

**FINDINGS OF THE BARBERS HILL  
INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
LONE STAR NGL ASSET HOLDINGS II, LLC (#1016)**



December 15, 2014

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OF THE  
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**DECEMBER 15, 2014**

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SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE  
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STATE OF TEXAS §

COUNTY OF CHAMBERS §

On the 15<sup>th</sup> day of December, 2014, a public meeting of the Board of Trustees of the Barbers Hill Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Lone Star NGL Asset Holdings II, LLC (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. 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 makes the following findings with respect to application from Applicant, and the economic impact of that application:

On June 24, 2014, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The application was determined complete by the Comptroller on September 8, 2014. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32044534082), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

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

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on September 25, 2014 in which the Comptroller has determined that: 1) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 2) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period; and, 3) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

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

At the specific direction of the Comptroller's Office, the parties used the template Texas Economic Development Agreement. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**. In November 2014, the Texas Comptroller's Office announced its intention to modify Comptroller Form 50-

286 and to permit amendments to existing agreements including the agreement for which these Findings are being made.

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

**Board Finding Number 1.**

**The Board finds that the property meets the requirements of §313.024 for eligibility for a limitation on appraised value.**

In support of Finding 1, the Application indicates that:

Lone Star NGL Asset Holdings II, LLC (LONE STAR II) is requesting an appraised value limitation from Barbers Hill Independent School District (BHISD) for their proposed raw natural gas manufacturing plant.

Property that is used for manufacturing satisfies the requirements of §313.024(b)(1).

**Board Finding Number 2.**

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

In support of Finding 2, the economic impact evaluation Attachment B states:

This represents the Comptroller's determination that Lone Star NGL Asset Holdings II, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and

employment of direct and indirect induced tax effects directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$106,000	\$106,000	\$0	\$0
	2016	\$1,007,000	\$1,113,000	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$318,000	\$1,431,000	\$2,703,000	\$2,703,000
	2018	\$318,000	\$1,749,000	\$2,582,160	\$5,285,160
	2019	\$318,000	\$2,067,000	\$2,461,320	\$7,746,480
	2020	\$318,000	\$2,385,000	\$2,340,480	\$10,086,960
	2021	\$318,000	\$2,703,000	\$2,219,640	\$12,306,600
	2022	\$318,000	\$3,021,000	\$2,098,800	\$14,405,400
	2023	\$318,000	\$3,339,000	\$1,977,960	\$16,383,360
	2024	\$318,000	\$3,657,000	\$1,857,120	\$18,240,480
	2025	\$318,000	\$3,975,000	\$1,736,280	\$19,976,760
	2026	\$318,000	\$4,293,000	\$1,615,440	\$21,592,200
<b>Maintain Viable Presence (5 Years)</b>	2027	\$1,812,600	\$6,105,600	\$0	\$21,592,200
	2028	\$1,691,760	\$7,797,360	\$0	\$21,592,200
	2029	\$1,570,920	\$9,368,280	\$0	\$21,592,200
	2030	\$1,450,080	\$10,818,360	\$0	\$21,592,200
	2031	\$1,329,240	\$12,147,600	\$0	\$21,592,200
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$1,208,400	\$13,356,000	\$0	\$21,592,200
	2033	\$1,087,560	\$14,443,560	\$0	\$21,592,200
	2034	\$966,720	\$15,410,280	\$0	\$21,592,200
	2035	\$845,880	\$16,256,160	\$0	\$21,592,200
	2036	\$845,880	\$17,102,040	\$0	\$21,592,200
	2037	\$845,880	\$17,947,920	\$0	\$21,592,200
	2038	\$845,880	\$18,793,800	\$0	\$21,592,200
	2039	\$845,880	\$19,639,680	\$0	\$21,592,200
	2040	\$845,880	\$20,485,560	\$0	\$21,592,200
	2041	\$845,880	\$21,331,440	\$0	\$21,592,200

**\$21,331,440**

is less than

**\$21,592,200**

**Analysis Summary**

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

No

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

Source: CPA, LONE STAR II Southwest, Inc.

**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.

### Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	189	198	387	\$10,395,000	\$13,530,781	\$23,925,781	\$1,319,885	-\$633,240	\$1,953,125
2016	193	213	406	\$10,638,352	\$16,705,398	\$27,343,750	\$1,487,732	-\$411,987	\$1,899,719
2017	4	39	43	\$243,352	\$5,738,093	\$5,981,445	\$373,840	\$473,022	-\$99,182
2018	4	27	31	\$243,352	\$4,395,320	\$4,638,672	\$320,435	\$465,393	-\$144,958
2019	4	21	25	\$243,352	\$3,296,687	\$3,540,039	\$267,029	\$434,875	-\$167,846
2020	4	19	23	\$243,352	\$3,174,617	\$3,417,969	\$236,511	\$389,099	-\$152,588
2021	4	19	23	\$243,352	\$2,808,406	\$3,051,758	\$190,735	\$305,176	-\$114,441
2022	4	17	21	\$243,352	\$2,320,125	\$2,563,477	\$144,958	\$236,511	-\$91,553
2023	4	21	25	\$243,352	\$2,930,476	\$3,173,828	\$137,329	\$198,364	-\$61,035
2024	4	17	21	\$243,352	\$2,564,265	\$2,807,617	\$144,958	\$129,700	\$15,258
2025	4	25	29	\$243,352	\$2,686,336	\$2,929,688	\$167,847	\$106,812	\$61,035
2026	4	25	29	\$243,352	\$2,564,265	\$2,807,617	\$167,847	\$38,147	\$129,700
2027	4	16	20	\$243,352	\$2,442,195	\$2,685,547	\$30,518	-\$15,259	\$45,777
2028	4	12	16	\$243,352	\$2,198,054	\$2,441,406	-\$15,259	-\$68,665	\$53,406
2029	4	6	10	\$243,352	\$1,465,632	\$1,708,984	-\$61,035	-\$106,812	\$45,777
2030	4	8	12	\$243,352	\$1,221,492	\$1,464,844	-\$99,182	-\$175,476	\$76,294
2031	4	(0)	4	\$243,352	\$977,351	\$1,220,703	-\$152,588	-\$213,623	\$61,035
2032	4	(0)	4	\$243,352	\$489,070	\$732,422	-\$167,847	-\$259,399	\$91,552
2033	4	2	6	\$243,352	\$733,211	\$976,563	-\$160,217	-\$358,582	\$198,365
2034	4	2	6	\$243,352	\$489,070	\$732,422	-\$205,994	-\$389,099	\$183,105
2035	4	(2)	2	\$243,352	\$244,929	\$488,281	-\$236,511	-\$419,617	\$183,106
2036	4	(0)	4	\$243,352	-\$243,352	\$0	-\$289,917	-\$511,169	\$221,252
2037	4	(4)	0	\$243,352	-\$487,493	-\$244,141	-\$320,435	-\$564,575	\$244,140
2038	4	(6)	-2	\$243,352	-\$975,774	-\$732,422	-\$289,917	-\$595,093	\$305,176
2039	4	(4)	0	\$243,352	-\$487,493	-\$244,141	-\$305,176	-\$640,869	\$335,693
2040	4	(4)	0	\$243,352	-\$731,633	-\$488,281	-\$335,693	-\$717,163	\$381,470
2041	4	(0)	4	\$243,352	-\$1,219,915	-\$976,563	-\$366,211	-\$778,198	\$411,987
<b>Total</b>							<b>\$1,983,642</b>	<b>-\$4,081,727</b>	<b>\$6,065,369</b>

**\$27,396,809** is greater than **\$21,592,200**

**Analysis Summary**

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

Yes

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

**Board Finding Number 3.**

**The limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.**

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

The Comptroller determines that the limitation on appraised value is a determining factor in the Lone Star NGL Asset Holdings II, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the application, "Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located."
- Per the company, capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation.
- The applicant provided an economic analysis of this project with value limitations and also without, which showed the benefit of the property tax limitation.

**Board Finding Number 4.**

**The Board finds that the Application Fee received for the Application for which these Findings are being made was reasonable and only in such an amount as was necessary to cover the District's costs of processing such Application.**

**Board Finding Number 5.**

**Based upon the information provided in the Application and in the Comptroller's Certificate package, the Board finds that that the number of jobs to be created and the wages to be paid comply with the requirements of statute. And, the Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with**

**Comptroller's Form 50-286, contains all required provisions and information related to the required job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of said Agreement.**

The Applicant has committed to creating four (4) new qualifying jobs. The average salary level of qualifying jobs will be at least \$59,785 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 county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

**Board Finding Number 6.**

**Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.**

**Board Finding Number 7.**

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

For any non-qualifying job the Applicant creates, the Applicant must pay at least the county average wage for all jobs in the county.

**Board Finding Number 8.**

**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 \$285 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year, with the project value expected to depreciate over the course of the agreement. The project remains fully taxable for debt services taxes, with the District levying a \$0.2698 per \$100 I&S rate. Under the estimates presented in the school finance analysis, the taxpayers of BHISD should see long-term benefit from the Lone Star project in meeting the District's future service needs even with the expected depreciation of the project's taxable value.

**Board Finding Number 9.**

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

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

**Board Finding Number 10.**

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

**Board Finding Number 11.**

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

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

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code § 37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

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

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

**Board Finding Number 12.**

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2013 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for the District is \$4.1 billion. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its population characteristics. Given that the value of industrial property in the District 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 13.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement.**

**Board Finding Number 14.**

**The Applicant (Taxpayer Id. 32044534082) is eligible for the limitation on appraised value of qualified property as specified in the Agreement as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer Id. 32044534082), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess the eligibility of any business to which an agreement is transferred, to wit: the requirement that all assignments are amendments to the provision forth in Section 10.4 of said Agreement.

**Board Finding Number 15.**

**The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant in ensuring that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.**

**Board Finding Number 16.**

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss primarily in the first year 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 17.**

**The Board finds that the methodology and processes for determining Applicant's revenue protection payments as are set forth in Article IV of the Chapter 313 Tax Limitation Agreement (Attachment G) comply with Texas Tax Code, Chapter 313.**

**Board Finding Number 18.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.**

**Board Finding Number 19.**

**The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, is in the form of the template Texas Economic Development Act adopted by the Comptroller. Should a new template be adopted that corrects the broken cross references, clarifies wording and grammatical errors, and corrects contractual ambiguities not acceptable to either party, the Board finds that it would be in the District's best interest to agree to amend the Agreement.**

**Board Finding Number 20.**

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), that it has taken appropriate action to ensure that all District Trustees, have disclosed any potential conflicts of interest, and that such disclosures will be made if any

conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that with the adoption of District Policies DBD, DGA, and DH BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings. In addition, Barbers Hill ISD should ensure that disclosure occurs at the meeting at which the school board will vote on the business's application.

**Board Finding Number 21.**

**The Board finds that it has directed that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.**

**Board Finding Number 22.**

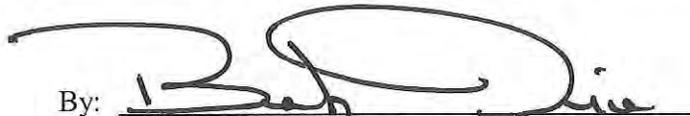
**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

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

It is further ORDERED that upon the issuance by the Comptroller's Office of a new Form 50-286 that the Board, in accordance with Comptroller rules and new form 50-286, will consider an amendment to Attachment G upon the request of Applicant or District staff.

Dated the 15<sup>th</sup> day of December 2014.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By:   
Becky Tice, President, Board of Trustees

ATTEST:

By:   
Cynthia Erwin, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 12, 2014

President and Members  
Board of Trustees  
Barbers Hill Independent School District  
9600 Eagle Drive  
Mont Belvieu, Texas 77580

*Re: Recommendations and Findings of the firm Concerning Application of Lone Star II for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Barbers Hill Independent School District, with respect to the pending Application of Lone Star for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

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

Sincerely,

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE

AUSTIN, TEXAS 78701

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

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

**JUSTIN DEMERATH**

December 12, 2014

President and Members  
Of the Board of Trustees  
Barbers Hill Independent School District  
9600 Eagle Drive  
Mont Belvieu, Texas 77580

*Re: Recommendations and Findings of the Firm Concerning Application of Lone Star II for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Barbers Hill Independent School District, with respect to the pending Application of Lone Star for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Lone Star II. 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 Barbers Hill ISD  
December 10, 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 Lone Star for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written over a light blue horizontal line.

Kevin O'Hanlon  
For the Firm

Attachment A

Application

**O'HANLON, MCCOLLOM & DEMERATH**  
ATTORNEYS AND COUNSELORS AT LAW

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

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



Kevin O'Hanlon  
School District Consultant

Cc: Chambers County Appraisal District  
Lone Star NGL Asset Holdings II, LLC  
Barbers Hill Independent School District

June 27, 2014

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

RE: Application to the Barbers Hill Independent School District from Lone Star NGL  
Asset Holdings II, LLC  
(First Qualifying Year 2015; First Year of Value Limitation 2017)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Barbers Hill Independent School District is notifying Lone Star NGL Asset Holdings II, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant has used the form of the application posted on the Comptroller's Texas Ahead website. The company has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in the first full tax year after commercial operations, i.e., 2017.

The Applicant submitted the Application to the school district on June 23, 2014. The Board voted to accept the application on June 23, 2014. The application has been determined complete as of June 24, 2014. Please prepare the economic impact report.

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

Sincerely,

**TAB 01**

**Application**

June 23, 2014

Barbers Hill ISD  
Dr. Greg Poole  
PO BOX 1108  
Mont Belvieu, TX 77580

Re: Application for Section 313 - Value Limitation Agreement

Dear Dr. Greg Poole:

Lone Star NGL Asset Holdings II, LLC is considering plans to build a fractionation facility inside Barbers Hill ISD, which will allow us the ability to process raw natural gas into useable products. The estimated investment for this project is \$308,000,000.

