

**FINDINGS OF THE SWEENEY
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
PHILLIPS 66 COMPANY (#1185)**



October 10, 2017

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THE PHILLIPS 66 COMPANY, LLC (#1185)

STATE OF TEXAS §

COUNTY OF BRAZORIA §

On the 10th day of October 2017, 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 April 11, 2017, 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. A copy of the Application, as amended, is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 132716527026), 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. On June 9, 2017, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on August 7, 2017 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**.

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:

The Phillips 66 Company is requesting an appraised value limitation from Sweeny ISD for a manufacturing project that will include construction of a natural gas liquids (NGL) fractionation facility.

Property used for manufacturing is eligible for a limitation under §313.024(e)(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 found within the Comptroller's Certificate, Attachment C, included with these findings).

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 found within the Comptroller's Certificate, Attachment C, included with these findings).

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 B, the Board finds that 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, Applicant has committed to creating twelve (12) new qualifying jobs. The average salary level of qualifying jobs will be at least \$60,484 per year. The review of the application by the Comptroller's 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 all non-qualifying jobs the Applicant should create the Applicant will be required to pay at least the county average wage of \$56,135 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 \$1.1 billion to the tax base for debt service purposes at the peak investment level for the 2021-22 school year. The project remains fully taxable for debt services taxes, with the District currently levying a \$0.1717 per \$100 I&S rate. While the value of the Project is expected to depreciate over the life of the agreement and beyond, full access to the additional value is expected to increase the District's projected I&S taxable value well above the level available through the state's facility programs. As a result, local taxpayers should benefit from the addition of the Project to the local I&S tax roll.

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 CCG (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 CCG (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 2015 Final Findings made under Subchapter M, Chapter 403, Government Code, industrial property in the District totals \$1.48 billion. (See Attachment E.) The District is categorized as Subchapter C. 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. 132716527026) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 132716527026), 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 a revenue loss in the first and possibly subsequent years that the value limitation is in effect without the proposed Agreement. 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 <http://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 Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.

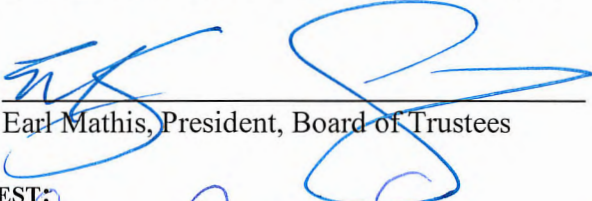
Board Finding Number 19.

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.

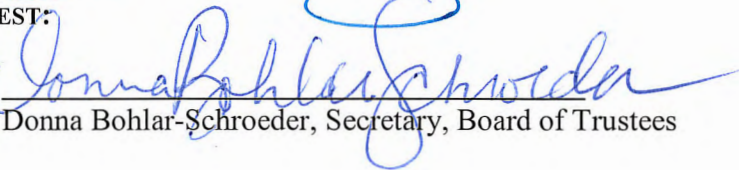
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this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

Dated the 10th day of October 2017.

SWEENY INDEPENDENT SCHOOL DISTRICT

By: 
Earl Mathis, President, Board of Trustees

ATTEST:

By: 
Donna Bohlar-Schroeder, Secretary, Board of Trustees

Attachment A

Application

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE McCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

April 19, 2017

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

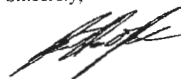
RE: Application to the Sweeny Independent School District from Phillips 66 Company

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Sweeny Independent School District is notifying Phillips 66 Company of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant submitted the Application to the school district on April 11, 2017. The Board voted to accept the application on April 12, 2017. The application has been determined complete as of April 19, 2017. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. Please prepare the economic impact report.

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

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Brazoria County Appraisal District
Phillips 66 Company

PHILLIPS 66 COMPANY

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

COMPTROLLER

PHILLIPS 66 COMPANY
 Chapter 313 Application to Sweeny ISD
 Cummings Westlake, L.L.C.

TAB 1

Pages 1 through 9 of application.

**ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
 BY PHILLIPS 66 COMPANY TO SWEENY ISD**



Economic Development
 and Analysis
Form 50-296-A

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

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 G.

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 usage standards may also be found at that site.

SECTION 1: School District Information

**1. Authorized School District Representative
 April 11, 2017**

Date Application Received by District _____

Tory _____ Hill _____

First Name Last Name

Superintendent _____

Title _____

Sweeny Independent School District City

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

Mobile Number (optional) TCHill@sweenyisd.org

Email Address _____

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

The Economic Development and Analysis Division at the Texas Comptroller of Public Accounts provides information and resources for taxpayers and local taxing entities.

For more information, visit our website:
www.TexasAhead.org/tax_programs/chapter313/
 50-296-A • 03-14-12

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Dan Casey
First Name Last Name
Partner
Title
Moak Casey & Associates
Firm Name
512-485-7878 512-485-7888
Phone Number Fax Number
512-428-8682 dcasey@moakcasey.com
Mobile Number (optional) Email Address

- 4. On what date did the district determine this application complete? 4/19/17
5. Has the district determined that the electronic copy and hard copy are identical? [X] Yes [] No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Chris Cisneros
First Name Last Name
Property Tax Senior Advisor
Title
2331 CityWest Boulevard, Houston, TX 77042
Street Address
1075 N. Sam Houston N., Suite 200
Mailing Address
Houston TX 77043
City State ZIP
832-765-4112 832-765-9806
Phone Number Fax Number
346-217-5208 Chris.G.Cisneros@p66.com
Mobile Number (optional) Business Email Address

- 2. Will a company official other than the authorized company representative be responsible for responding to future information requests? [X] 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
Title
2331 CityWest Boulevard, Houston, TX 77042
Street Address
1075 N. Sam Houston N., Suite 200
Mailing Address
Houston TX 77043
City State ZIP
832-765-1419 918-977-9431
Phone Number Fax Number
281-235-6558 Bob.Adair@p66.com
Mobile Number (optional) Business Email Address

- 3. Does the applicant authorize the consultant to provide and obtain information related to this application? [X] 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? [X] 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 [X] 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 [X] 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? [X] Yes [] No
4a. If yes, please list application number, name of school district and year of agreement

App# 286, Sweeny ISD, 2016; App#1100, Sweeny ISD, 2017

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)? [X] 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? [X] Yes [] No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? [X] 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 1717?
2. The property will be used for one of the following activities:
(1) manufacturing
(2) research and development
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology
(7) nuclear electric power generation
(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)
(9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051
3. Are you requesting that any of the land be classified as qualified investment?
4. Will any of the proposed qualified investment be leased under a capitalized lease?
5. Will any of the proposed qualified investment be leased under an operating lease?
6. Are you including property that is owned by a person other than the applicant?
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?

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?
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?
3. Does the applicant have current business activities at the location where the proposed project will occur?
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?
5. Has the applicant received any local or state permits for activities on the proposed project site?
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?
7. Is the applicant evaluating other locations not in Texas for the proposed project?
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?
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?

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: September 2017
2. Commencement of construction: 1Q 2019
3. Beginning of qualifying time period: January 2, 2018
4. First year of limitation: 2021
5. Begin hiring new employees: Q1 2020
6. Commencement of commercial operations: Q2 2020
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)?
8. When do you anticipate the new buildings or improvements will be placed in service? Q2 2020

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?
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, 492020, 100%
Hospital District: Seaway Hospital Dist., 537302, 100%
Other (describe): W Brazoria Co Drainage Dist., 02, 100%
5. Is the project located entirely within the ISD listed in Section 11?
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)?

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
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)?
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?

SECTION 12: Qualified Property

- 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:
 - 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);
 - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 9); and
 - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
- 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
 - If yes, attach complete documentation including:
 - legal description of the land (Tab 9);
 - 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);
 - owner (Tab 9);
 - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - a detailed map showing the location of the land with vicinity map (Tab 11).
- 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
 - If yes, attach the applicable supporting documentation:
 - evidence that the area qualifies as an enterprise zone as defined by the Governor's Office (Tab 10);
 - legal description of reinvestment zone (Tab 10);
 - order, resolution or ordinance establishing the reinvestment zone (Tab 10);
 - guidelines and criteria for creating the zone (Tab 10); and
 - a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 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

- 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.
- 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 annexed 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).
- 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:
 - maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - other information of sufficient detail and description.
- Total estimated market value of existing property (that property described in response to question 1): \$ **0.00**
- 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.
- 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(f). Such property cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

- What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? **0**
- What is the last complete calendar quarter before application review start date:

First Quarter Second Quarter Third Quarter Fourth Quarter of **2017** (year)
- What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? **4,086**
 Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
- What is the number of new qualifying jobs you are committing to create? **10**
- What is the number of new non-qualifying jobs you are estimating you will create? **0**
- 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
 - 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.
- 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).
 - Average weekly wage for all jobs (all industries) in the county is **1,083.00**
 - 110% of the average weekly wage for manufacturing jobs in the county is **2,372.00**
 - 110% of the average weekly wage for manufacturing jobs in the region is **1,163.00**
- 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)
- What is the minimum required annual wage for each qualifying job based on the qualified property? **60,484.00**
- What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? **60,484.00**
- Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
- 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
 - If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to §313.021(3)(F).
- 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
 - If yes, attach in Tab 8 supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

- 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.
- Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in Tab 15. (not required)
- 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.

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

Print Name (Authorized School District Representative)

Title

sign here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here

Chris. G. Cisneros
Print Name (Authorized Company Representative (Applicant))

Property Tax Senior Advisor
Title

sign here

Signature (Authorized Company Representative (Applicant))

Date

GIVEN under my hand and seal of office this, the

day of

Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires:

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.

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 (if applicable)
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 (if applicable)
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 (if applicable)
11	Maps that clearly show: <ul style="list-style-type: none"> a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information (if applicable)
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)
15	Economic Impact Analysis, other payments made in the state or other economic information (if applicable)
16	Description of Reinvestment or Enterprise Zone, including: <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * 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 (applicant)

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, LLC

TAB 2

Proof of Payment of Application Fee

The Application Fee was paid via Electronic Funds Transfer. An Electronic Funds Transfer (Reference Number 22000370772017) of \$75,000 payable to Sweeny ISD was sent by Phillips 66 and received by Sweeny ISD on March 23, 2017.

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)*

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, L.L.C.

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

TX233PD1 F5.00 02

TX2016 05-166
Ver. 7.0 (Rev. 9-15/16)

Texas Franchise Tax Affiliate Schedule



Tcode 13253 Annual

Reporting entity taxpayer number 13716527026
 Report year 2016
 Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedules. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate	2. Affiliate taxpayer number (if none, use FEI number)	3. Affiliate NAICS code	
PHILLIPS 66 COMPANY	13716527026	324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 83651884394 .00	
10. Gross receipts in Texas (before eliminations) 18379864793 .00		11. Cost of goods sold or compensation (before eliminations) 76532410555 .00	
DOUGLAS STATIONS, INC.	952371340	531190	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00	
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00	
ASAMERA OIL (U.S.) INC.	840239892	551112	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 427480 .00	
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 228795 .00	

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner/. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY BY PHILLIPS 66 COMPANY TO SWEENEY ISD

Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate DOUGLAS OIL COMPANY OF CALIFORNIA		2. Affiliate taxpayer number (if none, use FEI number) 19521247346		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 152594.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 180.00			
1. Legal name of affiliate KAYO OIL COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 16206099638		3. Affiliate NAICS code 447100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) -290734.00			
10. Gross receipts in Texas (before eliminations) -401362.00		11. Cost of goods sold or compensation (before eliminations) 23764.00			
1. Legal name of affiliate PHILLIPS 66 SWEENEY COGEN GP, INC.		2. Affiliate taxpayer number (if none, use FEI number) 32058513568		3. Affiliate NAICS code 221100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 60.00			

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Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips Utility Gas Corporation		2. Affiliate taxpayer number (if none, use FEI number) 17314899778		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 3972.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 36012.00			
1. Legal name of affiliate PHILLIPS 66 COMMUNICATIONS INC.		2. Affiliate taxpayer number (if none, use FEI number) 32046236942		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 48.00			
1. Legal name of affiliate PHILLIPS 66 PROJECT DEVELOPMENT INC.		2. Affiliate taxpayer number (if none, use FEI number) 32053063080		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 74650326.00			
10. Gross receipts in Texas (before eliminations) 66830772.00		11. Cost of goods sold or compensation (before eliminations) 451054258.00			

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Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

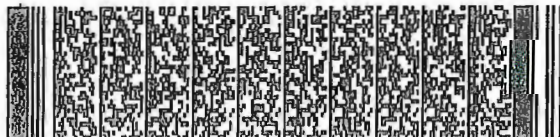
Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PHILLIPS 66		2. Affiliate taxpayer number (if none, use FEI number) 453779385		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 1171807722 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate RED LINE SYNTHETIC OIL CORPORATION		2. Affiliate taxpayer number (if none, use FEI number) 942544260		3. Affiliate NAICS code 441300	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 083115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 14239681 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 8969410 .00			
1. Legal name of affiliate LIFE AUTOMOTIVE PRODUCTS, INC.		2. Affiliate taxpayer number (if none, use FEI number) 32033834782		3. Affiliate NAICS code 441300	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 083115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 6675615 .00			
10. Gross receipts in Texas (before eliminations) 311763 .00		11. Cost of goods sold or compensation (before eliminations) 4461669 .00			

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Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate SPECTRUM LUBRICANTS CORP.		2. Affiliate taxpayer number (if none, use FEI number) 522235555		3. Affiliate NAICS code 424700	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 083115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 78113930 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 58819588 .00			
1. Legal name of affiliate SPECTRUM COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 205785103		3. Affiliate NAICS code 424700	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 083115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate PHILLIPS 66 STILLWATER RETAIL CORPORATION		2. Affiliate taxpayer number (if none, use FEI number) 320448702		3. Affiliate NAICS code 447100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 100 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner/. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Spectrum Corporation		2. Affiliate taxpayer number (if none, use FEI number) 32057042361		3. Affiliate NAICS code 424700	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 40539262 .00			
10. Gross receipts in Texas (before eliminations) 1891925 .00		11. Cost of goods sold or compensation (before eliminations) 36843221 .00			
1. Legal name of affiliate SEAGAS PIPELINE COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 17360920528		3. Affiliate NAICS code 221210	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 286276 .00			
10. Gross receipts in Texas (before eliminations) 283374 .00		11. Cost of goods sold or compensation (before eliminations) 453849 .00			
1. Legal name of affiliate PHILLIPS GAS COMPANY SHAREHOLDER, INC.		2. Affiliate taxpayer number (if none, use FEI number) 731575437		3. Affiliate NAICS code 551112	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 7574193 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 21674 .00			

If reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner list. Information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PHILLIPS GAS COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 17313954822		3. Affiliate NAICS code 221210	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 5429529 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 63435 .00			
1. Legal name of affiliate PHILLIPS GAS PIPELINE COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 17312163276		3. Affiliate NAICS code 221210	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 22434 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 59395 .00			
1. Legal name of affiliate BVLIC, INC.		2. Affiliate taxpayer number (if none, use FEI number) 860982270		3. Affiliate NAICS code 531390	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 2313 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 4567 .00			

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Texas Franchise Tax Affiliate Schedule



TCODE 13253 Annual

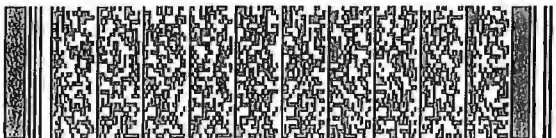
Reporting entity taxpayer number: 13716527026
Report year: 2016
Reporting entity taxpayer name: PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate C.S. LAND, INC.		2. Affiliate taxpayer number (if none, use FEI number) 860907850		3. Affiliate NAICS code 531390	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 3964884.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 546625.00			
1. Legal name of affiliate R.A.Z. PROPERTIES, INC.		2. Affiliate taxpayer number (if none, use FEI number) 861029118		3. Affiliate NAICS code 531390	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 662.00			
1. Legal name of affiliate WESTTEX 08 PIPELINE COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 17314389317		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 10875651.00			
10. Gross receipts in Texas (before eliminations) 1869437.00		11. Cost of goods sold or compensation (before eliminations) 5039972.00			

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Texas Franchise Tax Affiliate Schedule



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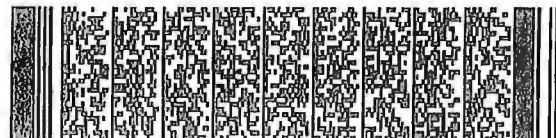
Reporting entity taxpayer number: 13716527026
Report year: 2016
Reporting entity taxpayer name: PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate FOUR STAR BEVERAGE COMPANY, INC.		2. Affiliate taxpayer number (if none, use FEI number) 17421457809		3. Affiliate NAICS code 447100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 258.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate FOUR STAR HOLDING COMPANY, INC.		2. Affiliate taxpayer number (if none, use FEI number) 17315440044		3. Affiliate NAICS code 447100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate SWEENEY FUNDING CORP.		2. Affiliate taxpayer number (if none, use FEI number) 731580417		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			

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Texas Franchise Tax Affiliate Schedule

Code 13253 Annual

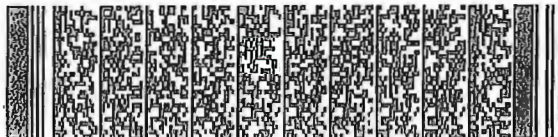
Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PIONEER INVESTMENTS CORP		2. Affiliate taxpayer number (if none, use FEI number) 730607073		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 23000000 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 36 .00			
1. Legal name of affiliate PIONEER PIPELINE COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 731363147		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 38090430 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 15246587 .00			
1. Legal name of affiliate SALT LAKE TERMINAL COMPANY		2. Affiliate taxpayer number (if none, use FEI number) 731363146		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 6204556 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 1405729 .00			

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Texas Franchise Tax Affiliate Schedule

Code 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PHILLIPS 66 PIPE LINE LLC		2. Affiliate taxpayer number (if none, use FEI number) 17301962209		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 396409545 .00			
10. Gross receipts in Texas (before eliminations) 2352038 .00		11. Cost of goods sold or compensation (before eliminations) 323857488 .00			
1. Legal name of affiliate 66 Pipeline LLC		2. Affiliate taxpayer number (if none, use FEI number) 731511369		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 228559 .00			
1. Legal name of affiliate Phillips Texas Pipeline Company Ltd		2. Affiliate taxpayer number (if none, use FEI number) 17315113302		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 91810230 .00			
10. Gross receipts in Texas (before eliminations) 29763 .00		11. Cost of goods sold or compensation (before eliminations) 54628787 .00			

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Texas Franchise Tax Affiliate Schedule



TCODE 13253 Annual

Reporting entity taxpayer number

13716527026

Report year

2016

Reporting entity taxpayer name

PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PHILLIPS CHEMICAL HOLDINGS LLC		2. Affiliate taxpayer number (if none, use FEI number) 760580559		3. Affiliate NAICS code 325900	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 48052 .00	
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 30784 .00			
1. Legal name of affiliate SWEENEY COKER, LLC		2. Affiliate taxpayer number (if none, use FEI number) 15221278490		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00	
10. Gross receipts in Texas (before eliminations) -606216 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MEREY SWEENEY, LP		2. Affiliate taxpayer number (if none, use FEI number) 32001521403		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 204336945 .00	
10. Gross receipts in Texas (before eliminations) 20 .00		11. Cost of goods sold or compensation (before eliminations) 82385639 .00			

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Texas Franchise Tax Affiliate Schedule



TCODE 13253 Annual

Reporting entity taxpayer number

13716527026

Report year

2016

Reporting entity taxpayer name

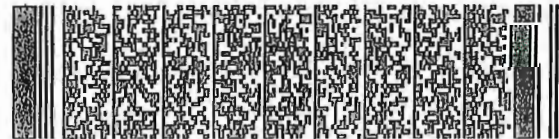
PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PHILLIPS 66 SWEENEY COGEN LP LLC		2. Affiliate taxpayer number (if none, use FEI number) 13004426261		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00	
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 120 .00			
1. Legal name of affiliate PHILLIPS 66 WRB PARTNER LLC		2. Affiliate taxpayer number (if none, use FEI number) 13838289612		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 259022 .00	
10. Gross receipts in Texas (before eliminations) 258088 .00		11. Cost of goods sold or compensation (before eliminations) 2652 .00			
1. Legal name of affiliate Phillips 66 Aviation LLC		2. Affiliate taxpayer number (if none, use FEI number) 32048891769		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 14136676 .00	
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 33123323 .00			

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Texas Franchise Tax Affiliate Schedule



Teode 13253 Annual

Reporting entity taxpayer number Report year Reporting entity taxpayer name

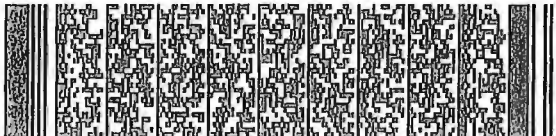
13716527026 2016 PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PHILLIPS 66 POWER MARKETING LLC		2. Affiliate taxpayer number (if none, use FEI number) 32058519136		3. Affiliate NAICS code 324110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Phillips 66 Developments L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 32015300026		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Phillips 66 Partners GP LLC		2. Affiliate taxpayer number (if none, use FEI number) 32050294324		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 17228 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 1794400 .00			

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Texas Franchise Tax Affiliate Schedule



Teode 13253 Annual

Reporting entity taxpayer number Report year Reporting entity taxpayer name

13716527026 2016 PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Sweeny Frac LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111384		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 75 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 451630308 .00			
1. Legal name of affiliate Phillips 66 Export Terminal LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111293		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 3624998 .00			
10. Gross receipts in Texas (before eliminations) 3624998 .00		11. Cost of goods sold or compensation (before eliminations) 154072749 .00			
1. Legal name of affiliate Phillips 66 Sweeny-Freepart LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111400		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 4001559 .00			
10. Gross receipts in Texas (before eliminations) 4001559 .00		11. Cost of goods sold or compensation (before eliminations) 102797681 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. An information report (Form 05-102 or Form 05-187) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule

Code 13253 Annual
Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Sweeny Frac Alpha LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053063072		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate Phillips 66 Sweeny Frac Bravo LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053063064		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate Phillips 66 Sweeny Frac Charlie LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053063049		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			

If a reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. Information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule

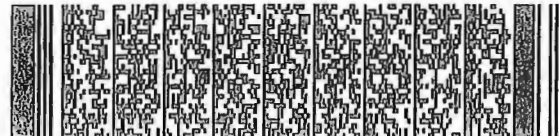
Code 13253 Annual
Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Sweeny Frac Delta LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053063031		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate Phillips 66 Export Terminal Alpha LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111368		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate Phillips 66 Export Terminal Bravo LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111343		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			

If a reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. Information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule



Teode 13253 Annual

Reporting entity taxpayer number 13716527026
 Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

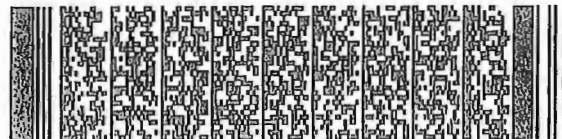
1. Legal name of affiliate Phillips 66 Export Terminal Chain LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111319		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

1. Legal name of affiliate Phillips 66 Export Terminal Delta LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111301		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

1. Legal name of affiliate Phillips 66 Sweeny Crude Export LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111392		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) -4442 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. Additional information report (Form 5-102 or Form 05-102) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule



Teode 13253 Annual

Reporting entity taxpayer number 13716527026
 Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Alliance Dock LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053111418		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 445389 .00			

1. Legal name of affiliate Phillips 66 LAR Diesel LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053126382		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

1. Legal name of affiliate Phillips 66 LAR Walzborn Crude LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053157357		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. Additional information report (Form 5-102 or Form 05-102) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Santa Maria Flair LLC		2. Affiliate taxpayer number (if none, use FEI number) 32053573542		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate Phillips 66 Gulf Coast Properties LLC		2. Affiliate taxpayer number (if none, use FEI number) 32054792984		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 526.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 492468.00			
1. Legal name of affiliate Phillips 66 Gulf Coast Properties Alpha LLC		2. Affiliate taxpayer number (if none, use FEI number) 32054194959		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			

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Texas Franchise Tax Affiliate Schedule



Code 13253 Annual

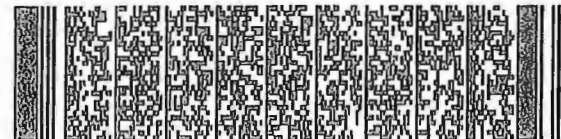
Reporting entity taxpayer number 13716527026
Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Gulf Coast Properties Bravo LLC		2. Affiliate taxpayer number (if none, use FEI number) 32054194967		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate Phillips 66 Sweeny Condensate Splitter 1 LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055592078		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			
1. Legal name of affiliate Phillips 66 Sweeny Fiac 2 A LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055591948		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 0.00			
10. Gross receipts in Texas (before eliminations) 0.00		11. Cost of goods sold or compensation (before eliminations) 0.00			

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Texas Franchise Tax Affiliate Schedule



Teode 13253 Annual

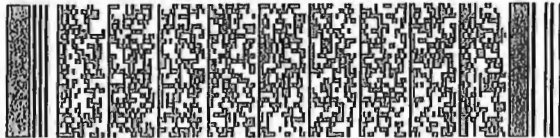
Reporting entity taxpayer number 13716527026
 Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Sweeny Frac 2 B LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055592052		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Phillips 66 Sweeny Frac 2 LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055592037		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Phillips 66 Sweeny-Fresport 2 Pipeline LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055591955		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule



Teode 13253 Annual

Reporting entity taxpayer number 13716527026
 Report year 2016
Reporting entity taxpayer name PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Phillips 66 Crude Condensate Pipeline A LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055592102		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Phillips 66 Crude Condensate Pipeline B LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055592128		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Phillips 66 Crude Condensate Pipeline LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055592136		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010115	7. Affiliate reporting end date m m d d y y 123115		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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Texas Franchise Tax Affiliate Schedule



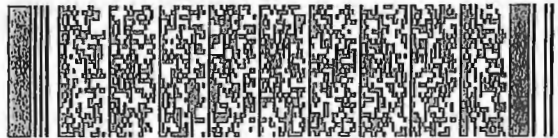
Reporting entity taxpayer number: 13716527026
Report year: 2016
Reporting entity taxpayer name: PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

Form with 3 sections for affiliates: PHILLIPS 66 GULF COAST PIPELINE LLC, PHILLIPS 66 Sweeny-Freepot A LLC, and PHILLIPS 66 Sweeny-Freepot B LLC. Each section includes fields for legal name, taxpayer number, NAICS code, reporting dates, and gross receipts.

