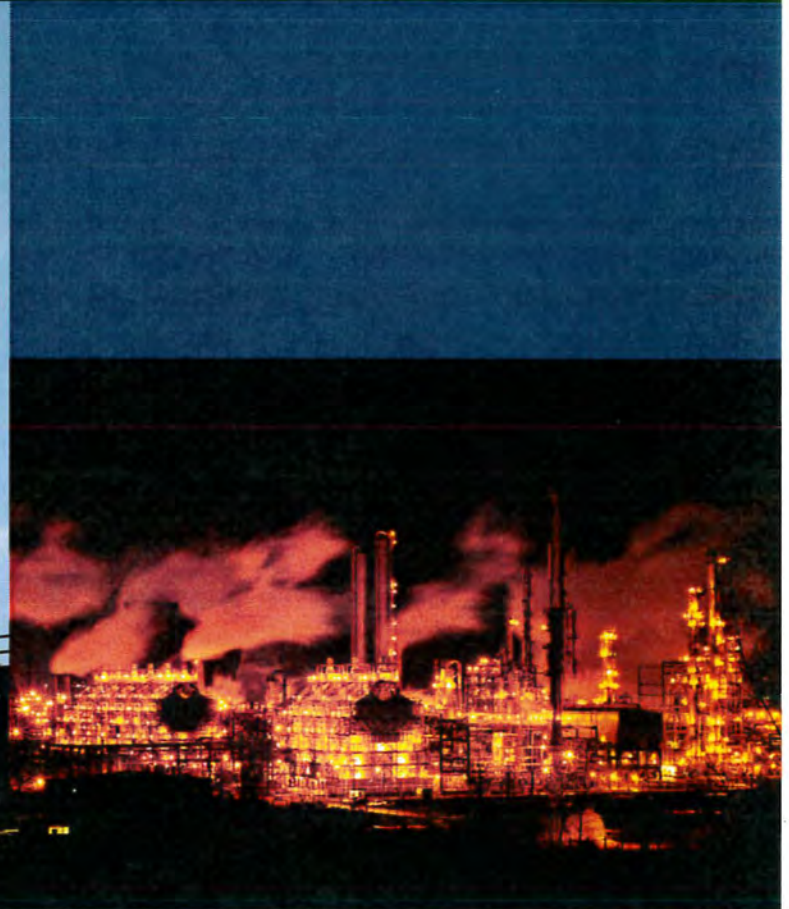


**FINDINGS OF THE SWEENEY
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
PHILLIPS 66 COMPANY (#1334)**



July 9, 2019

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SWEENEY INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
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DISTRICT BOARD OF TRUSTEES UNDER THE
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ON THE APPLICATION SUBMITTED BY PHILLIPS 66
COMPANY (#1334)

STATE OF TEXAS §

COUNTY OF BRAZORIA §

On the 9th day of July 2019, a public meeting of the Board of Trustees of the Sweeny Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Phillips 66 Company ("Applicant") for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On January 15, 2019, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Application was determined to be complete as of March 5, 2019. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 13716527026), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Brazoria County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on May 24, 2019 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc., is attached to these findings as **Attachment D**.

The Board of Trustees has confirmed that the taxable value of property in the District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment E**.

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F**.

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

In response to a request from the District, the Company provided additional information on its approach to community activities and addressing environmental concerns. This information is included as **Attachment K**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

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

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

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

Property used for the type of proposed manufacturing included in the application is eligible for a limitation under §313.024(b)(1).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district

maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, the Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs must be at least \$66,222 per year. The review of the application by the Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;

- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

The Applicant does not intend to create any non-qualifying jobs.

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For any non-qualifying jobs the Applicant should create, the Applicant will be required to pay at least the county average wage of \$59,021 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 7.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$470.4 million to the tax base that would be available for debt service purposes at the peak investment level for the 2022-23 school year, which would benefit the District and its taxpayers.

Board Finding Number 8.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

Board Finding Number 9.

The Board finds that with the adoption of District Policy CCGB (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.

Board Finding Number 10.

The Board of Trustees hired consultants to review and verify the information in the Application. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.

The Board has developed a written policy CCGB (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning

of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an “official proceeding,” a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant’s future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller’s Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2017 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year (**Attachment E**). The total industrial value for the District is \$2.29 billion. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or

(C) increased, but at a rate of not more than three percent per annum. The District is classified as a “rural” district due to its location in a strategic investment area. Given that the value of industrial property is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.

The Board relies on the certifications of its consultants and the Comptroller’s Approval of the Agreement form to make this Finding. **(Attachment I)**

Board Finding Number 13.

The Applicant (Taxpayer No. 13716527026) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 13716527026), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement **(Attachment G)** contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 14.

The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District, and such provisions comply with the specific terms of Texas Tax Code, Chapter 313.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur revenue losses chiefly in the initial years and several later years that the

value limitation is in effect without the proposed Agreement under current law. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 16.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 17.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/home/index/220>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District

employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 18.

The Board directs that a link on its Website be established to the Comptroller's Office's Website where appraisal-limitation-related documents are made available to the public.

Board Finding Number 19.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

Dated the 9th day of July 2019.

SWEENEY INDEPENDENT SCHOOL DISTRICT

By: Connie McAda
Vice President, Board of Trustees

ATTEST:
By: Donna Boula Schroeder
Secretary, Board of Trustees

Attachment A

Application

PHILLIPS 66 COMPANY

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

Comptroller

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	Maps that clearly show: a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * To be submitted with application or before date of final application approval by school board
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>



TAB 1

Pages 1 through 9 of application



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

January 15, 2019

Date Application Received by District

Tory

Hill

First Name

Last Name

Superintendent

Title

Sweeny Independent School District

School District Name

1310 North Elm Street

Street Address

1310 North Elm Street

Mailing Address

Sweeny

TX

77480

City

State

ZIP

979-491-8010

979-491-8030

Phone Number

Fax Number

TCHill@sweenyisd.org

Mobile Number (optional)

Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application?



Yes



No

SECTION 1: School District Information *(continued)*3. Authorized School District Consultant *(If Applicable)*

Kevin	O'Hanlon
First Name	Last Name
Partner	
Title	
O'Hanlon, Demerath & Castillo	
Firm Name	
512-494-9949	512-494-9919
Phone Number	Fax Number
346-217-5208	kohanlon@808west.com
Mobile Number <i>(optional)</i>	Email Address

4. On what date did the district determine this application complete? January 23, 2019
5. Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

Chris	Cisneros
First Name	Last Name
Property Tax Senior Advisor	Phillips 66 Company
Title	Organization
2331 City West Boulevard, Houston, TX 77042	
Street Address	
1075 N. Sam Houston N., Suite 200	
Mailing Address	
Houston	TX 77043
City	State ZIP
832-765-4112	832-765-9806
Phone Number	Fax Number
346-217-5208	chris.g.cisneros@p66.com
Mobile Number <i>(optional)</i>	Business Email Address

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

2a. If yes, please fill out contact information for that person.

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

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

SECTION 2: Applicant Information (continued)**4. Authorized Company Consultant (If Applicable)**

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

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☒ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Phillips 66 Company
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 13716527026
3. List the NAICS code 325120
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☒ Yes ☐ No
- 4a. If yes, please list application number, name of school district and year of agreement
- App# 286, Sweeny ISD, 2015 ; App#1185, Sweeny ISD, 2021

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements

☐ Land has existing improvements (*complete Section 13*)

☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☒ Yes ☐ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

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

SECTION 9: Projected Timeline

1. Application approval by school board July 2019
2. Commencement of construction 3Q 2019
3. Beginning of qualifying time period January 2, 2020
4. First year of limitation 2021
5. Begin hiring new employees December 2020
6. Commencement of commercial operations 2Q 2021
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☒ Yes ☐ No
Note: Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? 2Q 2021

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Brazoria
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Brazoria CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

County: Brazoria County, .440234, 100% (Name, tax rate and percent of project)	City: N/A (Name, tax rate and percent of project)
Hospital District: Sweeny Hospital Dist, .516523, 100% (Name, tax rate and percent of project)	Water District: N/A (Name, tax rate and percent of project)
Other (describe): W Brazoria Co Drainage Dist, .02, 100% (Name, tax rate and percent of project)	Other (describe): Port Freeport, .0401, 100% (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☒ Yes ☐ No
5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☒ No
6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☒ Yes ☐ No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? _____

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☐ Second Quarter ☐ Third Quarter ☒ Fourth Quarter of 2018
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 3,982
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 10
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,127.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,663.00
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,274.00
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☐ §313.021(5)(A) or ☒ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 66,222.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 66,222.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☒ No
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.



TAB 2

Proof of Payment of Application Fee

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

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

(Page Inserted by Office of Texas Comptroller of
Public Accounts)



TAB 3

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

See Attached

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

**TAB 4***Detailed Description of the Project*

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

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

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

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

Estimated Construction Schedule

Construction Start:	Q3 2019
Construction Complete:	Q2 2021

Improvements and Fixed Equipment for which Abatement is Requested

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



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

**TAB 5***Documentation to assist in determining if limitation is a determining factor.*

This Tab is intended to assist the Comptroller in compliance with Tax Code 313.026 to determine that “the limitation on appraised value is a determining factor in the applicant’s decision to invest capital and construct the project in this state.” Phillips 66 management approves most capital investment in the following categories:

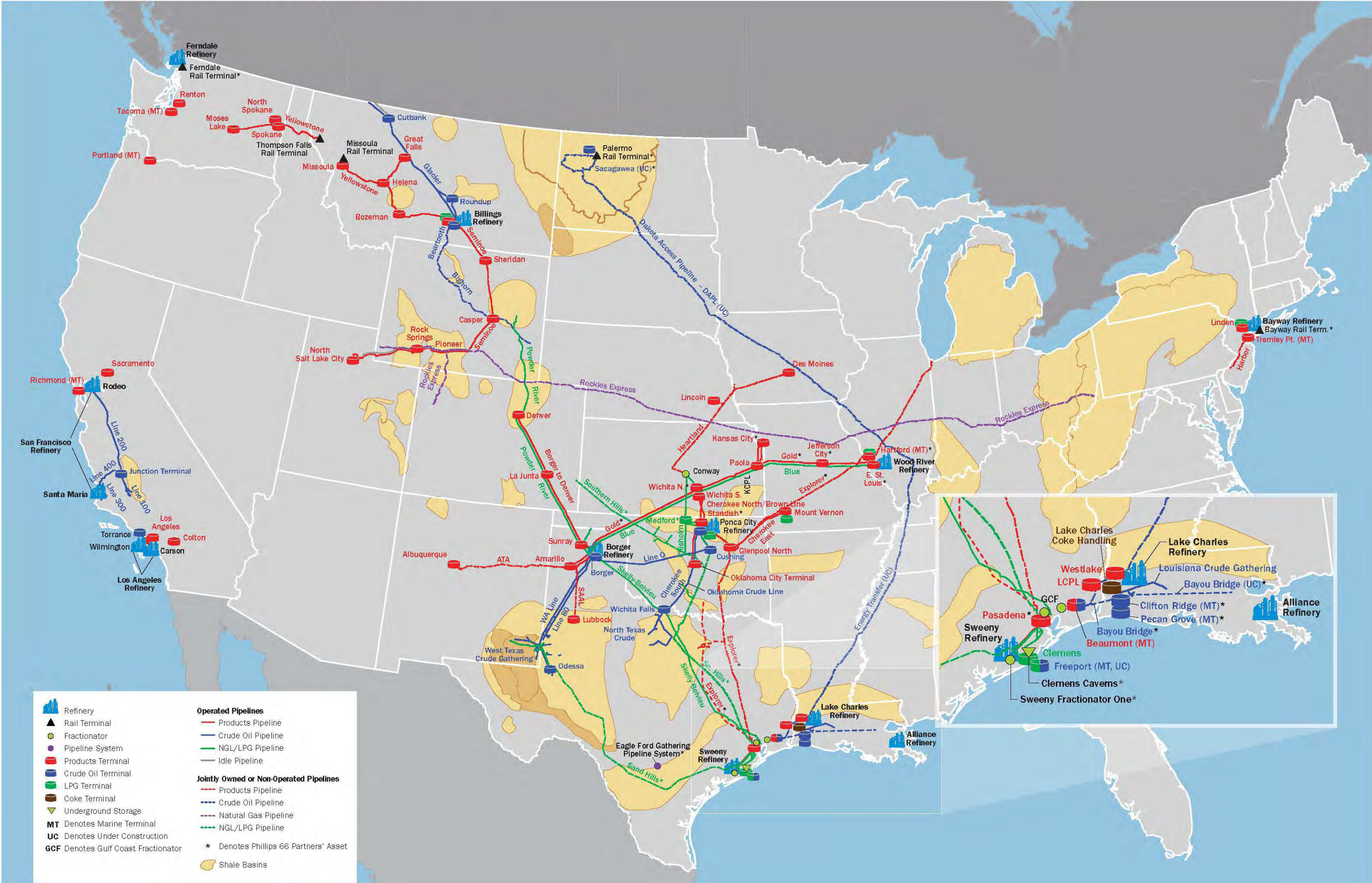
- **Unfunded Mandates** – As state and local government have unfunded mandates, businesses are also given unfunded mandates as a requirement to stay in business. A common example of this category is a requirement to install new facilities, which also generally increases operating cost, to comply with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

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



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

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





TAB 6

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

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

**TAB 7***Description of Qualified Investment*

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

Qualified Investment for which Abatement is Requested

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



TAB 8

Description of Qualified Property

Qualified Investment for which Abatement is Requested

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



TAB 9

Description of Land

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



TAB 10

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

None



TAB 11

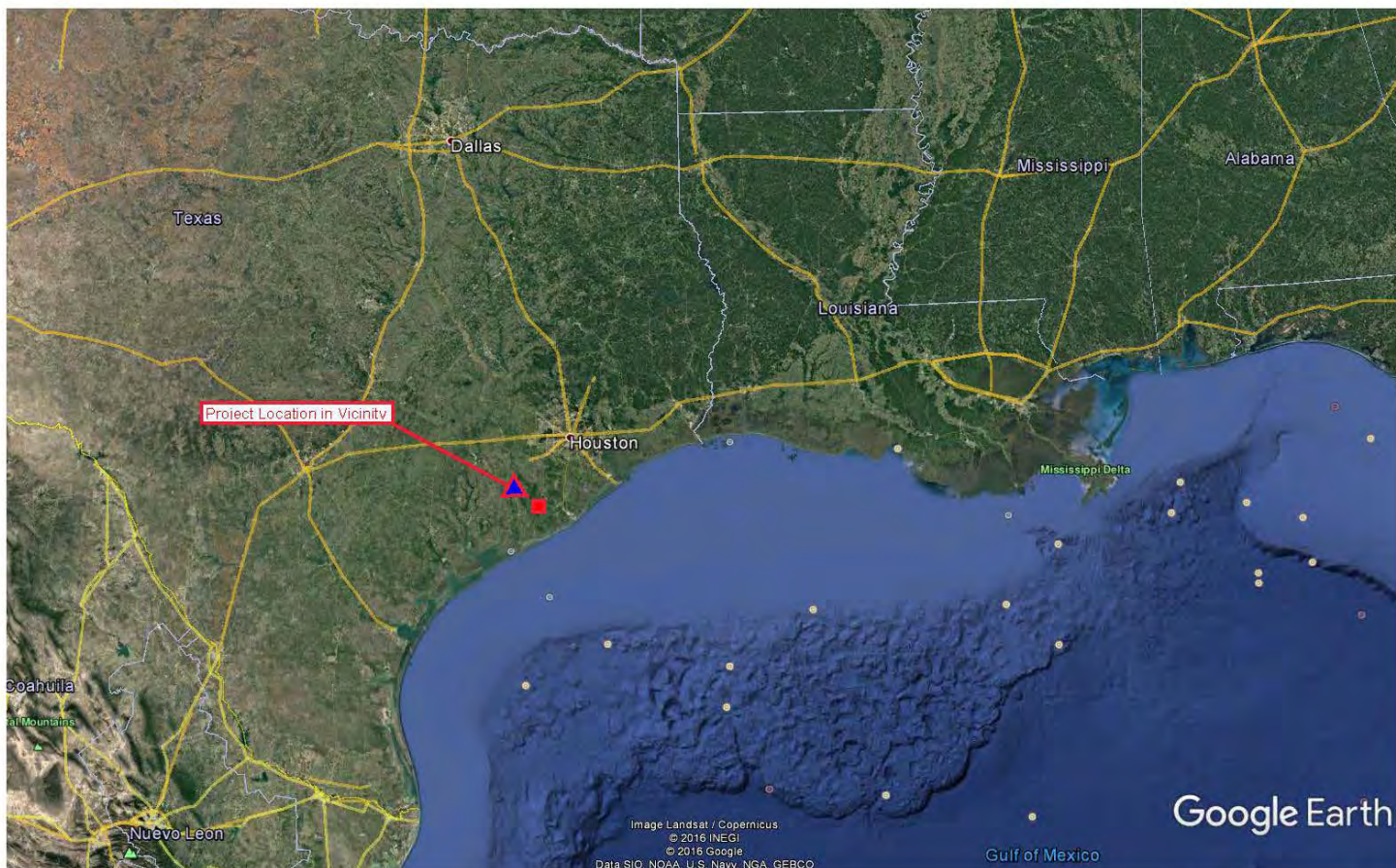
Maps that clearly show:

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



Google Earth

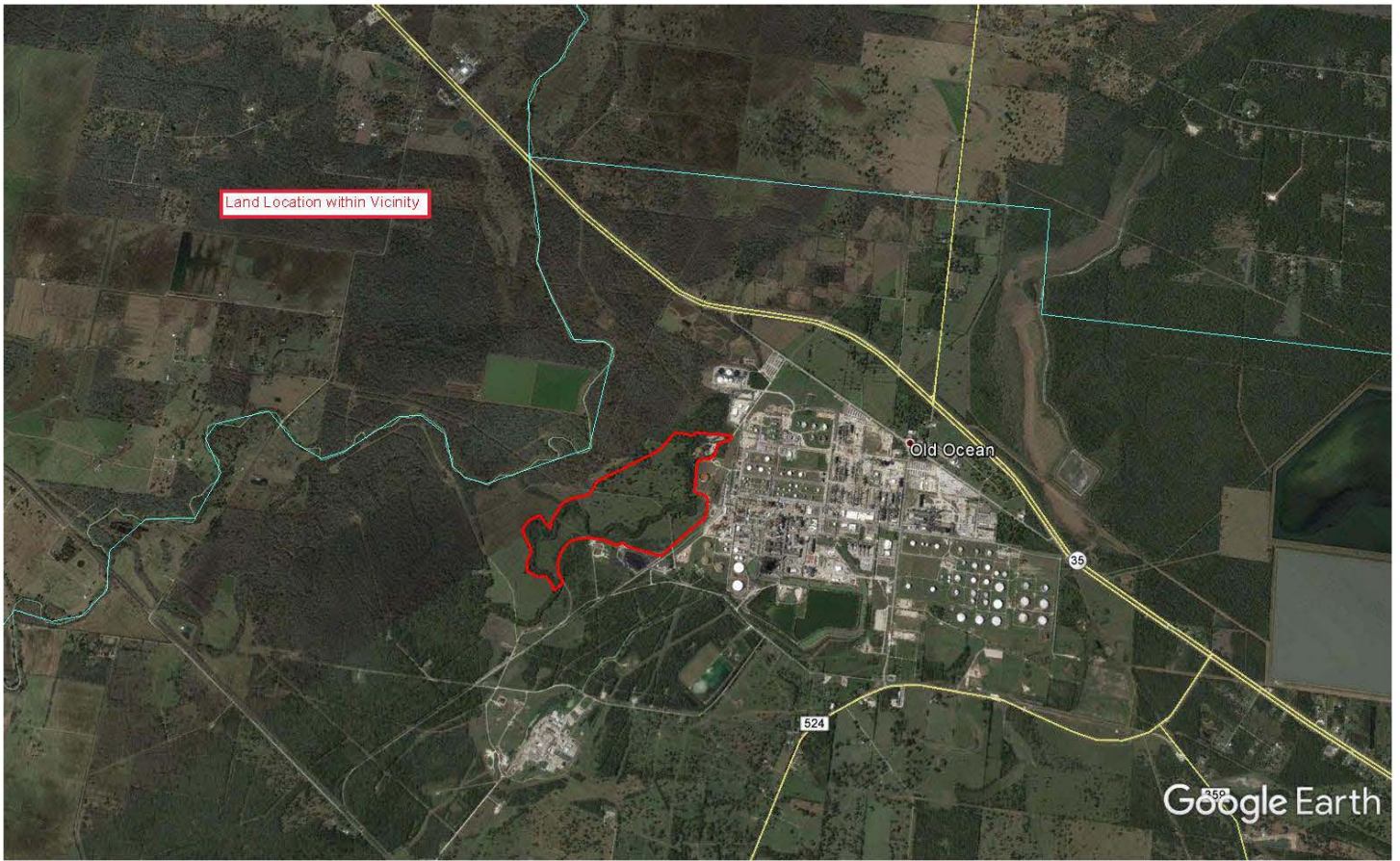




Google Earth

miles
km

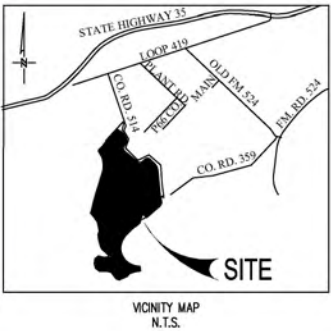
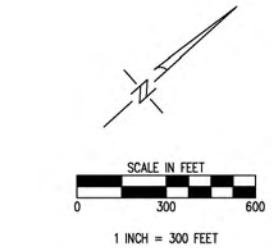
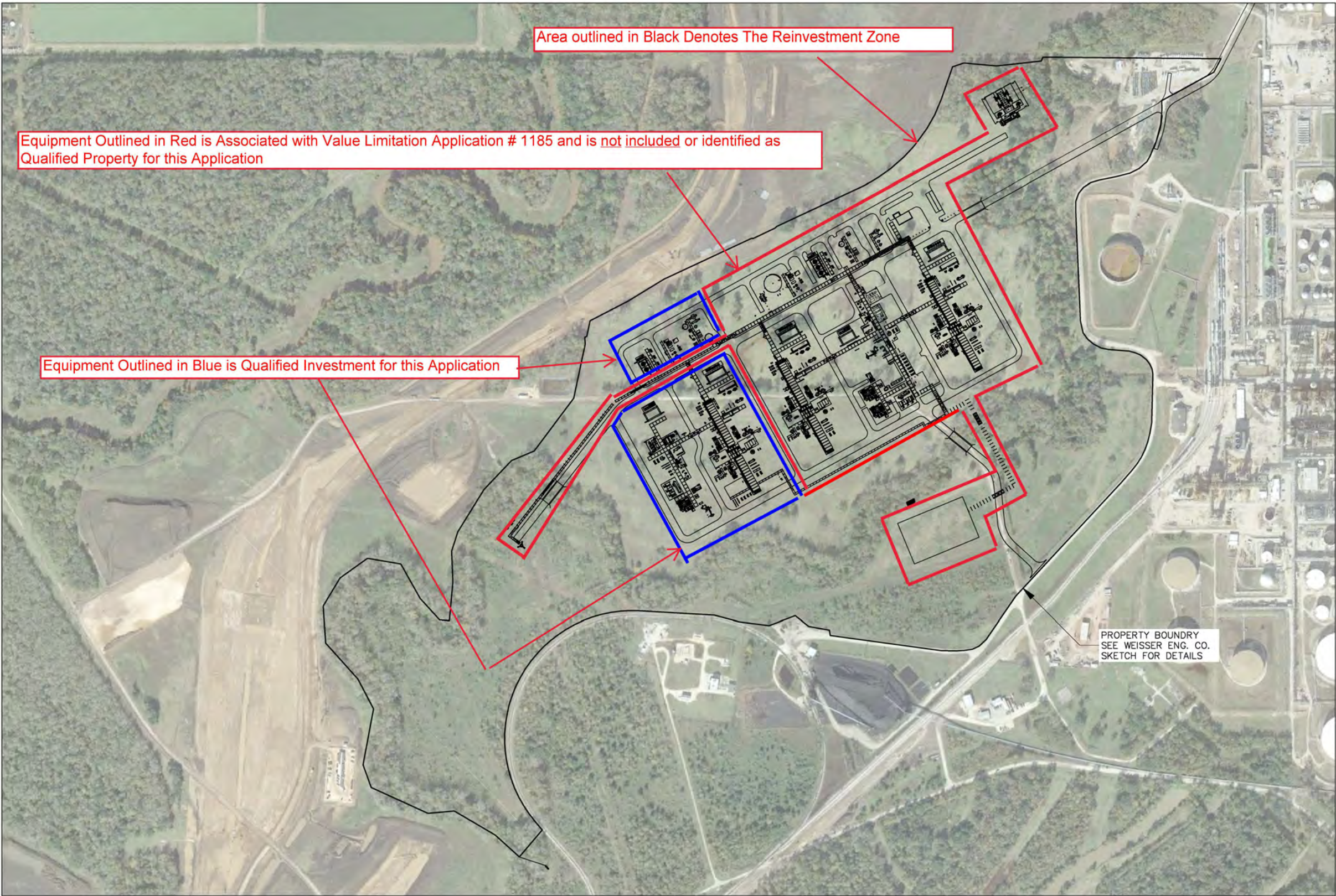




Google Earth

miles 3
km 5





S&B FORM C-151 (1-92) AUTOCAD GENERATED DRAWING

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

NOTES

1. EQUIPMENT SIZING, SPACING, AND DRAWING LIMITS ARE PRELIMINARY AND SUBJECT TO CHANGE BASED ON PROCESS REQUIREMENTS.

2. DRAWING LIMIT COORDINATES TO BE ESTABLISHED LATER.

DRAWING NO.	REFERENCE

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



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



TAB 12

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

Not Applicable



TAB 13

Calculation of three possible wage requirements with TWC documentation

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

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

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

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

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

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

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

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

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

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

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

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

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

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

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

Source: Texas Occupational Employment and Wages

Data published: July 2018

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

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.