The positive economic impact stretches beyond the investment by providing hundreds of jobs during the construction phase, and at least 4 full time local jobs once construction is complete.

Lone Star NGL Asset Holdings II, LLC is committed to the growth and welfare of the community. We believe our investment in Mont Belvieu affirms our dedication to maintaining a considerable presence in the area.

Attached is our application for property the tax limitation. We respectfully request this 10 year limitation under The Appraised Value Limitation on Qualified Property (Chapter 313 of the Texas Tax Code).

Please feel free to contact me if you have any questions. I can be reached via telephone 469-298-1594 or by email [mfray@keatax.com](mailto:mfray@keatax.com).

Sincerely,



Mike Fry  
Senior Property Tax Consultant

Enclosures



**Economic Development and Analysis**  
**Form 50-296-A**

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

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

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

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

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

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

The school board must approve or disapprove the application before the 15th day after the application review start date (the date the application is finally determined to be complete). If the school board does not act within the 15-day period, the Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/). There are links on this Web page to Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

**SECTION 1: School District Information**

**1. Authorized School District Representative**

Date Application Received by District \_\_\_\_\_

Becky \_\_\_\_\_  
First Name Last Name

Assistant Superintendent of Finance

Barbers Hill Independent School District

School District Name

9600 Eagle Drive  
Street Address

P. O. Box 1108  
Mailing Address

Mont Belvieu  
City

281-576-2221  
Phone Number

Texas  
State

281-576-5879  
Fax Number

BMcManus@bhisd.net  
Email Address

77580-1108  
ZIP

McManus  
Last Name

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

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

For more information, visit [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/)

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

**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

Kevin \_\_\_\_\_  
First Name Last Name

O'Hanlon  
Last Name

Attorney

O'Hanlon, McCollom & Damerath, PC  
Firm Name

512-494-9949  
Phone Number

512-494-9919  
Fax Number

kohanlon@808west.com  
Email Address

Mobile Number (optional) \_\_\_\_\_

4. On what date did the district determine this application complete? ..... Yes  No

5. Has the district determined that the electronic copy and hard copy are identical? ..... Yes  No

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

Mark \_\_\_\_\_  
First Name Last Name

Apostle  
Last Name

Assistant Controller  
Title

Energy Transfer Partners, L.P.  
Organization

800 E. Sonterra Blvd., Suite 400  
Street Address

800 E. Sonterra Blvd., Suite 400  
Mailing Address

San Antonio  
City

210-572-0456  
Phone Number

210-403-6664  
Fax Number

Texas  
State

78258-3941  
ZIP

mark.apostle@energytransfer.com  
Business Email Address

Mobile Number (optional) \_\_\_\_\_

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

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

**2. Authorized Company Representative (Applicant)**

Megan \_\_\_\_\_  
First Name Last Name

Property Tax Manager  
Title

Energy Transfer Partners, L.P.  
Organization

800 E. Sonterra Blvd., Suite 400  
Street Address

800 E. Sonterra Blvd., Suite 400  
Mailing Address

San Antonio  
City

210-572-0457  
Phone Number

210-403-6664  
Fax Number

Texas  
State

78258-3941  
ZIP

megan.mckavanagh@energytransfer.com  
Business Email Address

Mobile Number (optional) \_\_\_\_\_

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

For more information, visit [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/)

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Application for Appraised Value Limitation on Qualified Property

SECTION 2: Applicant Information (Continued)

4. Authorized Company Consultant (If Applicable)

Mike Fry  
 First Name Last Name  
 Authorized Agent  
 Title  
 K.E. Andrews 1900 Dalrock Road; Rowlett, Texas 75088  
 Firm Name  
 469-298-1594 469-298-1619  
 Phone Number Fax Number  
 mfy@keatfx.com  
 Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district?  Yes  No  
 The total fee shall be paid at time of application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.  
 1a. If yes, attach in "Tab 2" proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.  
 2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(7)?  Yes  No  N/A  
 3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(7)?  Yes  No  N/A

SECTION 4: Business-Applicant Information

1. What is the legal name of the applicant under which this application is made? Lone Star NGL Asset Holdings II LLC  
 2. List the Texas Taxpayer ID number of entity subject to Tax Code, Chapter 171 (11 digits) 32044534082  
 3. List the NAICS code 325120  
 4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 4a. If yes, please list application number, name of school district and year of agreement  
 #195, Barbers Hill ISD, 2011 - #251, Barbers Hill ISD, 2012 - #339, Barbers Hill ISD, 2013

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation  
 2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No  
 2a. If yes, attach in Tab 3 a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-186, No. 05-196, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.  
 3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No  
 4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  
 5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in Tab 9)

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

1. In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.  
 2. Check the project characteristics that apply to the proposed project:  
 Land has no existing improvements  
 Land has existing improvements (complete Section 13)  
 Expansion of existing operation on the land (complete Section 13)  
 Relocation within Texas  
 Land has existing improvements (complete Section 13)  
 Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

**SECTION 9: Projected Timeline**

- Application approval by school board ..... October 2014
- Beginning of qualifying time period ..... January 1, 2015
- First year of limitation ..... January 1, 2017
- Begin hiring new employees ..... May 2015
- Commencement of commercial operations ..... April 2016
- Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? .....  Yes  No

Note: Improvements made before that time may not be considered qualified property.

7. When do you anticipate the new buildings or improvements will be placed in service? ..... April 2016

**SECTION 10: The Property**

- Identify county or counties in which the proposed project will be located  
Chambers County
- Identify Central Appraisal District (CAD) that will be responsible for appraising the property  
Chambers County CAD
- 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, the portion of project within each entity and tax rates for each entity:

County	City	Water District	Other (describe)
Chambers County, 496790, 100% <small>(Name, tax rate and percent of project)</small>	Mott Belvieu, 435710, 100% <small>(Name, tax rate and percent of project)</small>	N/A	N/A
Hospital District:			
Other (describe):			

5a. If no, attach in Tab 6 additional information on the project scope and size to assist in the economic analysis.

6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §13.02(4-2)? .....  Yes  No

6a. If yes, attach in Tab 6 supporting documentation from the Office of the Governor:

**SECTION 11: Investment**

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

- At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 30,000,000.00
- What is the amount of appraised value limitation for which you are applying? ..... 30,000,000.00

Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.

- Does the qualified investment meet the requirements of Tax Code §13.02(1)? .....  Yes  No
- Attach a description of the qualified investment (See §13.02(1)). The description must include:
  - 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 §13.021 (Tab 7);
  - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (Tab 7); and
  - a detailed map of the qualified investment showing location of new buildings or new improvements with vicinity map (Tab 11).
- Do you intend to make at least the minimum qualified investment required by Tax Code §13.023 (or §13.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

**SECTION 12: Qualified Property**

- Attach a detailed description of the qualified property. (See §13.021(2)) If qualified investment describes qualified property exactly, you may skip items a, b, and c below. The description must include:
  - a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §13.021 (Tab 8);
  - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
  - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
- Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §13.021(2)(A)? .....  Yes  No
- If yes, attach complete documentation including:
  - legal description of the land (Tab 9);
  - each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 8);
  - owner (Tab 9);
  - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
  - a detailed map showing the location of the land with vicinity map (Tab 11).
- Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? .....  Yes  No
- If yes, attach the applicable supporting documentation:
  - evidence that the area qualifies as a reinvestment zone as defined by the Governor's Office (Tab 16);
  - legal description of reinvestment zone (Tab 16);
  - order, resolution or ordinance establishing the reinvestment zone (Tab 16);
  - guidelines and criteria for creating the zone (Tab 16); and
  - a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
- If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? .....

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

- In Tab 10, attach a specific and detailed description of all existing property. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
- In Tab 10, attach a specific and detailed description of all proposed new property that will not become new improvements as defined by Tax Code §13.021. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property, or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
- For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
  - maps and/or detailed site plan;
  - surveys;
  - appraisal district values and parcel numbers;
  - inventory lists;
  - existing and proposed property lists;
  - model and serial numbers of existing property; or
  - other information of sufficient detail and description.
- Total estimated market value of existing property (that property described in response to question 1): ..... \$ 0.00
- In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
- Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): ..... \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of §13.021(1). Such property cannot become qualified property on Schedule B.

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

**SECTION 13: Wage and Employment Information**

- What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date. (date your application is finally determined to be complete)? ..... 0
- What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2014 (year)
- What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
 Note: For job definitions see TAC §8.1051 and Tax Code §313.021(3).
- What is the number of new qualifying jobs you are committing to create? ..... 4
- What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
- Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes     No  
 6a. If yes, attach evidence in Tab 12 documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
- Attach in Tab 13 the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).  
 a. Average weekly wage for all jobs (all industries) in the county is ..... 1,085.00  
 b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 1,766.88  
 c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,170.17
- Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
- What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 80,848.70
- What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 80,848.70
- Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
- Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.024(d-2)? .....  Yes     No
- 12a. If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to §313.021(3)(F).  
 Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes     No
- 12b. If yes, attach in Tab 6 supporting documentation including a list of qualifying jobs in the other school districts(s).

**SECTION 15: Economic Impact**

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

**SECTION 16: Authorized Signature and Applicant Certification**

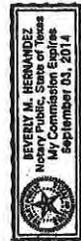
After the applicant and addressee are complete, an authorized representative from the school district and the business must sign and complete the authorization page. Attach the completed authorization page in Tab 17. NOTE: If you signed your application, you will need to obtain their signature and reattach this page, Section 16, with the amendment request.

- Authorized School District Representative Signature  
 I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 27 of the Texas Penal Code.

Print Name: Dr. Greg Poole Title: Superintendent  
 Signature: *[Signature]* Date: 6/24/2014

- Authorized Company Representative (Applicant) Signature and Notarization  
 I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 27 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.  
 I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no subsequent issues are owed to the State of Texas.

Print Name: Mark Apostole Title: Divisional Controller  
 Signature: *[Signature]* Date: 6/17/14



Print Name: Beverly M. Hernandez Title: Notary Public in and for the State of Texas  
 Signature: *[Signature]* Date: 17 day of June 2014  
 My Commission expires: 9.3.2014

IF you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.01.

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

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

Texas Franchise Tax Extension Affiliate List

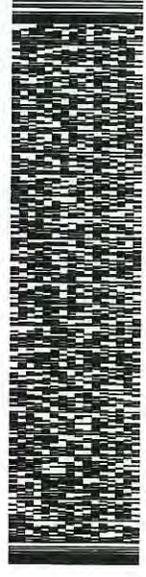
LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FE number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. ENERGY TRANSFER EQUITY, LP	13001088205	<input type="checkbox"/>
2. ENERGY TRANSFER PARTNERS, LLC	32009602965	<input type="checkbox"/>
3. ENERGY TRANSFER PARTNERS GP, LP	32035928947	<input type="checkbox"/>
4. ENERGY TRANSFER PARTNERS, LP	17314939061	<input type="checkbox"/>
5. ETE GP ACQUIRER LLC	272663248	<input type="checkbox"/>
6. ETE SERVICES COMPANY LLC	273230732	<input checked="" type="checkbox"/>
7. ETE SIGMA HOLDCO, LLC	461111404	<input checked="" type="checkbox"/>
8. REGENCY GP LLC	32018740400	<input type="checkbox"/>
9. REGENCY EMPLOYEES NGMT. HOLDINGS LLC	263818780	<input checked="" type="checkbox"/>
10. REGENCY EMPLOYEES MANAGEMENT LLC	32038474832	<input type="checkbox"/>
11. ETP HOLDCO CORPORATION	383880445	<input checked="" type="checkbox"/>
12. ENERGY TRANSFER EMPLOYEE NGMT COMPANY	32048668597	<input type="checkbox"/>
13. HERITAGE HOLDINGS INC	17313421426	<input checked="" type="checkbox"/>
14. ETE HOLDCO CORPORATION	461476872	<input checked="" type="checkbox"/>
15. SDNOCO PARTNERS LLC	12330968384	<input type="checkbox"/>
16. HERITAGE ETC GP, LLC	262124572	<input checked="" type="checkbox"/>
17. CITRUS ETP FINANCE, LLC	000000000	<input checked="" type="checkbox"/>
18. ETC INTRASTATE PROCUREMENT CO., LLC	32040816962	<input type="checkbox"/>
19. ETC LION PIPELINE LLC	000000000	<input checked="" type="checkbox"/>
20. ENERGY TRANSFER DUTCH HOLDINGS, LLC	000000000	<input checked="" type="checkbox"/>
21. J.A. GP, LLC	32008328398	<input type="checkbox"/>

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TAB 03

Documentation of Combined Group Membership

3W5284-2.000  
TX2014 05-165  
Ver. 5.0 (Rev. 5-11-13)

Texas Franchise Tax Extension Affiliate List

Reporting entity taxpayer number  
10505324730

Report year  
2014

Reporting entity taxpayer name  
ETC MARKETING, LTD.

Tcode 13298

Reporting entity taxpayer number  
10505324730

Report year  
2014

Reporting entity taxpayer name  
ETC MARKETING, LTD.