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements.

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Texas Franchise Tax Affiliate Schedule



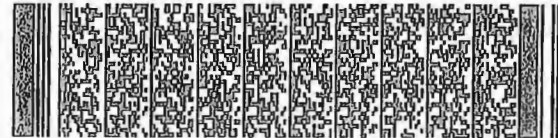
Reporting entity taxpayer number: 13716527026
Report year: 2016
Reporting entity taxpayer name: PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

Form with 3 sections for affiliates: SWEENEY COGENERATION LIMITED PARTNERSHIP, OK CHG 5 LLC, and PHILLIPS 66 Partners Finance Corporation. Each section includes fields for legal name, taxpayer number, NAICS code, reporting dates, and gross receipts.

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements.

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Texas Franchise Tax Affiliate Schedule



Reporting entity taxpayer number Report year Reporting entity taxpayer name

13716527026 2016 PHILLIPS 66 COMPANY

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate PHILLIPS 66 PARTNERS HOLDINGS LLC		2. Affiliate taxpayer number (if none, use FEI number) 32050294274		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 281138889 .00	
10. Gross receipts in Texas (before eliminations) 70657827 .00		11. Cost of goods sold or compensation (before eliminations) 164116992 .00			
1. Legal name of affiliate Phillips 66 Center LLC		2. Affiliate taxpayer number (if none, use FEI number) 32050294076		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00	
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate PHILLIPS 66 PARTNERS TERMINAL LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055858362		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 010115	
7. Affiliate reporting end date m m d d y y 123115		8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 407648 .00	
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 34938485 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at www.comptroller.texas.gov/commonowner. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in TX/DT/ST or has a physical presence in Texas.

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PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, L.L.C.

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 evaluating locations in Texas and Louisiana for a project that would include construction of a natural gas liquids (NGL) fractionation facility to satisfy needs for additional infrastructure, and fulfill growing market demand for purity products. The proposed fractionation facility, capable of producing up to 300,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. These purity products include ethane, propane, iso-butane, normal butane, and natural gasoline.

The source of y-grade supply would most likely originate in Texas 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 in Brazoria County, approximately 220 acres in size, is mostly vacant and unimproved. The site is owned by Phillips 66 and is located adjacent to the Phillips 66 Sweeny Refinery. There may be some support and integration synergies with the Refinery, but in general, this facility would largely operate independently as a stand-alone operation. Specific design details involving integration with the Sweeny Refinery have not been fully defined. This location may also allow for greater utilization of other existing Phillips 66 Midstream assets in Brazoria County, e.g., Clemens Caverns, and the Freeport Terminal.

Estimated Construction Schedule

Construction Start: Q1 2019

Construction Complete: Q2 2020

Below is a list of some of the major equipment and facilities for the proposed complex:

- Y Grade Feed Treatment System
- Dehydration System
- Deethanizer (DeC2) System
- Depropanizer (DeC3) System
- Debutanizer (DeC4) System
- Deisobutanizer (DIB) System
- Gasoline Treating System
- Propylene Refrigeration System
- Product Transfer and Pipeline Injection Pumps
- Analyzer Systems

ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
BY PHILLIPS 66 COMPANY TO SWEENEY ISD

PHILLIPS 66 COMPANY

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Cummings Westlake, LLC

- Sulfur Removal Systems
- Caustic Regeneration System
- Amine Truck Unloading and Storage
- NaOH Truck Unloading and Storage
- Spent Caustic Storage
- Storm Water System
- Fire Water System
- Thermal Oxidizer and Flare System
- Waste Water Process System
- Maintenance Warehouse
- Plant Control Center
- Cooling Water System
- Hot Oil System

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD
Cummings Westlake, LLC

TAB 5

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

Phillips 66 is a diversified energy manufacturing and logistics company. With a portfolio of Midstream, Chemicals, Refining, and Marketing and Specialties businesses, the company processes, transports, stores and markets fuels and products globally.

In anticipation of fulfilling an increasing need for natural gas liquids (NGL) infrastructure, and an increasing demand for NGL purity products, Phillips 66 is evaluating the economics of a project that would increase its fractionation capacity in the U.S. The Project is still in an evaluation stage, and only preliminary engineering and economic development activities have been initiated. Agreements for preliminary engineering studies estimates have either been entered into, or are being negotiated, for purposes of determining whether the project is viable and cost competitive. However, no final phase funding for engineering design has occurred. No regulatory permit applications have been filed, and no public announcements of a definitive intent to construct the Project have been made.

Four sites are under consideration for this specific project, two in Texas and two in Louisiana. Phillips 66 has met with local government officials regarding each potential site, and would leverage existing assets and infrastructure in each location. In November 2016, for instance, Phillips 66 Partners (a Master Limited Partnership affiliate of Phillips 66) acquired substantial NGL assets in South Louisiana, including approximately 500 miles of pipelines and a salt dome cavern complex, which connects multiple fractionation facilities, refineries and petrochemical plants. This acquisition further improves the business case for Phillips 66 to construct the complex in South Louisiana, because it further expands the NGL business in the region and provides for greater utilization of existing assets.

For these reasons, Phillips 66 has formally filed the attached Advance Notification of intent to file an application for the Industrial Property Tax Exemption (five years, eligible for five year renewal) for a potential site in Lake Charles, Calcasieu Parish, LA. In addition to tax abatements, the current total property tax rate at the potential site in Lake Charles is 1.51% versus 2.27% for the proposed site location in Brazoria County. This difference in tax rate is significant and underscores the importance of the Chapter 313 Value Limitation in the evaluation of the Brazoria County location alternative.

The decision to invest in a particular state, and proceed with an investment at all, is fully dependent on the project economics. Therefore, the ability to obtain the Chapter 313 Value Limitation is not only a determining factor for project siting, but also whether Phillips 66 decides to proceed with the proposed project at all. In such a competitive marketplace, obtaining the Chapter 313 Value Limitation is a vital component of the economic analysis, and impacts the decision to approve the proposed project, and site in Brazoria County.



LOUISIANA.
Custom-Fit Opportunity.

Business Incentive Program

FOR OFFICE USE ONLY

RECEIVED DATE _____

ID # _____

INITIALS _____

ADVANCE NOTIFICATION

SECTION-1: BUSINESS INFORMATION

DATE 01/18/2017 ADVANCE NOTIFICATION # 20170031
 BUSINESS NAME Phillips 66 Company PARISH PROJECT IS LOCATED Calcasieu
 PROJECT'S PHYSICAL ADDRESS 2220 Old Spanish Trail Westlake, LA 70669
 MAILING ADDRESS S231-03 1075 W SAM HOUSTON N STE 200 Houston, TX 77043
 PROJECT NAME (OPTIONAL) Potential Fractionator Complex NAICS CODE 211130
 PROJECT BEGINNING DATE 02/01/2019 PROJECT ENDING DATE 04/01/2020
 PROJECT TYPE Start-Up/New
 PROVIDE A DESCRIPTION OF THIS PROJECT
 Natural gas liquids fractionator comprised of three trains and supporting equipment.

SECTION-2: ESTIMATED COSTS

ESTIMATED INVESTMENT COSTS		ESTIMATED NUMBER OF JOBS		ESTIMATED PAYROLL	
Building & Material	\$354,000,000.00	New	26	New	\$1,899,000.00
Machinery & Equipment	\$240,000,000.00	Existing	0	Existing	\$0.00
Labor & Engineering	\$705,000,000.00	Construction	1300	Construction	\$500,000,000.00
Total Investment	\$1,300,000,000.00		1326		\$501,899,000.00

SECTION-3: GAMING

IS THERE GAMING ACTIVITY AT THIS PROJECT SITE? No
 ARE ANY OWNERS INVOLVED IN ANY GAMING ACTIVITIES ELSEWHERE? No

SECTION-4: CONTACT INFORMATION

01/19/2017



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CONTACT TYPE BUSINESS PROGRAM ITE

PREFIX Mr. **FIRSTNAME** Chris **MI G** **LASTNAME** Cisneros **SUFFIX**

CONTACT'S COMPANY NAME Phillips 66 Company **TITLE** Senior Advisor, Property Tax

MAILING ADDRESS S231-03 HOC 1075 W Sam Houston N STE 200 Houston, TX 77043

PHONE NUMBER (832) 785-4112 - **EMAIL ADDRESS** chris.g.cisneros@p66.com

SECTION-5: INCENTIVE PROGRAMS

SELECTED PROGRAMS:
Industrial Tax Exemption

Amount Paid: \$250.00

01/19/2017

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD
Cummings Westlake, LLC

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% |

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD
Cummings Westlake, J.J.C

TAB 7

Description of Qualified Investment

Phillips 66 Company is evaluating locations in Texas and Louisiana for a project that would include construction of a natural gas liquids (NGL) fractionation facility to satisfy needs for additional infrastructure, and fulfill growing market demand for purity products. The proposed fractionation facility, capable of producing up to 300,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. These purity products include ethane, propane, iso-butane, normal butane, and natural gasoline.

The source of y-grade supply would most likely originate in Texas 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 in Brazoria County, approximately 220 acres in size, is mostly vacant and unimproved. The site is owned by Phillips 66 and is located adjacent to the Phillips 66 Sweeny Refinery. There may be some support and integration synergies with the Refinery, but in general, this facility would largely operate independently as a stand-alone operation. Specific design details involving integration with the Sweeny Refinery have not been fully defined. This location may also allow for greater utilization of other existing Phillips 66 Midstream assets in Brazoria County, e.g., Clemens Caverns, and the Freeport Terminal.

Estimated Construction Schedule

Construction Start: Q1 2019

Construction Complete: Q2 2020

Below is a list of some of the major equipment and facilities for the proposed complex:

- Y Grade Feed Treatment System
- Dehydration System
- Deethanizer (DeC2) System
- Depropanizer (DeC3) System
- Debutanizer (DeC4) System
- Deisobutanizer (DIB) System
- Gasoline Treating System
- Propylene Refrigeration System
- Product Transfer and Pipeline Injection Pumps
- Analyzer Systems
- Sulfur Removal Systems
- Caustic Regeneration System
- Amine Truck Unloading and Storage
- NaOH Truck Unloading and Storage

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, LLC

- Spent Caustic Storage
- Storm Water System
- Fire Water System
- Thermal Oxidizer and Flare System
- Waste Water Process System
- Maintenance Warehouse
- Plant Control Center
- Cooling Water System
- Hot Oil System

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, LLC

TAB 8

Description of Qualified Property

(See Tab 7)

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, L.L.C.

TAB 9

Description of Land

See Attached

Tab 16(b)

**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;

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, LLC

TAB 10

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

None

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

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

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

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

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

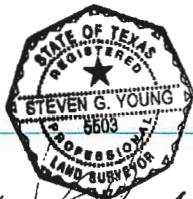
THENCE South 88° 19' 16" East, continuing over and across said 1,830-acre tract and said ballast, a distance of 65.97 feet;

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

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

Compiled by:

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



A handwritten signature in black ink, appearing to read "Steven G. Young", written over a horizontal line.

ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
BY PHILLIPS 66 COMPANY TO SWEENEY ISD

PHILLIPS 66 COMPANY

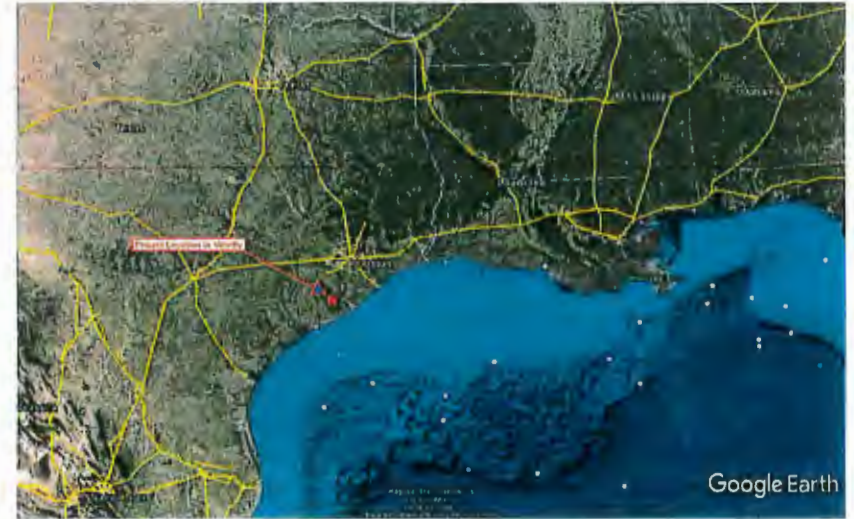
Chapter 313 Application to Sweeny ISD

Cummings Westlake, L.L.C

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*

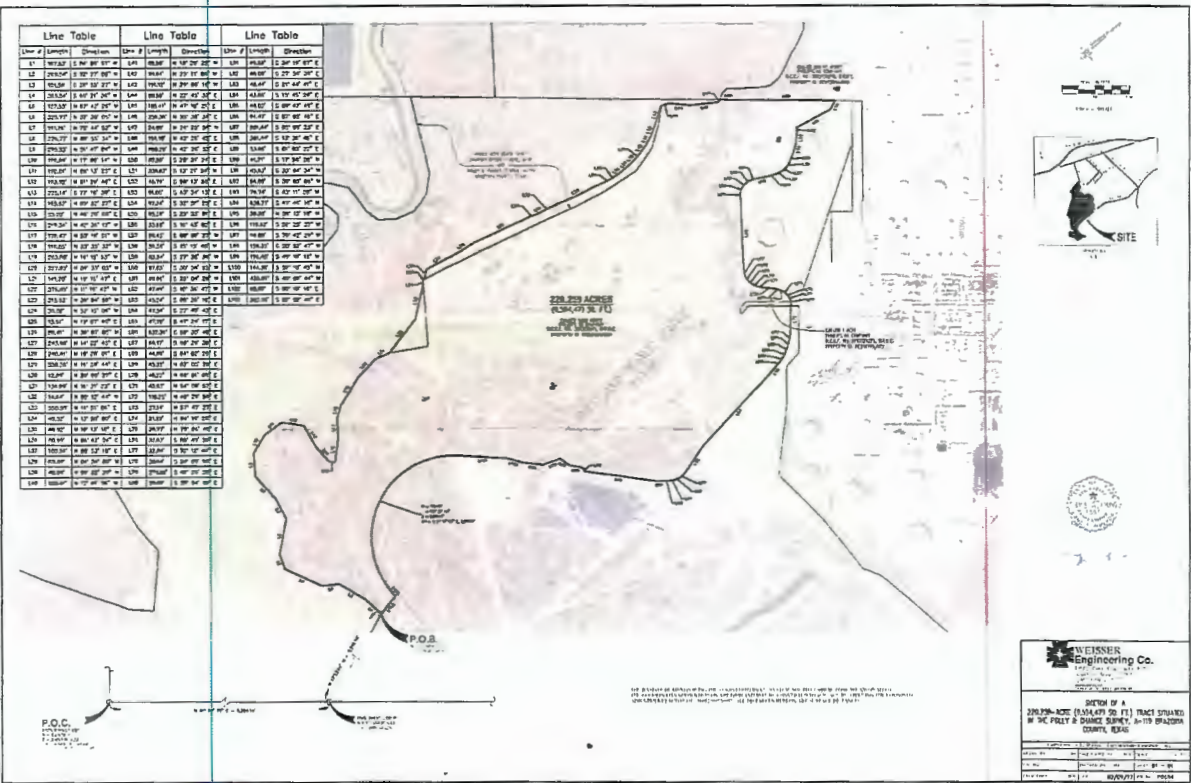


Google Earth

miles 500
km 800







PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, LLC

TAB 12

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

Not Applicable



Google Earth



PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD
 Cummings Westlake, LLC

TAB 13

Calculation of three possible wage requirements with TWC documentation

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

**PHILLIPS 66 SWEENEY PROJECT
 TAB 13 TO CHAPTER 313 APPLICATION**

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FOURTH	2015	\$ 1,132	\$ 58,864
FIRST	2016	\$ 1,118	\$ 58,136
SECOND	2016	\$ 1,029	\$ 53,508
THIRD	2016	\$ 1,053	\$ 54,756
		AVERAGE \$	\$ 56,316

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FOURTH	2015	\$ 2,082	\$ 108,264
FIRST	2016	\$ 2,506	\$ 130,312
SECOND	2016	\$ 2,026	\$ 105,352
THIRD	2016	\$ 2,011	\$ 104,572
		\$ 1,163	\$ 60,476
		AVERAGE \$	\$ 101,795
		X 110%	110%
		\$ 2,153.36	\$ 111,974.72

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2015	\$ 1,057	\$ 54,985
		X 110%
		\$ 1,163
		\$ 60,484

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,118
2016	2nd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,029
2016	3rd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,053
2015	4th Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,132

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
2016	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,508
2016	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,026
2016	3rd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,011
2015	4th Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,082

PHILLIPS 66 COMPANY

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Cummings Westlake, LLC

**2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
1. Panhandle Regional Planning Commission	\$20.64	\$42,941
2. South Plains Association of Governments	\$17.50	\$36,408
3. NORTEX Regional Planning Commission	\$23.28	\$48,413
4. North Central Texas Council of Governments	\$25.03	\$52,068
5. Ark-Tex Council of Governments	\$18.46	\$38,398
6. East Texas Council of Governments	\$19.84	\$41,270
7. West Central Texas Council of Governments	\$19.84	\$41,257
8. Rio Grande Council of Governments	\$18.32	\$38,109
9. Permian Basin Regional Planning Commission	\$25.18	\$52,382
10. Concho Valley Council of Governments	\$18.80	\$39,106
11. Heart of Texas Council of Governments	\$21.41	\$44,526
12. Capital Area Council of Governments	\$29.98	\$62,363
13. Brazos Valley Council of Governments	\$18.78	\$39,057
14. Deep East Texas Council of Governments	\$17.30	\$35,993
15. South East Texas Regional Planning Commission	\$30.41	\$63,247
16. Houston-Galveston Area Council	\$26.44	\$54,985
17. Golden Crescent Regional Planning Commission	\$23.73	\$49,361
18. Alamo Area Council of Governments	\$19.96	\$41,516
19. South Texas Development Council	\$15.87	\$33,016
20. Coastal Bend Council of Governments	\$25.97	\$54,008
21. Lower Rio Grande Valley Development Council	\$16.17	\$33,634
22. Texoma Council of Governments	\$19.04	\$39,595
23. Central Texas Council of Governments	\$18.04	\$37,533
24. Middle Rio Grande Development Council	\$22.24	\$46,263

110% x \$54,985 = \$60,484

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

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 3/27
 Applicant Name PK
 ID Name SWE... of ID

Schedule A2: Total Investment for Economic Impact (Indebted - Qualified Property and other Investments)

MA
 Form 900 (03/20)

PROPERTY INVESTMENT AMOUNTS (Estimated investments in each year. Do not put cumulative totals.)							
Year	Schedule Year (YYYY-YYYY)	Tax Year (FIR in italics (see note below) YYYY)	Column A New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	Column B New investment made during the year in buildings or permanent nonresidential improvements of buildings that will become Qualified Property	Column C Other investment made during the year that will become Qualified Property (SEE NOTE)	Column D Other investment made during the year that will become Qualified Property (SEE NOTE)	Column E Total Investment (Sum of Columns A-D+C)
Total investment from Schedule A1*			1,300,000.000	0	0	0	1,300,000.000
Each year prior to start of value limitation period**			0	0	0	0	0
Value limitation period***			0	0	0	0	0
Total investment made through limitation			1,300,000.000	0	0	0	1,300,000.000
Continue to maintain make good provision			0	0	0	0	0
Additional years for 25 year economic impact as required by 315.021(1)			0	0	0	0	0

* All investments made through the qualifying time period are captured and included on Schedule A1 (plus included and occurred into the schedule in the first row.
 ** Only investment made during the period 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 in the qualifying time period overlap 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 entity. Only include investments years that were not captured on Schedule A1.
 For All Columns: Last 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.
 Column B: Only tangible personal property that is specifically described in the application can become qualified property.
 Column C: The total dollar amount of planned investment each year in buildings or nonresidential improvements of buildings.
 Column D: 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 315.021(1) but not creating a new improvement as defined by TAC 9.106.1. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property, or is added to existing property—described in SECTION 12, subsection 95 of the application.
 Column E: 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.

