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TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

April 12, 2013

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 the Applicant Phillips 66 Company of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on April 4, 2013. The Board voted to accept the application on April 9, 2013. The application was determined completed on May 7, 2013. Please prepare the economic impact report.

Please note, there is no existing property located at the project site. The applicant has provided information from the Brazoria CAD certifying that there are no improvements on the land.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application. The wage the Applicant has committed to paying on this project is well above the required statutory minimums.

A paper copy of the application will be hand delivered to your office tomorrow. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Brazoria County Appraisal District.

Letter to Local Government Assistance & Economic Analysis Division

May 7, 2013

Page 2 of 2

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', with a stylized flourish extending upwards and to the right.

Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
Brazoria County Appraisal District

Dan Schaefer, Sweeny ISD



Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

Form 50-296
(Revised May 2010)

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 completed application to the Comptroller in a three-ring binder with tabs 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 Web site. 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 as explained in the Confidentiality Notice below.

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. 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, make a recommendation 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 before the 151st 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 complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative		Date application received by district <i>April 4, 2013</i>
First Name Randy	Last Name Miksch	
Title Superintendent		
School District Name Sweeny Independent School District		
Street Address 1310 North Elm Street		
Mailing Address 1310 N. Elm Street		
City Sweeny	State TX	ZIP 77480
Phone Number 979-491-8000	Fax Number 979-491-8030	
Mobile Number (optional)	E-mail Address rmiksch@sweenyisd.org	

I authorize the consultant to provide and obtain information related to this application..... Yes No

Will consultant be primary contact? Yes No

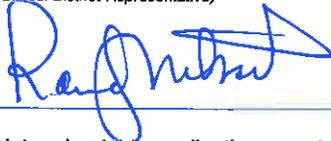


SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name Dan		Last Name Casey	
Title Consultant			
Firm Name Moak Casey & Associates			
Street Address 400 W. 15th Street, Suite 1410			
Mailing Address 400 W. 15th Street, Suite 1410			
City Austin		State TX	ZIP 78701
Phone Number 512-485-7878		Fax Number 512-485-7888	
Mobile Number (Optional)		E-mail Address dcasey@moakcasey.com	

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.

Signature (Authorized School District Representative) 	Date 4/9/2013
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Has the district determined this application complete? Yes No

If yes, date determined complete. May 7, 2013

Have you completed the school finance documents required by TAC 9.1054(c)(3)? Yes No

will supplement

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	✓
2	Certification page signed and dated by authorized school district representative	2 of 16	✓
3	Date application deemed complete by ISD	2 of 16	✓
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	X
5	Completed company checklist	12 of 16	✓
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	will supplement

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Bob		Last Name Adair	
Title Supervisor, Eastern Region, Property Tax, Real Estate, Right-of-Way & Claims			
Organization Phillips 66 Company			
Street Address 3010 Briarpark Drive			
Mailing Address P.O. Box 4428 - PTRRC			
City Houston		State TX	ZIP 77210
Phone Number 832-765-1419		Fax Number 918-977-9431	
Mobile Number (optional) 281-235-6558		Business e-mail Address bob.adair@p66.com	

Will a company official other than the authorized business representative be responsible for responding to future information requests? Yes No

If yes, please fill out contact information for that person.

First Name not applicable		Last Name	
Title			
Organization			
Street Address			
Mailing Address			
City		State	ZIP
Phone Number		Fax Number	
Mobile Number (optional)		E-mail Address	

I authorize the consultant to provide and obtain information related to this application..... Yes No

Will consultant be primary contact? Yes No



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name Last Name
not applicable

Title

Firm Name

Street Address

Mailing Address

City State ZIP

Phone Number Fax Number

Business email Address

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 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.

Signature (Authorized Business Representative (Applicant)) Date
B.G. Adair B.G. Adair 4/26/13

GIVEN under my hand and seal of office this 26th day of April, 2013

Maureen A. Gilliard
Notary Public, State of Texas



My commission expires July 24, 2016

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 § 37.10.



FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "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.

Please answer only either A OR B:

A. 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)?

B. 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)?

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Phillips 66 Company

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

13716527026

NAICS code

325110 Petrochemical Manufacturing

Is the applicant a party to any other Chapter 313 agreements?

If yes, please list name of school district and year of agreement.

Plemons-Stinnett-Phillips CISD (2006) and Sweeny ISD (2004)

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State?

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?

2. Is the applicant current on all tax payments due to the State of Texas?

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

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development.
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology.
(7) nuclear electric power generation
(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)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

PROJECT DESCRIPTION

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. (Use attachments as necessary)

The proposed project will fractionate natural gas liquids into marketable purity products.

Describe the ability of your company to locate or relocate in another state or another region of the state.

Five sites were evaluated (all outside the region, two outside the state) before selecting this preferred location. Final approval is pending.

