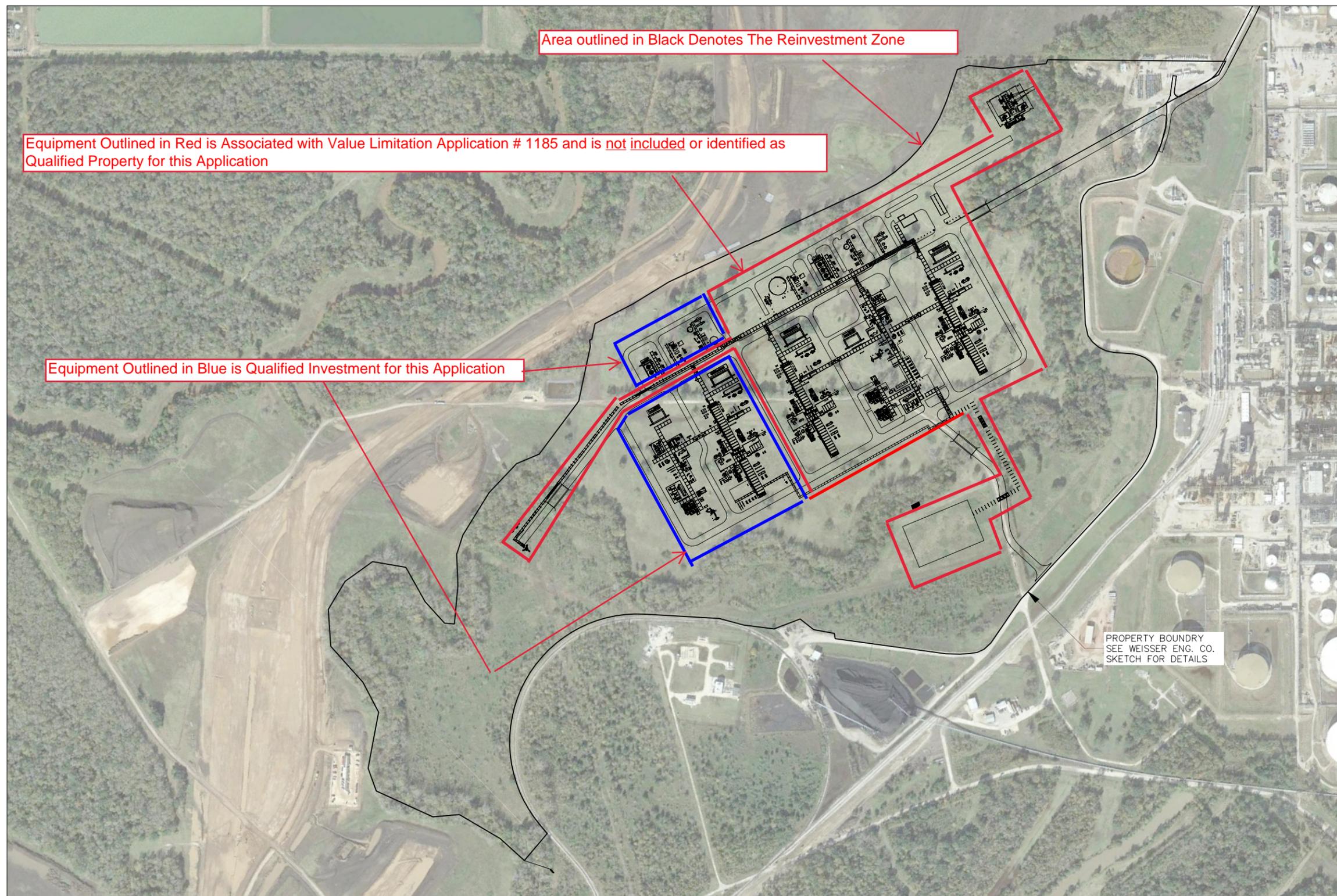
miles
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Google Earth



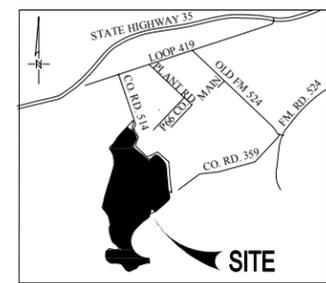
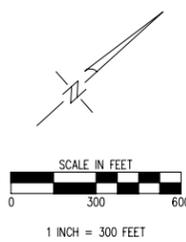


Area outlined in Black Denotes The Reinvestment Zone

Equipment Outlined in Red is Associated with Value Limitation Application # 1185 and is not included or identified as Qualified Property for this Application

Equipment Outlined in Blue is Qualified Investment for this Application

PROPERTY BOUNDRY
SEE WEISSER ENG. CO.
SKETCH FOR DETAILS



JOB. NO. C-1683



S&B ENGINEERS and
CONSTRUCTORS, LTD.
HOUSTON, TEXAS

S&B FORM C-101 (1-18) AUTOCAD GENERATED DRAWING

NO.	REVISION	BY	CHK.	DATE
A	ISSUED FOR INFORMATION - SWEENEY ABATEMENT	RDP	KD	11/2018

NOTES
1. EQUIPMENT SIZING, SPACING, AND DRAWING LIMITS ARE PRELIMINARY AND SUBJECT TO CHANGE BASED ON PROCESS REQUIREMENTS.
2. DRAWING LIMIT COORDINATES TO BE ESTABLISHED LATER.

DRAWING NO.	REFERENCE

DRAWN BY	RDP	11/2018
DRAFT.CHK'D.		
MECHANICAL		
CIVIL/STRUCT.		
ELECTRICAL		
INSTRUMENT		
PROJ.ENGR.		