Date 2/7
 Applicant Name I M
 ID Name SWE... of ID

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

MA
 Form 900 (03/20)

PROPERTY INVESTMENT AMOUNTS (Estimated investments in each year. Do not put cumulative totals.)							
Year	Schedule Year (YYYY-YYYY)	Tax Year (FIR in italics (see note below) YYYY)	Column A New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	Column B New investment made during the year in buildings or permanent nonresidential improvements of buildings that will become Qualified Property	Column C Other investment made during the year that will become Qualified Property (SEE NOTE)	Column D Other investment made during the year that will become Qualified Property (SEE NOTE)	Column E Total Investment (Sum of Columns A-D+C)
Investment made before filing complete application with district			0	0	0	0	0
Investment made after filing complete application with district, but before final board approval of application			0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			0	0	0	0	0
Complete 10 years of qualifying time period			1,035,400.000	0	0	0	1,035,400.000
Complete 10 years of qualifying time period			260,600.000	0	0	0	260,600.000
Total Investment through Qualifying Time Period (ENTER this row in Schedule A2)			1,300,000.000	0	0	0	1,300,000.000
Total Qualified Investment (sum of green cells)			1,300,000.000	0	0	0	1,300,000.000

For All Columns: Last 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.
 Column B: Only tangible personal property that is specifically described in the application can become qualified property.
 Column C: The total dollar amount of planned investment each year in buildings or nonresidential improvements of buildings.
 Column D: 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 315.021(1) but not creating a new improvement as defined by TAC 9.106.1. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property, or is added to existing property—described in SECTION 12, subsection 95 of the application.
 Column E: 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 that 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 3/21/2017
 Applicant Name PHILLIPS 66
 ISD Name SWEENEY ISD

Schedule C: Employment Information

Form 50-296A
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period (insert as many rows as necessary)		2018-2019	2018	300	\$ 78,000			
Each year prior to start of Value Limitation Period (insert as many rows as necessary)		2019-2020	2019	1300	\$ 78,000			
Each year prior to start of Value Limitation Period (insert as many rows as necessary)	0	2020-2021	2020	200	\$ 78,000	0	0	\$ 60,484
Value Limitation Period (The qualifying time period could overlap the value limitation period)	1	2021-2022	2021	N/A	N/A	0	10	\$ 60,484
	2	2022-2023	2022	N/A	N/A	0	10	\$ 60,484
	3	2023-2024	2023	N/A	N/A	0	10	\$ 60,484
	4	2024-2025	2024	N/A	N/A	0	10	\$ 60,484
	5	2025-2026	2025	N/A	N/A	0	10	\$ 60,484
	6	2026-2027	2026	N/A	N/A	0	10	\$ 60,484
	7	2027-2028	2027	N/A	N/A	0	10	\$ 60,484
	8	2028-2029	2028	N/A	N/A	0	10	\$ 60,484
	9	2029-2030	2029	N/A	N/A	0	10	\$ 60,484
	10	2030-2031	2030	N/A	N/A	0	10	\$ 60,484
Years Following Value Limitation Period	11 through 25	2031-2045	2031-2045	N/A	N/A	0	10	\$ 60,484

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? (21) Yes No
- If yes, answer the following two questions:
- C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? Yes No
- C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

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

Date 3/21/2017
 Applicant Name PHILLIPS 66
 ISD Name SWEENEY ISD

Form 50-296A
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (FBI 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 ISS after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period (insert as many rows as necessary)	0	2018-2019	2018	0	0	0	0	0	0
Each year prior to start of Value Limitation Period (insert as many rows as necessary)	0	2019-2020	2019	0	0	0	0	0	0
Each year prior to start of Value Limitation Period (insert as many rows as necessary)	0	2020-2021	2020	0	0	0	0	0	0
Value Limitation Period	1	2021-2022	2021	0	0	1,274,000,000	1,252,000,000	1,252,000,000	30,000,000
	2	2022-2023	2022	0	0	1,210,300,000	1,210,300,000	1,210,300,000	30,000,000
	3	2023-2024	2023	0	0	1,149,785,000	1,149,785,000	1,149,785,000	30,000,000
	4	2024-2025	2024	0	0	1,092,296,000	1,092,296,000	1,092,296,000	30,000,000
	5	2025-2026	2025	0	0	1,037,681,000	1,037,681,000	1,037,681,000	30,000,000
	6	2026-2027	2026	0	0	985,797,000	985,797,000	985,797,000	30,000,000
	7	2027-2028	2027	0	0	936,507,000	936,507,000	936,507,000	30,000,000
	8	2028-2029	2028	0	0	889,682,000	889,682,000	889,682,000	30,000,000
	9	2029-2030	2029	0	0	845,198,000	845,198,000	845,198,000	30,000,000
	10	2030-2031	2030	0	0	802,938,000	802,938,000	802,938,000	30,000,000
Continue to maintain viable presence	11	2031-2032	2031	0	0	762,791,000	762,791,000	762,791,000	762,791,000
	12	2032-2033	2032	0	0	724,651,000	724,651,000	724,651,000	724,651,000
	13	2033-2034	2033	0	0	688,418,000	688,418,000	688,418,000	688,418,000
	14	2034-2035	2034	0	0	653,997,000	653,997,000	653,997,000	653,997,000
	15	2035-2036	2035	0	0	621,297,000	621,297,000	621,297,000	621,297,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036	0	0	590,232,000	590,232,000	590,232,000	590,232,000
	17	2037-2038	2037	0	0	560,720,000	560,720,000	560,720,000	560,720,000
	18	2038-2039	2038	0	0	532,684,000	532,684,000	532,684,000	532,684,000
	19	2039-2040	2039	0	0	506,050,000	506,050,000	506,050,000	506,050,000
	20	2040-2041	2040	0	0	480,748,000	480,748,000	480,748,000	480,748,000
	21	2041-2042	2041	0	0	456,711,000	456,711,000	456,711,000	456,711,000
	22	2042-2043	2042	0	0	433,875,000	433,875,000	433,875,000	433,875,000
	23	2043-2044	2043	0	0	412,181,000	412,181,000	412,181,000	412,181,000
	24	2044-2045	2044	0	0	391,572,000	391,572,000	391,572,000	391,572,000
	25	2045-2046	2045	0	0	371,993,000	371,993,000	371,993,000	371,993,000

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.

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD
Cummings Westlake, LLC

TAB 15

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

None

ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED
PROPERTY BY PHILLIPS 66 COMPANY TO SWEENEY ISD

Schedule D: Other Incentives (Estimated)

Date: 3/21/2017
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. \$5,031,284	see detail below	0
	Other: Hospital	2021	10 Years	Annual Avg. \$5,329,070	see detail below	0
	Other: Port Freeport	2021	10 Years	Annual Avg. \$ 410,053	see detail below	0
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	N/A	N/A
Texas Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A
Employee Recruitment	N/A	N/A	N/A	N/A	N/A	N/A
Skills Development Fund	N/A	N/A	N/A	N/A	N/A	N/A
Training Facility Space and Equipment	N/A	N/A	N/A	N/A	N/A	N/A
Infrastructure Incentives	N/A	N/A	N/A	N/A	N/A	N/A
Permitting Assistance	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
				TOTAL \$	10,833,407	0

Additional information on incentives for this project:

County Terms: Phillips 66 applied for and was granted an abatement structured as follows: 100% for Ten Years
Hospital Terms: Phillips 66 applied for and was granted an abatement structured as follows: 100% for Ten Years
Port Freeport Terms: Phillips 66 anticipates to apply for and be granted an abatement structured as follows: 100% for Ten Years

PHILLIPS 66 COMPANY

Chapter 313. Application to Sweeny ISD

Cummings Westlake, LLC

TAB 16

Description of Reinvestment Zone 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 established the reinvestment zone**
- d) *Guidelines and criteria for creating the zone**

- 16 a) Not Applicable
- 16 b) See Attached
- 16 c) See Attached
- 16 d) See Attached

ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED
PROPERTY BY PHILLIPS 66 COMPANY TO SWEENEY ISD

Tab 16(b)

**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



[Handwritten signature]

Tab 16(c)

7.M.4

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

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.

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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.

Packet Pg. 211

Tab 16(d)

**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.

Revised/Adopted effective 05/31/2016

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

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

ABATEMENT AUTHORIZED Section 2

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

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

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

- (e) **Ineligible Property.** The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, 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 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 \$25,000.00 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 legislative body of each eligible jurisdiction. Before acting upon the application, Brazoria County Commissioners' Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Brazoria County notice to be posted at least 30 days prior to the hearing.

- (e) After receipt of an application for creation of a reinvestment zone and application for abatement, the Tax Abatement Review Committee (TARC) shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone. The economic impact analysis report provided by the Applicant shall be attached to the feasibility study and included as part of the feasibility study report.
- (f) If upon written request for a legal opinion or interpretation from the Commissioners' Court or its members, the legal counsel for Brazoria County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed for a period of at least thirty days from the scheduled date of public hearing to allow time for further review by the Commissioners' Court or any duly appointed review committee, or if an initial setting has not been made, the hearing on such application shall be set on the Commissioners' Court agenda no sooner than sixty (60) days from the time the Court enters an order to set the public hearing date.
- The Applicant shall file a supplement or addendum to its application to show cause why the application should be approved and shall present reasons at the public hearing on the same.
- Provided that any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an application complies or does not comply with the guidelines and criteria; and any final decision as to whether to grant or deny tax abatement shall be made by the Commissioners' Court at its sole discretion.
- (g) Brazoria County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.
- (h) **Variance.** Requests for variance from the provisions of Subsections (a) (b) (e) (g), (h) (1), (h) (2) and/or (h) (3) of Section 2 may be made in written form to the County Judge with a copy forwarded to the TARC. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4/5) vote of the Commissioners Court.
- (i) **Special Variance: Air Carriers.** A special variance from all applicable provisions of these guidelines and criteria, with the exception of Section 2 (h) (5) and (h) (7) may be granted allowing abatement or partial abatement of ad valorem taxes on the personal property of a certificated or non-certificated air carrier that owns or leases taxable real property in Brazoria County provided that the personal property has a value of at least \$10,000,000. Approval of a request for this variance requires a three-fourth (3/4) vote of the Commissioners Court.

PUBLIC HEARING Section 4

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

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

AGREEMENT Section 5

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

RECAPTURE Section 6

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

ADMINISTRATION Section 7

- (a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which 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 completion of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Brazoria County Commissioners' Court and the Tax Abatement Review Committee clearly detailing the status of the facility and how it is complying with the abatement guidelines. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment A to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment A form.
- (f) Upon expiration of the Tax Abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed (*i.e.* seven year abatement, then in producing capacity for an additional 7 years after expiration of the tax abatement agreement) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the County Judge. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.
- (g) The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

ASSIGNMENT Section 8

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

PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9

- (a) This section is applicable to tax abatement applications for property located in a reinvestment zone designated by a city and applications by Applicants who have previously entered into a tax abatement agreement with a city regarding that property.
- (b) All provisions of these Guidelines & Criteria are applicable to city-initiated reinvestment zones and abated areas within a city's territorial limits unless otherwise stated herein or provided by law.
- (c) An Applicant shall file a tax abatement application on the County's application form together with all attachments and statements described in the application instructions and in subsection (d) herein below.
- (d) Upon receipt of a tax abatement application applicable to property within a city-designated reinvestment zone subject to a city's tax abatement agreement, the application shall be reviewed for approval as to (a) correct application form, (b) represented compliance with economic value estimates and employment criteria of Section 2(h) of the Guidelines & Criteria, (c) legal description requirements, (d) attachment of a correct copy of the city's ordinance designating the area as a reinvestment zone and granting abatement and (e) attachment of a correct copy of the fully executed tax abatement agreement between the city and the Applicant.
- (e) After review (and subject to approval of the matters in (d) above) 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, 2016, 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: _____

PHILLIPS 66 COMPANY
 Chapter 313 Application to Sweeny ISD
 Cummings Westlake, L.L.C.

TAB 17

Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

See Attached

ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED
 PROPERTY BY PHILLIPS 66 COMPANY TO SWEENEY ISD

 **Application for Appraised Value Limitation on Qualified Property**
 Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here ▶	Dr. Tory C. Hill	Superintendent
	<small>Print Name (Authorized School District Representative)</small>	<small>Title</small>
sign here ▶		4/12/2017
	<small>Signature (Authorized School District Representative)</small>	<small>Date</small>

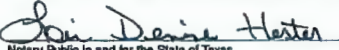
2. Authorized Company Representative (Applicant) Signature and Notarization

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	Property Tax Senior Advisor
	<small>Print Name (Authorized Company Representative (Applicant))</small>	<small>Title</small>
sign here ▶		4/12/2017
	<small>Signature (Authorized Company Representative (Applicant))</small>	<small>Date</small>



GIVEN under my hand and seal of office this, the
 12th day of April, 2017

 Notary Public in and for the State of Texas
 My Commission expires: March 10, 2018

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 LLC

12837 Lojetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-8949
FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL
LESLIE MCCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION
JUSTIN DEMERATH

RECEIVED
MAY 24 2017
Data Analysis &
Transparency Division

May 24, 2017

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

RE: Amended Application to the Sweeny Independent School District from Phillips 66 Company (#1185)

To the Local Government Assistance & Economic Analysis Division:

Enclosed please find a copy of the Application to the Sweeny Independent School District from Phillips 66 Company and an electronic version as well.

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

Sincerely,



William Eggleston
Legal Assistant to
Kevin O'Hanlon

May 19, 2017

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 # 1185 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 Attachment A of the May 9, 2017 letter from Comptroller staff to Superintendent Tory Hill:

Response to Item 1 (Tab 2)

Wiring Information has been attached which includes the payer, payee, amount paid and date. Those items are highlighted in yellow.

Response to Item 2 (Tab 4)

Tab 4 Language has been amended to provide more detail to pipelines and other connecting infrastructures linking various components of the project to the Sweeny Refinery and other existing assets in Brazoria County including the Clemens Caverns and Freeport Terminal. Maps and flowcharts are included. We request that these maps and flowcharts associated with Tab 4 be marked "Confidential".

Response to Item 3 (Tab 11)

Vicinity Map has been amended with Map Title. Proposed Equipment Layout Map has been amended to include labels. A new map has been included that shows the Project Area inside the Sweeny ISD boundary. Due to page size limitations, a separate map is included which shows the Proposed Improvements Location Inside the Reinvestment Zone.

Response to Item 4 (Tab 13)

The Quarterly Wage Data for All Industries has been amended with updated information. Page 7, Section 14 has been amended to reflect the revised data.

Response to Item 5 (Tab 14)

Schedule C has been amended to show employees being hired in 2020. This information is now aligned with the data as filed in Section 9 of the Application.

Response to item 6 (Tab 16)

Page 7, Section 14 has been amended to reflect creation of 12 jobs which is aligned with the jobs to be created as noted in the Order creating the Reinvestment Zone found under Tab 16.

Additional Amendments

P66 has revised the capital spend for the project which is the subject of this Application. This revision has resulted in the following additional amendments to Schedules A1, A2, B and D

Schedule A1

Schedule A1 has been amended to reflect a revised capital estimate for the project reducing the estimated cost from \$1.3b to \$1.1b.

Schedule A2

Schedule A2 has been amended to reflect a revised capital estimate for the project reducing the estimated cost from \$1.3b to \$1.1b.

Schedule B

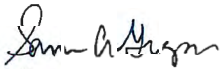
Schedule B has been amended to reflect revised figures in Columns G, H and I resulting from the reduced capital estimate in Schedules A1 and A2.

Schedule D

Schedule D has been amended to reflect a revised figure in Column F resulting from the reduced capital estimate in Schedules A1 and A2.

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

Sincerely,



Sam. A. Gregson
Senior Consultant

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 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 locations in Texas and Louisiana for a project that would include construction of a natural gas liquids (NGL) fractionation facility to satisfy needs for additional infrastructure, and fulfill growing market demand for purity products. The proposed fractionation facility, capable of producing up to 300,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. These purity products include ethane, propane, iso-butane, normal butane, and natural gasoline.

The source of y-grade supply would most likely originate in Texas 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 in Brazoria County, approximately 220 acres in size, is mostly vacant and unimproved. The site is owned by Phillips 66 and is located adjacent to the Phillips 66 Sweeny Refinery. The proposed facility 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). Other assets that could be integrated with the proposed project include pipelines to the Clemens Storage Facility and to the Freeport Terminal. The project scope would include multiple supply (Y-grade) lines into the fractionation complex. From the fractionator, there would be a number of purity products lines delivering products to other downstream operations and markets. The Clemens Storage Facility is outside of the Sweeny ISD and a portion of the pipelines will also be outside Sweeny ISD boundary.

Exhibit A shows a topographic map showing ISD boundary lines and applicable P66 infrastructure/assets throughout Brazoria County

Exhibit B shows a block flow diagram of key facilities, connections, and operations.

Estimated Construction Schedule

Construction Start: Q1 2019

Construction Complete: Q2 2020

TAB 4 (Cont.)

Below is a list of some of the major equipment and facilities for the proposed complex:

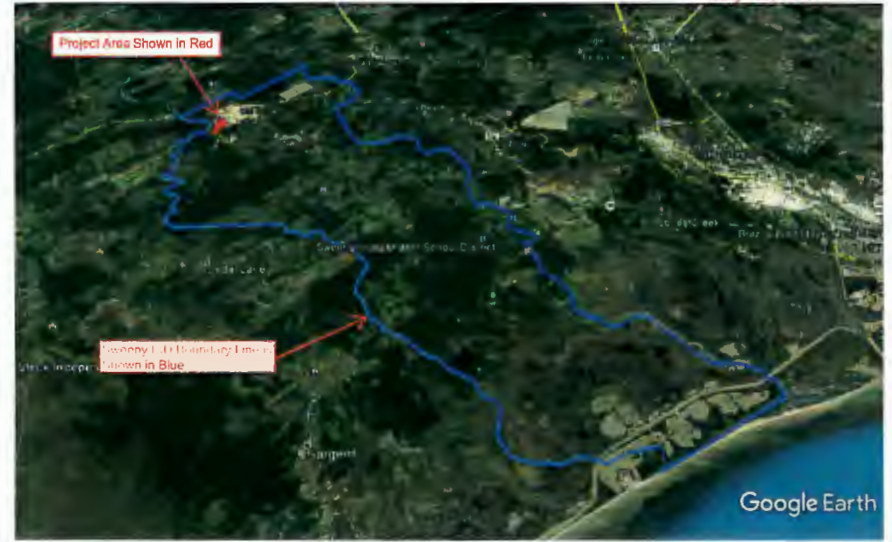
- Y Grade Feed Treatment System
- Dehydration System
- Deethanizer (DeC2) System
- Depropanizer (DeC3) System
- Debutanizer (DeC4) System
- Deisobutanizer (DIB) System
- Gasoline Treating System
- Propylene Refrigeration System
- Product Transfer and Pipeline Injection Pumps
- Analyzer Systems
- Sulfur Removal Systems
- Caustic Regeneration System
- Amine Truck Unloading and Storage
- NaOH Truck Unloading and Storage
- Spent Caustic Storage
- Storm Water System
- Fire Water System
- Thermal Oxidizer and Flare System
- Waste Water Process System
- Maintenance Warehouse
- Plant Control Center
- Cooling Water System
- Hot Oil System

Vicinity Map | 1185-sweeny-phillips66-amendment001
May 24, 2017



Google Earth | miles 500 | km 800 | ▲

1185-sweeny-phillips66-amendment001
Project Area Location Inside Sweeny ISD Boundary | May 24, 2017



Google Earth | miles 10 | km 10 | ▲

**PHILLIPS 66 SWEENEY PROJECT
 TAB 13 TO CHAPTER 313 APPLICATION**

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2016	\$ 1,071	\$ 55,692
SECOND	2016	\$ 1,004	\$ 52,208
THIRD	2016	\$ 1,027	\$ 53,404
FOURTH	2016	\$ 1,049	\$ 54,548
AVERAGE		\$ 1,038	\$ 53,963

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2016	\$ 2,507	\$ 130,364
SECOND	2016	\$ 2,027	\$ 105,404
THIRD	2016	\$ 2,016	\$ 104,832
FOURTH	2016	\$ 2,039	\$ 106,028
AVERAGE		\$ 2,147	\$ 111,657
X		110%	110%
		\$ 2,361.98	\$ 122,822.70

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2015	\$ 1,057	\$ 54,985
X		110%
		\$ 1,163
		\$ 60,484

* SEE ATTACHED TWC DOCUMENTATION



Proposed Equipment Layout in Reinvestment Zone

1185-sweeny-phillips66-amendment001
 May 24, 2017

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
2016	1st Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$1,071
2016	2nd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$1,004
2016	3rd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$1,027
2016	4th Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$1,049

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
2016	1st Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,507
2016	2nd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,027
2016	3rd Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,016
2016	4th Qtr	Brazoria County	Private	31	2	31-33	Manufacturing	\$2,039

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 2017 (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)? 4,086
 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? 12

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 1,038.00

b. 110% of the average weekly wage for manufacturing jobs in the county is 2,362.00

c. 110% of the average weekly wage for manufacturing jobs in the region is 1,163.00

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? 60,484.00

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,484.00

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**.

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? Yes No

If yes, answer the following two questions: Yes No

C2a. Will the applicant request a job waiver, as provided under §13.025(f-1)? Yes No

C2b. Will the applicant avail itself of the provision in §13.021(3)(F)? Yes No

Each year prior to start of Value Limitation Period	Year	School Year (TTTC-1117)	Tax Year (Actual tax year) TT11	Construction		Non-Qualifying Jobs		Qualifying Jobs	
				Number of Construction FTE's or man-hours (SP553)	Average annual wage rates (to construction workers)	Column C	Column D	Column E	
Each year prior to start of Value Limitation Period		2018-2019	2018	300	\$ 78,000				
Each year prior to start of Value Limitation Period		2019-2020	2019	1300	\$ 78,000				
Each year prior to start of Value Limitation Period	0	2020-2021	2020	200	\$ 78,000	0		12	\$ 60,484
Each year prior to start of Value Limitation Period	1	2021-2022	2021			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	2	2022-2023	2022			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	3	2023-2024	2023			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	4	2024-2025	2024			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	5	2025-2026	2025			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	6	2026-2027	2026			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	7	2027-2028	2027			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	8	2028-2029	2028			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	9	2029-2030	2029			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	10	2030-2031	2030			0		12	\$ 60,484
Each year prior to start of Value Limitation Period	11 through 25	2031-2046	2031-2046			0		12	\$ 60,484

Date: 3/21/2017
 Applicant Name: PHILLIPS 66
 ISD Name: SWEENEY ISD

Schedule C: Employment Information

PROPERTY INVESTMENT AMOUNTS							
(Estimated investment in each year. Do not put cumulative totals)							
Year	School Year (YYYY-YYYY)	Tax Year (if an actual tax year below) YYYY	Column A	Column B	Column C	Column D	Column E
			New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	New investment made during the year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during the year that will not become Qualified Property (SEE NOTE)	Other investment made during the year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)
Total Invested from Schedule A1*			1,100,000.000	0	0	0	1,100,000.000
Each year prior to start of value limitation period**			0	0	0	0	0
Value limitation period**			0	0	0	0	0
Total investment made through limitation			1,100,000.000	0	0	0	1,100,000.000
Continue to maintain viable presence			0	0	0	0	0
Additional years for 25 year economic impact as required by 313.024(4)(g)			0	0	0	0	0

* All investments made through the qualifying time period are captured and tabulated on Schedule A1 (blue box) and incorporated into this schedule in the first row.
 ** Only investment made during deferral of the start of the limitation (after the end of qualifying time period but before the start of the Value Limit on Period) should be included in the "Year" axis to start of value limitation period (rows). 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 overlaps 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 in years that were not captured on Schedule A1.
 For All Columns - all amounts invested each year - not cumulative totals. Only includes 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 in buildings or nonremovable components 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 8.1051. This is proposed property that functions only to replace existing property, is used to maintain, rebuild, renovate, modify or upgrade existing property, or is added 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.

