

**FINDINGS OF THE SWEENEY
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
CHEVRON PHILLIPS CHEMICAL COMPANY LP
TEXAS COMPTROLLER APPLICATION NO. 283**



December 31, 2013

**FINDINGS
OF THE
SWEENEY INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
CHEVRON PHILLIPS COMPANY LP (APP #283)**

DECEMBER 31, 2013

Board Findings of the Sweeny Independent School District

FINDINGS OF THE SWEENEY INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
CHEVRON PHILLIPS COMPANY LP (APP #283)

STATE OF TEXAS §

COUNTY OF BRAZORIA §

On the 31st day of December, 2013, a public meeting of the Board of Trustees of the Sweeny Independent School 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 the Chevron Phillips Company LP (App #283) (Chevron Phillips) 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. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Sweeny Independent School District makes the following findings with respect to the application of Chevron Phillips, and the economic impact of that application:

On April 4, 2013, the Superintendent of Schools of the Sweeny Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Chevron Phillips for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Chevron Phillips (Texas Taxpayer Id. 17315877120), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

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

Board Findings of the Sweeny Independent School District

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on August 1, 2013. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

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

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

After receipt of the Application, the District entered into negotiations with Chevron Phillips, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

Board Findings of the Sweeny Independent School District

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

With regard to Finding No. 1, the Comptroller's economic impact evaluation included the following information:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Chevron project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

The economic condition of Brazoria County, Texas is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Brazoria County is the 15th largest in the state in terms of population. Population growth in Brazoria County is positive and was the state's 50th fastest growing county from 2009 to 2010. The state population grew by 1.8 percent between 2009 and 2010, while the population of Brazoria County increased by 1.7 percent over the same period.

September 2011 employment for Brazoria County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Brazoria County was 9.0 percent in September 2011, however, higher than the state average of 8.5 percent. It is noteworthy that the Brazoria County

Board Findings of the Sweeny Independent School District

unemployment rate increased from 8.9 percent a year ago to the 9.0 percent level in September 2011.

Brazoria County continues to have a slightly lower per capita personal income than the state as a whole. In terms of per capita income, Brazoria County County's \$37,523 in 2009 ranked 54th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While some of these indicators are positive, the local economy in Brazoria County will benefit from economic activity like that associated with the Chevron Phillips project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$59,076 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Chevron Phillips indicates that total employment will be approximately thirty-five (35) new jobs, twenty-eight (28) of which will be qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 35 new jobs when fully operational. 28 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011 for Brazoria County is \$91,702. That same year, the county annual average wage for all industries was \$47,073. In addition to a salary of \$59,076, each qualifying position will receive benefits such as savings & pension plan, health care benefits, income and survivor protection.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$15.1 million on the basis of the goal of twenty-eight (28) new qualifying positions for the entire Chevron Phillips project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$424.4 million, resulting in a relative level of investment per qualifying job of \$15.1 million.

Board Finding Number 5.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

Table 1 depicts Chevron's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 18 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Board Findings of the Sweeny Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Chevron

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	120	139	259	\$7,124,862	\$8,875,138	\$16,000,000
2015	194	232	426	\$11,825,502	\$17,174,498	\$29,000,000
2016	178	267	445	\$11,726,103	\$21,273,897	\$33,000,000
2017	55	150	205	\$4,336,614	\$13,663,386	\$18,000,000
2018	35	115	150	\$3,156,195	\$11,843,805	\$15,000,000
2019	35	111	146	\$3,250,870	\$11,749,130	\$15,000,000
2020	35	135	170	\$3,348,380	\$13,651,620	\$17,000,000
2021	35	141	176	\$3,448,830	\$14,551,170	\$18,000,000
2022	35	147	182	\$3,552,290	\$15,447,710	\$19,000,000
2023	35	154	189	\$3,658,865	\$17,341,135	\$21,000,000
2024	35	156	191	\$3,768,625	\$18,231,375	\$22,000,000
2025	35	164	199	\$3,881,710	\$19,118,290	\$23,000,000
2026	35	166	201	\$3,998,155	\$21,001,845	\$25,000,000
2027	35	168	203	\$4,118,100	\$21,881,900	\$26,000,000
2028	35	156	191	\$4,241,650	\$21,758,350	\$26,000,000
2029	35	156	191	\$4,368,875	\$21,631,125	\$26,000,000
2030	35	151	186	\$4,499,950	\$22,500,050	\$27,000,000
2031	35	154	189	\$4,634,945	\$23,365,055	\$28,000,000

Source: CPA, REMI, Chevron

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Sweeny ISD's ad valorem tax base in 2011 was \$1.3 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Sweeny ISD's estimated wealth per WADA was \$543,556. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Sweeny Hospital District, Port Freeport, Brazoria County Road & Bridge Fund, West Brazoria County Drainage District #11, and Brazoria County Emergency Services District #2, with all property tax incentives sought being granted using estimated market value from Chevron's application. Chevron has applied for a value limitation under Chapter 313, Tax Code, and tax abatements with the county, hospital district, and port.

Board Findings of the Sweeny Independent School District

Table 3 illustrates the estimated tax impact of the Chevron project on the region if all taxes are assessed.

Table 2 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 ¹	Sweeny ISD I&S Levy	Sweeny ISD M&O Levy	Sweeny ISD M&O and I&S Tax Levies (Before Credit Credited)	Sweeny ISD M&O and I&S Tax Levies (After Credit Credited)	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency District #2 Tax Levy	Port Freeport Tax Levy	Road & Bridge Fund Tax Levy	Estimated Total Property Taxes
				0.1717	1.0400			0.4259	0.4291	0.0200	0.0300	0.0515	0.0600	
2013	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$3,150	\$1,107	\$1,116	\$52	\$78	\$134	\$156	\$5,793
2014	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$3,150	\$1,107	\$1,116	\$52	\$78	\$134	\$156	\$5,793
2015	\$32,560,000	\$32,560,000		\$55,906	\$338,624	\$394,530	\$394,530	\$138,673	\$139,718	\$6,512	\$9,768	\$16,768	\$19,536	\$725,505
2016	\$105,460,000	\$105,460,000		\$181,075	\$1,096,784	\$1,277,859	\$1,277,859	\$449,154	\$452,538	\$21,092	\$31,638	\$54,312	\$63,276	\$2,349,869
2017	\$210,780,000	\$210,780,000		\$361,909	\$2,192,112	\$2,554,021	\$2,554,021	\$0	\$0	\$42,156	\$63,234	\$0	\$126,468	\$2,785,879
2018	\$424,004,000	\$424,004,000		\$728,015	\$4,409,642	\$5,137,656	\$5,137,656	\$0	\$0	\$84,801	\$127,201	\$0	\$254,402	\$5,604,061
2019	\$407,054,240	\$30,000,000		\$698,912	\$312,000	\$1,010,912	\$1,010,912	\$0	\$0	\$81,411	\$122,116	\$0	\$244,233	\$1,458,672
2020	\$390,782,470	\$30,000,000		\$670,974	\$312,000	\$982,974	\$491,487	\$0	\$0	\$78,156	\$117,235	\$0	\$234,469	\$921,347
2021	\$375,161,572	\$30,000,000		\$644,152	\$312,000	\$956,152	\$478,076	\$0	\$0	\$75,032	\$112,548	\$0	\$225,097	\$890,754
2022	\$360,165,509	\$30,000,000		\$618,404	\$312,000	\$930,404	\$465,202	\$0	\$0	\$72,033	\$108,050	\$0	\$216,099	\$861,384
2023	\$345,769,288	\$30,000,000		\$593,686	\$312,000	\$905,686	\$452,843	\$0	\$0	\$69,154	\$103,731	\$0	\$207,462	\$833,189
2024	\$331,948,917	\$30,000,000		\$569,956	\$312,000	\$881,956	\$440,978	\$0	\$0	\$66,390	\$99,585	\$0	\$199,169	\$806,122
2025	\$318,681,360	\$30,000,000		\$547,176	\$312,000	\$859,176	\$429,588	\$0	\$0	\$63,736	\$95,604	\$0	\$191,209	\$780,137
2026	\$305,944,506	\$30,000,000		\$525,307	\$312,000	\$837,307	\$418,653	\$0	\$0	\$61,189	\$91,783	\$0	\$183,567	\$755,192
2027	\$293,717,126	\$293,717,126		\$504,312	\$3,054,658	\$3,558,970	\$758,044	\$1,250,941	\$1,260,367	\$58,743	\$88,115	\$151,264	\$176,230	\$3,743,705
2028	\$281,978,841	\$281,978,841		\$484,158	\$2,932,580	\$3,416,738	\$3,416,738	\$1,200,948	\$1,209,997	\$56,396	\$84,594	\$145,219	\$169,187	\$6,283,078
2029	\$270,710,087	\$270,710,087		\$464,809	\$2,815,385	\$3,280,194	\$3,280,194	\$1,152,954	\$1,161,641	\$54,142	\$81,213	\$139,416	\$162,426	\$6,031,987
2030	\$259,892,083	\$259,892,083		\$446,235	\$2,702,878	\$3,149,112	\$3,149,112	\$1,106,880	\$1,115,220	\$51,978	\$77,968	\$133,844	\$155,935	\$5,790,939
2031	\$249,506,800	\$249,506,800		\$428,403	\$2,594,871	\$3,023,274	\$3,023,274	\$1,062,649	\$1,070,656	\$49,901	\$74,852	\$128,496	\$149,704	\$5,559,533
						Total	\$27,185,469	\$6,364,415	\$6,412,369	\$992,927	\$1,489,391	\$769,588	\$2,978,782	\$46,192,941

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

Source: CPA, Chevron
¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Sweeny ISD I&S Levy	Sweeny ISD M&O Levy	Sweeny ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency District #2 Tax Levy	Port Freeport Tax Levy	Road & Bridge Fund Tax Levy	Estimated Total Property Taxes	
				0.1717	1.0400			0.4259	0.4291	0.0200	0.0300	0.0515	0.0600	
2013	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$1,107	\$1,116	\$52	\$78	\$134	\$156	\$5,793	
2014	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$1,107	\$1,116	\$52	\$78	\$134	\$156	\$5,793	
2015	\$32,560,000	\$32,560,000		\$55,906	\$338,624	\$394,530	\$138,673	\$139,718	\$6,512	\$9,768	\$16,768	\$19,536	\$725,505	
2016	\$105,460,000	\$105,460,000		\$181,075	\$1,096,784	\$1,277,859	\$449,154	\$452,538	\$21,092	\$31,638	\$54,312	\$63,276	\$2,349,869	
2017	\$210,780,000	\$210,780,000		\$361,909	\$2,192,112	\$2,554,021	\$897,712	\$904,476	\$42,156	\$63,234	\$108,552	\$126,468	\$4,696,619	
2018	\$424,004,000	\$424,004,000		\$728,015	\$4,409,642	\$5,137,656	\$1,805,833	\$1,819,439	\$84,801	\$127,201	\$218,362	\$254,402	\$9,447,695	
2019	\$407,054,240	\$30,000,000		\$698,912	\$4,233,364	\$4,932,276	\$1,733,644	\$1,746,706	\$81,411	\$122,116	\$209,633	\$244,233	\$9,070,019	
2020	\$390,782,470	\$390,782,470		\$644,152	\$3,901,680	\$4,545,833	\$1,664,343	\$1,676,883	\$78,156	\$117,235	\$201,253	\$234,469	\$8,707,450	
2021	\$375,161,572	\$375,161,572		\$618,404	\$3,745,721	\$4,364,125	\$1,597,813	\$1,609,852	\$75,032	\$112,548	\$193,208	\$225,097	\$8,359,384	
2022	\$360,165,509	\$360,165,509		\$593,686	\$3,596,001	\$4,189,686	\$1,472,631	\$1,483,727	\$69,154	\$103,731	\$178,071	\$207,462	\$7,704,462	
2023	\$345,769,288	\$345,769,288		\$569,956	\$3,452,269	\$4,022,225	\$1,413,770	\$1,424,423	\$66,390	\$99,585	\$170,954	\$199,169	\$7,396,516	
2024	\$331,948,917	\$331,948,917		\$547,176	\$3,314,286	\$3,861,462	\$1,357,264	\$1,367,490	\$63,736	\$95,604	\$164,121	\$191,209	\$7,100,887	
2025	\$318,681,360	\$318,681,360		\$525,307	\$3,181,823	\$3,707,130	\$1,303,018	\$1,312,835	\$61,189	\$91,783	\$157,561	\$183,567	\$6,817,083	
2026	\$305,944,506	\$305,944,506		\$504,312	\$3,054,658	\$3,558,970	\$1,250,941	\$1,260,367	\$58,743	\$88,115	\$151,264	\$176,230	\$6,544,631	
2027	\$293,717,126	\$293,717,126		\$484,158	\$2,932,580	\$3,416,738	\$1,200,948	\$1,209,997	\$56,396	\$84,594	\$145,219	\$169,187	\$6,283,078	
2028	\$281,978,841	\$281,978,841		\$464,809	\$2,815,385	\$3,280,194	\$1,152,954	\$1,161,641	\$54,142	\$81,213	\$139,416	\$162,426	\$6,031,987	
2029	\$270,710,087	\$270,710,087		\$446,235	\$2,702,878	\$3,149,112	\$1,106,880	\$1,115,220	\$51,978	\$77,968	\$133,844	\$155,935	\$5,790,939	
2030	\$259,892,083	\$259,892,083		\$428,403	\$2,594,871	\$3,023,274	\$1,062,649	\$1,070,656	\$49,901	\$74,852	\$128,496	\$149,704	\$5,559,533	
2031	\$249,506,800	\$249,506,800												
						Total	\$60,156,504	\$21,144,388	\$21,303,703	\$992,927	\$1,489,391	\$2,556,788	\$2,978,782	\$110,622,484

Source: CPA, Chevron
¹Tax Rate per \$100 Valuation

Board Finding Number 6.

Board Findings of the Sweeny Independent School District

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 \$631 million to the tax base for debt service purposes at the peak investment level for the 2018-19 school year. The Chevron Phillips project remains fully taxable for debt services taxes, with Sweeny ISD currently levying a \$0.1717 per \$100 I&S rate. The value of the Chevron Phillips project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's I&S tax base.

Board Finding Number 7.

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 Chevron Phillips 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 manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Sweeny ISD as stated in **Attachment D**.

Board Finding Number 8.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Finding 8, the economic impact evaluation states:

According to Chevron's application, "Chevron Phillips Chemical Company LP is a leading chemicals and plastics manufacturer that provides products worldwide to many essential consumer markets. Chevron Phillips' global manufacturing presence provides substantial flexibility in plant locations."

Board Finding Number 9.

Board Findings of the Sweeny Independent School District

During the past two years, 35 projects in the Houston-Galveston Area Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

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).

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Sweeny ISD is \$1.1 billion. Sweeny ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Sweeny ISD is classified as a "rural" district based on its classification as having territory in a strategic investment area. Given that the value of industrial property in Sweeny ISD 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 Applicant (Taxpayer Id. 17315877120) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 13.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached

Board Findings of the Sweeny Independent School District

hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

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 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. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

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 Sweeny Independent School 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 Sweeny Independent School District.

Dated the 31st day of December 2013.

SWEENY INDEPENDENT SCHOOL DISTRICT

 **POS**

By: _____
Glenn Garrison, President, Board of Trustees

ATTEST:

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



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 31, 2013

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 Chevron Phillips for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Garrison 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 Chevron Phillips 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 Chevron Phillips 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

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Fax 512-485-7888

O'HANLON, MCCOLLOM & DEMERATH

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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

December 31, 2013

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 Chevron Phillips for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2017

Dear President Garrison 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 Chevron Phillips 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 2017. 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 Chevron Phillips. Based upon our review we have drawn the following conclusions:

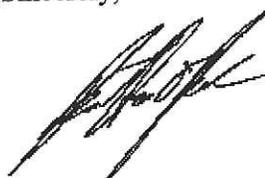
1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

Letter to Sweeny ISD
December 31, 2013
Page 2 of 2

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 Chevron Phillips 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 in a cursive style.

Kevin O'Hanlon
For the Firm



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

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TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

April 12, 2013

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

RE: Application to the Sweeny Independent School District from Chevron Phillips
Chemical Company LP (PE)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Sweeny Independent School District is notifying the Applicant Chevron Phillips Chemical Company LP of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on April 4, 2013. The Board voted to accept the application on April 9, 2013. The application was determined completed on April 4, 2013. Please note, this application is for part of the project for which the company officially withdrew its application to the District. The notice of withdrawal was officially accepted by the Board on April 9, 2013. Because this project has already been reviewed by your office and received a positive recommendation and the only change to the project is the overall scale, the company has respectfully requested an expedited review of the application and for the preparation of the economic impact report. The District will assist in any way necessary to assist in a speedy review.

Please note, the Applicant has provided the District information designated "Confidential." The confidential information has been segregated from the remainder of the application, along with written information as to why the materials should be kept confidential.

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

Letter to Local Government Assistance & Economic Analysis Division
April 12, 2013
Page 2 of 2

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

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon". The signature is stylized and somewhat cursive.

Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
Brazoria County Appraisal District

Dan Schaefer, Sweeny ISD



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

Form 50-296
(Revised May 2010)

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

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

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

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

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative

Date application received by district

April 9, 2013

First Name

Randy

Last Name

Miksch

Title

Superintendent

School District Name

Sweeny ISD

Street Address

1310 N Elm Street

Mailing Address

1310 N Elm Street

City

Sweeny

State

Texas

ZIP

77480

Phone Number

979-491-8000

Fax Number

979-491-8030

Mobile Number (optional)

E-mail Address

rmiksch@sweenyisd.org

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

Will consultant be primary contact? Yes No



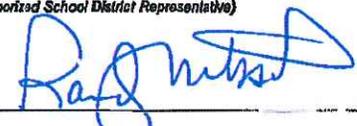
Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name Dan	Last Name Casey	
Title Partner		
Firm Name Moak, Casey & Associates		
Street Address 400 W. 15th Street, Suite 1410		
Mailing Address Same		
City Austin	State Texas	ZIP 78701-1648
Phone Number 512-485-7878	Fax Number 512-485-7888	
Mobile Number (Optional)	E-mail Address dcasey@moakcasey.com	

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

Signature (Authorized School District Representative) 	Date 4/9/2013
---	-------------------------

Has the district determined this application complete? Yes No

If yes, date determined complete. April 7, 2013

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Chaney		Last Name Moore	
Title Real Estate & Property Tax Manager			
Organization Chevron Phillips Chemical Company LP			
Street Address 10001 Six Pines Drive, Suite 7056B			
Mailing Address same			
City The Woodlands		State Texas	ZIP 77380
Phone Number 832-813-4713		Fax Number 832-813-4174	
Mobile Number (optional)		Business e-mail Address moorch@cpchem.com	

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

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

First Name		Last Name	
Title			
Organization			
Street Address			
Mailing Address			
City		State	ZIP
Phone Number		Fax Number	
Mobile Number (optional)		E-mail Address	

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

Will consultant be primary contact? Yes No



Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

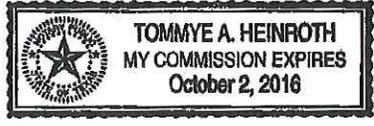
Authorized Company Consultant (If Applicable)

First Name	Last Name	
Title		
Firm Name		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Business email Address		

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief. I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant))	Date
	4-9-13

GIVEN under my hand and seal of office this 9th day of April, 2013



Tommy A. Heinroth
Notary Public, State of Texas

(Notary Seal)

My commission expires 10/02/2016

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



FEES AND PAYMENTS

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

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

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)? ... [] Yes [X] No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ... [] Yes [X] No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Chevron Phillips Chemical Company LP

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

17315877120

NAICS code

325110

Is the applicant a party to any other Chapter 313 agreements? ... [X] Yes [] No

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

Plemons-Stinnett-Phillips CISD---2007

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? ... [X] Yes [] No

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

Limited Partnership

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? ... [] Yes [X] No
If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? ... [X] Yes [] No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ... [X] NA [] Yes [] No

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



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

PROJECT DESCRIPTION

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

See Attached Exhibit " A "

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

See Attached Exhibit " A "

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction 2014, Construction Complete 2017, Purchase Machinery & Equipment 2013----2017, Begin Hiring New Employees 2015, Fully Operational 2017

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)?

Note: Improvements made before that time may not be considered qualified property. When do you anticipate the new buildings or improvements will be placed in service? 2017



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
_____	_____
_____	_____
_____	_____
Total	_____

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

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

Abatements have been approved by Brazoria County, Sweeny Hospital District, and Port Freeport,

THE PROPERTY

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

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

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

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

County: Brazoria (100%) City: n/a
(Name and percent of project) (Name and percent of project)

Hospital District: Sweeny Hospital District (100%) Water District: West Brazoria County Drainage District # 11 (100%)
(Name and percent of project) (Name and percent of project)

Other (describe): Brazoria County Emergency District #2 (100%) Other (describe): Port Freeport (100%) Road & Bridge Fund (100%)
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No
If not, please provide additional information on the project scope and size to assist in the economic analysis.



INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$30,000,000

What is the amount of appraised value limitation for which you are applying? \$30,000,000

What is your total estimated qualified investment? \$424,400,000

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

What is the anticipated date of application approval? June 2013

What is the anticipated date of the beginning of the qualifying time period? January 2, 2016

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? 424,400,000

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

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

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

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time: (1) In or on the new building or other new improvement for which you are applying? [X] Yes [] No

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? [X] Yes [] No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? [X] Yes [] No

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

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

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements - with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? [X] Yes [] No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? _____

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

Will the project be on leased land? [X] Yes [] No

Investment will be both on leased and owned land.



QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. See attached Exhibit "B" 2011 (Market Value) (Tax Year)

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

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

WAGE AND EMPLOYMENT INFORMATION

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

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

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

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC? Three thousand Four hundred seventy one (3,471)

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. n/a

Total number of new jobs that will have been created when fully operational 35 estimated

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

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

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

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 28 estimated

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

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

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

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



WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$995.78
110% of the county average weekly wage for manufacturing jobs in the county is \$1,939.85
110% of the county average weekly wage for manufacturing jobs in the region is \$1,136.08

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

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

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$59,076

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$59,076

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
Will each qualifying job require at least 1,600 of work a year? Yes No
Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
Will any of the qualifying jobs be retained jobs? Yes No
Will any of the qualifying jobs be created to replace a previous employee? Yes No
Will any required qualifying jobs be filled by employees of contractors? Yes No

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

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

See Exhibit "A"

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No
Is Schedule A completed and signed for all years and attached? Yes No
Is Schedule B completed and signed for all years and attached? Yes No
Is Schedule C (Application) completed and signed for all years and attached? Yes No
Is Schedule D completed and signed for all years and attached? Yes No

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

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

CONFIDENTIALITY NOTICE

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

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

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

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

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

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

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

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

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

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

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

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



COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

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

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

EXHIBIT "A"

Project Description—The project provides for the design and construction of one (1) polyethylene unit, related utility, infrastructure and logistics improvements. The plant will manufacture polyethylene resin which is used in products such as plastic pipe, merchandise bags, milk jugs, food and beverage containers, household chemical and detergent bottles, pails, and drums.

Construction is proposed to commence in 2014 with completion estimated in 2017.

The proposed improvements for which the tax limitation is sought will include one (1) polyethylene unit, along with all process auxiliaries including but not limited to packaged systems, blowers and fans, dryers, furnaces, heat exchangers, electrical heaters, cyclones and screens, mixers, feeders, extruders, rotary valves, vessels, reactors, scales, trolleys and hoists pipe ways, utility service lines, raw material pipelines, storage tanks, compressors, drums, heat exchangers, pumps, filters piping, insulation, electrical switchgear, transformers, instrumentation equipment, equipment and structural foundations and supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, flare, shipping facility improvements, inter-plant piping, other chemical processing equipment, modifications, tie-ins, upgrades and revamps to existing facilities, air compressors, electrical sub-stations, road improvements, utilities (including all lines), flares, tankage, pipe connections, cooling towers, waste water units, control, administration and other plant buildings, water and sewer treatment facilities, fire prevention and safety equipment, any other tangible personal property utilized in the process, storage, quality control, shipping, waste management and general operation of the polyethylene unit and any other infrastructure additions, upgrades and modifications related to the polyethylene unit.

Chevron Phillips Chemical Company LP respectfully requests the appraised value limitation to all apply to all of the Proposed Improvements.

Ability to Relocate---Chevron Phillips Chemical Company LP is a leading chemicals and plastics manufacturer that provides products worldwide to many essential consumer markets. Chevron Phillips' global manufacturing presence provides substantial flexibility in plant locations.

Benefits---

Savings & Pension Plan:

Participation in a Company-paid Pension Plan

A Company match on eligible contributions to the 401(k) Savings Plan — up to 6% of your pay — at 75¢ on the dollar.

Profit-sharing contributions (based on the Company's performance) to the 401(k) Savings Plan.

Health Care Benefits:

Include medical, dental, prescription drug and mental health coverage. Employee and the Company share the cost of coverage. The amount of employee contribution will depend on the plan options selected and the dependents covered.

Income & Survivor Protection:

Company Paid

- Basic Life Insurance (82% paid by company, 18% employee)
- Basic Accidental Death and Personal Loss (AD&PL) Insurance
- Occupational AD&PL Insurance
- Business Travel Accident Insurance

Voluntary Programs

- Supplemental Life Insurance
- Spouse Life Insurance
- Dependent Child Life Insurance
- Supplemental AD&PL Insurance
- Long-Term Disability Insurance

Description of Qualified Investment and Qualified Property

The project provides for the design and construction of one (1) polyethylene unit and related utility.

The proposed improvements for which the tax limitation is sought will include one (1) polyethylene unit along with all process auxiliaries including but not limited to packaged systems, blowers and fans, dryers, furnaces, heat exchangers, electrical heaters, cyclones and screens, mixers, feeders, extruders, rotary valves, vessels, reactors, scales, trolleys and hoists pipe ways, utility service lines, raw material pipelines, storage tanks, compressors, drums, heat exchangers, pumps, filters piping, insulation, electrical switchgear, transformers, instrumentation equipment, equipment and structural foundations and supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, flare, shipping facility improvements, inter-plant piping, other chemical processing equipment, modifications, tie-ins, upgrades and revamps to existing facilities, air compressors, electrical sub-stations, road improvements, rail spurs, utilities (including all lines), flares, tankage, pipe connections, cooling towers, waste water units, control, administration and other plant buildings, water and sewer treatment facilities, fire prevention and safety equipment, any other tangible personal property utilized in the process, storage, quality control, shipping, waste management and general operation of the polyethylene unit and rail operations, and any other infrastructure additions, upgrades and modifications related to the polyethylene unit.

The qualified investment and qualified property will also include any other necessary equipment to construct a fully functioning manufacturing.



Proposed Project

To Market Rd 524

FM 1450 Rd

San Bernard Reservoir Number 2

Farm-To-Market Rd 1450

Carroll Street Ferry Rd

COSSON Avenue

Farm-To-Market Rd 524

FM 524 Rd

Jimmie Creel Museum

Farm to Market 1726

Farm to Market 1726

Farm-To-Market Rd 524

FM 524 Rd

Description of Land and Existing Land Improvements

The land that the project will be placed on is comprised of 10 separate tracts. The tracts comprise the reinvestment zone and are out of abstracts numbers 119, 380 and 76, Brazoria County, Texas.

These tracts are owned by Chevron Phillips and Phillips 66. The attached deeds describe the property in more detail. There are no improvements on the land where the project will be placed.

**BRAZORIA COUNTY APPRAISAL DISTRICT
CERTIFICATION OF APPRAISED VALUE OF PROPERTIES
AS OF JANUARY 1, 2011**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL DISTRICT

DATE: February 24, 2012

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 2011, for property of "CHEVRON PHILLIPS CHEMICAL CO. & CONOCO/PHILLIPS COMPANY" described in Exhibit "A" attached hereto are listed in the records of the Brazoria County Appraisal District and indicated by the following account numbers:

PERSONAL PROPERTY ACCOUNT(S).

APPRAISED VALUE(S)

Values did not change in 2012.

LAND ACCOUNT(S)

0119-0030-000	\$473,020
0119-0030-100*	\$355,520
1336-0099-110	\$619,700
7435-0001-000**	\$3,844,700

IMPROVEMENT ACCOUNT(S)

Certified this 24TH day of February, 2012.

Land = *0119-0030-100 - \$9,960 (Ag Value)
**7435-0001-000 - \$525,320 (Ag Value)

BRAZORIA COUNTY APPRAISAL DISTRICT

Cheryl Evans

Cheryl Evans, Chief Appraiser



Texas Workforce Commission

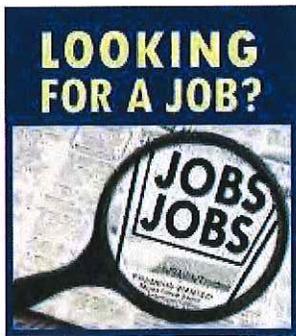
- LMCI Searchpage
- Data Link
- Wage Information
- The Future
- Career & Economic Dev Resource
- LMCI Publications
- Resources
- Select Data Type
 - All Data Types
 - Unemployment (LAUS)
 - Employment Estimates (CES)
 - Quarterly Employment and Wages (QCEW)
 - Wages by Profession
 - Projections - Occupation
 - Projections - Industry
 - Consumer Price Index
 - Income
 - Staffing Patterns
 - Population

Quarterly Employment and Wages (QCEW)

[Help with Download](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$2,083
2011	3rd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,658
2012	1st Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,928
2011	4th Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,699
2011	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,711
2012	2nd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,801
2012	3rd Qtr	Brazoria County	Total All	31	2	31-33	Manufacturing	\$1,626
2011	3rd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$898
2011	1st Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$920
2011	2nd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$868
2012	1st Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$937
2011	4th Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$909
2012	2nd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$899
2012	3rd Qtr	Brazoria County	Total All	00	0	10	Total, All Industries	\$876



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

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

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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

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

Data intended for TAC 313 purposes only.

Calculations of wages information - Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

Year	Period	Wage
2012	1st Qtr	937
2012	2nd Qtr	899
2012	3rd Qtr	876
2011	4th Qtr	909

905.25 average weekly salary

X1.1 (110%)

\$ 995.78 110% of County Average Weekly Wage for all jobs

110% of County Average Weekly Wage manufacturing jobs

Year	Period	Wage
2012	1st Qtr	1928
2012	2nd Qtr	1801
2012	3rd Qtr	1626
2011	4th Qtr	1699

1763.5 average weekly salary

X1.1 (110%)

\$ 1,939.85 110% of County Average Weekly Wage for manufacturing jobs

110% of County Average Weekly Wage for Manufacturing Jobs in Region
(Houston-Galveston Area Council)

25.82 per hour

X40 hours per week

\$1,032.80 average weekly salary

X1.1 (110%)

\$ 1,136.08

X 52 Weeks

\$ 59,076.16 110% of county average weekly wage for all manufacturing jobs in region

Applicant Name: Chevron Phillips Chemical Company
 Sweeney, ISD

Form 50-995

PROPERTY INVESTMENT AMOUNTS
 (Estimated investment in each year. Do not put cancellable totals)

Year	Investment made before filing complete application with district (whether qualified property not eligible to become qualified)	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	School Year (YYYY-YYYY)	Tax Year (YYYY)	Personal Property (Full and actual tax year) (YYYY)	Column A: Tangible Personal Property (original cost) placed in service during this year	Column B: Building or permanent nonmovable component of building (original amount only)	Column C: Sum of A and B (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+C+D)
2013			2013-2014	2013	25,500,000	0	0	25,500,000	This spending represents engineering and long term delivery of equipment	
2014			2014-2015	2014	94,600,000	580,000	580,000	95,180,000		
2015			2015-2016	2015	182,440,000	2,320,000	2,320,000	184,760,000		
2016			2016-2017	2016	120,160,000	13,340,000	13,340,000	133,500,000		
2017			2017-2018	2017	15,480,000	0	0	15,480,000		
2018			2018-2019	2018	0	0	0	0		
2019			2019-2020	2019						
2020			2020-2021	2020						
2021			2021-2022	2021						
2022			2022-2023	2022						
2023			2023-2024	2023						
2024			2024-2025	2024						
2025			2025-2026	2025						
2026			2026-2027	2026						
2027			2027-2028	2027						
2028			2028-2029	2028						
2029			2029-2030	2029						
2030			2030-2031	2030						
2031			2031-2032	2031						
2032			2032-2033	2032						

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column A: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property, property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonmovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonmovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as production facilities, etc.