APPROVED FOR CONSTRUCTION
BY _____ DATE _____



TITLE OF DRAWING		JOB. NO.	
ABATEMENT		C-1683	
SWEENEY FRAC 4 PROJECT			
FRAC 4 WITH FRAC 2/3 AND COMMONS			
NAME OF OWNER		PHILLIPS 66	
LOCATION OF PROJECT		SWEENEY REFINERY, OLD OCEAN, TX	
JOB. NO. C-1683	DWG. NO. SK-C1683-4000-0013	SHEET 1	REV. A
SCALE 1" = 300'-0"			



TAB 12

Request for Waiver of Job Creation Requirement and supporting information (if applicable)

Not Applicable



TAB 13

Calculation of three possible wage requirements with TWC documentation

- 1) Brazoria County average weekly wage for all jobs (all industries)
- 2) Brazoria County average weekly wage for all jobs (manufacturing)
- 3) See attached Council of Governments Regional Wage Calculation and Documentation

**PHILLIPS 66 FRACTIONATOR #4 - SWEENEY ISD
TAB 13 TO CHAPTER 313 APPLICATION**

**BRAZORIA COUNTY
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2018	\$ 1,204	\$ 62,608
SECOND	2018	\$ 1,094	\$ 56,888
THIRD	2017	\$ 1,074	\$ 55,848
FOURTH	2017	\$ 1,137	\$ 59,124
AVERAGE		\$ 1,127	\$ 58,617

**BRAZORIA COUNTY
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2018	\$ 2,962	\$ 154,024
SECOND	2018	\$ 2,109	\$ 109,668
THIRD	2017	\$ 2,263	\$ 117,676
FOURTH	2017	\$ 2,350	\$ 122,200
AVERAGE		\$ 2,421	\$ 125,892
		X 110%	110%
		\$ 2,663	\$ 138,481

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2017	\$ 1,158	\$ 60,202
		X 110%
		\$ 1,274
		\$ 66,222

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2018	1st Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,204
2018	2nd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,094
2017	3rd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,074
2017	4th Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,137

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2018	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,962
2018	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,109
2017	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,263
2017	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,350

**2017 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$26.24	\$54,587
1. Panhandle Regional Planning Commission	\$23.65	\$49,190
2. South Plains Association of Governments	\$19.36	\$40,262
3. NORTEX Regional Planning Commission	\$23.46	\$48,789
4. North Central Texas Council of Governments	\$26.80	\$55,747
5. Ark-Tex Council of Governments	\$18.59	\$38,663
6. East Texas Council of Governments	\$21.07	\$43,827
7. West Central Texas Council of Governments	\$21.24	\$44,178
8. Rio Grande Council of Governments	\$18.44	\$38,351
9. Permian Basin Regional Planning Commission	\$26.24	\$54,576
10. Concho Valley Council of Governments	\$19.67	\$40,924
11. Heart of Texas Council of Governments	\$21.53	\$44,781
12. Capital Area Council of Governments	\$31.49	\$65,497
13. Brazos Valley Council of Governments	\$17.76	\$39,931
14. Deep East Texas Council of Governments	\$17.99	\$37,428
15. South East Texas Regional Planning Commission	\$34.98	\$72,755
16. Houston-Galveston Area Council	\$28.94	\$60,202
17. Golden Crescent Regional Planning Commission	\$26.94	\$56,042
18. Alamo Area Council of Governments	\$22.05	\$48,869
19. South Texas Development Council	\$15.07	\$31,343
20. Coastal Bend Council of Governments	\$28.98	\$60,276
21. Lower Rio Grande Valley Development Council	\$17.86	\$37,152
22. Texoma Council of Governments	\$21.18	\$44,060
23. Central Texas Council of Governments	\$19.30	\$40,146
24. Middle Rio Grande Development Council	\$24.07	\$50,058

110% X \$60,202 = \$66,222

Source: Texas Occupational Employment and Wages

Data published: July 2018

Data published annually, next update will be July 31, 2019

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 completed and signed Economic Impact (if applicable)

See attached Schedules A1, A2, B, C and D

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

Date **1/8/2019**
 Applicant Name **PHILLIPS 66**
 ISD Name **SWEENY ISD**

Form 50-296A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2019	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	Stub	2020-2021	2020	85,000,000	0	0	0	85,000,000
				320,000,000	0	0	0	320,000,000
Complete tax years of qualifying time period	QTP1	20201-2022	2021	85,000,000	5,000,000	0	0	90,000,000
	QTP2	20222-2023	2022	0	0	0	0	0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				490,000,000	5,000,000	0	0	495,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				495,000,000				

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.

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.

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)

Date **1/8/2019**
 Applicant Name **PHILLIPS 66**
 ISD Name **SWEENY ISD**

Form 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		490,000,000	5,000,000	0	0	495,000,000
Enter amounts from TOTAL row in Schedule A1 in the row below								
Value limitation period***	0	2019-2020	2019					
	0	2020-2021	2020					
	1	2021-2022	2021	0	0	0	0	0
	2	2022-2023	2022	0	0	0	0	0
	3	2023-2024	2023	0	0	0	0	0
	4	2024-2025	2024	0	0	0	0	0
	5	2025-2026	2025	0	0	0	0	0
	6	2026-2027	2026	0	0	0	0	0
	7	2027-2028	2027	0	0	0	0	0
	8	2028-2029	2028	0	0	0	0	0
9	2029-2030	2029	0	0	0	0	0	
10	2030-2031	2030	0	0	0	0	0	
Total Investment made through limitation				490,000,000	5,000,000	0	0	495,000,000
Continue to maintain viable presence	11	2031-2032	2031			0		0
	12	2032-2033	2032			0		0
	13	2033-2034	2033			0		0
	14	2034-2035	2034			0		0
	15	2035-2036	2035			0		0
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036			0		0
	17	2037-2038	2037			0		0
	18	2038-2039	2038			0		0
	19	2039-2040	2039			0		0
	20	2040-2041	2040			0		0
	21	2041-2042	2041			0		0
	22	2042-2043	2042			0		0
	23	2043-2044	2043			0		0
	24	2044-2045	2044			0		0
	25	2045-2046	2045			0		0

* 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 investments/years that were **not** captured on Schedule A1.

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)