PROPERTY INVESTMENT AMOUNTS							
(Estimated investment in each year. Do not put cumulative totals)							
Year	School Year (YYYY-YYYY)	Tax Year (if an actual tax year below) YYYY	Column A	Column B	Column C	Column D	Column E
			New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	New investment made during the year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during the year that will not become Qualified Property (SEE NOTE)	Other new investment made during the year that will become Qualified Property (SEE NOTE)	Total Investment (Sum of Columns A-D+C+D)
Investment made before filing complete application with district			0	0	0	0	0
Investment made after filing complete application with district, but before final board approval of application			0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			0	0	0	0	0
Complete tax years of qualifying time period			839,400.000	0	0	0	839,400.000
Total investment through Qualifying Time Period [ENTER this row in Schedule A2]			1,100,000.000	0	0	0	1,100,000.000
Total Qualified Investment (sum of green cells)			1,100,000.000	0	0	0	1,100,000.000

For All Columns - Last 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 in buildings or nonremovable components 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 8.1051. This is proposed property that functions only to replace existing property, is used to maintain, rebuild, renovate, modify or upgrade existing property, or is added to existing property—described in SECTION 13, question #5 of the application.
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.
 Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.
 Qualified Investment: For the green-qualified investment cell, enter the sum of all the green-shaded cells.

Schedule D: Other Incentives (Estimated)

Date: 3/21/2017
Applicant Name: PHILLIPS 66
ISD Name: SWEENEY ISD

Form 60-296A
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. = \$4,996,100	see detail below	0
	Other: Hospital	2021	10 Years	Annual Avg. = \$4,650,200	see detail below	0
	Other: Port Freeport	2021	10 Years	Annual Avg. = \$346,032	see detail below	0
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	N/A	N/A
Texas Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A
Employee Recruitment	N/A	N/A	N/A	N/A	N/A	N/A
Skills Development Fund	N/A	N/A	N/A	N/A	N/A	N/A
Training Facility Space and Equipment	N/A	N/A	N/A	N/A	N/A	N/A
Infrastructure Incentives	N/A	N/A	N/A	N/A	N/A	N/A
Permitting Assistance	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL				\$ 9,546,300.00		0

Additional information on incentives for this project:

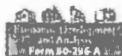
County Terms: Phillips 66 applied for and was granted an abatement structured as follows: 100% for Ten Years
Hospital Terms: Phillips 66 applied for and was granted an abatement structured as follows: 100% for Ten Years
Port Freeport Terms: Phillips 66 anticipates to apply for and be granted an abatement structured as follows: 100% for Ten Years

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

Date: 3/21/2017
Applicant Name: PHILLIPS 66
ISD Name: SWEENEY ISD

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&C after all reductions	
Each year prior to start of Value Limitation Period	0	2018-2019	2018	0	0	0	0	0	
Each year prior to start of Value Limitation Period	0	2019-2020	2019	0	0	0	0	0	
Each year prior to start of Value Limitation Period	0	2020-2021	2020	0	0	0	0	0	
Value Limitation Period	1	2021-2022	2021	0	0	1,078,000,000	1,056,000,000	1,056,000,000	30,000,000
	2	2022-2023	2022	0	0	1,024,100,000	1,024,100,000	1,024,100,000	30,000,000
	3	2023-2024	2023	0	0	972,895,000	972,895,000	972,895,000	30,000,000
	4	2024-2025	2024	0	0	924,250,000	924,250,000	924,250,000	30,000,000
	5	2025-2026	2025	0	0	878,038,000	878,038,000	878,038,000	30,000,000
	6	2026-2027	2026	0	0	834,136,000	834,136,000	834,136,000	30,000,000
	7	2027-2028	2027	0	0	792,429,000	792,429,000	792,429,000	30,000,000
	8	2028-2029	2028	0	0	752,808,000	752,808,000	752,808,000	30,000,000
	9	2029-2030	2029	0	0	715,168,000	715,168,000	715,168,000	30,000,000
	10	2030-2031	2030	0	0	679,410,000	679,410,000	679,410,000	30,000,000
Continue to maintain viable presence	11	2031-2032	2031	0	0	645,440,000	645,440,000	645,440,000	645,440,000
	12	2032-2033	2032	0	0	613,168,000	613,168,000	613,168,000	613,168,000
	13	2033-2034	2033	0	0	582,510,000	582,510,000	582,510,000	582,510,000
	14	2034-2035	2034	0	0	553,385,000	553,385,000	553,385,000	553,385,000
	15	2035-2036	2035	0	0	525,716,000	525,716,000	525,716,000	525,716,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036	0	0	499,430,000	499,430,000	499,430,000	499,430,000
	17	2037-2038	2037	0	0	474,459,000	474,459,000	474,459,000	474,459,000
	18	2038-2039	2038	0	0	450,736,000	450,736,000	450,736,000	450,736,000
	19	2039-2040	2039	0	0	428,199,000	428,199,000	428,199,000	428,199,000
	20	2040-2041	2040	0	0	406,789,000	406,789,000	406,789,000	406,789,000
	21	2041-2042	2041	0	0	386,450,000	386,450,000	386,450,000	386,450,000
	22	2042-2043	2042	0	0	367,128,000	367,128,000	367,128,000	367,128,000
	23	2043-2044	2043	0	0	348,772,000	348,772,000	348,772,000	348,772,000
	24	2044-2045	2044	0	0	331,333,000	331,333,000	331,333,000	331,333,000
	25	2045-2046	2045	0	0	314,766,000	314,766,000	314,766,000	314,766,000

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.



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
First Name (Authorized School District Representative)
sign here [Signature]
Signature (Authorized School District Representative)

Superintendent
Title
5/23/2017
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here Chris G. Cisneros
First Name (Authorized Company Representative (Applicant))
sign here [Signature]
Signature (Authorized Company Representative (Applicant))

Property Tax Senior Advisor
Title
5/19/2017
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the
19th day of May, 2017
[Signature]
Notary Public in and for the State of Texas
My Commission expires 4/5/19

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.

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL
LESLIE McCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION
JUSTIN DEMERATH

June 5, 2017

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

RE: Amendment 2 Application to the Sweeny Independent School District from Phillips 66 Company (#1185)

To the Local Government Assistance & Economic Analysis Division:

Please find enclosed Amendment 2 to Application 1185 from Phillips 66 to the Sweeny Independent School District. Phillips 66 provided maps in response to Item 2 on the deficiency letter in Amendment 1. The maps depicting the detailed block flow diagrams showing detail of pipeline and connecting infrastructure and potential market areas display proprietary commercial information. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.

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

Sincerely,

[Signature]

Kevin O'Hanlon
Special Counsel to Sweeny ISD



CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

May 30, 2017

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

Dan,

This morning I spoke with Michelle Luera at the Comptroller's office and she indicated that the ownership type in the wage data needed to be amended for both the manufacturing wage data and the all industries wage data.

Attached please find the hard copies of the requested Amended Application pages for the Phillips 66 Company (Application # 1185 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 amended Application are as follows:

Tab 13 and 50-296a Page 7, Section 14

The Quarterly Wage Data for All Industries and Manufacturing has been amended with updated ownership status. Page 7, Section 14 of the Application has been amended to reflect the revised data.

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

Sincerely,

Sam A. Gregson
Senior Consultant

Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

- What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? **0**
- What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2017 (year)
- What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? **4,086**
 Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
- What is the number of new qualifying jobs you are committing to create? **12**
- What is the number of new non-qualifying jobs you are estimating you will create? **0**
- 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.
- 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 §§.1051(21) and (22).
 a. Average weekly wage for all jobs (all industries) in the county is **1,080.00**
 b. 110% of the average weekly wage for manufacturing jobs in the county is **2,362.00**
 c. 110% of the average weekly wage for manufacturing jobs in the region is **1,163.00**
- 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)
- What is the minimum required annual wage for each qualifying job based on the qualified property? **60,484.00**
- What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? **60,484.00**
- Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No
- 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).
- 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

- 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.
- Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (not required)
- 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**.

**PHILLIPS 66 SWEENEY PROJECT
TAB 13 TO CHAPTER 313 APPLICATION**

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2016	\$ 1,129	\$ 58,708
SECOND	2016	\$ 1,041	\$ 54,132
THIRD	2016	\$ 1,057	\$ 54,964
FOURTH	2016	\$ 1,091	\$ 56,732
AVERAGE		\$ 1,080	\$ 56,134

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

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2016	\$ 2,507	\$ 130,364
SECOND	2016	\$ 2,027	\$ 105,404
THIRD	2016	\$ 2,016	\$ 104,832
FOURTH	2016	\$ 2,039	\$ 106,028
AVERAGE		\$ 2,147	\$ 111,657
X		110%	110%
		\$ 2,361.98	\$ 122,822.70

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2015	\$ 1,057	\$ 54,985
X		110%
		\$ 1,163
		\$ 60,484

* SEE ATTACHED TWC DOCUMENTATION

TAB 13

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
2016	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,507
2016	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,027
2016	3rd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,016
2016	4th Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,039

1185-sweeny-phillips66-amendment002
May 30, 2017

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
2016	1st Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,129
2016	2nd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,041
2016	3rd Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,057
2016	4th Qtr	Brazoria County	Private	00	0	10	Total, All Industries	\$1,091



SECTION 16. Authorized Signatures and Applicant Certification

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1. Authorized School District Representative Signature

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

print here Dr. Tory C. Hill Superintendent
Print Name (Authorized School District Representative) Title
sign here *Tory Hill* 6/5/2017
Signature (Authorized School District Representative) Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedule 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 Property Tax Senior Advisor
Print Name (Authorized Company Representative (Applicant)) Title
sign here *CHRIS G. CISNEROS* 5/30/2017
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the
30th day of May 2017
Stephanie Diane Greene
Notary Public in and for the State of Texas
My Commission expires: 4-28-2021

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.

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 08/10/2017 16:28:15

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

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

August 7, 2017

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 1185

Dear Superintendent Hill:

On June 9, 2017, the Comptroller issued written notice that Phillips 66 Company (applicant) submitted a completed application (Application 1185) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on April 11, 2017, 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 1185.

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).

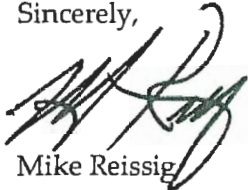
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 by August 7, 2018.

Note that any building or improvement existing as of the application review start date of June 9, 2017, 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 black ink, appearing to read "Mike Reissig", written over a light grey circular stamp.

Mike Reissig
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 Sweeny 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 2015-2016 Average Daily Attendance	1,889
County	Brazoria
Proposed Total Investment in District	\$1,100,000,000
Proposed Qualified Investment	\$1,100,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	12
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,163
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,163
Minimum annual wage committed to by applicant for qualified jobs	\$60,484
Minimum weekly wage required for non-qualifying jobs	\$1,080
Minimum annual wage required for non-qualifying jobs	\$56,135
Investment per Qualifying Job	\$91,666,667
Estimated M&O levy without any limit (15 years)	\$120,114,311
Estimated M&O levy with Limitation (15 years)	\$33,490,278
Estimated gross M&O tax benefit (15 years)	\$86,624,034

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
2018	300	333	633	\$23,400,000	\$24,207,422	\$47,607,422
2019	1300	1,446	2746.09	\$101,400,000	\$112,711,328	\$214,111,328
2020	212	4,968	5180	\$16,325,808	\$338,044,309	\$354,370,117
2021	12	234	246	\$725,808	\$54,449,973	\$55,175,781
2022	12	60	72	\$725,808	\$34,186,301	\$34,912,109
2023	12	(39)	-27	\$725,808	\$20,270,286	\$20,996,094
2024	12	(84)	-72	\$725,808	\$11,603,294	\$12,329,102
2025	12	(86)	-74	\$725,808	\$6,232,200	\$6,958,008
2026	12	(75)	-63	\$725,808	\$3,058,372	\$3,784,180
2027	12	(45)	-33	\$725,808	\$3,180,442	\$3,906,250
2028	12	(20)	-8	\$725,808	\$3,912,864	\$4,638,672
2029	12	4	16	\$725,808	\$5,133,567	\$5,859,375
2030	12	29	41	\$725,808	\$6,842,551	\$7,568,359
2031	12	21	33	\$725,808	\$6,110,130	\$6,835,938
2032	12	33	45	\$725,808	\$7,330,833	\$8,056,641
2033	12	39	51	\$725,808	\$8,063,255	\$8,789,063
2034	12	45	57	\$725,808	\$9,528,098	\$10,253,906
2035	12	47	59	\$725,808	\$10,748,801	\$11,474,609

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	Tax Rate	Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	Port Freeport Tax Levy	West Brazoria County Drainage District #2 Tax Levy	Estimated Total Property Taxes	
			0.1717		1.0400		0.4574	0.5273	0.0401	0.0200		
2021	\$1,056,000,000	\$1,056,000,000		\$1,813,152	\$10,982,400	\$12,795,552	\$4,830,197	\$5,568,309	\$423,456	\$211,200	\$23,194,058	
2022	\$1,024,100,000	\$1,024,100,000		\$1,758,380	\$10,650,640	\$12,409,020	\$4,684,285	\$5,400,100	\$410,664	\$204,820	\$22,493,404	
2023	\$972,895,000	\$972,895,000		\$1,670,461	\$10,118,108	\$11,788,569	\$4,450,070	\$5,130,095	\$390,131	\$194,579	\$21,368,734	
2024	\$924,250,000	\$924,250,000		\$1,586,937	\$9,612,200	\$11,199,137	\$4,227,566	\$4,873,589	\$370,624	\$184,850	\$20,300,292	
2025	\$878,038,000	\$878,038,000		\$1,507,591	\$9,131,595	\$10,639,186	\$4,016,190	\$4,629,912	\$352,093	\$175,608	\$19,285,288	
2026	\$834,136,000	\$834,136,000		\$1,432,212	\$8,675,014	\$10,107,226	\$3,815,380	\$4,398,416	\$334,489	\$166,827	\$18,321,021	
2027	\$792,429,000	\$792,429,000		\$1,360,601	\$8,241,262	\$9,601,862	\$3,624,610	\$4,178,494	\$317,764	\$158,486	\$17,404,966	
2028	\$752,808,000	\$752,808,000		\$1,292,571	\$7,829,203	\$9,121,775	\$3,443,381	\$3,969,572	\$301,876	\$150,562	\$16,534,728	
2029	\$715,168,000	\$715,168,000		\$1,227,943	\$7,437,747	\$8,665,691	\$3,271,214	\$3,771,095	\$286,782	\$143,034	\$15,708,000	
2030	\$679,410,000	\$679,410,000		\$1,166,547	\$7,065,864	\$8,232,411	\$3,107,655	\$3,582,543	\$272,443	\$135,882	\$14,922,609	
2031	\$645,440,000	\$645,440,000		\$1,108,220	\$6,712,576	\$7,820,796	\$2,952,275	\$3,403,418	\$258,821	\$129,088	\$14,176,489	
2032	\$613,168,000	\$613,168,000		\$1,052,809	\$6,376,947	\$7,429,757	\$2,804,661	\$3,233,247	\$245,880	\$122,634	\$13,467,665	
2033	\$582,510,000	\$582,510,000		\$1,000,170	\$6,058,104	\$7,058,274	\$2,664,430	\$3,071,587	\$233,587	\$116,502	\$12,794,290	
2034	\$553,385,000	\$553,385,000		\$950,162	\$5,755,204	\$6,705,366	\$2,531,211	\$2,918,010	\$221,907	\$110,677	\$12,154,587	
2035	\$525,716,000	\$525,716,000		\$902,654	\$5,467,446	\$6,370,101	\$2,404,651	\$2,772,111	\$210,812	\$105,143	\$11,546,863	
				Total	\$19,830,411	\$120,114,311	\$139,944,722	\$52,827,775	\$60,900,497	\$4,631,331	\$2,309,891	\$253,672,994

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, Port Freeport and West Brazoria County Drainage District #2, with all property tax incentives being sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements 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.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Sweeny ISD I&S Tax Levy	Sweeny ISD M&O Tax Levy	Sweeny ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	Port Freeport Tax Levy	West Brazoria County Drainage District #2 Tax Levy	Estimated Total Property Taxes
			0.1717	1.0400			0.4574	0.5273	0.0401	0.0200	
2021	\$1,056,000,000	\$30,000,000		\$1,813,152	\$312,000	\$2,125,152	\$0	\$0	\$0	\$211,200	\$2,125,152
2022	\$1,024,100,000	\$30,000,000		\$1,758,380	\$312,000	\$2,070,380	\$0	\$0	\$0	\$204,820	\$2,070,380
2023	\$972,895,000	\$30,000,000		\$1,670,461	\$312,000	\$1,982,461	\$0	\$0	\$0	\$194,579	\$1,982,461
2024	\$924,250,000	\$30,000,000		\$1,586,937	\$312,000	\$1,898,937	\$0	\$0	\$0	\$184,850	\$1,898,937
2025	\$878,038,000	\$30,000,000		\$1,507,591	\$312,000	\$1,819,591	\$0	\$0	\$0	\$175,608	\$1,819,591
2026	\$834,136,000	\$30,000,000		\$1,432,212	\$312,000	\$1,744,212	\$0	\$0	\$0	\$166,827	\$1,744,212
2027	\$792,429,000	\$30,000,000		\$1,360,601	\$312,000	\$1,672,601	\$0	\$0	\$0	\$158,486	\$1,672,601
2028	\$752,808,000	\$30,000,000		\$1,292,571	\$312,000	\$1,604,571	\$0	\$0	\$0	\$150,562	\$1,604,571
2029	\$715,168,000	\$30,000,000		\$1,227,943	\$312,000	\$1,539,943	\$0	\$0	\$0	\$143,034	\$1,539,943
2030	\$679,410,000	\$30,000,000		\$1,166,547	\$312,000	\$1,478,547	\$0	\$0	\$0	\$135,882	\$1,478,547
2031	\$645,440,000	\$645,440,000		\$1,108,220	\$6,712,576	\$7,820,796	\$2,952,275	\$3,403,418	\$238,821	\$129,088	\$14,176,489
2032	\$613,168,000	\$613,168,000		\$1,052,809	\$6,376,947	\$7,429,757	\$2,804,661	\$3,233,247	\$245,880	\$122,634	\$13,467,665
2033	\$582,510,000	\$582,510,000		\$1,000,170	\$6,058,104	\$7,058,274	\$2,664,430	\$3,071,587	\$233,587	\$116,502	\$12,794,290
2034	\$553,385,000	\$553,385,000		\$950,162	\$5,755,204	\$6,705,366	\$2,531,211	\$2,918,010	\$221,907	\$110,677	\$12,154,587
2035	\$525,716,000	\$525,716,000		\$902,654	\$5,467,446	\$6,370,101	\$2,404,651	\$2,772,111	\$210,812	\$105,143	\$11,546,863
			Total	\$19,830,411	\$33,490,278	\$53,320,688	\$13,357,228	\$15,398,373	\$1,171,008	\$2,309,891	\$82,076,289
			Diff	\$0	\$86,624,034	\$86,624,034	\$39,470,548	\$45,502,123	\$3,460,323	\$0	\$171,596,705

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 and direct, indirect and induced tax effects from project employment 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	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2021	\$312,000	\$312,000	\$10,670,400	\$10,670,400
	2022	\$312,000	\$624,000	\$10,338,640	\$21,009,040
	2023	\$312,000	\$936,000	\$9,806,108	\$30,815,148
	2024	\$312,000	\$1,248,000	\$9,300,200	\$40,115,348
	2025	\$312,000	\$1,560,000	\$8,819,595	\$48,934,943
	2026	\$312,000	\$1,872,000	\$8,363,014	\$57,297,958
	2027	\$312,000	\$2,184,000	\$7,929,262	\$65,227,219
	2028	\$312,000	\$2,496,000	\$7,517,203	\$72,744,422
	2029	\$312,000	\$2,808,000	\$7,125,747	\$79,870,170
	2030	\$312,000	\$3,120,000	\$6,753,864	\$86,624,034
Maintain Viable Presence (5 Years)	2031	\$6,712,576	\$9,832,576	\$0	\$86,624,034
	2032	\$6,376,947	\$16,209,523	\$0	\$86,624,034
	2033	\$6,058,104	\$22,267,627	\$0	\$86,624,034
	2034	\$5,755,204	\$28,022,831	\$0	\$86,624,034
	2035	\$5,467,446	\$33,490,278	\$0	\$86,624,034
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$5,194,072	\$38,684,350	\$0	\$86,624,034
	2037	\$4,934,374	\$43,618,723	\$0	\$86,624,034
	2038	\$4,687,654	\$48,306,378	\$0	\$86,624,034
	2039	\$4,453,270	\$52,759,647	\$0	\$86,624,034
	2040	\$4,230,606	\$56,990,253	\$0	\$86,624,034
	2041	\$4,019,080	\$61,009,333	\$0	\$86,624,034
	2042	\$3,818,131	\$64,827,464	\$0	\$86,624,034
	2043	\$3,627,229	\$68,454,693	\$0	\$86,624,034
	2044	\$3,445,863	\$71,900,556	\$0	\$86,624,034
	2045	\$3,273,566	\$75,174,122	\$0	\$86,624,034
		<u>\$75,174,122</u>	is less than	<u>\$86,624,034</u>	

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?	No

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

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	300	333	633	\$23,400,000	\$24,207,422	\$47,607,422	2388000	-1152039	\$3,540,039
2019	1300	1,446	2746.09	\$101,400,000	\$112,711,328	\$214,111,328	10444641	-4600525	\$15,045,166
2020	212	4,968	5180	\$16,325,808	\$338,044,309	\$354,370,117	42800903	-7125854	\$49,926,757
2021	12	234	246	\$725,808	\$54,449,973	\$55,175,781	2479553	5661011	-\$3,181,458
2022	12	60	72	\$725,808	\$34,186,301	\$34,912,109	1983643	5531311	-\$3,547,668
2023	12	(39)	-27	\$725,808	\$20,270,286	\$20,996,094	1464844	5195618	-\$3,730,774
2024	12	(84)	-72	\$725,808	\$11,603,294	\$12,329,102	1258850	4768372	-\$3,509,522
2025	12	(86)	-74	\$725,808	\$6,232,200	\$6,958,008	1045227	4295349	-\$3,250,122
2026	12	(75)	-63	\$725,808	\$3,058,372	\$3,784,180	953674	3845215	-\$2,891,541
2027	12	(45)	-33	\$725,808	\$3,180,442	\$3,906,250	915527	3364563	-\$2,449,036
2028	12	(20)	-8	\$725,808	\$3,912,864	\$4,638,672	900269	2983093	-\$2,082,824
2029	12	4	16	\$725,808	\$5,133,567	\$5,859,375	946045	2670288	-\$1,724,243
2030	12	29	41	\$725,808	\$6,842,551	\$7,568,359	953674	2372742	-\$1,419,068
2031	12	21	33	\$725,808	\$6,110,130	\$6,835,938	663757	2128601	-\$1,464,844
2032	12	33	45	\$725,808	\$7,330,833	\$8,056,641	663757	1869202	-\$1,205,445
2033	12	39	51	\$725,808	\$8,063,255	\$8,789,063	640869	1640320	-\$999,451
2034	12	45	57	\$725,808	\$9,528,098	\$10,253,906	587463	1441956	-\$854,493
2035	12	47	59	\$725,808	\$10,748,801	\$11,474,609	579834	1251221	-\$671,387
2036	12	51	63	\$725,808	\$10,748,801	\$11,474,609	518799	1083374	-\$564,575
2037	12	51	63	\$725,808	\$11,481,223	\$12,207,031	473022	930786	-\$457,764
2038	12	47	59	\$725,808	\$11,969,505	\$12,695,313	396729	816345	-\$419,616
2039	12	49	61	\$725,808	\$13,190,208	\$13,916,016	381470	671387	-\$289,917
2040	12	39	51	\$725,808	\$12,946,067	\$13,671,875	289917	549316	-\$259,399
2041	12	43	55	\$725,808	\$13,190,208	\$13,916,016	274658	419617	-\$144,959
2042	12	41	53	\$725,808	\$14,655,051	\$15,380,859	350952	343323	\$7,629
2043	12	39	51	\$725,808	\$15,875,755	\$16,601,563	335693	259399	\$76,294
2044	12	43	55	\$725,808	\$18,317,161	\$19,042,969	366211	198364	\$167,847
2045	12	45	57	\$725,808	\$18,317,161	\$19,042,969	320435	91553	\$228,882
						Total	\$75,378,416	\$41,503,908	\$33,874,508
							\$109,048,630	is greater than	\$86,624,034
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

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. “Four sites are under consideration for this specific project, two in Texas and two in Louisiana. Phillips 66 has met with local government officials regarding each potential site, and would leverage existing assets and infrastructure in each location. In November 2016, for instance, Phillips 66 Partners ... acquired substantial NGL assets in South Louisiana, including approximately 500 miles of pipelines and a salt dome cavern complex, which connects multiple fractionation facilities, refineries and petrochemical plants.”
 - B. “For these reasons, Phillips 66 has formally filed the attached Advance Notification of intent to file an application for the Industrial Property Tax Exemption for a potential site in Lake Charles, Calcasieu Parish, LA. In addition to tax abatements, the total current property tax rate at the potential site in Lake Charles is 1.51% versus 2.27% for the proposed site location in Brazoria County. This difference in tax rate is significant and underscores the importance of the Chapter 313 Value Limitation in the evaluation of the Brazoria County location alternative.”
 - C. “The decision to invest in a particular state, and proceed with an investment at all, is fully dependent on the project economics. Therefore, the ability to obtain the Chapter 313 Value Limitation is not only a determining factor for project siting, but also whether Phillips 66

decides to proceed with the proposed project at all. In such a competitive marketplace, obtaining the Chapter 313 Value Limitation is a vital component of the economic analysis, and impacts the decision to approve the proposed project, and site in Brazoria County."