Column D: Note: Land can be listed as part of investment during the pre-year-1 time period. It cannot be part of qualifying investment. Notes: For advanced clean energy projects, nuclear projects, projects with delayed qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE:  DATE: 2-28-13

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

Form 50-296

Applicant Name

ISD Name

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Exempted Value	Estimated Taxable Value for 18S - after all reductions	Final taxable value for M&O--after all reductions
				Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or in or on the new improvement*			
pre-year 1	2013-2014	2013	260,000	0	0	0	260,000	0
pre-year 1	2014-2015	2014	260,000	0	0	0	260,000	0
pre-year 2	2015-2016	2015	260,000	300,000	32,000,000	0	32,560,000	32,560,000
pre-year 3	2016-2017	2016	260,000	1,200,000	106,540,000	2,540,000	105,460,000	105,460,000
Complete tax years of qualifying time period	2017-2018	2017	260,000	8,120,000	207,600,000	5,200,000	210,780,000	210,780,000
	2018-2019	2018	260,000	16,240,000	417,904,000	10,400,000	424,004,000	424,004,000
	2019-2020	2019	260,000	15,590,400	401,187,840	9,984,000	407,054,240	30,000,000
	2020-2021	2020	260,000	14,966,784	385,140,326	9,584,640	390,782,470	30,000,000
	2021-2022	2021	260,000	14,368,113	369,734,713	9,201,254	375,161,572	30,000,000
	2022-2023	2022	260,000	13,793,388	354,945,325	8,833,204	360,165,509	30,000,000
	2023-2024	2023	260,000	13,241,653	340,747,512	8,479,876	345,769,288	30,000,000
Tax Credit Period (with 50% cap on credit)	2023-2025	2024	260,000	12,711,987	327,117,611	8,140,681	331,948,917	30,000,000
	2025-2026	2025	260,000	12,203,507	314,032,907	7,815,054	318,681,360	30,000,000
	2026-2027	2026	260,000	11,715,367	301,471,591	7,502,452	305,944,506	30,000,000
	2027-2028	2027	260,000	11,246,752	289,412,727	7,202,354	293,717,126	293,717,126
	2028-2029	2028	260,000	10,796,882	277,836,218	6,914,259	281,978,841	281,978,841
Credit Settle-Up Period	2029-2030	2029	260,000	10,365,007	266,722,769	6,637,689	270,710,087	270,710,087
	2030-2031	2030	260,000	9,950,406	256,053,858	6,372,181	259,892,083	259,892,083
	2031-2032	2031	260,000	9,552,390	245,811,704	6,117,294	249,506,800	249,506,800
Post-Settle-Up Period	2030-2031	2030	260,000	9,950,406	256,053,858	6,372,181	259,892,083	259,892,083
Post-Settle-Up Period	2031-2032	2031	260,000	9,552,390	245,811,704	6,117,294	249,506,800	249,506,800

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

2-28-13

Applicant Name
ISD Name

Schedule C- Application: Employment Information

Form 50-296

Tax Credit Period (with 50% cap on credit)	Value Limitation Period	Year	School Year (YYYY-YYYY)	Tax Year (fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
					Column A: Number of Construction man- hours	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
		pre-year 1	2013-2014	2013			0	0	0	0
		pre-year 2	2014-2015	2014	250,570	59,144	0	0	0	0
		pre-year 3	2015-2016	2015	403,773	60,918	0	0	0	0
		pre-year 4	2016-2017	2016	318,272	62,746	25	\$85,000	18	\$85,000
		1	2017-2018	2017	40,950	64,628	35	\$87,550	28	\$87,550
		2	2018-2019	2018			35	\$90,177	28	\$90,177
		3	2019-2020	2019			35	\$92,882	28	\$92,882
		4	2020-2021	2020			35	\$95,668	28	\$95,668
		5	2021-2022	2021			35	\$98,538	28	\$98,538
		6	2022-2023	2022			35	\$101,494	28	\$101,494
		7	2023-2024	2023			35	\$104,539	28	\$104,539
		8	2024-2025	2024			35	\$107,675	28	\$107,675
		9	2025-2026	2025			35	\$110,906	28	\$110,906
		10	2026-2027	2026			35	\$114,233	28	\$114,233
		11	2027-2028	2027			35	\$117,660	28	\$117,660
		12	2028-2029	2028			35	\$121,190	28	\$121,190
		13	2029-2030	2029			35	\$124,825	28	\$124,825
		14	2030-2031	2030			35	\$128,570	28	\$128,570
		15	2031-2032	2031			35	\$132,427	28	\$132,427

Notes: For job definitions see TAC §9.1051(14) and Tax Code §913.021(3).

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 2-28-13

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

ISD Name

Form 50-296

Applicant Name	Sales Tax Information		Franchise Tax		Other Property Tax Abatements Sought					
	Sales Taxable Expenditures	Franchise Tax	County	City	Hospital	Other	County	City	Hospital	Other
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013--2014	2013	5,539,983	19,960,017	0	0%	0%	0%	0%	0%
		2014	20,551,712	74,048,288	0	0%	0%	0%	0%	0%
	2015-2016	2015	27,782,266	124,657,734	0	0%	0%	0%	0%	0%
	2016-2017	2016	21,899,140	98,260,860	0	0%	0%	0%	0%	0%
	2017-2018	2017	7,996,552	7,463,448	17	100%	0%	100%	100%	100%
		2018	1,640,400	1,530,800	435,600	100%	0%	100%	100%	100%
	2019-2020	2019	1,673,200	1,561,600	462,000	100%	0%	100%	100%	100%
		2020	1,706,400	1,592,800	427,600	100%	0%	100%	100%	100%
	2021-2022	2021	1,740,800	1,624,000	407,600	100%	0%	100%	100%	100%
	2022-2023	2022	1,556,400	1,452,800	393,200	100%	0%	100%	100%	100%
	2023-2024	2023	1,587,600	1,482,000	287,600	100%	0%	100%	100%	100%
		2024	1,619,600	1,511,600	372,800	100%	0%	100%	100%	100%
	2025-2026	2025	1,652,000	1,541,600	372,800	100%	0%	100%	100%	100%
	2026-2027	2026	1,684,800	1,572,400	343,600	100%	0%	100%	100%	100%
	2027-2028	2027	1,506,800	1,406,400	344,000	0%	0%	0%	0%	0%
2028-2029	2028	1,536,800	1,434,400	230,800	0%	0%	0%	0%	0%	
	2029	1,567,600	1,463,200	335,600	0%	0%	0%	0%	0%	
2030-2031	2030	1,598,800	1,492,400	328,000	0%	0%	0%	0%	0%	
2031--2032	2031	1,598,800	1,492,400	328,000	0%	0%	0%	0%	0%	

*For planning construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

2-28-13

Date: 4/24/2012

THE SPECIAL COMMISSIONERS COURT SESSION OF BRAZORIA COUNTY, TEXAS

ORDER NO. VI.B.2.c.

RE: Grant Chevron Phillips Chemical Company LP tax abatement

That the application for tax abatement of Chevron Phillips Chemical Company LP attached hereto be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone created in Brazoria County; that the subject location described in the attached application be designated a reinvestment zone for tax abatement purposes in accordance with the guidelines and criteria of Brazoria County and applicable law; that a variance be granted from the provision of Section 2(g) of the Brazoria County Guidelines and Criteria for granting tax abatement to allow the duration of the tax abatement to be 10 years; and at 100% abatement of eligible properties; and further that the County Judge is authorized to execute a tax abatement with Chevron Phillips Chemical Company LP in accordance with the guidelines and criteria

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

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

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

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

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

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

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

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

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

DEFINITIONS Section 1

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

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

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

ABATEMENT AUTHORIZED Section 2

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

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

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

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

Lessee Interest: Abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to the lease, (2) all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or (3) all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

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

- (g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court Order granting the abatement and approving the abatement application. One hundred percent of the value (or such percentage of value that shall be set by Commissioners' Court order) of new eligible properties shall be abated for up to seven years or one-half (1/2) the productive life of the improvement whichever is less. The "productive life" will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1st following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond seven (7) years. However, in no event shall the abatement begin later than the January 1 following the commencement of construction.

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

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

- (h) Economic Qualification. In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:
- (1) must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;
 - (2) must create employment for at least 10 people on a full-time (40 hours per week equivalent) basis in Brazoria County for the duration of the abatement period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of 10 employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:
 - a. "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be

considered the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that produces chlorine and 100 employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

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

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

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

Additionally, the owner of the project:

- (5) must provide for and pay, at the time of filing an application for tax abatement, a non-refundable application fee of \$1,000. A part of the application fee will be dedicated by Brazoria County to economic development programs authorized by Local Government Code, Section 381.004.
- (6) must file a plan statement with application demonstrating willingness and planned efforts to use qualified Brazoria County vendors and services where applicable in the construction and operations of the facility. Brazoria County vendors and services must be competitive with non-county vendors and services regarding price, quality, safety, availability and ability perform. It is preferred that applicant seek qualified workers who are United States citizens and veterans and also legal residents prior to seeking workers from other countries.

- (7) will annually, for the term of the abatement, contribute .000165 of the value reported in "Part IV Section F" of the abatement application (estimated value of abated improvements at the conclusion of the abatement period). Air carriers receiving abatement will contribute an amount equal to .000165 of the estimated value of the personal property of the air carrier indicated in its Application. Each project will contribute no more than \$15,000 nor less than \$1,000 annually to be used specifically to fund economic development in Brazoria County as authorized by Local Government Code, Section 381.004. The annual contribution shall be paid to Brazoria County through the County Auditor's Office on or before January 1 of each year of the tax abatement contract term.
- (8) must not file with the Brazoria County Appraisal District a valuation or taxpayer protest or notice of protest pursuant to the Texas Property Tax Code during the abatement period legally protesting the valuation of the abated improvements of a manufacturing facility pursuant to an appraisal method that produces a valuation of improvements based on each improvement's value as a separate item of personal property rather than the improvements' value as integral fixtures of a producing manufacturing facility. An owner's legal protest the improvements' value pursuant to the Texas Property Tax Code must be based on and use accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and uniform standards of professional appraisal practice. The filing of a valuation protest or notice of protest contrary to this standard shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.
- (9) must not be a defendant in any litigation by the County seeking recovery or recapture of previously abated taxes.
- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
 - (1) The value of ineligible property as provided in Section 2(e) shall be fully taxable;
 - (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
 - (3) the additional value of new eligible property shall be taxable in the manner described in Section 2(g).

APPLICATION Section 3

- (a) The Application for tax abatement may be obtained from the County Judge's Office or on the Brazoria County website at www.brazoria-county.com. Applicant may contact the Judge's Office at (979) 864-1200 or (281) 756-1200.
- (b) Any present or potential owner of taxable property in Brazoria County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Brazoria County. The application shall be filed with the County Judge by providing twelve (12) copies or an electronic version and five (5) copies. The additional copies provided will be furnished to each member of Commissioners Court and the Tax Abatement Review Committee (TARC). After filing the application,

the Applicant shall provide an economic impact analysis report, in a format comparable to the Texas Governor's economic impact analysis report, to the County Judge's Office prior to the TARC meeting on the Applicant's tax abatement application.

- (c) The application shall consist of a completed application form accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernizing, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form shall require such financial and other information as Brazoria County deems appropriate for evaluating the financial capacity and other factors of the Applicant. Applicant should not submit confidential information as part of the application. If doing so cannot be avoided, a general description in non-confidential terms should be included on the application, along with a sealed document containing the confidential information as an attachment and clearly marked "CONFIDENTIAL".
- (d) Upon receipt of a completed application, the County Judge shall notify in writing the presiding officer of the legislative body of each eligible jurisdiction. Before acting upon the application, Brazoria County Commissioners' Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Brazoria County notice to be posted at least 30 days prior to the hearing.
- (e) After receipt of an application for creation of a reinvestment zone and application for abatement, the Tax Abatement Review Committee (TARC) shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone. The economic impact analysis report provided by the Applicant shall be attached to the feasibility study and included as part of the feasibility study report.
- (f) If upon written request for a legal opinion or interpretation from the Commissioners' Court or its members, the legal counsel for Brazoria County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed for a period of at least thirty days from the scheduled date of public hearing to allow time for further review by the Commissioners' Court or any duly appointed review committee, or if an initial setting has not been made, the hearing on such application shall be set on the Commissioners' Court agenda no sooner than sixty (60) days from the time the Court enters an order to set the public hearing date.

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

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

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

PUBLIC HEARING Section 4

- (a) Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
 - (1) there would be a substantial adverse affect on the provision of government service or tax base;
 - (2) the Applicant has insufficient financial capacity;
 - (3) planned or potential use of the property would constitute hazard to public safety, health or morals; or,
 - (4) violation of other codes or laws.

AGREEMENT Section 5

- (a) After approval, Brazoria County Commissioners' Court shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:
 - (1) estimated value to be abated and the base year value;
 - (2) percent of value to be abated each year as provided in Section 2(g);
 - (3) the commencement date and the termination date of abatement;
 - (4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provided in Application, Sections II and III;

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

RECAPTURE Section 6

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

or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

ADMINISTRATION Section 7

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

The Commissioners' Court shall appoint a standing Tax Abatement Review Committee (TARC) for purposes of (i) reviewing the tax abatement application and preparing the feasibility study report required by Section 3(d) of these guidelines; (ii) conducting annual inspections and/or evaluations of the abated facilities to insure compliance with the terms/conditions of the tax abatement agreement.
- (d) The Tax Abatement Review Committee shall be comprised of, but not limited to, a representative appointed by each Commissioners' Court member. The County Auditor, County Treasurer, District Attorney representative, and County Tax Assessor Collector shall serve as ex-officio members of the Committee to advise on abatement qualifications and procedures. The County Judge and the Commissioner of the Precinct in which a proposed abated facility will be located will serve on the Committee during the period when the Committee is preparing the feasibility study report and conducting the annual inspection and/or evaluation of the facility.
- (e) Upon completion of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Brazoria County Commissioners' Court and the Tax Abatement Review Committee clearly detailing the status of the facility and how it is complying with the abatement guidelines. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment A to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment A form.
- (f) Upon expiration of the Tax Abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as

part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed (*i.e.* seven year abatement, then in producing capacity for an additional 7 years after expiration of the tax abatement agreement) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the County Judge. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.

- (g) The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

ASSIGNMENT Section 8

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

PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9

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

the application to be made prior to the public hearing), the County Judge and Precinct Commissioners shall be advised of these compliance problems/matters to be resolved in a memo from the Civil Division-District Attorney's Office transmitting the Order Setting Hearing Date. No hearing shall be set on any application that fails to attach both the ordinance designating reinvestment zone and the copy of the fully executed tax abatement agreement between the city and the Applicant, or which is deficient as to application form or legal description. In such case the Applicant shall be informed of the necessity of attaching those documents or making necessary corrections, and there will be no further processing of the application until the same are received.

- (f) The notice provisions of Section 3 (c) are not applicable to an application under this section.
- (g) The percentage of property value abated and the term of abatement shall be the same as that stated in the city's tax abatement agreement unless otherwise specifically ordered in the Commissioners Court order granting abatement.

SUNSET PROVISION Section 10

- (a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Brazoria County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.
- (b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.
- (c) These guidelines and policies for Tax Abatement shall be effective May 11, 2012, and shall remain in force until May 11, 2014, unless amended or superseded, modified, renewed, or eliminated by Commissioners' Court prior to that date.

ATTACHMENT

A

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

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

ANNUAL REPORT FORM

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

RE: TAX ABATEMENT AGREEMENT

_____ (Company/Owner Name)

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

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

Date of commencement of construction: _____

Date of completion all contemplated improvements: _____

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

Permanent Employees: _____

* Permanent Contract Employees

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

**Temporary Contract Employees

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

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

Percentage of construction completed: _____

Estimated value of Improvements: _____

As of _____

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

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

Check One
() Yes or () No

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

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

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

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

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

Check One
() Yes or () No

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

Owner: _____

By: _____

Printed Name: _____

Title/Position _____

Date: _____

ATTACHMENT B

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

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

REPORT FORM
After the initial term of the
Tax Abatement Agreement

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

RE: TAX ABATEMENT AGREEMENT

_____ (Company/Owner Name)

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

Effective Date of Tax Abatement: _____

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

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

Check One
() Yes or () No

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

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

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

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

Owner: _____

By: _____

Printed Name: _____

Title/Position _____

Date: _____

98 038214

⑨ Volume 98 038 9843280438
247,879 acres

4

BCGR28

GENERAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS

THAT, JIMMY SWAGGART MINISTRIES, Grantor, in consideration of the sum of TEN DOLLARS (\$10.00), and other valuable considerations, in hand paid, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto PHILLIPS PETROLEUM COMPANY, Grantee, the following described real property and premises, situate in the County of Brazoria, State of Texas, to wit:

See Exhibit "A" attached hereto

together with all improvements thereon and the appurtenances thereunto belonging, and warrants and defends the title thereto, except for questions of survey, zoning ordinances, restrictions and easements of record or in place, and taxes for the current year, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Grantor does except and reserve unto itself, its heirs, successors and assigns all of the minerals and mineral rights underlying and concerning the land described in this instrument.

TO HAVE AND TO HOLD said described premises unto the said Grantee, its successors, heirs and assigns forever.

SIGNED AND DELIVERED this 3rd day of September, 1998

WITNESSES:

GRANTOR:
JIMMY SWAGGART MINISTRIES

[Signature]
John J. Glover
Notary Public

By *[Signature]*
JIMMY SWAGGART
Its PRESIDENT

STATE OF LOUISIANA §
PARISH
COUNTY OF EAST BATON ROUGE §

BEFORE ME, Linda A. Westbrook, the undersigned authority, on this day personally appeared Jimmy Swaggart, known to me to be the person whose name is subscribed to the foregoing instrument as President of JIMMY SWAGGART MINISTRIES, a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

GIVEN under my hand and seal of office this 3rd day of September, 1998

[Signature]
Notary Public in and for the State
of LOUISIANA

My Commission Expires:

AT DEATH

TOTAL P.03

RECORDER'S MEMORANDUM:
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon, or photo-copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

**DESCRIPTION OF A 247.879-ACRE TRACT
OF LAND OUT OF CHARLES BREEN LEAGUE, A-46,
BRAZORIA COUNTY, TEXAS**

Being a tract of land containing 247.879-acres out of the Charles Breen League, A-46, Brazoria County, Texas. Said 247.879-acre tract being part of Lots 30, 31, & 32, and all of Lot 36 of the Tolman Subdivision, also known as the McDonald Subdivision as recorded under Volume 101, Page 236 of the Brazoria County Plat Records (B.C.P.R.), Brazoria County, Texas, and being part of a 419.67-acre tract of land as conveyed to Jimmy Swaggart Ministries by deed recorded under Volume 89705, Page 915, (Tract No.1), of the Official Public Records of Brazoria County (O.P.R.B.C.). Said 247.879-acre tract being more particularly described by metes and bounds as follows; (Bearings based on the plant coordinate system of Phillips Petroleum Company's Sweeny Refinery)

BEGINNING at a found brass disk at the west corner of the said Charles Breen League located at plant coordinate South 4707.18 feet, West 15034.49;

THENCE North 89 deg. 16 min. 57 sec. East, (called North 45 deg. East) with the northwest line of said Charles Breen League, being the southeast line of the Battle, Berry and Williams League, A-711, Brazoria County, being the northwest line of said Tolman Subdivision, and being the southeast line of a 375-acre tract of land conveyed to Jimmy Swaggart Ministries, by deed recorded under Volume 89705, Page 915 O.P.R.B.C. (Tract 6), a distance of 498.17 feet to a found brass disk at plant coordinate South 4700.94, West 14536.35; being the south corner of the Polley & Chance League A-119, and being the east corner of said 375-acre tract, and the south corner of an 1830-acre tract of land as conveyed to Phillips Petroleum Company by deed recorded under Volume 98006, Page 537, O.P.R.B.C., for an angle point of herein described tract;

THENCE South 89 deg. 58 min. 42 sec. East, with the southeast line of said Polly and Chance League, being the southeast line of said 1830-acre tract and the northwest line of said Tolman Subdivision, a distance of 5294.15 feet to a found brass disk for the north corner of Lot 30 and the west corner of Lot 23 of said Tolman Subdivision, at plant coordinate South 4702.95, West 9242.21;

THENCE South 00 deg. 01 min. 22 sec. West, with the northeast line of Lot 30, being the southwest line of Lot 23 of said Tolman Subdivision, a distance of 8.81 feet to a 5/8-inch iron rod set in a southeast line of a 100-foot wide railroad right-of-way as conveyed to the Reconstruction Finance Corporation by deed recorded under Volume 401, Page 174 of the Brazoria County Deed Records (B.C.D.R.) at plant coordinate South 4711.76, West 9242.21;

THENCE South 47 deg. 24 min. 34 sec. West, with a southeast line of said 100-foot wide railroad right-of-way, a distance of 573.00 feet to a 5/8-inch iron rod set for an angle point at plant coordinate South 5099.54, West 9664.06;

THENCE South 47 deg. 57 min. 21 sec. West, with a southeast line of said 100-foot wide railroad right-of-way, a distance of 2946.10 feet to a 5/8-inch iron rod set for an angle point at plant coordinate South 7072.56, West 11851.91;

THENCE South 13 deg. 25 min. 33 sec. East, with a northeast line of said tract herein described, a distance of 1358.97 feet to a 5/8-inch iron rod set for an angle point at plant coordinate South 8394.39, West 11536.38;

THENCE South 50 deg. 32 min. 44 sec. East, with a northeast line of said tract herein described, a distance of 203.81 feet to a 5/8-inch iron rod set in the northeast right-of-way line of a 120-foot wide railroad right-of-way as conveyed to the St. Louis, Brownsville and Mexico (now Union Pacific) Railroad recorded under Volume 70, Page 389, B.C.D.R. at plant coordinate South 8523.91, West 11379.01;

THENCE North 54 deg. 38 min. 11 sec. West, with the northeast right-of-way line of said 120-foot wide railroad right-of-way, a distance of 4488.57 feet to a 5/8-inch iron rod set at the intersection of said 120-foot wide right-of-way and the Southwest line of said Charles Breen League, being the northeast line said M.B. Nuckols League, and being the southwest line of Lot 36 of said Tolman Subdivision at plant coordinate South 5926.08, West 15039.41;

THENCE North 00 deg. 13 min. 54 sec. East, with the southwest line of said Charles Breen League, being the northeast line of said M.B. Nuckols League, being the southwest line of Lot 36 of said Tolman Subdivision, and being the northeast line of a 4272.6315-acre tract conveyed to Phillips Petroleum Company as recorded in Volume 1571, Page 945 B.C.D.R., (Volume 675, Page 92 of the Matagorda County Deed Records), a distance of 1218.91 feet to the POINT OF BEGINNING and containing 247.879-acre (0.387 square miles) of land.

Compiled By:

Weisser Engineering Company
17171 Park Row, Suite 100
Houston, Texas 77084

Job No. P0355 (399-355)
Date: 08/31/98



THE STATE OF TEXAS
COUNTY OF BRAZORIA
I, DOLLY BAILEY, Clerk of the County Court in and for Brazoria County,
do hereby certify that this instrument was FILED FOR RECORD
and RECORDED in the OFFICIAL RECORD at the time and date so
stamped hereon by me.



Dolly Bailey
County Clerk of Brazoria Co., TX

Exhibit "A"

RETURN TO ALA. OF WRITERS
803 B. B. ROAD
S. C. ALA. 36801-1100
FILED FOR RECORD
98 SEP -9 PM 4:43

SEP-07-1998
COUNTY CLERK
BRAZORIA COUNTY TEXAS

P0355-1.DOC, 09/1

TOTAL P. 03

98 038214

Alamo

Deed

1S
5M
7R
<hr/>
13.00
CH 586

Phillips Petroleum Co.
 P.O. Box 1967
 Houston, Tx 77251-1967

RECORDED
 INDEXED
 9/10/98
 13.00

FILE # 38214
 SECURITY FEE 1.00
 NIGHT-FEES 5.00
 RECORDING 7.00
 TOTAL 13.00
 DRAWER-A 1
 9/10/98 7:10AM THU
 CHECK 38214 13.00

RETURN TO ALAMO - BRAZORIA
 802 S. BROOKS
 BRAZORIA, TX 77422
 GF# 9803230438

(8) Volume 90747 Page 668

- 404.55 acres

- 240.57 acres

676

90747 668

174.119 acres

Less Survey 31.91 acres Volume 99 030829

SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

THAT WILLIAM M. HOLLAND, JR., INDIVIDUALLY, and as INDEPENDENT EXECUTOR of the ESTATES OF WILLIAM M. HOLLAND, SR., deceased and MUSSETTA HOLLAND BISHOP, deceased, and as Trustee of the Trusts created under the will of William M. Holland, Sr., JOHN HOLLAND BANNISTER, and WESLEY M. BANNISTER, Grantors, in consideration of the sum of Ten and No/100 (\$10.00) Dollars, and other valuable considerations, in hand paid, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto PHILLIPS 66 COMPANY of Bartlesville, Oklahoma, Grantee, the following real property and premises, situated in the Counties of Brazoria and Matagorda, State of Texas, to wit:

All of the real estate described on the Exhibit "A" attached hereto and incorporated herein by reference for all purposes, together with all improvements thereunto belonging (Property), PROVIDED, HOWEVER, there is hereby saved, excepted and reserved from the Property in favor of the Grantors all of the oil, gas and other minerals in, under and to and that may be produced from said Property, Grantee agreeing that the term "Minerals" heretofore used shall be given a broad meaning; and with regard to the right to the use of surface of the Property and the right of ingress and egress with regard thereto, Grantors and Grantee agree that Grantee will within ninety (90) days after the date hereof, divide the surface of the Property into tracts containing 160 acres each, making such tracts into a square as close as reasonably possible (understanding that one or more tracts may contain less than 160 acres if the total acreage is not divisible by 160). Thereafter, whenever Grantee, develops 40 or more acres within any such 160 acre tract, it shall divide the said tract into four tracts which shall be in forty acre squares to the extent reasonably possible, and within each such forty acre tract, Grantee shall designate a two acre tract, and the Grantors shall thereafter be confined to the use of the 2 acre tract as so designated, for the development, production, storage, and transportation of the minerals

owned by them under such 40 acre tract and said 2 acre tracts shall thereafter be dedicated to the exclusive use of the Grantors for such purposes. Grantee shall notify Grantors in writing of the above matters as soon as reasonably possible, and Grantors may within thirty (30) days after such notice, require Grantee to increase the size of any designated 2 acre tract up to 4 acres; provided that the total of all such designated tracts in any such 160 acre tract shall not exceed 10 acres. In this regard, the Grantors shall have the additional right to a reasonable use of other land in the 160 acre tract and adjoining tracts for roads and pipelines in connection with the reasonable development and enjoyment of their mineral estate. This agreement is a covenant running with the land, and use of the terms "Grantor" and "Grantee" herein shall include their respective heirs, personal representatives, successors and assigns.

and Grantors warrant the title only against the claim of every person whomsoever claiming by, through or under Grantors, but not otherwise. This deed is subject to all taxes and questions of survey and the following:

- (i) prior and validly existing easements and rights-of-way, mineral and royalty conveyances or reservations, if any, affecting Property that appear of record in the office of the County Clerk of Brazoria County, Texas, and easements visible on the ground;
- (ii) prior validly existing and legally enforceable oil, gas and mineral leases, if any, affecting or covering the Property that appear of record in the appropriate county clerk's office or offices;
- (iii) all governmental ordinances, statutes, rules or regulations covering or applicable to the Property;
- (iv) two (2) existing written leases covering part of the Property, one between the Grantors as Lessor and R. D. Pugh

90747 670

as Lessee, and one between the Grantors as Lessor and Gary Hood as Lessee; and

(v) the terminable possessory interest of Willie Knighton in the Property.

TO HAVE AND TO HOLD said described premises unto the said Grantee, its successors and assigns.

SIGNED AND DELIVERED this 5 day of January, 1990.

John H. Bannister
JOHN H. BANNISTER

William M. Holland, Jr.
WILLIAM M. HOLLAND, JR., Individually, and as Independent Executor of the Estates of William M. Holland, Sr., and Mussetta Holland Bishop, Deceased, and as Trustee of the Trusts created under the will of William M. Holland, Sr.

Wesley M. Bannister
WESLEY M. BANNISTER

BY: *John H. Bannister*
JOHN H. BANNISTER, ATTORNEY-IN-FACT FOR WESLEY M. BANNISTER

STATE OF TEXAS §
COUNTY OF BRAZORIA §

This instrument was acknowledged before me on the 5 day of January, 1990, by JOHN H. BANNISTER, individually and as attorney in fact for Wesley M. Bannister,

Jane Hanson
Notary Public, State of Texas

Place seal, Printed Name & Commission Expiration



90747 671

Date Here:

STATE OF TEXAS §

COUNTY OF BRAZORIA §

This instrument was acknowledged before me on the 5 day
of January, 1970, by WILLIAM M. HOLLAND, JR., and in the
capacity stated.

Jane Hanson
Notary Public, State of Texas

Place seal, Printed Name
& Commission Expiration
Date Here:



STATE OF CALIFORNIA §

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day
of _____, 19____, by WESLEY M. BANNISTER.