Date **1/8/2019**
 Applicant Name **PHILLIPS 66**
 ISD Name **SWEENY ISD**

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) 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
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	0	0	0	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2020-2021	2020	0	0	42,500,000	42,500,000	42,500,000	42,500,000
Value Limitation Period	1	2021-2022	2021	0	5,000,000	303,750,000	308,750,000	308,750,000	30,000,000
	2	2022-2023	2022	0	4,875,000	465,500,000	470,375,000	470,375,000	30,000,000
	3	2023-2024	2023	0	4,753,100	442,225,000	446,978,100	446,978,100	30,000,000
	4	2024-2025	2024	0	4,634,300	420,114,000	424,748,300	424,748,300	30,000,000
	5	2025-2026	2025	0	4,518,400	399,108,000	403,626,400	403,626,400	30,000,000
	6	2026-2027	2026	0	4,405,400	379,153,000	383,558,400	383,558,400	30,000,000
	7	2027-2028	2027	0	4,295,300	360,195,000	364,490,300	364,490,300	30,000,000
	8	2028-2029	2028	0	4,187,900	342,185,000	346,372,900	346,372,900	30,000,000
	9	2029-2030	2029	0	4,083,200	325,076,000	329,159,200	329,159,200	30,000,000
	10	2030-2031	2030	0	3,981,100	308,822,000	312,803,100	312,803,100	30,000,000
Continue to maintain viable presence	11	2031-2032	2031	0	3,881,600	293,381,000	297,262,600	297,262,600	297,262,600
	12	2032-2033	2032	0	3,784,600	278,712,000	282,496,600	282,496,600	282,496,600
	13	2033-2034	2033	0	3,690,000	264,776,000	268,466,000	268,466,000	268,466,000
	14	2034-2035	2034	0	3,597,800	251,537,000	255,134,800	255,134,800	255,134,800
	15	2035-2036	2035	0	3,507,900	238,960,000	242,467,900	242,467,900	242,467,900
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036	0	3,420,200	227,012,000	230,432,200	230,432,200	230,432,200
	17	2037-2038	2037	0	3,334,700	215,661,000	218,995,700	218,995,700	218,995,700
	18	2038-2039	2038	0	3,251,300	204,878,000	208,129,300	208,129,300	208,129,300
	19	2039-2040	2039	0	3,170,000	194,634,000	197,804,000	197,804,000	197,804,000
	20	2040-2041	2040	0	3,090,800	184,902,000	187,992,800	187,992,800	187,992,800
	21	2041-2042	2041	0	3,013,500	175,657,000	178,670,500	178,670,500	178,670,500
	22	2042-2043	2042	0	2,938,200	166,874,000	169,812,200	169,812,200	169,812,200
	23	2043-2044	2043	0	2,864,700	158,530,000	161,394,700	161,394,700	161,394,700
	24	2044-2045	2044	0	2,793,100	150,604,000	153,397,100	153,397,100	153,397,100
	25	2045-2046	2045	0	2,723,300	143,074,000	145,797,300	145,797,300	145,797,300

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

Date **1/8/2019**
 Applicant Name **PHILLIPS 66**
 ISD Name **SWEENEY ISD**

Form 50-296A

Revised May 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
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	250 FTE	\$ 78,000	0	0	0
	0	2020-2021	2020	1100FTE	\$ 78,000	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	1100 FTE	\$ 78,000	0	10	\$ 66,222
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021	N/A	N/A	0	10	\$ 66,222
	2	2022-2023	2022	N/A	N/A	0	10	\$ 66,222
	3	2023-2024	2023	N/A	N/A	0	10	\$ 66,222
	4	2024-2025	2024	N/A	N/A	0	10	\$ 66,222
	5	2025-2026	2025	N/A	N/A	0	10	\$ 66,222
	6	2026-2027	2026	N/A	N/A	0	10	\$ 66,222
	7	2027-2028	2027	N/A	N/A	0	10	\$ 66,222
	8	2028-2029	2028	N/A	N/A	0	10	\$ 66,222
	9	2029-2030	2029	N/A	N/A	0	10	\$ 66,222
	10	2030-2031	2030	N/A	N/A	0	10	\$ 66,222
Years Following Value Limitation Period	11 through 25	2031-2045	2031	N/A	N/A	0	10	\$ 66,222

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) Yes No
- qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
 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)

Date **1/8/2019**
 Applicant Name **PHILLIPS 66**
 ISD Name **SWEENY ISD**

Form 50-296A

Revised May 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:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Brazoria	2021	10 Years	Annual Avg. = \$1,688,000	see detail below	Annual Avg. = \$422,300
	Other: Hospital	2021	10 Years	Annual Avg. = \$1,979,000	see detail below	Annual Avg. = \$495,400
	Other: Port Freeport	2021	10 Years	Annual Avg. = \$153,690	see detail below	Annual Avg. = \$38,500
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A		N/A	
Texas Enterprise Fund	N/A	N/A	N/A		N/A	
Employee Recruitment	N/A	N/A	N/A		N/A	
Skills Development Fund	N/A	N/A	N/A		N/A	
Training Facility Space and Equipment	N/A	N/A	N/A		N/A	
Infrastructure Incentives	N/A	N/A	N/A		N/A	
Permitting Assistance	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
TOTAL				\$ 3,820,690.00		\$ 956,200

Additional information on incentives for this project:

<p>County Terms: Phillips 66 applied for and anticipates receiving an abatement structured as follows: 100% for Seven Years Hospital Terms: Phillips 66 applied for and anticipates receiving an abatement structured as follows: 100% for Seven Years Port Freeport Terms: Phillips 66 applied for and anticipates receiving an abatement structured as follows: 100% for Seven Years</p>



TAB 15

Economic Impact Analysis, other payments made in the state or other economic information (if applicable)

None



TAB 16

Description of Reinvestment Zone or Enterprise Zone, including:

- a) Evidence that the area qualifies as an enterprise zone as defined by the Governor's office
- b) Legal description of reinvestment zone*
- c) Order, resolution, or ordinance established the reinvestment zone*
- d) Guidelines and criteria for creating the zone*

- a) Not applicable
- b) See Attached
- c) See Attached
- d) See Attached

**DESCRIPTION OF A
220.259-ACRE (9,594,479 SQ. FT.) TRACT OF LAND
SITUATED IN THE POLLY AND CHANCE LEAGUE, A-119
BRAZORIA COUNTY, TEXAS**

BEING a 220.259-acre (9,594,479 sq. ft.) tract of land situated in the Polly and Chance League, Abstract Number 119, Brazoria County, Texas and being part of a called 1,830-acre tract of land and part of a called 1 acre tract of land, both conveyed to Phillips 66 Company by deed recorded under Brazoria County Clerk's File No. (B.C.C.F. No.) 2012021275 of the Official Records of Brazoria County (O.R.B.C.). Said 220.259-acre tract being more particularly described by metes and bounds as follows, with the basis of bearings being the Texas Coordinate System, South Central Zone No. 4204 (NAD 83); the coordinates shown herein are grid and may be converted to surface by applying the combined adjustment factor of 1.00012398336997. All distances herein are surface distances;

COMMENCING (N=13,574,123.81, E=3,001,803.23) at a brass disk in a 4-inch by 4-inch concrete post found for the southwest corner of said called 1,830-acre tract;

THENCE North 41° 58' 15" East, with the south line of said called 1,830-acre tract, a distance of 5,294.14 feet to a brass disk in a 4-inch by 4-inch concrete post found in the south line of said called 1,830-acre tract;

THENCE North 17° 33' 44" West, over and across said 1,830-acre tract, a distance of 3,296.96 feet to the **POINT OF BEGINNING** (N=13,581,202.33, E=3,004,348.55) of said tract herein described, located on the easterly line of a 618.60-acre lease to Chevron Phillips Chemical Company;