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- Checkboxes for: New Jobs, Construct New Facility, New Business / Start-up, Expand Existing Facility, Relocation from Out-of-State, Expansion, Purchase Machinery & Equipment, Consolidation, Relocation within Texas

PROJECTED TIMELINE

Begin Construction January 2014
Construction Complete June 2015
Purchase Machinery & Equipment 3rd Quarter 2013
Begin Hiring New Employees 2nd Half 2014
Fully Operational 3rd Quarter 2015

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)?

When do you anticipate the new buildings or improvements will be placed in service? 3rd Quarter 2015



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
None	
Total	

Will other incentives be offered by local units of government? Yes No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Phillips 66 Company has applied and received approval for property tax abatements for this project as allowed by Chapter 312 of the Texas Property Tax Code. See Schedule D for details.

THE PROPERTY

Identify county or counties in which the proposed project will be located Brazoria

Central Appraisal District (CAD) that will be responsible for appraising the property Brazoria

Will this CAD be acting on behalf of another CAD to appraise this property? No longer allowed per §6.02(a) Tax Code Yes No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Brazoria 100% City: not applicable
(Name and percent of project) (Name and percent of project)

Hospital District: Sweeny Hospital 100% Water District: not applicable
(Name and percent of project) (Name and percent of project)

Other (describe): Port Freeport 100% Other (describe): _____
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

N/A



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 rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$30 million

What is the amount of appraised value limitation for which you are applying? \$30 million

What is your total estimated qualified investment? \$600 million

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? August 31, 2013

What is the anticipated date of the beginning of the qualifying time period? January 2, 2014

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$600 million

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? Yes No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

- (1) in or on the new building or other new improvement for which you are applying? Yes No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? Yes No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? Yes No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? Yes No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? Yes No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? Yes No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

Land

Is the land on which you propose new construction or 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

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? not applicable

Will the applicant own the land by the date of agreement execution? Yes No

Will the project be on leased land? Yes No



QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

- 1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? [] Yes [x] No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. \$31,370 (land only) 2012
(Market Value) (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? [] Yes [x] No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? [x] Yes [] No

WAGE AND EMPLOYMENT INFORMATION

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

The last complete calendar quarter before application review start date is the:

[x] First Quarter [] Second Quarter [] Third Quarter [] Fourth Quarter of 2013 (year)

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 TWC? 3,463

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. not applicable

Total number of new jobs that will have been created when fully operational 26

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? [x] Yes [] No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? [] Yes [x] No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 20

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).



WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. 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(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$1,046

110% of the county average weekly wage for manufacturing jobs in the county is \$1,940

110% of the county average weekly wage for manufacturing jobs in the region is \$1,136.08

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$59,082

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$59,082

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No

Will each qualifying job require at least 1,600 of work a year? Yes No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No

Will any of the qualifying jobs be retained jobs? Yes No

Will any of the qualifying jobs be created to replace a previous employee? Yes No

Will any required qualifying jobs be filled by employees of contractors? Yes No

If yes, what percent?

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? Yes No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

See attached benefits summary from Phillips 66 web site.

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No

Is Schedule A completed and signed for all years and attached? Yes No

Is Schedule B completed and signed for all years and attached? Yes No

Is Schedule C (Application) completed and signed for all years and attached? Yes No

Is Schedule D completed and signed for all years and attached? Yes No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

CONFIDENTIALITY NOTICE**Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.



COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

*To be submitted with application or before date of final application approval by school board.



Schedule A (Rev. Jan. 2010): Investment

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or Permanent Nonremovable Component of Building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualify- ing time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete appli- cation with district (neither qualified property nor eligible to become qualified investment)						X		
	Investment made after filing complete ap- plication with district, but before final board approval of application (eligible to become qualified property)						X		
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)								
Complete tax years of qualifying time period		1	Completed and signed Excel version of this schedule (Attachment 17).						
		2							
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3							
		4							
		5							
		6							
		7							
		8							
		9							
		10							
Credit Settle-Up Period	Continue to Maintain Viable Presence	11							
		12							
		13							
Post- Settle-Up Period		14							
Post- Settle-up Period		15							

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment- as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).
For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value – for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE _____

DATE _____



Schedule B (Rev. Jan. 2010): Estimated Market and Taxable Value

Applicant Name _____

ISD Name _____

						Qualified Property		Reductions From Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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 building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
		pre- year 1								
	Complete tax years of qualifying time period	1	Completed and signed Excel version of this schedule (Attachment 18).							
		2								
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3								
		4								
		5								
		6								
		7								
		8								
		9								
		10								
Credit Settle-Up period	Continue to Maintain Viable Presence	11								
		12								
		13								
Post- Settle-Up Period		14								
Post- Settle-Up Period		15								