Notary Public
State of CALIFORNIA

Place seal, Printed Name
& Commission Expiration
Date Here:

90747 672

FPCKBS11

EXHIBIT "A"

TRACT ONE

A 240.57 acre tract of land in the upper 1/3 of the Polly and Chance League A-119, Brazoria County, Texas, being shown on an unrecorded plat by Daniel C. McQuillan, R.F.S. No. 1589, dated October 1, 1978, said 240.58 acre tract being more particularly described as follows:

Beginning at one inch iron rod in the Northwest line of said upper 1/3 Polly and Chance League A-119 being in the South Right of Way line of Texas State Highway No. 35;

Thence N72° 00' 16" E along said South line of Texas State Highway No. 35 a distance of 1578.71 feet to the centerline of a gully being the Northwest corner of a 118.39 acre tract purchased by Phillips Petroleum Company October 28, 1947, and recorded in Volume 423, Page 147;

Thence along the West line of said 118.39 acre tract as follows:

Thence S14° 55' 22" W 87.55 feet;
Thence S12° 08' 45" E 73.52 feet;
Thence S10° 27' 59" W 135.83 feet;
Thence N86° 49' 52" W 86.00 feet;
Thence S6° 42' 52" E 77.20 feet;
Thence N85° 35' 59" E 83.60 feet;
Thence S17° 13' 31" E 81.00 feet;
Thence S5° 56' 00" W 130.37 feet;
Thence S54° 44' 01" E 79.00 feet to the Southwest corner of said 118.39 acre tract and the Northwest corner of a 2.91 acre tract purchased by Phillips Petroleum Company March 31, 1977, and recorded in Volume 1336, Page 828;

Thence along the West line of said 2.19 acre tract as follows:

Thence S79° 11' 21" E 158.98 feet;
Thence S59° 57' 23" E 95.18 feet;
Thence S12° 58' 49" E 81.47 feet;
Thence S7° 00' 56" W 104.21 feet;
Thence S7° 02' 37" W 83.35 feet;
Thence S14° 58' 32" E 100.01 feet;
Thence S0° 31' 58" W 50.00 feet to a point in the West line of 32.65 acre tract purchased by Phillips Petroleum Company August 15, 1980, and recorded in Volume 1527, Page 890;

90747 673

Thence along the center of Little Linville Bayou as follows:

Thence S25° 53' 38" W 103.28 feet;
Thence S52° 27' 10" W 140.45 feet;
Thence S12° 30' 48" W 132.78 feet;
Thence S4° 13' 15" E 139.81 feet;
Thence S26° 07' 16" E 112.54 feet;
Thence S43° 17' 02" E 233.32 feet;
Thence S48° 10' 48" E 291.06 feet;
Thence S72° 00' 00" E 70.00 feet to a point in the Northwest line of a 29.76 acre tract purchased by Phillips Petroleum Company July 30, 1980, and recorded in Volume 1520, Page 555;

Thence S44° 45' 55" W along the Northwest line of said 29.76 acre tract as follows 598.18 feet;

Thence S44° 22' 15" E along the Southwest line of said 29.76 acre tract 299.00 feet;

Thence S 45° 24' 31" E along the Southwest line of said 29.76 acre tract 212.74 feet;

Thence S45° 55' 43" E along the Southwest line of said 29.76 acre tract 263.21 feet;

Thence S45° 18' 10" E along the Southwest line of said 29.76 acre tract 281.57 feet to the South corner thereof;

Thence S44° 28' 08" W along the North line of the Standlind Oil and Gas Company tract (Vol. 592, Page 162) 1304.96 feet to the East corner of the Sample Parks tract as recorded in Volume 153, Page 424;

Thence N48° 36' 07" W along the Northeast line of said Parks tract 854.86 feet;

Thence N47° 51' 05" W along the Northeast line of said Parks tract 525.66 feet;

Thence N45° 14' 33" W along the Northeast line of said Parks tract 305.89 feet;

Thence N46° 13' 06" W along the Northeast line of said Parks tract 318.62 feet;

Thence N45° 16' 43" W along the Northeast line of said Parks tract 262.08 feet to a 1-inch iron rod at the North corner thereof;

Thence S37° 35' 00" W along the Northwest line of said Parks tract 428.96 feet;

Thence S51° 13' 32" W along the Northwest line of said Parks tract 86.66 feet;

Thence S2° 19' 36" W along the West line of said Parks tract 37.95 feet;

Thence S10° 12' 07" E along the West line of said Parks tract 53.50 feet;

90747 674

Thence S28° 21' 30" E along the West line of said Parks tract 102.43 feet to a point in the center of Linville Bayou being the line between Brazoria and Matagorda Counties;

Thence along the center of Linville Bayou as follows:

Thence N89° 34' 30" W 89.16 feet;
Thence S39° 07' 12" W 200.01 feet;
Thence S44° 48' 54" W 201.60 feet;
Thence S28° 33' 57" W 265.55 feet;
Thence S46° 00' 40" W 196.36 feet;
Thence S87° 17' 50" W 127.02 feet;
Thence N79° 55' 58" W 193.69 feet;
Thence N77° 55' 31" W 292.23 feet;
Thence N83° 09' 38" W 149.55 feet;
Thence N82° 26' 26" W 313.12 feet;
Thence N79° 47' 22" W 661.95 feet;

Thence N76° 49' 52" W 134.78 feet to the South corner of those lands defined in the Frank Lee et al Court Min. Case #4829;

Thence N42° 49' 14" E leaving said center of Linville Bayou along the Southeast line of said Frank Lee et al tract 590.11 feet;

Thence N43° 29' 04" E along the Southeast line of the Frank Lee et al tract 350.90 feet;

Thence N43° 04' 12" E along the Southeast line of the Frank Lee et al tract 302.42 feet;

Thence N43° 11' 40" E along the Southeast line of the Frank Lee et al tract 508.49 feet;

Thence N44° 06' 24" E along the Southeast line of the Frank Lee et al tract 220.53 feet;

Thence N45° 19' 20" E along the Southeast line of the Frank Lee et al tract 749.92 feet;

Thence N41° 06' 01" E along the Southeast line of the Frank Lee et al tract 596.05 feet;

Thence N43° 01' 19" E along the Southeast line of the Frank Lee et al tract 629.97 feet;

Thence N41° 50' 40" E along the Southeast line of the Frank Lee et al tract 238.53 feet to the Point of Beginning containing 240.57 acres.

90747 675

FPCKBS11/4

TRACT TWO

A 404.55 acre tract of land in the Polly and Chance League, A-76, Matagorda County, Texas, being shown on an unrecorded plat by Daniel C. McQuillan, R.P.S. No. 1589, dated October 1, 1978, said 404.55 acre tract being more particularly described as follows:

Beginning at the West corner of said 404.55 acre tract at a one inch iron rod at an interior corner of the Northeasterly Right of Way of the 80 foot wide Hasema Road;

Thence N43° 37' 35" E along the Southeast Right of Way line of Hasema Road 810.88 feet to a one inch iron rod;

Thence N46° 33' 35" W along the Northeasterly Right of Way line of Hasema Road 64.05 feet to a one inch iron rod at the South corner of the E. E. Cameron Real Estate Company tract as recorded in Volume 529, Page 399;

Thence N44° 45' 47" E along the Southeast line of said E. E. Cameron tract 528.88 feet;

Thence N42° 14' 45" E along the Southeast line of said E. E. Cameron tract 183.52 feet;

Thence N43° 05' 24" E along the Southeast line of said E. E. Cameron tract 1319.30 feet;

Thence N43° 31' 29" E along the Southeast line of said E. E. Cameron tract 787.00 feet;

Thence N42° 57' 09" E along the Southeast line of said E. E. Cameron tract 738.34 feet;

Thence N44° 09' 08" E along the Southeast line of said E. E. Cameron tract 773.08 feet to the center of Linville Bayou being the line between Brazoria and Matagorda Counties;

Thence along the center of Linville Bayou as follows:

Thence S76° 49' 52" E 250.39 feet;
Thence S76° 49' 52" E 134.78 feet;
Thence S79° 47' 22" E 661.95 feet;
Thence S82° 26' 26" E 313.12 feet;
Thence S83° 09' 38" E 149.35 feet;
Thence S77° 55' 31" E 292.23 feet;
Thence S79° 55' 58" E 193.69 feet;
Thence N87° 17' 50" E 127.02 feet;
Thence N46° 00' 40" E 196.36 feet;
Thence N28° 33' 57" E 265.55 feet;

90747 676

Thence N44° 48' 54" E 201.60 feet;
Thence N39° 07' 12" E 200.01 feet;
Thence S89° 34' 30" E 89.16 feet;
Thence S89° 34' 30" E 291.39 feet;
Thence S40° 39' 12" E 273.84 feet;
Thence S14° 39' 52" E 264.25 feet to the North corner of the 150 acre Phillips Petroleum Company tract purchased October 5, 1970, and recorded in Volume 489, Page 243;

Thence S44° 30' 00" W along the Northwest line of said 150 acre Phillips Petroleum Company tract 5135.06 feet to a 1 1/2 inch iron pipe;

Thence S45° 25' 40" E along the Southwest of said 150 acre tract 1349.20 feet to a 2 1/2 inch iron pipe at the South corner thereof;

Thence S43° 48' 32" W along the Northwest line of the Mobil Oil Corp. tract as described in Volume 473, Page 375, a distance of 1462.22 feet;

Thence S45° 08' 10" W along said Northwest line of the Mobil tract 643.40 feet to a one inch iron rod in the Northeast line of said Hasema Road;

Thence N46° 33' 35" W along the Northwest line of Hasema Road 3633.70 feet to the True Point of Beginning containing 404.55 acres.

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FPCKBS11/6

TRACT THREE

Being a tract of land containing 174.118 acres of land out of the Polly and Chance League, A-119, Brazoria County, Texas, save and except a 1.503-acre tract being the southwest half of County Road 374 (45 feet wide by prescription). Said 174.118-acre tract being the residue of a tract of land known as the Holland Estate described by deed recorded in Volumes "O", Page 503, Brazoria County Deed Records and being more particularly described by metes and bounds as follows:

BEGINNING at a P. K. Nail set in the north right-of-way line of State Highway 35 (110 feet wide) at its intersection with the occupied centerline of County Road 374. Said POINT OF BEGINNING also being the southwest corner of a 4-acre tract conveyed by deed recorded in Volume 314, Page 299, Brazoria County Deed Records and a southeast corner of said tract herein described from which a 1 1/2 inch iron pipe found bears North 72 deg. 59 min. 31 sec. East, a distance of 25.89 feet;

THENCE South 72 deg. 59 min. 31 sec. West with the north right-of-way line of said State Highway 35, at a distance of 25.89 feet pass a 5/8-inch iron rod set at the intersection point of the north right-of-way line of said State Highway 35 with the southwest right-of-way line of said County Road 374 and continuing with the north right-of-way line of said State Highway 35 for a total distance of 4,838.77 feet to a point for a southwest corner of said tract herein described located in the centerline of Little Linville Bayou also being located in the northeast line of a 6.988-acre tract of land as described in Volume 431, Page 452, Brazoria County Deed Records;

THENCE with the meanders of the centerline of said Little Linville Bayou and with the northeast line of said 6.988-acre tract the following bearings and distances:

North 82 deg. 15 min. 05 sec. West, 102.95 feet;
North 85 deg. 57 min. 55 sec. West, 67.78 feet;
North 56 deg. 29 min. 19 sec. West, 40.50 feet;
North 42 deg. 10 min. 22 sec. West, 38.62 feet;
North 45 deg. 14 min. 12 sec. West, 61.83 feet;
North 64 deg. 50 min. 35 sec. West, 65.05 feet;
North 77 deg. 01 min. 17 sec. West, 40.26 feet;
North 52 deg. 53 min. 45 sec. West, 32.47 feet;
North 61 deg. 33 min. 31 sec. West, 53.01 feet;
North 73 deg. 24 min. 02 sec. West, 50.89 feet;
North 56 deg. 34 min. 12 sec. West, 47.27 feet;
North 32 deg. 15 min. 38 sec. West, 102.96 feet to a point located in the northwest line of the said Polly and Chance League, A-119, and the southeast line of the Johnson, Walker and Borden League, A-77, Brazoria County, Texas, from which a 1/2-inch iron pipe found for the northwest line of said Polly and

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Chance League, A-119, and the southeast line of the Johnson, Walker and Borden League, A-77 at its intersection with the north right-of-way line of said State Highway 35, bears South 45 deg. 00 min. 00 sec. West, a distance of 1,022.60 feet;

THENCE North 45 deg. 00 min. 00 sec. East with said northwest line of the Polly and Chance League, A-119, and with said southeast line of the Johnson, Walker and Borden League, A-77, at a distance of 4,372.58 feet pass a 5/8-inch iron rod set in the southwest right-of-way line of said County Road 374 and continuing with the northwest line of said Polly and Chance League, A-119, for a total distance of 4,395.10 feet to a P. K. Nail set for corner in the centerline of said County Road 374 from which a 1/2-inch iron rod found at the intersection of the northwest line of said Polly and Chance League, A-119, and the northeast right-of-way line of F.M. Road 524 also being the northwest corner of a 2.42-acre tract conveyed by deed recorded in Volume 1173, Page 489, Brazoria County Deed Records bears North 45 deg. 00 min. 00 sec. East, a distance of 1,079.90 feet [NOTE: From the P. K. Nail last mentioned, the northeast corner of the said Polly and Chance League bears North 45 deg. 00 min. 00 sec. East, a distance of 3,755.34 feet (called 3,972.22 feet)];

THENCE South 47 deg. 10 min. 15 sec. East with the centerline of said County Road 374 and with the southwest line of a 122.75-acre tract as recorded in Volume "V", Page 642, Brazoria County Deed Records, a distance of 523.24 feet to a P. K. Nail set for an angle point;

THENCE South 44 deg. 59 min. 20 sec. East with the centerline of said County Road 374 and with the southwest line of said 122.75-acre tract, a distance of 837.90 feet to a P. K. Nail set for an angle point from which a 1-inch iron pipe found for the south corner of said 122.75-acre tract and for a west corner of a 197.95-acre tract as recorded in Volume 212, Page 77, Brazoria County Map Records bears North 45 deg. 00 min. 40 sec. East, a distance of 22.50 feet;

THENCE South 46 deg. 39 min. 46 sec. East with the centerline of said County Road 374 and with the southwest line of said 197.95-acre tract, at a distance of 266.26 feet pass a point from which the southwest corner of said 197.95-acre tract and the west corner of a 10-acre tract as recorded in Volume 219, Page 228, Brazoria County Deed Records bears North 43 deg. 20 min. 14 sec. East, a distance of 22.50 feet and continuing with the centerline of said County Road 374 and with the southwest line of said 10-acre tract at a distance of 830.54 feet pass a point from which a 1 1/2-inch iron pipe found for the south corner of said 10-acre tract and a west corner of the Reynolds Subdivision as recorded in Book 5, Page 80, Brazoria County Map Records bears North 43 deg. 20 min. 14 sec. East, a distance of 21.44 feet and continuing with the centerline of said County Road 374 and with a southwest line of said Reynolds Subdivision, at a distance of 1,168.88 feet pass a point from which a southeast corner of said Reynolds Subdivision and a northwest corner of said 4-acre tract bears North 43 deg. 20 min. 14 sec. East, a distance of 21.32 feet and continuing with the centerline of said County Road 374 and with the southwest line of said 4-acre tract, a distance of 1,553.98 feet to the POINT OF BEGINNING and containing 174.118 acres of land.

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SAVE AND EXCEPT a 1.503-acre tract of land being the southwest one-half of said County Road 374 as occupied, being more particularly described by metes and bounds as follows:

BEGINNING at said P. K. Nail set for the POINT OF BEGINNING of said 174.118-acre tract of land.

THENCE South 72 deg. 59 min. 31 sec. West with the north right-of-way line of said State Highway 35 and with the south line of said 174.118-acre tract a distance of 25.89 feet to said 5/8-inch iron rod set at the intersection point of said State Highway 35 with the southwest right-of-way line of said County Road 374;

THENCE North 46 deg. 39 min. 46 sec. West with the southwest line of said County Road 374, a distance of 1,541.50 feet to a 5/8-inch iron rod set for an angle point;

THENCE North 44 deg. 59 min. 20 sec. West with the southwest line of said County Road 374, a distance of 837.80 feet to a 5/8-inch iron rod set for an angle point;

THENCE North 47 deg. 10 min. 15 sec. West with the southwest line of said County Road 374, a distance of 523.66 feet to said 5/8-inch iron rod set in the northwest line of said Polly and Chance League, A-119, and in the southeast line of said Johnson, Walker and Borden League, A-77;

THENCE North 45 deg. 00 min. 00 sec. East with the northwest line of said Polly and Chance League, A-119 and with the southeast line of said Johnson, Walker and Borden League, A-77, a distance of 22.52 feet to said P. K. Nail set for the north corner of said 174.118-acre tract located at the centerline of said County Road 374;

THENCE South 47 deg. 10 min. 15 sec. East with a northeast line of said 174.118-acre tract and with the centerline of said County Road 374, a distance of 523.24 feet to a P. K. Nail set for an angle point;

THENCE South 44 deg. 59 min. 20 sec. East with a northeast line of said 174.118-acre tract and with the centerline of said County Road 374, a distance of 837.90 feet to a P. K. Nail set for an angle point;

THENCE South 46 deg. 39 min. 46 sec. East with a northeast line of said 174.118-acre tract and with the centerline of said County Road 374, a distance of 1,553.98 feet to the POINT OF BEGINNING and containing 1.503 acres of land.

Complied by:

WEISSER ENGINEERING COMPANY
11211 Richmond Avenue, Suite 109
Houston, Texas 77082

Job No. 399-046
10/09/89

90747 680

Deed

Filed for Record at 3:07 o'clock P. M. Jan 8 1999 Dolly Bailey
Clerk County Court, Brazoria Co., Texas - By A. Hammond Deputy

*Grand Crown
Realty Co
6330 West Loop South
Dallas, Texas 75401
D. T. B. H. C.*

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THE STATE OF TEXAS
COUNTY OF BRAZORIA
I, DOLLY BAILEY, Clerk of the County Court in and for Brazoria County,
Texas, do hereby certify that this instrument was FILED FOR RECORD and
RECORDED in the Volume and page of the OFFICIAL RECORD at the time
and date as stamped hereon by me.



Dolly Bailey
County Clerk of Brazoria Co., TX

000 3314 U1A 27.06 UT
/98 3314 1/08/99 27.06 TL
676 27.06 AL
1/08/99 27.06 ATD

⑦

Volume CF 98 006537

1,838 acres

97053033

B

98 006537

SPECIAL WARRANTY DEED

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTIES OF BRAZORIA
AND MATAGORDA

§

That AMOCO PRODUCTION COMPANY, a Delaware corporation ("Amoco"), and MOBIL PRODUCING TEXAS & NEW MEXICO INC., a Delaware corporation ("Mobil"), (collectively "Grantor") for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration paid to Grantor by PHILLIPS PETROLEUM COMPANY, a Delaware corporation ("Grantee"), the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, SELL, CONVEY, ASSIGN and DELIVER (Amoco and Mobil each as to their respective undivided 1/2 interest in the Property) to Grantee the real property situated in Brazoria County, Texas described in Exhibit A attached hereto and made a part hereof (the "Property"), subject to general real estate taxes on the Property for the current year, zoning laws, regulations and ordinances of municipal and other governmental authorities, if any, and those matters which are of public record affecting the Property and all of the encumbrances described in Exhibit B attached hereto and made a part hereof (collectively, the "Permitted Encumbrances"), and subject to all of the provisions hereof.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee, its successors and assigns forever, and Grantor (Amoco and Mobil each as to their respective undivided 1/2 interest in the Property) does hereby bind itself and its successors and assigns to warrant and forever defend the title to the Property, as to Grantee, its successors and assigns against every person whomsoever lawfully claiming, or to claim the same, or any part thereof by, through or under Grantor, but not otherwise, subject, however, to the Permitted Encumbrances and the following provisions.

SAVE AND EXCEPT, and there is hereby reserved unto Grantor, its successors and assigns, all oil, gas and other minerals, of every kind, both similar and dissimilar, in, on and under and that

may be produced from the Property, together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring (including by means of geophysical and geological surveys and tests), operating and developing the Property for minerals and removing the same therefrom.

BY THE ACCEPTANCE OF THIS DEED, GRANTEE ACKNOWLEDGES THAT THE PROPERTY HAS PREVIOUSLY AND WILL IN THE FUTURE BE USED FOR OIL AND GAS EXPLORATION AND PRODUCING OPERATIONS AND TAKES THE PROPERTY "AS IS, WHERE IS" EXCEPT FOR THE WARRANTIES OF TITLE AS PROVIDED AND LIMITED HEREIN. GRANTOR HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE PHYSICAL OR ENVIRONMENTAL CONDITION, LAYOUT, FOOTAGE, EXPENSES, ZONING, OPERATION, OR ANY OTHER MATTER AFFECTING OR RELATING TO THE PROPERTY, AND GRANTEE HEREBY EXPRESSLY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE AND RELEASES GRANTOR FROM ANY AND ALL LIABILITY OF EVERY KIND AND CHARACTER WITH RESPECT THERETO, WHETHER OR NOT CAUSED BY OR ATTRIBUTABLE TO GRANTOR'S NEGLIGENCE. GRANTOR MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY, MARKETABILITY, FITNESS OR SUITABILITY FOR A PARTICULAR PURPOSE OR OTHERWISE EXCEPT AS SET FORTH AND LIMITED HEREIN. ANY IMPLIED WARRANTIES ARE EXPRESSLY DISCLAIMED AND EXCLUDED. THIS DEED IS EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS OF THAT CERTAIN AGREEMENT TO PURCHASE AND SELL BETWEEN GRANTOR AND GRANTEE.

The Grantee recognizes that the Property has not been surveyed and accepts the Property subject to same.

Current ad valorem taxes on the Property having been prorated, Grantee hereby assumes the payment thereof.

IN WITNESS WHEREOF, this Special Warranty Deed is executed by Grantor and Grantee to be effective as of the 13th day of February 1998.

Grantor:
AMOCO PRODUCTION COMPANY

Grantee:
PHILLIPS PETROLEUM COMPANY

By: J.D. Studdard
Its Attorney-in-Fact MEM

By: [Signature]
Its Attorney-in-Fact

MOBIL PRODUCING TEXAS & NEW MEXICO INC.

By: E.B. Vaughn
Its Attorney-in-Fact E. B. Vaughn EM

By: L.R. Combs
Its Attorney-in-Fact L. R. Combs

By: A.R. Hamaker
Its Assistant Secretary

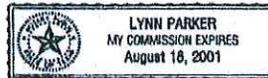
STATE OF Texas

COUNTY OF Harris

This instrument was acknowledged before me on this 13 day of February, 1998, by J.D. Studdard as attorney-in-fact on behalf of AMOCO PRODUCTION COMPANY, a Delaware corporation.

My commission expires on: _____

Lynn Parker
Notary Public



Grantor's Address:
P.O. Box 1967
Houston, TX 77251-1967

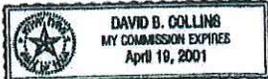
STATE OF Texas

COUNTY OF Harris

This instrument was acknowledged before me on this 17th day of February, 1998,
by L.R. Combs and E. B. Vaughn of (or for)
MOBIL PRODUCING TEXAS & NEW MEXICO INC., a Delaware corporation, on
behalf of said corporation.

My commission expires on:

David B. Collins
Notary Public



STATE OF Texas

COUNTY OF Harris

This instrument was acknowledged before me on this 18th day of February, 1998,
by Ralph W. Shelburne of (or for) PHILLIPS PETROLEUM COMPANY, a
Delaware corporation, on behalf of said corporation.

My commission expires on:
5/27/00

Gail Reardon
Notary Public



EXHIBIT "A"

DESCRIPTION OF TWO TRACTS OF LAND
TOTALING 1,830-ACRES OUT OF THE
POLLY & CHANCE LEAGUE
A-119, BRAZORIA COUNTY, TEXAS &
A-76, MATAGORDA COUNTY, TEXAS

Being a tract of land containing 1,830-acres, more or less, (2,860 square miles) out of the Polly & Chance League, A-119, Brazoria County, Texas & A-76, Matagorda County, Texas. Said 1,830-acre tract contains or is a part of the following tracts: the residue of a 1,941.11-acre tract of land recorded under Volume 252, Page 95 of the Brazoria County Deed Records, (B.C.D.R.), Brazoria County, Texas; the residue of a 1276-acre tract recorded under Volume 116, Page 616, B.C.D.R.; a 24.77-acre tract recorded under Volume 176, Page 25, B.C.D.R.; a 40-acre tract recorded under Volume 126 Page 284, B.C.D.R.; a 21.9 acre tract recorded under Volume 592, Page 162 & Volume 425, Page 661, B.C.D.R.; and the residue of a 44.2-acre tract. Said 1,830-acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a point that is the south corner of said Polly & Chance League, being the south corner of said tract herein described;

THENCE North 45 deg. 00 min. 00 sec. West, with the southwest line of said Polly & Chance League, a distance of 7487.88 feet to the west corner of said tract herein described;

THENCE North 45 deg. 00 min. 00 sec. East, with the northwest line of said tract herein described, a distance of 11042.11 feet to the north corner of said tract herein described;

THENCE South 45 deg. 02 min. 32 sec. East, with the southwest line of a 4.73-acre tract of land, described as "Tract 2", recorded under Volume 459, Page 264, B.C.D.R., a distance of 426.07 feet to an angle point of said tract herein described;

THENCE South 44 deg. 57 min. 28 sec. West, with the northwest line of a 4.51-acre tract of land, described as "Tract 1", recorded under Volume 692, Page 301, B.C.D.R., a distance of 15.00 feet to an angle point of said tract herein described;

THENCE South 26 deg. 39 min. 32 sec. East, with the southwest line of said 4.51-acre tract, a distance of 1446.50 feet to an angle point of said tract herein described;

THENCE South 45 deg. 02 min. 32 sec. East, with a northeast line of said tract herein described a distance of 2.88 feet to an angle point of said tract herein described;

THENCE South 45 deg. 16 min. 00 sec. West, with a line of a 1-acre tract of land as described in a deed recorded under Volume 423, Page 587 B.C.D.R., a distance of 465.43 feet to an angle point of said tract herein described;

THENCE South 05 deg. 55 min. 00 sec. East, with a line of said 1-acre tract, a distance of 79.00 feet to an angle point of said tract herein described;

THENCE South 57 deg. 20 min. 00 sec. East, with a line of said 1-acre tract, a distance of 52.00 feet to an angle point of said tract herein described;

THENCE North 05 deg. 55 min. 00 sec. East, with a line of said 1-acre tract, a distance of 93.00 feet to an angle point of said tract herein described;

THENCE North 45 deg. 16 min. 00 sec. East, with a line of said 1-acre tract, a distance of 445.52 feet to a angle point of said tract herein described;

THENCE South 45 deg. 02 min. 32 sec. East, with a northeast line of said tract herein described a distance of 410.53 feet to an angle point of said tract herein described;

THENCE South 02 deg. 54 min. 32 sec. East, with a northeast line of said tract herein described, a distance of 159.60 feet to an angle point of said tract herein described;

THENCE South 45 deg. 03 min. 34 sec. East, with a northeast line of said tract herein described, a distance of 332.89 feet to an angle point of said tract herein described;

THENCE South 38 deg. 11 min. 08 sec. East, with a southwest line of a 24.176-acre tract of land, described as "Tract 1", as recorded under Volume 1435, Page 292, B.C.D.R., a distance of 640.14 feet to an angle point of said tract herein described;

THENCE South 89 deg. 27 min. 39 sec. East, with a southwest line of said 24.176-acre tract, a distance of 560.95 feet to an angle point of said tract herein described;

THENCE South 83 deg. 23 min. 31 sec. East, with a southwest line of said 24.176-acre tract, a distance of 551.56 feet to an angle point of said tract herein described;

THENCE North 66 deg. 31 min. 41 sec. East, with a southwest line of said 24.176-acre tract, a distance of 159.57 feet to an angle point of said tract herein described;

THENCE North 85 deg. 16 min. 32 sec. East, with a southwest line of a 254.44-acre tract of land, a distance of 957.96 feet to an angle point of said tract herein described;

THENCE North 75 deg. 47 min. 19 sec. East, with a southwest line of a 254.44-acre tract of land, a distance of 468.36 feet to an angle point of said tract herein described;

THENCE South 15 deg. 24 min. 09 sec. East, with a east line of said tract herein described, a distance of 478.81 feet to an angle point of said tract herein described;

THENCE North 87 deg. 01 min. 11 sec. West, with a north line of a 51.19-acre tract as described as "Tract 2" in a deed recorded under Volume 1435, Page 292, B.C.D.R., a distance of 588.27 feet to an angle point of said tract herein described;

THENCE South 08 deg. 54 min. 09 sec. East, with the west line of said 51.19-acre tract, a distance of 738.46 feet to an angle point of said tract herein described;

THENCE South 81 deg. 06 min. 14 sec. West, with the northeast line of said 51.19-acre tract, a distance of 412.13 feet to an angle point of said tract herein described;

THENCE South 08 deg. 53 min. 54 sec. East, with the northwest line of said 51.19-acre tract, a distance of 1165.91 feet to an angle point of said tract herein described;

THENCE South 44 deg. 36 min. 41 sec. East, with the northwest line of said 51.19-acre tract, a distance of 932.30 feet to an point in the northwest right-of-way line of County Road 359;

THENCE South 44 deg. 45 min. 00 sec. West, with the northwest right-of-way line of County Road 359, a distance of 1763.14 feet to an angle point of said tract herein described;

THENCE South 59 deg. 02 min. 10 sec. West, with the northwest right-of-way line of said County Road 359, a distance of 1166.19 feet to an angle point of said

tract herein described;

THENCE South 24 deg. 26 min. 38 sec. West, with the northwest right-of-way line of said County Road 359, a distance of 604.15 feet to an angle point of said tract herein described;

THENCE South 40 deg. 29 min. 10 sec. West, with the northwest right-of-way line of said County Road 359, a distance of 2695.37 feet to an angle point of said tract herein described;

THENCE South 44 deg. 25 min. 33 sec. West with a line of said tract herein described a distance of 4168.49 feet to the POINT OF BEGINNING and containing 1,830-acres, more or less, (2.860 square miles) of land.

NOTE: THE ABOVE DESCRIPTION WAS BASED ON AVAILABLE DEED INFORMATION SUPPLIED. PROPERTY WAS NOT ABSTRACTED OR SURVEYED IN CONNECTION WITH THIS DESCRIPTION.

EXHIBIT "B"

1. Roads as shown on plat recorded in Volume 2, Page 172, Plat Records, Brazoria County, Texas.
2. Roadways, easements, rights-of-ways, existing servitudes, pipelines, facilities and contracts and surface uses associated with the operations conducted by owner of the oil, gas and mineral estate.
3. The right of ingress and egress at all times for the purpose of mining, drilling, exploring (including by means of geophysical and geological surveys and tests), operating and developing the Property and removing the same therefrom.
4. That certain Agreement of Lease dated the 11th day of June, 1954, as amended and extended from time to time, by and between Magnolia Petroleum Company and Stanolind Oil and Gas Company and Old Ocean Recreational Club, and associated facilities and appurtenant rights.
5. Right of Way conveyed to or reserved by Harrison Oil Company, described in instrument recorded in Volume 291, Page 330 and 331 of the Deed Records of Brazoria County, Texas.
6. Right of way conveyed to or reserved by Defense Plant Corporation, described in instrument; recorded in Volume 398, Page 265 of the Deed Records of Brazoria County, Texas.
7. Right of way conveyed to or reserved by United States of America, described in instrument recorded in Volume 410, Page 416, 419, 421 and 422 of the Deed Records of Brazoria County, Texas.
8. Right of way conveyed to or reserved by Reconstruction Finance Corp., described in instrument recorded in Volume 423, Page 584 of the Deed Records of Brazoria County, Texas.
9. Pipeline Right of Way conveyed to or reserved by Texas-Illinois Natural Gas Pipeline Company, described in instrument recorded in Volume 485, Page 160 of the Deed Records of Brazoria County, Texas.
10. Pipeline Right of Way conveyed to or reserved by Texas-Illinois Natural Gas Pipeline Company, described in instrument recorded in Volume 488, Page 362 of the Deed Records of Brazoria County, Texas.
11. Right of way conveyed to or reserved by Texas Illinois Natural Gas Pipeline Company, described in instrument recorded in Volume 492, Page 538 of the Deed Records of Brazoria County, Texas.

EXHIBIT "B"

12. Right of way conveyed to or reserved by Texas Illinois Natural Gas Pipeline Company, described in instrument recorded in Volume 497, Page 426 of the Deed Records of Brazoria County, Texas.
13. Right of way conveyed to or reserved by Phillips Pipe Line Company, described in instrument recorded in Volume 499, Page 312 of the Deed Records of Brazoria County, Texas.
14. Easement for transmission line conveyed to or reserved by Community Public Service Company, described in instrument recorded in Volume 764, Page 123 of the Deed of Records of Brazoria County, Texas.
15. Easement conveyed to or reserved by Community Public Service Company, described in instrument recorded in Volume 553, Page 83 of the Deed Records of Brazoria County, Texas.
16. Pipeline easement conveyed to or reserved by Pan American Gas Company, described in instrument recorded in Volume 774, Pages 510 and 671 of the Deed Records of Brazoria County, Texas.
17. Pipeline and Meter Station easement conveyed to or reserved by Old Ocean Fuel Company, described in instrument recorded in Volume 776, Page 457, 461 and 465; Volume 777, Page 132; Volume 778, Page 619; Volume 781, Page 193 and 197; Volume 782, Page 104 and 143; Volume 786, Page 539 of the Deed Records Brazoria County, Texas.
18. Easement conveyed to or reserved by Phillips Petroleum Co., described in instrument recorded in Volume 791, Page 65 of the Deed records of Brazoria County, Texas.
19. Pipeline easement conveyed to or reserved by Tuloma Gas Products Company, described in instrument recorded in Volume 795, Page 576 of the Deed Records of Brazoria County, Texas.
20. Pipeline and Meter Station easement conveyed to or reserved by Old Ocean Fuel Company, described in instrument recorded in Volume 782, Page 104 of the Deed Records of Brazoria County, Texas.
21. Right of way conveyed to or reserved by Lo-Vaca Gathering Company, described in instrument recorded in Volume 837, Page 521 and 524 of the Deed Records of Brazoria County, Texas.