THENCE over and across said 1,830-acre tract and with an easterly line of a 618.60-acre tract leased to Chevron Phillips Chemical Company, the following bearings and distances;

- 1.) South 84° 08' 51" West - 187.63 feet;
- 2.) South 72° 27' 00" West - 269.54 feet;
- 3.) South 36° 55' 37" West - 151.58 feet;
- 4.) South 66° 21' 36" West - 355.54 feet;
- 5.) North 67° 42' 26" West - 137.53 feet;
- 6.) North 37° 30' 05" West - 325.77 feet;
- 7.) North 75° 44' 52" West - 191.16 feet;
- 8.) North 89° 55' 34" West - 276.77 feet;
- 9.) North 51° 47' 04" West - 210.33 feet;
- 10.) North 17° 00' 14" West - 186.94 feet;
- 11.) North 06° 13' 25" East - 192.01 feet;
- 12.) North 51° 29' 48" East - 193.72 feet;
- 13.) South 77° 10' 39" East - 225.14 feet;
- 14.) North 89° 32' 27" East - 165.67 feet;
- 15.) North 46° 20' 08" East - 55.20 feet;
- 16.) North 42° 36' 17" West - 219.34 feet;
- 17.) North 50° 18' 51" West - 178.47 feet;
- 18.) North 30° 35' 32" West - 116.05 feet;
- 19.) North 16° 15' 53" West - 283.90 feet;

- 20.) North 04° 35' 05" West - 227.93 feet;
- 21.) North 19° 16' 47" East - 141.20 feet;

THENCE departing said lease line, continuing over and across said 1,830-acre tract, the following bearings and distances;

- 22.) North 11° 16' 42" West - 376.49 feet;
- 23.) North 36° 04' 59" West - 315.53 feet;

THENCE continuing with said lease line, over and across said 1,830-acre tract, the following bearings and distances;

- 24.) North 52° 15' 04" West - 39.02 feet;
- 25.) North 15° 07' 48" East - 13.51 feet;

THENCE departing said lease line, continuing over and across said 1,830-acre tract, the following bearings and distances;

- 26.) North 36° 07' 05" West - 89.41 feet;
- 27.) North 14° 22' 43" East - 243.66 feet;
- 28.) North 10° 29' 01" East - 240.41 feet;
- 29.) North 16° 59' 44" East - 550.36 feet;
- 30.) North 38° 00' 27" East - 12.89 feet;
- 31.) North 16° 31' 23" East - 134.89 feet;
- 32.) North 00° 12' 44" West - 14.64 feet;
- 33.) North 16° 51' 06" East - 550.59 feet;
- 34.) North 13° 58' 00" East - 49.32 feet;
- 35.) North 10° 13' 18" East - 49.92 feet;
- 36.) North 06° 42' 24" East - 80.98 feet;
- 37.) North 00° 53' 10" East - 100.56 feet;
- 38.) North 04° 54' 00" West - 69.48 feet;
- 39.) North 08° 22' 28" West - 40.06 feet;
- 40.) North 12° 41' 56" West - 100.41 feet;
- 41.) North 18° 28' 22" West - 89.50 feet;
- 42.) North 25° 11' 08" West - 99.64 feet;
- 43.) North 29° 00' 16" West - 191.12 feet;

THENCE continuing with said lease line, over and across said 1,830-acre tract, the following bearings and distances;

- 44.) North 22° 45' 32" East - 69.55 feet;
- 45.) North 47° 15' 21" East - 185.41 feet;
- 46.) North 35° 38' 34" East - 258.38 feet;
- 47.) North 24° 25' 58" West - 24.00 feet;

THENCE departing said lease line and with a northwest line of said 1,830-acre tract and a southeast line of a called 240.57-acre tract of land conveyed to Phillips 66 Company by deed recorded under B.C.C.F. No. 2012021275 of the O.R.B.C., the following bearings and distances;

- 48.) North 42° 26' 42" East - 156.10 feet;
- 49.) North 42° 26' 53" East - 860.20 feet;

THENCE continuing over and across said 1,830-acre tract and with the westerly line of an existing gravel road, the following bearings and distances;

- 50.) South 20° 31' 24" East - 87.50 feet;
- 51.) South 13° 21' 54" West - 339.87 feet;
- 52.) South 50° 13' 58" East - 45.79 feet;
- 53.) South 43° 34' 13" East - 91.08 feet;
- 54.) South 32° 56' 25" East - 97.34 feet;
- 55.) South 25° 53' 01" East - 95.38 feet;
- 56.) South 16° 43' 02" East - 33.60 feet;
- 57.) South 00° 08' 27" West - 59.43 feet;
- 58.) South 15° 15' 40" West - 59.38 feet;
- 59.) South 27° 35' 38" West - 82.34 feet;
- 60.) South 30° 54' 55" West - 97.05 feet;
- 61.) South 25° 04' 28" West - 49.96 feet;
- 62.) South 10° 36' 47" West - 47.49 feet;
- 63.) South 08° 36' 10" East - 45.24 feet;
- 64.) South 27° 49' 43" East - 47.54 feet;
- 65.) South 47° 24' 17" East - 47.70 feet;
- 66.) South 50° 30' 40" East - 637.36 feet;
- 67.) South 60° 29' 30" East - 69.17 feet;
- 68.) South 84° 02' 29" East - 44.89 feet;
- 69.) North 82° 05' 28" East - 45.35 feet;
- 70.) North 68° 01' 08" East - 46.22 feet;
- 71.) North 54° 09' 57" East - 43.93 feet;
- 72.) North 46° 29' 59" East - 118.25 feet;
- 73.) North 57° 47' 27" East - 37.14 feet;
- 74.) North 64° 19' 59" East - 31.27 feet;
- 75.) North 79° 06' 46" East - 39.77 feet;
- 76.) South 85° 49' 26" East - 32.63 feet;
- 77.) South 72° 12' 44" East - 32.84 feet;
- 78.) South 59° 00' 58" East - 30.64 feet;
- 79.) South 46° 26' 20" East - 279.06 feet;
- 80.) South 38° 54' 19" East - 59.68 feet;
- 81.) South 34° 19' 07" East - 49.59 feet;
- 82.) South 27° 59' 39" East - 48.00 feet;
- 83.) South 21° 44' 41" East - 48.44 feet;
- 84.) South 15° 45' 24" East - 43.96 feet;
- 85.) South 09° 47' 49" East - 48.03 feet;
- 86.) South 07° 05' 46" East - 94.47 feet;
- 87.) South 05° 08' 23" East - 881.44 feet;
- 88.) South 13° 36' 45" East - 301.44 feet;
- 89.) South 01° 03' 22" East - 53.66 feet;
- 90.) South 17° 58' 28" West - 41.71 feet;
- 91.) South 33° 04' 34" West - 45.62 feet;
- 92.) South 39° 03' 06" West - 56.08 feet;