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FBI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE Nexus IN TEXAS
1. LA GRANGE ACQUISITION, LP	12700301844	<input type="checkbox"/>
2. FIVE DANCO, LLC	17526696723	<input type="checkbox"/>
3. ETE COMMON HOLDINGS MEMBER, LLC	452638935	<input checked="" type="checkbox"/>
4. ETE COMMON HOLDINGS, LLC	452641009	<input checked="" type="checkbox"/>
5. ETEC, LLC	30119878707	<input type="checkbox"/>
6. TEXAS ENERGY TRANSFER COMPANY, LTD	17527147759	<input type="checkbox"/>
7. I.G. PL, LLC	32008328323	<input type="checkbox"/>
8. I.G.M., LLC	32008328273	<input type="checkbox"/>
9. ENERGY TRANSFER FUEL, LP	12010879950	<input type="checkbox"/>
10. ENERGY TRANSFER FUEL GP, LLC	12010879372	<input type="checkbox"/>
11. ET COMPANY I, LTD	32036355710	<input type="checkbox"/>
12. CHALKLEY GATHERING COMPANY, LLC	32036317132	<input type="checkbox"/>
13. WHISKEY BAY GATHERING COMPANY, LLC	17527494011	<input type="checkbox"/>
14. WHISKEY BAY GNS COMPANY, LTD	32036293242	<input type="checkbox"/>
15. ETC TEXAS PIPELINE, LTD	10505324664	<input type="checkbox"/>
16. ETC KATY PIPELINE, LTD	12005806695	<input type="checkbox"/>
17. ETC NEW MEXICO PIPELINE, LP	208345958	<input checked="" type="checkbox"/>
18. TEXAS ENERGY TRANSFER POWER, LLC	32039219558	<input type="checkbox"/>
19. ENERGY TRANSFER RETAIL POWER, LLC	32037649350	<input type="checkbox"/>
20. ETC HYDROCARBONS, LLC	32043825002	<input type="checkbox"/>
21. ETC GATHERING, LLC	32042275977	<input type="checkbox"/>

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LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FBI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE Nexus IN TEXAS
1. ETC NGL TRANSPORT, LLC	32043050544	<input type="checkbox"/>
2. ETC NGL MARKETING, LLC	32045171223	<input type="checkbox"/>
3. RICH EAGLEFORD MAINEINE, LLC	32045737890	<input type="checkbox"/>
4. ETC NORTHEAST PIPELINE, LLC	262863396	<input checked="" type="checkbox"/>
5. ETC WATER SOLUTIONS, LLC	271023172	<input checked="" type="checkbox"/>
6. ETC ENDURE ENERGY LLC	32039110427	<input type="checkbox"/>
7. ETC PROLIANCE ENERGY, LLC	463009946	<input checked="" type="checkbox"/>
8. ETC OASIS GP, LLC	32008328356	<input type="checkbox"/>
9. OASIS PIPE LINE, LP	32035638421	<input type="checkbox"/>
10. OASIS PIPE LINE COMPANY	741697911	<input checked="" type="checkbox"/>
11. OASIS PIPE LINE FINANCE COMPANY	17602901427	<input type="checkbox"/>
12. OASIS PARTNER COMPANY	742805537	<input checked="" type="checkbox"/>
13. OASIS PIPE LINE MANAGEMENT COMPANY	17605227754	<input type="checkbox"/>
14. OASIS PIPE LINE COMPANY TEXAS, LP	17605226418	<input type="checkbox"/>
15. HPL HOLDINGS GP, LLC	202218475	<input checked="" type="checkbox"/>
16. HPL HOUSTON PIPE LINE COMPANY, LLC	17109357339	<input type="checkbox"/>
17. HPL GP, LLC	32003574913	<input type="checkbox"/>
18. HPL STORAGE GP, LLC	32016552815	<input type="checkbox"/>
19. HPL ASSET HOLDINGS, LP	17317253676	<input type="checkbox"/>
20. HPL LEASECO, LP	32035468332	<input type="checkbox"/>
21. HOUSTON PIPE LINE COMPANY, LP	15223344779	<input type="checkbox"/>

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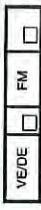
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LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. ETC M A ACQUISITION LLC	300794569	<input checked="" type="checkbox"/>
2. LONE STAR NGL LLC	32043877136	<input type="checkbox"/>
3. LONE STAR NGL ASSET HOLDINGS LLC	32048292661	<input type="checkbox"/>
4. LONE STAR NGL ASSET HOLDINGS II LLC	32044534082	<input type="checkbox"/>
5. LONE STAR NGL ASSET GP LLC	32040707575	<input type="checkbox"/>
6. LONE STAR NGL DEVELOPMENT LP	12025792255	<input type="checkbox"/>
7. LONE STAR NGL PIPELINE LP	12004642067	<input type="checkbox"/>
8. LONE STAR NGL PRODUCT SERVICES LLC	32040502554	<input type="checkbox"/>
9. LONE STAR NGL HATTIESBURG LLC	200784022	<input checked="" type="checkbox"/>
10. LONE STAR NGL MONT BELVIEU GP LLC	32010287475	<input type="checkbox"/>
11. LONE STAR NGL MONT BELVIEU LP	15508151311	<input type="checkbox"/>
12. LONE STAR NGL HASTINGS LLC	32028042987	<input type="checkbox"/>
13. LONE STAR NGL REFINERY SERVICES LLC	32027489684	<input type="checkbox"/>
14. LONE STAR NGL SEA ROBIN LLC	12001184220	<input checked="" type="checkbox"/>
15. LONE STAR NGL FRACTIONATORS LLC	32044534058	<input type="checkbox"/>
16. LONE STAR NGL MARKETING LLC	19008502809	<input checked="" type="checkbox"/>
17. ETP NEWCO 1, LLC	452705110	<input checked="" type="checkbox"/>
18. ETP NEWCO 2, LLC	452705184	<input checked="" type="checkbox"/>
19. ETP NEWCO 3, LLC	452705253	<input checked="" type="checkbox"/>
20. ETP NEWCO 4, LLC	452705323	<input checked="" type="checkbox"/>
21. ETP NEWCO 5, LLC	452705382	<input checked="" type="checkbox"/>

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LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. ENERGY TRANSFER INTL. HOLDINGS, LLC	12624625161	<input type="checkbox"/>
2. ENERGY TRANSFER PERU, LLC	12624628009	<input type="checkbox"/>
3. ENERGY TRANSFER MEXICANA, LLC	12087711433	<input type="checkbox"/>
4. ETC COMPRESSION, LLC	32040668116	<input type="checkbox"/>
5. SEC ENERGY PRODUCTS & SERVICES, LP	13836859648	<input type="checkbox"/>
6. SEC-EP REALTY, LTD	13201661884	<input type="checkbox"/>
7. SEC GENERAL HOLDINGS, LLC	13836859630	<input type="checkbox"/>
8. ENERGY TRANSFER GROUP, LLC	17526185495	<input type="checkbox"/>
9. ETC ENERGY TRANSFER LLC	32042539679	<input type="checkbox"/>
10. ENERGY TRANSFER TECHNOLOGIES, LTD	32035797276	<input type="checkbox"/>
11. SEC ENERGY REALTY GP, LLC	32016638887	<input type="checkbox"/>
12. ENERGY TRANSFER INTERSTATE HOLDINGS	12084575013	<input type="checkbox"/>
13. ETC MIDCONTINENT EXPR. PIPELINE, LLC	12084815997	<input type="checkbox"/>
14. TRANSMISSION PIPELINE COMPANY, LLC	17412947958	<input type="checkbox"/>
15. ETC FAYETTEVILLE EXPR. PIPELINE, LLC	12628633435	<input type="checkbox"/>
16. ETC FAYETTEVILLE OPERATING CO., LLC	12644128402	<input type="checkbox"/>
17. ETC TIGER PIPELINE, LLC	32038207166	<input type="checkbox"/>
18. ETC INTERSTATE PROCUREMENT CO., LLC	32040285424	<input type="checkbox"/>
19. CROSSCOUNTRY ENERGY LLC	200410913	<input checked="" type="checkbox"/>
20. CROSSCOUNTRY ALASKA, LLC	000000000	<input checked="" type="checkbox"/>
21. CROSSCOUNTRY CITRUS, LLC	200273331	<input checked="" type="checkbox"/>

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LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter PEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE Nexus IN TEXAS
1. ENERGY TRANSFER CRUDE OIL CO., LLC	460990429	<input checked="" type="checkbox"/>
2. ENERGY TRANSFER LNG EXPORT, LLC	461486697	<input checked="" type="checkbox"/>
3. EASTERN GULF CRUDE ACCESS, LLC	32050835142	<input type="checkbox"/>
4. ATLANTIC PETROLEUM (OUT) LLC	233102659	<input checked="" type="checkbox"/>
5. ATLANTIC PETROLEUM CORPORATION	232360187	<input checked="" type="checkbox"/>
6. ATLANTIC PETROLEUM DELAWARE CORP.	260006720	<input checked="" type="checkbox"/>
7. ATLANTIC PIPELINE (OUT) L.P.	32035944472	<input type="checkbox"/>
8. ATLANTIC REFINING & MARKETING CORP.	232360183	<input checked="" type="checkbox"/>
9. SUNOCO, LLC	32052897033	<input type="checkbox"/>
10. EXCEL PIPELINE LLC	364664158	<input checked="" type="checkbox"/>
11. JALISCO CORPORATION	521996257	<input checked="" type="checkbox"/>
12. LESLEY CORPORATION	232269260	<input checked="" type="checkbox"/>
13. LIBRE INSURANCE COMPANY, LTD.	980390343	<input checked="" type="checkbox"/>
14. MASCOI, INC. (MA)	510414753	<input checked="" type="checkbox"/>
15. MID-CONTINENT PIPE LINE (OUT) LLC	12331026612	<input type="checkbox"/>
16. PUERTO RICO SUN OIL COMPANY LLC	986051882	<input checked="" type="checkbox"/>
17. SUN ALTERNATE ENERGY CORPORATION	232376903	<input checked="" type="checkbox"/>
18. SUN ATLANTIC REF. & MARKETING BV INC.	232817087	<input checked="" type="checkbox"/>
19. SUN ATLANTIC REFINING & MARKETING CO.	232523828	<input checked="" type="checkbox"/>
20. SUN CANADA, INC.	232321801	<input checked="" type="checkbox"/>
21. SUN COMPANY, INC.	231891622	<input checked="" type="checkbox"/>

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1. SUN COMPANY, INC.	510381984	<input checked="" type="checkbox"/>
2. SUN MEXICO ONE, INC.	232764968	<input checked="" type="checkbox"/>
3. SUN MEXICO TWO, INC.	232764967	<input checked="" type="checkbox"/>
4. SUN OIL COMPANY	12318682379	<input type="checkbox"/>
5. SUN OIL EXPORT COMPANY	231868238	<input checked="" type="checkbox"/>
6. SUN OIL INTERNATIONAL, INC.	231614311	<input checked="" type="checkbox"/>
7. SUN PETROCHEMICALS, INC.	12322759577	<input type="checkbox"/>
8. SUN PIPE LINE COMPANY	12331026539	<input type="checkbox"/>
9. SUN PIPE LINE COMPANY OF DELAWARE LLC	12053835893	<input checked="" type="checkbox"/>
10. SUN PIPE LINE DELAWARE (OUT) LLC	32026944572	<input type="checkbox"/>
11. SUN REFINING AND MARKETING COMPANY	232673653	<input checked="" type="checkbox"/>
12. SUN SERVICES CORPORATION	231983954	<input checked="" type="checkbox"/>
13. SUN TRANSPORT, LLC	330997959	<input checked="" type="checkbox"/>
14. SUN-DEL PIPELINE LLC	421707487	<input checked="" type="checkbox"/>
15. SUN-DEL SERVICES, INC.	232075538	<input checked="" type="checkbox"/>
16. SUNMARKS, LLC	232608837	<input checked="" type="checkbox"/>
17. SUNOCO LOGISTICS PARTNERS GP LLC	233102658	<input checked="" type="checkbox"/>
18. SUNOCO LOGISTICS PARTNERS L.P.	233096839	<input checked="" type="checkbox"/>
19. SUNOCO LOGISTICS PARTNERS OPER GP LLC	12331026604	<input type="checkbox"/>
20. SUNOCO LOGISTICS PARTNERS OPER. LP	233102657	<input checked="" type="checkbox"/>
21. SUNOCO OVERSEAS, INC.	231614275	<input checked="" type="checkbox"/>

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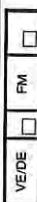
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1. SUNOCO PARTNERS BUTANE BLENDING LLC	32040440029	<input type="checkbox"/>
2. SUNOCO PARTNERS LEASE ACO. & MARKETING	12331026547	<input type="checkbox"/>
3. SUNOCO PARTNERS MARKETING & TERMINALS	12331026554	<input type="checkbox"/>
4. SUNOCO PARTNERS REAL ESTATE ACO. LLC	454863906	<input checked="" type="checkbox"/>
5. SUNOCO PIPELINE ACQUISITION LLC	205036643	<input checked="" type="checkbox"/>
6. SUNOCO PIPELINE L.P.	12331026562	<input type="checkbox"/>
7. SUNOCO POWER GENERATION LLC	593776575	<input checked="" type="checkbox"/>
8. SUNOCO POWER MARKETING, LLC	12328740514	<input checked="" type="checkbox"/>
9. SUNOCO RECEIVABLES CORPORATION, INC.	233078207	<input checked="" type="checkbox"/>
10. SUNOCO, INC.	231743282	<input checked="" type="checkbox"/>
11. SUNOCO, INC. (REX)	12317432834	<input checked="" type="checkbox"/>
12. SUPERFUND MANAGEMENT OPERATIONS LLC	464218026	<input checked="" type="checkbox"/>
13. THE NEW CLAYMONT INVESTMENT COMPANY	364721891	<input checked="" type="checkbox"/>
14. SOUTHERN UNION COMPANY	17505715924	<input type="checkbox"/>
15. SUGAIR AVIATION COMPANY	30118251286	<input checked="" type="checkbox"/>
16. P.E.C.-S.O.C. MASSACHUSETTS ACO.	10504975375	<input checked="" type="checkbox"/>
17. SOUTHERN UNION GAS COMPANY	30002759097	<input type="checkbox"/>
18. SOUTHERN UNION FANHANDLE, LLC	17427719418	<input checked="" type="checkbox"/>
19. SU PIPELINE MANAGEMENT, LP	32038446053	<input checked="" type="checkbox"/>
20. ENHANCED SERVICE SYSTEMS, INC.	15104010036	<input checked="" type="checkbox"/>
21. ENERGY TRANSFER DATA CENTER, LLC	32045827378	<input type="checkbox"/>