- Phillips 66 has considered the Sweeny site for the fractionator for some time and was acknowledged by the Chairman and CEO, Greg Garland, in a Fourth Quarter 2016 Earnings Conference Call on February 3, 2017. "I think we see an increasing need for infrastructure around the NGL side of it. Our plan was always to not stop with Frac One and Sweeny but to do Frac Two and Frac Three at Sweeny, so I think we start laying in those plans as we see increased opportunities for infrastructure development around what we view is going to be an increasing NGL environment."
- The company has acknowledged the fractionator project at the Sweeny location in its presentation material as late as the first half of 2016 – Phillips 66, Investor Update, May 18, 2016 and Bank of America Merrill Lynch Refining Conference, March 3, 2016, New York, NY.
- The project and location site (Sweeny) have been considered as far back as late 2014.
 - A. According to a October 29, 2014 *Phillips 66 Securities and Exchange Commission Form 8-K Report Filing*, "The company also plans to develop a second NGL fractionator and a crude and condensate pipeline in Texas to meet growing demand for domestic crude oil and global market demand for U.S.-supplied products. ...The proposed 110,000 BPD Sweeny Fractionator Two will be located near the company's Sweeny Refinery and Sweeny Fractionator One. The planned crude and condensate pipeline will connect Eagle Ford production to the Sweeny Refinery and Phillips 66's terminal in Freeport, Texas. The pipeline, including gathering systems, will have an initial capacity of 200,000 BPD with the capability to expand to over 400,000 BPD. The pipeline and Sweeny Fractionator Two projects are currently in the engineering design and permitting phase. Final investment decision for both projects is anticipated in mid-2015, with startup planned for late 2016 for the pipeline and 2017 for Sweeny Fractionator Two."
 - B. According to a December 11, 2014 *Oil & Gas Journal* article – "While Phillips 66 confirmed in March that preliminary engineering and economic analysis for the condensate splitter as well as a second fractionator in the Sweeny area already was under way, the company also is evaluating a crude oil and condensate pipeline, Nuss said. [Phillips 66 spokesman Dennis Nuss] The proposed 110,000-b/d Sweeny Fractionator 2 may be built near the Sweeny refinery and Sweeny Fractionator 1, while the crude and condensate pipeline will connect Eagle Ford production to the Sweeny refinery and Phillips 66's terminal in Freeport, Tex. 'The projects are currently in the engineering design and permitting phase,' Nuss said. The company plans to reach final approval for the second fractionator and crude and condensate pipeline during mid-2015. If approved, start-up of the pipeline is planned for late 2016, with the second fractionator at Sweeny slated for start-up in 2017, Nuss said."
- Phillips 66 is seeking tax abatements in Sweeny/Brazoria County area
 - A. In a March 2, 2017 *The Facts (Clute, TX)* article it stated "Brazoria County could see its 10th billion-dollar investment in as many years if a petrochemical company chooses Sweeny as the site for its natural liquid gas fractionator. Commissioners unanimously approved a 10-year, 100 percent property tax abatement if the proposed \$1.3 billion complex is placed at the Phillips 66 Sweeny site. ... Officials have begun preliminary economic and engineering analyses for at least one fractionation and associated pipelines to meet a growing domestic and international demand for natural gas liquids supplied by the United States, Phillips 66 spokesman Rich Johnson said in an emailed statement. 'Phillips 66 anticipates a strong need

for capital investment in the natural gas liquids market over the next several years and continues to pursue projects that fit with our strategy to expand our midstream business,' Johnson said. 'With a substantial presence in the Gulf Coast region, Phillips 66 sees significant opportunities to leverage our assets in this area as we continue to grow.' ... The petrochemical company also is considering sites in Matagorda County and Louisiana for the project, according to the abatement application."

- B. In a March 4, 2017, *The Facts (Clute, TX)* article, "Sweeny is another step closer to being the site of its neighboring petrochemical company's new billion investment. The Sweeny Hospital District Board of Directors approved a 10-year, 100-percent tax abatement Tuesday if the proposed \$1.3 billion natural liquid gas fractionator is placed at the Phillips 66 Sweeny site, said Scott Briner, the hospital's chief executive officer. The plant will divide natural gas liquids into marketable purity products."
- Material submitted to the Comptroller's office by the applicant indicates the project will be integrated with several other existing and planned nearby Phillips 66 projects.
 - A February 23, 2017 *The Motley Fool* article states "Phillips 66 and a small handful of companies could take huge advantage of this situation. NGL prices overseas are much higher, and they are much less costly to export than liquefied natural gas. Longer term, though, this continues to bode well for petrochemical manufacturing. Phillips 66 is looking to make a final investment decision on a second fractionator unit at its Sweeny complex with plans to add a third as well."
 - A January 1, 2016, *The Facts (Clute, TX)* article states that Phillips 66 is "progressing with the engineering work and the commercial contracts needed to make a final investment decision for Sweeny Fractionator Two in 2016, as well as evaluating other crude logistics projects" according to Phillips 66 spokeswoman Lara Burhenn.
 - The Economic Development Alliance for Brazoria County as of May 8, 2017 lists the Phillips 66 project site as a serious prospect.

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



Application for Appraised Value Limitation on Qualified Property

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:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (complete Section 13)
<input type="checkbox"/> Expansion of existing operation on the land (complete Section 13)	<input type="checkbox"/> 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
See Footnote in Schedule D for Local Incentives Information
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.

For more information, visit our website www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

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

PHILLIPS 66 COMPANY

Chapter 313 Application to Sweeny ISD

Cummings Westlake, L.L.C.

TAB 5

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

Phillips 66 is a diversified energy manufacturing and logistics company. With a portfolio of Midstream, Chemicals, Refining, and Marketing and Specialties businesses, the company processes, transports, stores and markets fuels and products globally.

In anticipation of fulfilling an increasing need for natural gas liquids (NGL) infrastructure, and an increasing demand for NGL purity products, Phillips 66 is evaluating the economics of a project that would increase its fractionation capacity in the U.S. The Project is still in an evaluation stage, and only preliminary engineering and economic development activities have been initiated. Agreements for preliminary engineering studies estimates have either been entered into, or are being negotiated, for purposes of determining whether the project is viable and cost competitive. However, no final phase funding for engineering design has occurred. No regulatory permit applications have been filed, and no public announcements of a definitive intent to construct the Project have been made.

Four sites are under consideration for this specific project, two in Texas and two in Louisiana. Phillips 66 has met with local government officials regarding each potential site, and would leverage existing assets and infrastructure in each location. In November 2016, for instance, Phillips 66 Partners (a Master Limited Partnership affiliate of Phillips 66) acquired substantial NGL assets in South Louisiana, including approximately 500 miles of pipelines and a salt dome cavern complex, which connects multiple fractionation facilities, refineries and petrochemical plants. This acquisition further improves the business case for Phillips 66 to construct the complex in South Louisiana, because it further expands the NGL business in the region and provides for greater utilization of existing assets.

For these reasons, Phillips 66 has formally filed the attached Advance Notification of intent to file an application for the Industrial Property Tax Exemption (five years, eligible for five year renewal) for a potential site in Lake Charles, Calcasieu Parish, LA. In addition to tax abatements, the current total property tax rate at the potential site in Lake Charles is 1.51% versus 2.27% for the proposed site location in Brazoria County. This difference in tax rate is significant and underscores the importance of the Chapter 313 Value Limitation in the evaluation of the Brazoria County location alternative.

The decision to invest in a particular state, and proceed with an investment at all, is fully dependent on the project economics. Therefore, the ability to obtain the Chapter 313 Value Limitation is not only a determining factor for project siting, but also whether Phillips 66 decides to proceed with the proposed project at all. In such a competitive marketplace, obtaining the Chapter 313 Value Limitation is a vital component of the economic analysis, and impacts the decision to approve the proposed project, and site in Brazoria County.



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Business Incentive Program

FOR OFFICE USE ONLY

RECEIVED DATE _____

ID# _____

INITIALS _____

ADVANCE NOTIFICATION

SECTION-1: BUSINESS INFORMATION

DATE 01/16/2017 ADVANCE NOTIFICATION # 20170031
 BUSINESS NAME Phillips 66 Company PARISH PROJECT IS LOCATED Calcasieu
 PROJECT'S PHYSICAL ADDRESS 2220 Old SpaniSh Trail Westlake, LA 70669
 MAILING ADDRESS S231-03 1075 W SAM HOUSTON N STE 200 Houston, TX 77043
 PROJECT NAME (OPTIONAL) Potential Fractionator Complex NAICS CODE 211130
 PROJECT BEGINNING DATE 02/01/2019 PROJECT ENDING DATE 04/01/2020
 PROJECT TYPE Start-Up/New

PROVIDE A DESCRIPTION OF THIS PROJECT
 Natural gas liquids fractionator comprised of three trains and supporting equipment.

SECTION-2: ESTIMATED COSTS

ESTIMATED INVESTMENT COSTS		ESTIMATED NUMBER OF JOBS		ESTIMATED PAYROLL	
Building & Material	\$354,000,000.00	New	25	New	\$1,889,000.00
Machinery & Equipment	\$240,000,000.00	Existing	0	Existing	\$0.00
Labor & Engineering	\$706,000,000.00	Construction	1300	Construction	\$500,000,000.00
Total Investment	\$1,300,000,000.00		1325		\$501,889,000.00

SECTION-3: GAMING

IS THERE GAMING ACTIVITY AT THIS PROJECT SITE? No
 ARE ANY OWNERS INVOLVED IN ANY GAMING ACTIVITIES ELSEWHERE? No

SECTION-4: CONTACT INFORMATION

01/19/2017



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CONTACT TYPE BUSINESS PROGRAM ITE

PREFIX Mr. FIRSTNAME Chris MI G LASTNAME Cisneros SUFFIX

CONTACT'S COMPANY NAME Phillips 66 Company TITLE Senior Advisor, Property Tax

MAILING ADDRESS S231-03 HOC 1075 W Sam Houston N STE 200 Houston, TX 77043

PHONE NUMBER (832) 765-4112 - EMAIL ADDRESS chris.g.cisneros@p66.com

SECTION-5: INCENTIVE PROGRAMS

SELECTED PROGRAMS:
Industrial Tax Exemption

Amount Paid: \$250.00

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

TRANSCRIPT
Q4 2016 EARNINGS
CONFERENCE CALL



PHILLIPS 66 (NYSE: PSX)
February 3, 2017 at 12 p.m. EDT

PHILLIPS 66 PARTICIPANTS

Rosy Zuklic, General Manager, Investor Relations

Greg C. Garland, Chairman and Chief Executive Officer

Kevin J. Mitchell, Executive Vice President and Chief Financial Officer

Tim G. Taylor, President

MEETING PARTICIPANTS

Paul Sankey, *Wolfe Research*

Jeff Dietert, *Simmons & Co. International*

Edward Westlake, *Credit Suisse*

Doug Leggate, *Bank of America Merrill Lynch*

Phil Gresh, *JPMorgan*

Blake Fernandez, *Howard Weil*

Brad Heffern, *RBC Capital Markets*

Neil Mehta, *Goldman Sachs*

Roger Read, *Wells Fargo Securities*

Corey Goldman, *Jefferies*

Paul Cheng, *Barclays*

TRANSCRIPT

Operator

Welcome to the Fourth Quarter 2016 Phillips 66 Earnings Conference Call. My name is Saly 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 Rosy Zuklic, General Manager, Investor Relations. Rosy, you may begin.

Rosy Zuklic - Phillips 66 - General Manager, Investor Relations

Thank you, Saly. Good morning and welcome to the Phillips 66 Fourth Quarter Earnings conference call. With me today are Greg Garland, Chairman and CEO; Tim Taylor, President; and Kevin Mitchell, Executive Vice President and CFO. The presentation material 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 question and answer session. 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 filings with the SEC.

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

Greg C. Garland - Phillips 66 - Chairman and Chief Executive Officer

Thanks, Rosy. Good morning everyone. Thank you for joining us today.

Total adjusted earnings for the fourth quarter were \$83 million or \$0.16 per share. Market conditions continue to be challenging as Refining, Marketing and Chemicals' margins were all lower. We also had significant turnarounds during the quarter. These factors contributed to our disappointing earnings.

For the full year, 2016 adjusted earnings were \$1.5 billion or \$2.82 per share. We operated well, and continued to execute on our projects. And we maintained financial strength and flexibility while continuing to return significant capital to our shareholders.

We believe that operational excellence is fundamental for generating and protecting shareholder value. 2016 was our safest year ever, and we ran our refineries at 96% utilization, which was a record for our company. Our Marketing and Specialties business also delivered solid results for the year and achieved record volumes. We managed costs well across our organization, holding controllable costs flat despite our significant growth activities.

We reached several milestones in our Midstream growth program in 2016. At Freeport, we completed our 150,000 barrel per day LPG Export Terminal. Commissioning went smoothly and the facility is

operating as designed. We shipped our first commercial cargo in mid-December, and we expect the facility to be loading to near capacity this month.

The Dakota Access/ETCOP system is expected to complete in the second quarter. Phillips 66 has a 25% interest in these projects.

In the Gulf Coast, the Beaumont Terminal expansion is ongoing. We commissioned 1.2 million barrels of contracted crude storage in the fourth quarter, and 2 million barrels of additional crude and product storage is expected to be available by mid-year. We have plans to ultimately expand this facility to 16 million barrels.

Phillips 66 Partners remains an important part of our Midstream growth strategy. In 2016, the Partnership raised more than \$2 billion in debt and equity capital markets, which it used to grow its business by acquiring assets and developing organic projects.

During the fourth quarter we completed our largest dropdown to date, contributing \$1.3 billion of logistics assets to PSXP. The Partnership remains on pace to achieve its growth objective of having \$1.1 billion in run-rate EBITDA by the end of 2018.

At the start of this year, DCP Midstream contributed its assets and existing debt to its MLP, simplifying the organizational structure, increasing its ownership of a publicly traded partnership. This transaction should enable better capital allocation, position DCP for growth, and allow for increased cash distributions to its owners.

In Chemicals, CPChem is advancing the U.S. Gulf Coast Petrochemicals Project. The polyethylene units are on track to start up in mid-2017 and the ethane cracker in the fourth quarter of 2017. We expect to see increased distributions from CPChem starting this year as capital spending is reduced following the completion of the project.

In Refining, we continue to pursue high-return, quick payout projects. At the Billings Refinery, we are increasing Canadian heavy crude processing capability to 100%. This project is expected to be complete in the first half of this year. At the Bayway and Wood River refineries, we're modernizing the FCC units to increase clean product yield. Both projects are expected to be completed in the first half of 2018.

During 2016, we generated approximately \$5 billion in cash from operations and dropdown proceeds from PSXP. This enabled us to fund \$2.8 billion of capital expenditures and return \$2.3 billion to shareholders through dividends and share repurchases.

We remain committed to our strategy, executing our growth plans, enhancing returns, and rewarding our shareholders. The projects we have coming online are well positioned to increase cash flow. In 2017, we expect to increase our dividend again and to spend \$1 billion to \$2 billion on share repurchases. We believe our portfolio remains a differentiating factor that provides upside in a rising U.S. production environment.

With that, I'm going to turn the call over to Kevin to go through the quarter results.

Kevin J. Mitchell - Phillips 66 - Executive Vice President and Chief Financial Officer

Thank you, Greg. Good morning, everyone. Starting on Slide 4, fourth quarter earnings were \$163 million. We had several special items that netted to a benefit of \$80 million. Included in these special items were several tax adjustments across our businesses that benefited earnings. These were partially offset by railcar lease termination costs in Refining and a charge related to the DCP restructuring in Midstream.

After removing these items, adjusted earnings were \$83 million or \$0.16 per share.

Cash from operations for the quarter were \$667 million and included a \$31 million working capital benefit.

In addition, PSXP raised approximately \$1.1 billion from the issuance of long-term notes during the fourth quarter.

Capital spending for the quarter was \$813 million, with \$452 million spent on growth, mostly in Midstream.

Distributions to shareholders in the fourth quarter totaled \$558 million, including \$328 million in dividends and \$230 million in share repurchases.

Our adjusted effective income tax rate was negative 11% due, in large part, to the mix of losses in our U.S. operations and gains in our European businesses.

Slide 5 compared fourth quarter and third quarter adjusted earnings by segment. Quarter-over-quarter adjusted earnings were down by \$473 million, driven by decreases across all of the segments.

There were several factors impacting the fourth quarter's results, compared with the third quarter, beyond normal market sensitivities.

- DCP had higher integrity and maintenance spending. In addition, higher NGL prices were partially offset by DCP's hedging activities to reduce its exposure to market-price volatility. Together, these items lowered fourth-quarter Midstream adjusted earnings by approximately \$20 million relative to sensitivities.
- In Refining, the impact of pricing of products shipped on certain Gulf Coast pipelines reduced adjusted earnings by about \$50 million, compared with monthly average prices assumed in the 3:2:1 market crack. Additionally, the West Coast was significantly impacted by major turnaround activity at the Los Angeles Refinery.
- And Refining and Marketing and Specialties were both affected by lower margins from our commercial activities which moved results away from market indicators, as well as impacts from

hedges on discretionary inventory. Together, these items lowered Refining and Marketing and Specialties adjusted earnings by approximately \$75 million in aggregate relative to sensitivities.

I'll now cover each of the segments individually.

I'll start with Midstream on Slide 6. After removing noncontrolling interests of \$36 million, Midstream's fourth quarter adjusted earnings were \$33 million, \$42 million lower than the third quarter.

Transportation adjusted earnings for the quarter were \$44 million, down \$19 million from the prior quarter, driven by an increase in non-controlling interest related to the October dropdown of assets to PSXP and lower equity earnings from Rockies Express Pipeline due to the third quarter receipt of a \$10 million settlement, net to us.

In NGL, we had an adjusted loss of \$5 million for the quarter. This represented an \$8 million decrease from the prior quarter and was largely driven by higher expenses associated with placing the Freeport LPG terminal into service.

Our adjusted loss associated with DCP Midstream was \$6 million in the fourth quarter, a \$15 million decrease compared to the previous quarter. This was primarily due to higher reliability and maintenance spending and lower equity earnings.

Turning to Chemicals on Slide 7. Fourth quarter adjusted earnings for the segment were \$124 million, \$66 million lower than the third quarter.

In Olefins and Polyolefins, adjusted earnings decreased by \$60 million from the prior quarter, driven largely by lower margins and turnaround activities at Cedar Bayou and one of CPChem's joint ventures. Global O&P utilization was 86%, 7% lower than the prior quarter and in-line with guidance.

Adjusted earnings for SA&S decreased by \$7 million on lower aromatics margins, as well as lower equity earnings.

In Refining, crude utilization was 93% for the quarter, in-line with guidance. Clean product yield was 86%, our highest ever. The higher clean product yield was partially due to the sale of the Whitegate Refinery and increased butane blending during the quarter. Pretax turnaround costs were \$205 million. Realized margin was \$6.47 per barrel, \$0.76 lower than in the third quarter.

The chart on Slide 8 provides a regional view of the change in adjusted earnings compared to the previous quarter. In total, the Refining segment had an adjusted loss of \$95 million, down \$229 million from last quarter.

Regionally, the Atlantic Basin had capacity utilization to 102% and saw higher earnings in the fourth quarter, reflecting improved market cracks. The other regions were all impacted by lower margins. The Gulf Coast clean product realizations were negatively impacted by the rise in prices relative to the timing of shipments during the quarter. Margins were down in the Central Corridor where the market crack fell

\$3.62 per barrel. In the West Coast region, the Los Angeles Refinery ran significantly below capacity during October and November. This contributed to our 71% regional crude capacity utilization and higher costs versus the third quarter. West Coast capture was also hurt by product differentials between the benchmark Los Angeles market and other West Coast markets.

Next we will cover market capture on Slide 9.

The 3:2:1 market crack for the quarter was \$12.10 per barrel, down from \$12.96 in the third quarter. Our realized margin for the fourth quarter was \$6.47 per barrel, resulting in an overall market capture of 53%, down slightly from 56% in the prior quarter.

Market capture is impacted in part by the configuration of our refineries and our production relative to the market crack calculation. With 86% clean product yield for the quarter, we made less gasoline and slightly more distillate than premised in the 3:2:1 market crack.

Losses from secondary products of \$2.69 per barrel were \$0.25 per barrel improved this quarter despite rising crude costs, as NGL prices increased more than crude.

Feedstock advantage was \$0.45 per barrel higher than the third quarter.

The Other category mainly includes costs associated with RINs, outgoing freight, product differentials and inventory impacts. This category was \$1.36 per barrel worse than the third quarter, due in part to lower product differentials.