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE



Schedule C - Application: Employment Information

Applicant Name

ISD Name

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs	Qualifying Jobs		
			Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of quali- fying jobs appli- cant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
pre- year 1								
Complete tax years of qualify- ing time period	1	Completed and signed Excel version of this schedule (Attachment 19).						
	2							
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3						
		4						
		5						
		6						
		7						
		8						
		9						
		10						
Credit Settle-Up period	Continue to Maintain Viable Presence	11						
		12						
		13						
Post- Settle-Up Period		14						
Post- Settle-Up Period		15						

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE



Schedule D: (Rev. Jan. 2010): Other Tax Information

Applicant Name _____

ISD Name _____

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY)	Tax/Calendar Year (YYYY)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the agreement	Fill in percentage exemption requested or granted in each year of the agreement	Fill in percentage exemption requested or granted in each year of the agreement	Fill in percentage exemption requested or granted in each year of the agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)											
Complete tax years of qualifying time period		1			Completed and signed Excel version of this schedule (Attachment 20).						
		2									
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3									
		4									
		5									
		6									
		7									
		8									
		9									
		10									
Credit Settle-Up period	Continue to Maintain Viable Presence	11									
		12									
		13									
Post- Settle-Up Period		14									
Post- Settle-Up Period		15									

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE _____

DATE _____

Attachment 1

Certification Pages Signed and Dated by Authorized Business Representative

See page 4 of Application and Excel version of related Schedules A – D
(Attachments 17-20).

Attachment 2

Proof of Payment of Application Fee

The following page is a print from our SAP Accounting system indicating an electronic payment was submitted April 17, 2013 to Sweeny ISD. As we currently have significant property in Sweeny ISD and routinely pay property taxes to this jurisdiction, electronic payment is our normal method of processing payments.

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)*

Attachment 3

Documentation of Combined Group Membership under Texas Tax Code

Not applicable.

Attachment 4
Detailed Description of the Project

The proposed project (currently in the evaluation phase) will build a fractionator and related property to process raw make (y-grade) natural gas liquids (NGL) into marketable purity products , which are ethane, propane, iso-butane, normal butane and natural gasoline. The y-grade NGL supply will originate from production in the Eagle Ford Shale and Permian Basin via five pipelines. Although construction is proposed on a vacant site within the Sweeny Refinery property, this project would be a “Midstream” asset, not refining.

The project is generally classified as North American Industrial Classification System code 325110 Petrochemical Manufacturing. A fractionation plant video at <http://jetvision.tv/video.aspx?videoID=54073&playerID=62> (Midstream 101, video 3.2) by Keyera Corp. (one of Canada’s largest midstream energy companies) will provide a basic understanding of the project.

Attachment 5

If Project is Located in More than One District, Name and List Percentages

All of the proposed project will be in Sweeny ISD. Other tax jurisdictions are:

Brazoria County (100%)

Port Freeport (100%)

West Brazoria Drainage District (100%)

Sweeny Hospital District (100%)

Attachment 6

Description of Qualified Investment

All of cost indicated on this application will be qualified investment as defined by § 313.021(1) of the Texas Property Tax Code. The proposed project will be a manufacturing facility as described in Attachment 4.

Attachment 7
Map of Qualified Investment

The Map of Qualified Investment is identical to the Map of Qualified Property, which is included with Attachment 9.

Attachment 8
Description of Qualified Property

All property in this application will be qualified property as defined by § 313.021(2) of the Texas Property Tax Code. The proposed major property is listed on the following page.

Description of Qualified Property
Phillips 66 Company

The proposed qualified property is a natural gas liquids fractionation plant, including the following major property.

Control System
Fractionation Columns
Electrical and Instrumentation
Heat Exchangers
Flare System
Piping
Pumps
Control Valves
Truck Racks
Rail Car Loading Racks
Nitrogen Skid
Heat Pump Compressors
Refrigerant Compressor
Air Compressor
Air Cooling Exchangers
Water Purification
Waste Water Treatment
Gasoline Treatment
Amine System
Instrument Air Package
LPG Storage Spheres
Fire Protection/Deluge System

Engineering
Construction Labor

Typical Fractionation Plant
Hastings, West Virginia



Source: www.dom.com/business/gas-transmission/natural-gas-liquids/index.jsp

Attachment 9
Map of Qualified Property

A proposed facility plot plan and vicinity map is on the following pages.