TAB 14

Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)

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

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

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

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

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

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

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Form 50-296A

Revised May 2014

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

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row**.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date

1/8/2019

Applicant Name

PHILLIPS 66

Form 50-296A

ISD Name

SWEENEY ISD

Revised May 2014

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

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

Only include market value for eligible property on this schedule.

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

Schedule C: Employment Information

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	250 FTE	\$ 78,000	0	0	0
	0	2020-2021	2020	1100FTE	\$ 78,000	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	1100 FTE	\$ 78,000	0	10	\$ 66,222
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021	N/A	N/A	0	10	\$ 66,222
	2	2022-2023	2022	N/A	N/A	0	10	\$ 66,222
	3	2023-2024	2023	N/A	N/A	0	10	\$ 66,222
	4	2024-2025	2024	N/A	N/A	0	10	\$ 66,222
	5	2025-2026	2025	N/A	N/A	0	10	\$ 66,222
	6	2026-2027	2026	N/A	N/A	0	10	\$ 66,222
	7	2027-2028	2027	N/A	N/A	0	10	\$ 66,222
	8	2028-2029	2028	N/A	N/A	0	10	\$ 66,222
	9	2029-2030	2029	N/A	N/A	0	10	\$ 66,222
	10	2030-2031	2030	N/A	N/A	0	10	\$ 66,222
Years Following Value Limitation Period	11 through 25	2031-2045	2031	N/A	N/A	0	10	\$ 66,222

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

- C1.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute?
qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:

(25

☐

Yes

☒

No
- C1a.

Will the applicant request a job waiver, as provided under 313.025(f-1)?

☐

Yes

☒

No
- C1b.

Will the applicant avail itself of the provision in 313.021(3)(F)?

☐

Yes

☒

No

Schedule D: Other Incentives (Estimated)

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

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Brazoria	2021	10 Years	Annual Avg. = \$1,688,000	see detail below	Annual Avg. = \$422,300
	Other: Hospital	2021	10 Years	Annual Avg. = \$1,979,000	see detail below	Annual Avg. = \$495,400
	Other: Port Freeport	2021	10 Years	Annual Avg. = \$153,690	see detail below	Annual Avg. = \$38,500
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A		N/A	
Texas Enterprise Fund	N/A	N/A	N/A		N/A	
Employee Recruitment	N/A	N/A	N/A		N/A	
Skills Development Fund	N/A	N/A	N/A		N/A	
Training Facility Space and Equipment	N/A	N/A	N/A		N/A	
Infrastructure Incentives	N/A	N/A	N/A		N/A	
Permitting Assistance	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
TOTAL				\$ 3,820,690.00		\$ 956,200

Additional information on incentives for this project:

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



TAB 15

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

None



TAB 16

Description of Reinvestment Zone or Enterprise Zone, including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Compiled by:

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



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

ORDER NO. 7.M.4

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

Designation of Reinvestment Zone:

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

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

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

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

Granting of Tax Abatement

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

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

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

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

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

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

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

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

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

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

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

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

DEFINITIONS Section 1

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

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

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

ABATEMENT AUTHORIZED Section 2

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Additionally, the owner of the project:

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

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

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

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

APPLICATION Section 3

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

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

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

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

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

APPROVAL - Section 4

- (a) Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
 - (1) there would be a substantial adverse effect on the provision of government service or tax base;

- (2) the Applicant has insufficient financial capacity;
- (3) planned or potential use of the property would constitute hazard to public safety, health or morals; or,
- (4) violation of other codes or laws.

AGREEMENT Section 5

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

RECAPTURE Section 6

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

ADMINISTRATION Section 7

- (a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which levy taxes on the amount of the assessment.
- (b) The agreement shall stipulate that TARC of Brazoria County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.

(c) Tax Abatement Review Committee:

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

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

ASSIGNMENT Section 8

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

PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9

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

SUNSET PROVISION Section 10

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

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

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

ATTACHMENT A

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

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

ANNUAL REPORT FORM

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

RE: TAX ABATEMENT AGREEMENT

_____ (Company/Owner Name)

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

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

Date of commencement of construction: _____

Date of completion all contemplated improvements: _____

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

Permanent Employees: _____

*Permanent Contract Employees _____

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

**Temporary Contract Employees _____

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

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

Percentage of construction completed: _____

Estimated value of Improvements: _____
As of _____

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

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

Check One
() Yes or () No

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

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

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

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

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

Check One
() Yes or () No

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

Owner: _____

By: _____

Printed Name: _____

Title/Position _____

Date: _____

ATTACHMENT B

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

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

REPORT FORM
After the initial term of the
Tax Abatement Agreement

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

RE: TAX ABATEMENT AGREEMENT

_____ (Company/Owner Name)

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

Effective Date of Tax Abatement: _____

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

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

Check One
() Yes or () No

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

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

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

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

Owner: _____

By: _____

Printed Name: _____

Title/Position _____

Date: _____



TAB 17

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

See Attached

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here

Dr. Tory C. Hill

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

[Signature]

Signature (Authorized School District Representative)

Date

1/15/2019

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print
here

Chris. G. Cisneros

Print Name (Authorized Company Representative (Applicant))

RES Tax Agent

Title

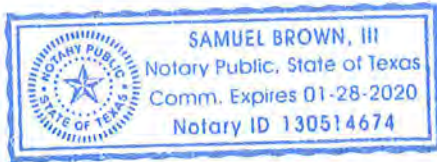
sign
here

[Signature]

Signature (Authorized Company Representative (Applicant))

January 9, 2019

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

9th day of January, 2019

[Signature]

Notary Public in and for the State of Texas

My Commission expires:

1/28/2020

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.



CUMMINGS WESTLAKE
PROPERTY TAX ADVISORS

February 22, 2019

Dan Casey
Moak, Casey and Associates
400 West 15th Street, Suite 1410
Austin, Texas 78701

Dan;

Attached please find the hard copies of the Amended Application pages for the Phillips 66 Company (Application # 1334 in Sweeny ISD).

The original of the signature page will be mailed to your attention at Moak, Casey and Associates offices.

The changes to the original Application are as follows in response to the attached February 4, 2019 e-mail from Comptroller staff :

Section 14. Page 7

When calculating the average weekly for all jobs (all industries) in county I came up with \$1,227.25. Off by a quarter – which may not seem much but when multiplying it by 52 there is a difference in pay. Please update and submit a revised Section 14.

Updated pages showing the unrounded figures for wages are attached. In addition, these pages have been amended to include 3Q 29018 which was recently released

Tab 3

The affiliate schedule provided in Tab 3 is considerably shorter than the one provided in #1185 Sweeny ISD-Phillips 66 Company – 1 page versus 27 pages . Is there a reason for the change in length?

The Affiliate List provided in this Application shows the parent firm and the Affiliate making Application. All of the other pages of the Tax Affiliates list show information relative to subsidiaries that are not relevant to this application. The truncated listing in this Application was merely done to save paper when printing the Application.

Tab 4

How many acres is the project? The description mentions the site is near Fractionators 2 and 3 which are under construction. What makes this new fractionator - #? Is there a project name associated with this project? Please provide include a response in a revised Tab 4.

Please see revised Tab 4 indicating the project name and the acreage of the project area (approximately 20 acres)

Tab 5

In Section 8 of the application it asks – is the applicant evaluating other locations not in Texas for the proposed project? Tab 5 does not discuss other sites under consideration by the applicant. Please discuss what other sites are under consideration and include a response to this question in a revised Tab 5.

Revised Tab 5 language is attached listing other states under evaluation.

Tabs 4 and 7/8

Given the location of the project area upon reviewing the maps in Tab 11 we can see the site is located adjacent to the Phillips 66 Sweeny Refinery and integrated physically in some parts with project #1185 Sweeny ISD-Phillips 66 Company. Please provide more detail about pipelines (this is mentioned in as QI/QP) and/or other connecting infrastructure that will be used to link various components of the project to the Sweeny Refinery and other existing assets in Brazoria County. Does this include infrastructure not within the Sweeny ISD boundaries, such as pipelines or other interconnection facilities? What are the items? Please include responses in revised Tabs 4, 7 and 8.

Please see revised Tabs 4, 7 and 8

Please provide a map showing the proposed project areas and the interconnections with Phillips 66 assets mentioned. Please include in Tab 4

Please see attached Tab 4 maps. One map shows the area interconnection infrastructure that would link various components of the project to other existing assets in Brazoria County. Under separate cover Phillips 66 will submit a block flow diagram of the project and the relationship of the project to existing assets. P66 is requesting that under Section 552.110 of the Texas Government Code related to trade secrets that this block diagram be kept confidential and has marked the diagram as such.

Tab 11

The third map provided with a box that says Land Location within Vicinity. This is the first map we can legible see the reinvestment zone boundaries. Please resubmit the map and label the boundaries as the reinvestment zone in Tab 11.

Please see revised map.

The last map provided shows the project site up with the reinvestment zone boundaries and the equipment outlined in blue as the qualified investment for this application. Please provide a new map or schematic that labels the equipment for #1334 in Tab 11. There is qualified property from #1185 that runs between equipment for project for #1334 – please explain what equipment is running through the middle of the project area outlined in blue? Either label it or provide a response in the transmittal letter.

Please see attached map that shows only the project area which is the subject of this application and removes reference to other applications. The Qualified Property that runs between the equipment for #1334 is a line that runs to the flare.

Schedules A1 and C/Tab 14

Please refer to line – Total Qualified Investment. The value listed is \$495 million. When confirming the number the total of the sum of the green cell was different – it should be \$410 million. Please fix the school years for QTP1 and 2. When complete submit a revised Schedule A1.

Please see revised schedules in excel as well as PDF of revised schedule A1 Schedule C – I notices tax year 2021 was entered as QTP year and first year of the limitation in Schedule C. I just wanted to confirm.

Yes, the spend pattern will allow the project to begin the VL at the end of the stub year so the VL Agreement would begin in 2021

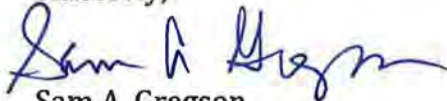
Signature Page

Please include a new signature page. On an application amendment, we do not need an original copy.

Please see attached signature page.

Please let me know if you have questions or need additional information.

Sincerely,



Sam A. Gregson
Senior Consultant

SECTION 14: Wage and Employment Information

- ## SECTION 15: Economic Impact

- 50-296-A • 03-17/3



TAB 4

Detailed Description of the Project

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

Phillips 66 Company is currently evaluating projected economics for a project (Fractionator #4 Project) to construct a natural gas liquids (NGL) fractionator and related facilities. This proposed project is being evaluated to meet growing market demand for purity products. The proposed site is on the parcels indicated on the attached exhibits. The Fractionator #4 project would be constructed near Fractionators 2 and 3 which are under construction in approximately 20 acres of the area already designated as Brazoria County Reinvestment Zone 7. The proposed Fractionator #4 project, capable of producing up to 150,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. Such products include ethane, iso-butane, normal butane, propane and natural gasoline.

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

The proposed site is within Brazoria County Reinvestment Zone 7 for Phillips 66, approved by the Brazoria County Commissioners' Court on February 28, 2017. Similar to Fractionators 2 and 3, Fractionator #4 would be largely a standalone facility with some support and integration synergies with the Refinery. While specific design details involving integration with the Sweeny Refinery have not been fully defined, those synergies are primarily utilities (i.e. power) and connection to a flare stack that runs from the Refinery through Fractionators 2, 3 and this proposed Fractionator. Other assets that could be integrated with the proposed project include pipelines to the Clemens Storage Facility and to the Freeport Terminal. A map showing that integration is attached.

Estimated Construction Schedule

Construction Start: Q3 2019

Construction Complete: Q2 2021

Improvements and Fixed Equipment for which Abatement is Requested

Air Cooling Exchangers

Amine System

Control Room and Building



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PHILLIPS 66

Chapter 313 Application SWEENY ISD

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



TAB 5

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

This Tab is intended to assist the Comptroller in compliance with Tax Code 313.026 to determine that “the limitation on appraised value is a determining factor in the applicant’s decision to invest capital and construct the project in this state.” Phillips 66 management approves most capital investment in the following categories:

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

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

All Phillips 66 major capital investments must go through a structured review by the project team and management. The final management decision of whether and/or where to build the proposed



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PHILLIPS 66

Chapter 313 Application SWEENY ISD

major project is based on technical feasibility, projected economics, and financial risk. This project is competing with opportunities for similar scale projects at the Company's other refining locations in Louisiana, Washington, Oklahoma and Illinois.

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



TAB 7

Description of Qualified Investment

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

The proposed site is within Brazoria County Reinvestment Zone 7 for Phillips 66, approved by the Brazoria County Commissioners' Court on February 28, 2017. Similar to Fractionators 2 and 3, Fractionator #4 would be largely a standalone facility with some support and integration synergies with the Refinery. While specific design details involving integration with the Sweeny Refinery have not been fully defined, those synergies are primarily utilities (i.e. power) and connection to a flare stack that runs from the Refinery through Fractionators 2, 3 and this proposed Fractionator. Other assets that could be integrated with the proposed project include pipelines to the Clemens Storage Facility and to the Freeport Terminal.

Qualified Investment for which Abatement is Requested

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



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Chapter 313 Application SWEENY ISD

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



TAB 8

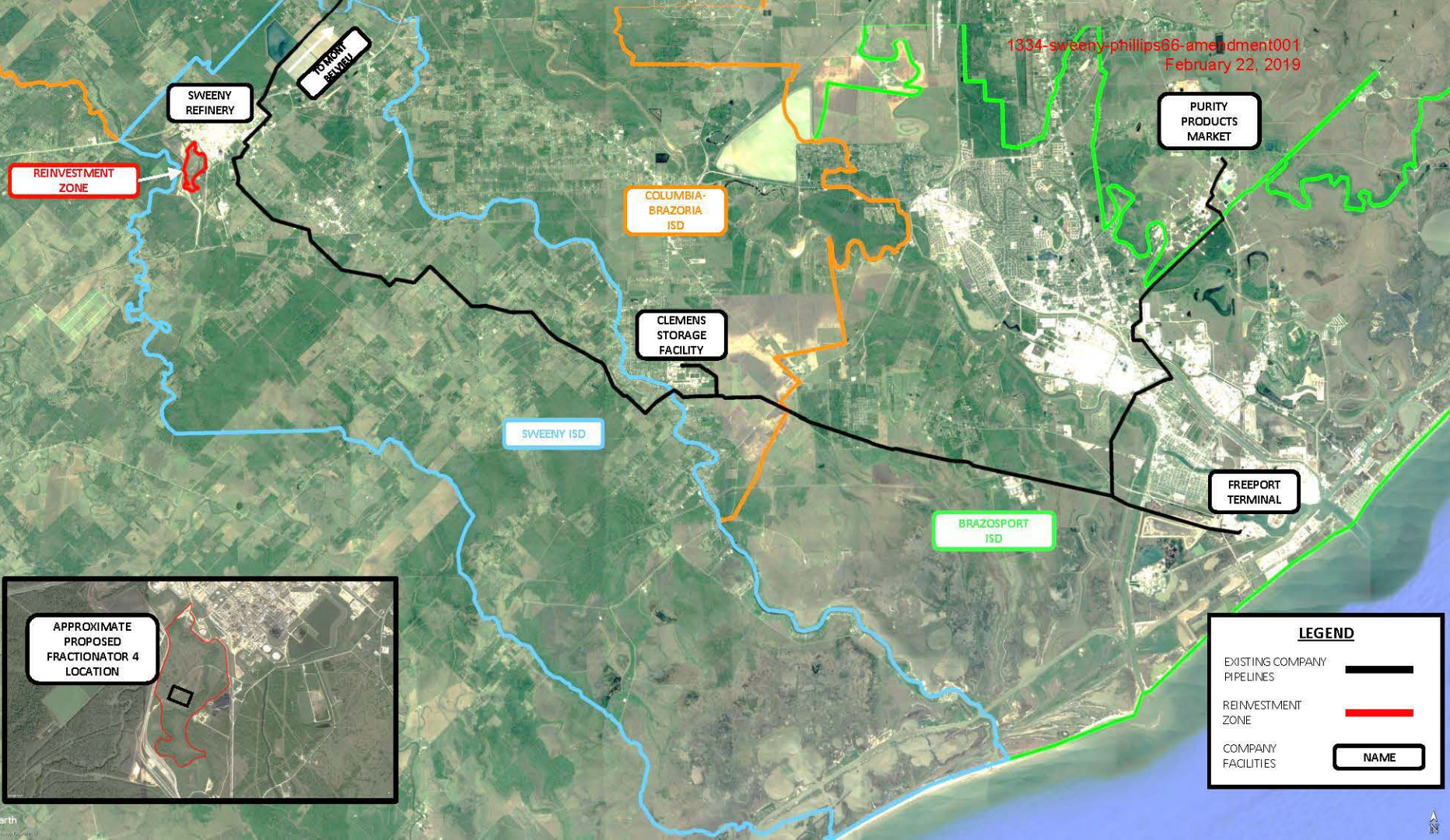
Description of Qualified Property

The proposed Fractionator #4 project, capable of producing up to 150,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. While specific design details involving integration with the Sweeny Refinery have not been fully defined, those synergies are primarily utilities (i.e. power) and connection to a flare stack that runs from the Refinery through Fractionators 2, 3 and the Fractionator #4 Project proposed in this Application.

Qualified Investment for which Abatement is Requested

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

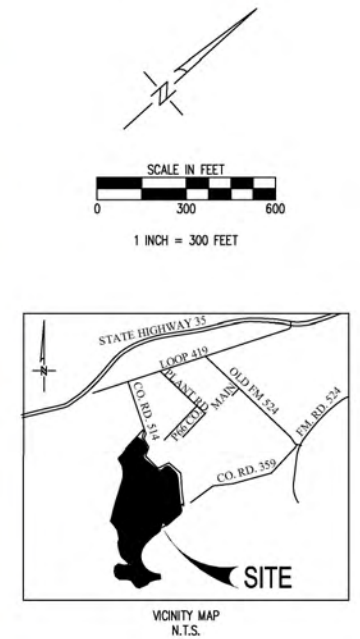
1334-sweeny-phillips66-amendment001
February 22, 2019



LEGEND

- EXISTING COMPANY PIPELINES 
- REINVESTMENT ZONE 
- COMPANY FACILITIES 

NAME

[illegible]

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

NOTES

DRAWING NO.	REFERENCE	DRAWN BY	RDP	11/2018
		DRAFT/CHK'D.		
		MECHANICAL		
		CIVIL/STRUCT.		
		ELECTRICAL		
		INSTRUMENT		
		PROJ.ENGR.		
		APPROVED FOR CONSTRUCTION		
		BY	DATE	



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

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

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2018	\$ 1,206	\$ 62,712
SECOND	2018	\$ 1,097	\$ 57,044
THIRD	2017	\$ 1,100	\$ 57,200
FOURTH	2017	\$ 1,137	\$ 59,124
AVERAGE		\$ 1,135.00	\$ 59,020.00

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2018	\$ 2,962	\$ 154,024
SECOND	2018	\$ 2,108	\$ 109,616
THIRD	2017	\$ 2,077	\$ 108,004
FOURTH	2017	\$ 2,350	\$ 122,200
AVERAGE		\$ 2,374.25	\$ 123,461
X		110%	110%
		\$ 2,611.68	\$ 135,807.10

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2017	\$ 1,158	\$ 60,202
X	110%	110%
	\$ 1,273.50	\$ 66,222.20

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2018	1st Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,206
2018	2nd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,097
2018	3rd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,100
2017	4th Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,137

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2018	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,962
2018	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,108
2018	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,077
2017	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,350

Phillips 66 Fractionator #4 Project - Reinvestment Zone

1334-sweeny-phillips66-amendment001
February 22, 2019

Old Ocean

Markle Lake

Reinvestment Zone Boundary is Outlined in Red

Wynville Creek Reservoir

Google Earth

© 2018 Google



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

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

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY- YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2019	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application				0	0	0	0	
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				85,000,000	0	0	0	85,000,000
	Stub	2020-2021	2020	320,000,000	0	0	0	320,000,000
Complete tax years of qualifying time period	QTP1	20201-2022	2021	85,000,000	5,000,000	0	0	90,000,000
	QTP2	20222-2023	2022	0	0	0	0	0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				490,000,000	5,000,000	0	0	495,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				410,000,000				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here

Dr. Tory C. Hill

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

[Handwritten Signature]

Signature (Authorized School District Representative)

Date

2/26/2019

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print
here

Chris. G. Cisneros

Print Name (Authorized Company Representative (Applicant))

Property Tax Senior Advisor

Title

sign
here

[Handwritten Signature]

Signature (Authorized Company Representative (Applicant))

Date

2/22/2019



(Notary Seal)

GIVEN under my hand and seal of office this, the

22nd day of February, 2019

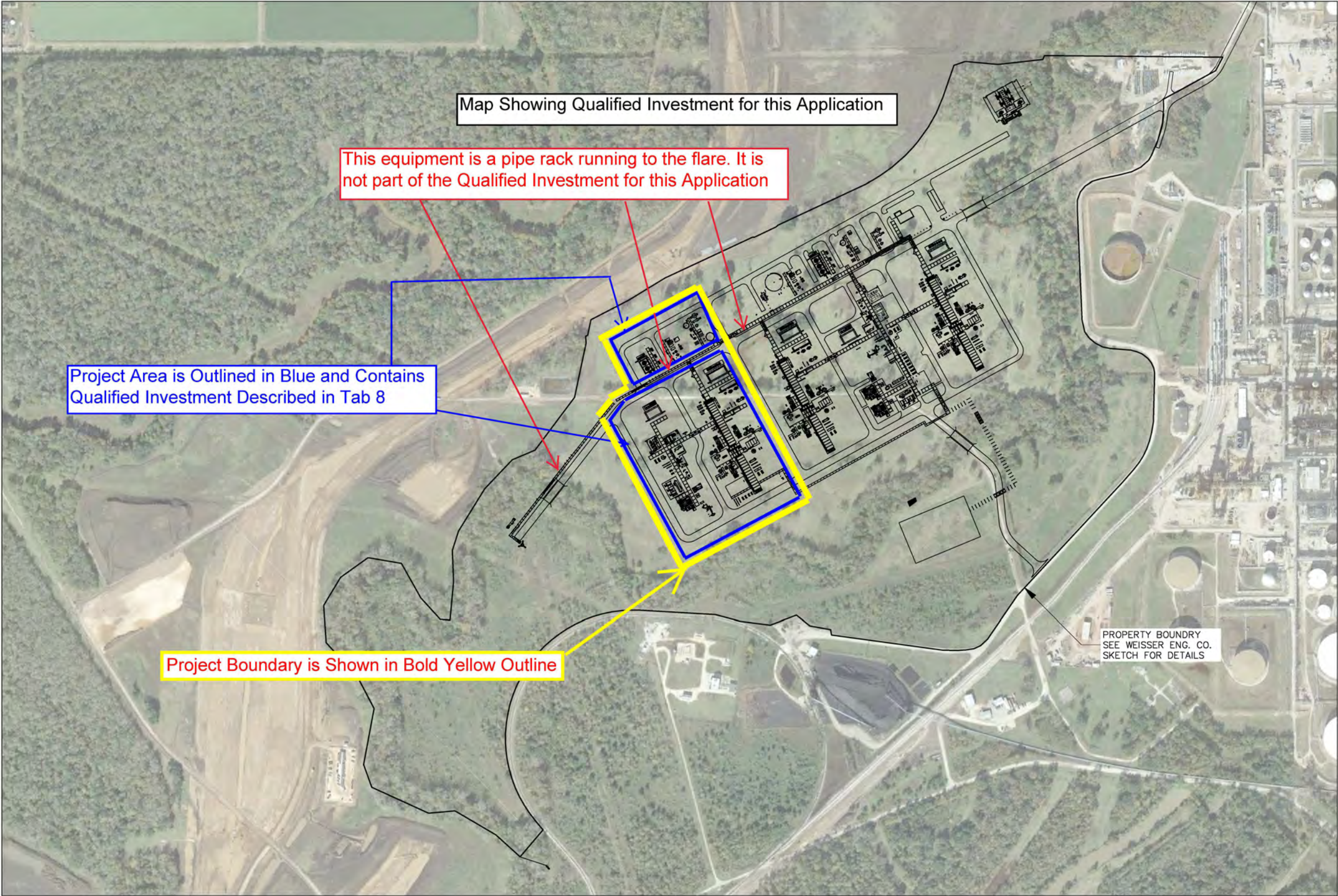
[Handwritten Signature]
Notary Public in and for the State of Texas