Let's move to Marketing and Specialties on Slide 10.

Adjusted earnings for M&S in the fourth quarter were \$140 million, down \$127 million from the third quarter.

In Marketing and Other, the \$114 million decrease in adjusted earnings was largely due to lower domestic and international realized marketing margins, reflecting the impact of seasonality and rising product prices.

Specialties adjusted earnings decreased by \$13 million, primarily as a result of seasonally lower lubricants volumes and costs associated with a brand refresh.

On Slide 11, the Corporate and Other segment had adjusted after-tax net costs of \$119 million this quarter, compared to \$110 million in the third quarter. The increase in net costs reflects higher interest expense due to the October bond offering by Phillips 66 Partners and lower capitalized interest from placing the Freeport LPG Export Terminal into service, as well as higher environmental costs.

On Slide 12 we summarize our financial results for the year. 2016 adjusted earnings were \$1.5 billion or \$2.82 per share.

At the end of the fourth quarter, our debt-to-capital ratio was 30% and our net debt-to-capital ratio was 24%. The adjusted return on capital employed for 2016 was 5%.

Slide 13 shows full year cash flow. We began 2016 with a cash balance of \$3.1 billion. Excluding working capital impacts, cash from operations for the year was \$2.5 billion. Working capital increased cash flow by \$500 million.

Phillips 66 Partners raised approximately \$1 billion in public equity offerings and \$1.3 billion in debt.

We funded \$2.8 billion of capital expenditures and investments, including third-party acquisitions by PSXP that totaled approximately \$260 million. We distributed \$2.3 billion to shareholders in the form of dividends and share repurchases. We ended the fourth quarter with 519 million shares outstanding.

On the cash flow chart, included in the 'Other' category are advances to equity affiliates and distributions to PSXP LP unitholders.

At the end of December, our cash balance was at \$2.7 billion.

This concludes my review of the financial and operational results; next I'll cover a few outlook items.

In the first quarter in Chemicals we expect the Global O&P utilization rate to be in the high-80s.

In Refining, we expect the worldwide crude utilization rate to be in the low-80s and before tax turnaround expenses to be between \$300 million and \$350 million as this is expected to be a heavy turnaround quarter for us.

We expect Corporate and Other costs to come in between \$125 million and \$140 million after-tax.

For 2017, we expect full year turnaround expenses to be between \$625 million and \$675 million pre-tax. We expect Corporate and Other costs to come in between \$490 million and \$510 million. We expect full year D&A of about \$1.3 billion. And company-wide, we expect the effective income tax rate to be in the mid-30s.

With that, we'll now open the line for questions.

Operator

Thank you. We will now begin the question and answer session. If you have a question, please press star, then the number one on your touch-tone phone. If you wish to be removed from the queue, please press the pound key. If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, please press star, then one on your touch-tone phone.

Your first question comes from the line of Paul Sankey with Wolfe Research. Your line is open.

Paul Sankey - Wolfe Research

Good morning everybody. Thank you. Could you update us on the contribution that the Freeport LPG Export Terminal made in Q4? I assume it was nothing, if not negative, and what the anticipated contribution EBITDA-wise is for this coming year or this current year of 2017. And can you do the same for the crude storage that you added? And finally, could you just update us on the very latest on how the major petrochemical project is going on the Gulf Coast? Thanks.

Greg C. Garland - Phillips 66 - Chairman and Chief Executive Officer

Okay. On the LPG export facility we premised 8 cargoes a month. I think we did about 5.5 in December.

Tim G. Taylor - Phillips 66 - President

Right, yes.

Greg C. Garland - Phillips 66 - Chairman and Chief Executive Officer

So we essentially had a full quarter worth of costs which is somewhere around \$12 million-ish I guess so we probably did not offset the cost with the cargoes that were in the fourth quarter. Even in the first quarter, January we did 8 cargoes. I think we have the same laid in for February and March. So I think that as you think about that project, we've never really broken down what the export facility is going to be. We set a total Sweeny Hub which is kind of [the fractionator], LPG export [facility], [and] caverns, etc. is \$400 million to \$500 million of EBITDA and we said there's about \$200 million or so of ARB in there, so that leaves you kind of \$300 million-ish. The frack is up and running and that's somewhere \$65 million to \$70 million of EBITDA. That leaves you the balance of what it will be at [the] LPG export facility. I will say we premised \$0.12 in the economics for the fee across the dock, Paul. And we have some contracts above that and some below that. Then we're doing at least 2 to 3 cargoes a month of spot and the spot is about 70% of what we premised.

I think that kind of covers. Tim's acting like he wants to come in.

Tim G. Taylor - Phillips 66 - President

Yes. I'd just say that on the volume side has been strong demand. We're seeing good pull out of Asia. Good demand out of Europe as well as some demand out of Latin America. So, heating season in the northern hemisphere has been a pull, and then petrochemical demand has been good as well. So I think the good news is on the volume side and we'll see where the ARBs go. But I think we started up very smoothly, got it loaded and now we've got to work on optimization of that value.

Paul Sankey - Wolfe Research

Thank you. The very latest on the Gulf Coast?

Tim G. Taylor - Phillips 66 - President

Yes. The petrochemical side, two projects really. At Sweeny we've got the derivative units in polyethylene and those are coming in up mid-year, so it's on target just as we expected, so we're in the commissioning phases and those kinds of things now.

The ethane cracker is fourth quarter is how we look at the completion. So behind in terms of where they are but still feeling with the contract interventions we've made, the additional resources, that that project is holding well for the end of the year.

So you get a partial value uplift with the polyethylene startup in the summer and then you really move into with the full value uplift will really come in '18 as the cracker really comes online at that point.

Paul Sankey - Wolfe Research

Yes, understood. Thank you, gentlemen. Thank you, Rosy.

Rosy Zuklic - Phillips 66 - General Manager, Investor Relations

Thanks, bye.

Operator

Your next question comes from the line of Jeff Dietert with Simmons. Your line is open.

Jeff Dietert - Simmons & Co. International

Good morning.

Greg C. Garland - Phillips 66 - Chairman and Chief Executive Officer

Hey, Jeff.

Jeff Dietert - Simmons & Co. International

Phillips 66's leverage to NGLs through the Sweeny Hub and NGL pipeline interest, fractionators and the LPG export facility; NGL production has really held up better than oil or natural gas production, which fell with the reduced activity last year. Would you discuss your outlook for NGLs with the relatively strong performance on the production side and what opportunities you might see for additional infrastructure?

Greg C. Garland - Phillips 66 - Chairman and Chief Executive Officer

Well, I'll start high level then Tim can come in. I think that we're probably pleased by the way the NGL volumes held up in 2016. Our view is rig count's going up, bottomed somewhere just over 300, up over 500 rigs. See increasing activity, particularly coming out of the Permian. I think that bodes well for NGLs. As you know, we have an expansion announced at our Sand Hills Line from 285 to at least 350 [MBD], maybe a little more than that, but high interest I would say from producers in moving their liquids to market and so we're interested in that.

In our capital budget this year, towards the end of the year, we have laid in plans to FID Frac Two. We're in I would say very serious discussions on the volumes for that frac, and I think we're feeling pretty good about that at this point in time.

I think we see an increasing need for infrastructure around the NGL side of it. Our plan was always to not stop with Frac One and Sweeny but to do Frac Two and Frac Three at Sweeny, so I think we start laying in

those plans as we see increased opportunities for infrastructure development around what we view is going to be an increasing NGL environment.

I think I would just say, and Tim can probably talk to this too a little bit more. Crude prices have certainly recovered. NGL prices have been on a rip here the last quarter I would say, certainly towards the first part of this year also, but we think that the ARBs tend to open back up. We think with increased production we're not going to have enough demand in the U.S. to clear either the heating markets or petrochemical markets and you're going to have to export. We do think that ARBs do open up, certainly in 2017, but particularly the back half of 2017.

Tim G. Taylor - Phillips 66 - President

Just a couple of comments, Jeff, on that. First of all, as the crackers start up the ethane comes out of rejection and back down the pipe so you've got a natural load on both the fractionators as well as the pipes, so I think that's a direct upside at both DCP and at PSXP and PSX. Then as Greg mentioned, the industry is running very light right now on ethane because they're strongly favored in the petrochemical cracks, so the propane is really full with both the heating demand here and then some good demand out of those export markets, and as we look out the balances, we still feel very confident butane, propane and now ethane even, needs to balance to the export markets in the future, so we think that continues to be structurally a very good play.

Jeff Dietert - Simmons & Co. International

With the real strength, almost spiking prices in propane and butane it obviously helps frac margins. With butane it's typically a winter-grade gasoline component. How is that influencing gasoline production and gasoline margins?

Tim G. Taylor - Phillips 66 - President

We saw it in the fourth quarter in our system. We're up actually about 2 points on clean product yield and a lot of that is due directly to butane blending in our system. That's going to wind down but that's certainly underpinned the butane price in the short term was that play into the gasoline pool. Our expectation is it's seasonal and that begins to come off. As we get into the summer season, you make summer grade gasoline; you can't blend as much butane in it.

Jeff Dietert - Simmons & Co. International

Thanks for your comments.

Greg C. Garland - Phillips 66 - Chairman and Chief Executive Officer & Tim G. Taylor - Phillips 66 - President

Thanks, Jeff.

Operator

Your next question comes from the line of Ed Westlake with Credit Suisse. Your line is open.

**Bank of America Merrill Lynch
Refining Conference
March 3, 2016
New York, NY**

**Greg C. Garland,
Chairman and CEO**



Western Gulf

Creating a World-Class Energy Complex



Midstream

- Sweeny Fractionator One (25% PSXP)
- Freeport LPG export terminal
- Eagle Ford crude pipeline
- Sweeny Fractionator Two

Refining, Marketing & Specialties

- Sweeny
 - Strategic asset integration
- Marketing & Specialties
 - Grow unbranded fuels volumes
 - Focus on high-quality branded assets
 - Increase high-margin exports

Investor Update

May 2016



NYSE: PSX
www.phillips66.com



Western Gulf

Creating a World-Class Energy Complex



Midstream

- Sweeny Fractionator One (PSXP)
- Freeport LPG export terminal
- Eagle Ford crude pipeline
- Sweeny Fractionator Two

Refining, Marketing & Specialties

- Sweeny
 - Strategic asset integration
- Marketing & Specialties
 - Grow unbranded fuels volumes
 - Focus on high-quality branded assets
 - Increase high-margin exports

PHILLIPS 66

FORM 8-K (Current report filing)

Filed 10/29/14 for the Period Ending 10/29/14

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Telephone	281-293-6600
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Symbol	PSX
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Industry	Oil & Gas - Integrated
Sector	Energy
Fiscal Year	12/31



Phillips 66 Reports Third -Quarter Earnings of \$1.2 Billion or \$2.09 Per Share

Adjusted earnings of \$1.1 billion or \$2.02 per share

Highlights

- Strong earnings driven by improved refining and marketing margins
- Record advantaged crude runs
- Chemicals impacted by unplanned downtime
- Announced Dakota Access Pipeline and Energy Transfer Crude Oil Pipeline joint ventures
- Returned \$771 million of capital to shareholders through dividends and share repurchases

HOUSTON, Oct. 29, 2014 — Phillips 66 (NYSE: PSX), an energy manufacturing and logistics company, announces third -quarter earnings of \$1.2 billion , compared with earnings of \$863 million during the second quarter of 2014 . Adjusted earnings were \$1.1 billion , an increase of \$277 million from the second quarter of 2014.

"Our operations ran well during the third quarter, capturing strong margins in our refining and marketing businesses," said Greg Garland, chairman and CEO of Phillips 66. "Chemicals earnings were also strong despite the impact of unplanned downtime."

"We recently announced the Dakota Access Pipeline and Energy Transfer Crude Oil Pipeline projects, which provide integration opportunities with our Beaumont Terminal. We are executing our Midstream growth strategy with increasing momentum," said Garland.

Midstream

Midstream earnings were \$115 million in the third quarter, compared with earnings of \$108 million in the second quarter of 2014 .

Phillips 66's Transportation business generated earnings of \$58 million during the third quarter, in line with earnings of \$60 million in the second quarter of 2014 . Third -quarter earnings related to the company's equity investment in DCP Midstream, LLC were \$31 million , comparable with \$33 million in the second quarter of 2014 .

Earnings from the NGL business were \$26 million in the third quarter, compared with \$15 million in the second quarter of 2014 . The increase was primarily related to improved margins and higher equity earnings from the ramp up of throughput volumes on the Sand Hills and Southern Hills pipelines.

Chemicals

The Chemicals segment reflects Phillips 66's equity investment in Chevron Phillips Chemical Company LLC (CPCChem). Third -quarter Chemicals earnings were \$230 million and adjusted earnings were \$299 million . This compares with earnings of \$324 million in the second quarter of 2014.

During the third quarter, CPCChem's Olefins and Polyolefins (O&P) business contributed \$254 million to Phillips 66's Chemicals earnings. O&P's adjusted earnings contribution was \$259 million, compared with \$310 million in the second quarter of 2014 . The decrease was mainly due to an ethylene outage at CPCChem's Port Arthur plant from a localized fire in July. Global utilization for O&P was 83 percent during the quarter.

CPCChem's Specialties, Aromatics and Styrenics (SA&S) business contributed a loss of \$18 million to third-quarter earnings, including asset impairments of \$64 million. SA&S's adjusted earnings contribution was \$46 million during the third quarter, an increase of \$25 million from the second quarter of 2014 , primarily driven by lower turnaround activity.

Refining

Refining recorded earnings of \$558 million in the third quarter, compared with earnings of \$390 million in the second quarter of 2014 . The increase was primarily attributable to improved realized refining margins, which included capturing crude location differentials. Margins improved, despite lower worldwide market crack spreads, primarily due to higher clean product realizations. Additionally, secondary product margins benefited from lower crude oil prices.

During the quarter, a record 95 percent of the company's U.S. crude slate was advantaged, compared with 93 percent in the second quarter. Worldwide, Phillips 66's refining utilization and clean product yield were 94 percent and 84 percent , respectively, in the third quarter of 2014 .

Marketing and Specialties

Marketing and Specialties (M&S) third-quarter earnings were \$368 million and adjusted earnings were \$259 million . This compares with earnings of \$162 million during the second quarter of 2014 .

Earnings from Marketing and Other were \$325 million in the third quarter, which included the expected partial recognition of the deferred gain from the sale of a power plant in July 2013. Adjusted earnings were \$216 million, an increase of \$97 million compared with earnings in the second quarter of 2014. The business benefited from higher global marketing margins, primarily due to the steady decline of product costs associated with falling crude oil prices during the quarter. Third-quarter refined product exports were 129,000 barrels per day (BPD), a reduction from 181,000 BPD in the second quarter of 2014 , reflecting more favorable placement in the domestic market.

Phillips 66's Specialties businesses generated earnings of \$43 million during the third quarter, in line with second - quarter 2014 earnings.

Corporate and Other

Corporate and Other costs were \$91 million after-tax in the third quarter, compared with \$121 million in the second quarter of 2014 . The decreased costs were mostly due to effective tax rate changes, as well as timing of contributions and environmental expenses.

The company's effective tax rate was 31 percent and its adjusted effective tax rate was 33 percent for the third quarter, compared with 36 percent in the second quarter of 2014 .

Financial Position, Liquidity and Return of Capital

During the quarter, Phillips 66 generated \$429 million of cash from operations. Excluding \$828 million of working capital changes, operating cash flow was \$1.3 billion. Working capital changes mainly reflect the impact of temporary inventory builds during the quarter. The company funded \$1.5 billion in capital expenditures and investments, primarily reflecting growth in its Midstream segment.

Consistent with the company's commitment to return capital to shareholders, Phillips 66 returned \$771 million in the third quarter through dividends and share repurchases. The company paid \$277 million in dividends and repurchased six million shares of common stock for \$494 million. Since August 2012, the company has repurchased 66 million shares for \$4.4 billion, as part of \$7 billion in share repurchase authorizations. In addition, the company received 17.4 million shares in exchange for its flow improver business earlier this year. Phillips 66 ended the quarter with 554 million shares outstanding.

As of Sept. 30, 2014, cash and cash equivalents were \$3.1 billion and debt was \$6.2 billion. The company's debt-to-capital ratio was 22 percent. Additionally, Phillips 66 reported a year-to-date annualized return on capital employed (ROCE) of 18 percent, and a year-to-date annualized adjusted ROCE of 14 percent.

Strategic Update

Phillips 66 is continuing to grow its more highly valued businesses, while enhancing refining returns. The company's Midstream segment is pursuing multiple growth opportunities to further integrate its portfolio and benefit from increasing production in North America.

Phillips 66 recently announced its participation in two joint ventures to develop the Dakota Access Pipeline (DAPL) and Energy Transfer Crude Oil Pipeline (ETCOP). Phillips 66 owns 25 percent interests in both projects and its estimated share of construction cost is approximately \$1.2 billion. DAPL is expected to deliver 450,000 BPD of crude oil from the Bakken/Three Forks production area in North Dakota to market centers in the Midwest. ETCOP will provide crude oil transportation service from the Midwest to the Gulf Coast, including Phillips 66's Beaumont Terminal. The DAPL and ETCOP projects are expected to begin commercial operations in the fourth quarter of 2016.

In support of its advantaged crude oil strategy, the company ordered an additional 500 rail cars during the quarter and began operations at its 75,000 BPD rail rack at the Bayway Refinery. The 30,000 BPD rail rack at the Ferndale Refinery is expected to begin operations in the fourth quarter of 2014. In addition, Phillips 66 is constructing a rail-loading facility on land recently acquired in North Dakota. The facility is expected to have up to 200,000 BPD of capacity and further expand Phillips 66 and third-party access to Bakken crude oil.

As recently announced, Phillips 66 Partners LP will acquire the new rail-unloading facilities at Bayway and Ferndale, as well as the Cross-Channel Connector Pipeline, from Phillips 66. The \$340 million transaction is anticipated to close in early December 2014.

Construction continued on the Sweeny Fractionator One and Freeport LPG Export Terminal, with startup expected in the second half of 2015 and second half of 2016, respectively. The company also plans to develop a second NGL fractionator and a crude and condensate pipeline in Texas to meet growing demand for domestic crude oil and global market demand for U.S.-supplied products. In addition, the company is considering condensate processing options to meet customer demand.

The proposed 110,000 BPD Sweeny Fractionator Two will be located near the company's Sweeny Refinery and Sweeny Fractionator One. The planned crude and condensate pipeline will connect Eagle Ford production to the Sweeny Refinery and Phillips 66's terminal in Freeport, Texas. The pipeline, including gathering systems, will have an initial capacity of 200,000 BPD with the capability to expand to over 400,000 BPD.

The pipeline and Sweeny Fractionator Two projects are currently in the engineering design and permitting phase. Final investment decision for both projects is anticipated in mid-2015, with startup planned for late 2016 for the pipeline and 2017 for Sweeny Fractionator Two.

CPCChem is investing in domestic growth projects to realize the benefits of low-cost petrochemical feedstocks in the U.S. Gulf Coast (USGC). Construction continued on its world-scale USGC Petrochemicals Project consisting of an ethane cracker and related polyethylene facilities, with startup anticipated in 2017. In addition, the ethylene production expansion project to add a tenth furnace at CPCChem's Sweeny facility is expected to start up in the fourth quarter of 2014.

Later today, Phillips 66 Chairman and Chief Executive Officer Greg Garland; President Tim Taylor; and Executive Vice President and Chief Financial Officer Greg Maxwell will host a webcast at 11 a.m. EDT to discuss the company's third-quarter performance and provide an update on strategic growth projects. To listen to the conference call and view related presentation materials, go to www.phillips66.com/investors and click on "Events & Presentations." For detailed supplemental information, go to www.phillips66.com/supplemental.

	Millions of Dollars				
	2014			2013	
	Second Quarter	Third Quarter	Nine Months	Third Quarter	Nine Months
Midstream	\$ 108	\$ 115	\$ 411	\$ 147	\$ 348
Chemicals	324	230	870	262	725
Refining	390	558	1,254	(30)	1,329
Marketing and Specialties	162	368	667	255	789
Corporate and Other	(121)	(91)	(293)	(113)	(334)
Discontinued Operations	—	—	706	14	43
Phillips 66	\$ 863	\$ 1,180	\$ 3,615	\$ 535	\$ 2,900

	Millions of Dollars				
	2014			2013	
	Second Quarter	Third Quarter	Nine Months	Third Quarter	Nine Months
Midstream	\$ 108	\$ 115	\$ 411	\$ 147	\$ 348
Chemicals	324	299	939	262	725
Refining	390	558	1,254	(30)	1,316
Marketing and Specialties	162	259	558	255	780
Corporate and Other	(121)	(91)	(293)	(113)	(334)
Phillips 66	\$ 863	\$ 1,140	\$ 2,869	\$ 521	\$ 2,835



Phillips 66 advances plans for splitter at Sweeny refinery

HOUSTON, Dec. 11

12/11/2014

By OGJ editors

Phillips 66 has filed an application with state regulators for a permit to build a condensate splitter at its 247,000-b/d Sweeny refinery in Old Ocean, Tex. (OGJ Online, Mar. 21, 2014).

The permit application for a "simplified condensate splitter unit" was filed with the Texas Commission on Environmental Quality (TCEQ) on Dec. 5, according to information recently made available on TCEQ's web site.

The move comes as part of the company's strategy to leverage its substantial existing assets at the US Gulf Coast as continues to grow its midstream business to meet growing demand for domestic crude oil and global market demand for US-supplied products, Phillips 66 spokesman Dennis Nuss told OGJ

"The company is evaluating condensate splitter options to meet customer demands," Nuss said, adding that a final decision on condensate processing will be made in 2015

While Phillips 66 confirmed in March that preliminary engineering and economic analysis for the condensate splitter as well as a second fractionator in the Sweeny area already was under way, the company also is evaluating a crude oil and condensate pipeline, Nuss said.

The proposed 110,000-b/d Sweeny Fractionator 2 may be built near the Sweeny refinery and Sweeny Fractionator 1, while the crude and condensate pipeline will connect Eagle Ford production to the Sweeny refinery and Phillips 66's terminal in Freeport, Tex

"The projects are currently in the engineering design and permitting phase," Nuss said.

The company plans to reach final approval for the second fractionator and crude and condensate pipeline during mid-2015.

If approved, start-up of the pipeline is planned for late 2016, with the second fractionator at Sweeny slated for start-up in 2017, Nuss said

Phillips 66's plans to add additional splitting and fractionating capabilities to expand midstream growth come as US Gulf Coast operators—which are mostly configured to run heavier, sour crude slates—seek to maximize profits and minimize losses from processing light tight oil from surging North American shale production.



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Phillips 66 considering Sweeny site for \$1.3 billion project

Facts, The (Clute, TX) - March 2, 2017

- Author/Byline: Erinn Callahan erinn.callahan@thefacts.com
- Section: News
- Readability: >12 grade level (Lexile: 1470)

ANGLETON — Brazoria County could see its 10th billion-dollar investment in as many years if a petrochemical company chooses Sweeny as the site for its natural liquid gas fractionator.

Commissioners unanimously approved a 10-year, 100 percent property tax abatement if the proposed \$1.3 billion complex is placed at the Phillips 66 Sweeny site. The plant will divide natural gas liquids into marketable purity products.