hwy 35 and FMM 524 old ocean texas 77463



SIGN IN

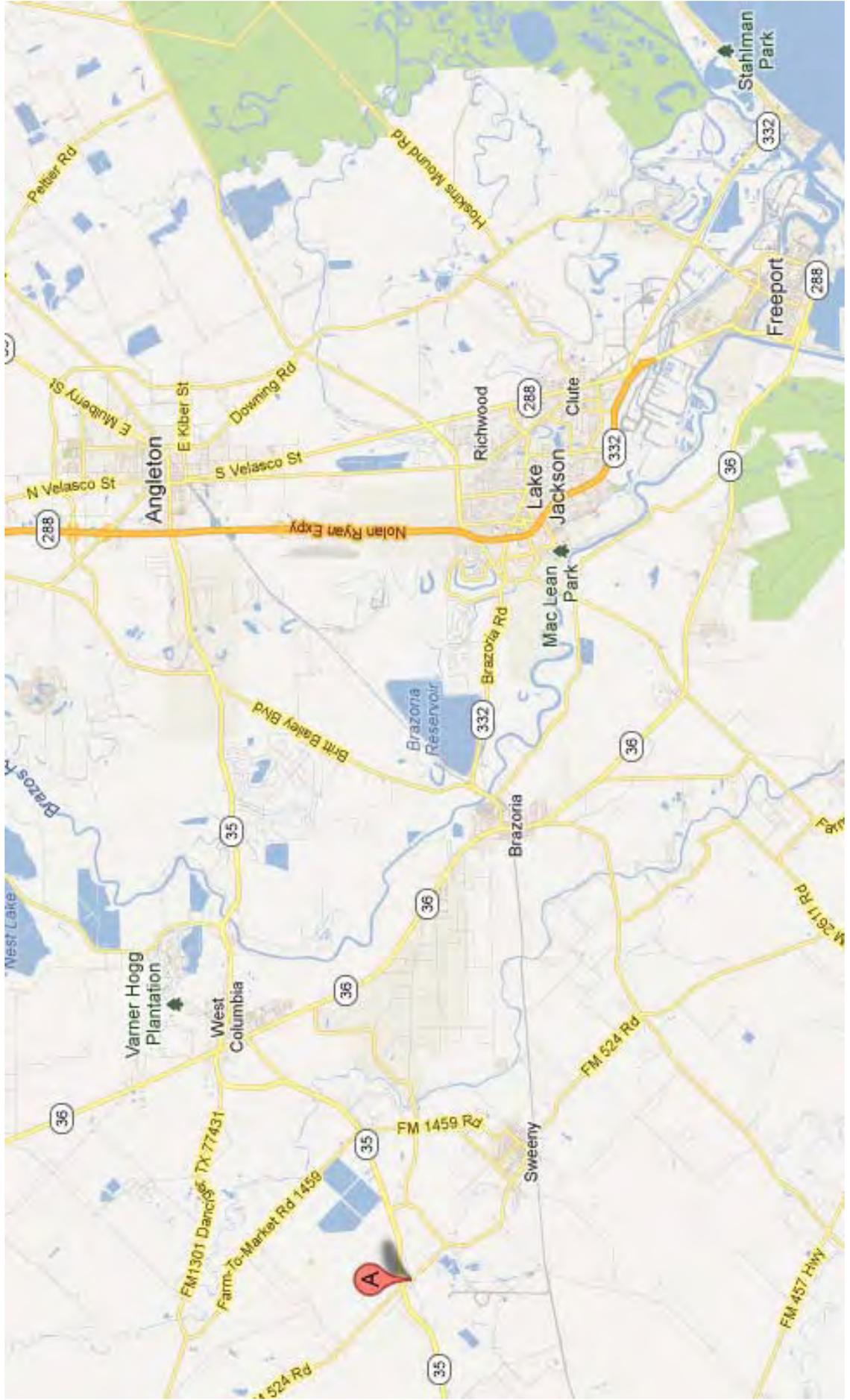
Location of Qualified Property



Internet | Protected Mode: On

Vicinity Map

Phillips 66 Company
Old Ocean, Brazoria County, TX
(proposed location designated by "A" on the west boundary)



Attachment 10
Description of Land

Address

Hwy. 35 & FM 524
Old Ocean, TX 77463

Legal Description (from Brazoria County Appraisal District)

Property ID: 159247
Geographic ID: 0119-0066-000
Brazoria County Appraisal District Legal Description: A0119 Polly & Chance, Tract
3C Fee #01745-2, Acres 37.630

The site for the proposed facility is **12.547 acres** of the above described land. A legal description of this land is provided in Attachment 23 by Weisser Engineering, surveyor.

Attachment 11

Detailed Map Showing Location of the Land with Vicinity

Reinvestment Zone Boundary

Reinvestment Zone Vicinity Map



Note: The above location of the reinvestment zone aligns with the independent survey (Attachment 21) and Certification of Appraised Value by the chief appraiser (Attachment 12), which indicated the reinvestment zone includes 3.700 acres in property ID 159245 (geographic ID 0119-0064-000) and 8.847 acres in property ID 159247 (geographic ID 0119-0066-000).

Source: Brazoria County Appraisal District web site at <http://www.brazoriacad.org/>, Property Search. Numbers in map are parcel IDs.

Attachment 12

Description of All Existing (if any) Improvements

The land is currently vacant, as certified by the Brazoria County Appraisal District on the following page.