EXHIBIT "B"

22. Pipeline easement conveyed to or reserved by The Dow Chemical Company, described in instrument recorded in Volume 839, Page 571 of the Deed Records of Brazoria County, Texas.
23. Right of way conveyed to or reserved by Pan American Gas Company, described in instrument recorded in Volume 1042, Page 596, 599, 604 and 607 of the Deed Records of Brazoria County, Texas.
24. Right of way contract conveyed to or reserved by Phillips Petroleum Company, described instrument recorded in Volume 1079, Page 168 of the Deed Records of Brazoria County, Texas.
25. Road conveyed to or reserved by Brazoria County, described in instrument recorded in Volume 1143, Page 223 of the Deed Records of Brazoria County, Texas.
26. Right of Way conveyed to or reserved by Lo-Vaca Gathering Company, described in instrument recorded in Volume 1144, Page 125 of the Deed Records of Brazoria County, Texas.
27. Surface lease and Pipeline easement conveyed to or reserved by Lo Vaca Gathering Company, described in instrument recorded in Volume 1144, page 130 of the Deed Records of Brazoria County, Texas, given as substitution of Surface Lease dated November 13, 1962.
28. Right of way conveyed to or reserved by Channel Industries Gas Company, described in instrument recorded in Volume 1156, Page 810 of the Deed Records of Brazoria County, Texas.
29. Pipeline easement conveyed to or reserved by Amoco Gas Company, described in instrument recorded in Volume 1171, Page 887 of the Deed Records of Brazoria County, Texas.
30. Easement conveyed to or reserved by Sweeny-Old Ocean Telephone Company, described in instrument recorded in Volume 1205, Page 639 of the Deed Records of Brazoria County, Texas.
31. Easement and right of way to Phillips Petroleum Company as wet forth in Volume 1435, Page 292, Deed Records, Brazoria County, Texas.
32. Right of way agreement conveyed to or reserved by Phillips Petroleum Company, described in instrument recorded in Volume 1436, Page 601, Deed Records of Brazoria County, Texas. Amendment recorded in Volume 1456, Page 628, Deed Records, Brazoria County, Texas

EXHIBIT "B"

33. Right of way agreement conveyed to or reserved by Esperanza Transmission Co., described in instrument recorded in Volume 1627, Page 853 of the Deed Records of Brazoria County, Texas.
34. Right of way agreement conveyed to or reserved by Phillips Petroleum Company, described in instrument recorded in Volume 1539, Page 241 of the Deed Records of Brazoria County, Texas.
35. Right of way agreement conveyed to or reserved by Phillips Natural Gas Company, described in instrument recorded in Volume (85)127, Page 174 of the Official Records of Brazoria County, Texas.
36. Right of Way Agreement conveyed to or reserved by Phillips Petroleum Company, described in instrument recorded in Volume 1548, Page 645 of the Deed Records of Brazoria County, Texas.
37. Surface Lease and right of way agreement conveyed to or reserved by Dow Pipeline Company, described in instrument recorded in Volume 1592, Page 550 of the Deed Records of Brazoria County, Texas.
38. Pipeline and road easement conveyed to or reserved by Valero Transmission Company, described in instrument recorded in Volume 1621, Page 914 of the Deed Records of Brazoria County, Texas.
39. Pipeline easement conveyed to or reserved by Channel Industries Gas Company, described in instrument recorded in Volume 1622, Page 146 and Volume 1631, Page 994 of the Deed Records of Brazoria County, Texas.
40. Pipeline easement conveyed to or reserved by Phillips Natural Gas Company, described in instrument recorded in Volume (85)173, Page 570 and 578 of the Official Records of Brazoria County, Texas.
41. Pipeline easement conveyed to or reserved by The Dow Chemical Company, described in instrument recorded in Volume 1559, Page 457 of the Deed Records of Brazoria County, Texas.
42. Pipeline easement conveyed to or reserved by Phillips 66 Company, described in instrument recorded in Volume (90)820, Page 552 of the Official Records of Brazoria County, Texas.
43. Right of way conveyed to or reserved by Endevco Pipeline Company, described in instrument recorded in Volume (87)408, Page 218 of the Official Records of Brazoria County, Texas.

EXHIBIT "B"

44. Right of way conveyed to or reserved by Phillips Natural Gas Company, described in instrument recorded in Volume (85)127, Page 174 of the Official Records of Brazoria County, Texas.
45. Right of way conveyed to or reserved by Brazoria County Precinct Four, described in instrument recorded under Clerk's File No. 93-034945 of the Official Records of Brazoria County, Texas.
46. Right of Way conveyed to or reserved by Phillips Petroleum Company, described in instrument recorded in Volume 1436, Page 601 of the Deed Records of Brazoria County, Texas. Amended in Volume 1456, Page 628, Deed Records Brazoria County, Texas.
47. Right of way conveyed to or reserved by Natural Gas Pipeline Company of America, described in instrument recorded under Clerk's File No. 96-000318, of the Official Records of Brazoria County, Texas.
48. Right of way conveyed to or reserved by Seagas Pipeline Company, described in instrument recorded under Clerk's File No. 95-037978 and 96-007495 of the Official Records of Brazoria County, Texas.
49. Surface Lease dated November 1, 1995, between Amoco Production Company and Mobil Producing Texas & New Mexico Inc. and Natural Gas Pipeline Company of America, recorded under Clerk's File No. 96-000319, Official Records, Brazoria County, Texas.
50. Valve Site Easement conveyed to or reserved by Phillips Petroleum Company, described in instrument recorded under Clerk's File No. 97-021723 of the Official Records of Brazoria County, Texas.
51. Surface Lease dated June 17, 1982, from Amoco Production Company and Mobil Producing Texas & New Mexico, Inc. to Valero Transmission Company, described in instrument recorded in Volume 1662, Page 11 of the Deed Records of Brazoria County, Texas.
52. Utilization Agreement recorded in volume 412, Page 1 of the Deed Records of Brazoria County, Texas, together with all extensions.
53. Minerals as set forth in Volume 285, Page 556 and Volume 288, Page 260 and 261, Deed Records, Brazoria County, Texas.
54. 1/4 of the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same, all of which are expected herefrom as the same are set forth in instrument recorded in Volume 203, at Page 469 of the

EXHIBIT "B"

Deed Records of Brazoria County, Texas. (Title to said interest not checked subsequent to date of aforesaid instrument).

55. A $1/96$ of $5/6$ of $3/4$ royalty interest in and to all oil, gas and other minerals on, in, under or that may be produced from the subject property is excepted herefrom as the same is set forth in instrument recorded in Volume 252, Page 95 of the Deed Records of Brazoria County, Texas. (Title to said interest not checked subsequent to date of aforementioned instrument).

56. A $1/16$ royalty interest in and to all oil, gas and other minerals on, in under or that may be produced from the subject property is expected herefrom s the same is set forth in instrument recorded in Volume 450, Page 368 of the Deed Records of Brazoria County, Texas. (Title to said interest not checked subsequent to date of aforesaid instrument).

57. Undivided $1/2$ of all the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same, all of which expressly excepted herefrom and not insured hereunder, as same are set forth in instrument recorded in Volume 296, at Page 352 of the Deed Records of Brazoria County, Texas. (Title to said interest not checked subsequent to date of aforesaid instrument).

58. $1/8$ of the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same, all of which are expected herefrom as the same are set forth in instrument recorded in Volume 502, at Page 488 of the Deed Records of Brazoria County, Texas. (Title to said interest not checked subsequent to date of aforesaid instrument).

59. A $1/8$ royalty interest in and to all oil, gas and other minerals on, in, under or that may be produced from the subject property is excepted herefrom s the same is set forth in instrument recorded in Volume 502, Page 556 of the Deed Records of Brazoria County, Texas. (Title to said interest not checked subsequent to date of aforesaid instrument).

60. A $3/16$ royalty interest in and to all oil, gas and other minerals on, in, under or that may be produced from the subject property is excepted herefrom as the same is set forth in instrument recorded in Volume 502, Page 557 of the Deed Records of Brazoria County, Texas. (Title to said interest not checked subsequent to date of aforesaid instrument).

61. All the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same, all of which are expressly excepted herefrom and not insured hereunder, as same are set forth in instrument recorded in Volume 636, Page 91; Volume 639, Page 94; Volume 864, Page 165 of the Deed Records and Volume 309, at Page 451, and Clerk's File No. 93-

EXHIBIT "B"

037258 and in present conveyance which will record under Clerk's File No. 94-005288, of the Official Records of Brazoria County, Texas. (Title to said interest not check subsequent to date of aforesaid instrument).

62. Oil, gas and mineral leases dated April 25, 1934, recorded in Volume 250, Page 188 of the Deed Records of Brazoria County, Texas, in favor of J. L. Poutra. (Title to said lease not checked subsequent to its date of execution).

63. Oil, gas and mineral lease dated May 20, 1936, recorded in Volume 278, Page 322 of the Deed Records of Brazoria County, Texas, in favor of Harrison Oil Company, et al. (Title to said lease not checked subsequent to its date of execution).

64. Pipeline Right of Way and Meter Station Easement conveyed to Old Ocean Fuel Company as described in Parcel No. 4 in instrument recorded in Volume 774, Page 510, of the Deed Records of Brazoria County, Texas. (Amoco Contract 47,409)

65. Spur tract Right of Way Agreement granted to The Defense Plant Corporation by Magnolia Petroleum Company and Old Ocean Oil Company dated July 3, 1943. (Amoco Contract 31,569)

66. Road Right of Way Agreement granted to The Defense Plant Corporation by Magnolia Petroleum Company and Old Ocean Oil Company dated June 6, 1942. Amoco Contract 31,570)

67. Terms and conditions contained in Certificate of Adjudication recorded in Volume (85)113, Page 66, Official Records, Brazoria County, Texas.

68. Right of Way conveyed to or reserved by The Dow Chemical Company, described in instrument recorded in Volume 512, Page 536, Deed Records of Brazoria County, Texas.

69. Grazing Lease granted to Eugene C. Hammond covering lands in the Armstrong Plantation Tract. (Amoco Contract 192,021)

FILED FOR RECORD

98 FEB 23 PM 3: 10

Dolly Bailey
COUNTY CLERK
BRAZORIA COUNTY TEXAS

THE STATE OF TEXAS
COUNTY OF BRAZORIA

I, DOLLY BAILEY, Clerk of the County Court in and for Brazoria County, Texas, do hereby certify that this instrument was FILED FOR RECORD and RECORDED in the OFFICIAL RECORD at the time and date as stamped hereon by me.



Dolly Bailey
County Clerk of Brazoria Co., TX

98 006537

deed

BCAC

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 3500
 BCAC

0001 2127-0000 0411 2/23/98 3:16PM H08
 DRAWER-A 1

SECURITY FEE	1.00
INSTR-FRES	5.00
RECORDING	29.00
TOTAL	35.00
FILE #	4537
CASH	35.00

921070 182

11/Brazoria
6/133 6

25873

DEED

6 Value CF 921070 182
1,724 acres

THE STATE OF TEXAS §
 §
COUNTY OF BRAZORIA §

KNOW ALL MEN BY THESE PRESENTS:

That, THE COUNTY OF BRAZORIA, State of Texas, hereinafter referred to as Grantor, whether one or more, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration to Grantor in hand paid by the PHILLIPS PETROLEUM COMPANY, receipt of which is hereby acknowledged, and for which no lien is retained, either expressed or implied, have this day Sold and by these presents do Grant, Bargain, Sell and Convey unto the PHILLIPS PETROLEUM COMPANY all that certain tract or parcel of land in Brazoria County, Texas, more particularly described as follows, to wit:

See Exhibit A

Grantor reserves all of the oil, gas and sulphur in and under the land herein conveyed but waives all rights of ingress and egress to the surface thereof for the purpose of exploring, developing, mining or drilling for same; however, nothing in this reservation shall affect the title and rights of the COUNTY OF BRAZORIA to take and use all other minerals and materials thereon, therein and thereunder.

TO HAVE AND TO HOLD the above-described premises herein conveyed together with all and singular the rights and appurtenances thereto in any wise belonging unto the PHILLIPS PETROLEUM COMPANY, and its assigns forever; and Grantor does

Return to: Phillips Petroleum Company
Property Taxes, Real Estate & Claims
P. O. Box 1967
Houston, Texas 77251-1967

921070 183

hereby bind itself, its administrators, successors and assigns to Warrant and Forever Defend all and singular the said premises herein conveyed unto the PHILLIPS PETROLEUM COMPANY and its assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.

IN WITNESS WHEREOF, this instrument is executed on this the 21 day of January, 1992.

James W. Phillips
JUDGE JAMES W. PHILLIPS
COUNTY OF BRAZORIA

ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF BRAZORIA

BEFORE ME, Betty Stamps,
on this day personally appeared JUDGE JAMES W. PHILLIPS, COUNTY OF BRAZORIA, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This 21 day of January, A.D. 1992.

Betty Stamps
Notary Public, State of Texas

NOTARY PUBLIC
State of Texas
Commission Expires 2-21-94

My Commission Expires: 02-21-96

921070 184

EXHIBIT A

DESCRIPTION OF A 1.724-ACRE (75,081 SQUARE-FOOT) TRACT OF LAND OUT OF THE POLLY AND CHANCE LEAGUE, A-119, BRAZORIA COUNTY, TEXAS

Being a tract of land containing 1.724-acres (75,081-square feet) out of the Polly and Chance League, A-119, Brazoria County, Texas. Said 1.724-acre tract being County Road 373 between County Road 514 to the east and Little Linville Bayou to the west as abandoned by Brazoria County Commissioner's Court Order #9 of October 28, 1991. Said 1.724-acre tract being bounded on the south by a 32.65-acre tract designated as "Tract 93", bounded on the north by the residue of a 118.39-acre tract designated as "Tract 1" and bounded on the northwest by a 2.91-acre tract designated as "Tract 51" all being recorded by deed in Volume 365, Page 22, Official Records of Brazoria County, Brazoria County, Texas. Said 1.724-acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a 5/8-inch iron rod found at Plant Coordinate North 42+92.26, West 27+63.88 for a northeast corner of said 32.65-acre tract, being the intersection point of the south right-of-way line of said County Road 373 (50-foot wide) and the southwest right-of-way line of said County Road 514 (70-foot wide), from which a 5/8-inch iron rod found for the southeast corner of said 32.65-acre tract bears South 20 deg. 24 min. 00 sec. East, a distance of 595.90 feet;

THENCE South 83 deg. 44 min. 00 sec. West with the south right-of-way line of said County Road 373 and with a north line of said 32.65-acre tract, a distance of 483.80 feet to a 5/8-inch iron rod found at Plant Coordinate North 46+13.03, West 31+26.04 for an angle point;

THENCE South 77 deg. 36 min. 00 sec. West with the south right-of-way line of said County Road 373 and with a north line of said 32.65-acre tract, a distance of 18.70 feet to 5/8-inch iron rod found at Plant Coordinate North 46+23.88, West 31+41.28 for an angle point;

THENCE South 41 deg. 37 min. 00 sec. West with the southwest right-of-way line of said County Road 373 and with a northeast line of said 32.65-acre tract, a distance of 1016.28 feet to 5/8-inch iron rod set at Plant Coordinate North 46+13.53, West 41+57.52 for a southeast corner of said tract herein described, located on the east gradient boundary of Little Linville Bayou;

THENCE North 01 deg. 35 min. 52 sec. East with the east gradient boundary of said Little Linville Bayou, a distance of 77.76 feet to a 5/8-inch iron rod set at Plant Coordinate North 46+64.13, West 40+98.49 for a southwest corner of said tract herein described, located in the southeast line of said 2.91-acre tract and the northwest right-of-way line of said County Road 373;

THENCE North 41 deg. 37 min. 00 sec. East with the northwest right-of-way line of said County Road 373 and with a southeast line of said 2.91-acre tract, at a distance of 884.90 feet pass an angle point of said 118.39-acre tract also being a southeast corner of said 2.91-acre tract and continuing for a total distance of 972.97 feet to 5/8-inch iron rod set at Plant Coordinate North 46+74.04, West 31+25.55 for an angle point;

THENCE North 77 deg. 36 min. 00 sec. East with the north right-of-way line of said County Road 373 and with a south line of said 118.39-acre tract, a distance of 37.62 feet to a 5/8-inch iron rod set at Plant Coordinate North 46+52.25, West 30+94.89 for an angle point;

921070 185

TRENCE North 83 deg. 44 min. 00 sec. East with the north right-of-way line of said County Road 373 and with a south line of said 118.39-acre tract, a distance of 473.54 feet to a 5/8-inch iron rod set at Plant Coordinate North 43+38.27, West 27+40.42 for a northeast corner of said tract herein described, located in the southwest right-of-way line of said County Road 514, from which the intersection point of the south right-of-way line of State Highway 35 (110-foot wide) and the southwest right-of-way line of said County Road 514 bears North 24 deg. 04 min. 00 sec. West, a distance of 716.21 feet (called 717.32 feet);

TRENCE South 24 deg. 04 min. 00 sec. East with the southwest right-of-way line of said County Road 514, a distance of 5.40 feet to a 5/8-inch iron rod set at Plant Coordinate North 43+33.33, West 27+42.59 for an angle point;

TRENCE South 20 deg. 24 min. 00 sec. East with the southwest right-of-way line of said County Road 514, a distance of 46.26 feet to the POINT OF BEGINNING and containing 1.724-acres (75,081-square feet) of land.

NOTES: 1) Coordinates shown hereon are based on the Phillips Petroleum Company Sweeny Refinery Horizontal Control System as defined by a Plant Monument located at N 28+07.73, W 35+50.00 and a PK Nail located at N 42+97.55, W 27+21.72.

2) Bearings shown hereon are based on the bearings called in deed of a 32.65-acre tract as described in Volume 365, Page 22, Official Records of Brazoria County, Brazoria County, Texas.

Compiled by:

WEISSER ENGINEERING COMPANY
16340 Park Ten Place Drive, Suite 103
Houston, Texas 77084

Job No. 399-139
01/07/92



921070 186

ORDER NO. 9 RE: DISCONTINUANCE OF A PUBLIC ROAD, COUNTY ROAD 373,
APPROVAL OF APPRAISED VALUE - PRECINCT 4

Motion by Commissioner Brooks, seconded by Commissioner Clawson that due and proper notice of such hearing has been given in the manner and for the length of time required by law and that proper action of such notice has been made to the Commissioner's Court, and the Court having heard the evidence in support of such Petition, and there being no opposition to such Petition and application;

that it is hereby Ordered that the right-of-way easements, being described as follows:

Being approximately 1,300 feet long connecting to CR 514 and being located in the Polly & Chance League, Abstract 119, Brazoria County, Texas and being shown on the road map attached hereto and made a part hereof. CR 373 begins at CR 514 and ends at Little Linville Bayou.

is hereby discontinued and abandoned, that Angleton Real Estate was appointed as appraiser of the discontinued right-of-way, and that the discontinued right-of-way be sold to Phillips 66 Company for the appraised value and that the County Judge is hereby authorized to sign this order setting forth same on behalf of the Commissioners Court.

Motion carried, all present voting aye.

52023

FILED FOR RECORD

NOV 14 10 09 AM '92

Dolly Bailey
COUNTY CLERK
BRAZORIA COUNTY, TEXAS

THE STATE OF TEXAS
COUNTY OF BRAZORIA

I, DOLLY BAILEY, Clerk of the County Court for and for Brazoria County, Texas, do hereby certify that this instrument was FILED FOR RECORD and RECORDED in the Volume and page of the OFFICIAL RECORD as the line and date on stamped hereon by me.



Dolly Bailey
County Clerk of Brazoria Co., TX

THE STATE OF TEXAS)
COUNTY OF BRAZORIA)

I, Dolly Bailey, Clerk County Court and Ex-Officio Clerk of the Commissioners' Court of Brazoria County, Texas, do hereby certify that the foregoing is a true and correct copy of that certain

ORDER NO. 9 RE: DISCONTINUANCE OF A PUBLIC ROAD, COUNTY ROAD 373,
APPROVAL OF APPRAISED VALUE - PRECINCT 4

as passed by the Commissioners' Court at the October 28,
A. D., 19 91, Special Term of Commissioners' Court, and as the same appear (s) in the Commissioners' Court Records of Brazoria County, Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 28th
day of October, A. D., 19 91.

DOLLY BAILEY, Clerk County Court and Ex-Officio
Clerk of the Commissioners' Court of Brazoria County,
Texas

By *S. Eberspacher* Deputy
S. Eberspacher

25873

Deed

front

3.00 mp
 11.00
 14.00
 PHILIPS
 PCTD

PRSHT-PRES 3.00
 RECORDING 11.00
 TOTAL 14.00
 FILE # 25873
 CASH 14.00
 ORDER-A 1
 8/14/92 10:27AM FBI

⑤ Volume 1336 Page 828
2.91 acres

DEED
VOL. 1336 PAGE 828

Ownership
30

11009

SPECIAL WARRANTY DEED

THE STATE OF TEXAS }
COUNTY OF BRAZORIA } KNOW ALL MEN BY THESE PRESENTS:

THAT, AGWAY PETROLEUM CORPORATION of Syracuse, New York, (hereinafter referred to as "Grantor") for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL and CONVEY, unto PHILLIPS PETROLEUM COMPANY, a Delaware corporation, with an office in Bartlesville, Oklahoma, (hereinafter referred to as "Grantee") its successors and assigns, all that certain tract of land situated in the upper one-third of the Polly and Chance League, Abstract 119, Brazoria County, Texas, described as follows, to wit:

Beginning in the center of Little Linville Bayou where the North right of way fence of the Columbia Bay City Road intersects the center line of same;

Thence with the north and northwest line of right of way of said road, N. 69° 10' E. 39 feet and N. 44° 20' E. 898.7 feet, to its intersection with the center line of proposed location of State Highway No. 58 on a curve;

Thence following the center line of said proposed location of said State Highway No. 58 around a 4° curve to left, 159.7 feet to P. T.;

Thence S. 67° 33' W. along the center line of said proposed location of said state highway, 634.8 feet to its intersection with the center line of a gully or drain;

Thence down the center line of said gully or drain with its meanders as follows, S. 46° 57' E. 89.3 feet and S. 0° 53' E. 305 feet to the place of beginning.

Containing 2.91 acres of land and conveyed by Warranty Deed dated November 21, 1927 from the heirs of Musetta Holland to Sample Parks and recorded in Deed Book 207 at page 574.

It is Grantor's intent to convey to Grantee all Grantor's right, title and interest to that certain trapezoidal tract of approximately 2.91 acres bounded on the Northeast by Grantee's land, on the South by the Jerry Baugh 30 acre tract, conveyed to said Baugh in 1897 by John Sweeny, and on the North and Northwest by lands held by the heirs of Musetta Holland, whether accurately described by the above survey or not,

together with all improvements thereon.

TO HAVE AND TO HOLD said premises and property, together with all and singular the rights, privileges and appurtenances thereto in any manner belonging



unto the said Grantee, its successors and assigns, forever, and Grantor does hereby bind and obligate itself, its successors and assigns, to forever warrant and defend all and singular the said premises and property unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Grantor, but not otherwise.

This deed is subject to any and all restrictions and easements of record. Taxes for the current year will be prorated as of the date this said deed was executed.

IN WITNESS WHEREOF, this instrument is executed this the 31st day of March, 1977.

AGWAY PETROLEUM CORPORATION *SM*
By Russell J. Case
Vice President

STATE OF NEW YORK
COUNTY OF ONONDAGA

BEFORE ME, the undersigned authority, on this day personally appeared RUSSELL J. CASE, known to me to be the person whose name is subscribed to the foregoing instrument as ^{VICE} President of AGWAY PETROLEUM CORPORATION, a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

GIVEN under my hand and seal of office this 31st day of MARCH, 1977.

Kathleen Hadlock
Notary Public in and for ONONDAGA
County, STATE OF NEW YORK

My commission expires:
March 31, 1978

KATHLEEN HADLOCK
Notary Public in the State of New York
Qualified in Onondaga Co. No. 4438207
My Commission Expires March 30, 1978

Return to: Phillips Petroleum Co.
Tax, Insurance & Claims
Box 1967
Houston, TX 77001

FILED FOR RECORD
AT 8:10 O'CLOCK A M.
APR 22 1977
H. R. STEVENS, JR.
CLERK COUNTY COURT, BRAZORIA CO., TEXAS
BY James H. Wells DEPUTY





William M. Holland et al
to
Phillips Petrol. Co.

Instrument---Warranty Deed
Dated---October 28, 1947
Filed---Nov. 10, 1947 at 8:10 a.m.
Recorded in Deed Book 423 pg. 147-50-

WARRANTY DEED

STATE OF TEXAS)
COUNTY OF BRAZORIA)

KNOW ALL MEN BY THESE PRESENTS:

THAT WE, William M. Holland, Mussetta Holland Bishop and husband S. L. Bishop, Catherine Holland Bannister and husband, J. H. Bannister, (hereinafter called Grantors), for and in consideration of Ten (\$10.00) Dollars and other good and sufficient consideration, the receipt of all of which is hereby acknowledged, have granted, sold and conveyed, and by these presents do grant, sell and convey subject to the reservation and agreement hereinafter stated, unto Phillips Petroleum Company, a Delaware Corporation, with an office, in Bartlesville, Oklahoma, (hereinafter called Grantee) the following described tract of land located and situated in Brazoria County, Texas, to-wit:

BEGINNING at a point in the center line of State Highway No. 35, at its intersection with the center line of Farm to Market Highway No. 524, at Old Ocean, Brazoria County, Texas, to-wit:

THENCE South 48 deg. 15' East 440.1 feet to a point on the center line of said Highway No. 524; ^{4158.4V}

THENCE South 41 deg. 59' West 454.6 feet to a point in the center line of a public road, the point of beginning of this described 118.39 acre tract; ^{731.8V}

THENCE South 41 deg. 59' West 2310.2 feet along the center line of a 75 ft. public road to its intersection with the South line of a 50 ft. public road; ^{445.64V}

THENCE along the South line of said 50 ft. public road North 76 deg. 23' West 1238 ft. to a bend in the road;

THENCE along the south side of public road South 83 deg. 44' West 1282.5 ft to a bend in the road; ^{345.2V}

THENCE South 77 deg. 36' West 95.9 ft. to a fence corner; ^{7308.45V}

THENCE along the fence South 67 deg. 58' West 856.8 ft. to the intersection of said fence with the center line of a small creek;

THENCE up the center line of said creek with its meanders as follows:

- North 79 deg. 13' West 64.6 feet;
- North 66 deg. 28' West 115.2 feet;
- North 25 deg. 06' West 31.4 feet;
- North 04 deg. 39' West 29.5 feet;
- North 06 deg. 24' East 117.4 feet;
- North 38 deg. 19' West 51.6 feet;
- South 80 deg. 03' West 64.3 feet;
- North 27 deg. 45' West 78.3 feet;
- North 84 deg. 36' East 97.6 feet;
- North 10 deg. 13' East 138.6 feet;
- North 39 deg. 32' West 31.9 feet;
- North 07 deg. 44' East 22.3 feet;
- North 16 deg. 08' East 36.3 feet;
- North 56 deg. 49' East 34.2 feet;
- North 08 deg. 38' West 49.3 feet;
- North 51 deg. 48' West 19.7 feet;

to the intersection of said creek with the South right-of-way line of State Highway No. 35;

(continued)

176644
THENCE along the South right-of-way of Highway No. 35, North 70 deg. 05' East 4905.6 feet to a fence corner on the right-of-way line of said Highway No. 35;

128,4242
THENCE along the fence South 49 deg. 35' East 634.5 feet to the place of beginning of this 118.39 acre tract. This tract being out of the Polley and Chance League, Abstract 119, Brazoria County, Texas.

< Grantors hereby reserve unto themselves, their heirs, successors and assigns, all the oil, gas and other mineral except water in and under said above described land (water shall not be considered a mineral within the meaning of this reservation), together with the right of ingress and egress for the purpose of drilling, developing, producing, storing, transporting, and handling said oil, gas and other mineral. >

It is further understood and agreed that Grantors shall have the right to remain in occupancy and possession of the residences barns and other structures used in connection therewith and now located on said land for a period not in excess of ninety (90) days from and after the date of this deed. By agreement with grantors, expiring December 31, 1947, one Dick Flessner is pasturing livestock on said land hereby conveyed. Subject to said pasturing agreement, Grantee shall have immediate possession of said land and premises, except said residences, barns and other said structures and at the end of said Ninety (90) day period (or sooner in the event Grantors vacate said residences, barns and structures before the end of said period) Grantee shall have the exclusive possession of said residences, barns and other structures.

It is further understood and agreed that this conveyance is made subject to existing easements, if any, on and over said land and now being used for Public Road purposes.

Taxes for the current year shall all be paid by Grantors. TO HAVE AND TO HOLD the above described lands and premises together with all and singular the rights, improvements and appurtenances, thereto in anywise belonging, unto the said Phillips Petroleum Company, its successors and assigns forever. And Grantors do hereby bind themselves and each of them, their heirs, Administrators, and Executors, to warrant and forever defend, all and singular, the said land and premises unto the said Phillips Petroleum Company, its successors, grantees and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this 28th day of October, 1947.

William M. Holland
Mussetta Holland Bishop
S. L. Bishop
Catherine Holland Bannister
J. H. Bannister

\$62.05 I.R.S. Cancelled.

THE STATE OF TEXAS)
COUNTY OF HARRIS)

BEFORE ME, the undersigned authority, on this day personally appeared William M. Holland, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 28th day of Oct. A.D. 1947.

(SEAL)

G. T. Christoph,
Notary Public, County of Harris,
State of Texas.

(continued)

3 Volume 1520 Page 55
14.50 acres
and
29.76 acres

19290 DEED GROVEY
VOL 1520 PAGE 555
SPECIAL WARRANTY DEED

THE STATE OF TEXAS :
COUNTY OF BRAZORIA : KNOW ALL MEN BY THESE PRESENTS:

THAT, AURORA TERMINAL & TRANSPORTATION, INC., an Ohio corporation, Grantor, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration to it in hand paid by PHILLIPS PETROLEUM COMPANY, Grantee, receipt of which is hereby acknowledged, has granted, sold and conveyed, and by these presents, does grant, sell and convey unto the said PHILLIPS PETROLEUM COMPANY, a Delaware corporation with offices in Bartlesville, Oklahoma, all those certain tracts of land situated in Brazoria County, Texas, described as follows, to-wit:

A 14.50 acre tract and a 29.76 acre tract in the Upper 1/3 of the Polly and Chance League, A-119, Brazoria County, Texas, being more particularly described in two tracts as follows:

TRACT I: A 14.50 acre tract in the Upper 1/3 of the Polly and Chance League, A-119, Brazoria County, Texas, being a portion of a 15 acre tract described in a Warranty Deed from John Sweeney et ux to T. J. Grovey, dated December 21, 1897 and recorded in Book 41, Page 329 of the Brazoria County Deed Records, and a portion of a 25 acre tract as described in a Warranty Deed from John Sweeney et ux to T. J. Grovey dated December 21, 1897 and recorded in Book 46, Page 60 of said deed records, said 14.50 acre tract being more particularly described as follows:

Beginning at a point on the northeasterly bank of Little Linville Bayou, said point bears S 42° 43' W a distance of 909.1 feet from the south corner of a 35.72 acre tract described in a Warranty Deed from Nellie Grovey, et al to Phillips Petroleum Company dated September 15, 1952 and recorded in Volume 545, Page 186 of said deed records;

Thence N 42° 43' E along the Southeast line of said Grovey 15 acre tract a distance of 909.1 feet to the south corner of said 35.72 acre tract;

Thence N 20° 24' W along the Westerly line of said 35.72 acre tract being parallel with and 35 feet Westerly at right angles from the centerline of County Road #514, a distance of 1204.4 feet to the west corner of said 35.72 acre tract;

Thence S 42° 37' W along the southeast line of the Jerry Baugh Estate a distance of 873.8 feet to a point on the northerly bank of Little Linville Bayou;

Thence Southerly with the meanders of the easterly bank of Little Linville Bayou to the Point of Beginning and containing 14.50 acres more or less.