- 93.) South 43° 11' 28" West - 79.74 feet;
- 94.) South 49° 46' 18" West - 636.71 feet;
- 95.) North 59° 13' 18" West - 30.36 feet;
- 96.) South 52° 25' 37" West - 119.62 feet;
- 97.) South 79° 42' 29" West - 98.08 feet;
- 98.) South 20° 52' 47" West - 158.35 feet;

THENCE South 49° 19' 18" West, departing said edge of gravel road, continuing over and across said 1,830-acre tract, a distance of 176.43 feet;

THENCE continuing over and across said 1,830-acre tract and with the northerly and westerly ballast line of an existing railroad, the following bearings and distances;

- 100.) South 57° 10' 45" West - 144.32;
- 101.) South 45° 09' 44" West - 425.97;

THENCE in southwesterly, southerly and southeasterly direction, continuing over and across said 1,830-acre tract and said ballast, along a tangent circular curve to the left, having a radius of 730.00 feet, central angle of 133° 21' 44", an arc length of 1,699.16 feet and chord that bears South 21° 31' 08" East, a distance of 1,340.74 feet;

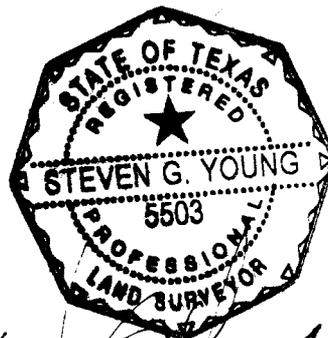
THENCE South 88° 19' 16" East, continuing over and across said 1,830-acre tract and said ballast, a distance of 65.97 feet;

THENCE South 07° 52' 48" East, departing said ballast line, continuing over and across said 1,830-acre tract, a distance of 202.15 feet to the **POINT OF BEGINNING** and containing 220.259 acres (9,594,479 sq. ft.) of land.

This description is accompanied by a plat of even survey date.

Compiled by:

WEISSER ENGINEERING COMPANY
19500 Park Row, Suite 100
Houston, Texas 77084
TBPLS Reg. No. 100518-00
TBPE Reg. No.: F-68
Job No.: P0594
Date: 03/09/2017



A handwritten signature in black ink, appearing to read "Steven G. Young", written over the bottom portion of the seal.

February 28, 2017
THE COMMISSIONERS' COURT OF BRAZORIA COUNTY
SPECIAL MEETING

ORDER NO. 7.M.4

RE: The Phillips 66 Company Tax Abatement Application: Order Creating Reinvestment Zone and Granting Tax Abatement

Designation of Reinvestment Zone:

Whereas, a public hearing was held on the Designation of PHILLIPS 66 COMPANY Reinvestment Zone No. 7 and the public was given an opportunity to speak and present evidence for or against such designation; and

Whereas, notice of the hearing was given in the manner as provided by law;

Therefore, based upon the information presented to the Court and the public hearing, the Court finds that the designation of this zone would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property included in the zone and would contribute to the economic development of the County.

Further that approximately 237 acres-that will be specifically described in the approved agreement-out of a total acreage of 1199 be designated The PHILLIPS 66 COMPANY Reinvestment Zone No. 7 for tax abatement purposes in accordance with the guidelines and criteria of Brazoria County and applicable law.

Granting of Tax Abatement

The Abatement granted in this order is not related to this Application but wa included when the RZ was created

It is Ordered that the application for tax abatement of PHILLIPS 66 COMPANY attached hereto be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement in The PHILLIPS 66 COMPANY Reinvestment Zone No. 7 created in Brazoria County for a term of ten (10) years, and at 100% abatement of eligible real and personal properties; Said Company will be investing \$1,060,800,000 dollars and creating 12 new jobs in Brazoria County. Said project will bring in 50 construction jobs at the start of construction, 1300 construction jobs at the peak of construction and finish with 300 construction jobs.

Further that the County Judge is authorized to execute a tax abatement agreement with PHILLIPS 66 COMPANY in accordance with the same guidelines and criteria.

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT
IN A REINVESTMENT ZONE CREATED IN BRAZORIA COUNTY**

WHEREAS, the creation, retention and diversification of job opportunities that bring new wealth are among the highest civic priority; and

WHEREAS, the purpose of tax abatement is to provide an incentive offered by the tax-payers, i.e. citizens of Brazoria County, to attract investments, that lead to better quality of life and better services. The wealth created by these enterprises leads to more service and retail businesses, which in addition to improving quality of life, increases the tax base. In summary, by giving incentive in terms of tax abatement, the citizens agree to give up short term tax benefits, for long term benefits; and

WHEREAS, new jobs, investment and industrial diversification will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

WHEREAS, the communities within Brazoria County must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects; and

WHEREAS, any tax incentives offered in Brazoria County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

WHEREAS, the abatement of property taxes, when offered to attract capital investment and primary jobs in industries which bring in money from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area of economy; and

WHEREAS, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting of any future tax abatement, and said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-quarters vote;

Now, therefore, be it resolved that Brazoria County does hereby adopt these Guidelines and Criteria for granting tax abatement in reinvestment zones in Brazoria County.

DEFINITIONS Section 1

- (a) "Abatement" means the full or partial exemption from ad valorem taxes on certain property in a reinvestment zone designated by Brazoria County for economic development purposes.
- (b) "Abatement Period" means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.
- (c) "Abated Facility Site" (or "proposed abated facility site") means the tract(s) or area of land underlying the proposed improvements to be abated.
- (d) "Agreement" means a contractual agreement between a property owner and/or lessee and Brazoria County for the purpose of tax abatement.

- (e) "Base year value" means the assessed value of eligible property January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the agreement.
- (f) "Brazoria County Vendor and Services" means a company that employs Brazoria County residents and pays Brazoria County taxes.
- (g) "Deferred maintenance" means the improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (h) "Distribution Center Facility" means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service, or distribute goods or materials owned by the facility operator where seventy percent (70%) of the goods or services are distributed outside of Brazoria County.
- (i) "Economic Development" means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in Brazoria County, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Brazoria County.
- (j) "Eligible jurisdiction" means Brazoria County and any municipality or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in Brazoria County that levies ad valorem taxes upon and provides services to reinvestment zone designated by Brazoria County.
- (k) "Employee" for the purposes of the economic qualifications of Section 2(h)(2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.
- (l) "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (h) (2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.
- (m) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (n) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.