**BRAZORIA COUNTY APPRAISAL DISTRICT
CERTIFICATION OF APPRAISED VALUE OF PROPERTIES
AS OF JANUARY 1, 2012**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL DISTRICT

DATE: February 13, 2013

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2012, for property of **“Conoco/Phillips Company (subject property changes to Phillips 66 Company on 5/1/12) ”** described in Exhibit "A" attached hereto are listed in the records of the Brazoria County Appraisal District and indicated by the following account numbers:

<u>PERSONAL PROPERTY ACCOUNT(S)</u>	<u>APPRAISED VALUE(S)</u>
-------------------------------------	---------------------------

n/a

LAND ACCOUNT(S)

0119-0064-000*	\$146,830
0119-0066-000**	\$94,080

IMPROVEMENT ACCOUNT(S)

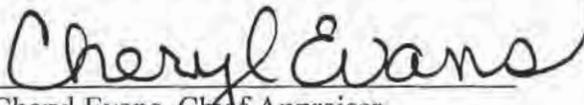
n/a

Certified this 13th day of February, 2013.

3.7acres x \$2,500 = \$9,250*

8.847acres x \$2,500 = \$22,120**

BRAZORIA COUNTY APPRAISAL DISTRICT


Cheryl Evans, Chief Appraiser

Attachment 13

Request for Waiver of Job Creation Requirement

The applicant anticipates hiring a minimum of 26 full-time employees to operate the proposed project. A request for waiver of job creation is, therefore, **not applicable**.

Attachment 14

Calculation of Three Possible Wage Requirements with TWC Documentation

Attachment 14
 Calculation of Wage Requirements
 Phillips 66 Company

Year	Quarter	County	Industry	Avg Weekly Wages
2012	1	Brazoria	All Industries	\$993
2012	2	Brazoria	All Industries	\$943
2012	3	Brazoria	All Industries	\$906
2012	4	Brazoria	All Industries	\$981
			Mean Average	\$956
			Chapter 313 Factor	110%
			Average Weekly x Factor	\$1,051

Year	Quarter	County	Industry	Avg Weekly Wages
2012	1	Brazoria	Manufacturing	\$1,928
2012	2	Brazoria	Manufacturing	\$1,801
2012	3	Brazoria	Manufacturing	\$1,626
2012	4	Brazoria	Manufacturing	\$1,764
			Mean Average	\$1,780
			Chapter 313 Factor	110%
			Average Weekly x Factor	\$1,958

Year	Month	Region	Avg Annual Wages
2012	July	Houston Galveston Council of Government	\$53,711
		Chapter 313 Factor	110%
		Estimated Minimum Required Annual Wage	\$59,082
		Estimated Minimum Required Weekly Wage	\$1,136



Source: Texas Workforce Commission TRACER database

Quarterly Employment and Wages (QCEW)

I.CODETITLE

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2012	1st Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$993
2012	2nd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$943
2012	3rd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$906
2012	4th Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$981
2012	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,764
2012	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,626
2012	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,801
2012	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$1,928

**2011 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$22.89	\$47,610
<u>1. Panhandle Regional Planning Commission</u>	\$19.32	\$40,196
<u>2. South Plains Association of Governments</u>	\$16.45	\$34,210
<u>3. NORTEX Regional Planning Commission</u>	\$18.14	\$37,733
<u>4. North Central Texas Council of Governments</u>	\$24.03	\$49,986
<u>5. Ark-Tex Council of Governments</u>	\$16.52	\$34,366
<u>6. East Texas Council of Governments</u>	\$18.27	\$37,995
<u>7. West Central Texas Council of Governments</u>	\$17.76	\$36,949
<u>8. Rio Grande Council of Governments</u>	\$15.69	\$32,635
<u>9. Permian Basin Regional Planning Commission</u>	\$21.32	\$44,349
<u>10. Concho Valley Council of Governments</u>	\$15.92	\$33,123
<u>11. Heart of Texas Council of Governments</u>	\$18.82	\$39,150
<u>12. Capital Area Council of Governments</u>	\$26.46	\$55,047
<u>13. Brazos Valley Council of Governments</u>	\$15.71	\$33,718
<u>14. Deep East Texas Council of Governments</u>	\$15.48	\$32,207
<u>15. South East Texas Regional Planning Commission</u>	\$28.23	\$58,724
<u>16. Houston-Galveston Area Council</u>	\$25.82	<u>\$53,711</u>
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.38	\$42,391
<u>18. Alamo Area Council of Governments</u>	\$18.00	\$37,439
<u>19. South Texas Development Council</u>	\$13.85	\$28,806
<u>20. Coastal Bend Council of Governments</u>	\$22.35	\$46,489
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.08	\$31,365
<u>22. Texoma Council of Governments</u>	\$20.76	\$43,190
<u>23. Central Texas Council of Governments</u>	\$16.17	\$33,642
<u>24. Middle Rio Grande Development Council</u>	\$13.65	\$28,382

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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.