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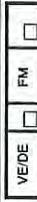
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1. PEI POWER CORPORATION	12322935785	<input checked="" type="checkbox"/>
2. CCE ACQUISITION LLC	32038446061	<input checked="" type="checkbox"/>
3. FANHANDLE EASTERN PIPE LINE CO., LP	14403824700	<input type="checkbox"/>
4. PAN GAS STORAGE, LLC	14311734488	<input type="checkbox"/>
5. FANHANDLE ENERGY LNG SERVICES, LLC	12048999408	<input type="checkbox"/>
6. FANHANDLE STORAGE, LLC	17603185608	<input checked="" type="checkbox"/>
7. FANHANDLE HOLDINGS, LLC	32004413939	<input type="checkbox"/>
8. TRUNKLINE GAS COMPANY, LLC	17411038841	<input type="checkbox"/>
9. TRUNKLINE DEEPWATER PIPELINE, LLC	16305715936	<input checked="" type="checkbox"/>
10. TRUNKLINE OFFSHORE PIPELINE, LLC	16310345893	<input checked="" type="checkbox"/>
11. SEA ROBIN PIPELINE COMPANY, LLC	17206544011	<input checked="" type="checkbox"/>
12. TRUNKLINE LNG COMPANY, LLC	17417689613	<input type="checkbox"/>
13. TRUNKLINE FIELD SERVICES, LLC	17605961907	<input checked="" type="checkbox"/>
14. CCE HOLDINGS, LLC	12012750506	<input checked="" type="checkbox"/>
15. NEW ENGLAND GAS APPLIANCE COMPANY	10460444598	<input checked="" type="checkbox"/>
16. RGP WESTEX G&P I LTD	17524680936	<input type="checkbox"/>
17. LEAPARTNERS, LP	17523243248	<input type="checkbox"/>
18. WEST TEXAS GATHERING COMPANY	17509760942	<input type="checkbox"/>
19. RGP WESTEX GATHERING INC.	17524001447	<input type="checkbox"/>
20. MI VIDA GENPAR, LLC	17528264686	<input type="checkbox"/>
21. RGP WESTEX G&P II LTD	32036219262	<input type="checkbox"/>

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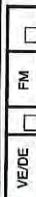
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1. RGD WEST LLC	12000684733	<input type="checkbox"/>
2. SU GAS SERVICES OPERATING CO., INC.	17429588449	<input type="checkbox"/>
3. RGP MARKETING LLC	32033247514	<input type="checkbox"/>
4. RGP HOLDCO II LLC	13202056050	<input checked="" type="checkbox"/>
5. RGP HOLDCO I LLC	17515185316	<input checked="" type="checkbox"/>
6. TRUNKLINE LNG EXPORT, LLC	32050904450	<input type="checkbox"/>
7. LAKE CHARLES LNG EXPORTS, LLC	462057292	<input checked="" type="checkbox"/>
8. SU HOLDING COMPANY, INC	17429395225	<input checked="" type="checkbox"/>
9. FG ENERGY, INC	240717235	<input checked="" type="checkbox"/>
10. PEEL HOLDINGS, LLC	453343570	<input checked="" type="checkbox"/>
11. SUGS HOLDINGS, LLC	000000000	<input checked="" type="checkbox"/>
12. SUCO LLC	000000000	<input checked="" type="checkbox"/>
13. SUCO LP	000000000	<input checked="" type="checkbox"/>
14. CHEMICAL MANUFACTURING OPERATIONS	464140939	<input checked="" type="checkbox"/>
15. EVERGREEN ASSURANCE, LLC	464117496	<input checked="" type="checkbox"/>
16. EVERGREEN CAPITAL HOLDINGS, LLC	320422059	<input checked="" type="checkbox"/>
17. EVERGREEN RESOURCES GROUP, LLC	464258429	<input checked="" type="checkbox"/>
18. EVERGREEN RESOURCES MGMT OPER. LLC	464248748	<input checked="" type="checkbox"/>
19. EXPLORATION & PRODUCTION OPER. LLC	464143752	<input checked="" type="checkbox"/>
20. LEGACY REFINING OPERATIONS LLC	464154132	<input checked="" type="checkbox"/>
21. MRCS RETAIL LLC	541766927	<input checked="" type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



1062

Texas Franchise Tax Extension Affiliate List

Reporting entity taxpayer number  
10505324730

Report year  
2014

Reporting entity taxpayer name  
ETC MARKETING, LTD.

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. MARCUS HOOK REFINERY OPERATIONS	464166587	<input checked="" type="checkbox"/>
2. MINING OPERATIONS	464173410	<input checked="" type="checkbox"/>
3. PHILADELPHIA REFINERY OPERATIONS LLC	464184955	<input checked="" type="checkbox"/>
4. PIPELINE OPERATIONS LLC	464194944	<input checked="" type="checkbox"/>
5. REAL PROPERTY OPERATIONS LLC	464203578	<input checked="" type="checkbox"/>
6. RETAIL/SERVICE STATION OPERATIONS LLC	464207229	<input checked="" type="checkbox"/>
7. TERMINAL OPERATIONS LLC	464229079	<input checked="" type="checkbox"/>
8. TEL MANAGEMENT OPERATIONS LLC	464240127	<input checked="" type="checkbox"/>
9. TRUNKLINE LNG HOLDINGS LLC	17606992869	<input type="checkbox"/>
10. HSC ACQUIPER LLC	32052720839	<input type="checkbox"/>
11. WESTEX ENERGY LLC	32050370629	<input type="checkbox"/>
12. SOUTHSIDE OIL, LLC	541904070	<input checked="" type="checkbox"/>
13. MID ATLANTIC CONVENIENCE STORES, LLC	272681601	<input checked="" type="checkbox"/>
14.		<input type="checkbox"/>
15.		<input type="checkbox"/>
16.		<input type="checkbox"/>
17.		<input type="checkbox"/>
18.		<input type="checkbox"/>
19.		<input type="checkbox"/>
20.		<input type="checkbox"/>
21.		<input type="checkbox"/>

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1062



**Lone Star NGL II, LLC**  
**Project Description**

**Proposed Project Description**

Lone Star NGL Asset Holdings II, LLC proposes to build a new NGL fractionator in Mont Belvieu, Texas.

**NGL Fractionation**

NGL fractionation is the process of manufacturing raw NGL mix produced by natural gas processing plants into discrete NGL purity components (i.e., ethane, propane, normal butane, iso-butane, and natural gasoline).

**Fractionation Process**

The fractionation process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture. The raw NGL mixture is passed through a specific series of distillation towers: deethanizer, depropanizer, debutanizer, and deisobutanizer. The name of each of these towers corresponds to the NGL component that is separated in that tower. The raw NGL mixture first passes through the deethanizer, where its temperature is increased to the point where ethane (the lightest component) boils off the top of the tower as a gas and is condensed into a purity liquid that is routed to storage. The heavier components in the mixture at the bottom of the tower (i.e., propane, butane, iso butane, and natural gasoline) are routed to the second tower (depropanizer), where the process is repeated and the net lightest component (propane) is separated. This process is repeated until the mixture of liquids has been separated into its purity components. This facility will also be built with the necessary equipment to produce International Grade Propane.

**Demand for NGLs**

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven primarily by the petrochemical industry, which accounts for 40-50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- **Ethane.** Essentially all of the ethane extracted from natural gas is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world.)
- **Propane.** Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene.

(Like ethylene, propylene is an important building block used in the manufacture of plastics.) The bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.

- **Normal butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutene.
- **Isobutane.** Isobutane has the same molecular formula as normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.
- **Natural gasoline.** Natural gasoline is used primarily as a blendstock.

**List of Improvements**

**Plant Components**

- Deethanizer
- Depropanizer
- Debutanizer
- Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment

## TAB 05

### Limitation is a Determining as a Factor:

Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. See economic model showing business value with and without 313 Limitation Agreement and 312 Abatements.

### Limitation as Determining Factor





# TAB 07

## Description of Qualified Investment

### Lone Star NGL II, LLC Project Description

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#### List of Improvements

##### Plant Components

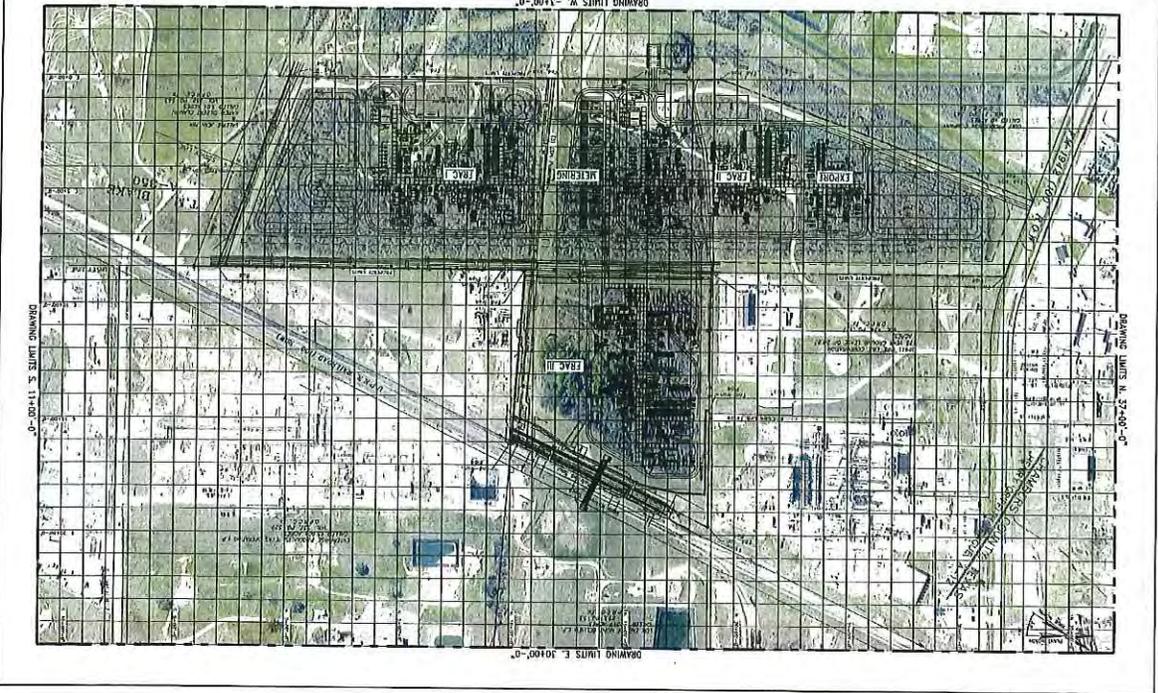
- DeEthanizer
- DePropanizer
- Debutanizer
- Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment

