

Phillips 66 Company Response to Texas Comptroller Deficiency Letter – Brazosport ISD #1047

Brazosport ISD #1047

1. Complete questions 4 and 5 in Section 1.

1. Date Application Received by the District: **July 9, 2014**
4. On what date did the district determine this application complete: **December 11, 2014**
5. Has the district determined that the electronic copy and hard copy are identical: **Yes**

2. Please complete question 1 in Section 9.

1. Application approved by the school board: **June 2015**

3. In Section 7, the project description indicates that the land has existing improvements. In Section 13, question 4, the value of those improvements is listed at \$830,000; however, no additional information is provided in Tab 10 as required by Section 13. Please provide a specific and detailed description of all existing property, including supporting information as requested in questions 1, 2, 3 and 5 in Section 13.

The \$830,000 reported on the original application was incorrect. It was the land value and not the buildings and improvements. The correct value of the existing building and improvements is \$4,481,000.

Please see attached revised Tab 10.

4. The timeline provided in Section 9 does not match the timeline provided in the schedules in Tab 14. Additionally, the timeline in Schedule C includes the hiring of construction workers in 2014. Please provide an updated for the project. NOTE: The qualifying time period cannot begin on January 1, 2015 since the agreement will not be executed prior to that date.

2. Beginning of qualifying time period **2016**
3. First year of limitation **2016**
4. Begin hiring new employees **3rd Quarter 2016**
5. Commencement of commercial operations **November 2016**

Please see attached revised Tab 14 containing Schedules A-D.

5. Application responded “No” to Section 9, question 6. Please refer to Section 313.021(2)(A)(ii) to clarify the answer.

6. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date? **Yes.**

6. Applicant responded “yes” to Section 10, question 6 relating to a designation as a single unified project (SUP) by the Texas Economic Development and Tourism Office. The information in Tab 6 does not support this designation. Please provide additional information from the Governor’s office or clarify the intent to be designated as a SUP for the purposes of job creation.

The proposed Freeport LPG project extends from Sweeny ISD through Columbia-Brazoria ISD to Brazosport ISD, all an integral part of one project. Although this project spans three separate school districts, this project is a Single Unified Project since one piece would not exist without the other.

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7. Applicant responded “Yes” to Section 14, question 12 relating to satisfying the minimum job requirements through a determination by the Texas Workforce Commission, even though it appears that the minimum job requirements are being met. Please clarify the intent of the application.

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)?

12a. If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to §313.021(3)(F).

Per this Statute provision we will satisfy the minimum job requirements without the need of a determination by the Texas Workforce Commission. The response to question 12 should be “No”.

8. Applicant responded “No” to Section 14, question 13 relating to being designated as a SUP. Please clarify the intent of the applicant.

Phillips 66 is not a SUP as regards to the minimum job requirement; however, it is our belief that the SUP designation should apply to one project spanning multiple districts to satisfy Chapter 313 eligibility for the entire manufacturing and manufacturing related project. E.g., include the CBISD storage segment and other manufacturing support property.

9. The document from the Governor’s Office provided in Tab 6 indicates that the project is an expansion of an existing location. Understanding that this document is covering two separate projects, please clarify the project characteristics of the proposed project in Brazosport ISD. Which project/district will include the expansion? Which project is the Sweeny Fractionator one? Make appropriate changes to Sections 7 and 13 of the application, if needed and provide a specific detailed description of all existing property, including supporting information as requested in Section 13.

This is one project in three school districts.

Assessor account numbers for existing property in Brazosport ISD (Freeport):

- Real Property (Land & Improvements)
 - o 0028-0008-000 – Freeport Terminal (Land)
 - o 0028-0008-110 – Freeport Terminal (Land)
 - o 0028-0009-000 – Freeport Terminal (Land)
 - o 0028-0014-110 – Freeport Terminal (Land)
 - o 0335-0030-001 – Freeport LPG Terminal (Land & Improvements)
 - o 0335-0038-112 – Freeport Terminal (Land)
 - o 8800-4202-000 – Freeport Terminal Improvements (General Buildings, Receiving, Shipping & Storage, and Service Facilities) (Improvements)

10. Please provide one or more maps clearly indicating the boundaries of all the components of the “multi-school district” project in the three districts. Labels on the map(s) should match the text of the project descriptions. If possible, the maps should also indicate the location of other proposed or existing projects of the applicant’s connecting to this project. (For example: the natural gasoline from #286 flowing to proposed terminal in #1047). Any pipelines—or other connections—the applicant is

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proposing as a qualified property should also be clearly indicated on the maps. All maps should include school district boundaries.

Please see the attached maps and PowerPoint document describing the project overview and associated maps.

11. Please also provide maps for the boundaries of all relevant reinvestment zones—with enough information to clearly show that the proposed qualified property indicated on the maps of the project are located within current reinvestment zones.

Please see the attached maps and PowerPoint document describing the project overview and associated maps.

12. Please provide more detail about the proportion of the proposed qualified investment in each application represented by pipelines or other connecting infrastructure. If any existing connecting infrastructure will be used to link various components of the larger three-district project, please provide details.

The pipeline investment in Brazosport ISD is approximately 8% of the \$1.3 billion dollar investment. Please see the attached PowerPoint document describing the project overview and associated maps.