Attachment 15
Description of Benefits

Health & Welfare Benefits - U.S.

Below are a few highlights of some of the health and welfare benefit plans available to most U.S.-paid employees at Phillips 66. Many of the benefits and programs described herein are governed under law by formal Plan documents. If there is any discrepancy between the information provided in this brochure and the formal Plan documents, the Plan documents control.

See also: [Compensation and Additional Employee Benefits](#)

- Medical Insurance**
 - ⌵ Coverage assists with health necessities from wellness to catastrophic events, while also providing a range of options within that coverage.
 - ⌵ Options include a Consumer Plan, Primary Preferred Provider Organization (PPO), or Health Maintenance Organization (HMO), in certain locations.
 - ⌵ All medical options include a prescription drug benefit.

- Dental Insurance**
 - ⌵ Comprehensive Dental
 - ⌵ Preventive Dental Option

- Short-Term Disability**
 - ⌵ Short-Term Disability (STD) Pay – for disabilities not related to work, up to 52 weeks either at 100 percent or 60 percent of base pay, based on years of service.

- Long-Term Disability**
 - ⌵ Basic or enhanced policies are offered.
 - ⌵ This benefit provides 50 percent of your final base pay, plus regularly scheduled overtime.
 - ⌵ Enhanced benefit provides 60 percent of your final base pay, plus regular scheduled overtime pay.
 - ⌵ This benefit is employee-paid.

- Life Insurance**
 - ⌵ Phillips 66 provides basic life insurance equal to your annual base pay and regularly scheduled overtime.
 - ⌵ Optional supplemental term life insurance available to cover up to eight times your annual base pay and scheduled overtime.
 - ⌵ Dependent term life insurance is available in two options (high and low).

- Occupational Accidental Death**
 - ⌵ \$500,000 coverage provided by Phillips 66

- Coverage**
- Other Employee-Paid Benefits**
 - ⌵ Health Savings Account (HSA)
 - ⌵ Health Care Flexible Spending Account (HCFSA)
 - ⌵ Dependent Day Care Flexible Spending Account (DCFSA)
 - ⌵ Accidental Death and Dismemberment (AD&D) - Available for employee, spouse and children
 - ⌵ Disease Management
 - ⌵ 24 hour nurseline
 - ⌵ Personal health coaching for weight management, quitting tobacco, stress management and more

Job Search

Discover the job opportunities that match your talents. Start your search here.



Notice Regarding Scam Job Offer Letters

> [Read Full Story](#)

Attachment 16
Economic Impact

A formal economic impact study is not provided with this application. It's our understanding the economic impact will be performed by the Texas Comptroller's office. It is our contention a proposed capital investment of \$600 million would be a significant net benefit to Sweeny ISD and the State of Texas. Capital investments of this size provide far-reaching benefits which are apparent, even without an economic impact study.

Attachment 17
Schedule A – Property Investment Amounts

Applicant Name: Philips 66 Company
 USD Name: Sweeney

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Investment that is not qualified economic impact but investment affecting total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-14	2013	0	0	0	0	0
	2013-15	2013	0	0	0	0	0
	2014-15	2014	0	300,000,000	300,000,000	0	300,000,000
	2015-16	2015	240,000,000	60,000,000	300,000,000	0	300,000,000
	2016-17	2016	0	0	0	0	0
	2017-18	2017	0	0	0	0	0
	2018-19	2018	0	0	0	0	0
	2019-20	2019	0	0	0	0	0
	2020-21	2020	0	0	0	0	0
	2021-22	2021	0	0	0	0	0
	2022-23	2022	0	0	0	0	0
	2023-24	2023	0	0	0	0	0
	2024-25	2024	0	0	0	0	0
	2025-26	2025	0	0	0	0	0
	2026-27	2026	0	0	0	0	0
2027-28	2027	0	0	0	0	0	
2028-29	2028	0	0	0	0	0	
2029-30	2029	0	0	0	0	0	
Complete tax years of qualifying time period							
Tax Credit Period (with 50% cap on credit)	Value Limitation Period						
Credit Settle-Up Period	Continue to Maintain Viable Presence						
	Post-Settle-Up Period						
	Post-Settle-Up Period						

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).

For the purposes of investment, please list amount invested each year, not cumulative totals.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].

Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility.