TRACT II. A 29.76 acre tract in the Upper 1/3 of the Polly and Chance League, A-119, Brazoria County, Texas, being those same lands described in a Warranty Deed from Mussetta Holland, et vir to T. J. Grovey (called 26 acres) dated April 10, 1913, and recorded in Volume 120, Page 229, Brazoria County Deed Records, said 29.76 acre tract being more particularly described as follows:

Beginning at a point on the southwesterly bank of Little Linville Bayou, said point bears S 42° 43' W a distance of 968.4 feet from the south corner of said 35.72 acre tract;

RETURN TO: PHILIP S. PERCIVAN CO.
REAL ESTATE & INSURANCE
P.O. BOX 1967
NEWTON, TX 77031

DEED
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Thence S 42° 43' W along the Southeast line of said Grovey 26 acre tract a distance of 695.6 feet;
Thence N 46° 57' W a distance of 1055.8 feet to the south corner of a 26 acre tract as described in a Warranty Deed from Missetta Holland, et vir to Jerry Baugh as recorded in Volume 183, Page 486;
Thence N 43° 03' E along the southeast line of said 26 acre tract a distance of 578.9 feet to a point on the southerly bank of Little Linville Bayou;
Thence Southeasterly along the meanders of the westerly bank of said Little Linville Bayou to the Point of Beginning and containing 29.76 acres more or less

together with all improvements thereon.

This Deed is given subject to reservation of all oil, gas and other minerals in the above described tracts in prior deed to Grantor from Godwin Grovey, Jr. et al.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereunder in anywise belonging unto the said Grantee, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns, to warrant and forever defend all and singular the said premises and property unto the said Grantee, its successors and assigns against every person whomsoever claiming or to claim the same or any part thereof, by, through or under Grantor.

Taxes for the year 1980 shall be prorated as of the date of delivery of this deed, and Grantee expressly assumes the payment of same.

WITNESS OUR HAND this 30th day of JUNE, 1980.



John A. Shields, Jr.
Assistant Secretary
John A. Shields, Jr.

AURORA TERMINAL & TRANSPORTATION, INC.
Robert W. Glenn
President
Robert W. Glenn

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared Robert W. Glenn, known to me to be the person whose name is subscribed to the foregoing instrument, as President of Aurora Terminal & Transportation, Inc., a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL of office this 30th day of June, 1980.

Filed For Record at 11:26 o'clock A.M.
July 8 1980 H.R. Stevens, Jr.,
Clerk County Court, Brazoria County,
Texas - By Philip S. Percivan Deputy
My commission expires:

Notary Public in and for _____
County, _____

PHILIP S. PERCIVAN, Notary Public
Brazoria County, Texas
My Commission Expires
May 23, 1981

5-23-81

② Volume 1527 Page 890

32.65 acres

DEED

VOL 1527 PAGE 890

FPC 5/1/80, MS8:F

24353

SPECIAL WARRANTY DEED

THE STATE OF TEXAS X
COUNTY OF BRAZORIA I

KNOW ALL MEN BY THESE PRESENTS:

THAT, AURORA TERMINAL & TRANSPORTATION, INC., an Ohio corporation, Grantor, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration to it in hand paid by PHILLIPS PETROLEUM COMPANY, Grantee, receipt of which is hereby acknowledged, has granted, sold and conveyed, and by these presents does grant, sell and convey unto the said PHILLIPS PETROLEUM COMPANY, A Delaware corporation with offices in Bartlesville, Oklahoma, all that certain tract of land situated in Brazoria County, Texas, described as follows, to-wit:

A 32.65 acre tract of land in the Upper 1/3 of the Polly and Chance League, A-119, Brazoria County, Texas, being a portion of a 30 acre tract described in a Warranty Deed from John Sweeny et ux to Jerry Baugh dated December 21, 1897, recorded in Book 41, Page 331 of the Brazoria County Deed Records, and a portion of a 6 acre tract described in Warranty Deed from M. Holland et al to Jerry Baugh dated March 7, 1911, recorded in Volume 104, Page 607 of said deed records, said 32.65 acre tract of land being more particularly described as follows:

Beginning at a point on the north bank of Little Linnville Bayou said point bears S 42° 37' W a distance of 873.8 feet from the south corner of a 5.36 acre tract described in Warranty deed from J. Baugh et al to Phillips Petroleum Company dated September 15, 1952 and recorded in Volume 546, Page 22 of said deed records, said south corner being 35 feet westerly at right angles from the centerline of County Road #514;

Thence N 42° 37' E along the northwest line of the T. J. Grovey estate, a distance of 873.8 feet to the south corner of said 5.36 acre tract;

Thence N 20° 24' W along the southwest line of said 5.36 acre tract being parallel with and 35 feet Westerly at right angles from the centerline of County Road #514 a distance of 595.9 feet to the northwest corner of said 5.36 acre tract being a point in the southerly line of the Old Bay City and West Columbia Road;

Thence S 83° 44' W along the southerly line of the Old Bay City and West Columbia Road a distance of 483.8 feet to an angle point;

Thence S 77° 36' W along the southerly line of the Old Bay City and West Columbia Road a distance of 18.7 feet to an angle point;

Thence S 41° 37' W along the southeasterly line of the Old Bay City and West Columbia Road a distance of 1033.8 feet to the Easterly bank of Little Linnville Bayou;

Thence Southeasterly along the meanders of the bank of Little Linnville Bayou as follows:

- S 09° 36' W - 17.1 feet;
- S 28° 11' W - 113.7 feet;
- S 36° 49' W - 176.7 feet;
- S 05° 35' E - 225.7 feet;

DEED
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S 53° 07' E - 257.8 feet;
S 32° 58' E - 201.9 feet;
S 63° 04' E - 171.4 feet;
N 62° 18' E - 226.3 feet;
N 13° 17' E - 135.1 feet;
N 29° 39' E - 214.4 feet;
N 52° 52' E - 152.2 feet;
S 83° 58' E - 14.7 feet to the point of beginning and containing 32.65 acres.

together with all improvements thereon.

This Deed is given subject to reservation of all oil, gas and other minerals in the above described tract in prior deed to Grantor from Ernest Baugh, et al.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereunto in anywise belonging unto the said Grantee, its successors and assigns, forever, and Grantor does hereby bind itself, its successors and assigns, to warrant and forever defend all and singular the said premises and property unto the said Grantee, its successors and assigns against every person whomsoever claiming or to claim the same or any part thereof, by, through or under Grantor.

Taxes for the year 1980 shall be prorated as of the date of delivery of this deed, and Grantee expressly assumes the payment of same.

WITNESS OUR HAND this 15TH day of August, 1980.

ATTEST
John A. Shields, Jr.
Assistant Secretary
John A. Shields, Jr.

AURORA TERMINAL & TRANSPORTATION, INC.

Robert W. Glenn
President
Robert W. Glenn AT 4:45 O'CLOCK P.M.

FILED FOR RECORD

STATE OF I
COUNTY OF I

AUG 22 1980
H. R. STEVENS, JR.
CLERK COUNTY CLERK, BRAZORIA CO., TEXAS
BY *Nella M. Miska* DEPUTY

BEFORE ME, the undersigned authority, on this day personally appeared Robert W. Glenn, known to me to be the person whose name is subscribed to the foregoing instrument, as President of Aurora Terminal and Transportation, Inc., a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL of office this the 15th day of August, 1980.

Notary Public in and for Brazoria County, Texas

JOHN FRANCHI, Notary Public
2410000, Brazoria Co., Texas
My Commission Expires
May 23, 1981

My commission expires:

5-23-81

Notary Public in and for Brazoria County, Texas
My Commission Expires
May 23, 1981

1

Vol. 546 Page 22
S. 36 6075

THE STATE OF Texas
COUNTY OF Harris

Before me, the undersigned authority, on this day personally appeared, Rhea, ~~John~~ Spiner, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacities therein stated.



Given under my hand and seal of office this 20th day of September, 1952.

Ava W. Watts
Notary Public in and for
Harris County, Texas
AVA W. WATTS
Notary Public, in and for Harris County, Texas
My Commission Expires June 1, 1954

THE STATE OF Texas
COUNTY OF Harris

Before me, the undersigned authority, on this day personally appeared Gertrude Pulaski, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.



Given under my hand and seal of office this 20th day of September, 1952.

Ava W. Watts
Notary Public in and for
Harris County, Texas
AVA W. WATTS
Notary Public, in and for Harris County, Texas
My Commission Expires June 1, 1954

Filed for Record at Two o'clock P.M. Oct 11 1952 H. R. Stevens, Jr.
Clerk County Court, Brazoria Co., Texas. By M. Williams Deputy.

THE STATE OF TEXAS
COUNTY OF BRAZORIA

12527

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, JERRY BAUGH, BOBBIE BAUGH and his wife, LEYADA BAUGH; OLIVE MAE BAUGH SPECHT and her husband, LESSIE SPECHT; JERRY BAUGH, JR., and his wife, MARZEL BAUGH; RANDOLPH BAUGH and his wife, BIRDIE LEE BAUGH; MALLIE BAUGH ALEX and her husband, JAMES ALEX; MANIE BAUGH BURNS and her husband, LEE BURNS; HARRY JENKINS and his wife, IMogene JENKINS; PEACEY TALBERT BAUGH and his wife, IDA BAUGH; DENNY TALBERT BAUGH and his wife, EMMA BAUGH; GERTRUDE TALBERT JOHNSON and JOE JOHNSON, her husband, of Brazoria County, Texas, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration in hand paid by PHILLIPS PETROLEUM COMPANY, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, bargain, sell and convey unto the said PHILLIPS PETROLEUM COMPANY the following described real property and premises, situated in Brazoria County, State of Texas, to-wit:

A certain tract or parcel of land containing part of the Jerry Baugh 6-acre tract recorded in Volume 104, Page 607, dated 3-7-11 and part of the Jerry Baugh 30-acre tract recorded in Volume 41, Page 331, dated 12-21-97 and more particularly described as follows:

BEGINNING at a point at the intersection of the south line of old Bay City-West Columbia road and a fence running southwest between the Baugh tract and the T. J. Grovey Tract, for the east corner of this tract. Said point also being the north or west corner of the T. J. Grovey 6-acre tract, the north corner of the T. J. Grovey 25-acre tract and in the south line of Phillips Petroleum Company's Mosssettia Holland Tract.

THENCE S42°37' W along the northwest line of the T. J. Grovey 25-acre tract 875.4 feet to a point for the south corner of this tract.

THENCE N20°24' W a minimum of 90.0 feet west of and approximately parallel to the Texas Illinois 24" Gas Pipe Line 595.9 feet to a point in the south line of the old Bay City-West Columbia Road, the South line of Phillips Petroleum Company's Massetta Holland Tract.

THENCE with the south line of the said road and the said Holland Tract N83°04' E 758.7 feet to an angle point.

THENCE S76° E 6.7 feet to the place of beginning and containing 5.35 acres of land. Being a part of the Folly & Chance Lge., Abst. 119.

There is excepted from this conveyance all of the oil, gas and other minerals, except water, in and under said above described tract of land.

TO HAVE AND TO HOLD THE ABOVE described premises and all rights appurtenant thereto unto PHILLIPS PETROLEUM COMPANY, its successors and assigns, forever, and the Grantor does hereby bind and obligate themselves, their heirs, assigns and administrators, to warrant and forever defend unto the PHILLIPS PETROLEUM COMPANY, its successors and assigns, title to the above described land and premises against every person whomsoever lawfully claiming or to claim the same or any part thereof.

SIGNED AND DELIVERED THIS 15TH DAY OF SEPTEMBER 1952.

Jerry Baugh
JERRY BAUGH

Levada B. Baugh
LEVADA BAUGH

Olivia May Baugh Spacht
OLIVIA MAY BAUGH SPACHT

Lessie Baugh
LESSIE BAUGH

Jerry Baugh, Jr.
JERRY BAUGH, JR.

Margel Baugh
MARGEL BAUGH

Randolph Baugh
RANDOLPH BAUGH

Birdie Lee Baugh
BIRDIE LEE BAUGH

Hallie Baugh Alex
HALLIE BAUGH ALEX

James Alex
JAMES ALEX

Maudie Baugh Burns
MAUDIE BAUGH BURNS

Lee Burns
LEE BURNS

Harry Jenkins
HARRY JENKINS

Imogene Jenkins
IMOGENE JENKINS

Prachy Talbert Baugh
PRACHY TALBERT BAUGH

Ida Baugh
IDA BAUGH





Dewey Talbert Baugh
DEWEY TALBERT BAUGH

Emma Baugh
EMMA BAUGH

Gertrude Talbert Johnson
GERTRUDE TALBERT JOHNSON

Joe Johnson
JOE JOHNSON

THE STATE OF TEXAS |
COUNTY OF BRAZORIA |

BEFORE ME, the undersigned, a Notary Public, within and for said County and State, on this 10th day of Oct, 1952, personally appeared JERRY BAUGH to me known to be the identical person described in and who executed, the within and foregoing instrument, and acknowledged to me that he executed the same as his free and voluntary act and deed, for the uses, purposes, and consideration therein set forth.

J. P. Smith
Notary Public

my Commission expires June 1, 1953.

THE STATE OF TEXAS |
COUNTY OF BRAZORIA |

BEFORE ME, the undersigned, a Notary Public, on this day personally appeared BOBBIE BAUGH and his wife, LEVADA BAUGH, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

GIVEN under my hand and seal of office this the 10 day of Sept, 1952.

I, THE NOTARY PUBLIC DURING THIS ACKNOWLEDGMENT CERTIFY THAT I AM NOT A SUBSCRIBER OR HOLDER OF AN OFFICE OF PHILIPS PETROLEUM COMPANY.

Catherine H. Dannerster
Notary Public

my commission expires - June 1, 1953.

STATE OF TEXAS |
COUNTY OF BRAZORIA |

BEFORE ME, the undersigned Notary Public, on this day personally appeared LESSIE SPECHT and his wife, OLLIE MAE BAUGH SPECHT, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

GIVEN under my hand and seal of office this the 17 day of Sept, 1952.

I, THE NOTARY PUBLIC DURING THIS ACKNOWLEDGMENT CERTIFY THAT I AM NOT A SUBSCRIBER OR HOLDER OF AN OFFICE OF PHILIPS PETROLEUM COMPANY.

Catherine H. Dannerster
Notary Public

my commission expires - June 1, 1953.

STATE OF TEXAS |
COUNTY OF BRAZORIA |

BEFORE ME, the undersigned Notary Public, on this day personally appeared JERRY BAUGH, JR., and his wife, MARZEL BAUGH, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and considera-

...ion therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 8 day of October, 1952.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

W. K. Hebert
Notary Public

My Commission Expires June 1, 1953

STATE OF TEXAS)
COUNTY OF Galveston)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 8th day of October, 1952, personally appeared Randolph Baugh to me known to be the identical person described in and who executed the within and foregoing instrument, and acknowledged to me that he executed the same as his free and voluntary act and deed, for the uses, purposes, and consideration therein set forth.

By commission expires June 1, 1953

W. K. Hebert
Notary Public

I, the undersigned, notary public do hereby certify that on the 8th day of October, 1952, I was not an officer or a stockholder in Phillips Petroleum Company, a corporation. Witness my hand and official seal, this 8th day of October, A.D. 1952.

W. K. Hebert
Notary Public

WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF TEXAS,)
COUNTY OF Galveston)

BEFORE ME, the undersigned, a Notary Public, in and for said County, Texas, on this day personally appeared Birdie Lee Baugh, wife of Randolph Baugh known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Birdie Lee Baugh, acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS 9th day of October, A. D. 1952.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

W. K. Hebert
Notary Public

My Commission Expires June 1, 1953

THE STATE OF TEXAS)
COUNTY OF Galveston)

BEFORE ME, the undersigned Notary Public, on this day personally appeared JAMES ALEX and his wife, HALLIE BAUGH ALEX, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed; and that she did not wish to retract it.

Given under my hand and seal of office this the 8 day of October, 1952.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

W. K. Hebert
Notary Public

My Commission Expires June 1, 1953

THE STATE OF TEXAS)
COUNTY OF Galveston)

BEFORE ME, the undersigned Notary Public, on this day personally appeared LEE BURNS and his wife, MAMIE BAUGH BURNS, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purpose and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to

her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 9th day of October, 1952.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

Florence Price
Notary Public

My commission expires
6/1/53

STATE OF TEXAS
COUNTY OF BRAZORIA

BEFORE ME, the undersigned Notary Public, on this day personally appeared HARRY JENKINS and his wife, IMOGENE JENKINS, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 30 day of SEPT, 1952.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

C. Max Arhler
Notary Public
6-1-53

STATE OF TEXAS
COUNTY OF BRAZORIA

BEFORE ME, the undersigned Notary Public, on this day personally appeared BEACHY TALBERT BAUGH and his wife, IDA BAUGH, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 17 day of Sept, 1952.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

J. M. Richardson
Notary Public
June 1st 1953
Commission Expires

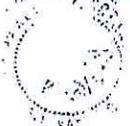
STATE OF TEXAS
COUNTY OF BRAZORIA

BEFORE ME, the undersigned Notary Public, on this day personally appeared DENEY TALBERT BAUGH and his wife, FAMA BAUGH, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 12 day of Sept, 1952.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

J. M. Richardson
Notary Public
June 1st 1953
Commission Expires



STATE OF TEXAS
Wills
COUNTY OF BRAZORIA

BEFORE ME, the undersigned Notary Public, on this day personally appeared JOE JOHNSON and his wife, GERTRUDE TALENT JOHNSON, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privily and apart from her husband, and having the same fully explained to her, she acknowledged said instrument to be her act and deed, and declared that she had willingly signed the same for the purpose and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 19 day of Sept, 1952.

I, THE NOTARY PUBLIC MAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

Julius Barriess
Notary Public

Filed for Record at San O'clock P.M., Oct 12, 1952, H. R. Stevens, Jr.,
Clerk County Court, Brazoria Co., Texas, By Julius Barriess Deputy.

THE STATE OF TEXAS)
COUNTY OF BRAZORIA)

12528

KNOW ALL MEN BY THESE PRESENTS: That we, Lonie (sometimes called Lonis) Sims Smith, widow and survivor in community of R. G. Smith, deceased, of Brazoria County, Texas, and Genevieve Smith, a feme sole, of Harris County, Texas, being the widow and all the children of R. G. Smith, deceased, except Lavena Mae Schmidt the Grantee herein, and together with Lavena Mae Schmidt constitute the sole heirs at law of the said R. G. Smith, deceased, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable considerations to us cash in hand paid by Lavena Mae Schmidt, out of her separate estate and funds, the receipt of which is hereby acknowledged, have GRANTED, SOLD AND CONVEYED and by these presents do GRANT, SELL AND CONVEY unto the said Lavena Mae Schmidt, of San Patricio County, Texas, in her separate right and estate, all that certain tract or parcel of land lying and being situated in Brazoria County, Texas, and more particularly described as follows, to-wit:

Being the West one-half ($\frac{1}{2}$) of Lot No. One Hundred Thirty-five A (135A) of the Lorraine Subdivision of Tract 100 and the South one-half of Tract 101 and part of Tract 99, in the J. de J. Valderas Survey, Abstract 380 in Brazoria County, Texas, according to the map and plat and dedication thereon dated August 13, 1943, and of record in Plat Book 3, page 207-8 of the Map and Plat Records of Brazoria County, Texas, to which reference is here made for all appropriate purposes; and being the same property described in that certain deed from Mrs. Delilah V. Lorraine, a widow, to R. G. Smith and wife, Lonie S. Smith, dated August 7, 1950, and recorded in Vol. 483, page 58, of the Deed Records of Brazoria County, Texas, to which reference is here made for all purposes.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Lavena Mae Schmidt, in her separate right and estate, her heirs and assigns, forever; and we do

452

and having the same fully explained to her, she, the said Edda V. Brown acknowledged said instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 24 day of March, A. D. 1948
Edna V. Brown
Notary Public in and for Polk County, Texas

Form No. 200 - POUND PRINTING CO. HOUSTON, TEXAS

JOINT ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF Wooten

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

John E. Mills and Verna E. Mills, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said Verna E. Mills

wife of the said John E. Mills having been examined by me privately and apart from her husband, and having the same fully explained to her, she, the said Verna E. Mills acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 30th day of March, A. D. 1948

(L. S.) Robert M. ...
Notary Public in and for Wooten County, Texas

Filed for Record at Polk County, Texas, on March 24, 1948, by E. V. Brown, Clerk of said County, Enclosure County, Texas, by ... Deputy

4616

THE STATE OF TEXAS,
COUNTY OF BRAZORIA.

KNOW ALL MEN BY THESE PRESENTS, that we, William H. Holland of the County of Harris and State of Texas, Mussetta Holland Bishop joined herein by my husband, S. L. Bishop, of the County of Harris and State of Texas, and Catherine Bannister and husband, J. H. Bannister of the County of Brazoria and State of Texas, being all of the surviving heirs of Mussetta Sweeny Holland, deceased, for and in consideration of the sum of Fourteen Hundred (\$1400.00) Dollars, to us in hand paid by Aron Baugh, the receipt of which is hereby acknowledged and confessed, have granted, sold and conveyed, subject to the reservation of all oil, gas and other minerals in the grantors as is hereinafter provided, and by these presents do grant, sell and convey, subject to the reservation of all oil, gas and other minerals in the grantors as hereinafter provided, unto the said Aron Baugh of the County of Brazoria and State of Texas, all that certain tract and parcels of land described as follows:

- Beginning at an iron pipe set at the intersection of the North Right of Way line of State Highway No. 35 and the Northwest line of a 411 acre tract out of the Polly & Chance Survey, Abstract No. 119, said Northwest 1/4 of said 411 acre tract also being the Northwest 1/4 of said Polly & Chance Survey;
- thence North 45 degrees 00' East 1007.12 feet to the Northwest line of said 411 acre tract to the center of Little Linville Bayou;
- thence down the center of Little Linville Bayou

Title Data, I.S. TDI21310 BR D431/452.001

Less and except
Condemnation Action
A.H. Schid

10
1365 acres

with the following meanders: South 56 degrees 04' East 15.34 feet, South 32 degrees 05' East 64.47 feet, South 47 degrees 44' East 56.57 feet, South 67 degrees 52' East 110.42 feet, South 39 degrees 14' East 63.54 feet, North 69 degrees 35' East 89.94 feet, South 24 degrees 03' East 101.63 feet, South 84 degrees 45' East 53.34 feet, South 43 degrees 50' East 60.08 feet, South 87 degrees 44' East 44.52 feet and South 70 degrees 30' East 60.65 feet to the North Right-of-Way line of State Highway No. 35;

Thence South 73 degrees 08' West 1312.0 feet along the North Right-of-Way line of State Highway no. 35 to the place of beginning.

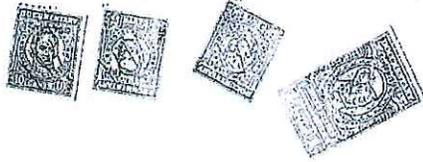
The above described tract contains 0.986 acres of land more or less, lying and situated in Brazoria County, Texas.

It is hereby expressly agreed and understood, that out of the grant hereby made, there is excepted and reserved to the grantors herein all mines of, and all oil, gas and all minerals, on and under the said land and premises herein described and conveyed; and it is hereby expressly agreed and understood that grantors herein, their heirs and assigns shall have, and they hereby have the right and power to enter on and upon said land or any part thereof for the sole and only purpose of mining and operating for oil, gas or any other minerals on, upon or under said land, and of laying pipe lines and of building tanks, shafts, tunnels, power stations and structures thereon to produce, mine, save and take care of said products, and to take all such necessary and convenient means for working, preparing, getting and removing said minerals from under and away from said land and premises. It being expressly agreed and understood by and between the parties hereto that none of the oil, gas or minerals on and under the said land and premises herein described and conveyed shall be conveyed by this deed, but all title to the same are reserved by and shall remain in the grantors herein.

The grantors do hereby have and to hold the above described premises, together with all and singular the rights and appurtenances thereto in anywise appertaining, unto the said Aron Baugh, his heirs or assigns forever; and the grantors do hereby bind ourselves, our heirs, executors and administrators, to warrant and forever defend, all and singular the said premises unto the said Aron Baugh, his heirs and assigns, against all persons whatsoever, lawfully claiming, or to claim the same, or any part thereof.

Witness our hands, at Houston, Harris County, Texas, this 21st day of February, A. D. 1947.

William J. Holland
Matthew L. Biny
J. C. ...
...



THE STATE OF TEXAS,
COUNTY OF HARRIS.

Before me, E. L. Dahl, Notary Public, in and for said county and state, on this day personally appeared William M. Holland, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this 27th day of March, A. D. 1947.

E. L. Dahl
Notary Public, in and for Harris County, Texas.

THE STATE OF TEXAS,
COUNTY OF HARRIS.

in the County of Harris, Texas, on this day personally appeared J. L. Bishop and Musetta Holland, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said Musetta Holland, wife of the said J. L. Bishop, having been examined by me privately and apart from her husband, and having the same fully explained to her, she, the said Musetta Holland, acknowledged such her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this 31 day of February, 1947.

J. L. Bishop
Notary Public, in and for Harris County, Texas.

THE STATE OF TEXAS,
COUNTY OF HARRIS.

in the County of Harris, Texas, on this day personally appeared 1177 Franklin, of the County of Harris, and Christina, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said Christina, wife of the said Franklin, having been examined by me privately and apart from her husband, and having the same fully explained to her, she, the said Christina, acknowledged such her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this 27 day of February, 1947.

Franklin
Notary Public, in and for Harris County, Texas.

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4P

CL

PROJECT: 8012-2-27
PARCEL: 717

NO. 25,701S

THE STATE OF TEXAS	§	CONDEMNATION PROCEEDING FILED
V.	§	IN THE COUNTY COURT AT LAW NO.
	2	
EVA MAE BAUGH, ET AL.	§	OF BRAZORIA COUNTY, TEXAS

JUDGMENT OF COURT IN ABSENCE OF OBJECTION

BE IT REMEMBERED:

That on this date there came on to be heard and considered the decision of the Special Commissioners filed on November 18, 1999, with the Judge of aforesaid Court under the above entitled and numbered cause, which is a condemnation proceeding in which the State of Texas is Plaintiff and the following are Defendants: Eva Mae Baugh; Patsy Ann Hobbs; Randolph Hobbs; Charlie Specht; Betty Specht; Verna Dixon; Linda Specht Taylor; Jimmie Morris; Maria Specht; Donald Specht; Kathleen Specht; Anthony Specht; Barbara Specht; Sheila Specht; Lolita Specht; Larry Cadd; Elizabeth Cadd; Jimmy Cadd; Glenda Brinkley; Brazoria County; Brazoria County Education District; and Sweeny Independent School District, Individually and as Successor of Brazoria County Education District.

It appears to the Court, and it is so found, that no objections to said decision were filed within the time provided by law and that said decision has been filed with the Clerk of this Court.

It is, therefore, ORDERED, ADJUDGED and DECREED by the Court as follows:

1. That said decision of said Special Commissioners be, and the same is hereby, made the judgment of this Court.
2. That the Clerk of this Court record said decision in the minutes of this Court.

MAIL TO: TXDOT
P.O. Box 1386
Houston, TX 77251
R.D.W./C.L.R.


 CERTIFIED COPY CERTIFICATE
 STATE OF TEXAS
 COUNTY OF BRAZORIA
 I, the undersigned, being a duly qualified Notary Public for the State of Texas, do hereby certify that the foregoing is a true and correct copy of the original record as the same appears on file in my office, and I am duly sworn to the truth of the public nature of my office. I hereby certify as of 11/24/99.
 JAMES W. HARRIS
 Notary Public
 Brazoria County, Texas

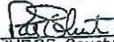
3. That by virtue of said decision of said Special Commissioners, the State of Texas is entitled to condemn and does hereby have judgment against the above-named Defendants for the fee estate in the property situated in Brazoria County, Texas, and described in Exhibit "A" attached hereto and incorporated herein for all purposes.

Except there shall be excluded from said estate all the oil, gas and sulphur which can be removed from beneath said land without any right whatever remaining to the owners of said oil, gas and sulphur of ingress or egress to or from the surface of the land condemned for the purpose of exploring, developing, drilling or mining of the same.

4. It further appears that the State of Texas has deposited in this Court the amount of damages awarded by said Special Commissioners against the State of Texas, to-wit: the sum of THIRTY THREE THOUSAND, SEVEN HUNDRED THIRTY EIGHT AND NO/100 DOLLARS (\$33,738.00). It is therefore ordered that a writ of possession issue on behalf of the State of Texas.

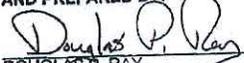
5. That the costs of said proceeding are to be paid by the State of Texas as provided in said decision of said Special Commissioners, which costs shall be paid only to the County Clerk of Brazoria County, Texas.

SIGNED this the 22nd day of February, 2000.