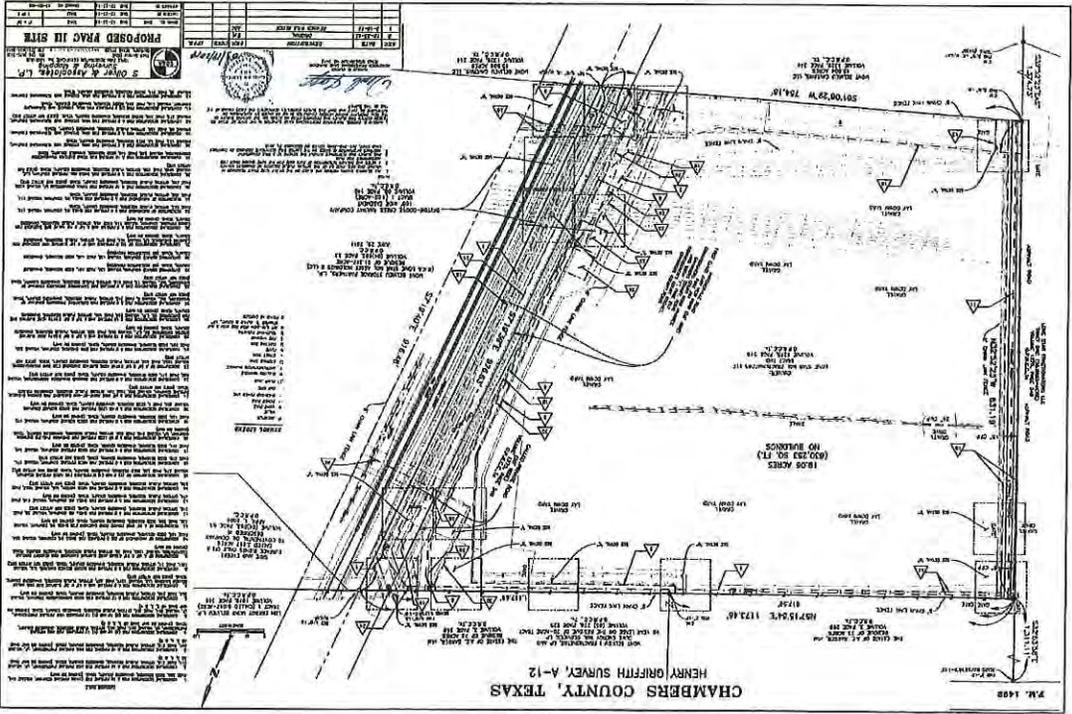
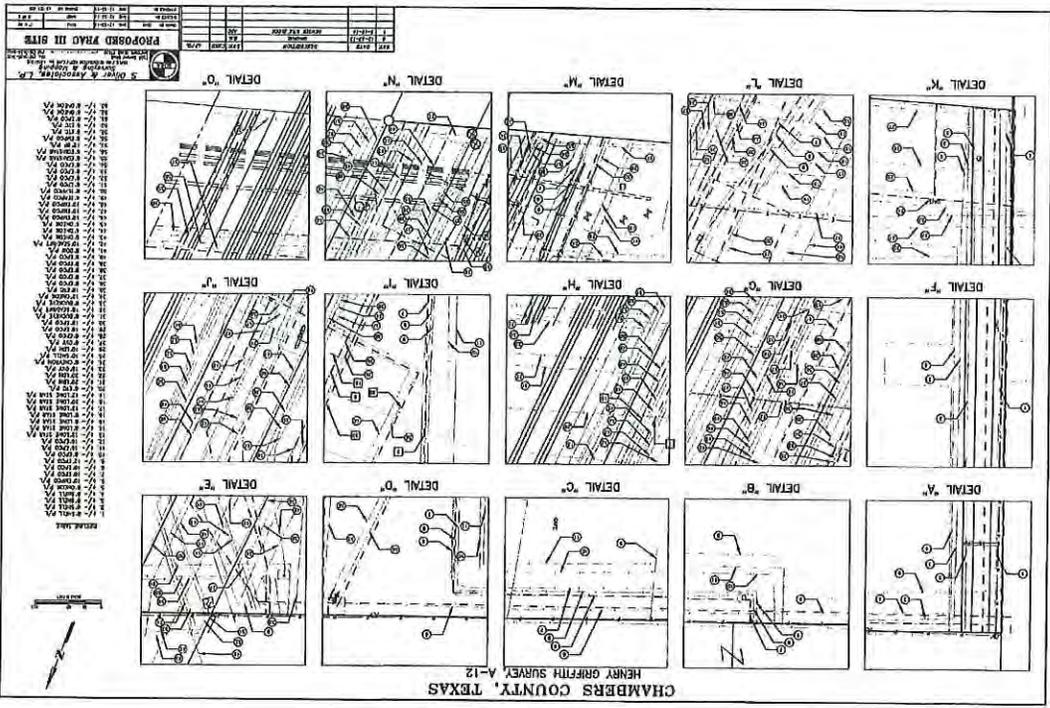


NO. 1	DATE	REVISIONS	BY	CHKD.
1	11/11/11	ISSUED FOR PERMITTING	...	...
2	11/11/11	REVISED FOR ESTIMATING	...	...
3	11/11/11	REVISED FOR ESTIMATING	...	...
4	11/11/11	REVISED FOR ESTIMATING	...	...
5	11/11/11	REVISED FOR ESTIMATING	...	...
6	11/11/11	REVISED FOR ESTIMATING	...	...
7	11/11/11	REVISED FOR ESTIMATING	...	...
8	11/11/11	REVISED FOR ESTIMATING	...	...
9	11/11/11	REVISED FOR ESTIMATING	...	...
10	11/11/11	REVISED FOR ESTIMATING	...	...

FOR ESTIMATING PURPOSES ONLY

NOTES





Lone Star NGL II, LLC  
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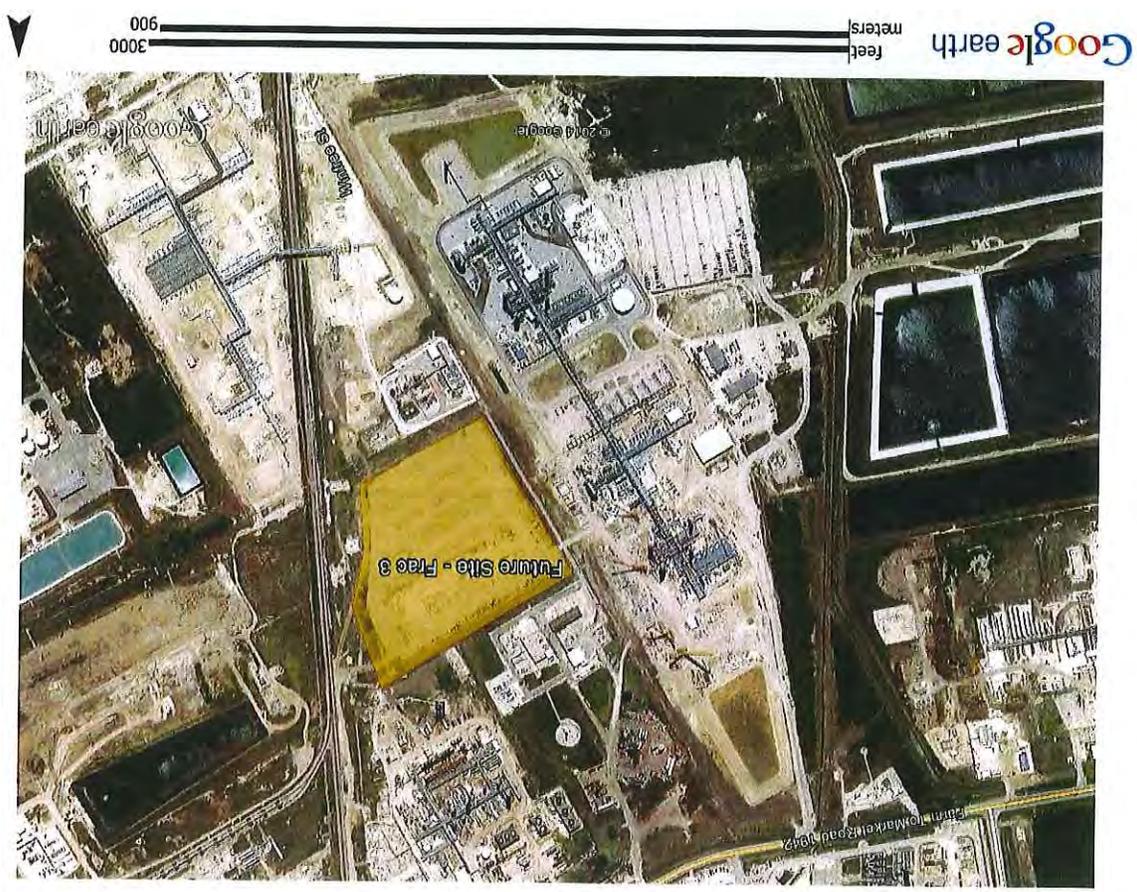
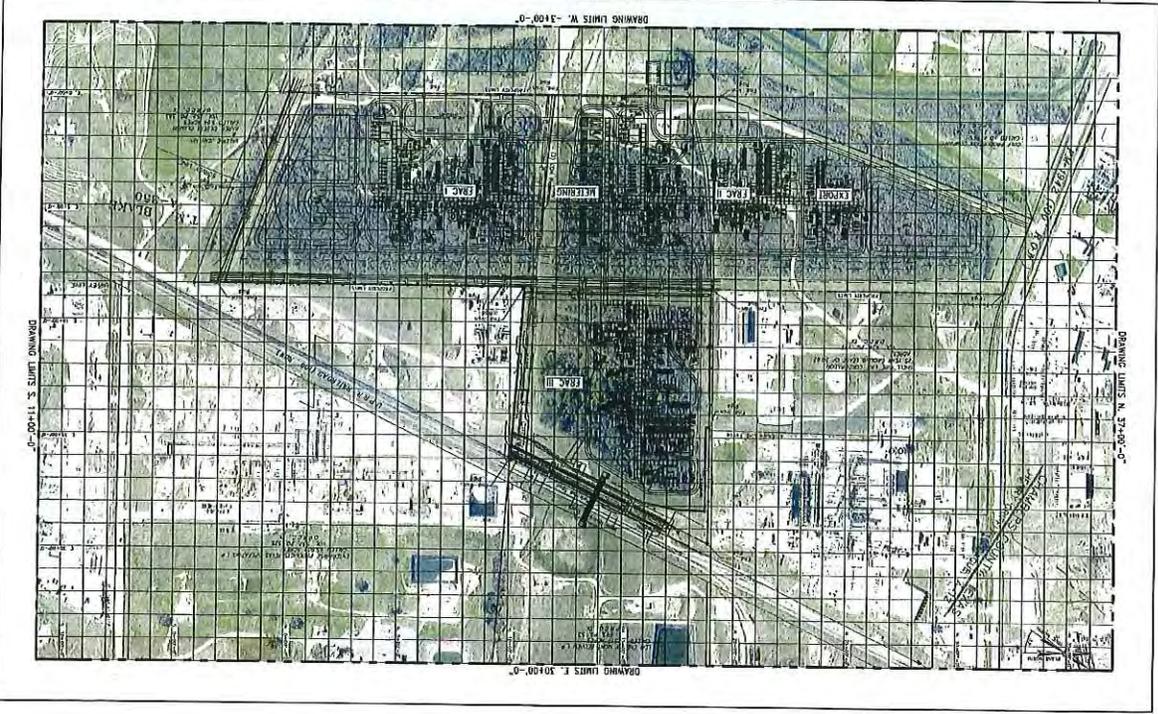
List of Improvements

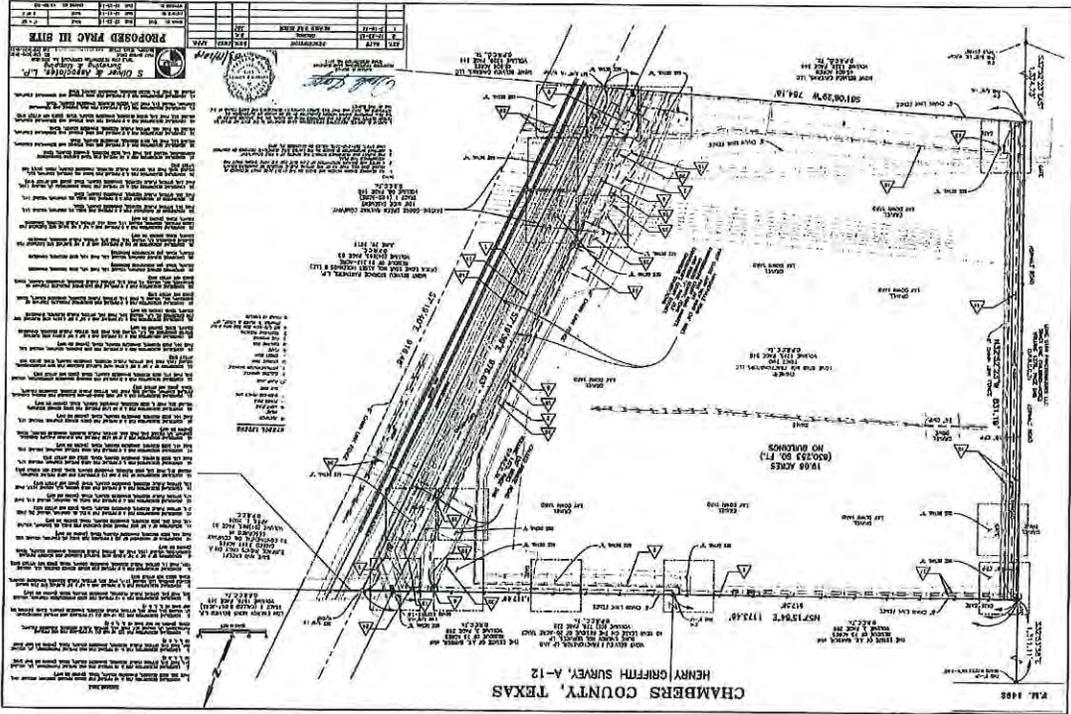
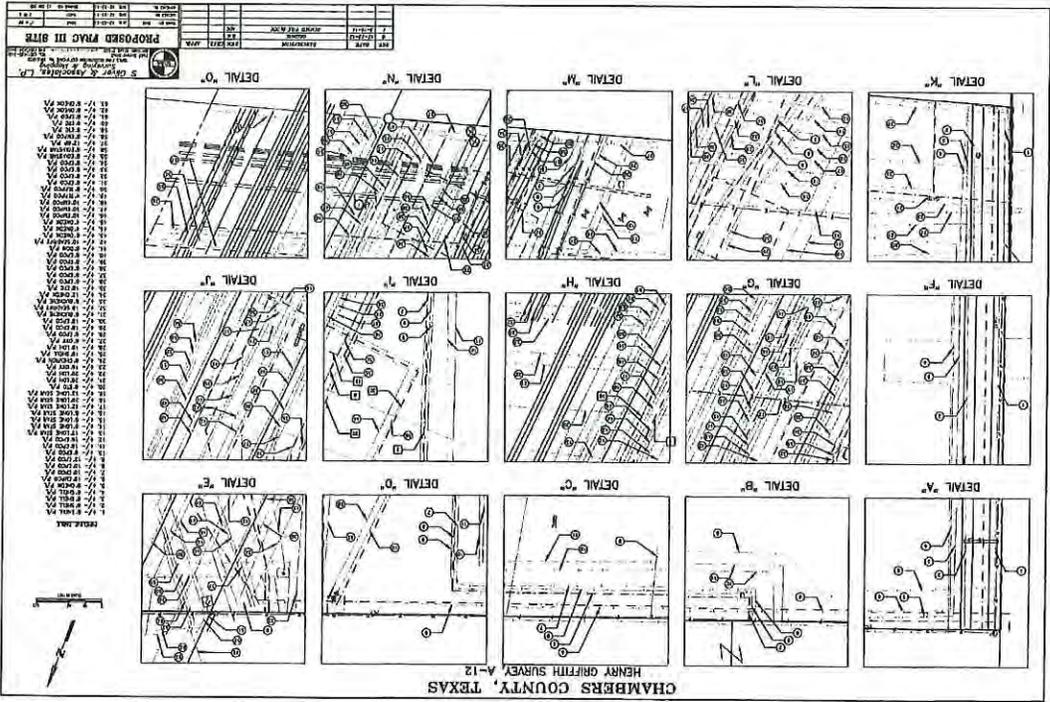
Plant Components