The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Signature: 

Date: 4/26/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Attachment 18

Schedule B – Estimated Market and Taxable Value

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name: Phillips 66 Company
 ISD Name: Sweeny

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O--after all reductions
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Total Market Value of tangible personal property in the new building or "in or on the			
	pre-year 1	2014-15	2014	31,370	0	0	0	31,370	31,370
Complete tax years of qualifying time period	1	2015-16	2015	31,370	200,000,000	0	0	200,031,370	200,031,370
	2	2016-17	2016	33,000	331,000,000	216,000,000	0	547,033,000	547,033,000
	3	2017-18	2017	33,000	317,000,000	204,000,000	0	521,033,000	30,000,000
	4	2018-19	2018	33,000	302,000,000	192,000,000	0	494,033,000	30,000,000
	5	2019-20	2019	33,000	288,000,000	180,000,000	0	468,033,000	30,000,000
Tax Credit Period (with 50% cap on credit)	6	2020-21	2020	35,000	274,000,000	168,000,000	0	442,035,000	30,000,000
	7	2021-22	2021	35,000	259,000,000	156,000,000	0	415,035,000	30,000,000
	8	2022-23	2022	35,000	245,000,000	144,000,000	0	389,035,000	30,000,000
	9	2023-24	2023	35,000	230,000,000	132,000,000	0	362,035,000	30,000,000
	10	2024-25	2024	37,000	216,000,000	120,000,000	0	336,037,000	30,000,000
	11	2025-26	2025	37,000	202,000,000	108,000,000	0	310,037,000	310,037,000
	12	2026-27	2026	37,000	187,000,000	96,000,000	0	283,037,000	283,037,000
	13	2027-28	2027	37,000	173,000,000	84,000,000	0	257,037,000	257,037,000
Post-Settle-Up Period	14	2028-29	2028	39,000	158,000,000	72,000,000	0	230,039,000	230,039,000
Post-Settle-Up Period	15	2029-30	2029	39,000	144,000,000	60,000,000	0	204,039,000	204,039,000

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

[Handwritten Signature]

4/26/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Attachment 19
Schedule C – Employment Information

Attachment 20
Schedule D – Other Tax Information

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-296

Applicant Name

Phillips 66 Company

Sweeny

ISD Name

				Sales Tax Information		Other Property Tax Abatements Sought			
				Franchise Tax					
Year	School Year (YYYY)	Tax/Calendar Year (YYYY)	Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
			Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax					
	2014-15	2014	\$60,000,000	\$540,000,000	\$0				
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)					\$0				
	2015-16	2015	\$4,000,000	\$0	\$18,000	100%	n/a	100%	100%
Complete tax years of qualifying time period	2016-17	2016	\$4,000,000	\$0	\$46,000	100%	n/a	100%	100%
	2017-18	2017	\$4,000,000	\$0	\$47,000	100%	n/a	100%	100%
	2018-19	2018	\$4,000,000	\$0	\$49,000	100%	n/a	100%	100%
	2019-20	2019	\$4,000,000	\$0	\$51,000	100%	n/a	100%	100%
	2020-21	2020	\$4,000,000	\$0	\$53,000	100%	n/a	100%	100%
Tax Credit Period (with 50% cap on credit)	2021-22	2021	\$4,000,000	\$0	\$55,000	100%	n/a	100%	100%
	2022-23	2022	\$4,000,000	\$0	\$57,000	0%	n/a	100%	0%
	2023-24	2023	\$4,000,000	\$0	\$60,000	0%	n/a	100%	0%
	2024-25	2024	\$4,000,000	\$0	\$62,000	0%	n/a	100%	0%
	2025-26	2025	\$4,000,000	\$0	\$64,000	0%	n/a	0%	0%
	2026-27	2026	\$4,000,000	\$0	\$68,000	0%	n/a	0%	0%
	2027-28	2027	\$4,000,000	\$0	\$70,000	0%	n/a	0%	0%
Credit Settle-Up Period	2028-29	2028	\$4,000,000	\$0	\$73,000	0%	n/a	0%	0%
Post-Settle-Up Period	2029-30	2029	\$4,000,000	\$0	\$75,000	0%	n/a	0	0

*For planning, construction and operation of the facility.

BB Odian

4/26/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Attachment 21
Map of Reinvestment Zone

Attachment 22

Order, Resolution or Ordinance Establishing the Reinvestment Zone

Date: 11/15/2012

THE REGULAR COMMISSIONERS COURT SESSION OF BRAZORIA COUNTY, TEXAS

ORDER NO. VI.B.2.c.

RE: Grant tax abatement application for Phillips 66 Company

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 a Reinvestment Zone created in Brazoria County for a term of seven (7) years, and at 100% abatement of eligible properties; that the subject location described in the attached application be designated a reinvestment zone for tax abatement purposes in accordance with the guidelines and criteria of Brazoria County and applicable law; and further that the County Judge is authorized to execute a tax abatement with PHILLIPS 66 COMPANY in accordance with the same guidelines and criteria.