My Commission expires:

1/17/23

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**



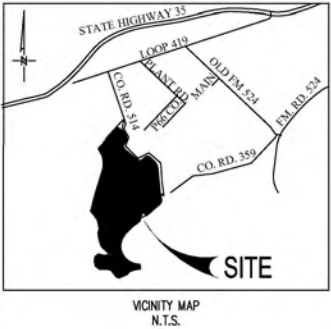
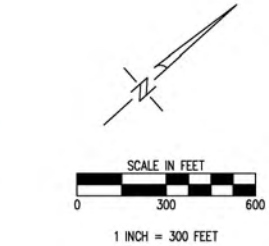
Map Showing Qualified Investment for this Application

This equipment is a pipe rack running to the flare. It is not part of the Qualified Investment for this Application

Project Area is Outlined in Blue and Contains Qualified Investment Described in Tab 8

Project Boundary is Shown in Bold Yellow Outline

PROPERTY BOUNDARY
SEE WEISSER ENG. CO.
SKETCH FOR DETAILS



S&B FORM C-151 (1-92) AUTOCAD GENERATED DRAWING

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

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

DRAWING NO.	REFERENCE

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



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

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 07/02/2019 10:50:44

This Page is Not Sufficient for Filings with the Secretary of State

PHILLIPS 66 COMPANY

Texas Taxpayer Number 13716527026

Mailing Address 411 S KEELER AVE STE 523 # AB BARTLESVILLE, OK 74003-6670

② Right to Transact Business in
Texas ACTIVE

State of Formation DE

Effective SOS Registration Date 11/16/2011

Texas SOS File Number 0801507995

Registered Agent Name CORPORATION SERVICE COMPANY D/B/A CSC-LAWYERS INCO

Registered Office Street Address 211 E. 7TH STREET, SUITE 620 AUSTIN, TX 78701

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

May 24, 2019

Dr. Tory Hill
Superintendent
Sweeny Independent School District
1310 North Elm Street
Sweeny, Texas 77480

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Sweeny Independent School
District and Phillips 66 Company, Application 1334

Dear Superintendent Hill:

On March 5, 2019, the Comptroller issued written notice that Phillips 66 Company (applicant) submitted a completed application (Application 1334) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on January 15, 2019, to the Sweeny Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

- Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
- Sec. 313.024(d-2) Not applicable to Application 1334.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem* tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of March 5, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is fluid and cursive, with the first name "Lisa" and last name "Craven" clearly distinguishable.

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Phillips 66 Company (project) applying to Borger Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Phillips 66 Company.

Applicant	Phillips 66 Company
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Sweeny ISD
Estimated 2017-2018 Average Daily Attendance	1,971
County	Brazoria
Proposed Total Investment in District	\$495,000,000
Proposed Qualified Investment	\$410,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,274
Minimum annual wage committed to by applicant for qualified jobs	\$66,222
Minimum weekly wage required for non-qualifying jobs	\$1,135
Minimum annual wage required for non-qualifying jobs	\$59,021
Investment per Qualifying Job	\$49,500,000
Estimated M&O levy without any limit (15 years)	\$54,448,910
Estimated M&O levy with Limitation (15 years)	\$17,445,776
Estimated gross M&O tax benefit (15 years)	\$37,003,134

Table 2 is the estimated statewide economic impact of Phillips 66 Company (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	250	362	612	\$19,500,000	\$28,921,993	\$48,421,993
2020	1100	1,593	2693.28	\$85,800,000	\$134,695,790	\$220,495,790
2021	1110	1,769	2879	\$86,462,220	\$164,328,255	\$250,790,475
2022	10	333	343	\$662,220	\$50,137,434	\$50,799,654
2023	10	94	104	\$662,220	\$28,730,495	\$29,392,715
2024	10	(59)	-49	\$662,220	\$12,709,155	\$13,371,375
2025	10	(127)	-117	\$662,220	\$3,147,554	\$3,809,774
2026	10	(141)	-131	\$662,220	-\$1,584,520	-\$922,300
2027	10	(122)	-112	\$662,220	-\$2,824,791	-\$2,162,571
2028	10	(86)	-76	\$662,220	-\$1,782,837	-\$1,120,617
2029	10	(47)	-37	\$662,220	\$545,897	\$1,208,117
2030	10	(9)	1	\$662,220	\$3,490,587	\$4,152,807
2031	10	15	25	\$662,220	\$5,700,997	\$6,363,217
2032	10	37	47	\$662,220	\$8,101,518	\$8,763,738
2033	10	54	64	\$662,220	\$10,166,106	\$10,828,326
2034	10	64	74	\$662,220	\$11,822,476	\$12,484,696
2035	10	69	79	\$662,220	\$13,058,952	\$13,721,172

Source: CPA REMI, Phillips 66 Company

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1517	1.0600		0.4279	0.5482	0.0200	0.0401	
2021	\$308,750,000	\$308,750,000		\$468,374	\$3,272,750	\$3,741,124	\$1,321,184	\$1,692,601	\$61,750	\$123,809	\$6,940,468
2022	\$470,375,000	\$470,375,000		\$713,559	\$4,985,975	\$5,699,534	\$2,012,800	\$2,578,647	\$94,075	\$188,620	\$10,573,677
2023	\$446,978,100	\$446,978,100		\$678,066	\$4,737,968	\$5,416,034	\$1,912,682	\$2,450,383	\$89,396	\$179,238	\$10,047,732
2024	\$424,748,300	\$424,748,300		\$644,343	\$4,502,332	\$5,146,675	\$1,817,557	\$2,328,517	\$84,950	\$170,324	\$9,548,023
2025	\$403,626,400	\$403,626,400		\$612,301	\$4,278,440	\$4,890,741	\$1,727,174	\$2,212,724	\$80,725	\$161,854	\$9,073,219
2026	\$383,558,400	\$383,558,400		\$581,858	\$4,065,719	\$4,647,577	\$1,641,300	\$2,102,709	\$76,712	\$153,807	\$8,622,105
2027	\$364,490,300	\$364,490,300		\$552,932	\$3,863,597	\$4,416,529	\$1,559,705	\$1,998,176	\$72,898	\$146,161	\$8,193,469
2028	\$346,372,900	\$346,372,900		\$525,448	\$3,671,553	\$4,197,000	\$1,482,178	\$1,898,854	\$69,275	\$138,896	\$7,786,203
2029	\$329,159,200	\$329,159,200		\$499,335	\$3,489,088	\$3,988,422	\$1,408,518	\$1,804,487	\$65,832	\$131,993	\$7,399,252
2030	\$312,803,100	\$312,803,100		\$474,522	\$3,315,713	\$3,790,235	\$1,338,528	\$1,714,821	\$62,561	\$125,434	\$7,031,579
2031	\$297,262,600	\$297,262,600		\$450,947	\$3,150,984	\$3,601,931	\$1,272,028	\$1,629,626	\$59,453	\$119,202	\$6,682,240
2032	\$282,496,600	\$282,496,600		\$428,547	\$2,994,464	\$3,423,011	\$1,208,843	\$1,548,677	\$56,499	\$113,281	\$6,350,312
2033	\$268,466,000	\$268,466,000		\$407,263	\$2,845,740	\$3,253,003	\$1,148,804	\$1,471,760	\$53,693	\$107,655	\$6,034,914
2034	\$255,134,800	\$255,134,800		\$387,039	\$2,704,429	\$3,091,468	\$1,091,758	\$1,398,677	\$51,027	\$102,309	\$5,735,239
2035	\$242,467,900	\$242,467,900		\$367,824	\$2,570,160	\$2,937,984	\$1,037,554	\$1,329,236	\$48,494	\$97,230	\$5,450,497
			Total	\$7,792,358	\$54,448,910	\$62,241,268	\$21,980,614	\$28,159,897	\$1,027,338	\$2,059,813	\$115,468,930

Source: CPA, Phillips 66 Company

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Sweeny Hospital District, West Brazoria County Drainage District #11 and Port Freeport with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county, hospital district and port.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Port Freeport Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1517	1.0600		0.4279	0.5482	0.0200	0.0401	
2021	\$308,750,000	\$30,000,000		\$468,374	\$318,000	\$786,374	\$0	\$0	\$61,750	\$0	\$848,124
2022	\$470,375,000	\$30,000,000		\$713,559	\$318,000	\$1,031,559	\$0	\$0	\$94,075	\$0	\$1,125,634
2023	\$446,978,100	\$30,000,000		\$678,066	\$318,000	\$996,066	\$0	\$0	\$89,396	\$0	\$1,085,461
2024	\$424,748,300	\$30,000,000		\$644,343	\$318,000	\$962,343	\$0	\$0	\$84,950	\$0	\$1,047,293
2025	\$403,626,400	\$30,000,000		\$612,301	\$318,000	\$930,301	\$0	\$0	\$80,725	\$0	\$1,011,027
2026	\$383,558,400	\$30,000,000		\$581,858	\$318,000	\$899,858	\$0	\$0	\$76,712	\$0	\$976,570
2027	\$364,490,300	\$30,000,000		\$552,932	\$318,000	\$870,932	\$0	\$0	\$72,898	\$0	\$943,830
2028	\$346,372,900	\$30,000,000		\$525,448	\$318,000	\$843,448	\$1,482,178	\$1,898,854	\$69,275	\$138,896	\$4,432,650
2029	\$329,159,200	\$30,000,000		\$499,335	\$318,000	\$817,335	\$1,408,518	\$1,804,487	\$65,832	\$131,993	\$4,228,164
2030	\$312,803,100	\$30,000,000		\$474,522	\$318,000	\$792,522	\$1,338,528	\$1,714,821	\$62,561	\$125,434	\$4,033,866
2031	\$297,262,600	\$297,262,600		\$450,947	\$3,150,984	\$3,601,931	\$1,272,028	\$1,629,626	\$59,453	\$119,202	\$6,682,240
2032	\$282,496,600	\$282,496,600		\$428,547	\$2,994,464	\$3,423,011	\$1,208,843	\$1,548,677	\$56,499	\$113,281	\$6,350,312
2033	\$268,466,000	\$268,466,000		\$407,263	\$2,845,740	\$3,253,003	\$1,148,804	\$1,471,760	\$53,693	\$107,655	\$6,034,914
2034	\$255,134,800	\$255,134,800		\$387,039	\$2,704,429	\$3,091,468	\$1,091,758	\$1,398,677	\$51,027	\$102,309	\$5,735,239
2035	\$242,467,900	\$242,467,900		\$367,824	\$2,570,160	\$2,937,984	\$1,037,554	\$1,329,236	\$48,494	\$97,230	\$5,450,497
			Total	\$7,792,358	\$17,445,776	\$25,238,134	\$9,988,211	\$12,796,139	\$1,027,338	\$935,999	\$49,985,821
			Diff	\$0	\$37,003,134	\$37,003,134	\$11,992,403	\$15,363,759	\$0	\$1,123,813	\$65,483,109

Assumes School Value Limitation and Tax Abatements with the County, Hospital District and Port.

Source: CPA, Phillips 66 Company

*Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Phillips 66 Company (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$450,500	\$450,500	\$0	\$0
Limitation Period (10 Years)	2021	\$318,000	\$768,500	\$2,954,750	\$2,954,750
	2022	\$318,000	\$1,086,500	\$4,667,975	\$7,622,725
	2023	\$318,000	\$1,404,500	\$4,419,968	\$12,042,693
	2024	\$318,000	\$1,722,500	\$4,184,332	\$16,227,025
	2025	\$318,000	\$2,040,500	\$3,960,440	\$20,187,465
	2026	\$318,000	\$2,358,500	\$3,747,719	\$23,935,184
	2027	\$318,000	\$2,676,500	\$3,545,597	\$27,480,781
	2028	\$318,000	\$2,994,500	\$3,353,553	\$30,834,334
	2029	\$318,000	\$3,312,500	\$3,171,088	\$34,005,421
	2030	\$318,000	\$3,630,500	\$2,997,713	\$37,003,134
Maintain Viable Presence (5 Years)	2031	\$3,150,984	\$6,781,484	\$0	\$37,003,134
	2032	\$2,994,464	\$9,775,948	\$0	\$37,003,134
	2033	\$2,845,740	\$12,621,687	\$0	\$37,003,134
	2034	\$2,704,429	\$15,326,116	\$0	\$37,003,134
	2035	\$2,570,160	\$17,896,276	\$0	\$37,003,134
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$2,442,581	\$20,338,857	\$0	\$37,003,134
	2037	\$2,321,354	\$22,660,211	\$0	\$37,003,134
	2038	\$2,206,171	\$24,866,382	\$0	\$37,003,134
	2039	\$2,096,722	\$26,963,104	\$0	\$37,003,134
	2040	\$1,992,724	\$28,955,828	\$0	\$37,003,134
	2041	\$1,893,907	\$30,849,735	\$0	\$37,003,134
	2042	\$1,800,009	\$32,649,745	\$0	\$37,003,134
	2043	\$1,710,784	\$34,360,529	\$0	\$37,003,134
	2044	\$1,626,009	\$35,986,538	\$0	\$37,003,134
	2045	\$1,545,451	\$37,531,989	\$0	\$37,003,134

\$37,531,989

is greater than

\$37,003,134

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Phillips 66 Company

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Phillips 66 Company’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Phillips 66 Company in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “All Phillips 66 major capital investments must go through a structured review by the project team and management. The final management decision of whether and/or where to build the proposed major project is based on technical feasibility, projected economics, and financial risk. This project is competing with opportunities for similar scale projects at the Company’s other refining locations in Louisiana, Washington, Oklahoma and Illinois.”
 - B. “The proposed fractionator in this application is also in intense competition with many unrelated projects in the Company. Because property taxes in Texas are a significantly large portion of annual operating cost versus other areas of the country where Phillips 66 operates, the project team is requesting approval of all available property tax abatements and incentives to help move the project through the next management decision “gate” and closer to final approval. Approval of Chapter 312 non-school abatements and a Chapter 313 school value limitation are determining factors in management’s decision to invest or not invest in this proposed project in Texas.”
- Confidential material submitted to the Comptroller’s office by the applicant indicates the project will integrated with several other existing and planned nearby Phillips 66 projects.
- The project site is adjacent to Phillips 66’s facilities. Per Tab 4 of their Application for a Limitation on Appraised Value:
 - A. “Phillips 66 Company is currently evaluating projected economics for a project (Fractionator #4 Project) to construct a natural gas liquids (NGL) fractionator and related facilities.”
 - B. “The Fractionator #4 project would be constructed near Fractionators 2 and 3 which are under construction in approximately 20 acres of the area already designated as Brazoria County Reinvestment Zone 7.”

- C. "Similar to Fractionators 2 and 3, Fractionator #4 would be largely a standalone facility with some support and integration synergies with the Refinery. While specific design details involving integration with the Sweeny Refinery have not been fully defined, those synergies are primarily utilities (i.e. power) and connection to a flare stack that runs from the Refinery through Fractionators 2, 3 and this proposed Fractionator. Other assets that could be integrated with the proposed project include pipelines to the Clemens Storage Facility and to the Freeport Terminal."
- According to Brazoria County Commissioner Court Meeting Minutes dated December 11, 2018, "It is Ordered that the application for tax abatement of PHILLIPS 66 COMPANY ... be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement in the existing PHILLIPS 66 COMPANY Reinvestment Zone No. 7 created in Brazoria County, by court order 7.M.4, dated February 28, 2017, for a term of seven (7) years, and at 100% abatement of eligible real and personal properties; Said Company will be investing \$500,000,000 dollars and creating 10 new jobs in Brazoria County. Said project will bring in 50 construction jobs at the start of construction, 500 construction jobs at the peak and finish with 300 construction jobs."
 - A. As noted Exhibit E of the tax abatement application, "Phillips 66 Company is currently evaluating projected economics to construct a natural gas liquids (NGL) fractionator and related facilities to meet market demand for purity products. The proposed site ... is near Fractionators 2 and 3 under construction in an existing reinvestment zone of approximately 237 acres."
- According to Port Freeport Commission Meeting Minutes dated January 10, 2019, the agenda included, "Adoption of a Resolution approving the application for tax abatement by Phillips 66 Company for property located in the Phillips 66 Company Reinvestment Zone No. 7, approving Tax Abatement Agreement on the same terms and conditions as granted to Phillips 66 Company by Brazoria County and authorizing Vice Chairman and Secretary to execute said agreement." The Commission conducted the following business:
 - A. "At this time, Commissioner Kresta turned over duties to Commissioner Hoss for further handling of this agenda item. Mr. Mannion stated the tax abatement is for a natural gas liquids fractionator. The application was previously reviewed by the Finance Committee November 29 and the County has since approved an agreement December 11. Mr. Mannion further stated the project conforms to the Port's guidelines and criteria and recommends approval of the agreement. Mr. Bob Adair with Phillips 66 Company gave a brief presentation and overview of the project."
 - B. "A motion was made by Commissioner Singhania to approve the tax abatement agreement. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion, and Commissioner Kresta abstaining."
- A January 17, 2019 *Brazoria County News* article reported the following:
 - A. "Chris Cisneros from Phillips 66 gave a presentation on the company's application for a new Appraised Value Limitation on Qualified Property for a new project they plan on starting up if the application is approved by the district and State Comptroller."
 - B. "The new project for a fractionator would start construction by the third quarter of this year with estimated completion around the 2nd quarter of 2021. The project is estimated to be operational for at least 20 years and is thought to provide at least 10 permanent jobs."
- The company acknowledged the new fractionator project (Fractionator Four) at the Sweeny location in its presentation material – Phillips 66 Investor Update, February 2019
- A November 29, 2018 *Brazoria County News* article stated action taken by the Sweeny Hospital District Board of Directors:
 - A. "A tax abatement request from Phillips 66 for its new fractionator unit was tabled until the board's December meeting. Briner said Brazoria County Tax Abatement Review Committee recommended approval to the Brazoria County Commissioners Court. The court will consider approval of that abatement at their Dec. 11 meeting. Briner recommended the board look at the abatement request to the hospital district after commissioners' court looks at the matter. The next meeting of the hospital district board is set for Dec. 18."
- A January 31, 2019 *Brazoria County News* article reported the following:
 - A. "In other business, the hospital board approved moving the start of a seven-year tax abatement term for Phillips 66's new fractionator unit ahead one year. Bob Adair of Phillips 66 said the

project in the first year would be only 10-15 percent complete. "The tax, as if we had no abatement, would be less than the payment of the tax," Adair said. "So in other words, it would be of no benefit to us. So, we ask you shift it one year.' "

- According to the Phillips 66's *Transcript 4th Quarter 2018 Earnings Conference Call* held February 8, 2019, the chairman and CEO, Greg Garland indicated the expansion that includes the new NGL fractionator:
 - A. "At the Sweeny Hub, we're building two 150,000-barrels-per-day NGL fractionators and adding 6 million barrels of storage at Phillips 66 Partners' Clemens Caverns. The hub will have 400,000 barrels per day of fractionation capacity and 15 million barrels of storage when the expansion is completed in late 2020. We continue to have strong interest from customers in additional fractionation expansion projects."
- The Economic Development Alliance for Brazoria County lists Phillips 66's (Old Ocean) Natural Gas Liquids Fractionator 4 project as a serious prospect.
- Attached are Railroad Commission of Texas Public GIS Viewer maps depicting pipelines including those owned by Phillips 66 highlighted in turquoise and railroads on and near the project site.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements	☐ Land has existing improvements (complete Section 13)
☐ Expansion of existing operation on the land (complete Section 13)	☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☒ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☒ Yes ☐ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

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

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**



TAB 5

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

This Tab is intended to assist the Comptroller in compliance with Tax Code 313.026 to determine that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." Phillips 66 management approves most capital investment in the following categories:

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

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

All Phillips 66 major capital investments must go through a structured review by the project team and management. The final management decision of whether and/or where to build the proposed



CUMMINGS WESTLAKE

PHILLIPS 66

Chapter 313 Application SWEENY ISD

major project is based on technical feasibility, projected economics, and financial risk. This project is competing with opportunities for similar scale projects at the Company's other refining locations in Louisiana, Washington, Oklahoma and Illinois.

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

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



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PHILLIPS 66

Chapter 313 Application SWEENY ISD

TAB 4

Detailed Description of the Project

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

Phillips 66 Company is currently evaluating projected economics for a project (Fractionator #4 Project) to construct a natural gas liquids (NGL) fractionator and related facilities. This proposed project is being evaluated to meet growing market demand for purity products. The proposed site is on the parcels indicated on the attached exhibits. The Fractionator #4 project would be constructed near Fractionators 2 and 3 which are under construction in approximately 20 acres of the area already designated as Brazoria County Reinvestment Zone 7. The proposed Fractionator #4 project, capable of producing up to 150,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. Such products include ethane, iso-butane, normal butane, propane and natural gasoline.

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

The proposed site is within Brazoria County Reinvestment Zone 7 for Phillips 66, approved by the Brazoria County Commissioners' Court on February 28, 2017. Similar to Fractionators 2 and 3, Fractionator #4 would be largely a standalone facility with some support and integration synergies with the Refinery. While specific design details involving integration with the Sweeny Refinery have not been fully defined, those synergies are primarily utilities (i.e. power) and connection to a flare stack that runs from the Refinery through Fractionators 2, 3 and this proposed Fractionator. Other assets that could be integrated with the proposed project include pipelines to the Clemens Storage Facility and to the Freeport Terminal. A map showing that integration is attached.

Estimated Construction Schedule

Construction Start: Q3 2019
Construction Complete: Q2 2021

Improvements and Fixed Equipment for which Abatement is Requested

Air Cooling Exchangers
Amine System
Control Room and Building



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Chapter 313 Application SWEENY ISD

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

December 11, 2018
THE COMMISSIONERS' COURT OF BRAZORIA COUNTY
REGULAR SESSION

ORDER NO. 8.T.1

RE: Phillips 66 Company Tax Abatement Application: Order Granting Tax Abatement

Granting of Tax Abatement

It is Ordered that the application for tax abatement of PHILLIPS 66 COMPANY, attached hereto as Exhibit A, be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement in the existing PHILLIPS 66 COMPANY Reinvestment Zone No. 7 created in Brazoria County, by court order 7.M.4, dated February 28, 2017, for a term of seven (7) years, and at 100% abatement of eligible real and personal properties; Said Company will be investing \$500,000,000 dollars and creating 10 new jobs in Brazoria County. Said project will bring in 50 construction jobs at the start of construction, 500 construction jobs at the peak and finish with 300 construction jobs.