JUDGE, County Court at Law No. 2
Brazoria County, Texas

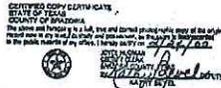
APPROVED AS TO FORM
AND PREPARED BY:



DOUGLAS P. RAY
Assistant Attorney General
Transportation Division
808 Travis, Suite 812
Houston, Texas 77002
Telephone: (713) 223-5886, Ext. 117
Facsimile: (713) 223-5821
State Bar No. 16599300

ATTORNEY FOR PLAINTIFF,
THE STATE OF TEXAS

PAGE 2



CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above and foregoing *Judgment of Court In Absence of Objection* has been sent to the parties listed below via certified mail, return receipt requested, on this the 9th day of ~~January~~, 2000.
February

Parties Notified:

Eva Mae Baugh
312 Willow Street
Sweeny, Texas 77480

Patsy Ann Hobbs
4305 Longmeadow Way
Fort Worth, Texas 76133

Randolph Hobbs
4305 Longmeadow Way
Fort Worth, Texas 76133

Charlie Specht
104 Tablerock Court
Folsom, California 94533

Betty Specht
104 Tablerock Court
Folsom, California 94533

Verna Dixon
30 El Dorado Court
Fairfield, California 94533

Linda Specht Taylor
2311 2nd Street
Lake Charles, Louisiana 70601

Jimmie Morris
2311 2nd Street
Lake Charles, Louisiana 70601

Maria Specht
6710 Paris
Houston, Texas 77021

Donald Specht
6018 Trescon
Houston, Texas 77048

Kathleen Specht
6018 Trescon
Houston, Texas 77048

Anthony Specht
4822 Callery Creek Drive
Missouri City, Texas 77053

Barbara Specht
4822 Callery Creek Drive
Missouri City, Texas 77053

Sheila Specht
6710 Paris
Houston, Texas 77021

Lolita Specht
104 Tablerock Court
Folsom, California 95630

Larry Cadd
5023 Frank Borman
San Antonio, Texas 78219

Elizabeth Cadd
5023 Frank Borman
San Antonio, Texas 78219

Jimmy Cadd
2821 Las Vegas Trail #77
Fort Worth, Texas 76116

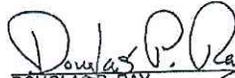
Glenda Brinkley
1315 Klondike
San Antonio, Texas 78245

CERTIFIED COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF BRAZORIA
The undersigned, being a U.S. Marshal, do hereby certify that the within and foregoing copy of the original
has been filed in my office and returned to the party to whom it was directed, as the party to whom it was directed,
in the public records of the office, I hereby certify to the public records of the office.
JAMES W. BROWN
U.S. MARSHAL
COUNTY OF BRAZORIA
STATE OF TEXAS
JAN 10 2000
JAMES W. BROWN
U.S. MARSHAL
COUNTY OF BRAZORIA
STATE OF TEXAS

Brazoria County
Agent for Service: John Willy, County Judge
111 E. Locust, Suite 309
Angleton, Texas 77515

Brazoria County Education District
Agent for Service: Ray Cornett, Tax Collector
111 E. Locust
Angleton, Texas 77515

Sweeny Independent School District, Individually and as Successor of Brazoria County
Education District
Agent for Service: Dr. Jim Weeks, Superintendent
1310 Elm Street
Sweeny, Texas 77480



DOUGLAS P. RAY
Assistant Attorney General

PAGE 4



Exhibit A Page 1 of 2 Pages

County: Brazoria
Highway: State Highway 35
Project Limits: From S.H. 288
to Brazoria/Matagorda County Line

Account No.: 8012-2-27

Field Notes for Parcel No. 717

Being 2.277 hectares [5.627 acres] of land, more or less, situated in the Polly & Chance Survey, Abstract No. 119, Brazoria County, Texas, and being a portion of a called 6.988 acre tract of land conveyed from William E. Holland, et al to Aron Baugh by deed dated March 27, 1947 as recorded in Volume 431, Page 452 of the Brazoria County Deed Records (B.C.D.R.); said 2.277 hectares of land, more or less, being more particularly described by metes and bounds as follows:

COMMENCING at the point of intersection of the existing northerly right-of-way line of State Highway 35 (S.H. 35) (110 feet wide) with the existing southwest right-of-way line of County Road 374 (CR 374) (width varies), from which a 1/2-inch iron rod bears South 77°55'26" West, a distance of 0.140 meters (0.46 feet); thence as follows:

South 70°05'37" West, along the existing northerly right-of-way line of said S.H. 35, a distance of 1,556.446 meters (5,106.44 feet) to the southeast corner of said 6.988 acre tract of land for the POINT OF BEGINNING (X=924,498.266, Y=141,967.927);

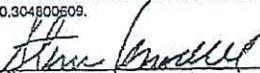
1. THENCE, SOUTH 70°05'37" West, continuing along the existing northerly right-of-way line of said S.H. 35; also being the south line of said 6.988 acre tract of land, passing at 236.790 meters (776.67 feet) a 5/8-inch iron rod with aluminum cap set at the point of intersection with the proposed baseline of said S.H. 35, continuing in all a distance of 327.723 meters (1,075.20 feet) to a point, from which a found 1/2-inch galvanized iron pipe which bears South 70°05'37" West, a distance of 0.396 meters (1.30 feet), also being the southwest corner of said 6.988 acre tract of land, and the south corner of a called one acre tract of land conveyed to Calib Harris, et al, Trustees by deed, dated November 15, 1880 as recorded in Volume 1, Page 711, of the Brazoria County Deed Records (B.C.D.R.),
2. THENCE, NORTH 42°06'32" East, along the proposed northerly right-of-way line of said S.H. 35, being the line common to said Polly & Chance Survey, A-119, and the Johnson, Walker & Borden Survey, A-77(B), A-54(M), also being the northwest line of said 6.988 acre tract of land, the southeast line of said one acre tract of land, and an interior line of a called 172.615 acre tract of land conveyed to Phillips 66 Company by deed dated January 8, 1990 as recorded in Volume 747, Page 668 of the Official Records of Brazoria County (O.R.B.C.), a distance of 306.794 meters (1,006.54 feet) to a point in the center of Little Unville Bayou;



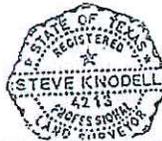
THENCE, along the center of Little Linville Bayou, the following courses:

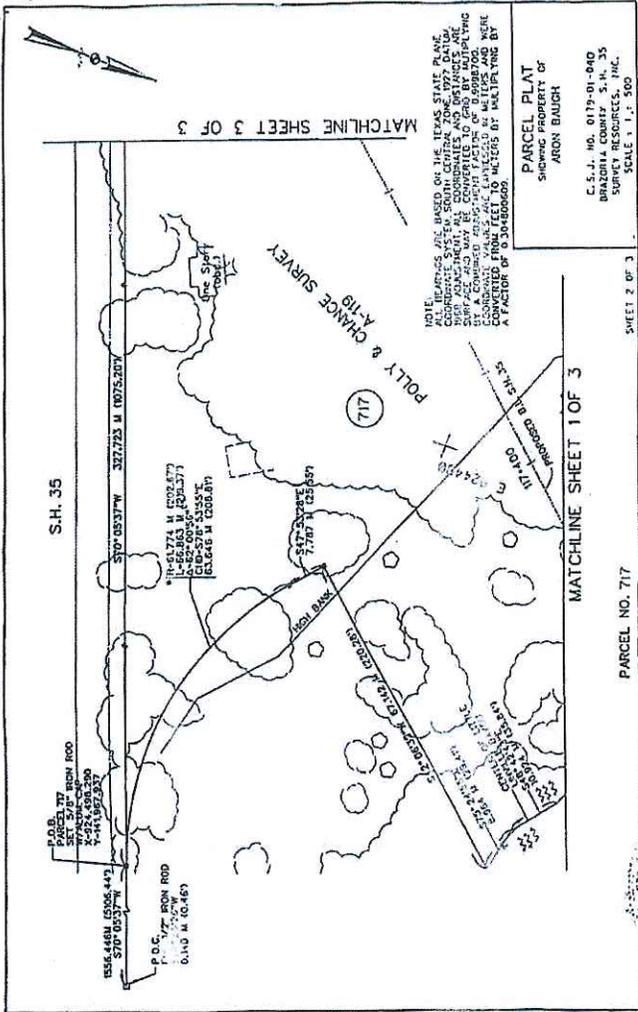
3. South 68°32'31" East, a distance of 10.197 meters (33.45 feet);
4. South 33°14'39" East, a distance of 27.845 meters (91.36 feet);
5. South 71°47'53" East, a distance of 19.622 meters (64.38 feet);
6. South 85°55'31" East, a distance of 5.962 meters (19.56 feet);
7. South 66°14'50" East, a distance of 14.180 meters (46.52 feet);
8. South 48°42'43" East, a distance of 10.924 meters (35.84 feet);
9. South 75°24'55" East, a distance of 8.564 meters (28.41 feet), to the point of intersection with the proposed southerly right-of-way line of said S.H. 35;
10. THENCE, SOUTH 42°06'32" West, along the proposed southerly right-of-way line of said S.H. 35, a distance of 67.142 meters (220.28 feet) to a 5/8-inch iron rod with aluminum cap set at an angle point;
11. THENCE, SOUTH 47°53'28" East, along the proposed southerly right-of-way line of S.H. 35, a distance of 7.787 meters (25.55 feet), to a 5/8-inch iron rod with aluminum cap set at a point of curvature;
12. THENCE, along a curve to the left along the proposed southerly right-of-way line of said S.H. 35, a distance of 66.863 meters (219.37 feet), with a radius of 61.774 meters (202.67 feet), a delta angle of 62°00'56", a chord bearing of South 78°53'55" East, and a chord distance of 63.646 meters (208.81 feet) to the POINT OF BEGINNING, containing an area of 2.277 hectares (5.627 acres) of land, more or less. (All bearings and coordinates are based on the Texas State Plane Coordinate System 1927 Datum 1903 Adjustment, South Central Zone. All distances and coordinates are surface and may be converted to grid by multiplying by a combined adjustment factor of 0.999870). Coordinate values are expressed in meters and were converted from feet to meters by multiplying by a factor of 0.304800609.

CERTIFIED CORRECT:


Steve Knodell
Registered Professional Land Surveyor No. 4213

Note: English units are provided for information only.





NOTE: BEARING AND DISTANCE USED ON THE TEXAS STATE PLANE COORDINATE SYSTEM SOUTH CENTRAL ZONE 1977 DATUM. DISTANCES ARE IN FEET AND DECIMALS THEREOF. ALL DISTANCES WERE OBTAINED BY A COMBINED DISTANCE-MEASUREMENT SYSTEM BY WALKING. ALL DISTANCES WERE CONVERTED FROM FEET TO METERS BY A FACTOR OF 0.304800609.

PARCEL PLAT
SHOWING PROPERTY OF
ARON BAUGH

C.S.J. NO. 0179-01-040
Brazoria County S.H. 35
SUPPLY RESOURCES, INC.
SCALE 1" = 1' 30"

SHEET 2 OF 3
ACCOUNT NO. 8012-2-27
FILE # 8.455536012.2.27

EXHIBIT "B"

Parties to be Notified of Filing of Special Commissioners' Award
with Judge of this Court:

Eva Mae Baugh
312 Willow Street
Sweeny, Texas 77480

Patsy Ann Hobbs ✓
4305 Longmeadow Way
Fort Worth, Texas 76133

Randolph Hobbs ✓
4305 Longmeadow Way
Fort Worth, Texas 76133

Charlie Specht ✓
104 Tablerock Court
Folsom, California 94533

Betty Specht ✓
104 Tablerock Court
Folsom, California 94533

Verna Dixon
30 El Dorado Court
Fairfield, California 94533

Linda Specht Taylor
2311 2nd Street
Lake Charles, Louisiana 70601

Jimmie Morris
2311 2nd Street
Lake Charles, Louisiana 70601

Maria Specht ✓
6710 Paris
Houston, Texas 77021

Donald Specht ✓
6018 Trescon
Houston, Texas 77048

Kathleen Specht
6018 Trescon
Houston, Texas 77048

Anthony Specht ✓
4822 Gallery Creek Drive
Missouri City, Texas 77053

Barbara Specht
4822 Gallery Creek Drive
Missouri City, Texas 77053

Sheila Specht ✓
6710 Paris
Houston, Texas 77021

Lolita Specht ✓
104 Tablerock Court
Folsom, California 94533

Larry Cadd ✓
5023 Frank Borman
San Antonio, Texas 78219

Elizabeth Cadd
5023 Frank Borman
San Antonio, Texas 78219

Jimmy Cadd ✓
2821 Las Vegas Trail #77
Fort Worth, Texas 76116

Glenda Brinkley ✓
1315 Klondike
San Antonio, Texas 78245



EXHIBIT "B"

Brazoria County
Agent for Service: John Willy, County Judge
111 E. Locust, Suite 309
Angleton, Texas 77615

Brazoria County Education District
Agent for Service: Ray Cornett, Tax Collector
111 E. Locust
Angleton, Texas 77615

Sweeny Independent School District, Individually and as Successor of Brazoria County
Education District
Agent for Service: Dr. Jim Weeks, Superintendent
1310 Elm Street
Sweeny, Texas 77480

Charles L. Richardson
Texas Department of Transportation
P. O. Box 1386
Houston, Texas 77251-1386

Debtors to be Notified of Filing of Special Commissioners' Award
with Judge of this Court:

DOUGLAS R. RAY
Assistant Attorney General
Transportation Division
808 Travis, Suite 812
Houston, Texas 77002

RECORDING	-VOID	0.01
RECORDING		-0.01
TOTAL		0.00
FILE #	8111	0.00
DRAPER-A 1	CASH	0.00
0001-2127-0000 0024	2/29/00	3:52PM TUE

STATE OF TEXAS
COUNTY OF BRAZORIA
I, JOYCE HADMAN, Clerk of the County Court in and for Brazoria
County, Texas, do hereby certify that this instrument was FILED
FOR RECORD and RECORDED in the OFFICIAL RECORD at the
time and date as stamped hereon by me.

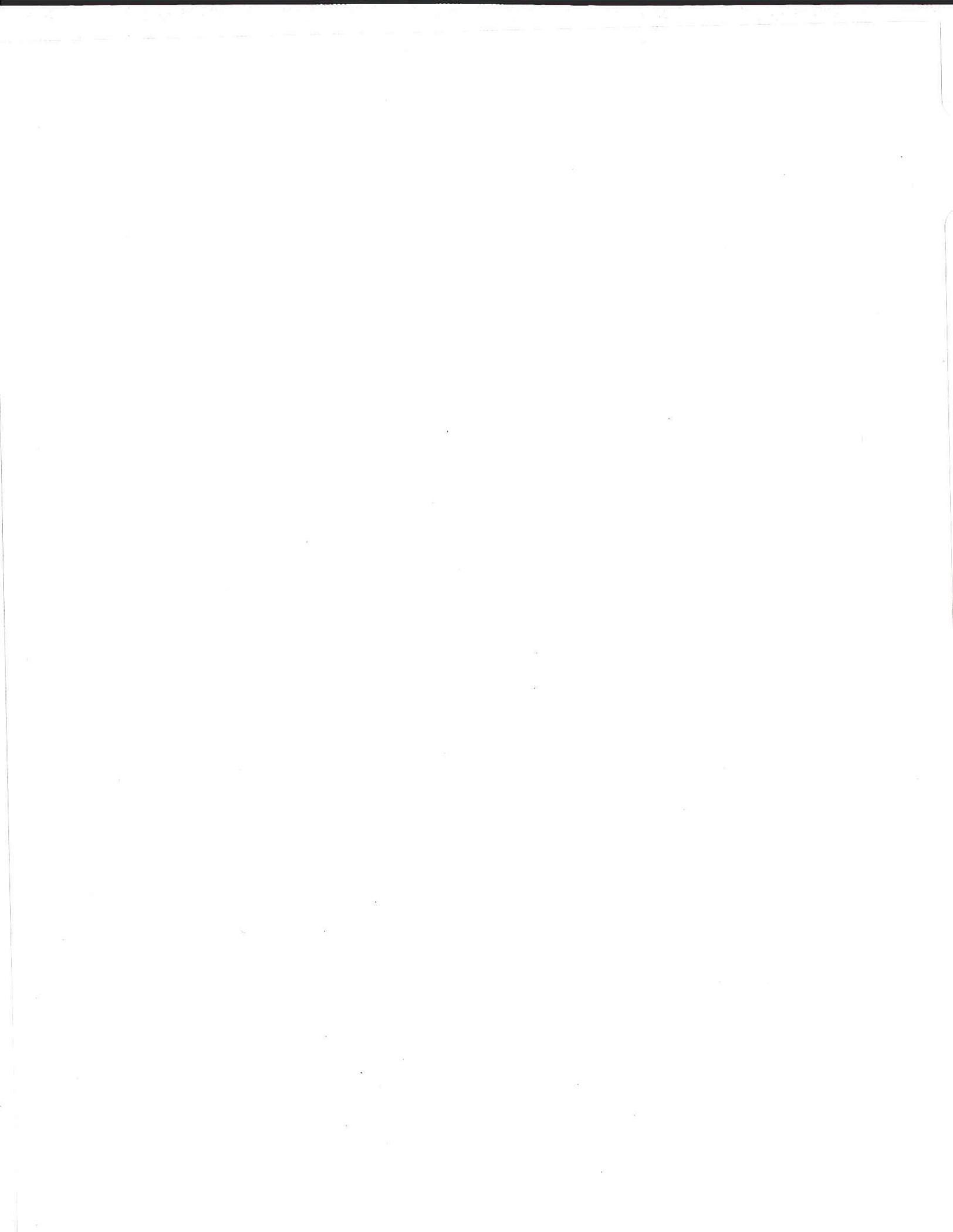


Joyce Hadman
County Clerk of Brazoria Co., TX

FILED FOR RECORD
FEB 28 PM 3:25

Joyce Hadman
COUNTY CLERK
BRAZORIA COUNTY TEXAS

GENEALOGY COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF BRAZORIA
This shows that the copy is a true and correct reproduction of the original
record as the same is filed and preserved in the public records
of the public records of this office. Two days service on
2/29/00
JOYCE HADMAN
COUNTY CLERK
BRAZORIA COUNTY TEXAS



Attachment B
Certificate of Account Status



Franchise Tax Account Status

As of: 09/05/2013 08:39:00 AM

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

CHEVRON PHILLIPS CHEMICAL COMPANY LP	
Texas Taxpayer Number	17315877120
Mailing Address	10001 SIX PINES DR FL 7 C/O TAX DEPARTME THE WOODLANDS, TX 77380-1498
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	05/16/2000
Texas SOS File Number	0013487011
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201



Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 1, 2013

Randy Miksch
Superintendent
Sweeny Independent School District
1310 N. Elm St.
Sweeny, Texas 77480

Dear Superintendent Miksch:

On May 3, 2013, the Comptroller received the completed application (Application # 283) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in April 2013 to the Sweeny Independent School District (the school district) by Chevron Phillips Chemical Company LP (the applicant). This letter presents the results of the Comptroller's review of the application:

- 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 make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$424.4 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Brazoria County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of May 3, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,


Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D
Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Chevron Phillips Chemical Company LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Sweeny ISD
2011-12 Enrollment in School District	1,938
County	Brazoria
Total Investment in District	\$424,400,000
Qualified Investment	\$424,400,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	35
Number of qualifying jobs committed to by applicant	28
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,136
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,136
Minimum Annual Wage committed to by applicant for qualified jobs	\$59,076
Investment per Qualifying Job	\$15,157,143
Estimated 15 year M&O levy without any limit or credit:	\$50,191,407
Estimated gross 15 year M&O tax benefit	\$32,971,035
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$30,284,711
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$5,977,754
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$19,906,696
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	60.3%
Percentage of tax benefit due to the limitation	81.9%
Percentage of tax benefit due to the credit	18.1%

This presents the Comptroller's economic impact evaluation of Chevron (the project) applying to Sweeny Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 35 new jobs when fully operational. 28 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council Region, where Brazoria County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011 for Brazoria County is \$91,702. That same year, the county annual average wage for all industries was \$47,073. In addition to a salary of \$59,076, each qualifying position will receive benefits such as savings & pension plan, health care benefits, income and survivor protection. The project's total investment is \$424.4 million, resulting in a relative level of investment per qualifying job of \$15.2 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Chevron's application, "Chevron Phillips Chemical Company LP is a leading chemicals and plastics manufacturer that provides products worldwide to many essential consumer markets. Chevron Phillips' global manufacturing presence provides substantial flexibility in plant locations."

Number of new facilities in region [313.026(12)]

During the past two years, 33 projects in the Houston-Galveston Area Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Chevron project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Chevron's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 18 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Chevron

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	120	139	259	\$7,124,862	\$8,875,138	\$16,000,000
2015	194	232	426	\$11,825,502	\$17,174,498	\$29,000,000
2016	178	267	445	\$11,726,103	\$21,273,897	\$33,000,000
2017	55	150	205	\$4,336,614	\$13,663,386	\$18,000,000
2018	35	115	150	\$3,156,195	\$11,843,805	\$15,000,000
2019	35	111	146	\$3,250,870	\$11,749,130	\$15,000,000
2020	35	135	170	\$3,348,380	\$13,651,620	\$17,000,000
2021	35	141	176	\$3,448,830	\$14,551,170	\$18,000,000
2022	35	147	182	\$3,552,290	\$15,447,710	\$19,000,000
2023	35	154	189	\$3,658,865	\$17,341,135	\$21,000,000
2024	35	156	191	\$3,768,625	\$18,231,375	\$22,000,000
2025	35	164	199	\$3,881,710	\$19,118,290	\$23,000,000
2026	35	166	201	\$3,998,155	\$21,001,845	\$25,000,000
2027	35	168	203	\$4,118,100	\$21,881,900	\$26,000,000
2028	35	156	191	\$4,241,650	\$21,758,350	\$26,000,000
2029	35	156	191	\$4,368,875	\$21,631,125	\$26,000,000
2030	35	151	186	\$4,499,950	\$22,500,050	\$27,000,000
2031	35	154	189	\$4,634,945	\$23,365,055	\$28,000,000

Source: CPA, REMI, Chevron

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Sweeny ISD's ad valorem tax base in 2011 was \$1.3 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Sweeny ISD's estimated wealth per WADA was \$543,556. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Sweeny Hospital District, Port Freeport, Brazoria County Road & Bridge Fund, West Brazoria County Drainage District #11, and Brazoria County Emergency Services District #2, with all property tax incentives sought being granted using estimated market value from Chevron's application. Chevron has applied for a value limitation under Chapter 313, Tax Code, and tax abatements with the county, hospital district, and port. Table 3 illustrates the estimated tax impact of the Chevron project on the region if all taxes are assessed.

Table 2 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 ¹	Sweeny ISD I&S Levy	Sweeny ISD M&O Levy	Sweeny ISD M&O and I&S Tax Levies (Before Credit Credited)	Sweeny ISD M&O and I&S Tax Levies (After Credit Credited)	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency District #2 Tax Levy	Port Freeport Tax Levy	Road & Bridge Fund Tax Levy	Estimated Total Property Taxes	
2013	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$3,150	\$1,077	\$1,116	\$52	\$78	\$134	\$156	\$5,793	
2014	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$3,150	\$1,077	\$1,116	\$52	\$78	\$134	\$156	\$5,793	
2015	\$32,560,000	\$32,560,000		\$55,906	\$338,624	\$394,530	\$394,530	\$138,673	\$139,718	\$6,512	\$9,768	\$16,768	\$19,536	\$725,505	
2016	\$105,460,000	\$105,460,000		\$181,075	\$1,096,784	\$1,277,859	\$1,277,859	\$449,154	\$452,538	\$21,092	\$31,638	\$54,312	\$63,276	\$2,349,869	
2017	\$210,780,000	\$210,780,000		\$361,909	\$2,192,112	\$2,554,021	\$2,554,021	\$0	\$0	\$42,156	\$63,234	\$0	\$126,468	\$2,785,879	
2018	\$424,004,000	\$424,004,000		\$728,015	\$4,409,642	\$5,137,656	\$5,137,656	\$0	\$0	\$84,801	\$127,201	\$0	\$254,402	\$5,604,061	
2019	\$407,054,240	\$407,054,240		\$698,912	\$4,324,808	\$5,023,720	\$5,023,720	\$0	\$0	\$81,411	\$122,116	\$0	\$244,233	\$4,588,672	
2020	\$390,782,470	\$390,782,470		\$670,974	\$4,212,800	\$4,883,774	\$4,883,774	\$0	\$0	\$78,156	\$117,235	\$0	\$234,669	\$4,211,579	
2021	\$375,161,572	\$375,161,572		\$644,152	\$4,124,800	\$4,768,952	\$4,768,952	\$0	\$0	\$75,032	\$112,548	\$0	\$225,097	\$3,993,754	
2022	\$360,165,509	\$360,165,509		\$618,404	\$4,032,800	\$4,651,204	\$4,651,204	\$0	\$0	\$72,033	\$108,050	\$0	\$216,099	\$3,735,304	
2023	\$345,769,288	\$345,769,288		\$593,686	\$3,940,800	\$4,534,486	\$4,534,486	\$0	\$0	\$69,154	\$103,731	\$0	\$207,462	\$3,527,019	
2024	\$331,948,917	\$331,948,917		\$569,956	\$3,848,800	\$4,418,756	\$4,418,756	\$0	\$0	\$66,390	\$99,585	\$0	\$199,169	\$3,327,122	
2025	\$318,681,360	\$318,681,360		\$547,176	\$3,756,800	\$4,303,976	\$4,303,976	\$0	\$0	\$63,736	\$95,604	\$0	\$191,209	\$3,134,179	
2026	\$305,944,506	\$305,944,506		\$525,307	\$3,664,800	\$4,190,107	\$4,190,107	\$0	\$0	\$61,189	\$91,783	\$0	\$183,567	\$2,940,674	
2027	\$293,717,126	\$293,717,126		\$503,312	\$3,572,800	\$4,076,112	\$4,076,112	\$1,250,941	\$1,260,367	\$58,743	\$88,115	\$151,264	\$176,230	\$2,749,205	
2028	\$281,978,841	\$281,978,841		\$484,158	\$3,480,800	\$3,964,958	\$3,964,958	\$1,209,997	\$1,209,997	\$56,396	\$84,594	\$145,219	\$169,187	\$2,549,078	
2029	\$270,710,087	\$270,710,087		\$464,809	\$3,388,800	\$3,853,609	\$3,853,609	\$1,152,954	\$1,161,641	\$54,142	\$81,213	\$139,416	\$162,426	\$2,381,987	
2030	\$259,892,083	\$259,892,083		\$446,235	\$3,296,800	\$3,742,835	\$3,742,835	\$1,106,880	\$1,115,220	\$51,978	\$77,968	\$133,844	\$155,935	\$2,170,939	
2031	\$249,506,800	\$249,506,800		\$428,403	\$3,204,800	\$3,633,203	\$3,633,203	\$1,062,649	\$1,070,656	\$49,901	\$74,852	\$128,496	\$149,704	\$1,964,533	
							Total	\$27,185,469	\$6,364,415	\$6,412,369	\$992,927	\$1,489,391	\$769,588	\$2,978,782	\$46,192,941

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

Source: CPA, Chevron

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Sweeny ISD I&S Levy	Sweeny ISD M&O Levy	Sweeny ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Sweeny Hospital District Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency District #2 Tax Levy	Port Freeport Tax Levy	Road & Bridge Fund Tax Levy	Estimated Total Property Taxes	
2013	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$1,077	\$1,116	\$52	\$78	\$134	\$156	\$5,793	
2014	\$260,000	\$260,000		\$446	\$2,704	\$3,150	\$1,077	\$1,116	\$52	\$78	\$134	\$156	\$5,793	
2015	\$32,560,000	\$32,560,000		\$55,906	\$338,624	\$394,530	\$138,673	\$139,718	\$6,512	\$9,768	\$16,768	\$19,536	\$725,505	
2016	\$105,460,000	\$105,460,000		\$181,075	\$1,096,784	\$1,277,859	\$449,154	\$452,538	\$21,092	\$31,638	\$54,312	\$63,276	\$2,349,869	
2017	\$210,780,000	\$210,780,000		\$361,909	\$2,192,112	\$2,554,021	\$0	\$0	\$42,156	\$63,234	\$0	\$126,468	\$2,785,879	
2018	\$424,004,000	\$424,004,000		\$728,015	\$4,409,642	\$5,137,656	\$0	\$0	\$84,801	\$127,201	\$0	\$254,402	\$5,604,061	
2019	\$407,054,240	\$407,054,240		\$698,912	\$4,324,808	\$5,023,720	\$0	\$0	\$81,411	\$122,116	\$0	\$244,233	\$4,588,672	
2020	\$390,782,470	\$390,782,470		\$670,974	\$4,212,800	\$4,883,774	\$0	\$0	\$78,156	\$117,235	\$0	\$234,669	\$4,211,579	
2021	\$375,161,572	\$375,161,572		\$644,152	\$4,124,800	\$4,768,952	\$0	\$0	\$75,032	\$112,548	\$0	\$225,097	\$3,993,754	
2022	\$360,165,509	\$360,165,509		\$618,404	\$4,032,800	\$4,651,204	\$0	\$0	\$72,033	\$108,050	\$0	\$216,099	\$3,735,304	
2023	\$345,769,288	\$345,769,288		\$593,686	\$3,940,800	\$4,534,486	\$0	\$0	\$69,154	\$103,731	\$0	\$207,462	\$3,527,019	
2024	\$331,948,917	\$331,948,917		\$569,956	\$3,848,800	\$4,418,756	\$0	\$0	\$66,390	\$99,585	\$0	\$199,169	\$3,327,122	
2025	\$318,681,360	\$318,681,360		\$547,176	\$3,756,800	\$4,303,976	\$0	\$0	\$63,736	\$95,604	\$0	\$191,209	\$3,134,179	
2026	\$305,944,506	\$305,944,506		\$525,307	\$3,664,800	\$4,190,107	\$0	\$0	\$61,189	\$91,783	\$0	\$183,567	\$2,940,674	
2027	\$293,717,126	\$293,717,126		\$503,312	\$3,572,800	\$4,076,112	\$1,250,941	\$1,260,367	\$58,743	\$88,115	\$151,264	\$176,230	\$2,749,205	
2028	\$281,978,841	\$281,978,841		\$484,158	\$3,480,800	\$3,964,958	\$1,209,997	\$1,209,997	\$56,396	\$84,594	\$145,219	\$169,187	\$2,549,078	
2029	\$270,710,087	\$270,710,087		\$464,809	\$3,388,800	\$3,853,609	\$1,152,954	\$1,161,641	\$54,142	\$81,213	\$139,416	\$162,426	\$2,381,987	
2030	\$259,892,083	\$259,892,083		\$446,235	\$3,296,800	\$3,742,835	\$1,106,880	\$1,115,220	\$51,978	\$77,968	\$133,844	\$155,935	\$2,170,939	
2031	\$249,506,800	\$249,506,800		\$428,403	\$3,204,800	\$3,633,203	\$1,062,649	\$1,070,656	\$49,901	\$74,852	\$128,496	\$149,704	\$1,964,533	
						Total	\$60,156,504	\$21,144,388	\$21,303,703	\$992,927	\$1,489,391	\$2,556,788	\$2,978,782	\$110,622,484

Source: CPA, Chevron

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$50,191,407. The estimated gross 15 year M&O tax benefit, or levy loss, is \$32,971,035.

Attachment 3 is an economic overview of Brazoria County.

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.



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael L. Williams
Commissioner

July 30, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Chevron Phillips project (Application 283) for the Sweeny Independent School District (SISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Chevron Phillips project on SISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", is written over a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/rk



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael L. Williams
Commissioner

July 30, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Chevron Phillips project (Application 283) on the number and size of school facilities in Sweeny Independent School District (SISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the SISD superintendent, Randy Miksch, the TEA has found that the Chevron Phillips Chemical Company LP project would not have a significant impact on the number or size of school facilities in SISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", is written over a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Brazoria County

Population

- Total county population in 2010 for Brazoria County: 314,407 , up 1.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Brazoria County was the state's 15th largest county in population in 2010 and the 50 th fastest growing county from 2009 to 2010.
- Brazoria County's population in 2009 was 56.0 percent Anglo (above the state average of 46.7 percent), 10.9 percent African-American (below the state average of 11.3 percent) and 26.6 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Brazoria County:

Pearland:	86,341	Lake Jackson:	28,980
Alvin:	23,284	Angleton:	19,123
Freeport:	12,618	Clute:	10,915
Manvel:	6,375	West Columbia:	4,203
Sweeny:	3,663	Richwood:	3,594

Economy and Income

Employment

- September 2011 total employment in Brazoria County: 137,947 , up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Brazoria County unemployment rate: 9.0 percent, up from 8.9 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Pearland:	7.3 percent, up from 6.5 percent in September 2010.
Lake Jackson:	7.5 percent, down from 8.0 percent in September 2010.