- (o) "Manufacturing Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (p) "Modernization" means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing.
- (q) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (r) "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside Brazoria County.
- (s) "Productive Life" means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at County's election, on the date of cessation of production either upon (1) a determination by the County that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the "productive life" will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.
- (t) "Qualified Vendors and Services" means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.
- (u) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where seventy percent (70%) of users reside at least 50 miles from its location in Brazoria County.
- (v) "Research Facility" means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (w) "Regional Service Facility" means buildings and structures, including machinery and equipment, used or to be used to service goods where seventy percent (70%) of the goods being serviced originate outside of Brazoria County.
- (x) "Tangible personal property" means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the reinvestment zone at any time before the period covered by the agreement with the County.

ABATEMENT AUTHORIZED Section 2

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Distribution Center or Regional Service Facility, Regional Entertainment Facility, Other Basic Industry, or a facility that Commissioners Court determines would enhance job creation and the economic future of Brazoria County.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Brazoria County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Brazoria County 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, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

Tangible Personal Property: Abatement may be granted with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the real property, (2) all or a portion of the value of the tangible personal property located on the real property, or (3) all or a portion of the value of both.

An abatement may be granted with the owner of tangible personal property or an improvement located on tax-exempt real property that is located in a designated reinvestment zone to exempt all or a portion of the value of the tangible personal property or improvement located on the real property.

- (e) **Ineligible Property.** The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, convalescent homes, assisted living homes/centers, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, property already subject to real or personal property tax(es) moved from one location in Brazoria County to the reinvestment zone, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by State law.
- (f) **Leased Facilities. Leasehold Interest:** Abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property.

Lessee Interest: Abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to

the lease, (2) all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or (3) all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

Leasehold Interest/Lessee shall be required to submit with its application a copy of the executed lease agreement between lessor/lessee demonstrating a minimum lease term double the abatement term granted.

- (g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court Order granting the abatement and approving the abatement application. Commissioners Court shall consider the percent of value and the term of the abatement based upon the overall value of the project and the number of new jobs being created. The term of abatement may be up to 10 years or one-half (1/2) of the productive life of the improvement, whichever is less. The “productive life” will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1 following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years. However, in no event shall the abatement begin later than the January 1 following the commencement of construction.

If a modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

New eligible properties must be in active service and operation as part of a facility operating in a producing capacity for a period equal to double the abatement period (*i.e.* seven year abatement, then in producing capacity for 14 years) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions.

- (h) Economic Qualification. In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:
- (1) must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;
 - (2) must create employment for at least 10 people on a full-time (40 hours per week equivalent) basis in Brazoria County for the duration of the abatement period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of 10 employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:

a. "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that produces chlorine and 100 employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/reinvestment zone shall be considered "created" employment for purposes of this sub-section.

The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/Applicant seeking to qualify on the basis of retention or preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of Commissioners Court in accordance with the variance section of these Guidelines & Criteria.

- (3) must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.
- (4) must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

- (5) must provide for and pay, at the time of filing an application for tax abatement, a non-refundable application fee of \$1,000. A part of the application fee will be dedicated by Brazoria County to economic development programs authorized by Local Government Code, Section 381.004.
- (6) must file a plan statement with application demonstrating willingness and planned efforts to use qualified Brazoria County union and/or nonunion vendors and services where applicable in the

construction and operations of the facility. Brazoria County vendors and services must be competitive with non-county union and/or nonunion vendors and services regarding price, quality, safety, availability and ability to perform. It is preferred that applicant seek qualified workers who are United States citizens and veterans and also legal residents prior to seeking workers from other countries.

- (7) will annually, for the term of the abatement, contribute .000207 of the value reported in "Part IV Section F" of the abatement application (estimated value of abated improvements at the conclusion of the abatement period). Air carriers receiving abatement will contribute an amount equal to .000207 of the estimated value of the personal property of the air carrier indicated in its Application. Each project will contribute no more than \$25,000 for projects \$500 million or less in capital investment and no more than \$50,000 for project greater than \$500 million in capital investment nor less than \$2,000 annually to be used specifically to fund economic development in Brazoria County as authorized by Local Government Code, Section 381.004. The annual contribution shall be paid to Brazoria County through the County Auditor's Office on or before January 1 of each year of the tax abatement contract term.
- (8) must not file with the Brazoria County Appraisal District a valuation or taxpayer protest or notice of protest pursuant to the Texas Property Tax Code during the abatement period legally protesting the valuation of the abated improvements of a manufacturing facility pursuant to an appraisal method that produces a valuation of improvements based on each improvement's value as a separate item of personal property rather than the improvements' value as integral fixtures of a producing manufacturing facility. An owner's legal protest of the improvements' value pursuant to the Texas Property Tax Code must be based on and use accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and uniform standards of professional appraisal practice. The filing of a valuation protest or notice of protest contrary to this standard shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.
- (9) must not be a defendant in any litigation by the County seeking recovery or recapture of previously abated taxes.
- (10) Will be wholly responsible for all County roads and right-of-way (including bridges, culverts, ditches, etc.) and damages caused thereto as a result of the construction of an on-going maintenance and operations of the Abated Facility Site as well as associated facilities to the Abated Facility Site, including but not limited to, the following:
 - Cost to maintain the roads, if needed, utilized for construction of the Abated Facility Site in an effort to keep the road safe for the traveling public will be tracked by the County and invoiced on a regular basis to the Abatee.
 - Cost to reconstruct the roadway, if needed, will be actual cost to repair the County roads and right-of way incurred by the County and invoiced to the Abatee. These costs will include all construction costs as well as all related professional services for the repair work.
 - Abatee shall coordinate with the County Engineering Department regarding any and all use of County roads and right-of-way for construction, maintenance and operation of Abated Facility Site in accordance with County regulations in place for use of County facilities.

- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Section 2(e) shall be fully taxable;
 - (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
 - (3) the additional value of new eligible property shall be taxable in the manner described in Section 2(g).