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

Exhibit E

Project Description and Timeline

Project Description

Phillips 66 Company is currently evaluating projected economics to construct a natural gas liquids (NGL) fractionator and related facilities to meet market demand for purity products. The proposed site is on the parcels indicated on Exhibits B and C, which is near Fractionators 2 and 3 under construction in an existing reinvestment zone of approximately 237 acres. The proposed fractionator, capable of producing up to 150,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. Such products include ethane, propane, iso-butane, normal butane, and natural gasoline.

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

Estimated Construction Schedule

Construction Start: 3rd Quarter 2019
Construction Complete: 2nd Quarter 2021

Improvements and Fixed Equipment for which Abatement is Requested

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

Minutes of Meeting
January 10, 2019

A Regular Meeting of the Port Commission of Port Freeport was held January 10, 2019 beginning at 1:27 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Paul Kresta, Chairman
Mr. John Hoss, Vice Chairman
Mr. Shane Pirtle, Secretary
Mr. Rudy Santos, Commissioner
Mr. Ravi Singhania, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Al Durel, Director of Operations
Mr. Jason Hull, Director of Engineering
Mr. Mike Wilson, Director of Economic Development
Mr. Jason Miura, Director of Business & Economic Development
Ms. Mary Campus, Controller
Mr. John Mannion, Chief Financial Officer
Ms. Missy Bevers, Executive Assistant
Mr. Brandon Robertson, Network Systems Manager
Mr. Cecil Booth, Project Engineer
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager
Mr. Scott Tafuri, Safety Coordinator
Mr. Austin Seth, Operation Specialist

Absent:

Mr. Bill Terry, Asst. Secretary

Also, present:

Mr. James Mathis, Carriage House Partners
Mr. Bruce Reed, Phillips 66
Mr. Bob Adair, Phillips 66
Mr. Bobby Wingate, Phillips 66
Ms. Ann Marie Poninski, Phillips 66
Mr. William Bonner, Tolunay-Wong
Mr. Bobby Fuller, Texas Port Ministry
Mr. Rick Stephanow, Gulf LNG Services
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Jason Foltyn, HDR Engineering
Mr. David Eby, Terracon
Mr. Dan Croft, 1st State Bank

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance: U.S. Flag & Texas Flag
4. Roll Call – Commissioner Kresta noted that Commissioner Terry was absent. All other commissioners were present.
5. Safety Briefing – Mr. Scott Tafuri, Safety Coordinator
6. Approval of minutes from the Regular Meeting held December 13, 2018.

A motion was made by Commissioner Pirtle to approve the minutes as presented. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

7. Receive update from Carriage House Partners, LLC regarding 86th Legislative Session and related legislative affairs.

Mr. James Mathis with Carriage House Partners (CHP) gave a brief overview of how the legislature make-up since the election and highlighted priority topics for the session. Controller Hager announced the availability of funds for next biennium is \$119.1 billion. Priorities already set out include school finance and property tax reform. Another topic for consideration with be the renewal of Chapter 312 and 313 - Tax Abatement programs. Mr. Mathis noted two items CHP is tracking for Port Freeport including funding for the SB 28, ship channel improvement revolving loan fund created in the last session. Ms. Saathoff has tasked CHP with finding ways to fund the loan account. The Coastal Spine project is also expected to be an issue with finding funding for the local sponsor contribution for the project.

8. Receive report from Executive Director/CEO and/or Port staff on activities and matters related to administrative affairs. Port tenant updates, USCOE, rail issues, AAPA Committees, leases, contracts, upcoming Port and civic events and other related administrative affairs.

Ms. Saathoff briefly went over the 2018 highlights summarized in her written report to the Board which included focusing on the strategic initiatives, passing the \$130 million bond initiative to fund the local sponsor share of the FHCIP, receive approval for the GRR from the Corps and receive permit for the expansion of Velasco Container Terminal that includes the engineering, design and construction component of Reach 3 which will begin after the Corps completes the levy-raise. The Memorandum of Agreement with the Corps was modified to dredge this area to the full authorized depth of the approved channel project and include Reach 2 on a work-in-kind basis. Staff continues to raise awareness of the project in Washington, meeting with key Corps officials and appropriations committees. Increased business within the Port in 2018 include the new global container carrier CMA-CGM, extended the lease with Dole Fresh Fruit and the addition of renewed Ro/Ro services with the Salluum Lines West Africa service and Hoegh's India and New Zealand services. The Finance Team implemented

the new tariff billing and accounting software, was awarded the GFOA Certificate of Excellence for the 29th year as well as successfully issued revenue bonds to support the rail project and maintain a stable 'A' rating by S&P. The Port ended the fiscal year with over \$26 million in revenues that did not include tax revenue, which is a 20% increase over the prior year. Additionally, the Port had record-level operating income and a 9% increase in total tonnage. Ms. Saathoff continues to work with the harbor community to bring more efficiencies in the channel system by working closely with the Pilots and working group to establish dispatch services to improve communications in the Port. Most of the work has been completed in the simulator program the Board authorized in 2018 and should be unveiled first quarter. The Port saw a full year of ships calling for Tenaris which was a significant increase in activity at the Port, and the use of the Heavy-Lift Corridor was implemented for the movement of steel to/from the Tenaris facility in Bay City, which has yielded a 40% reduction in the number of trucks that make the transit. The Rail District received \$600,000 feasibility study grant from the Texas Transportation Commission to further their project. Additionally, modifications were completed to the Emergency Operations Center for Customs' new office space, the Port's CTPAT certification was successfully renewed, significant upgrades were made to the computer network system and the Port celebrated the 30th Anniversary of its Foreign-Trade Zone. Mr. Durel was recognized for his outstanding service during Hurricane Harvey. Ms. Saathoff also reported that General Owen from USACE SWD will be in the area January 17 via an aerial tour of the Sabine to Galveston project. Ms. Saathoff gave a presentation to the Fulshear-Katy Area Chamber of Commerce January 9. Ms. McCormick reported the Take-A-Child Fishing Tournament logo contest flyers will be delivered to schools next week. A new aspect added to the tournament to increase community awareness is a social media video contest. Families are invited to submit short clips telling why they love TACFT, what they are looking forward to, etc. The community will get to vote on the videos with winners announced in March and April. Additionally, the next CAP Meeting has been moved to March 12. Ms. Saathoff noted the first day to file for a place on the ballot is January 16 for Port Commission Position 1, Precinct 1 - At Large and Position 2, Precinct 1 - Brazosport.

9. Receive report from Commissioners on matters related to meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Singhania reported attending a meeting with Freeport Plant managers. Upcoming events include the India/Texas Conference January 11 and the Rail District meeting January 18.

10. Public Comment – There were no public comments.
11. Approval of financial reports presented for the period ending November 30, 2018.

A motion was made by Commissioner Singhania to approve the reports as presented. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

12. Adoption of a Resolution approving the application for tax abatement by Phillips 66 Company for property located in the Phillips 66 Company Reinvestment Zone No. 7, approving Tax Abatement Agreement on the same terms and conditions as granted to Phillips 66 Company by Brazoria County and authorizing Vice Chairman and Secretary to execute said agreement.

At this time, Commissioner Kresta turned over duties to Commissioner Hoss for further handling of this agenda item. Mr. Mannion stated the tax abatement is for a natural gas liquids fractionator. The application was previously reviewed by the Finance Committee November 29 and the County has since approved an agreement December 11. Mr. Mannion further stated the project conforms to the Port's guidelines and criteria and recommends approval of the agreement. Mr. Bob Adair with Phillips 66 Company gave a brief presentation and overview of the project.

A motion was made by Commissioner Singhanian to approve the tax abatement agreement. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion, and Commissioner Kresta abstaining.

13. Approval of Executive Director/CEO & Commissioners travel for January-May 2019.

Ms. Saathoff anticipates upcoming hearings/meetings in Washington, DC with a trip needed in late January, early February for initial meetings with the local delegation, Houston delegation members, appropriations committee staff and Eddie Belk at the Corps. The AAPA Spring Conference will be held in March, Brazoria County Day in March, and the Texas Ports Association will hold their legislative conference in February. Additionally, Ms. Saathoff anticipates other hearings and meetings in Austin that will require attendance.

A motion was made by Commissioner Singhanian to approve the travel. The motion was seconded by Commissioner Pirtle with all Commissioners present voting in favor of the motion.

14. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

- A. Under authority of Section 551.071 (Consultation with Attorney) for discussion regarding:
 - 1. Consultation with attorney to discuss potential litigation.
 - 2. Consultation with attorney to discuss potential litigation.
 - 3. Consultation with attorney and discussion regarding Special District Local Laws Code Title 5 Transportation, Subtitle A Navigation District and Port Authorities, Chapter 5002 Subchapter A regarding Pilot Dispatch Services.
 - 4. Consultation with attorney and discussion regarding legal matters arising out of Texas Transportation Code, Title 4 Navigation, Subtitle A Waterways and Ports, Chapter 52 Texas Deepwater Port Procedures Act.
- B. Under authority of Section 551.071 (Consultation with Attorney) and Section 551.072 (Deliberation Concerning Real Property Matters) for discussion regarding:
 - 1. Consultation with attorney and discussion regarding the terms and conditions of a First Amendment to the Waterfront Lease Agreement between Port Freeport and Kirby Inland Marine, LP.



The County News

Serving the Friendly West Brazos Area Since 1962

VOL. 57, NO. 23

WWW.THECOUNTYNEWS.NET

THURSDAY, JANUARY 17, 2019

SISD OKs Phillips 66 abatement

By Art Chandler
The Sweeny ISD Board of Trustees held their open meeting Tuesday night following a closed executive session beforehand. Chris Cisneros from Phillips 66 gave a presentation on the company's application for a new Appraised Value Limitation on Qualified Property for a new project they plan on starting up if the application is approved by the district and State Comptroller.

The new project for a fractionator would start construction by the third quarter of this year with estimated completion around the 2nd quarter of 2021. The project is estimated to be operational for at least 20 years and is thought to provide at least 10 permanent jobs.

The board started by approving an update amendment to their local policy CCG. Phillips 66 is asking for a \$30 Million limitation for 10 years on the Chapter 313 Agreement. The board agreed to authorize the superintendent to review the application and submit it to the comptroller. The superintendent will also have the power to enter into any agreement to extend the deadline for board action beyond 150 days, subject to board ratification. This was approved by a vote of 6-0 with board president Earl Mathis abstaining since he is employed by Chevron Phillips, which is associated with Phillips 66.

Board members also agreed to a Conflict of Interest Policy with Earl Mathis being the only

See Page 10

WC CHAMBER HONOREES



THE WEST COLUMBIA CHAMBER OF COMMERCE handed out honors during the annual Membership Appreciation Banquet last Thursday at Heritage Hall in West Columbia. Those receiving awards included, from left, Gavy Vela, Ambassador of the Year; Christina DeWitt, Woman of the Year; Mike Venable, Man of the Year; and Jans Reid of Jans's School of Dance, which won Business of the Year.



AVERY PREWITT, left, and Megan Lazrine, right, dressed in their 1980's garb, sit on a couple of items up for bid during the auction portion of the West Columbia Chamber of Commerce's Membership Appreciation Banquet held at Heritage Hall in West Columbia last Thursday. The theme was Retro Rewind: Back to the 80's. The annual banquet also serves as a fundraiser for the chamber of commerce.

Sweeny to move forward with bond election

By Anthony Maenza

Sweeny City Council voted during its regular meeting Tuesday night to move forward to place a \$4 million bond issue on the May 4 ballot to pay for infrastructure improvements.

Council debated on the amount of the bond for some time, fluctuating between \$1 million and \$5 million. Council settled on the \$4 million figure at a term of 20 years to pay it off.

The measure won't come cheap for taxpayers. If the bond passes, it would raise the tax rate between 22 and 23 cents per \$100 of valuation to pay for it.

With the measure, council also passed an additional \$25,000 exemption on homesteads for those 65 and over or those who are disabled, if the bond passes. The

See Page 10

WC Council OKs first reading of EDC agreement

By Anthony Maenza

West Columbia City Council approved during its regular meeting Monday night the first reading of a West Columbia Economic Development Corporation 380 Agreement with Carla Valley Market in anticipation of building a new store on Brazos Avenue.

The agreement calls for \$125,000 forgivable loan from the EDC to Carla Valley that covers a 10-year period. There is an eight-year performance criteria the business must meet each year as part of the loan agreement. The money from the loan is generated through ½ cent sales tax that is dedicated to economic development.

There is a lien on the property as part of the loan agreement and personal guarantee from Josh and Sara Autenrieth, owners of Carla Valley, that is also a part of the agreement, city manager Debbie Sutherland said.

Some of the criteria the business must meet is a payroll minimum of \$156,000 each year during the eight-year period. They must also bring in an average of \$13,500 in city sales tax each year during the eight-year period. They must supply reports each year to the EDC to make sure they are meeting each part of the agreement. If they fail to meet those requirements during any particular year, that year of the loan would not be forgiven.

If there are extenuating circumstances that lead to the criteria not being met, the owners would go before the EDC board to explain why.

See Page 10

Meagher earns Girl Scout Gold Award

According to the Girl Scout Research Institute's (GSRI) report, The Power of the Girl Scout Gold Award: Excellence in Leadership and Life, Gold Award Girl Scouts receive greater lifetime benefits than their peers with regard to positive sense of self, life satisfaction, leadership, life success, community service and civic engagement thanks to their experience in Girl Scouting, including earning their Gold Award.

Sophia Meagher, a senior at Sweeny High School, has become a Gold Award Girl Scout. The honor recognizes girls in grades 9 through 12 who demonstrate extraordinary leadership through sustainable and measurable community service projects that require a minimum of 80 hours to complete. Fewer than five percent of Girl Scouts earn the award.



MEAGHER

Meagher power-washed and repainted handicapped parking spots and sidewalks at St. Joseph on the Brazos Catholic Church. She researched Texas traffic laws and made a brochure to spread information on these laws in her community. According to Meagher, the church needed visible parking lot lines and general awareness of traffic safety.

"I wanted to help my small parish with traffic safety and allow safer parking for our parishioners, especially the elderly," she said.

Meagher also held several workshops to further explain the safety information to teenagers in her church and local school.

She was able to finance the project through donations from parishioners.

"Earning the Gold Award was important to me because it symbolized the work I have put into my community throughout my life, not just with this one project," Meagher said.

She hopes to attend a four-year university and study biology and animal science.

SHS SENIOR SOPHIA MEAGHER works on striping the parking lot at St. Joseph's on the Brazos Catholic Church in Brazoria. The project earned her the Girl Scouts' Gold Award.



Folien Turner
MD, APRN, NP-C

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FEBRUARY 2019

INVESTOR UPDATE

PROJECTS UNDER DEVELOPMENT

Pipelines in open season

Gray Oak Pipeline (PSXP)

West Texas to Texas Gulf Coast
Open season for new capacity beyond 900,000 BD

Liberty Pipeline (PSX)

Rockies and Bakken production areas to Corpus Christi
~ 350,000 BD

Red Oak Pipeline (PSX)

Cushing to Corpus Christi, Houston, and Beaumont
~400,000 BD

Ace Pipeline (PSXP)

St. James to Clovelly and connect to CAM Pipeline
~400,000 BD

Sweeny Fractionator 4

Beaumont Terminal expansion





BRAZORIA LIONS HONOR JAMES - At their regular meeting Nov. 12, Lion Bob Schwebel, left, presented Brazoria Lion and Past District Governor, Bill James, right, a plaque commemorating his years of outstanding service to the community and the club. A granite marker engraved with his name has also been placed at the Brazoria Lions Park. The Brazoria Lions Club meets the second and fourth Mondays of each month. For more information on the Brazoria Lions Club, call 979-798-4444.



THANKSGIVING THANK YOU TO ST. JOHN'S LODGE - St. John's Lodge No. 5 was presented with a Thanksgiving floral arrangement, which was handmade by the Columbia High School FFA Floral Design class, as a token of appreciation for a recent donation from the lodge. Presenting the arrangement on behalf of Columbia High FFA was Sydney Horak, granddaughter of our Lodge Secretary, PM Don Fountain.

Sweeny Hospital offers CPR training to groups

Do you need CPR or first aid training? Sweeny Community Hospital's EMS team will conduct the training at your location, tailored to your needs.

Whether at your church, day care, school or for any organization that wants or requires it.

For more information call Marcus Finney, EMS Chief, (979) 548-1597 or email: mfinney@sweenyhospital.org.

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Deadline for Submission: December 10, 2018

Customer Appreciation
Publishes December 20th, 2018
Deadline for Submission: December 10, 2018

Contact Linda Anders
bensales@embarqmail.com
Or call 979-345-3127

'Tis the season to shop for a new car

(StatePoint) - 'Tis the season for shopping, and not just for presents to put under the tree. Many people shop for new cars this time of year, and for good reason.

Car dealerships generally save their best deals for the last months of the year, according to Kelley Blue Book. One reason is that new car models arrive at dealerships in September and October, so if last year's models are still sitting on the showroom floor, chances are buyers can snap them up at deep discounts. Dealers also tend to lower vehicle prices at year-end to reduce inventory before the start of the new calendar year.

But before taking the plunge, it's important to make sure that shiny new ride is fully covered

from an insurance standpoint. Why? Most people are familiar with that old adage that a new car drastically depreciates the minute it's driven off the lot. According to Carfax.com, it's true. The vehicle history information database says a new car loses 10 percent of its value the minute it's driven off the lot and another 10 percent by the end of the first year. And cars with lesser brand name appeal and fewer options can depreciate even more, some by as much as 50 percent in a single year. That means if your new ride gets totaled, your insurance payout could be much less than what you paid for the car (or what you owe on your loan, for that matter).

Fortunately, new car buyers can protect themselves from this situation

with what's generally known as new car replacement coverage. For example, at Erie Insurance, this coverage comes in the form of an add-on called New Auto Security that can be tacked onto a policy for a modest cost. If an owner has had a car for less than two years and it gets totaled, Erie Insurance would pay the cost to replace it with a car in the newest model year, minus the deductible.

And, if the new car is in a crash but is not deemed a total loss, the company would pay to repair the vehicle to brand new condition, without any deduction for depreciation. While new car buyers would be smart to add this coverage before even driving the car off the

lot, New Auto Security coverage isn't restricted to when the car is purchased; it can be added later.

"This is a great time of year to get a good deal on a new car, but buyers should be aware of the risks associated with depreciation and take the necessary precautions to protect their investment," says Jon Bloom, vice president of personal auto, Erie Insurance. "We recommend that anyone buying a new car talk with their insurance agent to make sure they would be able to replace it in the event it's totaled, or at least be able to pay off their loan. Having the right coverage will provide peace of mind and make that new car ownership experience that much more enjoyable."

Things to think about when buying a home

(StatePoint) - Many millennials are buying their first homes in a marketplace that is more challenging than the one their parents encountered for their first purchase.

Interest rates are on the rise and home prices are, too. The good news is that there are still a lot of reasons that buying a home makes sense for many millennials.

If you are debating whether homeownership is right for you, consider the following:

- Do the math. Purchasing a home can be cheaper over the long-term than renting, even though there may be more upfront costs before closing on that new home. Consider the cost of rent, insurance and annual rent increases against your monthly loan payment, along with how long you plan to stay in the home.

- Know that a home is an asset that may appreciate in value. If market conditions are good, the longer you stay in the property and make payments, the more equity you build

However, when you rent, monthly payments go to the landlord and there is no opportunity to build equity in the property.

- Don't let the down payment be a deterrent. Lenders like Wells Fargo offer a conventional fixed-rate loan for first-time homebuyers that allow loan customers to get into a home with a little as

3 percent down. In fact, Wells Fargo's yourFirst Mortgage just celebrated a milestone of 50,000 households served and \$11 billion in loans. The program also provides a \$750 closing credit for buyers who take advantage of a HUD-approved home buying education or counseling program. Options like these can make

the down payment more manageable.

- Consider the intangible benefits of owning. Are you someone who likes to plant flowers or choose paint colors and floor coverings? Do you have kids and pets who need a backyard? Do you like to get to know your neighbors? Owning a house can offer these benefits and more.

BASKETBALL From Page 7

Boys Basketball

The Columbia Roughnecks defeated Holing 65-49 before the Thanksgiving holidays.

Cameron Ward had 23 points while Kevin Cordero had 11 points. Sultan Abdullah added 10 points. Lane Johnson added seven points while Zade Stromman finished with six points. Jamari Woodard (four points), Alan Reyna (two points) and Shamar Johnson (two points) also scored for Columbia.

The Columbia boy defeated Calhoun 77-44 on Nov. 13. Reyna had 21 points while Ward had 17 points. Shamar Johnson

and Cordero had nine points each. Abdullah had seven points while Woodard and Adrian Rubio had five points each. Stromman and Trent Ward had two points each.

The West Brazos Junior High eighth grade boys' basketball teams played Lake Jackson before the Thanksgiving holidays. The B team lost 23-8. Isaiah Hall led the team with five points.

The A team pulled off a 40-37 victory. Majestic Ford led the team with 14 points. Tate Thrasher added eight points. Jamarcus Higgins and Parker Kington both had six points.

HOSPITAL From Page 1

quote to provide that service for us and well below the budgeted amount we had set for that project," Briner said. "We'll sit down with the project management team and they will lay out a game plan. In that, one of the first steps is to hire a construction manager at-risk."

The hospital district received project estimates from three construction firms that have a desire to present a formal bid to renovate the Wellness Center, Briner said. He believes the bid process should move quickly and should have three formal bids to present to the board for approval.

One part of the Wellness Center project, the parking lot, will be done through an interlocal agreement with Brazoria County. They would repave the parking area once the renovation of the building is complete.

The parking lot at the hospital itself is being repaved through at the interlocal agreement with county. That work is scheduled to start next week, weather permitting.

A tax abatement request from Phillips 66 for its new fractionator unit was tabled until the board's December meeting. Briner said Brazoria County Tax Abatement Review Committee recommended approval to the Brazoria County Commissioners Court. The court will consider approval of that abatement at their Dec. 11 meeting. Briner recommended the board look at the abatement request to the hospital district after commissioners' court looks at the matter. The next meeting of the hospital district board is set for Dec. 18.

POLICE From Page 1

WC Blue Santa Deadline Set

The West Columbia Police Department is taking donations for its Blue Santa Program.

The program provides Christmas presents as well as food items for families in need during the Christmas season.

New and unwrapped toys or monetary donations can be brought to the police

station at 310 E. Clay St. in West Columbia.

Deadline for donations is Dec. 14. Distribution of presents will be held on Dec. 15.

Applications for families in need will also be taken as well.

Contact Rhonda Grouse at 979-345-5121 for more information.

SWEENEY From Page 1

recognize the Paris Subdivision. This was due to a lawsuit the City of Sweeny was partially involved with over city services for the subdivision. It should be noted that the main street in the subdivision is not a public street.

The purchase of a mini excavator for Public Works was approved by city council but an amendment was added to also make sure it comes complete with a trailer and backhoe attachment. This was allowed since everything fell below the \$40,000 allowable budget for the purchase of the excavator.

Council also approved the purchase of a new Ford Explorer as a police vehicle. It will also be fitted out with police lighting and radio.

A vehicle tracking system for Public Works vehicles was also approved. The

system will cost \$21.95 per month per vehicle and will also help alert the manager when maintenance is due for such things as oil changes and tire rotation, etc.

Council also approved a \$100 sponsorship for a tree for 'Christmas in the Park'. The tree will be decorated by city employees and donated to a needy family after the Christmas in the Park. All trees at Christmas in the Park are donated to needy families. Last year an undecorated tree sponsorship was \$75.

A variance to allow fireworks at Sweeny Pride Day was also passed. This is done so the fireworks can be purchased ahead of time.

Councilman Tim Pettigrow commented about what a success the Sweeny Thanksgiving Feast was this year.

Property tax deadline here

Ro'Vin Garrett, Brazoria County Tax Assessor-Collector, wants to remind county taxpayers the last day to pay property taxes without addition of penalty and interest is fast approaching.

"Jan. 31 is the last day to pay without delinquent penalty and interest being added," said Garrett.

In addition, although Garrett is sympathetic, she noted there is no provision in the Texas property tax law that allows for an extension of the delinquency date or waiver of penalty and interest because of the current federal government shutdown.

"All tax payments received in person, online, or post marked no later than Jan. 31, 2019 will be accepted as a timely payment," Garrett said.