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Brazoria County's ranking in per capita personal income in 2009: 54th with an average per capita income of \$37,523, down 1.3 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Brazoria County averaged \$97.62 million annually from 2007 to 2010. County total agricultural values in 2010 were up 14.7 percent from 2009. Major agriculture related commodities in Brazoria County during 2010 included:
 - Sorghum
 - Horses
 - Nursery
 - Rice
 - Other Beef
- 2011 oil and gas production in Brazoria County: 898,558.0 barrels of oil and 14.3 million Mcf of gas. In September 2011, there were 297 producing oil wells and 161 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Brazoria County during the fourth quarter 2010: \$670.47 million, up 7.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Pearland:	\$288.26 million, up 5.3 percent from the same quarter in 2009.
Lake Jackson:	\$113.83 million, up 2.5 percent from the same quarter in 2009.
Alvin:	\$77.36 million, up 6.0 percent from the same quarter in 2009.
Angleton:	\$36.45 million, up 0.1 percent from the same quarter in 2009.
Freeport:	\$18.95 million, up 9.5 percent from the same quarter in 2009.
Clute:	\$25.55 million, up 14.8 percent from the same quarter in 2009.
Manvel:	\$10.76 million, up 19.8 percent from the same quarter in 2009.
West Columbia:	\$10.48 million, up 13.2 percent from the same quarter in 2009.
Sweeny:	\$2.59 million, down 73.4 percent from the same quarter in 2009.
Richwood:	\$3.81 million, up 3.2 percent from the same quarter in 2009.
Brazoria:	\$9.22 million, up 14.4 percent from the same quarter in 2009.
Jones Creek:	\$273,198.00, up 2.9 percent from the same quarter in 2009.
Brookside Village:	\$1.08 million, up 118.1 percent from the same quarter in 2009.

Danbury:	\$662,540.00, up 13.5 percent from the same quarter in 2009.
Oyster Creek:	\$2.25 million, up 12.1 percent from the same quarter in 2009.
Holiday Lakes:	\$150,524.00, down 8.5 percent from the same quarter in 2009.
Iowa Colony:	\$13.50 million, down 1.7 percent from the same quarter in 2009.
Surfside Beach:	\$818,623.00, up 16.3 percent from the same quarter in 2009.
Bailey's Prairie:	\$34,200.00, down 2.7 percent from the same quarter in 2009.
Liverpool:	\$165,407.00, up 61.6 percent from the same quarter in 2009.
Quintana:	\$7,038.00

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Brazoria County through the fourth quarter of 2010: \$2.46 billion, up 1.4 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from the same period in 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from the same period in 2009.
Alvin:	\$289.95 million, up 0.3 percent from the same period in 2009.
Angleton:	\$145.19 million, up 0.8 percent from the same period in 2009.
Freeport:	\$74.78 million, up 10.4 percent from the same period in 2009.
Clute:	\$96.86 million, down 1.1 percent from the same period in 2009.
Manvel:	\$47.09 million, up 10.7 percent from the same period in 2009.
West Columbia:	\$39.73 million, up 14.0 percent from the same period in 2009.
Sweeny:	\$21.41 million, down 21.8 percent from the same period in 2009.
Richwood:	\$15.80 million, down 19.4 percent from the same period in 2009.
Brazoria:	\$34.75 million, down 1.6 percent from the same period in 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from the same period in 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from the same period in 2009.
Danbury:	\$2.53 million, up 26.1 percent from the same period in 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from the same period in 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from the same period in 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from the same period in 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from the same period in 2009.
Bailey's Prairie:	\$87,007.00, down 37.8 percent from the same period in 2009.
Liverpool:	\$554,661.00, up 32.8 percent from the same period in 2009.
Quintana:	\$18,815.00

Annual (2010)

- Taxable sales in Brazoria County during 2010: \$2.46 billion, up 1.4 percent from 2009.
- Brazoria County sent an estimated \$153.68 million (or 0.90 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Pearland:	\$1.04 billion, up 0.3 percent from 2009.
Lake Jackson:	\$402.67 million, down 0.2 percent from 2009.
Alvin:	\$289.95 million, up 0.3 percent from 2009.
Angleton:	\$145.19 million, up 0.8 percent from 2009.
Freeport:	\$74.78 million, up 10.4 percent from 2009.
Clute:	\$96.86 million, down 1.1 percent from 2009.
Manvel:	\$47.09 million, up 10.7 percent from 2009.
West Columbia:	\$39.73 million, up 14.0 percent from 2009.
Sweeny:	\$21.41 million, down 21.8 percent from 2009.
Richwood:	\$15.80 million, down 19.4 percent from 2009.
Brazoria:	\$34.75 million, down 1.6 percent from 2009.
Jones Creek:	\$1.08 million, down 4.4 percent from 2009.
Brookside Village:	\$3.79 million, up 78.2 percent from 2009.
Danbury:	\$2.53 million, up 26.1 percent from 2009.
Oyster Creek:	\$9.25 million, up 7.1 percent from 2009.
Holiday Lakes:	\$636,130.00, down 7.0 percent from 2009.
Iowa Colony:	\$52.04 million, down 18.0 percent from 2009.
Surfside Beach:	\$4.57 million, up 11.3 percent from 2009.

Bailey's Prairie:	\$87,007.00, down 37.8 percent from 2009.
Liverpool:	\$554,661.00, up 32.8 percent from 2009.
Quintana:	\$18,815.00

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Brazoria County based on the sales activity month of August 2011: \$3.57 million, up 9.2 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Pearland*:	\$1.62 million, up 5.1 percent from August 2010.
Lake Jackson:	\$568,565.83, up 9.2 percent from August 2010.
Alvin:	\$486,410.35, up 16.2 percent from August 2010.
Angleton:	\$249,880.72, up 9.9 percent from August 2010.
Freeport:	\$173,510.53, up 18.7 percent from August 2010.
Clute:	\$154,235.75, up 22.5 percent from August 2010.
Manvel:	\$93,103.54, up 23.3 percent from August 2010.
West Columbia:	\$63,572.59, up 26.9 percent from August 2010.
Sweeny:	\$23,337.23, down 23.8 percent from August 2010.
Richwood:	\$25,511.08, up 10.0 percent from August 2010.
Brazoria:	\$62,718.11, up 13.0 percent from August 2010.
Jones Creek:	\$3,295.75, down 3.4 percent from August 2010.
Brookside Village:	\$2,387.38, down 20.5 percent from August 2010.
Danbury:	\$6,606.86, up 48.8 percent from August 2010.
Oyster Creek:	\$13,907.07, down 21.7 percent from August 2010.
Holiday Lakes:	\$573.54, down 13.3 percent from August 2010.
Iowa Colony:	\$10,575.40, down 15.9 percent from August 2010.
Surfside Beach:	\$7,278.22, up 18.4 percent from August 2010.
Bailey's Prairie:	\$396.90, down 1.6 percent from August 2010.
Liverpool:	\$1,835.61, down 63.3 percent from August 2010.
Quintana:	\$2,563.69, up 78.1 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months from September 2010 through August 2011: \$42.66 million, up 4.7 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Pearland*:	\$19.83 million, up 2.3 percent from fiscal 2010.
Lake Jackson:	\$7.00 million, up 3.4 percent from fiscal 2010.
Alvin:	\$5.45 million, up 7.5 percent from fiscal 2010.
Angleton:	\$3.03 million, up 3.1 percent from fiscal 2010.
Freeport:	\$1.96 million, up 20.0 percent from fiscal 2010.
Clute:	\$1.82 million, up 9.9 percent from fiscal 2010.
Manvel:	\$983,543.45, up 11.2 percent from fiscal 2010.
West Columbia:	\$685,356.40, up 2.2 percent from fiscal 2010.
Sweeny:	\$302,452.77, down 0.4 percent from fiscal 2010.
Richwood:	\$274,954.27, up 10.7 percent from fiscal 2010.
Brazoria:	\$719,283.78, up 6.9 percent from fiscal 2010.
Jones Creek:	\$42,124.74, up 2.8 percent from fiscal 2010.
Brookside Village:	\$35,875.21, down 9.7 percent from fiscal 2010.
Danbury:	\$81,357.57, up 37.2 percent from fiscal 2010.
Oyster Creek:	\$158,682.12, down 2.0 percent from fiscal 2010.
Holiday Lakes:	\$7,727.20, up 5.9 percent from fiscal 2010.
Iowa Colony:	\$165,247.97, up 50.5 percent from fiscal 2010.
Surfside Beach:	\$62,657.63, up 21.0 percent from fiscal 2010.

Bailey's Prairie:	\$5,454.70, down 28.7 percent from fiscal 2010.
Liverpool:	\$25,085.09, up 17.9 percent from fiscal 2010.
Quintana:	\$20,775.61, down 36.4 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Brazoria County based on sales activity months through August 2011: \$27.60 million, up 3.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Pearland*:	\$12.68 million, up 0.2 percent from the same period in 2010.
Lake Jackson:	\$4.49 million, up 2.8 percent from the same period in 2010.
Alvin:	\$3.58 million, up 8.2 percent from the same period in 2010.
Angleton:	\$1.95 million, up 2.0 percent from the same period in 2010.
Freeport:	\$1.32 million, up 14.3 percent from the same period in 2010.
Clute:	\$1.20 million, up 12.0 percent from the same period in 2010.
Manvel:	\$675,446.20, up 9.0 percent from the same period in 2010.
West Columbia:	\$439,718.95, up 0.5 percent from the same period in 2010.
Sweeny:	\$197,504.78, down 2.5 percent from the same period in 2010.
Richwood:	\$184,879.84, up 8.9 percent from the same period in 2010.
Brazoria:	\$474,043.43, up 6.3 percent from the same period in 2010.
Jones Creek:	\$27,593.02, up 2.8 percent from the same period in 2010.
Brookside Village:	\$22,157.56, down 23.2 percent from the same period in 2010.
Danbury:	\$48,106.28, up 22.6 percent from the same period in 2010.
Oyster Creek:	\$101,462.63, down 10.3 percent from the same period in 2010.
Holiday Lakes:	\$5,340.78, up 10.7 percent from the same period in 2010.
Iowa Colony:	\$118,301.95, up 50.3 percent from the same period in 2010.
Surfside Beach:	\$47,156.99, up 23.1 percent from the same period in 2010.
Bailey's Prairie:	\$3,774.23, up 7.4 percent from the same period in 2010.
Liverpool:	\$18,583.44, up 25.7 percent from the same period in 2010.
Quintana:	\$16,036.10, up 29.4 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Brazoria County based on sales activity in the 12 months ending in August 2011: \$42.66 million, up 4.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Pearland*:	\$19.83 million, up 2.3 percent from the previous 12-month period.
Lake Jackson:	\$7.00 million, up 3.4 percent from the previous 12-month period.
Alvin:	\$5.45 million, up 7.5 percent from the previous 12-month period.
Angleton:	\$3.03 million, up 3.1 percent from the previous 12-month period.
Freeport:	\$1.96 million, up 20.0 percent from the previous 12-month period.
Clute:	\$1.82 million, up 9.9 percent from the previous 12-month period.
Manvel:	\$983,543.45, up 11.2 percent from the previous 12-month period.
West Columbia:	\$685,356.40, up 2.2 percent from the previous 12-month period.
Sweeny:	\$302,452.77, down 0.4 percent from the previous 12-month period.
Richwood:	\$274,954.27, up 10.7 percent from the previous 12-month period.
Brazoria:	\$719,283.78, up 6.9 percent from the previous 12-month period.
Jones Creek:	\$42,124.74, up 2.8 percent from the previous 12-month period.
Brookside Village:	\$35,875.21, down 9.7 percent from the previous 12-month period.
Danbury:	\$81,357.57, up 37.2 percent from the previous 12-month period.
Oyster Creek:	\$158,682.12, down 2.0 percent from the previous 12-month period.
Holiday Lakes:	\$7,727.20, up 5.9 percent from the previous 12-month period.
Iowa Colony:	\$165,247.97, up 50.5 percent from the previous 12-month period.
Surfside Beach:	\$62,657.63, up 21.0 percent from the previous 12-month period.
Bailey's Prairie:	\$5,454.70, down 28.7 percent from the previous 12-month period.

Liverpool: \$25,085.09, up 17.9 percent from the previous 12-month period.
 Quintana: \$20,775.61, down 36.4 percent from the previous 12-month period.

■ *City Calendar Year-To-Date (RJ 2011)*

■ Payment to the cities from January 2011 through October 2011:

Pearland*: \$16.53 million, up 1.7 percent from the same period in 2010.
 Lake Jackson: \$5.92 million, up 3.2 percent from the same period in 2010.
 Alvin: \$4.51 million, up 6.7 percent from the same period in 2010.
 Angleton: \$2.51 million, up 3.6 percent from the same period in 2010.
 Freeport: \$1.61 million, up 18.0 percent from the same period in 2010.
 Clute: \$1.51 million, up 12.8 percent from the same period in 2010.
 Manvel: \$822,290.83, up 11.4 percent from the same period in 2010.
 West Columbia: \$573,559.55, up 2.7 percent from the same period in 2010.
 Sweeny: \$249,336.88, down 0.9 percent from the same period in 2010.
 Richwood: \$229,245.62, up 14.6 percent from the same period in 2010.
 Brazoria: \$600,072.15, up 6.1 percent from the same period in 2010.
 Jones Creek: \$34,177.91, up 2.0 percent from the same period in 2010.
 Brookside Village: \$27,813.93, down 19.0 percent from the same period in 2010.
 Danbury: \$59,717.24, up 20.6 percent from the same period in 2010.
 Oyster Creek: \$129,141.24, down 5.6 percent from the same period in 2010.
 Holiday Lakes: \$6,525.94, up 9.2 percent from the same period in 2010.
 Iowa Colony: \$142,860.27, up 52.1 percent from the same period in 2010.
 Surfside Beach: \$53,230.26, up 21.4 percent from the same period in 2010.
 Bailey's Prairie: \$4,661.08, down 33.1 percent from the same period in 2010.
 Liverpool: \$21,746.84, up 20.5 percent from the same period in 2010.
 Quintana: \$18,275.03, down 42.7 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Brazoria County based on sales activity months in 2010: \$41.77 million, up 0.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Pearland*: \$19.80 million, up 2.2 percent from 2009.
 Lake Jackson: \$6.88 million, down 0.9 percent from 2009.
 Alvin: \$5.18 million, down 1.0 percent from 2009.
 Angleton: \$2.99 million, down 0.7 percent from 2009.
 Freeport: \$1.80 million, up 11.9 percent from 2009.
 Clute: \$1.69 million, down 3.6 percent from 2009.
 Manvel: \$928,016.24, up 5.5 percent from 2009.
 West Columbia: \$683,003.60, down 1.5 percent from 2009.
 Sweeny: \$307,562.66, down 5.1 percent from 2009.
 Richwood: \$259,772.39, down 8.8 percent from 2009.
 Brazoria: \$691,277.98, down 7.0 percent from 2009.
 Jones Creek: \$41,386.13, down 8.1 percent from 2009.
 Brookside Village: \$42,556.62, up 35.3 percent from 2009.
 Danbury: \$72,498.57, up 12.8 percent from 2009.
 Oyster Creek: \$170,345.11, up 5.4 percent from 2009.
 Holiday Lakes: \$7,212.68, down 10.7 percent from 2009.
 Iowa Colony: \$125,637.22, up 5.9 percent from 2009.
 Surfside Beach: \$53,802.40, up 10.0 percent from 2009.
 Bailey's Prairie: \$5,194.29, down 45.8 percent from 2009.
 Liverpool: \$21,280.04, up 15.2 percent from 2009.
 Quintana: \$17,136.83, down 54.6 percent from 2009.

*On 1/1/2009, the city of Pearland's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

Property Tax

- As of January 2009, property values in Brazoria County: \$26.70 billion, down 1.7 percent from January 2008 values. The property

tax base per person in Brazoria County is \$86,351, above the statewide average of \$85,809. About 2.4 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Brazoria County's ranking in state expenditures by county in fiscal year 2010: 21st. State expenditures in the county for FY2010: \$996.28 million, up 0.5 percent from FY2009.
- In Brazoria County, 19 state agencies provide a total of 2,892 jobs and \$26.88 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Criminal Justice
 - Department of Family and Protective Services
 - Department of Transportation
 - Department of Public Safety

Higher Education

- Community colleges in Brazoria County fall 2010 enrollment:
 - Brazosport College, a Public Community College, had 4,174 students.
 - Alvin Community College, a Public Community College, had 5,721 students.
- Brazoria County is in the service area of the following:
 - Alvin Community College with a fall 2010 enrollment of 5,721 . Counties in the service area include:
Brazoria County
 - Brazosport College with a fall 2010 enrollment of 4,174 . Counties in the service area include:
Brazoria County
- Institutions of higher education in Brazoria County fall 2010 enrollment:
 - None.

School Districts

- Brazoria County had 8 school districts with 93 schools and 59,838 students in the 2009-10 school year.
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
 - Alvin ISD had 16,591 students in the 2009-10 school year. The average teacher salary was \$49,031. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
 - Angleton ISD had 6,282 students in the 2009-10 school year. The average teacher salary was \$50,412. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
 - Brazosport ISD had 12,822 students in the 2009-10 school year. The average teacher salary was \$49,929. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Columbia-Brazoria ISD had 3,070 students in the 2009-10 school year. The average teacher salary was \$46,937. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Damon ISD had 168 students in the 2009-10 school year. The average teacher salary was \$41,023. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.
 - Danbury ISD had 773 students in the 2009-10 school year. The average teacher salary was \$47,625. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
 - Pearland ISD had 18,198 students in the 2009-10 school year. The average teacher salary was \$48,294. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.
 - Sweeny ISD had 1,934 students in the 2009-10 school year. The average teacher salary was \$49,272. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

Attachment E
Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED CHEVRON
PHILLIPS PROJECT (APPLICATION NO. 283) ON THE FINANCES
OF THE SWEENY INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

May 31, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Chevron Phillips Project (Application No. 283) on the Finances of the Sweeny Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Chevron Phillips (Chevron) 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 4, 2013, which is listed by the State Comptroller's Office as Application No. 283, Chevron proposes to invest \$424 million to construct a new polyethylene manufacturing plant in SISD, the second phase of its SISD project.

The Chevron 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. The provisions of Chapter 313 call for the project to be fully taxable through the 2018-19 school year, assuming the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2017-18 and 2018-19 school years. Beginning in the 2019-20 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with SISD currently levying a \$0.1717 per \$100 I&S tax rate. The full value of the investment is anticipated to reach \$424 million in the 2018-19 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Chevron project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. SISD would experience a \$2.7 million revenue loss as a result of the implementation of the value limitation in the 2019-20 school year. No out-year revenue losses are anticipated under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$30.3 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation may result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated at the compressed M&O tax rate when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. This resulted in 336 districts receiving ASATR funding, with an estimated 688 districts operating on state funding formulas.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is expected that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

In the case of SISD, the District has a target revenue level of \$5,639 per WADA, which is about \$400 above the state average. At the same time, the target revenue level for SISD is at a level that it is met out of current state and local resources without ASATR funding. As a result, SISD has been operating as a "formula" school district for several years and not receiving ASATR funds.

The initial legislation in the 2013 legislative session shows a further reduction in the number of ASATR districts. It is expected that the Texas Education Agency will be presenting school finance information on recent legislative action in the next month or so. As a result, current law will be the basis for the estimates presented below.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Chevron project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. Student enrollment counts are held at approximately 1,800 in average daily attendance (ADA) in analyzing the effects of the Chevron project on the finances of SISD. The District's local tax base reached \$1.39 billion for the 2012 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. The projected taxable values of the Chevron Phillips project are factored into the base model used here. The impact of the limitation value for the proposed Chevron project is isolated separately and the focus of this analysis. The District's current Conoco-Phillips Chapter 313 agreement is expected to expire after the 2014-15 school year, so it is not a factor in the estimates for the Chevron value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. While Chevron Application No. 281 is also under consideration by the Board, these estimates do not incorporate the values associated with that project prior to formal school board action on the application.

SISD has estimated state property wealth per weighted ADA or WADA of approximately \$573,659 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for SISD under the assumptions outlined above through the 2031-32 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Chevron facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Chevron value but imposes the proposed property value limitation effective in the third year, which in this case is the 2019-20 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, SISD would experience a revenue loss of \$2.7 million as a result of the implementation of the value limitation in the 2019-20 school year. The revenue reduction results primarily from the mechanics of the one-year lag in value associated with the state property value study. M&O tax savings for Chevron are expected to reach \$3.9 million in the 2019-20 school year when the value limitation takes effect. This reduction in M&O taxes is partially offset by a \$1.2 million reduction in recapture costs, leaving the \$2.7 million revenue loss.

Beginning with the 2020-21 school year, the state property value study will reflect the \$30 million limitation amount, and a reduction in recapture costs is expected to offset the M&O tax reduction for the first \$1.00 of tax effort. Additional state aid offsets at least a portion of the M&O tax reduction for the remaining four cents of tax effort. This information is summarized in Table 4.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Two state property value determinations are made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$27.0 million over the life of the agreement. In addition, Chevron would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years, which are expected to total approximately \$6.0 million over the life of the agreement, with no unpaid tax credits anticipated. The District is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key SISD revenue losses are expected to total approximately \$2.7 million in the first year of the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$30.3 million over the life of the agreement.

Facilities Funding Impact

The Chevron project remains fully taxable for debt services taxes, with SISD currently levying a \$0.1717 per \$100 I&S rate. While the value of the Chevron project is expected to depreciate over the life of the agreement and beyond, full access to the additional project value in its peak 2018-19 school year is expected to increase the District's I&S tax base by nearly 27 percent. This will assist SISD in meeting its future debt service needs.

The Chevron project is not expected to affect SISD in terms of enrollment. The Company anticipates 35 full-time jobs associated with the second phase of the project when it begins operation. How many new students that enroll in the District would depend on the family characteristics of the new employees and the availability of housing within the District. Given the deferral of the qualifying time period requested in the application, it is difficult to project what impact the project would have on these factors six or seven years from now.

Conclusion

The proposed second phase of the Chevron polyethylene manufacturing project enhances the tax base of SISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$30.3 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the I&S tax base of SISD in meeting its future debt service obligations.

Table 1 – Base District Information with Chevron Phillips 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
1	2017-18	1,790.43	2,543.04	\$1.0400	\$0.1717	\$1,661,996,752	\$1,661,996,752	\$1,477,353,980	\$1,477,353,980	\$580,941	\$580,941
2	2018-19	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,867,437,829	\$1,867,437,829	\$1,573,826,025	\$1,573,826,025	\$626,769	\$626,769
3	2019-20	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,843,641,979	\$1,466,587,739	\$1,779,267,102	\$1,779,267,102	\$708,585	\$708,585
4	2020-21	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,821,348,185	\$1,460,565,715	\$1,755,471,252	\$1,378,417,012	\$699,109	\$548,948
5	2021-22	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,800,430,137	\$1,455,268,565	\$1,733,177,458	\$1,372,394,988	\$690,230	\$546,550
6	2022-23	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,780,774,544	\$1,450,609,035	\$1,712,259,410	\$1,367,097,838	\$681,900	\$544,441
7	2023-24	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,762,279,662	\$1,446,510,374	\$1,692,603,817	\$1,362,438,308	\$674,072	\$542,585
8	2024-25	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,744,853,387	\$1,442,905,070	\$1,674,108,935	\$1,358,339,647	\$666,706	\$540,953
9	2025-26	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,728,415,098	\$1,439,733,738	\$1,656,682,660	\$1,354,734,343	\$659,767	\$539,517
10	2026-27	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,712,888,646	\$1,436,944,140	\$1,640,244,371	\$1,351,563,011	\$653,220	\$538,254
11	2027-28	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,698,207,454	\$1,698,207,454	\$1,624,717,919	\$1,348,773,413	\$647,037	\$537,143
12	2028-29	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,684,310,722	\$1,684,310,722	\$1,610,036,727	\$1,610,036,727	\$641,190	\$641,190
13	2029-30	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,671,143,335	\$1,671,143,335	\$1,596,139,995	\$1,596,139,995	\$635,656	\$635,656
14	2030-31	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,658,655,237	\$1,658,655,237	\$1,582,972,608	\$1,582,972,608	\$630,412	\$630,412
15	2031-32	1,784.42	2,511.01	\$1.0400	\$0.1717	\$1,646,800,890	\$1,646,800,890	\$1,570,484,510	\$1,570,484,510	\$625,438	\$625,438

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

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	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2017-18	\$21,989,426	\$653,217	\$0	\$0	-\$3,755,581	\$878,434	\$28,365	\$0	\$19,793,861
2	2018-19	\$24,002,849	\$776,352	\$0	\$0	-\$5,503,631	\$958,866	\$0	\$0	\$20,234,436
3	2019-20	\$23,845,053	\$649,336	\$0	\$0	-\$7,558,946	\$952,562	\$0	\$0	\$17,888,006
4	2020-21	\$23,623,308	\$774,245	\$0	\$0	-\$7,270,980	\$943,704	\$0	\$0	\$18,070,277
5	2021-22	\$23,415,177	\$649,336	\$0	\$0	-\$6,999,423	\$935,390	\$0	\$0	\$18,000,440
6	2022-23	\$23,219,543	\$774,245	\$0	\$0	-\$6,743,017	\$927,574	\$0	\$0	\$18,178,346
7	2023-24	\$23,035,404	\$649,336	\$0	\$0	-\$6,500,625	\$920,218	\$0	\$0	\$18,104,334
8	2024-25	\$22,861,854	\$774,245	\$0	\$0	-\$6,271,217	\$913,285	\$0	\$0	\$18,278,167
9	2025-26	\$22,698,097	\$774,245	\$0	\$0	-\$6,053,858	\$906,744	\$0	\$0	\$18,325,228
10	2026-27	\$22,543,383	\$774,245	\$0	\$0	-\$5,847,712	\$900,563	\$0	\$0	\$18,370,479
11	2027-28	\$22,344,308	\$774,245	\$0	\$0	-\$5,638,092	\$892,610	\$0	\$0	\$18,373,072
12	2028-29	\$22,208,113	\$774,245	\$0	\$0	-\$5,453,064	\$887,170	\$0	\$0	\$18,416,465
13	2029-30	\$22,079,067	\$774,245	\$0	\$0	-\$5,277,062	\$882,015	\$0	\$0	\$18,458,265
14	2030-31	\$21,956,677	\$774,245	\$0	\$0	-\$5,109,509	\$877,125	\$0	\$0	\$18,498,539
15	2031-32	\$21,840,499	\$774,245	\$0	\$0	-\$4,949,875	\$872,484	\$0	\$0	\$18,537,354

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	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2017-18	\$21,989,426	\$653,217	\$0	\$0	-\$3,755,581	\$878,434	\$28,365	\$0	\$19,793,861
2	2018-19	\$24,002,849	\$776,352	\$0	\$0	-\$5,503,631	\$958,866	\$0	\$0	\$20,234,436
3	2019-20	\$20,074,322	\$649,336	\$0	\$0	-\$6,323,906	\$801,929	\$0	\$0	\$15,201,681
4	2020-21	\$20,015,303	\$774,245	\$0	\$0	-\$2,509,477	\$799,571	\$73,922	\$0	\$19,153,564
5	2021-22	\$19,963,388	\$649,336	\$0	\$0	-\$2,430,733	\$797,497	\$77,553	\$0	\$19,057,043
6	2022-23	\$19,917,722	\$774,245	\$0	\$0	-\$2,361,252	\$795,673	\$80,759	\$0	\$19,207,148
7	2023-24	\$19,877,553	\$649,336	\$0	\$0	-\$2,299,967	\$794,069	\$83,587	\$0	\$19,104,579
8	2024-25	\$19,842,220	\$774,245	\$0	\$0	-\$2,245,928	\$792,657	\$86,082	\$0	\$19,249,276
9	2025-26	\$19,811,139	\$774,245	\$0	\$0	-\$2,198,291	\$791,415	\$88,282	\$0	\$19,266,791
10	2026-27	\$19,783,800	\$774,245	\$0	\$0	-\$2,156,308	\$790,323	\$90,222	\$0	\$19,282,282
11	2027-28	\$22,344,308	\$774,245	\$0	\$0	-\$2,396,522	\$892,610	\$103,956	\$0	\$21,718,598
12	2028-29	\$22,208,113	\$774,245	\$0	\$0	-\$5,453,064	\$887,170	\$0	\$0	\$18,416,465
13	2029-30	\$22,079,067	\$774,245	\$0	\$0	-\$5,277,062	\$882,015	\$0	\$0	\$18,458,265
14	2030-31	\$21,956,677	\$774,245	\$0	\$0	-\$5,109,509	\$877,125	\$0	\$0	\$18,498,539
15	2031-32	\$21,840,499	\$774,245	\$0	\$0	-\$4,949,875	\$872,484	\$0	\$0	\$18,537,354

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	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2019-20	-\$3,770,732	\$0	\$0	\$0	\$1,235,040	-\$150,633	\$0	\$0	-\$2,686,325
4	2020-21	-\$3,608,005	\$0	\$0	\$0	\$4,761,503	-\$144,133	\$73,922	\$0	\$1,083,287
5	2021-22	-\$3,451,789	\$0	\$0	\$0	\$4,568,690	-\$137,892	\$77,553	\$0	\$1,056,563
6	2022-23	-\$3,301,821	\$0	\$0	\$0	\$4,381,765	-\$131,901	\$80,759	\$0	\$1,028,802
7	2023-24	-\$3,157,851	\$0	\$0	\$0	\$4,200,658	-\$126,150	\$83,587	\$0	\$1,000,245
8	2024-25	-\$3,019,634	\$0	\$0	\$0	\$4,025,289	-\$120,628	\$86,082	\$0	\$971,109
9	2025-26	-\$2,886,958	\$0	\$0	\$0	\$3,855,567	-\$115,328	\$88,282	\$0	\$941,563
10	2026-27	-\$2,759,584	\$0	\$0	\$0	\$3,691,404	-\$110,240	\$90,222	\$0	\$911,802
11	2027-28	\$0	\$0	\$0	\$0	\$3,241,570	\$0	\$103,956	\$0	\$3,345,526
12	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Chevron Phillips 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	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2017-18	\$210,780,000	\$210,780,000	\$0	\$1.040	\$2,192,112	\$2,192,112	\$0	\$0	\$0	\$0	\$0
2	2018-19	\$424,004,000	\$424,004,000	\$0	\$1.040	\$4,409,642	\$4,409,642	\$0	\$0	\$0	\$0	\$0
3	2019-20	\$407,054,240	\$30,000,000	\$377,054,240	\$1.040	\$4,233,364	\$312,000	\$3,921,364	\$0	\$3,921,364	-\$2,686,325	\$1,235,039
4	2020-21	\$390,782,470	\$30,000,000	\$360,782,470	\$1.040	\$4,064,138	\$312,000	\$3,752,138	\$491,487	\$4,243,624	\$0	\$4,243,624
5	2021-22	\$375,161,572	\$30,000,000	\$345,161,572	\$1.040	\$3,901,680	\$312,000	\$3,589,680	\$478,076	\$4,067,757	\$0	\$4,067,757
6	2022-23	\$360,165,509	\$30,000,000	\$330,165,509	\$1.040	\$3,745,721	\$312,000	\$3,433,721	\$465,202	\$3,898,923	\$0	\$3,898,923
7	2023-24	\$345,769,288	\$30,000,000	\$315,769,288	\$1.040	\$3,596,001	\$312,000	\$3,284,001	\$452,843	\$3,736,844	\$0	\$3,736,844
8	2024-25	\$331,948,917	\$30,000,000	\$301,948,917	\$1.040	\$3,452,269	\$312,000	\$3,140,269	\$440,978	\$3,581,247	\$0	\$3,581,247
9	2025-26	\$318,681,360	\$30,000,000	\$288,681,360	\$1.040	\$3,314,286	\$312,000	\$3,002,286	\$429,588	\$3,431,874	\$0	\$3,431,874
10	2026-27	\$305,944,506	\$30,000,000	\$275,944,506	\$1.040	\$3,181,823	\$312,000	\$2,869,823	\$418,653	\$3,288,476	\$0	\$3,288,476
11	2027-28	\$293,717,126	\$293,717,126	\$0	\$1.040	\$3,054,658	\$3,054,658	\$0	\$2,800,927	\$2,800,927	\$0	\$2,800,927
12	2028-29	\$283,978,841	\$283,978,841	\$0	\$1.040	\$2,932,580	\$2,932,580	\$0	\$0	\$0	\$0	\$0
13	2029-30	\$270,710,087	\$270,710,087	\$0	\$1.040	\$2,815,385	\$2,815,385	\$0	\$0	\$0	\$0	\$0
14	2030-31	\$259,892,083	\$259,892,083	\$0	\$1.040	\$2,702,878	\$2,702,878	\$0	\$0	\$0	\$0	\$0
15	2031-32	\$249,506,800	\$249,506,800	\$0	\$1.040	\$2,594,871	\$2,594,871	\$0	\$0	\$0	\$0	\$0
Totals						\$50,191,407	\$23,198,125	\$26,993,282	\$5,977,754	\$32,971,035	-\$2,686,325	\$30,284,711

Tax Credits	<u>Year 1</u>	<u>Year 2</u>	<u>Max Credits</u>
	\$1,880,112	\$4,097,642	\$5,977,754
	Credits Earned		\$5,977,754
	Credits Paid		<u>\$5,977,754</u>
	Excess Credits Unpaid		\$0

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.