Officials have begun preliminary economic and engineering analyses for at least one fractionation and associated pipelines to meet a growing domestic and international demand for natural gas liquids supplied by the United States, Phillips 66 spokesman Rich Johnson said in an emailed statement.

"Phillips 66 anticipates a strong need for capital investment in the natural gas liquids market over the next several years and continues to pursue projects that fit with our strategy to expand our midstream business," Johnson said. "With a substantial presence in the Gulf Coast region, Phillips 66 sees significant opportunities to leverage our assets in this area as we continue to grow."

The petrochemical company also is considering sites in Matagorda County and Louisiana for the project, according to the abatement application.

"Timing for site selection and final approval will be announced at a later date," Johnson said.

Construction is projected to begin in February 2019 if the company selects the Brazoria County site, with a targeted completion date of April 2020, the application states. The project will create 1,300 jobs at peak construction, finishing with 300 construction jobs and 12 permanent jobs.

"We're really excited to be engaging in a project that's going to be part of the community, employ people in the community, be an economic benefit to folks in the community in Brazoria County," Phillips 66 Real Estate Services Senior Advisor Chris Cisneros said. "As other projects come along, we're hoping to consider Brazoria County. We're looking forward to potentially being right here in Brazoria County close to our refinery and close to people we know and people we care about."

Phillips 66 also is seeking tax abatements from Sweeny ISD and Sweeny Community Hospital, according to the application.

Supplementary work on the project means the county will see an immediate addition to its tax rolls, County Judge Matt Sebesta said.

The county's annual sales tax exceeded \$10 million for the first time in 2004, Sebesta said, and last year's number topped \$30 million — mostly due to projects this size, the county judge said.

"That offsets the property tax by 11.6 cents, which helps keep the property taxes lower because we're offsetting that with sales tax," Sebesta said. "It's very good for the county."

Record: 2d6b6c51748ef51a403329bbb6f3fd7965e3e0

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UPDATES for March 4, 2017

Facts, The (Clute, TX) - March 4, 2017

- Author/Byline: Staff Writer
- Section: News
- Readability: >12 grade level (Lexile: 1380)

JC PENNEY UNLIKELY TO CLOSE, MALL OFFICIALS SAY

Brazos Mall's JC Penney location is not expected to be one of the more than 130 stores announced to close, General Manager Patty Sayes said.

The department store announced last week it intends to close between 130 and 140 stores nationwide, the Associated Press reported.

Centennial said in a news release it values its long-standing relationship with JC Penney. "We do not have any indication that Brazos Mall is part of this strategy since this location has a compelling presence in the market," Centennial Real Estate officials said.

"The store and our center had great year in 2016," Sayes said via email. "With the addition of the Sephora shop in the store and the recently added complete appliance department, our JC Penney has done very well."

SWEENY HOSPITAL DISTRICT OKS PHILLIPS 66 ABATEMENT

Sweeny is another step closer to being the site of its neighboring petrochemical company's new billion dollar investment.

The Sweeny Hospital District Board of Directors approved a 10-year, 100-percent tax abatement Tuesday if the proposed \$1.3 billion natural liquid gas fractionator is placed at the Phillips 66 Sweeny site, said Scott Briner, the hospital's chief executive officer. The plant will divide natural gas liquids into marketable purity products.

Brazoria County commissioners approved a similar abatement Tuesday morning.

The petrochemical company also is considering sites in Matagorda County and Louisiana for the project, according to the abatement application.

Construction is projected to begin in February 2019 if the company selects the Brazoria County site, with a targeted completion date of April 2020, the application states. The project will create 1,300 jobs at peak construction, finishing with 300 construction jobs and 12 permanent jobs.

Phillips 66 also is seeking a tax abatement from Sweeny ISD.

FREEPORT STARTS LIGHTING INITIATIVES

CenterPoint crews have started adding 60 roadway lights along Highway 288-B from the city's entrance as part of Freeport's lighting upgrade initiative, City Manager Jeff Pynes said.

"That should be done by April 1," Pynes said.

Crews have completed the first two phases, swapping out current traffic signals to LED lights in the name of efficiency and cost and changing out all the decorative pole lights to LED lighting to match the streets, Pynes said.

CenterPoint already has started work on the fourth phase, Pynes said, which includes 60 new lights in residential areas, parks and schools.


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5 Things Phillips 66's Management Thinks You Should Know

Guidance, taxes, and the long term plan are just a few topics that were covered in its most recent conference call.

 Tyler Crowe (TMFDirtyBird)
Feb 23, 2017 at 10:19AM

Phillips 66 ([NYSE:PSX](#)) isn't just hoping that 2017 will be a better year for the refining giant, it is planning on it. While the environment for refining isn't doing the company any favors as of late, management sees the company making some big strides in its other business units that should lead to better days ahead.

On the company's most recent conference call, management discussed how it foresees 2017 shaping up as well as covering some of the topics du jour such as tax reform. Here's a few snippets from Phillips 66's most recent conference call that should give you an idea of what management is thinking for this year and beyond.





IMAGE SOURCE GETTY IMAGES

Guidance for 2017: Tough start, but...

2017 hasn't exactly started out on a great foot for refining companies. Gasoline and diesel inventories across the U.S. are high, and the winter season is always a bit weaker in terms of demand. Several other execs in the refining business are already anticipating a tough year for refiners, but CEO Greg Garland thinks that these tough market conditions will start to improve as the year goes on.

I'll kind of start with we've got a lot of inventory with crude and products. And so, for us, first half of '17 feels about like 2016 to us at this point in time. I think as you start moving into the back half of 2017, we see some opportunities certainly for margins to improve. But I think we need to pull down some inventories. And that also assumes that demand's going to be fairly good, and it's been fairly robust in 2016. We expect, I would say, good demand growth in 2017 in Refining. So the other thing I would say, a heavy turnaround quarter, it looks like, in the first quarter globally across the refining space. And so we'll see how that actually plays out, but there is a lot of turnaround activity across the globe. And that may back up some crude, but I think it will give us a chance to pull down some of the product inventories. So as we start moving into the second quarter, back out to second quarter, we think things start to get better. on Chemicals, we're still pretty bullish about demand growth. We think that we're still growing at 1.5x GDP in the Chemicals business. And I think we see good opportunities in 2017.

One of the big benefits of Phillips 66 versus other refining companies is its large presence in Chemical manufacturing through its CPChem joint venture with **Chevron** ([NYSE:CVX](https://www.nyse.com/quote/NYSE:CVX)). On multiple occasions, Garland and other members of the Phillips 66 management team talked about the start-up of its \$6 billion

ethane cracker plant in the U.S. Gulf Coast. Once this comes online, it will allow CPCChem to significantly lower its capital spending and throw off more cash to both Phillips 66 and Chevron.

Glut of Natural Gas Liquids opening new markets

Natural gas liquids has been an interesting business over the past couple years. While oil and gas production have slowed down a bit from less drilling, production of NGLs has remained rather strong. As a result, there have been a lot of opportunities for processing and chemical companies to take advantage of the cheap feedstocks. Here's the thing, though, according to Garland, the uptick in production for natural gas and oil is going to present a unique challenge for NGLs in the near future.

We think, with increased production, we're not going to have enough [NGL] demand in the U.S. to clear either the heating markets or petrochemical markets, and you're going to have to export. So we do think that arbs [arbitrage opportunities] will open up certainly in 2017, but particularly the back half of 2017.

Phillips 66 and a small handful of companies could take huge advantage of this situation. NGL prices overseas are much higher, and they are much less costly to export than liquefied natural gas. Longer term, though, this continues to bode well for petrochemical manufacturing. Phillips 66 is looking to make a final investment decision on a second fractionator unit at its Sweeny complex with plans to add a third as well.

Getting DCP Midstream back on track

For all the things that have gone right for Phillips 66 in recent years, one that has not performed as well is its natural gas gathering business through its joint venture with **Spectra Energy** to co-own the general partner of **DCP Midstream (NYSE:DCP)**. Both Spectra and Phillips 66 had to essentially give assets and cash to the fledgling company in 2015, and neither company has seen much in terms of cash contributions from the business. Recently, though, DCP Midstream made some major corporate changes between the general partner and the limited partnership. According to, CFO Kevin Mitchell, these changes should pay off relatively quickly for the parent companies:

[W]e would expect to see cash coming out in 2017. As you know, through that restructuring, we put in place some conditional IDR [incentive distribution rights] givebacks, if needed, at the MLP level. But with the way that the markets have gone and NGL prices, that doesn't look so likely that would be needed in the current environment. So we do expect we'll start seeing cash coming back to the owners this year. From the standpoint of growth, with the simplification, clearly, any growth activities will take place at the MLP. And so they need to look at their overall capital structure and cost of capital from the standpoint of the ability to issue debt and equity. Clearly, with the leverage that's there at this point in time, you wouldn't expect to see debt be an issue without some equity as well because they're kind of at the high end of the range from a leverage standpoint. But the encouraging news is they're seeing opportunities as well. So the growth opportunities are starting to surface again. And they announced a little bit of that at the time of the restructuring.

The tax question

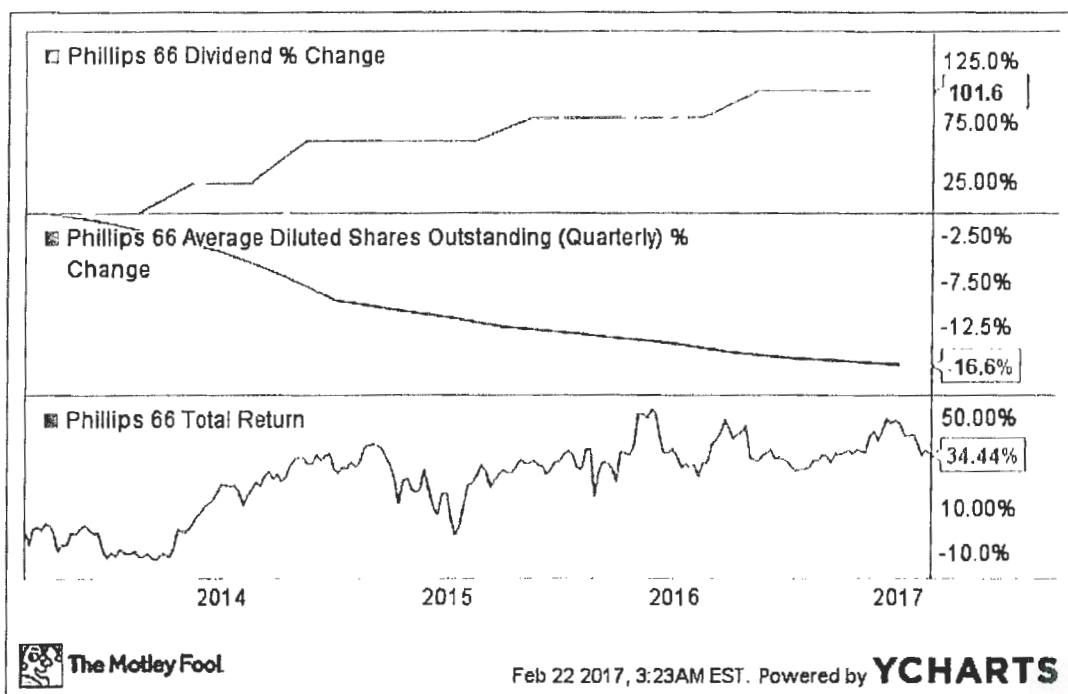
Of course, no recent conference call can go by without questions about the potential tax changes proposed by the Trump administration and how it would impact Phillips 66. Most execs have simply said "we're encouraged" or something like that, but Garland's response was a little more nuanced:

[I]f just border tax goes through in the form as we understand it, we would pay more taxes on the Refining business at 20% [corporate tax rate] than we pay at 35% today. So that's a negative. We think crude prices go up 25%. We think gasoline prices go up \$0.30, \$0.40 a gallon in that scenario. We're worried about demand destruction in that case and what happens. So we're concerned about second-, third-, fourth-order impacts beyond just that, Doug [Leggate, analyst at Merrill Lynch]. But you think about increased domestic production that gets incented with higher prices, probably more midstream infrastructure, so directionally, it's probably good for our Midstream business. And you think across the Chemicals platform. And historically, we've exported between 15% and 25% of the ethylene produced in the U.S. in derivative equivalents. And I think that that's probably similar to what people are thinking going forward. And so from an export perspective, the border tax adjustment would be good for the Chemicals business. So we have to think about it across all 3 of our platforms and how it impacts those platforms.

The thing with major changes to the current tax code is that there are a lot of moving parts that will have both beneficial and adverse effects to a business, so investors shouldn't simply look at tax reform as a universal good.

Future capital allocation

For most investors, Phillips 66 is a company with modest growth prospects, but one that generates lots of cash that can be returned to shareholders in the form of dividends and share repurchases. Ever since the company was spun off back in 2012, it has followed this plan and has generated decent returns for investors through good times and bad:



PSX DIVIDEND DATA BY YCHARTS.

For this formula to work, capital allocation -- and how capital allocation is prioritized -- is critical. According to Garland, there are pretty much two untouchable aspects of its capital spending, but the rest is up for debate:

Well, I think that as we think about the hierarchy of how we allocate cash, the first thing is sustaining capital. That's \$1.1 billion or so. And the next goes to our dividend, and that's \$1.3 billion. And we'll grow that every year going forward. And then, we think about our investable opportunities and the returns that we could generate from those investable opportunities versus what we think the returns we can generate by buying our shares back in. And so we've got a natural tension there, but there's kind of a competition there for that. And at this point in time, we don't think we see anything different from the guidance we've given in terms of the kind of the 60-40 allocation of reinvesting in the business versus distributions back to our shareholders.

With natural gas and natural gas liquids remaining so cheap in the U.S. thanks to the shale boom, it would not be surprising if growth capital spending takes a little bit more priority in the coming years to build out even more petrochemical production and export capacity. Once those opportunities become fewer and further between, share repurchases will probably play a bigger role.

Tyler Crowe has no position in any stocks mentioned. The Motley Fool owns shares of and recommends Spectra Energy. The Motley Fool recommends Chevron and DCP Midstream. The Motley Fool has a [disclosure policy](#).

A look ahead at industry in 2016

Facts, The (Clute, TX) - January 1, 2016

- Author/Byline: Erinn Callahan erinn.callahan@thefacts.com
- Section: News
- Readability: >12 grade level (Lexile: 1620)

After two industrial powerhouses celebrated monumental anniversaries this year — 75 years for Dow, and 150 for BASF — many of the area's industrial companies say progress will continue to be their theme for 2016.

DOW

On the heels of its 75th anniversary and a historic merger with DuPont, Dow Chemical Co. representatives said the company is anticipating another busy and productive year in 2016.

Dow will continue construction on growth projects such as the TX9 ethylene cracker at its Freeport site, which began in 2014 and will be the first ethylene cracker the company has built in the United States in more than a decade.

A cracker breaks — or “cracks” — natural gas and other materials into its chemical building blocks to make products, including plastics.

Construction also will proceed with the new Dow AgroSciences and specialty plastics plants, as well as the Herbert H. Dow and Edgar C. Britton Research and Development Buildings, central utilities and warehouse at the Texas Innovation Center in Lake Jackson, Dow spokeswoman Trish Thompson said.

In addition to its scholarships and grant programs, Dow plans to expand its STEM ambassador program, in which employees work with area schools to promote science, technology, engineering and math education.

“We will keep building on our 75-year tradition of supporting local communities,” Thompson said. “And as always, our highest priority is the safety of people, communities and the environment.

“We will continue to strive toward our goal of zero incidents.”

BASF

2016 will see progress on the corporation's ammonia plant, a joint venture with the Norway-based company Yara International.

“We're looking forward to seeing construction getting readily underway,” BASF spokeswoman Cindy Suggs said.

The facility will manufacture ammonia, which can be used in products such as nylon, polyurethane and water treatment products. The \$750 million investment will create 600 construction jobs and at least 10 permanent jobs.

BASF also hopes to receive approval early this year for a new \$1 billion propylene plant, which would bring hundreds of jobs to the existing Freeport site.

“This means not only growth and new jobs, but it helps further secure assets already available at the Freeport site,” Suggs said. “It would mean a lot not only for the future, but to sustain our legacy.”

With more contractors on site, Suggs said BASF will continue to make safety its first priority.

“Nothing is more important than anyone who comes to work going home the same way they came,” she said.

PHILLIPS 66

Phillips 66 began operations at its new 100,000 barrels-per-day natural gas liquids fractionator at the company's Sweeny complex in Old Ocean in early December.

Sweeny Fractionator One supplies purity ethane and liquefied petroleum gases to the petrochemical industry and heating markets, and officials say Phillips 66 will have the capability to place the LPG into global markets upon completion of its 150,000 barrels-per-day Freeport LPG Export Terminal in the second half of this year.

The new assets are creating more than 70 full-time jobs in addition to 5,500 construction jobs in the region, Phillips 66 spokeswoman Lara Burhenn said.

"We are progressing with the engineering work and the commercial contracts needed to make a final investment decision for Sweeny Fractionator Two in 2016, as well as evaluating other crude logistics projects," Burhenn said.

CHEVRON PHILLIPS

Chevron Phillips will increase the amount of contractors at its two world-scale polyethylene units that broke ground in 2014 and will create 200 jobs.

"We are working around the clock to move toward completion in 2017," Chevron Phillips spokeswoman Wendy Irwin said.

FREEPORT LNG

Mark Mallett, Freeport LNG vice president of operations and engineering, said the company's main priority is staying on schedule and on budget for an expansion that will allow Freeport LNG to liquefy about 2 billion cubic feet of natural gas for exportation every day.

"It's not due to be in operations until late 2018," Mallett said.

Representatives expect the project to add 160-plus permanent jobs at the liquefaction facilities in Quintana, create 24,000 to 30,000 new jobs across the U.S. and bring about 3,500 construction jobs to the area.

Mallett said the company will begin identifying and attracting key personnel for its exportation operations this year.

"Toward the last half of the year, we'll really focus on hiring new people for new operations," he said.

"We want them hired, trained and ready to go."

PORT FREEPORT

More than anything, the port is looking forward to the continued success of its clients and customers as it moves forward with its master plan, Board Chairman Ravi Singhania said.

"I'm very pleased with what we were able to accomplish last year," Singhania said. "I'm wishing that we will continue building on it."

As part of that plan, Singhania said, the port has identified several infrastructure projects, including the deepening of the ship channel from 45 feet to 55 feet.

"We're alleviating bottleneck on the channel," Singhania said. "We've been working on that before."

Port officials have already begun a transition in leadership, as Executive Director and CEO Glenn Carlson will retire effective March 15.

Chief Financial Officer Jeff Strader and Director of Engineering Jason Hull will split the executive duties in addition to their current responsibilities until the top administrative post is filled.

Hull will handle engineering and operations, and Strader will be in charge of administration, marketing and business.

"He's got a very good team around him, so we've got a pretty good continuity with the leadership at the port," Singhania said.

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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*
Project Carl – Alvin	Ethylene Oxide Plant	Unknown	\$700 Million	1,500	60	283
Project Violet Alvin	Chemical Plant	Unknown	\$300 Million	Unknown	80	377
Phillips 66 Old Ocean	Fractionation of Natural Gas Liquids	2019 – 2020	\$1.3 Billion	1,300	12	22
TOTALS			\$2.3 Billion	2,800	152	682

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

** - Name of new company created by Ascend Performance Materials (Project Bambino)

5/8/2017

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED PHILLIPS 66
COMPANY PROJECT IN THE SWEENEY INDEPENDENT
SCHOOL DISTRICT
(PROJECT # 1185)**

PREPARED BY



AUGUST 11, 2017

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 April 11, 2017, the Company plans to invest \$1.1 billion to construct a natural gas liquids 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 May. 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	\$11.1 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$91.9 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 Comptroller issued a Completeness Letter for the Phillips 66 project on June 9, 2017.

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. The certificate for this project was issued on August 7, 2017.

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo contacted 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 for review prior to final adoption by the school district's board of trustees. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law in its consideration of the Phillips 66 application.

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 [School Finance 101: Funding of Texas Public Schools.](#))

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 \$99.41 for 2017-18 and \$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.

ADA: 1,904
 Local Tax Base: \$2.1 billion
 M&O Tax Rate: \$1.04 per \$100 of taxable value
 I&S Tax Rate: \$0.1717 per \$100 of taxable value
 Wealth per WADA: \$683,148

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	2018-19	1,904.39	2,661.77	\$1.0400	\$0.1717	\$1,668,065,813	\$1,668,065,813	\$2,349,675,436	\$2,349,675,436	\$882,749	\$882,749
QTP1	2019-20	1,904.39	2,661.77	\$1.0400	\$0.1717	\$1,661,219,723	\$1,661,219,723	\$1,684,481,723	\$1,684,481,723	\$632,842	\$632,842
QTP2	2020-21	1,904.39	2,661.77	\$1.0400	\$0.1717	\$1,655,197,699	\$1,655,197,699	\$1,677,635,633	\$1,677,635,633	\$630,270	\$630,270
VL1	2021-22	1,904.39	2,661.77	\$1.0400	\$0.1717	\$2,901,900,549	\$1,679,900,549	\$1,671,613,609	\$1,671,613,609	\$628,008	\$628,008
VL2	2022-23	1,904.39	2,661.77	\$1.0400	\$0.1717	\$2,855,541,018	\$1,675,241,018	\$2,918,316,459	\$1,696,316,459	\$1,096,381	\$637,288
VL3	2023-24	1,904.39	2,661.77	\$1.0400	\$0.1717	\$2,790,927,357	\$1,671,142,357	\$2,871,956,928	\$1,691,656,928	\$1,078,964	\$635,538
VL4	2024-25	1,904.39	2,661.77	\$1.0400	\$0.1717	\$2,729,833,054	\$1,667,537,054	\$2,807,343,267	\$1,687,558,267	\$1,054,690	\$633,998
VL5	2025-26	1,904.39	2,661.77	\$1.0400	\$0.1717	\$2,812,712,026	\$1,805,031,026	\$2,746,248,964	\$1,683,952,964	\$1,031,737	\$632,644
VL6	2026-27	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,878,722,645	\$2,922,925,645	\$2,829,127,936	\$1,821,446,936	\$1,062,874	\$684,299
VL7	2027-28	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,771,329,532	\$2,864,822,532	\$3,895,138,555	\$2,939,341,555	\$1,463,363	\$1,104,280
VL8	2028-29	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,669,003,821	\$2,809,321,821	\$3,787,745,442	\$2,881,238,442	\$1,423,016	\$1,082,451
VL9	2029-30	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,571,489,628	\$2,756,291,628	\$3,685,419,731	\$2,825,737,731	\$1,384,574	\$1,061,600
VL10	2030-31	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,478,546,399	\$2,705,608,399	\$3,587,905,538	\$2,772,707,538	\$1,347,939	\$1,041,677
VP1	2031-32	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,389,946,190	\$3,389,946,190	\$3,494,962,309	\$2,722,024,309	\$1,313,021	\$1,022,636
VP2	2032-33	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,305,474,209	\$3,305,474,209	\$3,406,362,100	\$3,406,362,100	\$1,279,735	\$1,279,735
VP3	2033-34	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,224,928,134	\$3,224,928,134	\$3,321,890,119	\$3,321,890,119	\$1,247,999	\$1,247,999
VP4	2034-35	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,148,116,610	\$3,148,116,610	\$3,241,344,044	\$3,241,344,044	\$1,217,739	\$1,217,739
VP5	2035-36	1,904.39	2,661.77	\$1.0400	\$0.1717	\$3,074,857,794	\$3,074,857,794	\$3,164,532,520	\$3,164,532,520	\$1,188,882	\$1,188,882

*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 \$11.1 million over the course of the Agreement, with all of the loss reflected in the first limitation year (2021-22). 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, as highlighted in Table 4.