Garrett wants taxpayers to know all of the different ways to pay property taxes. "All Brazoria County Tax Office locations accept cash, money orders, over-the-counter credit cards, and debit cards, but I do encourage credit card and electronic check customers to 'Go Online and Avoid Standing in Line' by visiting the tax roll online at <https://brazoriacountytax.gov/departments/tax-office/propertytaxes>. There they will find a link to a searchable tax roll in order to locate their account and make an online payment. Customers can also find information as to the address of all eight tax office locations within the county on this site," Garrett stated.

Garrett points out there are fees for paying with debit and credit. Electronic check payments are accepted free of charge. Those without internet access

may pay using a credit card by calling Pay by Phone (toll free) 1-866-549-1010, using Bureau Code #5820032. Partial payments in any amount are accepted.

"I want taxpayers to know that no part of the convenience fee for paying by credit or debit is retained by the county. It is paid directly to the third party providing the credit and debit card services, as per state law," Garrett said.

Payments by check or money order (DO NOT mail cash) may be mailed but postmarks are critical. To avoid late penalties, obtain a postmark validation from the post office.

Garrett wants taxpayers to know regardless of when a mail in payment is received or when it is actually processed, it will be received using the date on the USPS cancellation stamp.

"Because of the volume of mail received in January it takes a bit longer than usual to process each day's work. Taxpayers should not worry about being considered late if we do not actually process their payment before Feb. 1 as long as the USPS postmark is Jan. 31 or earlier," Garrett noted.

In addition to the mail, payments may be dropped in the Tax Office drop box in Angleton and West Columbia. All payments left in the box are assumed received timely if in the box before start of business the next day.

"For those paying in person, we will do our best to get you in and out of the tax office with your receipt in hand in a timely and professional manner," concluded Garrett.

HOSPITAL From Page 1

Wright believes that interest rates on USDA loans remained at 4 percent for the quarter.

In other business, the hospital board approved moving the start of a seven-year tax abatement term for Phillips 66's new fractionator unit ahead one year.

Bob Adair of Phillips 66 said the project in the first year would be only 10-15 percent complete.

"The tax, as if we had no abatement, would be less than the payment of the tax," Adair said. "So in other words, it would be of no benefit to us. So, we ask you shift it one year."

FIRE From Page 1

hose in an attempt to put the fire out.

The Brazoria Volunteer Fire Department arrived at the scene first and started to put water on the fire immediately to keep the fire from spreading to the home. Sweeney Fire and Rescue, Jones Creek Volunteer Fire Department, Old Ocean Volunteer Fire Department and Lake Jackson Volunteer Fire Department all responded to a request for help at the scene. West Brazos EMS and the Brazoria County Sheriff's Department were also on the scene.

Ladders were placed in the garage to

gain access as well as outside to remove the gable vent. All mutual aid departments arrived and provided assistance with fire suppression, ventilation, salvage and overhaul, water supply and rehab.

The Brazoria County Sheriff's Department was on scene to document the damage for the incident. After the fire was extinguished crews removed all contents that were involved in the attic from the garage and placed them outside. There were no injuries and the fire was contained to the garage.

PHILLIPS CAFE From Page 1

Phillips 66 states that the three vendors, R&R, 421 Cafe, and Jay Cafe were chosen because the company wanted them to be establishments that were already delivering to the plant or they served the type of food that was suggested by an employee survey.

The onsite vendors have been awarded three year contracts with Phillips 66 and are required to have the proper insurance. Currently there is a turnaround in progress at the plant and it is especially busy due to the extra work going on. It was pointed out that operators have to eat their lunch onsite during this time. It is expected that the turnaround could be ongoing until the end of February.

Phillips 66 stated that they interviewed multiple local vendors and tried to answer their questions before the final three were chosen. Complaints varied. Some of those that were voiced were: vendors could not get proper and timely answers to questions; not being contacted at all; not enough space to set up there; having to re-warm food once it was transported there; insurance too expensive; not enough space for a pizza oven; not enough general information provided.

City council members said that their hands were tied, could not interfere, and suggested that local restaurants should be patient since the Phillips 66 'Cafeteria' has only been in operation for two weeks and that if local restaurants do not see lunchtime business returning to nor-

mal in upcoming weeks, they might have to think 'outside the box' in order to increase business. This may include new marketing techniques or staying open on Sundays, etc.

The only other discussion at the city council meeting was provided by City Manager Cindy King when she announced that the City of Sweeney has obtained a new 20KW generator for use at the Cedar Street Lift Station. After Hurricane Harvey, the Department of Emergency Management received three applications from the City of Sweeney for a grant that would supply a generator. In addition to the generator awarded to the Lift Station, two applications were denied, one for the Community Center and one for the Senior Center.

AARP offers tax help for seniors

Volunteers from the AARP Foundation Tax-Aide program will provide free income tax help and preparation to taxpayers at six libraries throughout Brazoria County from Feb. 4 to April 15. They provide their service to taxpayers with low-and moderate-income, with special attention to those age 60 and older.

Hours and locations are:

- Alvin: Tuesdays and Thursdays 10 a.m. to 2 p.m.
- Angleton: Wednesdays 1 p.m. to 5 p.m.
- Brazoria: Tuesdays 1 p.m. to 5 p.m.
- Freeport: Mondays 10 a.m. to 2 p.m. (Closed Feb. 18)
- Lake Jackson: Thursdays 10 a.m. to 2 p.m.
- Pearland: Wednesdays and Fridays 10 a.m. to 2 p.m.

The service is provided on a first-come first-served basis, and those seeking assistance are asked to bring all available tax paperwork with them, including a copy of last year's tax returns,

W2 forms from each employer, unemployment compensation statements, 1099 forms, all receipts or canceled checks if itemizing deductions, and Social Security cards or other official documentation for

the taxpayer and all dependents.

For a list of AARP Tax-Aide locations throughout the Houston area, visit www.aarp.org/taxaide or call 1-888-AARPNOW (1-888-227-7669).

Master Gardeners to have annual tree sale

Brazoria County Master Gardeners Association celebrates home orchard production with over 1,000 citrus and fruit tree varieties for sale at their 13th Annual Citrus and Fruit Tree Sale from 8 to 11 a.m. Feb. 9 at the Brazoria County Fairgrounds, located at 901 S. Downing in Angleton.

Citrus, both standard and dwarf varieties, will include varieties of oranges, grapefruits, tangerines, satsumas, limes and lemons. Additional species include different varieties of blackberry, blueberry, apple, avocado, fig, peach, pear, persimmon and plum. Experts will be on hand to assist with tree

variety selection and care. Come early for this popular annual county event.

For more information, tree varieties offered, and detailed catalog with growing information, browse online: <http://txmg.org/brazoria/2019-citrus-fruit-tree-sale/>

DAMON From Page 1

of hand wash and hand balm. The board also received Thank You Cards as well as medallions and decorations made by students with 3D printers with the guidance of Technology Director, Mr. Goodman.



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TRANSCRIPT
4Q 2018 EARNINGS
CONFERENCE CALL



PHILLIPS 66 (NYSE: PSX)
February 8, 2019 at 12 p.m. ET

PHILLIPS 66 PARTICIPANTS

Jeff Dietert, *Vice President, Investor Relations*

Greg C. Garland, *Chairman and Chief Executive Officer*

Kevin J. Mitchell, *Executive Vice President, Finance and Chief Executive Officer*

MEETING PARTICIPANTS

Phil Gresh, *JP Morgan*

Doug Terreson, *Evercore ISI*

Neil Mehta, *Goldman Sachs*

Blake Fernandez, *Piper Jaffray*

Roger Read, *Wells Fargo Securities*

Paul Sankey, *Mizuho Securities*

Paul Cheng, *Barclays Capital*

Kalei Akamine, *Bank of America Merrill Lynch*

Prashant Rao, *Citigroup*

Manav Gupta, *Credit Suisse*

Chris Sighinolfi, *Jefferies*

Jason Gabelman, *Cowen & Company*

Matthew Blair, *Tudor, Pickering, Holt and Company*

TRANSCRIPT

Operator:

Welcome to the Fourth Quarter 2018 Phillips 66 Earnings Conference Call. My name is Julie and I will be your Operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. Please note that this conference is being recorded.

I will now turn the call over to Jeff Dietert, Vice President, Investor Relations. Jeff, you may begin.

Jeff Dietert:

Good morning, and welcome to Phillips 66's Fourth Quarter Earnings Conference Call. Participants on today's call will include Greg Garland, Chairman and CEO, and Kevin Mitchell, Executive Vice President and CFO. The presentation materials we will be using during the call can be found on the Investor Relations section of the Phillips 66 website, along with supplemental financial and operating information.

Slide 2 contains our Safe Harbor statement. It is a reminder that we will be making forward-looking statements during the presentation and our Q&A. Actual results may differ materially from today's comments. Factors that could cause actual results to differ are included here, as well as in our SEC filings.

In order to allow everyone the opportunity to ask a question, we ask that you limit yourself to one question and one follow-up. If you have additional questions, we ask that you rejoin the queue.

With that, I'll turn the call over to Greg Garland for opening remarks.

Greg C. Garland:

Thanks, Jeff. Good morning, everyone, and thank you for joining us today. Phillips 66 delivered another quarter of strong operating performance and record-setting financial results for 2018. Adjusted earnings for the fourth quarter were a record \$2.3 billion, or \$4.87 per share, and we generated \$4.1 billion of operating cash flow. We rewarded our shareholders with strong distributions during the quarter, returning \$864 million through dividends and share repurchases. Refining operated at 99% capacity utilization and we sourced heavy Canadian crude and other advantaged crudes throughout our refining system to capture strong margins. In Midstream, we benefited from increased pipeline and terminal throughput across our integrated network.

For the year, adjusted earnings were \$5.6 billion, or \$11.71 per share. We generated \$7.6 billion of operating cash flow. The record financial performance in 2018 demonstrates our Refining portfolio's ability to run well and capture market opportunities. Marketing provided pull-through of our refined products to achieve record adjusted earnings. Also contributing to our strong results were the Midstream and Chemicals growth projects which were placed into service during the past two years.

In 2018, we increased the quarterly dividend 14% and repurchased 10% of the shares outstanding, resulting in \$6.1 billion of capital being returned to our shareholders. Since 2012, we returned \$22.5 billion to shareholders through dividends, share repurchases and exchanges, reducing our initial shares outstanding by 30%. Disciplined capital allocation is a priority and we're committed to a secure, competitive and growing dividend. As we look to 2019, we expect to deliver another double-digit dividend increase. Through our ongoing share repurchase program, we continue to buy shares when they trade below intrinsic value, as demonstrated by our fourth quarter pace of repurchases.

Phillips 66 Partners achieved its five-year 30% CAGR target. It also delivered industry-leading distribution growth since its IPO in 2013. With its scale, financial strength and project opportunities, PSXP is well positioned to fund and sustain organic programs to continue to drive EBITDA growth.

We're investing in a robust portfolio of projects across our businesses, with attractive returns, to create shareholder value. The Gray Oak Pipeline will provide 900,000 barrels a day of crude oil transportation from the Permian and Eagle Ford to Texas Gulf Coast destinations, including our Sweeny Refinery. The project is supported by shipper commitments and is on schedule to be in service by the end of this year. Phillips 66 Partners is the operator and the largest owner. Gray Oak will connect with multiple terminals in Corpus Christi, including the South Texas Gateway Terminal, in which PSXP has a 25% ownership. The marine terminal will have two deep water docks, planned storage capacity of 6.5 million to 7 million barrels, and is expected to start up in mid-2020.

At the Sweeny Hub, we're building two 150,000-barrels-per-day NGL fractionators and adding 6 million barrels of storage at Phillips 66 Partners' Clemens Caverns. The hub will have 400,000 barrels per day of fractionation capacity and 15 million barrels of storage when the expansion is completed in late 2020. We continue to have strong interest from customers in additional fractionation expansion projects.

The growth in domestic crude production is expected to result in increased need for Gulf Coast exports. We're making investments at our Beaumont Terminal to capitalize on this opportunity. During the fourth quarter, we placed 1.3 million barrels of fully contracted new crude oil storage into service. This brings the terminal's total capacity to 14.6 million barrels. Construction is underway to further increase crude storage by 2.2 million barrels, with completion anticipated in early 2020.

DCP Midstream has a 25% interest in the Gulf Coast Express Pipeline Project and will transport approximately 2 billion cubic feet per day of natural gas from the Permian to Gulf Coast markets. Completion is expected in the fourth quarter of 2019. In the high-growth DJ Basin, DCP's O'Connor 2 plant is expected to begin operations in the second quarter of 2019.

CPChem's new Gulf Coast petrochemical assets are running well and generating strong free cash flow. A second Gulf Coast project that is expected to include both ethylene and derivatives capacity is under development. CPChem is also evaluating additional capacity increases across multiple product lines through debottleneck opportunities.

In Refining, we continue to focus on high-return projects to improve margins. We have an FCC upgrade project underway at Sweeny Refinery that will increase production of higher-value petrochemical products and higher-octane gasoline. This project is planned to be complete in the second quarter of 2020. During the fourth quarter, we completed crude unit modifications at our Lake Charles Refinery to run additional advantaged domestic crudes. Also at Lake Charles, Phillips 66 Partners is constructing a 25,000-barrels-per-day isom unit to increase production of higher-octane gasoline blend components. This unit is expected to be completed in the third quarter of this year.

As we move into 2019, we remain focused on operating excellence and executing our strong portfolio of growth projects. We're optimistic about the future opportunities across our businesses and will invest in projects with attractive returns. Disciplined capital allocation is fundamental to our strategy and we'll continue to return capital to shareholders through dividends and share buybacks.

With that, I'll turn the call over to Kevin to review the financials.

Kevin J. Mitchell:

Thank you, Greg. Hello, everyone. Starting with an overview on Slide 4, we summarize our financial results for the year. 2018 adjusted earnings were \$5.6 billion, or \$11.71 per share. We generated \$7.6 billion of operating cash flow, including \$2.9 billion in distributions from equity affiliates, with approximately \$1 billion each from CPChem and WRB. This is the highest annual earnings and operating cash flow we have delivered since our Company's inception. At the end of the fourth quarter, the net debt to capital ratio was 23%. Our return on capital employed for the year was 17%.

Slide 5 shows the change in cash during the year. We began the year with \$3.1 billion in cash on our balance sheet. Cash from operations, excluding the impact of working capital, was \$7.9 billion. Working capital changes reduced cash flow by \$300 million. We received \$1 billion from the net issuance of debt. During the year, we funded \$2.6 billion of capital expenditures and investments, paid dividends of \$1.4 billion, and repurchased \$4.7 billion of our shares, representing 10% of shares outstanding. Our ending cash balance was \$3 billion.



Serious Prospects

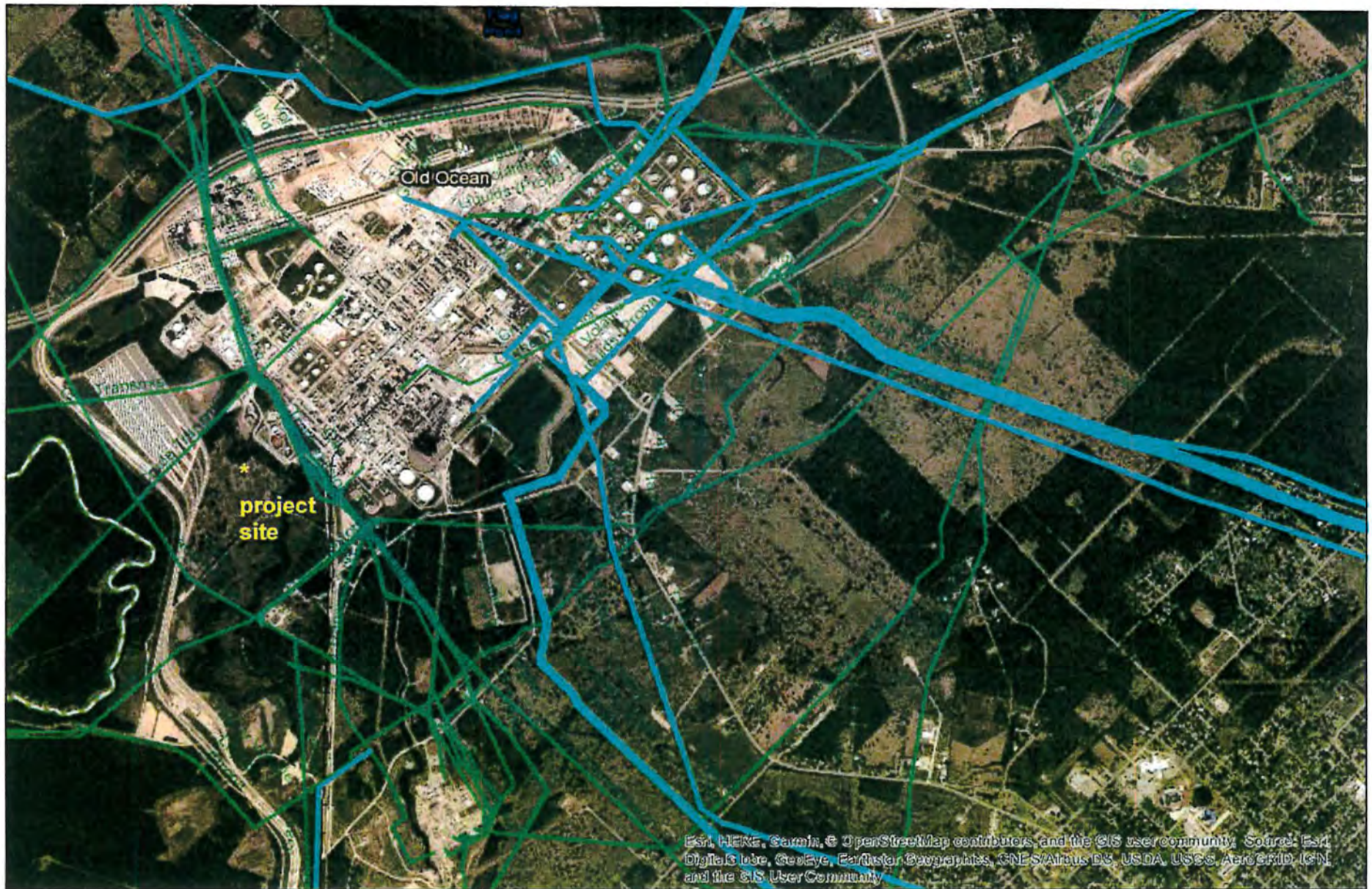
Company & Location	Project Description	Projected Construction Start & Finish Dates	Estimated New Capital Investment	Construction Workers at Peak	New Direct Company Jobs	Total Direct & Indirect New Jobs*
The Dow Chemical Co. Freeport	Polyethylene Plant	2020 – 2022	\$715 Million	900	40	130
Project Gold	Chemical Plant	2019 – 2020	\$80.5 Million	90	21	68
Project Dean	Blending & Repackaging Plant	Unknown	\$100 Million	Unknown	10	32
Project Next**	Chemical Plant	Unknown	\$800 Million	Unknown	400	1,300
Phillips 66 Old Ocean	Natural Gas Liquids Fractionator 4	2019 – 2021	\$500 Million	500	10	23
Praxair Sweeny	Hydrogen Plant	2019 – 2021	\$232.3 Million	300	10	23
INEOS Alvin – Chocolate Bayou	Ethylene Oxide/Glycol plant and three Alkoxylation plants	Unknown	\$1 Billion	Unknown	60	211
Texas COLT Freeport	Onshore / Offshore Crude Oil Loading Terminal	Unknown	\$1.9 Billion	Unknown	47	Unknown
TOTALS			\$5.2 Billion	1,700	577	1,719

~~Project Gold~~ Project is being removed because the plant is being built in Nevada.

* - As per the economic impact analysis' NAICS multipliers.

** - Formerly Project Hector.

3/28/2019

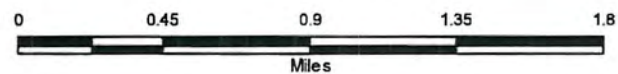


April 17, 2019

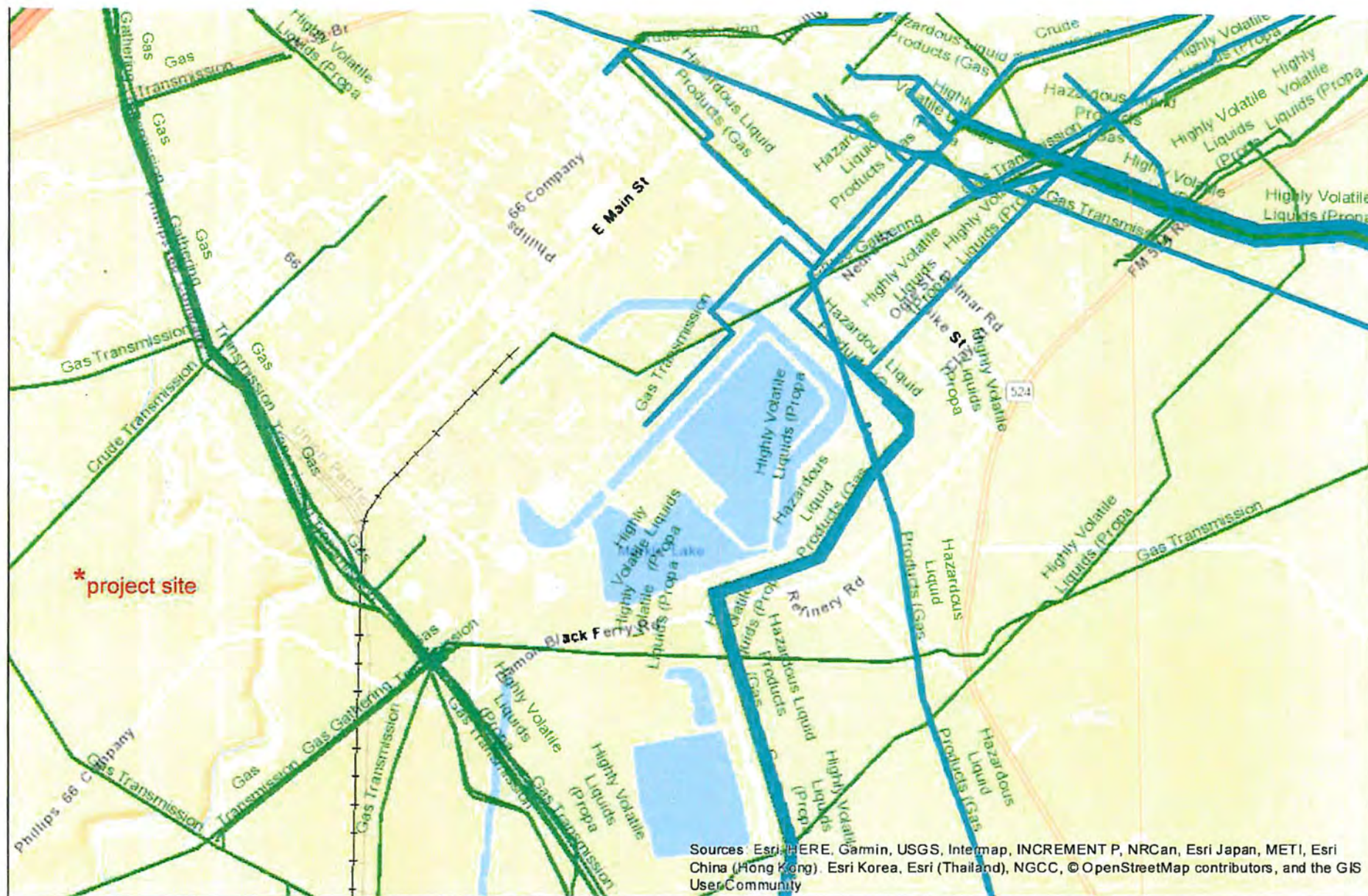
1 inch = 3,009 feet

PREPARED BY:
RAILROAD COMMISSION of TEXAS

P.O. BOX 12967
AUSTIN, TX 78711-2967



NOTICE/DISCLAIMER: Mapping data sets are provided for informational purposes only. These data sets are continuously being updated and refined. Users are responsible for checking the accuracy, completeness, currency, and/or suitability of these data sets themselves. This is not a survey grade product and should not be used to define or establish survey boundaries.