- DeEthanizer
- DePropanizer
- Debutanizer
- Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment



<b>FOR ESTIMATING PURPOSES ONLY</b>	
NO.	DESCRIPTION
1	AREA TO BE ESTIMATED
2	AREA TO BE EXCLUDED
3	AREA TO BE ADJUSTED
4	AREA TO BE CORRECTED
5	AREA TO BE VERIFIED
6	AREA TO BE RECHECKED
7	AREA TO BE REEVALUATED
8	AREA TO BE REANALYZED
9	AREA TO BE REDESIGNED
10	AREA TO BE RECONSTRUCTED
11	AREA TO BE REFINISHED
12	AREA TO BE REPAIRED
13	AREA TO BE REPLACED
14	AREA TO BE REMOVED
15	AREA TO BE REINSTALLED
16	AREA TO BE REINTEGRATED
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99	AREA TO BE REINTEGRATED
100	AREA TO BE REINTEGRATED





# TAB 09

## Description of Land

LGH Tract	Chambers PID #	Chambers CAD Legal
1	16241	12 TR 67-1 H GRIFFITH
2	16242	12 TR 86-1 H GRIFFITH
3	16241	12 TR 67-1 H GRIFFITH
4	N/A	N/A
5	20620	4 TR 6A-0 WM BLOODGOOD
5A	20620	4 TR 6A-0 WM BLOODGOOD
6B	29968	4 TR 6A-0-1 WM BLOODGOOD
7	16241	12 TR 67-1 H GRIFFITH
8	20620	4 TR 6A-0 WM BLOODGOOD
9	16241	12 TR 67-1 H GRIFFITH
10	20620	4 TR 6A-0 WM BLOODGOOD
11	20620	4 TR 6A-0 WM BLOODGOOD
12	20620	4 TR 6A-0 WM BLOODGOOD
13	29968	4 TR 6A-0-1 WM BLOODGOOD
14	29968	4 TR 6A-0-1 WM BLOODGOOD
15	16242	12 TR 86-1 H GRIFFITH
16	16242	12 TR 86-1 H GRIFFITH
17	29968	4 TR 6A-0-1 WM BLOODGOOD
18	29968	4 TR 6A-0-1 WM BLOODGOOD
19	29968	4 TR 6A-0-1 WM BLOODGOOD
20	29968	4 TR 6A-0-1 WM BLOODGOOD
21	20620	4 TR 6A-0 WM BLOODGOOD
22	29968	4 TR 6A-0-1 WM BLOODGOOD
23	40368	4 TR 69B-0-1 WM BLOODGOOD
24	29968	4 TR 6A-0-1 WM BLOODGOOD
25	N/A	N/A
26	35521	12 TR 103-2-1 H GRIFFITH
27	35520	12 TR 103-1-1 H GRIFFITH
28	16241	12 TR 67-1 H GRIFFITH
29	16240	12 TR 12-0 H GRIFFITH
30	16240	12 TR 12-0 H GRIFFITH
31	16240	12 TR 12-0 H GRIFFITH
32	16240	12 TR 12-0 H GRIFFITH
33	16240	12 TR 12-0 H GRIFFITH
34	16240	12 TR 12-0 H GRIFFITH
35	16240	12 TR 12-0 H GRIFFITH
36	49011	12 TR 12-0-1 H GRIFFITH
	49012	12 TR 12-0-2 H GRIFFITH
37	N/A	N/A
38	16240	12 TR 12-0 H GRIFFITH
39	40885	4 TR 56-D-2 WM BLOODGOOD
40	N/A	N/A
41	29968	4 TR 6A-0-1 WM BLOODGOOD
42	29968	4 TR 6A-0-1 WM BLOODGOOD
43	29968	4 TR 6A-0-1 WM BLOODGOOD

# TAB 10

## Description of Existing Improvements

There are no existing improvements related to the proposed project at this site.

44	16241	12 TR 67-1 H GRIFFITH
45	16241	12 TR 67-1 H GRIFFITH
46A	31391	4 TR 9-0-2 WM BLOODGOOD
46B	31390	4 TR 9-0-1 WM BLOODGOOD
47	3101	12 TR 74-5 H GRIFFITH
48	3100	24 7-1 W D SMITH
49	3099	24 6-1 W D SMITH
50	3098	24 6-0 W D SMITH
51	22676	24 6-2 W D SMITH
52	24544	24 8-1 W D SMITH
	22668	24 8-5 WM D SMITH
	20522	24 8-2 W D SMITH
	24545	24 8-4 W D SMITH
	24544	24 8-1 W D SMITH
53	49400	12 TR 12-0-6 H GRIFFITH
54	49351	24 1-2-4 W D SMITH
	9831	24 11-1 WM D SMITH
55	50539	24 1-5-1 WM D SMITH
56	50538	24 1-3-1 W D SMITH
57	508	24 9-2 W D SMITH
58	18943	12 TR 74-0 H GRIFFITH
59	17620	12 TR 91-1 H GRIFFITH
60	4729	12 TR 82-0 H GRIFFITH
61	19145	12 TR 78-0 H GRIFFITH
62	5084	4 TR 4-0 WM BLOODGOOD
63	1863	4 TR 5-0 WM BLOODGOOD
64		

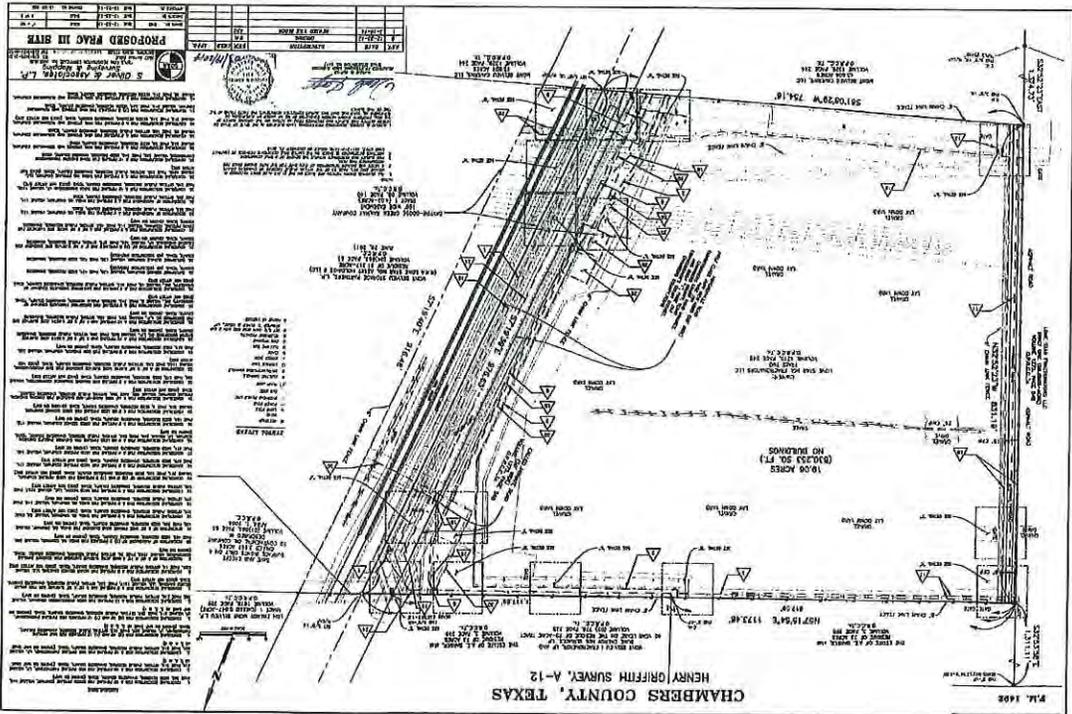
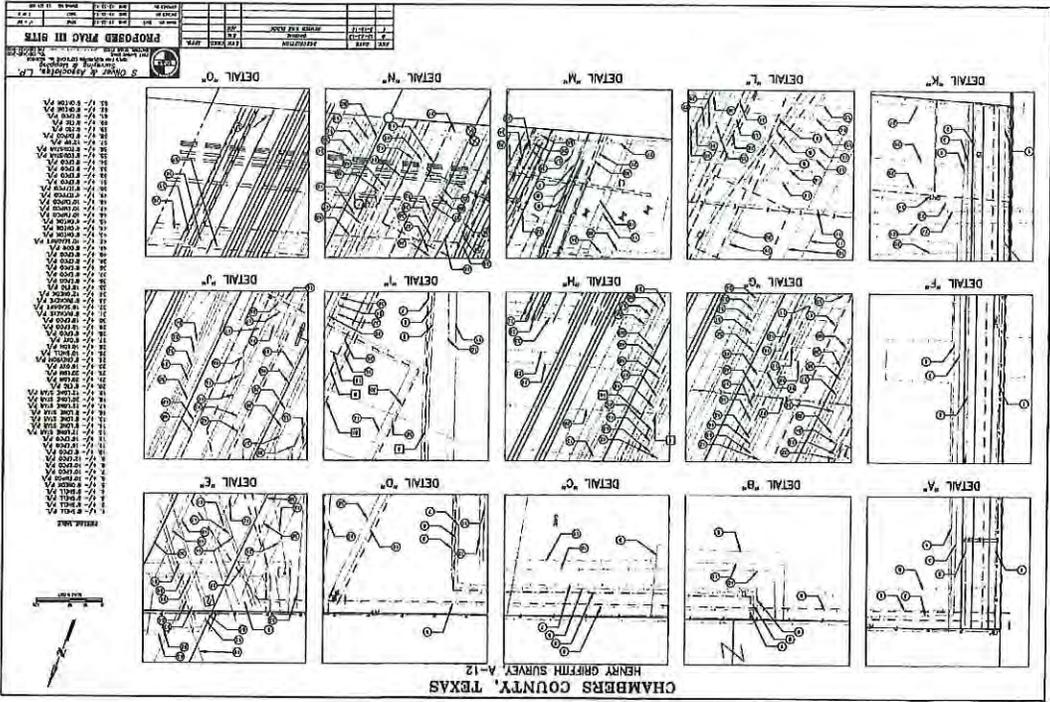
part of 48-50  
Part of 52

### Non LGH Parcels









## TAB 12

### Request for Job Waiver

#### REQUEST FOR WAIVER OF JOB CREATION REQUIREMENT

The new Mariner South Export Fractionator manufacturing facility will create four new, full-time Qualifying Jobs for operators, which is the industry standard for the number of employees reasonably necessary for the operation of the facility. Moreover, the facility will be located on the same parcel as Lone Star's two fractionator projects ("Frac I" and "Frac II"). These fractionators will create an additional 35 Qualifying Jobs, 25 for Frac I and 10 for Frac II. These positions will also be utilized to operate, maintain and support the Mariner South Export Fractionator. Thus the three projects cumulatively will create 39 new jobs, all of which are Qualifying Jobs.

A survey of other companies' fractionators, many of which are unassociated with such additional job creation and economies of scale, provides the following comparison of FTE operator positions:

Barbers Hill, Mont Belvieu	4
Barbers Hill, Mont Belvieu	4
Seminole, Mont Belvieu	5
West Texas, Mont Belvieu	5
Port Allen, Louisiana	7*
Promix, Louisiana	5
Tehome, Louisiana	8*
Norco, Louisiana	8*

\*These facilities are older and require more manpower to sustain operations. Technological advances have limited the need for full time employees as evidenced by the declining number of operators reasonably necessary for the operation of the facility.