APPLICATION Section 3

- (a) The Application for tax abatement may be obtained from the County Judge's Office or on the Brazoria County website at www.brazoria-county.com. Applicant may contact the Judge's Office at (979) 864-1200 or (281) 756-1200.
- (b) Any present or potential owner of taxable property in Brazoria County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Brazoria County. The application shall be filed with the County Judge by providing twelve (12) copies or an electronic version and five (5) copies. The additional copies provided will be furnished to each member of Commissioners Court and the Tax Abatement Review Committee (TARC). After filing the application, the Applicant shall provide an economic impact analysis report, in a format comparable to the Texas Governor's economic impact analysis report, to the County Judge's Office prior to the TARC meeting on the Applicant's tax abatement application.
- (c) The application shall consist of a completed application form accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernizing, 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 shall require such financial and other information as Brazoria County deems appropriate for evaluating the financial capacity and other factors of the Applicant. Applicant should not submit confidential information as part of the application. If doing so cannot be avoided, a general description in non-confidential terms should be included on the application, along with a sealed document containing the confidential information as an attachment and clearly marked "CONFIDENTIAL".
- (d) Upon receipt of a completed application, the County Judge shall notify in writing the presiding officer of the governing body of each eligible jurisdiction. Before acting upon the application, Brazoria County Commissioners' Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Brazoria County notice to be posted at least 30 days prior to the hearing.

- (e) After receipt of an application for creation of a reinvestment zone and application for abatement, the Tax Abatement Review Committee (TARC) shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone. The economic impact analysis report provided by the Applicant shall be attached to the feasibility study and included as part of the feasibility study report.
- (f) If upon written request for a legal opinion or interpretation from the Commissioners' Court or its members, the legal counsel for Brazoria County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed for a period of at least thirty days from the scheduled date of public hearing to allow time for further review by the Commissioners' Court or any duly appointed review committee, or if an initial setting has not been made, the hearing on such application shall be set on the Commissioners' Court agenda no sooner than sixty (60) days from the time the Court enters an order to set the public hearing date.

The Applicant shall file a supplement or addendum to its application to show cause why the application should be approved and shall present reasons at the public hearing on the same.

Provided that any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an application complies or does not comply with the guidelines and criteria; and any final decision as to whether to grant or deny tax abatement shall be made by the Commissioners' Court at its sole discretion.

- (g) Brazoria County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) (b) (e) (g), (h) (1), (h) (2) and/or (h) (3) of Section 2 may be made in written form to the County Judge with a copy forwarded to the TARC. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4/5) vote of the Commissioners Court.
- (i) Special Variance: Air Carriers. A special variance from all applicable provisions of these guidelines and criteria, with the exception of Section 2 (h) (5) and (h) (7) may be granted allowing abatement or partial abatement of ad valorem taxes on the personal property of a certificated or non-certificated air carrier that owns or leases taxable real property in Brazoria County provided that the personal property has a value of at least \$10,000,000. Approval of a request for this variance requires a three-fourth (3/4) vote of the Commissioners Court.

APPROVAL - Section 4

- (a) Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
 - (1) there would be a substantial adverse effect 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 hazard to public safety, health or morals; or,
- (4) violation of other codes or laws.

AGREEMENT Section 5

- (a) After approval, Brazoria County Commissioners' Court shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:
 - (1) estimated value to be abated and the base year value;
 - (2) percent of value to be abated each year as provided in Section 2(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, Sections II and III;
 - (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections 2(a), 2(f), 2(g), 2(h) 6, 7, and 8;
 - (6) size of investment and average number of jobs involved for the period of abatement; and
 - (7) provision that Applicant shall annually furnish information necessary for Brazoria County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria (in the form of an annual report/statement of compliance), together with an additional provision that Brazoria County may, at its election, request and obtain information from Applicant as is necessary for the County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria. See Attachment A.
 - (8) provision that, upon expiration of the tax abatement agreement, Applicant shall begin annually reporting the status of the abated improvements regarding active service and operation as part of a facility operating in a producing capacity. Reporting will be for the same amount of years as the tax abatement period (*e.g.* seven year abatement, then follow-up reporting for seven more years). See Attachment B.
- (b) Such agreement shall be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to Brazoria County.

RECAPTURE Section 6

- (a) In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the county may elect to: (1) Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes; (2) Declare a default, terminate the agreement and order a recapture of all or part of the previous years' abated taxes; or (3) Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.
- (b) Should Brazoria County determine that the company or individual is in default according to the terms and conditions of its agreement, Brazoria County shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.
- (c) In the event that the company or individual (1) allows its ad valorem taxes owed the County 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 sixty (60) days of the termination.
- (d) Failure to provide any requested statement or information pursuant to the provisions described in Section 5(a)(7) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the County's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

ADMINISTRATION Section 7

- (a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which levy taxes on the amount of the assessment.
- (b) The agreement shall stipulate that TARC of Brazoria County will have access to the reinvestment zone 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 a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.

(c) Tax Abatement Review Committee:

The Commissioners' Court shall appoint a standing Tax Abatement Review Committee (TARC) for purposes of (i) reviewing the tax abatement application and preparing the feasibility study report required by Section 3(d) of these guidelines; (ii) conducting annual inspections and/or evaluations of the abated facilities to insure compliance with the terms/conditions of the tax abatement agreement.

- (d) The Tax Abatement Review Committee shall be comprised of, but not limited to, a representative appointed by each Commissioners' Court member. The County Auditor, County Treasurer, District Attorney representative, and County Tax Assessor Collector shall serve as ex-officio members of the Committee to advise on abatement qualifications and procedures. The County Judge and the Commissioner of the Precinct in which a proposed abated facility will be located will serve on the Committee during the period when the Committee is preparing the feasibility study report and conducting the annual inspection and/or evaluation of the facility.
- (e) Upon commencement of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Brazoria County Commissioners' Court and the Tax Abatement Review Committee clearly detailing the status of the facility and how it is complying with the abatement guidelines. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment A to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment A form.
- (f) Upon expiration of the Tax Abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed (*e.g.* seven year abatement, then in producing capacity for an additional 7 years after expiration of the tax abatement agreement) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the County Judge. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.
- (g) The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

ASSIGNMENT Section 8

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of Brazoria County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Brazoria County. No assignment or transfer shall be approved if the new parties to the existing agreement, the new owner or new lessee are liable to Brazoria County or any eligible jurisdiction for delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9