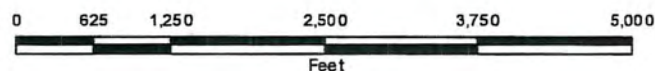
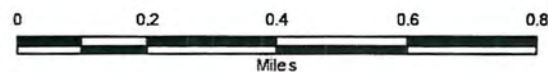
April 17, 2019

1 inch = 1,505 feet

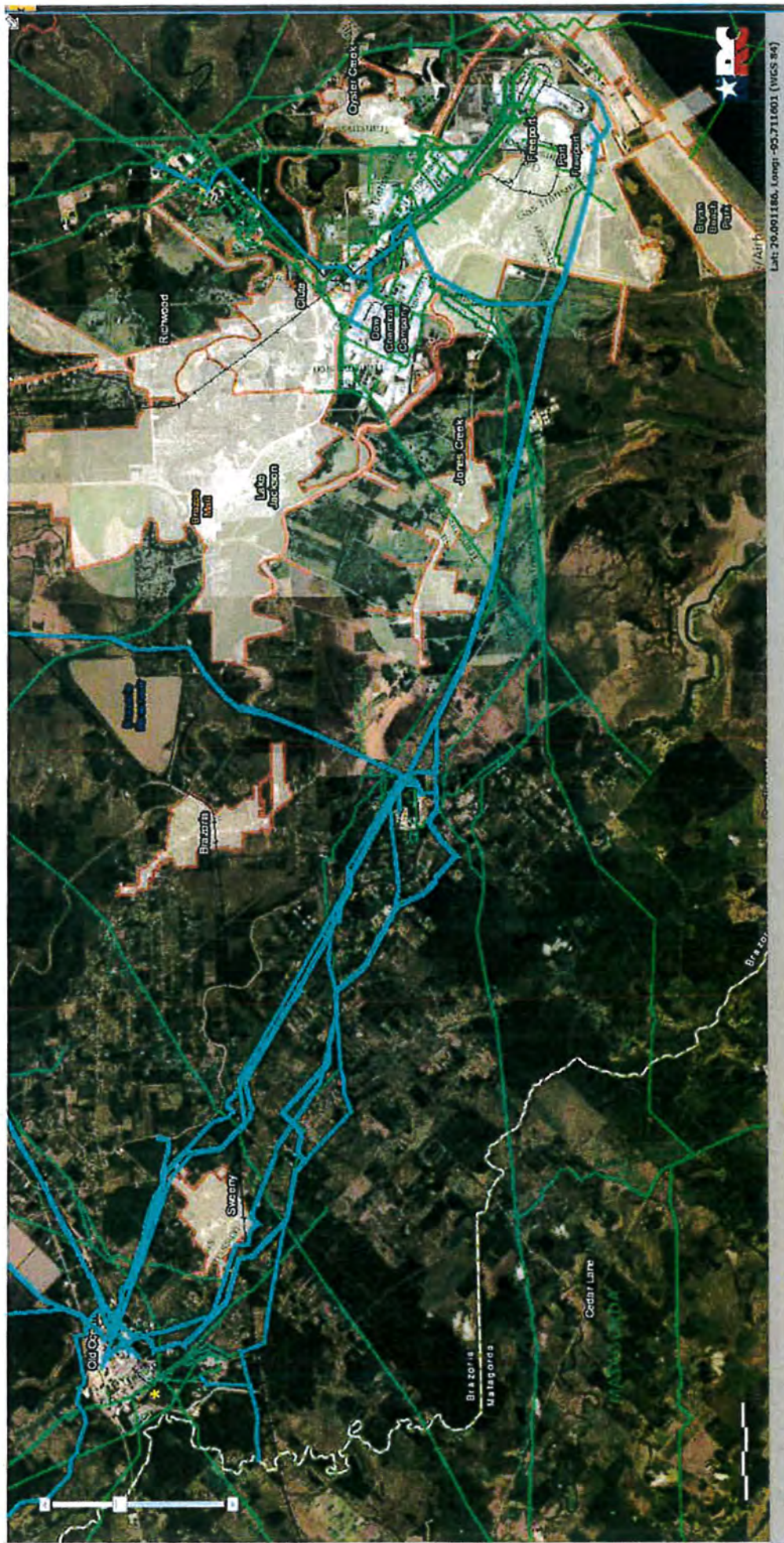
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Lat: 29.091186, Long: -95.711001 (WGS 84)

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED PHILLIPS 66
COMPANY PROJECT IN THE SWEENY INDEPENDENT
SCHOOL DISTRICT
(PROJECT # 1334)**

PREPARED BY



APRIL 21, 2019

Executive Summary

Phillips 66 Company (Company) has requested that the Sweeny Independent School District (SISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to SISD on January 15, 2019 the Company plans to invest \$470.4 million to construct a natural gas liquids (NGL) fractionator facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Phillips 66 project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, SISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2021-22 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted in 2017. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to SISD	\$4.2 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$32.6 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for this project was issued on March 5, 2019.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. After the certificate

is received, the district has until the 150th day from the receipt of the Completeness Letter to adopt an agreement.

After the Comptroller's certificate is received, O'Hanlon, McCollom & Demerath will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller's Office for review prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon, McCollom & Demerath will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (For more detailed information on the school finance funding system, please review the Texas Education Agency's website [\[Manuals and Presentations\]](#) or [\[School Finance-One Page Descriptions\]](#)).

Because the general school finance formula system calculates state aid entitlements using the Comptroller's certified property value for the preceding year, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state but require some type of compensation from the Company under the revenue protection provisions of the agreement. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment remained at \$5,140 and the Tier II Austin yield increased to \$106.28 for 2018-19, which is maintained for future years.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used. The impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes is beyond the scope of this revenue report. Summary information for the current year is shown below:

ADA: 1,856
 Local Tax Base: \$1.75 billion
 M&O Tax Rate: \$1.06 per \$100
 I&S Tax Rate: \$0.1517 per \$100
 Wealth per WADA: \$948,564

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 – Base District Information with Phillips 66 Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP0	2019-20	1,856.34	2,608.10	\$1.0600	\$0.1517	\$1,751,142,164	\$1,751,142,164	\$1,777,723,758	\$1,777,723,758	\$681,617	\$681,617
QTP0	2020-21	1,856.34	2,608.10	\$1.0600	\$0.1517	\$1,793,642,164	\$1,793,642,164	\$1,777,723,758	\$1,777,723,758	\$681,617	\$681,617
QTP1/VL1	2021-22	1,856.34	2,608.10	\$1.0600	\$0.1517	\$2,071,223,414	\$1,811,142,164	\$1,820,223,758	\$1,820,223,758	\$697,913	\$697,913
QTP2/VL2	2022-23	1,856.34	2,608.10	\$1.0600	\$0.1517	\$2,251,517,164	\$1,811,142,164	\$2,097,805,008	\$1,837,723,758	\$804,343	\$704,623
VL3	2023-24	1,856.34	2,607.66	\$1.0600	\$0.1517	\$2,228,120,264	\$1,811,142,164	\$2,278,098,758	\$1,837,723,758	\$873,618	\$704,741
VL4	2024-25	1,856.34	2,607.66	\$1.0600	\$0.1517	\$2,205,890,464	\$1,811,142,164	\$2,254,701,858	\$1,837,723,758	\$864,646	\$704,741
VL5	2025-26	1,856.34	2,607.66	\$1.0600	\$0.1517	\$2,382,722,050	\$2,009,095,650	\$2,232,472,058	\$1,837,723,758	\$856,121	\$704,741
VL6	2026-27	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,362,234,747	\$3,008,676,347	\$2,409,303,644	\$2,035,677,244	\$923,934	\$780,653
VL7	2027-28	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,297,798,635	\$2,963,308,335	\$3,388,816,341	\$3,035,257,941	\$1,299,563	\$1,163,978
VL8	2028-29	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,239,681,235	\$2,923,308,335	\$3,324,380,229	\$2,989,889,929	\$1,274,852	\$1,146,580
VL9	2029-30	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,222,467,535	\$2,923,308,335	\$3,266,262,829	\$2,949,889,929	\$1,252,565	\$1,131,241
VL10	2030-31	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,206,111,435	\$2,923,308,335	\$3,249,049,129	\$2,949,889,929	\$1,245,964	\$1,131,241
VP1	2031-32	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,806,010,935	\$3,806,010,935	\$3,232,693,029	\$2,949,889,929	\$1,239,692	\$1,131,241
VP2	2032-33	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,758,972,935	\$3,758,972,935	\$3,832,592,529	\$3,832,592,529	\$1,469,745	\$1,469,745
VP3	2033-34	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,714,284,335	\$3,714,284,335	\$3,785,554,529	\$3,785,554,529	\$1,451,706	\$1,451,706
VP4	2034-35	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,671,828,135	\$3,671,828,135	\$3,740,865,929	\$3,740,865,929	\$1,434,569	\$1,434,569
VP5	2035-36	1,856.34	2,607.66	\$1.0600	\$0.1517	\$3,631,492,235	\$3,631,492,235	\$3,698,409,729	\$3,698,409,729	\$1,418,287	\$1,418,287

*Basic Allotment: \$5,140; AISD Yield: \$106.28; Equalized Wealth: \$514,000 per WADA

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact of the Phillips 66 Project on SISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$4.2 million over the course of the Agreement, with most of the loss reflected in the first two limitation years (2021-22 and 2022-23). Nearly all reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

Table 2- "Baseline Revenue Model" --Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @		Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2019-20	\$17,104,721	\$541,514	-\$3,766,403	\$1,026,283	\$573,630	\$0	\$0	\$58,709	\$15,538,453
QTP0	2020-21	\$17,521,221	\$826,339	-\$3,858,115	\$1,051,273	\$587,549	\$0	\$0	\$58,709	\$16,186,975
QTP1/VL1	2021-22	\$20,293,533	\$541,514	-\$4,820,695	\$1,217,612	\$636,661	\$0	\$0	\$58,709	\$17,927,334
QTP2/VL2	2022-23	\$22,096,471	\$826,339	-\$7,491,842	\$1,325,788	\$426,018	\$0	\$0	\$58,709	\$17,241,483
VL3	2023-24	\$21,862,502	\$541,514	-\$8,551,515	\$1,311,750	\$284,153	\$0	\$0	\$58,709	\$15,507,112
VL4	2024-25	\$21,640,204	\$826,339	-\$8,325,896	\$1,298,412	\$297,630	\$0	\$0	\$58,709	\$15,795,398
VL5	2025-26	\$23,368,929	\$541,514	-\$8,869,390	\$1,402,136	\$338,460	\$0	\$0	\$58,709	\$16,840,357
VL6	2026-27	\$32,964,140	\$826,339	-\$14,112,637	\$1,977,848	\$297,298	\$0	\$0	\$58,709	\$22,011,696
VL7	2027-28	\$32,328,852	\$541,514	-\$19,156,917	\$1,939,731	\$0	\$0	\$0	\$58,709	\$15,711,888
VL8	2028-29	\$31,755,678	\$826,339	-\$18,564,392	\$1,905,341	\$0	\$0	\$0	\$58,709	\$15,981,675
VL9	2029-30	\$31,583,541	\$541,514	-\$18,231,205	\$1,895,012	\$0	\$0	\$0	\$58,709	\$15,847,571
VL10	2030-31	\$31,419,980	\$826,339	-\$18,065,739	\$1,885,199	\$0	\$0	\$0	\$58,709	\$16,124,488
VP1	2031-32	\$37,242,435	\$541,514	-\$21,382,508	\$2,234,546	\$0	\$0	\$0	\$58,709	\$18,694,696
VP2	2032-33	\$36,781,462	\$826,339	-\$23,546,808	\$2,206,888	\$0	\$0	\$0	\$58,709	\$16,326,590
VP3	2033-34	\$36,343,514	\$541,514	-\$23,102,660	\$2,180,611	\$0	\$0	\$0	\$58,709	\$16,021,688
VP4	2034-35	\$35,927,443	\$826,339	-\$22,680,552	\$2,155,647	\$0	\$0	\$0	\$58,709	\$16,287,586
VP5	2035-36	\$35,532,151	\$541,514	-\$22,279,390	\$2,131,929	\$0	\$0	\$0	\$58,709	\$15,984,913

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 3- "Value Limitation Revenue Model" --Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @		Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2019-20	\$17,104,721	\$541,514	-\$3,766,403	\$1,026,283	\$573,630	\$0	\$0	\$58,709	\$15,538,453
QTP0	2020-21	\$17,521,221	\$826,339	-\$3,858,115	\$1,051,273	\$587,549	\$0	\$0	\$58,709	\$16,186,975
QTP1/VL1	2021-22	\$17,692,721	\$541,514	-\$4,202,876	\$1,061,563	\$554,819	\$0	\$0	\$58,709	\$15,706,449
QTP2/VL2	2022-23	\$17,692,721	\$826,339	-\$4,325,085	\$1,061,563	\$539,945	\$0	\$0	\$58,709	\$15,854,192
VL3	2023-24	\$17,692,721	\$541,514	-\$4,327,177	\$1,061,563	\$539,677	\$0	\$0	\$58,709	\$15,567,007
VL4	2024-25	\$17,692,721	\$826,339	-\$4,327,177	\$1,061,563	\$539,677	\$0	\$0	\$58,709	\$15,851,832
VL5	2025-26	\$19,632,665	\$541,514	-\$4,801,636	\$1,177,960	\$598,499	\$0	\$0	\$58,709	\$17,207,711
VL6	2026-27	\$29,428,556	\$826,339	-\$9,475,142	\$1,765,713	\$637,889	\$0	\$0	\$58,709	\$23,242,064
VL7	2027-28	\$28,983,949	\$541,514	-\$15,784,852	\$1,739,037	\$0	\$0	\$0	\$58,709	\$15,538,356
VL8	2028-29	\$28,591,949	\$826,339	-\$15,372,030	\$1,715,517	\$0	\$0	\$0	\$58,709	\$15,820,483
VL9	2029-30	\$28,591,949	\$541,514	-\$15,194,338	\$1,715,517	\$0	\$0	\$0	\$58,709	\$15,713,351
VL10	2030-31	\$28,591,949	\$826,339	-\$15,194,338	\$1,715,517	\$0	\$0	\$0	\$58,709	\$15,998,176
VP1	2031-32	\$37,242,435	\$541,514	-\$19,870,275	\$2,234,546	\$0	\$0	\$0	\$58,709	\$20,206,929
VP2	2032-33	\$36,781,462	\$826,339	-\$23,546,808	\$2,206,888	\$0	\$0	\$0	\$58,709	\$16,326,590
VP3	2033-34	\$36,343,514	\$541,514	-\$23,102,660	\$2,180,611	\$0	\$0	\$0	\$58,709	\$16,021,688
VP4	2034-35	\$35,927,443	\$826,339	-\$22,680,552	\$2,155,647	\$0	\$0	\$0	\$58,709	\$16,287,586
VP5	2035-36	\$35,532,151	\$541,514	-\$22,279,390	\$2,131,929	\$0	\$0	\$0	\$58,709	\$15,984,913

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP0	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1/VL1	2021-22	-\$2,600,812	\$0	\$617,819	-\$156,049	-\$81,842	\$0	\$0	\$0	-\$2,220,884
QTP2/VL2	2022-23	-\$4,403,750	\$0	\$3,166,757	-\$264,225	\$113,927	\$0	\$0	\$0	-\$1,387,291
VL3	2023-24	-\$4,169,781	\$0	\$4,224,339	-\$250,187	\$255,524	\$0	\$0	\$0	\$59,895
VL4	2024-25	-\$3,947,483	\$0	\$3,998,719	-\$236,849	\$242,047	\$0	\$0	\$0	\$56,434
VL5	2025-26	-\$3,736,264	\$0	\$4,067,754	-\$224,176	\$260,039	\$0	\$0	\$0	\$367,353
VL6	2026-27	-\$3,535,584	\$0	\$4,637,495	-\$212,135	\$340,591	\$0	\$0	\$0	\$1,230,367
VL7	2027-28	-\$3,344,903	\$0	\$3,372,065	-\$200,694	\$0	\$0	\$0	\$0	-\$173,532
VL8	2028-29	-\$3,163,729	\$0	\$3,192,361	-\$189,824	\$0	\$0	\$0	\$0	-\$161,192
VL9	2029-30	-\$2,991,592	\$0	\$3,036,867	-\$179,495	\$0	\$0	\$0	\$0	-\$134,220
VL10	2030-31	-\$2,828,031	\$0	\$2,871,401	-\$169,682	\$0	\$0	\$0	\$0	-\$126,312
VP1	2031-32	\$0	\$0	\$1,512,233	\$0	\$0	\$0	\$0	\$0	\$1,512,233
VP2	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$36.8 million over the life of the agreement. The SISD revenue losses are expected to total approximately \$4.2 million over the course of the agreement. The potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$32.6 million, prior to any negotiations with Phillips 66 on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with SISD currently levying a \$0.1517 per \$100 I&S rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Local taxpayers should benefit from the addition of the Phillips 66 project to the local I&S tax roll. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

**Table 5 - Estimated Financial Impact of the Phillips 66 Project Property Value Limitation Request
Submitted to SISD at \$1.06 per \$100 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP0	2019-20	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0
QTP0	2020-21	\$42,500,000	\$42,500,000	\$0	\$1.060	\$450,500	\$450,500	\$0	\$0	\$0
QTP1/VL1	2021-22	\$290,081,250	\$30,000,000	\$260,081,250	\$1.060	\$3,074,861	\$318,000	\$2,756,861	-\$2,220,884	\$535,977
QTP2/VL2	2022-23	\$470,375,000	\$30,000,000	\$440,375,000	\$1.060	\$4,985,975	\$318,000	\$4,667,975	-\$1,387,291	\$3,280,684
VL3	2023-24	\$446,978,100	\$30,000,000	\$416,978,100	\$1.060	\$4,737,968	\$318,000	\$4,419,968	\$0	\$4,419,968
VL4	2024-25	\$424,748,300	\$30,000,000	\$394,748,300	\$1.060	\$4,502,332	\$318,000	\$4,184,332	\$0	\$4,184,332
VL5	2025-26	\$403,626,400	\$30,000,000	\$373,626,400	\$1.060	\$4,278,440	\$318,000	\$3,960,440	\$0	\$3,960,440
VL6	2026-27	\$383,558,400	\$30,000,000	\$353,558,400	\$1.060	\$4,065,719	\$318,000	\$3,747,719	\$0	\$3,747,719
VL7	2027-28	\$364,490,300	\$30,000,000	\$334,490,300	\$1.060	\$3,863,597	\$318,000	\$3,545,597	-\$173,532	\$3,372,065
VL8	2028-29	\$346,372,900	\$30,000,000	\$316,372,900	\$1.060	\$3,671,553	\$318,000	\$3,353,553	-\$161,192	\$3,192,361
VL9	2029-30	\$329,159,200	\$30,000,000	\$299,159,200	\$1.060	\$3,489,088	\$318,000	\$3,171,088	-\$134,220	\$3,036,868
VL10	2030-31	\$312,803,100	\$30,000,000	\$282,803,100	\$1.060	\$3,315,713	\$318,000	\$2,997,713	-\$126,312	\$2,871,401
VP1	2031-32	\$297,262,600	\$297,262,600	\$0	\$1.060	\$3,150,984	\$3,150,984	\$0	\$0	\$0
VP2	2032-33	\$282,496,600	\$282,496,600	\$0	\$1.060	\$2,994,464	\$2,994,464	\$0	\$0	\$0
VP3	2033-34	\$268,466,000	\$268,466,000	\$0	\$1.060	\$2,845,740	\$2,845,740	\$0	\$0	\$0
VP4	2034-35	\$255,134,800	\$255,134,800	\$0	\$1.060	\$2,704,429	\$2,704,429	\$0	\$0	\$0
VP5	2035-36	\$242,467,900	\$242,467,900	\$0	\$1.060	\$2,570,160	\$2,570,160	\$0	\$0	\$0
						\$54,701,521	\$17,896,276	\$36,805,245	-\$4,203,431	\$32,601,814

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

Attachment E

Taxable Value of Property



Property Tax Assistance

2017 ISD Summary Worksheet

020/Brazoria

020-906/Sweeny ISD

Category	Local Tax Roll Value	2017 WTD Mean Ratio	2017 PTAD Value Estimate	2017 Value Assigned
A. Single-Family Residences	442,611,997	N/A	442,611,997	442,611,997
B. Multi-Family Residences	5,110,370	N/A	5,110,370	5,110,370
C1. Vacant Lots	22,767,443	N/A	22,767,443	22,767,443
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	3,260,365	N/A	3,260,365	3,260,365
D2. Real Prop Farm & Ranch	1,752,042	N/A	1,752,042	1,752,042
E. Real Prop NonQual Acres	81,608,349	N/A	81,608,349	81,608,349
F1. Commercial Real	28,112,823	N/A	28,112,823	28,112,823
F2. Industrial Real	2,142,681,920	N/A	2,142,681,920	2,142,681,920
G. Oil, Gas, Minerals	32,910,627	N/A	32,910,627	32,910,627
J. Utilities	57,022,420	N/A	57,022,420	57,022,420
L1. Commercial Personal	48,059,360	N/A	48,059,360	48,059,360
L2. Industrial Personal	149,835,200	N/A	149,835,200	149,835,200
M. Other Personal	4,708,660	N/A	4,708,660	4,708,660
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	257,690	N/A	257,690	257,690
S. Special Inventory	924,570	N/A	924,570	924,570
Subtotal	3,021,623,836		3,021,623,836	3,021,623,836
Less Total Deductions	513,903,634		513,903,634	513,903,634
Total Taxable Value	2,507,720,202		2,507,720,202	2,507,720,202 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and

sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
2,531,795,399	2,507,720,202	2,498,018,012	2,473,942,815

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
24,075,197	33,777,387

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
2,759,045,999	2,734,970,802	2,725,268,612	2,701,193,415

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

**AGREEMENT FOR LIMITATION ON APPRAISED
VALUE OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES**

by and between

SWEENY INDEPENDENT SCHOOL DISTRICT

and

PHILLIPS 66 COMPANY

(Texas Taxpayer ID # 13716527026)

Comptroller Application # 1334

Dated

July 9, 2019

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)*

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on July 9, 2019, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on July 9, 2019, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on July 2, 2019, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operation Taxes;

WHEREAS, on July 9, 2019, the Board of Trustees approved the form of the this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, including any statutory amendments that are applicable to Applicant.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

"Applicant" means Phillips 66 Company (Texas Taxpayer ID # 13716527026) the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

"Applicant's Qualified Investment" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

"Applicant's Qualified Property" means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on January 15, 2019. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

"Application Approval Date" means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

"Application Review Start Date" means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

"Appraisal District" means the Brazoria County Appraisal District.

"Board of Trustees" means the Board of Trustees of the SWEENEY INDEPENDENT SCHOOL DISTRICT.

"Commercial Operation" means the date on which the project becomes commercially operational, has installed or constructed Qualified Property on the Land, and is able to deliver pipeline-quality dry natural gas that can be used as fuel by residential, commercial and industrial consumers.

"Comptroller" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set

forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Brazoria County, Texas.

"District" or "School District" means the SWEENEY INDEPENDENT SCHOOL DISTRICT, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

"Force Majeure" means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

"Land" means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

"Maintain Viable Presence" means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

"New Qualifying Jobs" means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller's Rules.

"New Non-Qualifying Jobs" means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"Qualified Investment" has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller's Rules.

"Qualified Property" has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller’s Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article VI.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, and as further provided in Sections 6.2A and 6.2D, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying the District’s Average Daily Attendance for the school year immediately preceding the year for which the calculation is being made, as calculated pursuant to Section

42.005 of the TEXAS EDUCATION CODE, times \$100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2020, the start of the Qualifying Time Period set forth in Section 2.3(C)(i), below.

"Applicable School Finance Law" means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"Applicant's Stipulated Supplemental Payment Amount" means, for purposes of Article VI, for any Tax Year during the term of this Agreement, an amount equal to forty percent (40%) of the "Net Tax Benefit," as such term is defined in this Section 1.2, for such Tax Year.

"Cumulative Payments" means for any Tax Year during the term of this Agreement, the total of all payments, calculated under Article IV, V and VI of this Agreement, for such Tax Year which are paid by or owed by the Applicant to the District, plus all payments, calculated under Article IV, V and VI of this Agreement, paid by or owed by the Applicant for all previous Tax Years during the term of this Agreement.

"Cumulative Unadjusted Tax Benefit" means for any Tax Year during the term of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit for all previous Tax Years during the term of this Agreement.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace the District's M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

"M&O Amount" has the meaning given such term in Section 4.2.