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	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	2018-19	\$22,319,840	\$843,871	\$0	-\$8,880,862	\$892,794	\$182,117	\$0	\$0	\$58,709	\$15,416,468
QTP1	2019-20	\$22,252,749	\$501,080	\$0	-\$3,642,760	\$890,110	\$604,270	\$0	\$0	\$58,709	\$20,664,158
QTP2	2020-21	\$22,193,733	\$843,871	\$0	-\$3,560,523	\$887,749	\$609,036	\$0	\$0	\$58,709	\$21,032,575
VL1	2021-22	\$34,655,821	\$501,080	\$0	-\$5,480,492	\$1,386,233	\$959,416	\$0	\$0	\$58,709	\$32,080,766
VL2	2022-23	\$34,193,157	\$843,871	\$0	-\$17,721,813	\$1,367,726	\$0	\$0	\$0	\$58,709	\$18,741,649
VL3	2023-24	\$33,547,840	\$501,080	\$0	-\$17,122,836	\$1,341,914	\$0	\$0	\$0	\$58,709	\$18,326,706
VL4	2024-25	\$32,937,618	\$843,871	\$0	-\$16,437,248	\$1,317,505	\$10,125	\$0	\$0	\$58,709	\$18,730,579
VL5	2025-26	\$33,738,909	\$501,080	\$0	-\$16,469,370	\$1,349,556	\$40,597	\$0	\$0	\$58,709	\$19,219,481
VL6	2026-27	\$44,175,437	\$843,871	\$0	-\$22,305,748	\$1,767,017	\$0	\$0	\$0	\$58,709	\$24,539,285
VL7	2027-28	\$43,113,126	\$501,080	\$0	-\$27,580,198	\$1,724,525	\$0	\$0	\$0	\$58,709	\$17,817,242
VL8	2028-29	\$42,100,969	\$843,871	\$0	-\$26,500,218	\$1,684,039	\$0	\$0	\$0	\$58,709	\$18,187,370
VL9	2029-30	\$41,136,433	\$501,080	\$0	-\$25,467,402	\$1,645,457	\$0	\$0	\$0	\$58,709	\$17,874,277
VL10	2030-31	\$40,217,138	\$843,871	\$0	-\$24,479,424	\$1,608,686	\$0	\$0	\$0	\$58,709	\$18,248,979
VP1	2031-32	\$39,194,268	\$501,080	\$0	-\$23,445,428	\$1,567,771	\$0	\$0	\$0	\$58,709	\$17,876,399
VP2	2032-33	\$38,366,443	\$843,871	\$0	-\$22,546,733	\$1,534,658	\$0	\$0	\$0	\$58,709	\$18,256,947
VP3	2033-34	\$37,577,091	\$501,080	\$0	-\$21,686,300	\$1,503,084	\$0	\$0	\$0	\$58,709	\$17,953,664
VP4	2034-35	\$36,824,338	\$843,871	\$0	-\$20,862,322	\$1,472,974	\$0	\$0	\$0	\$58,709	\$18,337,570
VP5	2035-36	\$36,106,402	\$501,080	\$0	-\$20,073,089	\$1,444,256	\$0	\$0	\$0	\$58,709	\$18,037,358

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 @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	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	2018-19	\$22,319,840	\$843,871	\$0	-\$8,880,862	\$892,794	\$182,117	\$0	\$0	\$58,709	\$15,416,468
QTP1	2019-20	\$22,252,749	\$501,080	\$0	-\$3,642,760	\$890,110	\$604,270	\$0	\$0	\$58,709	\$20,664,158
QTP2	2020-21	\$22,193,733	\$843,871	\$0	-\$3,560,523	\$887,749	\$609,036	\$0	\$0	\$58,709	\$21,032,575
VL1	2021-22	\$22,435,821	\$501,080	\$0	-\$3,534,318	\$897,433	\$621,479	\$0	\$0	\$58,709	\$20,980,204
VL2	2022-23	\$22,390,157	\$843,871	\$0	-\$3,790,405	\$895,606	\$598,021	\$0	\$0	\$58,709	\$20,995,958
VL3	2023-24	\$22,349,990	\$501,080	\$0	-\$3,734,632	\$894,000	\$600,481	\$0	\$0	\$58,709	\$20,669,627
VL4	2024-25	\$22,314,658	\$843,871	\$0	-\$3,685,490	\$892,586	\$603,787	\$0	\$0	\$58,709	\$21,028,120
VL5	2025-26	\$23,662,099	\$501,080	\$0	-\$3,867,516	\$946,484	\$643,477	\$0	\$0	\$58,709	\$21,944,332
VL6	2026-27	\$34,617,467	\$843,871	\$0	-\$7,891,384	\$1,384,699	\$765,688	\$0	\$0	\$58,709	\$29,779,050
VL7	2027-28	\$34,048,056	\$501,080	\$0	-\$17,762,154	\$1,361,922	\$0	\$0	\$0	\$58,709	\$18,207,613
VL8	2028-29	\$33,504,149	\$843,871	\$0	-\$17,152,750	\$1,340,166	\$0	\$0	\$0	\$58,709	\$18,594,144
VL9	2029-30	\$32,984,453	\$501,080	\$0	-\$16,568,021	\$1,319,378	\$1,491	\$0	\$0	\$58,709	\$18,297,090
VL10	2030-31	\$32,487,758	\$843,871	\$0	-\$16,006,793	\$1,299,510	\$26,369	\$0	\$0	\$58,709	\$18,709,423
VP1	2031-32	\$39,194,268	\$501,080	\$0	-\$18,997,550	\$1,567,771	\$61,578	\$0	\$0	\$58,709	\$22,385,855
VP2	2032-33	\$38,366,443	\$843,871	\$0	-\$22,546,733	\$1,534,658	\$0	\$0	\$0	\$58,709	\$18,256,947
VP3	2033-34	\$37,577,091	\$501,080	\$0	-\$21,686,300	\$1,503,084	\$0	\$0	\$0	\$58,709	\$17,953,664
VP4	2034-35	\$36,824,338	\$843,871	\$0	-\$20,862,322	\$1,472,974	\$0	\$0	\$0	\$58,709	\$18,337,570
VP5	2035-36	\$36,106,402	\$501,080	\$0	-\$20,073,089	\$1,444,256	\$0	\$0	\$0	\$58,709	\$18,037,358

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	Additional State Aid-Hold Harmless	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	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2021-22	-\$12,220,000	\$0	\$0	\$1,946,174	-\$488,800	-\$337,937	\$0	\$0	\$0	-\$11,100,563
VL2	2022-23	-\$11,803,000	\$0	\$0	\$13,931,408	-\$472,120	\$598,021	\$0	\$0	\$0	\$2,254,309
VL3	2023-24	-\$11,197,850	\$0	\$0	\$13,388,204	-\$447,914	\$600,481	\$0	\$0	\$0	\$2,342,921
VL4	2024-25	-\$10,622,960	\$0	\$0	\$12,751,758	-\$424,919	\$593,662	\$0	\$0	\$0	\$2,297,541
VL5	2025-26	-\$10,076,810	\$0	\$0	\$12,601,854	-\$403,072	\$602,880	\$0	\$0	\$0	\$2,724,852
VL6	2026-27	-\$9,557,970	\$0	\$0	\$14,414,364	-\$382,318	\$765,688	\$0	\$0	\$0	\$5,239,764
VL7	2027-28	-\$9,065,070	\$0	\$0	\$9,818,044	-\$362,603	\$0	\$0	\$0	\$0	\$390,371
VL8	2028-29	-\$8,596,820	\$0	\$0	\$9,347,468	-\$343,873	\$0	\$0	\$0	\$0	\$406,775
VL9	2029-30	-\$8,151,980	\$0	\$0	\$8,899,381	-\$326,079	\$1,491	\$0	\$0	\$0	\$422,813
VL10	2030-31	-\$7,729,380	\$0	\$0	\$8,472,631	-\$309,176	\$26,369	\$0	\$0	\$0	\$460,444
VP1	2031-32	\$0	\$0	\$0	\$4,447,878	\$0	\$61,578	\$0	\$0	\$0	\$4,509,456
VP2	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2035-36	\$0	\$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 \$103.0 million over the life of the agreement. The SISD revenue losses are expected to total approximately \$11.1 million over the course of the agreement, assumed to be concentrated in the first limitation year. The potential net tax benefits (after hold-harmless payments are made) are estimated to total \$91.9 million, prior to any negotiations with Phillips 66 on supplemental payments. (See Table 5.)

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with SISD currently levying a \$0.1717 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 \$1.04 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	2018-19	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0
QTP1	2019-20	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0
QTP2	2020-21	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0
VL1	2021-22	\$1,252,000,000	\$30,000,000	\$1,222,000,000	\$1.040	\$13,020,800	\$312,000	\$12,708,800	-\$11,100,563	\$1,608,237
VL2	2022-23	\$1,210,300,000	\$30,000,000	\$1,180,300,000	\$1.040	\$12,587,120	\$312,000	\$12,275,120	\$0	\$12,275,120
VL3	2023-24	\$1,149,785,000	\$30,000,000	\$1,119,785,000	\$1.040	\$11,957,764	\$312,000	\$11,645,764	\$0	\$11,645,764
VL4	2024-25	\$1,092,296,000	\$30,000,000	\$1,062,296,000	\$1.040	\$11,359,878	\$312,000	\$11,047,878	\$0	\$11,047,878
VL5	2025-26	\$1,037,681,000	\$30,000,000	\$1,007,681,000	\$1.040	\$10,791,882	\$312,000	\$10,479,882	\$0	\$10,479,882
VL6	2026-27	\$985,797,000	\$30,000,000	\$955,797,000	\$1.040	\$10,252,289	\$312,000	\$9,940,289	\$0	\$9,940,289
VL7	2027-28	\$936,507,000	\$30,000,000	\$906,507,000	\$1.040	\$9,739,673	\$312,000	\$9,427,673	\$0	\$9,427,673
VL8	2028-29	\$889,682,000	\$30,000,000	\$859,682,000	\$1.040	\$9,252,693	\$312,000	\$8,940,693	\$0	\$8,940,693
VL9	2029-30	\$845,198,000	\$30,000,000	\$815,198,000	\$1.040	\$8,790,059	\$312,000	\$8,478,059	\$0	\$8,478,059
VL10	2030-31	\$802,938,000	\$30,000,000	\$772,938,000	\$1.040	\$8,350,555	\$312,000	\$8,038,555	\$0	\$8,038,555
VP1	2031-32	\$762,791,000	\$762,791,000	\$0	\$1.040	\$7,933,026	\$7,933,026	\$0	\$0	\$0
VP2	2032-33	\$724,651,000	\$724,651,000	\$0	\$1.040	\$7,536,370	\$7,536,370	\$0	\$0	\$0
VP3	2033-34	\$688,418,000	\$688,418,000	\$0	\$1.040	\$7,159,547	\$7,159,547	\$0	\$0	\$0
VP4	2034-35	\$653,997,000	\$653,997,000	\$0	\$1.040	\$6,801,569	\$6,801,569	\$0	\$0	\$0
VP5	2035-36	\$621,297,000	\$621,297,000	\$0	\$1.040	\$6,461,489	\$6,461,489	\$0	\$0	\$0
						\$141,994,715	\$39,012,002	\$102,982,714	-\$11,100,563	\$91,882,151

QTP= Qualifying Time
 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

2015 ISD Summary Worksheet

020-906/Sweeny ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	375,301,542	N/A	375,301,542	375,301,542
B. Multi-Family Residences	4,243,376	N/A	4,243,376	4,243,376
C1. Vacant Lots	20,299,760	N/A	20,299,760	20,299,760
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	3,353,920	N/A	3,353,920	3,353,920
D2. Real Prop Farm & Ranch	1,352,710	N/A	1,352,710	1,352,710
E. Real Prop NonQual Acres	66,469,949	N/A	66,469,949	66,469,949
F1. Commercial Real	20,778,588	N/A	20,778,588	20,778,588
F2. Industrial Real	1,251,813,110	N/A	1,251,813,110	1,251,813,110
G. Oil, Gas, Minerals	34,950,549	N/A	34,950,549	34,950,549
J. Utilities	47,620,150	N/A	47,620,150	47,620,150
L1. Commercial Personal	38,924,440	N/A	38,924,440	38,924,440
L2. Industrial Personal	229,555,360	N/A	229,555,360	229,555,360
M. Other Personal	3,673,670	N/A	3,673,670	3,673,670
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	383,980	N/A	383,980	383,980
S. Special Inventory	474,860	N/A	474,860	474,860
Subtotal	2,099,195,964		2,099,195,964	2,099,195,964
Less Total Deductions	252,377,418		252,377,418	252,377,418
Total Taxable Value	1,846,818,546		1,846,818,546	1,846,818,546 T2

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 # 1185

Dated

October 10, 2017

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

STATE OF TEXAS §

COUNTY OF BRAZORIA §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **SWEENEY INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **PHILLIPS 66 COMPANY**, *Texas Taxpayer Identification Number 13716527026* hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on April 11, 2017, the Superintendent of Schools of the SWEENEY INDEPENDENT SCHOOL DISTRICT, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on April 19, 2017, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller’s Office have determined that the Application is complete and June 9, 2017, is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Brazoria County Appraisal District established in Brazoria County, Texas (the “Brazoria County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on August 7, 2017, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

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 October 10, 2017, 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 October 10, 2017, 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 October 4, 2017, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on October 10, 2017, the Board of Trustees approved the form of 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 April 11, 2017. 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.

“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 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, the amount of the Annual Limit shall be calculated for each year by multiplying the District’s Average Daily Attendance in the amount of 1889 for the 15-16 school year as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, times by \$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 2018, 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 June 9, 2017, 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 October 10, 2017.
- C. The Qualifying Time Period for this Agreement:
 - i. Starts on January 2, 2018, 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, 2020, 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 end of the Qualifying Time Period; 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 \$1,163.00 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 2018), and ending with the Tax Year 2029, 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 2029) 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 2018) 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.	2018	2018-2019	May 31, 2018	\$190,439.00
2.	2019	2019-2020	January 31, 2019	\$190,439.00
3.	2020	2020-2021	January 31, 2020	\$190,439.00
4.	2021	2021-2022	January 31, 2021	\$190,439.00
5.	2022	2022-2023	January 31, 2022	\$190,439.00
6.	2023	2023-2024	January 31, 2023	\$190,439.00
7.	2024	2024-2025	January 31, 2024	\$190,439.00
8.	2025	2025-2026	January 31, 2025	\$190,439.00
9.	2026	2026-2027	January 31, 2026	\$190,439.00
10.	2027	2027-2028	January 31, 2027	\$190,439.00
11.	2028	2028-2029	January 31, 2028	\$190,439.00
12.	2029	2029-2030	January 31, 2029	\$190,439.00
13.	2030	2030-2031	January 31, 2030	\$190,439.00
14.	2031	2031-2032	January 31, 2031	\$190,439.00
15.	2032	2032-2033	January 31, 2032	\$190,439.00
16.	2033	2033-2034	January 31, 2033	\$190,439.00

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 2018, 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 regarding payments in 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; and
 - c. 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
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or 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 10th day of October, 2017.

PHILLIPS 66 COMPANY

By: B.G. Adair
Name: B. G. Adair
Title: Attorney in Fact

SWEENEY INDEPENDENT SCHOOL DISTRICT

By: [Signature]
Earl Mathis
President
Board of Trustees

ATTEST: [Signature]
Donna Bohlar-Schroeder
Secretary
Board of Trustees

EXHIBIT 1

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;
- 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

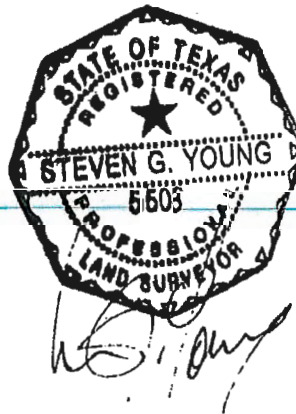


EXHIBIT 2
DESCRIPTION AND LOCATION OF LAND

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;
- 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;
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- 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;
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- 72.) North 46° 29' 59" East - 118.25 feet;
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- 74.) North 64° 19' 59" East - 31.27 feet;
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- 76.) South 85° 49' 26" East - 32.63 feet;

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- 88.) South 13° 36' 45" East - 301.44 feet;
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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

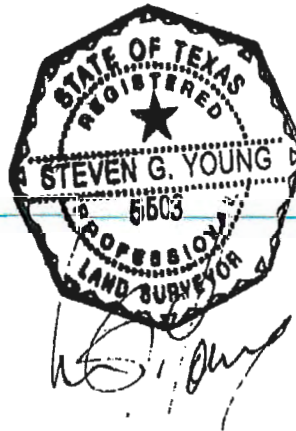


EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Phillips 66 Company is evaluating locations in Texas and Louisiana for a project that would include construction of a natural gas liquids (NGL) fractionation facility to satisfy needs for additional infrastructure, and fulfill growing market demand for purity products. The proposed fractionation facility, capable of producing up to 300,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. These purity products include ethane, propane, iso-butane, normal butane, and natural gasoline.

The source of y-grade supply would most likely originate in Texas 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 in Brazoria County, approximately 220 acres in size, is mostly vacant and unimproved. The site is owned by Phillips 66 and is located adjacent to the Phillips 66 Sweeny Refinery. There may be some support and integration synergies with the Refinery, but in general, this facility would largely operate independently as a stand-alone operation. Specific design details involving integration with the Sweeny Refinery have not been fully defined. This location may also allow for greater utilization of other existing Phillips 66 Midstream assets in Brazoria County, e.g., Clemens Caverns, and the Freeport Terminal.

Estimated Construction Schedule

Construction Start: Q1 2019

Construction Complete: Q2 2020

Below is a list of some of the major equipment and facilities for the proposed complex:

- **Y Grade Feed Treatment System**
- **Dehydration System**
- **Deethanizer (DeC2) System**
- **Depropanizer (DeC3) System**
- **Debutanizer (DeC4) System**
- **Deisobutanizer (DIB) System**
- **Gasoline Treating System**
- **Propylene Refrigeration System**
- **Product Transfer and Pipeline Injection Pumps**
- **Sulfur Removal Systems**
- **Caustic Regeneration System**
- **Amine Truck Unloading and Storage**
- **NaOH Truck Unloading and Storage**
- **Spent Caustic Storage**
- **Storm Water System**

- **Fire Water System**
- **Thermal Oxidizer and Flare System**
- **Waste Water Process System**
- **Maintenance Warehouse**
- **Plant Control Center**
- **Cooling Water System**
- **Hot Oil System**

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Phillips 66 Company is evaluating locations in Texas and Louisiana for a project that would include construction of a natural gas liquids (NGL) fractionation facility to satisfy needs for additional infrastructure, and fulfill growing market demand for purity products. The proposed fractionation facility, capable of producing up to 300,000 barrels per day, would include property and equipment necessary to process raw make (y-grade) natural gas liquids into marketable purity products. These purity products include ethane, propane, iso-butane, normal butane, and natural gasoline.

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The proposed site in Brazoria County, approximately 220 acres in size, is mostly vacant and unimproved. The site is owned by Phillips 66 and is located adjacent to the Phillips 66 Sweeny Refinery. There may be some support and integration synergies with the Refinery, but in general, this facility would largely operate independently as a stand-alone operation. Specific design details involving integration with the Sweeny Refinery have not been fully defined. This location may also allow for greater utilization of other existing Phillips 66 Midstream assets in Brazoria County, e.g., Clemens Caverns, and the Freeport Terminal.

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Construction Complete: Q2 2020

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- **Sulfur Removal Systems**
- **Caustic Regeneration System**
- **Amine Truck Unloading and Storage**
- **NaOH Truck Unloading and Storage**
- **Spent Caustic Storage**
- **Storm Water System**

- **Fire Water System**
- **Thermal Oxidizer and Flare System**
- **Waste Water Process System**
- **Maintenance Warehouse**
- **Plant Control Center**
- **Cooling Water System**
- **Hot Oil System**

Proposed Equipment Layout in Reinvestment Zone



NO.	REVISION	BY	DATE	CHKD	APP'D													
A	ISSUE FOR INFORMATION	SDP	6/3/17															

Conceptual Layout. Subject to Change.

FOR APPR	
FOR CONST	
DESIGN	
DRAWN	
CHECKED	
APP'D	



DWR/SAP EDN	SAP VER
AFE NO.	SCALE:
	1" = 300'
SIZE-UNIT-AREA	
SK - E 1696	
CATEGORY	SHEET NO.
4000 -	0140
	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 (10/10/2017)	January 2, 2017	2017-2018	2017	Agreement Signed (10/10/2017). No limitation on appraised value.
	Partial Year 1/1/2018-1/2/2018	January 1, 2018	2018-2019	2018	No limitation on appraised value.
	Partial Year Beginning on the Deferral Date (1/2/2018)	January 1, 2018	2018-2019	2018	Start of Qualifying Time Period beginning with the Deferral Date (1/2/2018)). No limitation on appraised value. First year for computation of Annual Limit.
	1	January 2, 2019	2019-2020	2019	Qualifying Time Period. No limitation on appraised value.
	2	January 1, 2020	2020-2021	2020	Qualifying Time Period. No limitation on appraised value.
Limitation Period (10 Years)	3	January 1, 2021	2021-2022	2021	\$30 million appraised value limitation.
	4	January 1, 2022	2022-2023	2022	\$30 million appraised value limitation.
	5	January 1, 2023	2023-2024	2023	\$30 million appraised value limitation.
	6	January 1, 2024	2024-2025	2024	\$30 million appraised value limitation.
	7	January 1, 2025	2025-2026	2025	\$30 million appraised value limitation.
	8	January 1, 2026	2026-2027	2026	\$30 million appraised value limitation.
	9	January 1, 2027	2027-2028	2027	\$30 million appraised value limitation.
	10	January 1, 2028	2028-2029	2028	\$30 million appraised value limitation.
	11	January 1, 2029	2029-2030	2029	\$30 million appraised value limitation.

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
	12	January 1, 2030	2030-2031	2030	\$30 million appraised value limitation.
Maintain Viable Presence (5 Years)	13	January 1, 2031	2031-2032	2031	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	14	January 1, 2032	2032-2033	2032	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	15	January 1, 2033	2033-2034	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	16	January 1, 2034	2034-2035	2034	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	17	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

August 11, 2017

President and Members
Board of Trustees
Sweeny Independent School District
1310 N. Elm Street
Sweeny, Texas 77480

Re: Recommendations and Findings of the firm Concerning Application of the Phillips 66 Company for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Mathis 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 the 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.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Phillips 66 Company for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey". The signature is written in a cursive style.

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7378

400 W. 15th Street ★ Suite 140 ★ Austin, TX 78701-1648

Fax 512-485-7888

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ATTORNEYS AND COUNSELORS AT LAW

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AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
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KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE McCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

August 11, 2017

President and Members
Of the Board of Trustees
Sweeny Independent School District
1310 N. Elm Street
Sweeny, Texas 77480

Re: Recommendations and Findings of the Firm Concerning Application of the Phillips 66 Company for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2018

Dear President Mathis 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 the Phillips 66 Company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2018. 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 the 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 so as 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 the Phillips 66 Company for 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', written over a horizontal line.

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter

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.