# TAB 13

## Calculation of Wage Requirements

### Calculation of Wage Information - Based on Most Recent Data Available

#### 110% of County Average Weekly Wage for all Jobs

2013	1Q	\$ 1,055	
2013	2Q	\$ 1,059	
2013	3Q	\$ 1,069	
2013	4Q	\$ 1,155	
			\$ 4,338 /4 =
			\$1,085 average weekly salary
			x1.1 (110%)
			\$ 1,192.95

#### 110% of County Average Weekly Wage for Manufacturing Jobs in County

2013	1Q	\$ 1,532	
2013	2Q	\$ 1,725	
2013	3Q	\$ 1,436	
2013	4Q	\$ 1,732	
			\$ 6,425 /4 =
			\$1,606 average weekly salary
			x1.1 (110%)
			\$ 1,766.88

#### 110% of County Average Weekly Wage for Manufacturing Jobs in Region

	\$55,317.00	per year in Permian Basin
	<u>x1.10 (110%)</u>	
	\$60,848.70	
	\$1,170.17	Average weekly

### Quarterly Employment and Wages (QCEW)

Back

ICODE/TITLE

		Page 1 of 1 (40 results/page)										
Year	Quarter	County	ICode	Emp	Wage	ICode	Emp	Wage	ICode	Emp	Wage	
2013	1st Qtr	Chambers County	Total All	00	0	10	\$1,055	Total, All Industries	00	0	10	\$1,055
2013	2nd Qtr	Chambers County	Total All	00	0	10	\$1,059	Total, All Industries	00	0	10	\$1,059
2013	3rd Qtr	Chambers County	Total All	00	0	10	\$1,069	Total, All Industries	00	0	10	\$1,069
2013	4th Qtr	Chambers County	Total All	00	0	10	\$1,155	Total, All Industries	00	0	10	\$1,155
2013	1st Qtr	Chambers County	Manufacturing	31	2	31-33	\$1,732	Manufacturing	31	2	31-33	\$1,732
2013	2nd Qtr	Chambers County	Manufacturing	31	2	31-33	\$1,436	Manufacturing	31	2	31-33	\$1,436
2013	3rd Qtr	Chambers County	Manufacturing	31	2	31-33	\$1,725	Manufacturing	31	2	31-33	\$1,725
2013	4th Qtr	Chambers County	Manufacturing	31	2	31-33	\$1,532	Manufacturing	31	2	31-33	\$1,532

### 2012 Manufacturing Wages by Council of Government Region Wages for All Occupations

COG	Hourly	Annual
Texas	\$23.56	\$48,996
1. Panhandle Regional Planning Commission	\$20.12	\$41,850
2. South Plains Association of Governments	\$16.18	\$33,662
3. NORTEX Regional Planning Commission	\$17.83	\$37,076
4. North Central Texas Council of Governments	\$24.68	\$51,333
5. Ark-Tex Council of Governments	\$16.84	\$35,032
6. East Texas Council of Governments	\$19.61	\$40,797
7. West Central Texas Council of Governments	\$18.24	\$37,941
8. Rio Grande Council of Governments	\$16.17	\$33,631
9. Permian Basin Regional Planning Commission	\$21.93	\$45,624
10. Concho Valley Council of Governments	\$16.33	\$33,956
11. Heart of Texas Council of Governments	\$19.07	\$39,670
12. Capital Area Council of Governments	\$26.03	\$54,146
13. Brazos Valley Council of Governments	\$16.55	\$34,424
14. Deep East Texas Council of Governments	\$16.20	\$33,698
15. South East Texas Regional Planning Commission	\$29.38	\$61,118
16. Houston-Galveston Area Council	\$26.59	\$55,317
17. Golden Crescent Regional Planning Commission	\$21.03	\$43,742
18. Alamo Area Council of Governments	\$18.40	\$38,280
19. South Texas Development Council	\$13.54	\$28,170
20. Coastal Bend Council of Governments	\$22.97	\$47,786
21. Lower Rio Grande Valley Development Council	\$16.33	\$33,961
22. Texoma Council of Governments	\$22.57	\$46,949
23. Central Texas Council of Governments	\$17.16	\$35,689
24. Middle Rio Grande Development Council	\$18.93	\$39,380

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

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

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

Data intended for TAC 313 purposes only.







**TAB 15**

**Economic Impact Study**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Terminal Year
Revenue	\$ -	\$ -	\$ 45,156,957	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700
% Growth	-	-	49.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expenses	\$ -	\$ -	\$ 2,677,916	\$ 3,722,660	\$ 3,330,822	\$ 3,406,418	\$ 3,475,775	\$ 3,545,319	\$ 3,616,879	\$ 3,689,883	\$ 3,764,419	\$ 3,840,460
Op & A Expenses	\$ -	\$ -	\$ 803,384	\$ 981,888	\$ 1,001,707	\$ 1,021,925	\$ 1,042,552	\$ 1,063,596	\$ 1,085,064	\$ 1,106,905	\$ 1,129,236	\$ 1,152,138
Margin %	-	-	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%	92.3%
Operating Income	\$ -	\$ -	\$ 41,479,041	\$ 72,117,040	\$ 72,508,878	\$ 72,433,282	\$ 72,363,925	\$ 72,294,381	\$ 72,224,821	\$ 72,155,261	\$ 72,085,700	\$ 72,016,240
Total Taxes w/o Limitations & Abatements	\$ -	\$ -	\$ 1,148,240	\$ 2,700,200	\$ 6,892,293	\$ 6,411,015	\$ 6,152,288	\$ 5,914,960	\$ 5,686,933	\$ 5,478,505	\$ 5,280,877	\$ 5,094,850
DT 15D Supplemental Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Payment in Lieu	\$ -	\$ -	\$ 223,250	\$ 223,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Payment in Lieu	\$ -	\$ -	\$ 326,000.00	\$ 326,000.00	\$ 218,353	\$ 218,353	\$ 218,353	\$ 218,353	\$ 218,353	\$ 218,353	\$ 218,353	\$ 218,353
Growth Capex	\$ -	\$ -	\$ 191,005,256	\$ 191,005,256	\$ 32,434,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Free Cash Flow	\$ (82,007,456)	\$ (136,303,631)	\$ 4,660,102	\$ 63,827,628	\$ 64,432,703	\$ 64,294,215	\$ 64,970,510	\$ 64,970,510	\$ 64,970,510	\$ 64,970,510	\$ 64,970,510	\$ 64,970,510
Cumulative Free Cash Flow	\$ (82,007,456)	\$ (222,311,079)	\$ (223,606,272)	\$ (210,003,359)	\$ (155,794,636)	\$ (88,985,821)	\$ (16,141,281)	\$ 46,914,619	\$ 114,099,219	\$ 179,266,940	\$ 226,693,219	\$ 288,574,899
Partial Period Adjustment	1	1	1	1	1	1	1	1	1	1	1	1
Mid Year Convention	0.50	1.50	0.87	2.50	0.71	4.50	0.50	0.50	0.50	0.50	0.50	0.50
Present Value Factor	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Present Value of Free Cash Flow	\$ (78,191,013)	\$ (170,152,899)	\$ 3,687,833	\$ 45,573,636	\$ 41,954,505	\$ 38,241,217	\$ 31,967,453	\$ 21,768,561	\$ 28,993,901	\$ 26,367,692	\$ 24,080,812	\$ 21,915,850
Sum of Present Value of Free Cash Flows	\$ 49,160,194	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419
Present Value of Terminal Value	\$ 212,484,225	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419
Operating Capital Excess (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business Enterprise Value w/o Limitations	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419	\$ 296,644,419
IRR	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
NPV	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%

Chambers County      Cmt:      \$ 308,125,000

As of:      1/1/2015

Year 1 Ending:      12/31/2015

Loan Sheet Trace III

Page 1

KEANDREWS

Exhibit - A

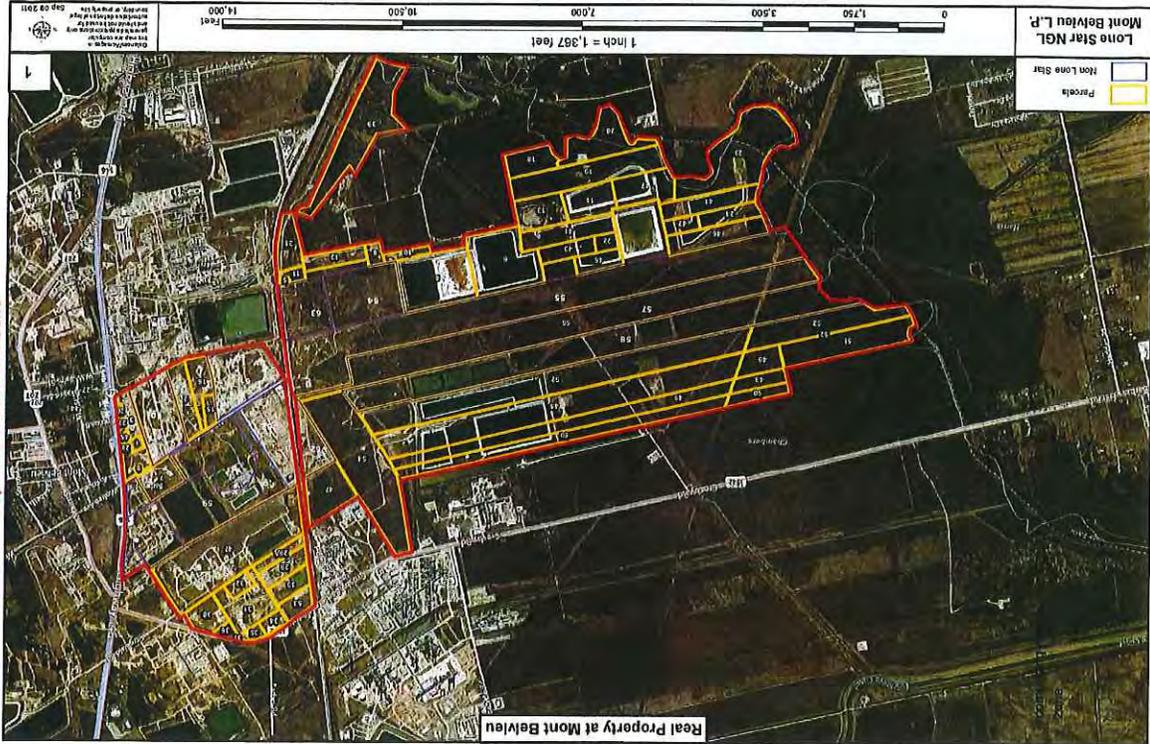
Cell: \$ 300,125,000

Chambers County	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Terminal Year
Revenue	\$ -	\$ -	\$ -	\$ 45,136,957	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700	\$ 75,839,700
% Growth	-	-	-	60.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expenses	\$ -	\$ -	\$ -	\$ 2,677,916	\$ 3,372,900	\$ 3,393,922	\$ 3,406,418	\$ 3,417,925	\$ 3,428,512	\$ 3,438,199	\$ 3,447,000	\$ 3,455,000	\$ 3,463,000
CapA Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Income	\$ -	\$ -	\$ -	\$ 42,459,041	\$ 72,466,799	\$ 72,445,778	\$ 72,433,282	\$ 72,420,775	\$ 72,408,268	\$ 72,395,761	\$ 72,383,254	\$ 72,370,747	\$ 72,358,240
Margin %	-	-	-	94.2%	95.7%	95.7%	95.7%	95.7%	95.7%	95.7%	95.7%	95.7%	95.7%
Total Taxes with Liabilities & Allowments	\$ -	\$ -	\$ -	\$ 1,108,240	\$ 2,200,280	\$ 3,499,236	\$ 2,664,811	\$ 2,210,232	\$ 2,150,231	\$ 2,100,230	\$ 2,050,229	\$ 1,999,228	\$ 1,948,227
Bill ISD Supplemental Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Payment in Lieu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Payment in Lieu	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Copy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Free Cash Flow	\$ (82,007,434)	\$ (146,303,633)	\$ (4,880,102)	\$ 67,228,695	\$ 68,169,907	\$ 69,111,119	\$ 70,052,331	\$ 70,993,543	\$ 71,934,755	\$ 72,875,967	\$ 73,817,179	\$ 74,758,391	\$ 75,700,000
Free Cash Flow	\$ (82,007,434)	\$ (146,303,633)	\$ (4,880,102)	\$ 67,228,695	\$ 68,169,907	\$ 69,111,119	\$ 70,052,331	\$ 70,993,543	\$ 71,934,755	\$ 72,875,967	\$ 73,817,179	\$ 74,758,391	\$ 75,700,000
Partial Period Adjustment	1	1	1	1	1	1	1	1	1	1	1	1	1
Mid Year Convention	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50	12.50
Present Value Factor @ 9.00%	0.56	0.88	0.81	0.72	0.64	0.57	0.51	0.45	0.40	0.35	0.31	0.27	0.24
Present Value of Free Cash Flow	\$ (78,948,869)	\$ (172,469,813)	\$ 3,723,020	\$ 49,579,986	\$ 46,246,874	\$ 42,913,762	\$ 39,580,650	\$ 36,247,538	\$ 32,914,426	\$ 29,581,314	\$ 26,248,202	\$ 22,915,090	\$ 19,581,978
Sum of Present Value of Free Cash Flows	\$ 81,723,162	\$ 313,400,704	\$ 3,723,020	\$ 49,579,986	\$ 46,246,874	\$ 42,913,762	\$ 39,580,650	\$ 36,247,538	\$ 32,914,426	\$ 29,581,314	\$ 26,248,202	\$ 22,915,090	\$ 19,581,978
Present Value of Terminal Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Business Enterprise Value	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000
Working Capital Excess (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Business Enterprise Value with Liabilities	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000	\$ 395,125,000
MIN	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%
MIN	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%	11.83%
Terminal Value	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000	\$ 300,125,000
Terminal Value Factor	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
PV of Terminal Value	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704	\$ 111,600,704

# TAB 16

## Description of Reinvestment Zone

Map of Reinvestment Zone



Order, Resolution, or Ordinance Establishing the Zone

Reinvestment Zone boundary

**RESOLUTION OF THE  
BARBERS HILL INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES**

**A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 313 APPRAISED VALUE LIMITATION IN THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT, IN PORTIONS OF CHAMBERS COUNTY TEXAS, TO BE KNOWN AS THE LONE STAR NGL REINVESTMENT ZONE; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, the Board of Trustees of the Barbers Hill Independent School District desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.0025), for the purpose of authorizing an Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, as authorized by Chapter 313 of the Texas Tax Code; and,

WHEREAS, on \_\_\_\_\_, 2011, a hearing before the Board of Trustees of the Barbers Hill Independent School District was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

WHEREAS, the Board of Trustees of the Barbers Hill Independent School District at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone; and,

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

**BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT:**

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Barbers Hill Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the

following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of *The Lone Star NGL Reinvestment Zone* has been properly called, held and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,
- (b) That the boundaries of *The Lone Star NGL Reinvestment Zone* be and, by the adoption of this Resolution, is declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A"; and,
- (c) That the map attached hereto as "EXHIBIT B" is declared to be and, by the adoption of this Resolution is certified to accurately depict and show the boundaries of *The Lone Star NGL Reinvestment Zone* which is normatively described in EXHIBIT A; and further certifies that the property described in EXHIBIT A is inside the boundaries shown on EXHIBIT B; and,
- (d) That creation of *The Lone Star NGL Reinvestment Zone* with boundaries as described in EXHIBIT A and EXHIBIT B will result in benefits to the Barbers Hill Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) *The Lone Star NGL Reinvestment Zone* described in EXHIBIT A and EXHIBIT B meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Barbers Hill Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Barbers Hill Independent School District, hereby creates a reinvestment zone under the provisions of Tex. Tax Code § 312.0025, encompassing the area described by the descriptions in EXHIBIT A and EXHIBIT B, and such reinvestment zone is hereby designated and shall hereafter be referred to as *The Lone Star NGL Reinvestment Zone*.