"New M&O Revenue" has the meaning given such term in Section 4.2. A. ii.

"Net Tax Benefit" means, for any Tax Year during the term of this Agreement, an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year and all previous Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for such Tax Year and all previous Tax Years during the term of this Agreement, plus (B) any payments due to the District under Articles IV, V and VI under this Agreement for such Tax Year and all previous Tax Years during the term of this Agreement.

"Original M&O Revenue" has the meaning given such term in Section 4.2. A. i.

"Supplemental Payments" has the meaning given such term in Section 6.1(a).

"Unadjusted Tax Benefit" means, for any Tax Year during the term of this Agreement, the total of all gross tax savings calculated for such Tax Year by multiplying (i) an amount equal to (a) the Taxable Value of the Applicant's Qualified Property used for the District's debt service (interest and sinking fund) property tax purposes for such Tax Year, minus (b) the Tax Limitation Amount (defined in Section 2.4, below, as Thirty Million Dollars (\$30,000,000.00), by (ii) the District's maintenance and operations tax rate for such Tax Year.

ARTICLE II AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

- A. The Application Review Start Date for this Agreement is March 5, 2019, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.
- B. The Application Approval Date for this Agreement is July 9, 2019.
- C. The Qualifying Time Period for this Agreement:
 - i. Starts on January 2, 2020, a date not later than January 1 of the fourth Tax Year following the Application approval Date for /deferrals, as

authorized by §313.027(h) of the Texas Tax Code;

ii. Ends on December 31, 2022, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

i. Starts on January 1, 2021, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and

ii. Ends on December 31, 2030 which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2035, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii. plus 5 years.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

A. the Market Value of the Applicant's Qualified Property; or

B. Thirty Million Dollars (\$30,000,000), based on Section 313.054 of the TEXAS TAX CODE.

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

A. have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;

B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. pay an average weekly wage of at least \$1,135.00 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, the Applicant shall:

- A. provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and,
- E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a

specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as property used for manufacturing.

ARTICLE IV PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a producing cause, or which resulted, at least in part, because of, or on account of, the execution of this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, such other payments as set forth in Articles V and VI of this Agreement. Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the risk of any negative financial consequence to the District's Maintenance and Operations Revenue, to which the execution of this Agreement contributed in any manner, will be borne solely by the Applicant and not by the District.

The Parties expressly understand and agree that, for all Tax Years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may periodically change in accordance with changes in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: (i) for illustrative purposes only, and are not intended to be relied upon, and have not been relied upon, by the Parties as a prediction of future consequences to either Party; (ii) based upon the current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and (iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Sections 4.10, 7.1, and 7.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year, starting in the year of the Application Review Start Date and ending on the Final Termination Date (the "M&O Amount"), shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions, where:

- i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the District's ad valorem maintenance and operations tax at the District-adopted rate for the applicable Tax Year. For purposes of this calculation, the Third Party (as defined in Section 4.3) will base its calculations upon (1) the total Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District's maintenance and operations ad valorem tax purposes, save and except for the Applicant's Qualified Property subject to this Agreement, *plus* (2) the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's debt service (interest and sinking fund) ad valorem tax purposes (which total Taxable Values for the Applicant's Qualified Property subject to this Agreement shall be used in lieu of the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's maintenance and operations ad valorem tax purposes).
- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District actually received or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year.

B. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for the year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2, results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for any year during the Tax Limitation Period under

Subsection *ii* of Section 4.2.A will reflect the Tax Limitation Amount for such year.

- v. All calculations made under this Section 4.2 shall be made using a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factor not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly selected and appointed each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by a mediator selected in accordance with the procedures set forth in Section 9.3A.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected and appointed under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, and/or Article VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculations until the Final Termination Date. The Applicant shall not be liable for any of the Third Party's costs resulting from a review or audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

or the fee paid by the Applicant to the Third Party pursuant to Section 4.6, if such fee is timely paid.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.5, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. Notwithstanding the foregoing, for no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 and Section 4.5 which exceeds Fifteen Thousand Dollars (\$15,000.00).

Section 4.7. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected and appointed under Section 4.3 makes its calculations under this Agreement the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property and/or the Applicant's Qualified Investment and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Investment, respectively, by the Appraisal District. If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations required by this Agreement for the applicable year or years using the new Taxable Value. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Sections 7.1 and 4.10, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, the Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to District, up to but not to exceed the amount of the limits set forth in this Agreement (including Sections 7.1 and 4.10), that are necessary to offset any such negative impact on the District as a result of its participation in this Agreement. The calculation of any such payments to the District shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

Section 4.9 RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification

containing the calculations prepared and/or delivered pursuant to Section 4.5, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the Applicant's receipt of the Third Party's final determination of the certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. CUMULATIVE PAYMENT LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i (i.e. the Tax Year 2020), and ending with the Tax Year 2030, which is the last Tax Year of the Tax Limitation Period exceed an amount equal to One Hundred Percent (100%) of the Applicant's Cumulative Unadjusted Tax Benefit for such Tax Year. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.10, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.10. Any of the Cumulative Payments which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period (i.e. the Tax Year 2030) because such payment would exceed the Applicant's Cumulative Unadjusted Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, the Applicant on an annual basis shall also indemnify and reimburse the District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project described in the Application that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to such project. The Applicant shall have the right to contest the findings of the District's external auditor in accordance with the procedures set forth in Section 4.9.

ARTICLE VI SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V and this Article VI are subject to the limitations contained in Sections 7.1 and 4.10, and that all payments under this Article VI are subject to the separate limitations contained in Sections 6.2 and 6.3.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed either (i) the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement, (ii) or the amount described in Section 6.3.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article VI shall: not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period;

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement; and

D. for purposes of this Agreement, the calculation of the limit of the annual

Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT SCHEDULE. Beginning with the first year of the Qualified Time Period [as defined by Tex. Tax Code § 313.021(4)] (Tax Year 2020) and ending the third tax year after the Limitation expires (Tax Year 2033), the District shall receive Supplemental Payments in accordance with the following schedule:

Supplemental Payment Number	Tax Year	School Year	Payment Due Date	Payment Amount
1.	2020	2020-2021	May 31, 2020	"Annual Limit" See, def @ Sec.1.2
2.	2021	2021-2022	January 31, 2021	"Annual Limit" See, def @ Sec.1.2
3.	2022	2022-2023	January 31, 2022	"Annual Limit" See, def @ Sec.1.2
4.	2023	2023-2024	January 31, 2023	"Annual Limit" See, def @ Sec.1.2
5.	2024	2024-2025	January 31, 2024	"Annual Limit" See, def @ Sec.1.2
6.	2025	2025-2026	January 31, 2025	"Annual Limit" See, def @ Sec.1.2
7.	2026	2026-2027	January 31, 2026	"Annual Limit" See, def @ Sec.1.2
8.	2027	2027-2028	January 31, 2027	"Annual Limit" See, def @ Sec.1.2
9.	2028	2028-2029	January 31, 2028	"Annual Limit" See, def @ Sec.1.2
10.	2029	2029-2030	January 31, 2029	"Annual Limit" See, def @ Sec.1.2

11.	2030	2030-2031	January 31, 2030	"Annual Limit" See, def @ Sec.1.2
12.	2031	2031-2032	January 31, 2031	"Annual Limit" See, def @ Sec.1.2
13.	2032	2032-2033	January 31, 2032	"Annual Limit" See, def @ Sec.1.2
14.	2033	2033-2034	January 31, 2033	"Annual Limit" See, def @ Sec.1.2
15.	2034	2034-2035	January 31, 2034	"Annual Limit" See, def @ Sec.1.2
16.	2035	2035-2036	January 31, 2035	"Annual Limit" See, def @ Sec.1.2

Notwithstanding the foregoing or anything to the contrary contained in this Agreement (including, but not limited to, Article VII), if before January 1, 2021, the Applicant notifies the District in writing pursuant to Section 7.2 that it will not commence or complete construction of the Applicant's Qualified Investment, then the Applicant shall have no obligation to pay any Supplemental Payment otherwise due after the date the Applicant provides such written notification to the District.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.4.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.7.

Section 6.5. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning with the Tax Year 2020, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and

ending with Tax Year 2033, which is the third Tax Year following the end of the Tax Limitation Period, the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under Sections 6.2 and 6.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article VI, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of the third full Tax Year following the end of the Tax Limitation Period, as defined in Section 2.3(D)(ii), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

- (a) All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.
- (c) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.7.

Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during the term of this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this

Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by action of the Board of Trustees, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in this Article IV, including Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by the Applicant shall be made in the manner and to the Party designated in this Agreement unless the Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE VII ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, prior to the beginning of the Tax Limitation Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Additionally, in the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year

with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the

District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of

inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or

omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition

of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any; and
- iv. whether or not any such breach has been cured.

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination") and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60)

days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Brazoria County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Brazoria County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this

Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that

commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS.

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

**ARTICLE X
MISCELLANEOUS PROVISIONS**

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

Dr. Tory Hill

Superintendent
SWEENY INDEPENDENT SCHOOL DISTRICT
1310 North Elm Street
Sweeny, Texas 77480
Phone: (979) 491-8010
Facsimile: (979) 491-8030
Email: TCHill@sweenyisd.org

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

Chris Cisneros
Property Tax Senior Advisor
Property Tax S1348
PHILLIPS 66 COMPANY
PO BOX 421959
HOUSTON, TEXAS 77242-1959
Phone: (832) 765-4112
Facsimile: (832) 765-9806
Email: chris.g.cisneros@p66.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE; and

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement.

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and

ii. If the Comptroller provides its certificate for a limitation with conditions different from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised Application, the District shall terminate this Agreement.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this

Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Brazoria County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and

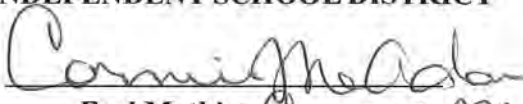
- certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
 - iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 9th day of July, 2019.

PHILLIPS 66 COMPANY

By: 
Name: **Greg L. Cardwell**
Title: **Attorney In Fact**

SWEENEY INDEPENDENT SCHOOL DISTRICT

By: 
~~Earl Mathis~~ **Connie McAda**
Vice President
Board of Trustees

ATTEST: 
Donna Bohlar-Schroeder
Secretary
Board of Trustees

EXHIBIT I

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

On February 28, 2017 at a duly-called meeting of the Brazoria County Commissioners' Court, and after a properly conducted Public Hearing concerning the matter, the commissioner's Court of Brazoria County an Order creating *Phillips 66 Company Reinvestment Zone No.7*, in Brazoria County consisting of all land contained within the boundaries described below:

DESCRIPTION OF

Phillips 66 Company Reinvestment Zone No.7

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

BEING a 220-.259-acre (9,594,479 sq. ft.) tract of land situated in the Polly and Chance League, Abstract Number 119, Brazoria County, Texas and being part of a called 1,830-acre tract of land and part of a called 1 acre tract of land, both conveyed to Phillips 66 Company by deed recorded under Brazoria County Clerk's File No. (B.C.C.F. No.) 2012021275 of the Official Records of Brazoria County (O.R.B.C.). Said 220.259-acre tract being more particularly described by metes and bounds as follows, with the basis of bearings being the Texas Coordinate System, South Central Zone No. 4204 (NAO 83); the coordinates shown herein are grid and may be converted to surface by applying the combined adjustment factor of 1.00012398336997. All distances herein are surface distances;

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

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

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

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

1.) South 84° 08' 51" West- 187.63 feet;

- 2.) South 72° 27' 00" West - 269.54 feet;
- 3.) South 36° 55' 37" West- 151.58 feet;
- 4.) South 66° 21' 36" West - 355.54 feet;

- 5.) North 67° 42' 26" West - 137.53 feet;
- 6.) North 37° 30' 05" West - 325.77 feet;
- 7.) North 75° 44' 52" West-191.16 feet;
- 8.) North 89° 55' 34" West - 276.77 feet;
- 9.) North 51° 47' 04" West - 210.33 feet;
- 10.) North 17° 00' 14" West- 186.94 feet;
- 11.) North 06° 13' 25" East-192.01 feet;
- 12.) North 51° 29' 48" East - 193.72 feet;
- 13.) South 77° 10' 39" East - 225.14 feet;
- 14.) North 89° 32' 27" East - 165.67 feet;
- 15.) North 46° 20' 08" East - 55.20 feet;
- 16.) North 42° 36' 17" West - 219.34 feet;
- 17.) North 50° 18' 51" West- 178.47 feet;
- 18.) North 30° 35' 32" West - 116.05 feet;
- 19.) North 16° 15' 53" West - 283.90 feet;
- 20.) North 04° 35' 05" West - 227.93 feet;
- 21.) North 19° 16' 47" East - 141.20 feet;

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

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

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

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

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

- 26.) North 36° 07' 05" West - 89.41 feet;
- 27.) North 14° 22' 43" East - 243.66 feet;
- 28.) North 10° 29' 01" East - 240.41 feet;
- 29.) North 16° 59' 44" East - 550.36 feet;

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

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

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

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

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

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

- 50.) South 20° 31' 24" East - 87.50 feet;
- 51.) South 13° 21' 54" West - 339.87 feet;
- 52.) South 50° 13' 58" East - 45.79 feet;
- 53.) South 43° 34' 13" East - 91.08 feet;
- 54.) South 32° 56' 25" East - 97.34 feet;
- 55.) South 25° 53' 01" East - 95.38 feet;
- 56.) South 16° 43' 02" East - 33.60 feet;
- 57.) South 00° 08' 27" West - 59.43 feet;
- 58.) South 15° 15' 40" West - 59.38 feet;
- 59.) South 27° 35' 38" West - 82.34 feet;
- 60.) South 30° 54' 55" West - 97.05 feet;

- 61.) South 25° 04' 28" West - 49.96 feet;
- 62.) South 10° 36' 47" West - 47.49 feet;
- 63.) South 08° 36' 10" East - 45.24 feet;
- 64.) South 27° 49' 43" East - 47.54 feet;
- 65.) South 47° 24' 17" East - 47.70 feet;
- 66.) South 50° 30' 40" East - 637.36 feet;
- 67.) South 60° 29' 30" East - 69.17 feet;
- 68.) South 84° 02' 29" East - 44.89 feet;
- 69.) North 82° 05' 28" East - 45.35 feet;
- 70.) North 68° 01' 08" East - 46.22 feet;
- 71.) North 54° 09' 57" East - 43.93 feet;
- 72.) North 46° 29' 59" East - 118.25 feet;
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- 86.) South 07° 05' 46" East - 94.47 feet;
- 87.) South 05° 08' 23" East - 881.44 feet;
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- 90.) South 17° 58' 28" West - 41.71 feet;
- 91.) South 33° 04' 34" West - 45.62 feet;
- 92.) South 39° 03' 06" West - 56.08 feet;
- 93.) South 43° 11' 28" West - 79.74 feet;
- 94.) South 49° 46' 18" West - 636.71 feet;
- 95.) North 59° 13' 18" West - 30.36 feet;
- 96.) South 52° 25' 37" West - 119.62 feet;
- 97.) South 79° 42' 29" West - 98.08 feet;
- 98.) South 20° 52' 47" West - 158.35 feet;

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

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

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

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

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

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

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

Compiled by:

WEISSER ENGINEERING COMPANY

19500 Park Row, Suite 100

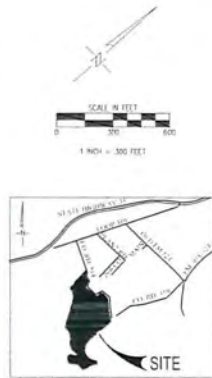
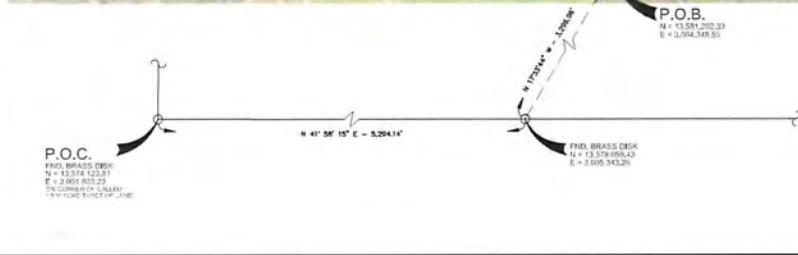
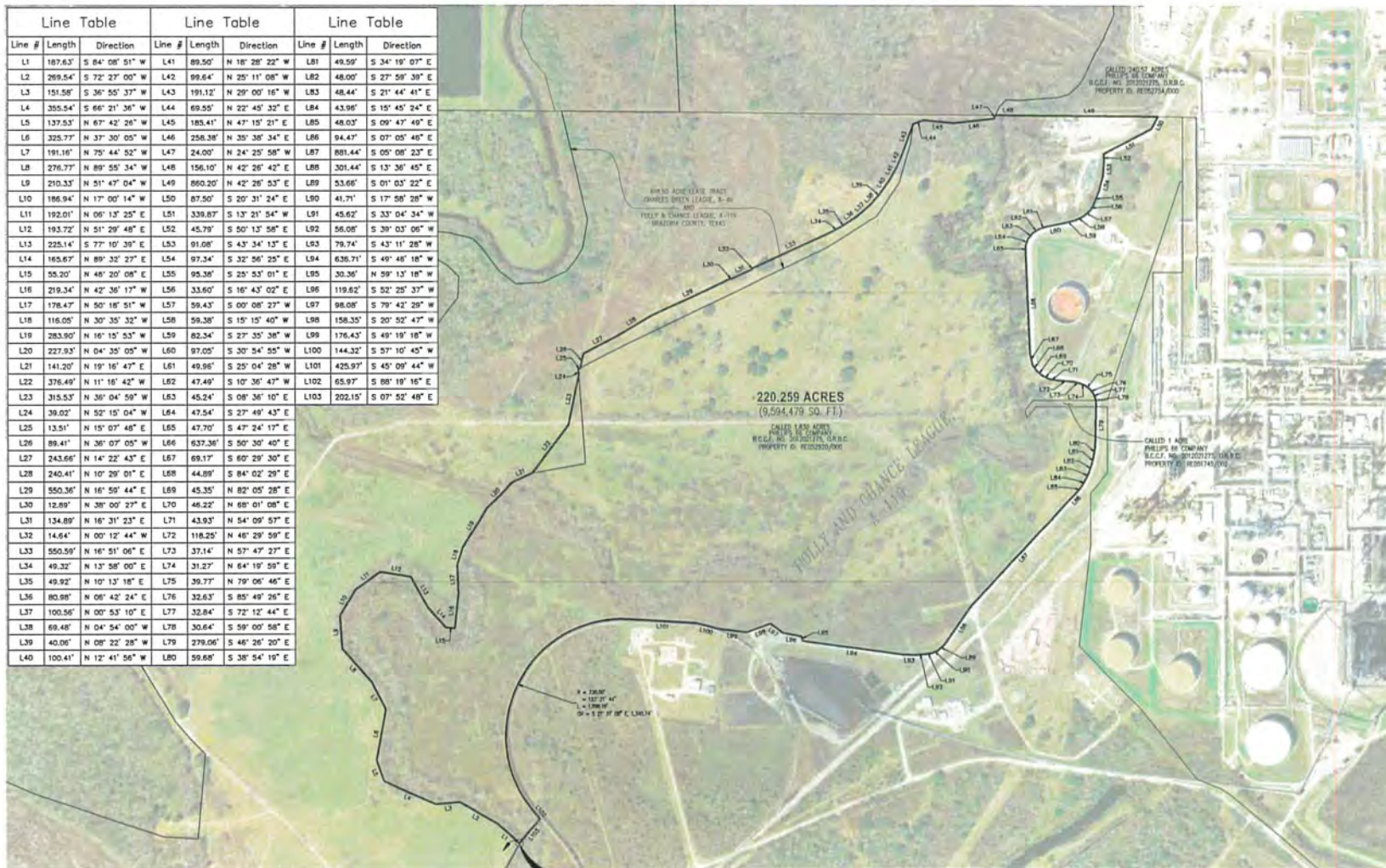
Houston, Texas 77084 TBPLS Reg. No. 100518-00 TBPE Reg. No.: F-68

Job No.: P0594

Date: 03/09/2017



Line Table			Line Table			Line Table		
Line #	Length	Direction	Line #	Length	Direction	Line #	Length	Direction
L1	187.63'	S 84° 08' 51" W	L41	89.50'	N 18° 28' 22" W	L81	49.59'	S 34° 19' 07" E
L2	289.54'	S 72° 27' 00" W	L42	99.64'	N 25° 11' 08" W	L82	48.00'	S 27° 58' 38" E
L3	151.58'	S 36° 55' 37" W	L43	191.12'	N 29° 00' 16" W	L83	48.44'	S 21° 44' 41" E
L4	355.54'	S 66° 21' 36" W	L44	69.55'	N 22° 45' 32" E	L84	43.98'	S 15° 45' 24" E
L5	137.53'	N 67° 42' 26" W	L45	185.41'	N 47° 15' 21" E	L85	48.03'	S 09° 47' 49" E
L6	325.77'	N 37° 30' 05" W	L46	258.38'	N 35° 38' 34" E	L86	94.47'	S 07° 05' 46" E
L7	191.16'	N 75° 44' 52" W	L47	24.00'	N 24° 25' 58" W	L87	801.44'	S 05° 08' 23" E
L8	276.77'	N 89° 55' 34" W	L48	156.10'	N 42° 26' 42" E	L88	301.44'	S 13° 36' 45" E
L9	210.33'	N 51° 47' 04" W	L49	860.20'	N 42° 26' 53" E	L89	53.66'	S 01° 03' 22" E
L10	186.94'	N 17° 00' 14" W	L50	87.50'	S 20° 31' 24" E	L90	41.71'	S 17° 58' 28" W
L11	192.01'	N 06° 13' 25" E	L51	339.87'	S 13° 21' 54" W	L91	45.62'	S 33° 04' 34" W
L12	193.72'	N 51° 29' 48" E	L52	45.79'	S 50° 13' 58" E	L92	56.08'	S 39° 03' 06" W
L13	225.14'	S 77° 10' 39" E	L53	91.08'	S 43° 34' 13" E	L93	79.74'	S 43° 11' 28" W
L14	165.67'	N 89° 32' 27" E	L54	97.34'	S 32° 56' 25" E	L94	636.71'	S 49° 48' 18" W
L15	55.20'	N 48° 20' 08" E	L55	95.38'	S 25° 53' 01" E	L95	30.36'	N 59° 13' 18" W
L16	219.34'	N 42° 36' 17" W	L56	33.60'	S 16° 43' 02" E	L96	119.62'	S 52° 25' 37" W
L17	178.47'	N 50° 18' 51" W	L57	59.43'	S 00° 08' 27" W	L97	98.08'	S 79° 42' 28" W
L18	116.05'	N 30° 35' 32" W	L58	58.38'	S 15° 15' 40" W	L98	158.35'	S 20° 52' 47" W
L19	283.90'	N 16° 15' 53" W	L59	82.34'	S 27° 25' 38" W	L99	176.43'	S 49° 19' 18" W
L20	227.93'	N 04° 35' 05" W	L60	97.05'	S 30° 54' 55" W	L100	144.32'	S 57° 10' 45" W
L21	141.20'	N 19° 16' 47" E	L61	49.96'	S 25° 04' 28" W	L101	425.97'	S 45° 09' 44" W
L22	376.49'	N 11° 16' 42" W	L62	47.49'	S 10° 36' 47" W	L102	65.97'	S 88° 19' 16" E
L23	315.53'	N 36° 04' 58" W	L63	45.24'	S 08° 36' 10" E	L103	202.15'	S 07° 52' 48" E
L24	39.02'	N 52° 15' 04" W	L64	47.54'	S 27° 49' 43" E			
L25	13.51'	N 15° 07' 48" E	L65	47.70'	S 47° 24' 17" E			
L26	89.41'	N 36° 07' 05" W	L66	637.36'	S 50° 30' 40" E			
L27	243.66'	N 14° 22' 43" E	L67	69.17'	S 60° 29' 30" E			
L28	240.41'	N 10° 29' 01" E	L68	44.89'	S 84° 02' 29" E			
L29	550.36'	N 16° 59' 44" E	L69	45.35'	N 82° 05' 28" E			
L30	12.89'	N 38° 00' 27" E	L70	46.22'	N 68° 01' 08" E			
L31	134.89'	N 16° 31' 23" E	L71	43.93'	N 54° 09' 57" E			
L32	14.54'	N 00° 12' 44" W	L72	118.25'	N 46° 29' 59" E			
L33	550.59'	N 16° 51' 06" E	L73	37.14'	N 57° 47' 27" E			
L34	49.32'	N 13° 58' 00" E	L74	31.27'	N 64° 19' 59" E			
L35	49.92'	N 10° 13' 18" E	L75	39.77'	N 79° 06' 46" E			
L36	80.88'	N 06° 42' 24" E	L76	32.63'	S 85° 49' 26" E			
L37	100.56'	N 00° 53' 10" E	L77	32.84'	S 72° 12' 44" E			
L38	69.48'	N 04° 54' 00" W	L78	30.64'	S 59° 00' 58" E			
L39	40.06'	N 08° 22' 28" W	L79	279.06'	S 46° 26' 20" E			
L40	100.41'	N 12° 41' 56" W	L80	59.88'	S 38° 54' 19" E			



THE BASIS OF THIS SURVEY IS THE 1983 NATIONAL SYSTEM OF MATHS. THE COORDINATES SHOWN HEREIN ARE GCSNAD 83 AND MAY BE CONSIDERED TO BE 6.3 BY 100 FEET. THE COMBINED MEASUREMENT ERROR IS 1:60021000. ALL DISTANCES HEREIN ARE SURFACE DISTANCES.