- (a) This section is applicable to tax abatement applications for property located in a reinvestment zone designated by a city and applications by Applicants who have previously entered into a tax abatement agreement with a city regarding that property.
- (b) All provisions of these Guidelines & Criteria are applicable to city-initiated reinvestment zones and abated areas within a city's territorial limits unless otherwise stated herein or provided by law.
- (c) An Applicant shall file a tax abatement application on the County's application form together with all attachments and statements described in the application instructions and in subsection (d) herein below.
- (d) Upon receipt of a tax abatement application applicable to property within a city-designated reinvestment zone subject to a city's tax abatement agreement, the application shall be reviewed for approval as to (a) correct application form, (b) represented compliance with economic value estimates and employment criteria of Section 2(h) of the Guidelines & Criteria, (c) legal description requirements, (d) attachment of a correct copy of the city's ordinance designating the area as a reinvestment zone and granting abatement and (e) attachment of a correct copy of the fully executed tax abatement agreement between the city and the Applicant.
- (e) After review (and subject to approval of the matters in (d) above) and meeting of the TARC, the application will be placed on the next Commissioners Court meeting for consideration. If there are any compliance problems with the application (including any problems to be resolved or amendments to the application to be made), the County Judge and Precinct Commissioners shall be advised of these compliance problems/matters to be resolved in a memo from the Civil Division-District Attorney's Office. No Application shall be placed on the Agenda if the application fails to attach both the ordinance designating reinvestment zone and the copy of the fully executed tax abatement agreement between the city and the Applicant, or which is deficient as to application form or legal description. In such case the Applicant shall be informed of the necessity of attaching those documents or making necessary corrections, and there will be no further processing of the application until the same are received.
- (f) The notice provisions of Section 3(d) are not applicable to an application under this section.
- (g) The percentage of property value abated and the term of abatement shall be the same as that stated in the city's tax abatement agreement unless otherwise specifically ordered in the Commissioners Court order granting abatement.

SUNSET PROVISION Section 10

- (a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Brazoria County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the

expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.

- (b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.
- (c) These guidelines and policies for Tax Abatement shall be effective May 31, 2018, and shall remain in force until May 31, 2018, unless amended or superseded, modified, renewed, or eliminated by Commissioners Court prior to that date.

ATTACHMENT A

(TO THE BRAZORIA COUNTY GUIDELINES & CRITERIA FOR GRANTING TAX
ABATEMENT)

(This form is located at www.brazoria-county.com)

ANNUAL REPORT FORM

ANNUAL REPORT
PURSUANT TO SECTION 5(a)(7) AND 7(e) OF
THE BRAZORIA COUNTY GUIDELINES &
CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

_____ (Company/Owner Name)

REINVESTMENT ZONE (RZ) NO. _____(Number of RZ, if applicable)

1. Commencement and/or completion date of the contemplated improvements described in the tax abatement agreement.

Date of commencement of construction: _____

Date of completion all contemplated improvements: _____

2. Number of permanent employees, contract employees and temporary contract employees currently employed by you at the tax abated facility location or construction site as of the date of this Report. (See definitions below).

Permanent Employees: _____

*Permanent Contract Employees _____

(* List contract employees employed on a full-time, 40 hours per week equivalency basis and who are expected to be employed on a full-time basis for the duration of the abatement period. Do not include temporary contract employees.)

**Temporary Contract Employees _____

(**List temporary contract employees who are employed for a temporary period ending prior to expiration of the tax abatement term)

3. Status of construction of the contemplated improvements, percentage of construction completed and Owner's estimate of taxable value of constructed improvements on the date of the Report.

Percentage of construction completed: _____

Estimated value of Improvements: _____

As of _____

4. Status of production of the completed facility and the productive service capacity of the improvements. (*only applicable to a completed facility that has previously commenced production*)

Is the abated facility currently producing the product or similar product described in the tax abatement agreement?

Check One
() Yes or () No

If the answer to the above question is "No", please state the date or time period when production ceased and attach a narrative explanation of the reason for cessation of production as Attachment B.

If production at this abated facility is shut down, please state the expected date or time period, if any, at which/during which you expect the facility to resume production operations. If you do not expect to resume production at this abated facility, please state "plant closed" in the blank space.

State your estimate of the expected productive life of the abated facility and its improvements as measured from the beginning date of production until the expected permanent cessation of production (*or in other words*, the total number of years, if any, that you expect the abated facility improvements to be in service as part of the operations of a producing facility, including in your total any previous years of production prior to the date of this report.)

5. Include a narrative of your use of Brazoria County vendors and services and attach the same as Attachment A to this Report.

Is the narrative on use of Brazoria County vendors and Services attached?

Check One
() Yes or () No

To the best of my knowledge, the above information and estimates are true and correct.

Owner: _____

By: _____

Printed Name: _____

Title/Position _____

Date: _____

ATTACHMENT B

(TO THE BRAZORIA COUNTY GUIDELINES & CRITERIA FOR GRANTING TAX
ABATEMENT)

(This form is located at www.brazoria-county.com)

REPORT FORM
After the initial term of the
Tax Abatement Agreement

PRODUCTIVE LIFE REPORT
TAX ABATEMENT TERM COMPLETED
PURSUANT TO SECTION 5(a)(8) AND 7(f) OF
THE BRAZORIA COUNTY GUIDELINES &
CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

_____ (Company/Owner Name)

REINVESTMENT ZONE (RZ) NO. _____ (Number of RZ, if applicable)

Effective Date of Tax Abatement: _____

1. Status of production of the completed facility and the productive service capacity of the improvements.

Is the abated facility currently producing the product or similar product described in the tax abatement agreement? **Check One**
() Yes or () No

If the answer to the above question is "No", please state the date or time period when production ceased and attach a narrative explanation of the reason for cessation of production as Attachment A. _____

If production at this abated facility is shut down, please state the expected date or time period, if any, at which/during which you expect the facility to resume production operations. If you do not expect to resume production at this abated facility, please state "plant closed" in the blank space. _____

State your estimate of the expected productive life of the abated facility and its improvements as measured from the beginning date of production until the expected permanent cessation of production (*or in other words*, the total number of years, if any, that you expect the abated facility improvements to be in service as part of the operations of a producing facility, including in your total any previous years of production prior to the date of this report.) _____

To the best of my knowledge, the above information and estimates are true and correct.

Owner: _____

By: _____

Printed Name: _____

Title/Position _____

Date: _____



TAB 17

Signature and Certification Page; signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

See Attached

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. Tory C. Hill Superintendent
Print Name (Authorized School District Representative) Title

sign here → [Signature] 1/15/2019
Signature (Authorized School District Representative) Date

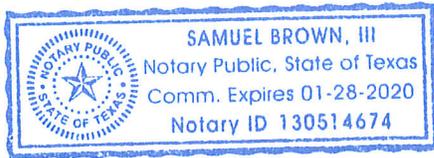
2. Authorized Company Representative (Applicant) Signature and Notarization

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 → Chris. G. Cisneros RES Tax Agent
Print Name (Authorized Company Representative (Applicant)) Title

sign here → CHRIS G. CISNEROS January 9, 2019
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the
9th day of January, 2019
[Signature]
Notary Public in and for the State of Texas

My Commission expires: 1/28/2020

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.