Attachment F
Taxable Value of Property



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

020/Brazoria

020-906/Sweeny ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	324,041,304	.9654	335,654,966	324,041,304
B. Multi-Family Residences	3,714,476	N/A	3,714,476	3,714,476
C. Vacant Lots	15,548,211	N/A	15,548,211	15,548,211
D. Rural Real(Taxable)	58,187,902	.9118	63,814,027	58,187,902
F1. Commercial Real	16,142,954	N/A	16,142,954	16,142,954
F2. Industrial Real	1,105,297,050	N/A	1,105,297,050	1,105,297,050
G. Oil, Gas, Minerals	71,374,325	1.0043	71,068,729	71,374,325
J. Utilities	37,312,700	.9148	40,787,822	37,312,700
L1. Commercial Personal	15,632,190	N/A	15,632,190	15,632,190
L2. Industrial Personal	42,092,480	N/A	42,092,480	42,092,480

M. Other Personal	2,797,740	N/A	2,797,740	2,797,740
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	735,390	N/A	735,390	735,390
S. Special Inventory	276,400	N/A	276,400	276,400
Subtotal	1,693,153,122		1,713,562,435	1,693,153,122
Less Total Deductions	364,765,229		368,117,806	364,765,229
Total Taxable Value	1,328,387,893		1,345,444,629	1,328,387,893 T2

Category D Detail		Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp		54,270,669	.8965	60,536,162
Prod Value Qualified Acres		3,917,233	1.1951	3,277,865
Taxable Value		58,187,902		63,814,027

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
1,353,561,874	1,328,387,893	1,327,797,215	1,302,623,234	1,328,662,383	1,302,897,724

Loss To	50% of the loss

the Additional \$10,000 Homestead Exemption	to the Local Optional Percentage Homestead Exemption
25,173,981	25,764,659

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
1,457,826,194	1,432,652,213	1,432,061,535	1,406,887,554	1,432,926,703	1,407,162,044

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

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



Attachment G
Participation Agreement

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

by and between

SWEENEY INDEPENDENT SCHOOL DISTRICT

and

CHEVRON PHILLIPS CHEMICAL COMPANY LP
(Texas Taxpayer ID # 17315877120)

Texas Comptroller Application No. 283

Dated

December 31, 2013

**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 **SWEENY 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 **CHEVRON PHILLIPS CHEMICAL COMPANY LP**, (*Texas Taxpayer ID #17315877120*), 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." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on April 4, 2013, the Superintendent of Schools (hereinafter referred to as the "Superintendent") of the Sweeny Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on April 9, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Chevron Phillips Chemical Company LP, and the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, the April 4, 2013 Application was submitted in lieu of the Application filed on June 11, 2012, Comptroller's Chapter 313 Application File Number 239, which the company officially withdrew from the District; and,

WHEREAS, on April 9, 2013 the District's Board of Trustees accepted the withdrawal of the June 11, 2012 Application, Comptroller's Chapter 313 Application File Number 239; and,

WHEREAS, on April 9, 2013, the Board of Trustees determined the Application was complete; and,

WHEREAS, pursuant to the provisions of Tex. Tax Code § 313.027(h), the Applicant has requested that the date on which the Qualifying Time Period for the project is to commence under this Agreement be deferred until January 2, 2016; and,

WHEREAS, the Application was delivered to the office of the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller, via letter, has established May 3, 2013, as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Brazoria County Appraisal District established in Brazoria County, Texas (the "Appraisal District"), pursuant to Texas Tax Code §6.01; and,

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on August 1, 2013, the Comptroller, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at a public hearing held in connection with the Board of Trustees' consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation prepared pursuant to Texas Tax Code §313.026 and has carefully considered the Comptroller's positive recommendation for the project; and,

WHEREAS, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on August 1, 2013, that the Application be approved; and,

WHEREAS, on December 31, 2013, 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; and,

WHEREAS, on December 31, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; and, (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on December 31, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code §§313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on December 31, 2013, the Board of Trustees approved the Application and the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. 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 Texas Tax Code §313.027.

Section 1.2. TERM OF THE AGREEMENT

After a deferral period granted by the Board of Trustees pursuant to the provisions of Tex. Tax Code § 313.027(h), this Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3 below. In the event that the Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, or greater, between the Commencement Date, as defined in Section 1.3 below, and the end of the Qualifying Time Period, the Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2019, 2020, 2021, 2022, 2023, 2024, 2025, and 2026. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2019, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date and ending on December 31, 2018, is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2026. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any

breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any earned Tax Credit, to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Deferral Year Beginning on the Approval Date (12/31/2013)	January 1, 2013	2013-14	2013	Deferral Period
Deferral Year	January 1, 2014	2014-15	2014	Deferral Period
Deferral Year	January 1, 2015	2015-16	2015	Deferral Period
Partial Deferral Year (January 1, 2016)	January 1, 2016	2016-17	2016	Deferral Period (Partial Year)
Partial Year Beginning on the Commencement Date (01/02/16)	January 1, 2016	2016-17	2016	Start of Qualifying Time Period beginning with Commencement Date (01/02/16). No limitation on value. First year for computation of Annual Limit.
1	January 1, 2017	2017-18	2017	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
2	January 1, 2018	2018-19	2018	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
3	January 1, 2019	2019-20	2019	\$ 30 million property value limitation.
4	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
7	January 1, 2023	2023-24	2023	\$30 million property value limitation. Possible Tax Credit due to Applicant.
8	January 1, 2024	2024-25	2024	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
9	January 1, 2025	2025-26	2025	\$30 million property value limitation. Possible Tax Credit due to Applicant.
10	January 1, 2026	2026-27	2026	\$30 million property value limitation. Possible Tax Credit due to Applicant.
11	January 1, 2027	2027-28	2027	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2028	2028-29	2028	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				Viable Presence if no early termination.
13	January 1, 2029	2029-30	2029	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition “control” when used with respect to any person or entity means (i) the ownership, directly or indirectly, or fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“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 for 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 IV.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 8.3.

“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 for the applicable school year, as calculated pursuant to Texas Education Code § 42.005, times the greater of \$100, or any larger amount

allowed by 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 Tax Year 2016, which, by virtue of the deferral of the date on which the Qualifying Time Period for the project is to commence under this Agreement is the Tax Year that includes the date of January 2, 2016, on which the Qualifying Time Period commences under this Agreement.

“Applicant” means Chevron Phillips Chemical Company LP, *Texas Taxpayer Identification Number 17315877120*, the company listed in the Preamble of this Agreement who, on April 4, 2013, filed the Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest and its direct and indirect subsidiaries.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“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 4, 2013, which has been certified by the Comptroller’s office to constitute a complete final Application as of the date of May 3, 2013. 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 this Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“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.

“Approval Date” means December 31, 2013, the date upon which the Application and this Agreement were approved by the Board of Trustees.

“Board of Trustees” means the Board of Trustees of the Sweeny Independent School District.

"Commencement Date" means January 2, 2016, the date upon which the Qualifying Time Period begins. By agreement of the Parties pursuant to Texas Tax Code §313.027(h), the Commencement Date has been deferred, at the request of the Applicant, from the Approval Date.

"Completed Application Date" means May 3, 2013, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

"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 at Title 34 of the Texas Administrative Code, Part 1, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Brazoria County, Texas.

"Determination of Breach and Notice of Contract Termination" shall have the meaning assigned to such term in Section 7.8 of this Agreement.

"District" or "School District" means the Sweeny Independent School District, being a duly authorized and operating independent 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 December 31, 2029. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same, and any right of a Party to enforce payment of any amount to which such Party was entitled prior to the Final Termination Date will survive until paid by the Party owing same.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts

of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver feedstock, raw materials, equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport to or from the Applicant's facilities products (finished or otherwise), feedstock, raw materials, equipment, parts or material; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means, after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least thirty-five (35) New Jobs from the time they are created until the Final Termination Date; and (iii) the maintenance of at least eighty percent (80%) of such New Jobs as Qualifying Jobs from the time they are created until the Final Termination Date.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 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 Texas Education Code §45.002 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 District 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.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Tax Benefit" means an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement; 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 all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Article III of this Agreement.

"New Jobs" means at least thirty-five (35) "new jobs," as defined by 34 Texas Administrative Code §9.1051(14)(C), which the Applicant will create in connection with the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below. In accordance with the requirements of Texas Tax Code §313.024(d), at least eighty percent (80%) of all New Jobs shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means at least eighty percent (80%) of all New Jobs, which must meet the requirements of Texas Tax Code §313.021(3). For the avoidance of doubt, at least eighty percent (80%) of all New Jobs must be Qualifying Jobs (that is, eighty percent (80%) of all New Jobs must meet the requirements of Texas Tax Code §313.021(3)).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means, after a deferral period as permitted by Texas Tax Code §313.027(h), the period that begins on the Commencement Date of January 2, 2016, and ends on December 31, 2018.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Texas Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on

appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between the Applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required under Texas Tax Code, Chapter 313, and any application requesting school Tax Credits under Texas Tax Code, §313.103.

“Tax Credit” means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant’s Qualified Property, as computed under the provisions of Subchapter D of the Act and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements imposed on the Applicant under such provisions, including the timely filing of a completed application under Texas Tax Code §313.103 and the duly adopted administrative rules relating thereto.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years 2019, 2020, 2021, 2022, 2023, 2024, 2025, and 2026, the Appraised Value of the Applicant’s Qualified Investment for the District’s maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant’s Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

The Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.022(b) or §313.052, as applicable.

“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.

“Texas Education Agency Rules” means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, §61.1019), together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Qualified Property upon which the Applicant's Qualified Investment will be located (the "Applicant's Qualified Property") is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The land described in **EXHIBIT 2** (the "Land") qualifies as Qualified Property, and the Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2 above and the definition of Qualifying Time Period set forth in Section 1.3 above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the portion of the Land described in **EXHIBIT 2**, which: (1) is owned or leased under a capitalized lease by the Applicant or any member of the "combined group" (as defined in Texas Tax Code §171.0001(7)) of which the Applicant is a member; (2) is first placed in service after May 3, 2013, the Completed Application Date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Notwithstanding the foregoing, any replacement property that meets the definition of Qualified Property (including, but not limited to, any such replacement property installed as part of the project in connection with turnarounds, outages, planned, unplanned and emergency shutdowns, and scheduled and unscheduled maintenance, repairs, restorations, modifications or inspections) shall not be subject to the foregoing restrictions and shall be considered Qualified Property hereunder.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant's Qualified Property located on the Land described in **EXHIBIT 2**, or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a reasonably specific and detailed description of the material tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5. QUALIFYING USE

The Parties agree that the Applicant's Qualified Investment described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2019, 2020, 2021, 2022, 2023, 2024, 2025, and 2026, the Appraised Value of the Applicant's Qualified Investment 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 Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.054(a).

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code, §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely as a result of, or on account of, entering into 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 Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax at the District-adopted tax rate for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection ii, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) All non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable Tax Credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute.
- (b) 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 Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and/or required modifications of existing classrooms to the extent not covered by bond proceeds, and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment.
- (c) Any other loss of the District's revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf of any third party beneficiary of this Agreement.

Section 3.4. 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 approved 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 the mediator provided in Section 7.9 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon 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 under Section 3.4. 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 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3, Article IV, and/or Section 5.1 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, subject to the provisions of Section 3.7. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's 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 calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an 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 3.7, if such fee is timely paid.

Section 3.7. 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 under Section 3.6 below, 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 Tax Credit 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. 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 3.7 and Section 3.6 which exceeds Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, 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 3.6 for purposes of auditing or reviewing the information in connection with the certification. Within fifteen (15) 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 certification containing the calculations to the District. Any 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 final determination of 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 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

If at the time the Third Party selected under Section 3.4 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 Property 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 Property 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 for the applicable year or years using the new Taxable Value. 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 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District reasonably determines that it 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 the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any

actual negative impact on the District as a result of its participation in this Agreement. Such calculation 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 the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. 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 Article III, 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 IV, (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 IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(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 IV shall exceed neither (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, nor (ii) the lesser of the amounts described in Section 4.2(a) and (b).

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as ten percent (10%) of the "Net Tax Benefit," as such term is defined in Section 1.3 above; or
- (b) the "Aggregate Limit," as such term is defined in Section 1.3 above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement beginning with the third full Tax Year following the Commencement Date (Tax Year 2019), the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 4.2, will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.1;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4 above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 4.4. 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 third full Tax Year following the Commencement Date (Tax Year 2019) and continuing thereafter through the thirteenth full Tax Year following the Commencement Date (Tax Year 2029), the District, or its successor beneficiary should one be designated under Section 4.6 below shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3 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 4.2 and 4.3 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 IV, 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 thirteenth full Tax Year following the Commencement Date (Tax Year 2029) 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 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, 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 3.4.
- (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 3.6.
- (c) The payment of all amounts due under this Article IV shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity, provided that such decision and direction of the Board of Trustees does not result in additional costs to the Applicant. Such foundation or entity may only use such funds received under this Article IV 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 8.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, 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 8.1.

Any designation of a successor beneficiary under this Section 4.6 shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.4 above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the Tax Year 2019, 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 III and IV 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 Sections 3.4 and 3.6, 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 III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 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. In addition to the foregoing, 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, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that 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.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and the Comptroller's Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and the Comptroller's Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their respective obligations under Subchapter D of the Act and the Comptroller's Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and the Comptroller's Rules and/or Texas Education Agency's rules, as applicable.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party

is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, 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. 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. 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 private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party or any other information that is not necessary for the District to determine the Applicant's compliance with this Agreement.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation as a result of this Agreement, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032 and the provisions of Title 34, Part 1, Chapter 9, Subchapter F of the Texas Administrative Code. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. Currently, the Comptroller requires an Annual Eligibility Report and the Biennial Progress Reports, Forms 50-772 and 50-773, respectively, and an Application for Tax Credit, Form 50-300. The obligation to make all such required filings shall be a material obligation under this Agreement. The Applicant shall not be in default of any reporting obligation hereunder, unless the Applicant has received thirty (30) days prior notice of its reporting obligation from the District.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) if it does not cancel the Agreement prior to the end of the Qualifying Time Period under Section 5.2 of this Agreement, it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement; provided, however, that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, 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; and,

- (c) it will meet the applicable minimum eligibility requirements under Texas Tax Code, Chapter 313, throughout the period from and including the Tax Year 2019 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit.

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event of a Material Breach of this Agreement (as hereinafter defined), except as provided in Section 5.2, after the notice and cure period provided by Section 7.8, then the District shall be entitled, as its sole and exclusive remedy, to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax 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 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. 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. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

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 owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the

Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date 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 7.4 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 Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 7.6. MATERIAL BREACH OF AGREEMENT

The Applicant shall be in "Material Breach of this Agreement" (herein so called) if it commits one or more of the following acts or omissions:

- (a) The Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.
- (b) Subject to Section 5.2, the Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) The Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Subject to Section 5.2, the Applicant fails to create and maintain at least thirty-five (35) New Jobs.
- (e) Subject to Section 5.2, the Applicant fails to create and maintain at least eighty percent (80%) of all such New Jobs as Qualifying Jobs which meet the requirements of Texas Tax Code §313.021(3).
- (f) The Applicant makes 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, in excess of the amounts set forth in Articles III and IV above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or in consideration for this Agreement are not barred by this provision.

- (g) The Applicant fails to materially comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7. LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full Tax Year which commences after the project has become operational, the Applicant may cure any Material Breach of this Agreement described in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for any such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material 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 a Material Breach of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach of this Agreement.

If the Board of Trustees is not reasonably satisfied with such response and/or that such Material Breach of this Agreement 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 Material Breach of this Agreement has occurred and, if so, whether such Material Breach of this Agreement has been cured. At any such hearing, the Applicant shall have the opportunity, together with its counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such Material Breach of this Agreement occurred, if any, and whether or not any such Material Breach of this Agreement has been cured. Except as otherwise provided in Section 7.7, in the event that the Board of Trustees determines that such a Material Breach of this Agreement has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged Material Breach of this Agreement, 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").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) 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 ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, 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.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, 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 reasonable attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30. In the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's fees.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, 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 covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, the District's damages for any default shall under no circumstances exceed the greater of either any amounts

calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. 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 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

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.

Section 7.12. ADDITIONAL APPLICANT OBLIGATIONS PRIOR TO END OF DEFERRAL PERIOD

As set forth in section 1.2, above, the Parties have agreed to the deferral of the Commencement Date for this Agreement until January 2, 2016. The Applicant must, therefore, comply with the following additional requirements contained in this Section 7.12 in conformance with the provisions of 34 Texas Administrative Code § 9.1054(h)(13). Not earlier than July 6, 2015, nor later than October 4, 2015, the Applicant shall provide the District with an update on the project status, as follows: If there have been no material changes in the project schedule, cost projections, taxable value projections, or employment projections set forth in the Application, the Applicant shall, within the aforesaid time period, notify the District and the Comptroller that no change in the project status has occurred. In the event that there has been any material change in the project schedule, cost projections, taxable value projections, or employment projections set forth in the Application, then the Applicant shall, within the aforesaid time period, deliver to the District and the Comptroller an amendment and/or supplement to the Application informing the District and the Comptroller of any such material change. Additionally, prior to the Commencement Date, the Applicant shall diligently comply with any written request from the District or the Comptroller to provide additional information necessary to evaluate the economic impact analysis for the conditions prior to the start of the Qualifying Time Period.

In the event that any information submitted by the Applicant pursuant to this Section 7.12 results in the Comptroller's recommendation in favor of the project being changed to a negative recommendation by the Comptroller, then the Board of Trustees may, in its sole discretion, immediately terminate this Agreement by giving notice of such termination to the Applicant in accordance with the provisions of Section 8.1, below. After receiving such notice, the Applicant shall be entitled to dispute such termination in accordance with the dispute resolution procedures contained in Section 7.9, above.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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 transmission, with "answer back" or other "advice 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 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.

Notices to the District shall be addressed as follows:

Randy Miksch, Superintendent
SWEENEY INDEPENDENT SCHOOL DISTRICT
1310 N Elm St.
Sweeny, TX 77480-1399
Fax: (979) 491-8030

or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed as follows:

Chaney Moore
Chevron Phillips Chemical Company LP
10001 Six Pines Drive, Suite 7056B
Woodlands, TX 77380
Fax: (832) 813-4174
Email: moorch@cpchem.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,

- (b) Subject to Sections 5.2 and 7.3(b), the obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2018.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property or Qualified Investment not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property or Qualified Investment pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight-year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. 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 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. 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 Brazoria County, Texas.

Section 8.8. 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 8.9. 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 a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, 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 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) 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, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

Section 8.11. INTERPRETATION

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. 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. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. 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 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that to the best of Applicant's knowledge all material representations, material information, and material facts contained in the Application are true and correct in all material respects. The parties further agree that the Application and all the attachments thereto are included by reference into this

Agreement as if set forth herein in full; provided, however, that to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, material information, or material fact, then the Board of Trustees shall notify Applicant in writing of such determination and the Applicant shall have the time periods permitted by Section 7.8 or any other section of this Agreement; if any such material representation, material information or material fact remains uncured after the written notice and cure periods specified herein, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Texas Administrative Code §9.1053(f)(2)(K).

Section 8.14. 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; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting Tax Credits under Texas Tax Code §313.103, as follows:

- a. Within seven (7) days 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 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

Section 8.15. DEVELOPMENT OF DISTRICT TECHNICAL TRAINING PROGRAMS

As an integral part of this Agreement, and in conformance with the requirements of Tex. Educ. Code § 28.002(g-1), the District may offer courses or other activities, including an apprenticeship or training program offering hours needed for its students to obtain an industry-recognized credential or certificate in one or more areas of education related to the petrochemical industry especially in areas related to operations to be undertaken by the Applicant with respect to the Applicant's Qualified Investment and the Applicant's Qualified Investment. In developing these courses, the District will, pursuant to Tex. Educ. Code § 28.002(g-1), partner with the Applicant to develop such courses or other activities as will allow students to enter:

- a. a career or technology training program in the District's region of the state;
- b. an institution of higher education without remediation;
- c. an apprenticeship training program; or,
- d. an internship required as part of accreditation toward an industry-recognized credential or certificate for course credit.

The Applicant agrees during the term of this Agreement, and in accordance with Tex. Educ. Code § 28.002(g-1), to provide support for District-operated technical training programs for the education and development of technical skills necessary for individuals seeking employment in the petrochemical industry. Such support shall, at a minimum, consist of:

- (i) conferring with the District for the purpose of identifying opportunities for employees of the Applicant to participate in technical training programs operated by the District for the benefit of its students and programs sponsored by the District;
- (ii) disseminating technical information at conferences with the Applicant's employees for the purpose of developing curriculum and program specifications to enhance the relevance of the District's training programs;
- (iii) providing a reasonable opportunity for groups of students of the District to undertake internships with the Applicant and conducting Applicant-sponsored tours and/or training opportunities for students of the District at the Applicant's facilities located in the District at times mutually convenient to the Applicant and the District and consistent with the Applicant's safety, security and operational policies, procedures and standards; and,
- (iv) considering qualified graduates of the District's technical training programs and/or qualified graduates of programs sponsored by the District for available positions with the Applicant.

In addition to the foregoing, the Applicant may provide any additional support to the District as is consistent with Tex. Educ. Code § 28.002(g-1).

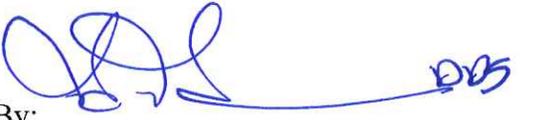
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 31st of December 2013.

CHEVRON PHILLIPS CHEMICAL COMPANY LP

SWEENEY INDEPENDENT SCHOOL DISTRICT

By: 
Name: PROPERTY TAX MANAGER
Title: CHANNEY T. MOORE

By: 
GLENN GARRISON
President
Board of Trustees

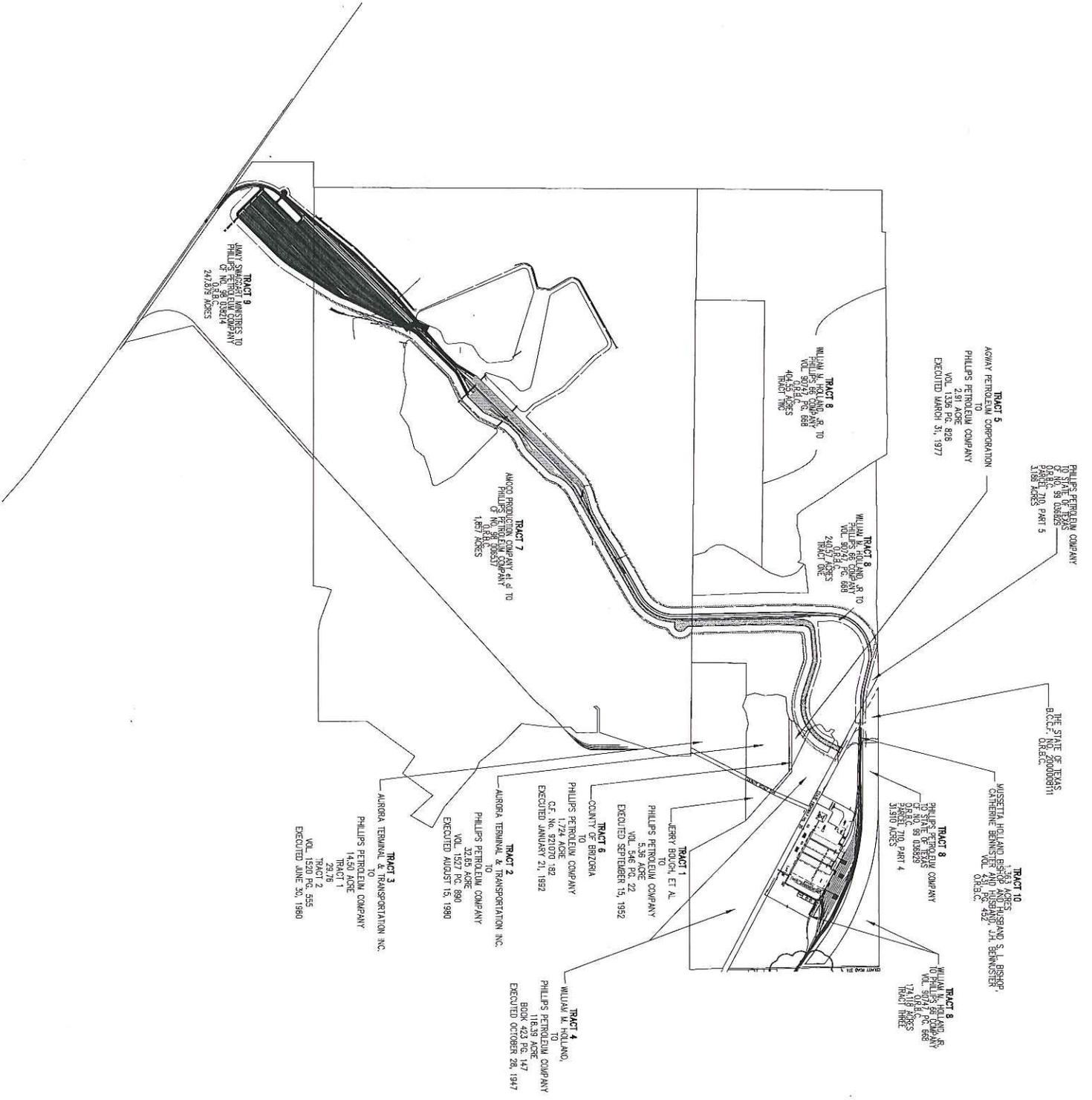
ATTEST:


DONNA BOHLAR-SCHROEDER
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Chevron Phillips Chemical Company LP Reinvestment Zone* was originally created on April 24, 2012, by action of the Brazoria County Commissioner's Court. As a result of the action of the Brazoria County Commissioner's Court, all real property within Brazoria County, Texas is located within the boundaries of the *Chevron Phillips Chemical Company LP Reinvestment Zone*. A map of the *Chevron Phillips Chemical Company LP Reinvestment Zone* is attached as the next page of this **EXHIBIT 1**. The legal description of the *Chevron Phillips Chemical Company LP Reinvestment Zone* was adopted by action of the Brazoria County Commissioner's Court.



PHILIPS PETROLEUM COMPANY
TO STATE OF TEXAS
ORLANDO S. BERRY
PARCEL TWO PART 5
2189 ACRES

THE STATE OF TEXAS
B.C.C. NO. 2000008711
ORDER

TRACT 10
1,253 ACRES
WILLYA M. HOLLAND, S. L. BERRY,
CATHERINE BERRYMAN AND HUSBAND J. H. BERRYMAN
VOL. 431 PG. 432
ORLANDO S. BERRY

TRACT 5
AGWAY CORPORATION
TO
PHILIPS PETROLEUM COMPANY
VOL. 1336 PG. 828
EXECUTED MARCH 31, 1977

TRACT 8
PHILIPS PETROLEUM COMPANY
TO STATE OF TEXAS
ORLANDO S. BERRY
PARCEL TWO PART 4
3130 ACRES

TRACT 8
WILLYA M. HOLLAND,
TO PHILIPS PETROLEUM COMPANY
VOL. 907 PG. 688
1741.9 ACRES
TRACT THREE

TRACT 8
WILLYA M. HOLLAND, S. L. BERRY
TO PHILIPS PETROLEUM COMPANY
VOL. 907 PG. 688
404.5 ACRES
TRACT TWO

TRACT 8
WILLYA M. HOLLAND, S. L. BERRY
TO PHILIPS PETROLEUM COMPANY
VOL. 907 PG. 688
240.57 ACRES
TRACT ONE

TRACT 1
KERRY BOLCH, ET AL.
TO
PHILIPS PETROLEUM COMPANY
VOL. 546 PG. 22
EXECUTED SEPTEMBER 19, 1952

TRACT 4
WILLYA M. HOLLAND,
TO
PHILIPS PETROLEUM COMPANY
118.39 ACRES
BOOK 423 PG. 147
EXECUTED OCTOBER 28, 1947

TRACT 6
PHILIPS PETROLEUM COMPANY
OF NO. 420000 182
EXECUTED JANUARY 21, 1992
COUNTY OF BRIZONA

TRACT 2
AURORA TERMINAL & TRANSPORTATION INC.
TO
PHILIPS PETROLEUM COMPANY
VOL. 1527 PG. 890
EXECUTED AUGUST 15, 1990

TRACT 3
AURORA TERMINAL & TRANSPORTATION INC.
TO
PHILIPS PETROLEUM COMPANY
14.50 ACRES
TRACT 1
29.78
TRACT 2
VOL. 1520 PG. 255
EXECUTED JUNE 30, 1990

TRACT 7
AMOCO PRODUCTION COMPANY ET AL TO
PHILIPS PETROLEUM COMPANY
VOL. 907 PG. 688
1.87 ACRES

TRACT 9
HUNT SWINNEY LAW OFFICES TO
PHILIPS PETROLEUM COMPANY
VOL. 907 PG. 688
247.93 ACRES

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned or leased by the Applicant and located within the boundaries of both the Sweeny Independent School District and the *Chevron Phillips Chemical Company LP Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located within the boundaries of the map and legal description of the *Chevron Phillips Chemical Company LP Reinvestment Zone* described in **EXHIBIT 1**.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The project provides for the design and construction of one (1) polyethylene unit, related utility, infrastructure and logistics improvements.

The proposed improvements for which the tax limitation is sought will include one (1) polyethylene unit, along with all process auxiliaries including but not limited to packaged systems, blowers and fans, dryers, furnaces, heat exchangers, electrical heaters, cyclones and screens, mixers, feeders, extruders, rotary valves, vessels, reactors, scales, trolleys and hoists pipe ways, utility service lines, raw material pipelines, storage tanks, compressors, drums, heat exchangers, pumps, filters piping, insulation, electrical switchgear, transformers, instrumentation equipment, equipment and structural foundations and supports, control equipment and facilities, warehouses, raw material and utility distribution improvements, flare, shipping facility improvements, inter-plant piping, other chemical processing equipment, modifications, tie-ins, upgrades and revamps to existing facilities, air compressors, electrical sub-stations, road improvements, utilities (including all lines), flares, tankage, pipe connections, cooling towers, waste water units, control, administration and other plant buildings, water and sewer treatment facilities, fire prevention and safety equipment, any other tangible personal property utilized in the process, storage, quality control, shipping, waste management and general operation of the polyethylene unit and any other infrastructure additions, upgrades and modifications related to the polyethylene unit.

The qualified investment and qualified property will also include any other necessary equipment to construct a fully functioning manufacturing plant.