WEISSER Engineering Co.
 19500 Park Row, Suite 100
 Houston, Texas 77064
 (281) 579-7500
 FAX: (281) 579-7501

SKETCH OF A
 220.259-ACRE (9,594,479 SQ. FT.) TRACT SITUATED
 IN THE POLLY & CHANCE SURVEY, A-119 BRAZORIA
 COUNTY, TEXAS

Copyright 2012 Weisser Engineering Company, Inc.
 DRAWN BY: BB CALCULATED BY: MB SCALE: 1" = 300'
 C.D. No. CHECKED BY: MB / J.Y. SHEET: 01 OF 01
 CREW CHIEF: MB DATE: 03/09/17 JOB NO.: P0594

EXHIBIT 2
DESCRIPTION AND LOCATION OF LAND

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

DESCRIPTION OF A

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

BEING a 220-.259-acre (9,594,479 sq. ft.) tract of land situated in the Polly and Chance League, Abstract Number 119, Brazoria County, Texas and being part of a called 1,830-acre tract of land and part of a called 1 acre tract of land, both conveyed to Phillips 66 Company by deed recorded under Brazoria County Clerk's File No. (B.C.C.F. No.) 2012021275 of the Official Records of Brazoria County (O.R.B.C.). Said 220.259-acre tract being more particularly described by metes and bounds as follows, with the basis of bearings being the Texas Coordinate System, South Central Zone No. 4204 (NAO 83); the coordinates shown herein are grid and may be converted to surface by applying the combined adjustment factor of 1.00012398336997. All distances herein are surface distances;

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

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

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

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

- 1.) South 84° 08' 51" West- 187.63 feet;
- 2.) South 72° 27' 00" West - 269.54 feet;
- 3.) South 36° 55' 37" West- 151.58 feet;
- 4.) South 66° 21' 36" West - 355.54 feet;
- 5.) North 67° 42' 26" West - 137.53 feet;
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19500 Park Row, Suite 100

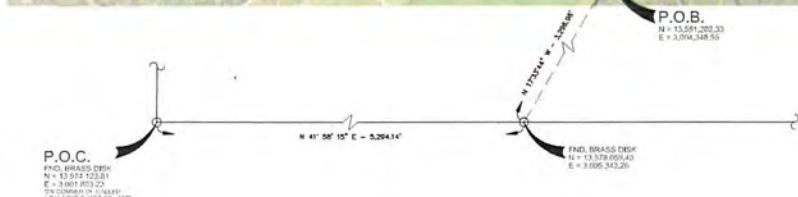
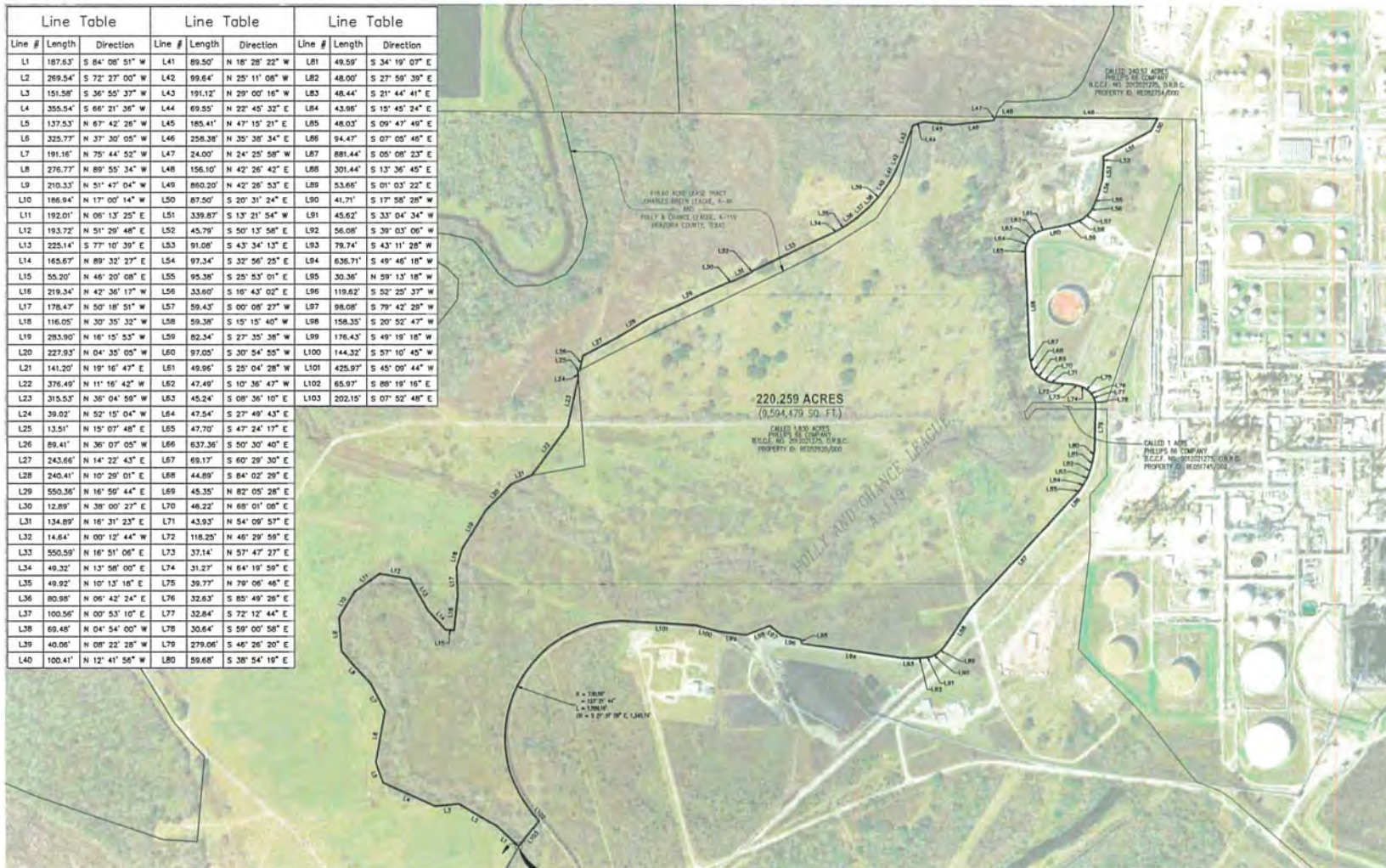
Houston, Texas 77084 TBPLS Reg. No. 100518-00 TBPE Reg. No.: F-68

Job No.: P0594

Date: 03/09/2017



Line Table		Line Table		Line Table	
Line #	Length	Direction	Line #	Length	Direction
L1	187.63'	S 84° 08' 51" W	L41	89.50'	N 18° 28' 22" W
L2	269.54'	S 72° 27' 00" W	L42	99.64'	N 25° 11' 08" W
L3	151.58'	S 36° 55' 37" W	L43	191.12'	N 29° 00' 16" W
L4	355.94'	S 66° 21' 36" W	L44	69.55'	N 22° 45' 32" E
L5	137.53'	N 67° 42' 26" W	L45	165.41'	N 47° 15' 21" E
L6	325.77'	N 37° 30' 05" W	L46	258.38'	N 35° 38' 34" E
L7	191.16'	N 75° 44' 52" W	L47	24.00'	N 24° 25' 58" W
L8	276.77'	N 89° 55' 34" W	L48	156.10'	N 42° 26' 42" E
L9	210.33'	N 51° 47' 04" W	L49	860.20'	N 42° 26' 53" E
L10	186.94'	N 17° 00' 14" W	L50	87.50'	S 20° 31' 24" E
L11	192.01'	N 06° 13' 25" E	L51	339.87'	S 13° 21' 54" W
L12	193.72'	N 51° 29' 48" E	L52	45.79'	S 50° 13' 56" E
L13	225.14'	S 77° 10' 39" E	L53	91.06'	S 43° 34' 13" E
L14	165.67'	N 89° 32' 27" E	L54	97.34'	S 32° 56' 25" E
L15	55.20'	N 46° 20' 08" E	L55	95.38'	S 25° 53' 01" E
L16	219.34'	N 42° 36' 17" W	L56	33.60'	S 16° 43' 02" E
L17	178.47'	N 50° 18' 51" W	L57	56.43'	S 00° 08' 27" W
L18	116.05'	N 30° 35' 32" W	L58	59.36'	S 15° 15' 40" W
L19	283.90'	N 16° 15' 53" W	L59	82.34'	S 27° 25' 28" W
L20	227.93'	N 04° 35' 05" W	L60	97.05'	S 30° 54' 25" W
L21	141.20'	N 19° 16' 47" E	L61	49.96'	S 25° 04' 28" W
L22	376.49'	N 11° 16' 42" W	L62	47.49'	S 10° 36' 47" W
L23	315.53'	N 36° 04' 59" W	L63	45.24'	S 08° 36' 10" E
L24	39.02'	N 52° 15' 04" W	L64	47.54'	S 27° 49' 43" E
L25	13.51'	N 15° 07' 48" E	L65	47.70'	S 47° 24' 17" E
L26	89.41'	N 36° 07' 05" W	L66	637.36'	S 50° 30' 40" E
L27	243.66'	N 14° 22' 43" E	L67	69.17'	S 60° 29' 30" E
L28	240.41'	N 10° 29' 01" E	L68	44.89'	S 84° 02' 29" E
L29	550.36'	N 16° 59' 44" E	L69	45.35'	N 82° 05' 28" E
L30	12.89'	N 38° 00' 27" E	L70	46.22'	N 68° 01' 06" E
L31	134.89'	N 16° 31' 23" E	L71	43.93'	N 54° 09' 57" E
L32	14.64'	N 00° 12' 44" W	L72	116.25'	N 46° 29' 59" E
L33	550.59'	N 16° 51' 06" E	L73	37.14'	N 57° 47' 27" E
L34	49.32'	N 13° 56' 00" E	L74	31.27'	N 64° 19' 59" E
L35	49.92'	N 10° 13' 16" E	L75	36.77'	N 79° 06' 46" E
L36	80.98'	N 06° 42' 24" E	L76	32.63'	S 85° 49' 26" E
L37	100.56'	N 00° 53' 10" E	L77	32.84'	S 72° 12' 44" E
L38	69.48'	N 04° 54' 00" W	L78	30.64'	S 56° 00' 56" E
L39	40.98'	N 08° 22' 28" W	L79	279.06'	S 46° 26' 20" E
L40	100.41'	N 12° 41' 56" W	L80	59.68'	S 38° 54' 16" E



THE BASIS OF BEARINGS BEING THE TEXAS COORDINATE SYSTEM, SOUTH OF THE CENTRAL ZONE, NO. 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

WEISSER Engineering Co.
19505 Park Row, Suite 100
Houston, Texas 77064
(281) 579-7300
www.weisser-engineering.com

SKETCH OF A
220.259-ACRE (0.594,479 SQ. FT.) TRACT SITUATED
IN THE POLLY & CHANCE SURVEY, A-119 BRAZORIA
COUNTY, TEXAS

01 - Expedite 2017 Weisser Engineering Company, Inc.

DRAWN BY: MB CALCULATED BY: MB SCALE: 1" = 300'

P.E. No.: CHECKED BY: MB / JCT SHEET 01 OF 01

CREW CHIEF: MB DATE: 03/09/17 JOB No: P0594

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

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

The proposed site is within Brazoria County Reinvestment Zone 7 for Phillips 66, approved by the Brazoria County Commissioners' Court on February 28, 2017. Similar to Fractionators 2 and 3, Fractionator #4 would be largely a standalone facility with some support and integration synergies with the Refinery. While specific design details involving integration with the Sweeny Refinery have not been fully defined, those synergies are primarily utilities (i.e. power) and connection to a flare stack that runs from the Refinery through Fractionators 2, 3 and this proposed Fractionator. Other assets that could be integrated with the proposed project include pipelines to the Clemens Storage Facility and to the Freeport Terminal.

Qualified Investment includes the following equipment and operating systems:

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

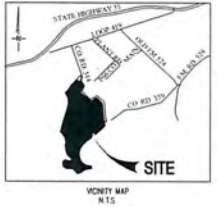
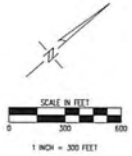
Refrigerant Compressor
Waste Water Treatment
Water Purification

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

EXHIBIT 4

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

-
- Qualified Investment includes the following equipment and operating systems:
-
- Air Cooling Exchangers
- Amine System
- Control Room and Building
- Control System
- Control Valves
- Electrical and Instrumentation
- Fire Protection/Deluge System
- Flare System
- Fractionation Columns
- Gasoline Treatment
- Heat Exchangers
- Heat Pump Compressors
- Instrument Air Package and Supply System
- Manifolds and Pipelines
- Nitrogen Skid
- Piping
- Power Substation
- Process Air Package and Supply System
- Pumps
- Refrigerant Compressor
- Waste Water Treatment
- Water Purification
-
- The land on which the new buildings and new improvements will be built, is not being claimed as part of the qualified property described by §313.021(2)(A).



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

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

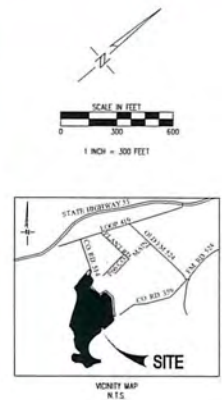
DRAWING NO.	REFERENCE

DRAWN BY	RDP	11/2018
DRAWN BY		
DRAWN BY		
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DRAWN BY		
DRAWN BY		
DRAWN BY		
DRAWN BY		

APPROVED FOR CONSTRUCTION
BY _____ DATE _____



JOB NO. C-1683			
S&B ENGINEERS and CONSTRUCTORS, LTD. HOUSTON, TEXAS			
ABATEMENT			
SWEENEY FRAC 4 PROJECT			
FRAC 4 WITH FRAC 2/3 AND COMMONS			
NAME OF OWNER PHILLIPS 66			
LOCATION OF PROJECT SWEENEY REFINERY, OLD OCEAN, TX.			
JOB NO. C-1683	ENGINEER	SCALE 1" = 300'-0"	REV. A
SK-C1683-4000-0013			



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

REFERENCE



S&B
ENGINEERS and
CONSTRUCTORS
HOUSTON, TEXAS

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

EXHIBIT 5
AGREEMENT SCHEDULE

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
Pre-Limitation Period	Partial Year Beginning on the Date Agreement Signed (7/9/2019)	January 1, 2019	2019-2020	2019	Agreement Signed (7/9/2019). No limitation on appraised value. Qualifying Time Period Deferred until January 2, 2020
	0	January 2, 2020	2020-2021	2020	Qualifying Time Period. No limitation on appraised value.
	1	January 1, 2021	2021-2022	2021	Qualifying Time Period. No limitation on appraised value.
	2	January 1, 2022	2022-2023	2022	Qualifying Time Period. No limitation on appraised value.
Limitation Period (10 Years)	1	January 1, 2021	2021-2022	2021	\$30 million appraised value limitation.
	2	January 1, 2022	2022-2023	2022	\$30 million appraised value limitation.
	3	January 1, 2023	2023-2024	2023	\$30 million appraised value limitation.
	4	January 1, 2024	2024-2025	2024	\$30 million appraised value limitation.
	5	January 1, 2025	2025-2026	2025	\$30 million appraised value limitation.
	6	January 1, 2026	2026-2027	2026	\$30 million appraised value limitation.
	7	January 1, 2027	2027-2028	2027	\$30 million appraised value limitation.
	8	January 1, 2028	2028-2029	2028	\$30 million appraised value limitation.
	9	January 1, 2029	2029-2030	2029	\$30 million appraised value limitation.
	10	January 1, 2030	2030-2031	2030	\$30 million appraised value limitation.
Maintain Viable Presence	11	January 1, 2031	2031-2032	2031	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
(5 Years)	12	January 1, 2032	2032-2033	2032	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	13	January 1, 2033	2033-2034	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	14	January 1, 2034	2034-2035	2034	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	15	January 1, 2035	2035-2036	2035	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

July 9, 2019

President and Members
Board of Trustees
Sweeny Independent School District
1310 North Elm Street
Sweeny, Texas 77480

Re: Recommendations and Findings of the Firm Concerning the Application of Phillips 66 Company (#1334) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Sweeny Independent School District, with respect to the pending Application of Phillips 66 Company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

Because of the foregoing, it is our recommendation that the Board of Trustees approve the Application of Phillips 66 Company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel T. Casey".

Daniel T. Casey
Partner

www.moakcasey.com

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH
BENJAMIN CASTILLO

July 9, 2019

President and Members
Board of Trustees
Sweeny Independent School District
1310 North Elm Street
Sweeny, Texas 77480

Re: Recommendations and Findings of the Firm Concerning Application of Phillips 66 Company (#1334) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Sweeny Independent School District, with respect to the pending Application of Phillips 66 Company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Phillips 66 Company. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Phillips 66 Company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", with a stylized flourish at the end.

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

July 2, 2019

Dr. Tory Hill
Superintendent
Sweeny Independent School District
1310 North Elm Street
Sweeny, Texas 77480

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sweeny Independent School District and Phillips 66 Company, Application 1334

Dear Superintendent Hill:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sweeny Independent School District and Phillips 66 Company (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-6053, or at 512-463-6053.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Kevin O'Hanlon, O'Hanlon, Demerath & Castillo
Chris Cisneros, Phillips 66 Company
Bob Adair, Phillips 66 Company
Sam Gregson, Cummings Westlake, LLC

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.

Attachment K

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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July 9, 2019

Dr. Tory C. Hill, Superintendent and
Members of the Board of Trustees
Sweeny Independent School District
1310 N. Elm Street
Sweeny, Texas 77480

Mr. Dan Casey
Moak, Casey & Associates
901 S. Mopac Expwy., Bldg. III, Suite 310
Austin, Texas 78746

Re: Implementation Issues concerning House Bill 3 and the effect of 2018-19
Hold Harmless/Indemnity payments made to Sweeny ISD by Chevron Phillips
Chemical Company LP (Texas Comptroller Application Numbers 281 and 283)
and The Phillips 66 Company (Texas Comptroller Application Number 286)

Dear Dr. Hill, Trustees, and Mr. Casey:

In this letter we will review some of the technical and legal issues arising out of the implementation of the recently enacted House Bill 3. This letter will focus upon the requirements relating to the calculation of the minimum raise requirements contained in Bill Section 1.021 which adds a new Tex. Educ. Code §§ 48.051(c) and (d), as follows:

(c) During any school year for which the maximum amount of the basic allotment provided under Subsection (a) or (b) is greater than the maximum amount provided for the preceding school year, a school district must use at least 30 percent of the amount, if the amount is greater than zero, that equals the product of the average daily attendance of the district multiplied by the amount of the difference between the district's funding under this chapter per student in average daily attendance for the current school year and the preceding school year to provide compensation increases to full-time district employees other than administrators as follows:

- (1) 75 percent must be used to increase the compensation paid to classroom teachers, full-time librarians, full-time school counselors certified under Subchapter B, Chapter 21, and full-time school nurses, prioritizing differentiated compensation for classroom teachers with more than five years of

- experience; and
(2) (2) 25 percent may be used as determined by the district to increase compensation paid to full-time district employees

(d) In this section, "compensation" includes benefits such as insurance premiums.

Under this provision, school districts are directed to calculate the amount of new revenue available to the district due to changes in the Basic Allotment described in Tex. Educ. Code §§ 48.051(a) and distribute the required percentage of those increases to its employees. These legal provisions do not make any general references to Chapter 313 of the Texas Tax Code. (The only references to Chapter 313 in Chapter 48 of the Education Code relate to Additional State Aid for Tax Credits (Sec. 48.254), which is a reimbursement issue, and the DPV Adjustments for Chapter 313 Agreements (Sec. 48.256(d), which addresses a methodology issue.) Neither do they provide instruction to local school districts as to how to account for any revenue-protection payments made to school district under a Chapter 313 Tax Limitation Agreement.

In the case of Sweeny ISD, the accounting for Chapter 313 Revenues is no small matter. For the 2018-19 school year, this letter will constitute an acknowledgement of receipt by Sweeny ISD was entitled to and did receive payments from three active Chapter 313 Agreements as follows¹:

Company Name	Agreement No.	Indemnity Amt.	Supplemental Pymt. Amt.
Chevron Phillips	281	\$3,681,031	\$273,552
Chevron Phillips	283	\$4,025,126	\$299,102
Phillips 66	286	\$370,478	\$234,762
TOTAL		\$8,076,635	\$807,416

We have reviewed the Texas Education Agency guidance listed at its website as of the current date. We note the following guidance with respect to the 2018-18 school year:

1. 2018-2019: In determining the funding per student in average daily attendance for the 2018-2019 school year, a school district should include the total state aid provided under Chapter 42, and total maintenance and operations (M&O) taxes collected during that school year, less any recapture owed under Chapter 41 for that school year.

¹ Copies of the Moak, Casey calculation letters, each dated October 21, 2018 are attached for reference.

The guidance continues as follows:

3. Although the agency is providing proxies, the legal responsibility for determining accurate revenue estimates rests with each individual school district and charter school, which should consult with their attorneys when making their own estimates of revenue provided under the bill.

Based upon the foregoing instructions, and in accordance with the express language contained within the provisions of each of the above-referenced Chapter 313 Agreements, it is the legal opinion of our firm that Indemnity Payments, in the amount of \$8,076,635 which were received by Sweeny ISD during the 2018-2019 school year under the three listed Agreements, should be included in calculating the levels of funding per student in average daily attendance the preceding school year required by Tex. Educ. Code § 48.051(c).

We have arrived at this conclusion based upon the following:

1. Each of the three Agreements contained the following provision, set forth at Section 3.2 of each of the respective Agreements:

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District

actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection ii, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

These calculations were to be made for each year of each Agreement determined in compliance with the Applicable School Finance Law which was defined as:

"Applicable School Finance Law" means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to

the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

The clear import of these two provisions is to ensure, for each year of each Tax Limitation Agreement, that Sweeny ISD would suffer no loss in its M&O revenues for any year of that agreement. The purpose and effect of the language was to ensure that the indemnity provisions provided surrogate revenues to, as is the case with any indemnity payment, cover any shortfall in aggregate district revenue for the year at issue.

The Section 3.2 payments are fundamentally different from the additional payments made to the district as "supplemental Payments" in accordance with Tex. Tax Code § 313.027(i). Those payments made under the separate Article IV of each agreement are not surrogate tax indemnity payments. They were intended to be on top of the school finance system. As such, those payments should be considered to be outside of the calculations required by Tex. Educ. Code § 48.051(c) for any year of any of the Agreements.

In sum, and for the reasons set forth herein, it is the firm's legal opinion that Agreement Section 3.2 Indemnity Payments made and actually received by Sweeny ISD during the 2018-19 school year in the amount of \$8,076,635 should be added to other State and Local revenue under Chapter 42, and total maintenance and operations (M&O) taxes collected during that school year in the process of determining actual per ADA M&O Revenues for the 2018-19 school year. Also, for the reasons set forth herein, Supplemental Payment revenues should be excluded from the required calculations for each year.

Please contact me if you have any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", with a stylized flourish at the end.

Kevin O'Hanlon
Special Counsel
Sweeny ISD