Attachment 23
Legal Description of Reinvestment Zone

Legal Land Description for Proposed Facility
Phillips 66 Company

**DESCRIPTION OF A 12.547-ACRE
(546,546 SQ. FT.) TRACT OF LAND SITUATED
IN THE POLLY & CHANCE LEAGUE, A-119
BRAZORIA COUNTY, TEXAS**

Being a 12.547-acre (546,546 square-foot) tract of land situated in the Polly & Chance League, Abstract No. 119, Brazoria County, Texas. Said 12.547-acre tract being part of a called 37.63-acre tract of land, also known as Tract No. 4, conveyed to Phillips 66 Company as recorded under (86) Volume 365, Page 22 of the Deed Records of Brazoria County, Texas and being part of a called 58.73-acre tract of land, also known as Tract No. 13, conveyed to Phillips 66 Company as recorded under (86) Volume 365, Page 22 of the Deed Records of Brazoria County, Texas. Said 76.874-acre tract being more particularly described by metes and bounds as follows: (Bearings based on the coordinates shown hereon are Texas South Central Zone No. 4204 State Plane Grid Coordinates (NAD83))

COMMENCING FOR REFERENCE at the southwest corner of a said called 58.73-acre tract, in the north line of a called 55.10-acre tract of land, also known as Tract No. 3, conveyed to Phillips 66 Company as recorded under (86) Volume 365, Page 22 of the Deed Records of Brazoria County, Texas and for the southeast corner of a called 37.63-acre tract of land conveyed to Phillips 66 Company as recorded in Volume 423, Page 493 of the Brazoria County, Deed Records (with a Texas State Plane coordinate of North = 13,588,489.94, East = 3,006,265.22);

THENCE North 53° 06' 01" West over and across said called 37.63-acre tract, a distance of 516.67 feet to a 1/2-inch iron rod with cap stamped "WEISSER, HOUSTON" set marking the **POINT OF BEGINNING** and the southeast corner of the tract herein described (with a Texas State Plane coordinate of North = 13,589,129.90, East = 3,005,487.40);

THENCE South 41° 31' 37" West over and across said residue of said called 37.63-acre tract and with the south line of said tract herein described, a distance of 1317.76 feet to a 1/2-inch iron rod with cap stamped "WEISSER, HOUSTON" set for the southwest corner of said tract herein described;

THENCE North 48° 04' 49" West over and across said residue of said called 37.63-acre tract and with a west line of said tract herein described, a distance of 237.11 feet to a 1/2-inch iron rod with cap stamped "WEISSER, HOUSTON" set for the most southerly northwest corner of said tract herein described;

THENCE North 42° 55' 37" East over and across said residue of said called 37.63-acre tract and with a north line of said tract herein described, a distance of 402.91 feet to a 1/2-inch iron rod with cap stamped "WEISSER, HOUSTON" set for the interior corner of said tract herein described;

THENCE North 48° 11' 31" West over and across said residue of said called 37.63-acre tract and with a west line of said tract herein described at a distance of 131.49 feet pass the south line of said called 58.73-acre tract and continuing for a total distance of 270.21 feet to a 1/2-inch iron rod with cap stamped "WEISSER, HOUSTON" set for the most northerly northwest corner of said tract herein described;

THENCE North 41° 53' 10" East over and across said residue of said called 58.73-acre tract and with a north line of said tract herein described for a total distance of 917.15 feet to a 1/2-inch iron rod with cap stamped "WEISSER, HOUSTON" set for the northeast corner of said tract herein described;

THENCE South 47° 52' 41" East over and across said residue of said called 58.73-acre tract and with the east line of said tract herein described at a distance of 346.16 feet pass the south line of said called 58.73-acre tract for a total distance of 491.75 feet to the **POINT OF BEGINNING** and containing 12.547-acres (546,546 square-feet) of land.

WEISSER ENGINEERING COMPANY
19500 Park Row, Suite 100
Houston, Texas 77084

Job No.: P0529 (399-529)
Date: 01/18/13



Attachment 24
Guidelines and Criteria for Reinvestment Zone

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 real 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 investment 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, 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, 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. One hundred percent of the value (or such percentage of value that shall be set by Commissioners' Court order) of new eligible properties shall be abated for up to seven years or one-half (1/2) 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 1st 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 seven (7) 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 vendors and services where applicable in the construction and operations of the facility. Brazoria County vendors and services must be competitive with non-county vendors and services regarding price, quality, safety, availability and ability 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 .000165 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 .000165 of the estimated value of the personal property of the air carrier indicated in its Application. Each project will contribute no more than \$15,000 nor less than \$1,000 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 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.
- (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 legislative 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.

PUBLIC HEARING 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 affect 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 (*i.e.* 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 levies 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 completion 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 (*i.e.* 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), the public hearing on the tax abatement shall be scheduled at the Commissioners Court meeting that next follows the one at which the Order Setting Hearing Date is entered, unless otherwise ordered by Commissioners Court. If there are any compliance problems with the application (including any problems to be resolved or amendments to

the application to be made prior to the public hearing), 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 transmitting the Order Setting Hearing Date. No hearing shall be set on any application that 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 (c) 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 11, 2012, and shall remain in force until May 11, 2014, 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: _____