SECTION 4. That *The Lone Star NGL Reinvestment Zone* shall take effect upon adoption by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this

Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Barbers Hill Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Chambers County of the State of Texas, and furthermore, such notice was, in fact, delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

**Legal Description of Reinvestment Zone**

PASSED, APPROVED AND ADOPTED on this \_\_\_\_ day of December, 2011.

**BARBERS HILL INDEPENDENT SCHOOL DISTRICT**

By: *Carmena Goss*  
CARMENA GOSS  
President  
Board of Trustees

ATTEST:  
*Benny May*  
BENNY MAY  
Secretary  
Board of Trustees

LGH Tract	Chambers PID #	Chambers CAD Legal			
1	16241	12 TR 67-1 H GRIFFITH			
2	16242	12 TR 86-1 H GRIFFITH			
3	16241	12 TR 67-1 H GRIFFITH			
4	N/A	N/A			
5	20620	4 TR 6A-0 WM BLOODGOOD			
6A	20620	4 TR 6A-0 WM BLOODGOOD			
6B	29968	4 TR 6A-0-1 WM BLOODGOOD			
7	16241	12 TR 67-1 H GRIFFITH			
8	20620	4 TR 6A-0 WM BLOODGOOD			
9	16241	12 TR 67-1 H GRIFFITH			
10	20620	4 TR 6A-0 WM BLOODGOOD			
11	20620	4 TR 6A-0 WM BLOODGOOD			
12	20620	4 TR 6A-0 WM BLOODGOOD			
13	29968	4 TR 6A-0-1 WM BLOODGOOD			
14	29968	4 TR 6A-0-1 WM BLOODGOOD			
15	16242	12 TR 86-1 H GRIFFITH			
16	16242	12 TR 86-1 H GRIFFITH			
17	29968	4 TR 6A-0-1 WM BLOODGOOD			
18	29968	4 TR 6A-0-1 WM BLOODGOOD			
19	29968	4 TR 6A-0-1 WM BLOODGOOD			
20	29968	4 TR 6A-0-1 WM BLOODGOOD			
21	20620	4 TR 6A-0 WM BLOODGOOD			
22	29968	4 TR 6A-0-1 WM BLOODGOOD			
23	40368	4 TR 6B-0-1 WM BLOODGOOD			
24	29968	4 TR 6A-0-1 WM BLOODGOOD			
25	N/A	N/A			
26	35521	12 TR 103-2-1 H GRIFFITH			
27	35520	12 TR 103-1-1 H GRIFFITH			
28	16241	12 TR 67-1 H GRIFFITH			
29	16240	12 TR 12-0 H GRIFFITH			
30	16240	12 TR 12-0 H GRIFFITH			
31	16240	12 TR 12-0 H GRIFFITH			
32	16240	12 TR 12-0 H GRIFFITH			
33	16240	12 TR 12-0 H GRIFFITH			
34	16240	12 TR 12-0 H GRIFFITH			
35	16240	12 TR 12-0 H GRIFFITH			
36	49011	12 TR 12-0-1 H GRIFFITH			
37	49012	12 TR 12-0-2 H GRIFFITH			
38	N/A	N/A			
39	16240	12 TR 12-0 H GRIFFITH			
40	40885	4 TR 56-0-2 WM BLOODGOOD			
41	N/A	N/A			
42	29968	4 TR 6A-0-1 WM BLOODGOOD			
43	29968	4 TR 6A-0-1 WM BLOODGOOD			
44	16241	12 TR 67-1 H GRIFFITH			
45	16241	12 TR 67-1 H GRIFFITH			
46A	31391	4 TR 9-0-2 WM BLOODGOOD			
46B	31390	4 TR 9-0-1 WM BLOODGOOD			
47	3101	12 TR 74-5 H GRIFFITH			
48	3100	24 7-1 W D SMITH			
49	3099	24 6-1 W D SMITH			
50	3098	24 6-0 W D SMITH			
51	22676	24 6-2 W D SMITH			
52	24544	24 8-1 W D SMITH			
	22668	24 8-5 WM D SMITH			
	20522	24 8-2 W D SMITH			
	24545	24 8-4 W D SMITH			
	24544	24 8-1 W D SMITH			
53	49400	12 TR 12-0-6 H GRIFFITH			
54	49351	24 1-2-4 W D SMITH			
part of 48-50 Part of 52					
Non LGH Parcels					
55	9831	24 11-1 WM D SMITH			
56	50539	24 1-5-1 WM D SMITH			
57	50538	24 1-3-1 W D SMITH			
58	508	24 9-2 W D SMITH			
59	18943	12 TR 74-0 H GRIFFITH			
60	17620	12 TR 91-1 H GRIFFITH			
61	4729	12 TR 82-0 H GRIFFITH			
62	19145	12 TR 78-0 H GRIFFITH			
63	5084	4 TR 4-0 WM BLOODGOOD			
64	1863	4 TR 5-0 WM BLOODGOOD			



Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here

Print Name (Authorized School District Representative)

sign here

Signature (Authorized School District Representative)

Title

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here

Print Name (Authorized Company Representative (Applicant))

sign here

Signature (Authorized Company Representative (Applicant))

Title

Date

Division 1 Controller

6/17/14



GIVEN under my hand and seal of office this, the

17 day of June, 2014

Beverly M. Hernandez  
Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires: 9.3.2014

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

TAB 17

Signature and Certification Page

S U S A N		TEXAS COMPTROLLER of PUBLIC ACCOUNTS P.O. Box 13528 • AUSTIN, TX 78711-3528	
C O M B S			

**Attachment A**

- 1) The application lacks a specific and detailed description of the project, including the output capacity for the proposed facility and how it interacts with other adjacent facilities currently in operation.  
 Maps, surveys, and descriptions should indicate location of facilities needed for the various manufacturing processes described in the property description.
- 2) The application is lacking a map showing the project is within the school district boundaries.

**Note:** This letter is not a final list of application deficiencies. Revisions made to address the concerns above may require the revision of other portions of the application, such as Schedules A, B, C, and D.

**TAB 01**  
**Application**



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

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body must first determine if the application meets the requirements of the school district. 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;
- a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the application to the Comptroller;
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 8 of this application, separating each section of the documents. In addition to an electronic copy on CD, see 34 TAC Chapter 9, Subchapter F.
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 8 of this application, separating each section of the documents. In addition to an electronic copy on CD, see 34 TAC Chapter 9, Subchapter F.
The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.
The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1039(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate of limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 5th day after the Comptroller receives a complete application as determined by the Comptroller.
The school board must approve or disapprove the application before the 15th day after the application review start date (the date the application is finally determined to be complete), unless an extension of time is granted by the Comptroller. The school board must also provide the Comptroller with the application review period.
Please visit the Comptroller's website to find out more about the program at www.texashead.org/tax\_programs/chapter313/. There are links on this Web page to the online standards, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1 - School District Information

1. Authorized School District Representative
Date Application Received by District:
First Name: Becky
Last Name: McManus
Title: Assistant Superintendent of Finance
School District Name: Barbers Hill Independent School District
Street Address: 9600 Eagle Drive
P. O. Box 1108
Mont Belvieu
City: Texas
State: TX
Phone Number: 281-576-2221
Mobile Number (optional): 281-576-5879
Email Address: BMCManus@bhisd.net

2. Does the district authorize the consultant to provide and obtain information related to this application? Yes [X] No [ ]
For more information, visit our website: www.texashead.org/tax\_programs/chapter313/
36-296A - 03-1411



Application for Appraised Value Limitation on Qualified Property

SECTION 1 - School District Information (continued)

3. Authorized School District Consultant (if Applicable)
First Name: Kevin
Last Name: O'Hanlon
Title: Attorney
Firm Name: O'Hanlon, McColom & Damerath, PC
Phone Number: 512-494-9949
Fax Number: 512-494-9919
Email Address: kohanlon@808west.com
Mobile Number (optional): 8/13/14
4. On what date did the district determine this application complete? Yes [X] No [ ]
5. Has the district determined that the electronic copy and hard copy are identical? Yes [ ] No [ ]

SECTION 2 - Applicant Information

1. Authorized Company Representative (Applicant)
Mark
First Name: Mark
Last Name: Apostle
Title: Assistant Controller
Organization: Energy Transfer Partners, L.P.
Street Address: 800 E. Sonterra Blvd., Suite 400
City: San Antonio
State: Texas
Zip: 78258-3941
Phone Number: 210-572-0456
Fax Number: 210-403-6664
Business Email Address: mark.apostle@energytransfer.com
Mobile Number (optional):
2. Will a company official other than the authorized company representative be responsible for responding to future information requests? Yes [X] No [ ]
2a. If yes, please fill out contact information for that person.

Megan
First Name: Megan
Last Name: McKavanagh
Title: Property Tax Manager
Organization: Energy Transfer Partners, L.P.
Street Address: 800 E. Sonterra Blvd., Suite 400
City: San Antonio
State: Texas
Zip: 78258-3941
Phone Number: 210-572-0457
Fax Number: 210-403-6664
Business Email Address: megan.mckavanagh@energytransfer.com
Mobile Number (optional):
3. Does the applicant authorize the consultant to provide and obtain information related to this application? Yes [X] No [ ]

Application for Appraised Value Limitation on Qualified Property

SECTION 2: Applicant Information (continue)

4. Authorized Company Consultant (if Applicable)

Name: Mike Fry  
 First Name: Mike  
 Last Name: Fry  
 Title: Authorized Agent  
 Address: K E Andrews 1900 Dalrock Road, Rowlett, Texas 75088  
 Phone Number: 469-298-1594  
 Fax Number: 469-298-1619  
 Email: mfy@keatex.com

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district?  Yes  No  
 The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

2. If yes, attach in Tab 2 proof of application fee paid to the school district.  
 For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or tenders of things of value made to the school district or to any person or persons in any form if such payment or tender of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

3. 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 §13.027(f)?  Yes  No  N/A  
 4. 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 §13.027(f)?  Yes  No  N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Lone Star NGL Asset Holdings II LLC  
 2. List the Texas Taxpayer ID number of entity subject to Tax Code, Chapter 171 (71 digits): 32044534082  
 3. List the NAICS code: 325120  
 4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 4a. If yes, please list application number, name of school district and year of agreement: #195, Barbers Hill ISD, 2011 - #251, Barbers Hill ISD, 2012 - #339, Barbers Hill ISD, 2013

SECTION 5: Applicant Business Structure

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



Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

- Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
- The property will be used for one of the following activities:
  - manufacturing  Yes  No
  - research and development  Yes  No
  - a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - renewable energy electric generation  Yes  No
  - electric power generation using integrated gasification combined cycle technology  Yes  No
  - nuclear electric power generation  Yes  No
  - 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 Subsections (1) through (7)  Yes  No
  - a Texas Priority Project, as defined by §13.024(6)(7) and TAC 9.1051  Yes  No
- Are you requesting that any of the land be classified as qualified investment?  Yes  No
- Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
- Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
- Are you including property that is owned by a person other than the applicant?  Yes  No
- Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

SECTION 7: Project Description

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

2. Check the project characteristics that apply to the proposed project:

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

SECTION 8: Limitation as Determining Factor

- Does the applicant currently own the land on which the proposed project will occur?  Yes  No
- Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project?  Yes  No
- Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
- Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location?  Yes  No
- Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
- Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
- Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No
- Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project?  Yes  No
- Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
- Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Application for Appraised Value Limitation on Qualified Property

SECTION 9: Projected Timeline

- Application approval by school board: October 2014
  - Beginning of qualifying time period: January 1, 2015
  - First year of limitation: January 1, 2017
  - Begin hiring new employees: May 2015
  - Commencement of commercial operations: April 2016
  - Do you propose to construct a new building or to erect or alter a new improvement after your application review start date (date your application is finally determined to be complete)?  Yes  No
- Note: Improvements made before that time may not be considered qualified property.
- When do you anticipate the new buildings or improvements will be placed in service? April 2016

SECTION 10: The Property

- Identify county or counties in which the proposed project will be located: Chambers County
- Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Chambers County CAD
- 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, the portion of project within each entity and tax rates for each entity:
 

County:	Chambers County, .496790, 100%	City:	Mont Belvieu, .436710, 100%
	(Name, tax rate and percent of project)		(Name, tax rate and percent of project)
Hospital District:	N/A	Water District:	N/A
	(Name, tax rate and percent of project)		(Name, tax rate and percent of project)
Other (describe):	N/A	Other (describe):	N/A
	(Name, tax rate and percent of project)		(Name, tax rate and percent of project)
- Is the project located entirely within the ISD listed in Section 17?  Yes  No
- Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUIP), as allowed in §913.02(d-2)?  Yes  No
- If yes, attach in Tab 6 supporting documentation from the Office of the Governor.

SECTION 11: Investment

- NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [www.texashead.org/tax\\_programs/chapter31B/](http://www.texashead.org/tax_programs/chapter31B/).
- At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
  - What is the amount of appraised value limitation for which you are applying? 30,000,000.00
  - Does the qualified investment meet the requirements of tax Code §913.02(1)?  Yes  No
  - Attach a description of the qualified investment (See §913.02(1)). The description must include:
    - 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 §913.021 (Tab 7);
    - a detailed map of the qualified investment showing location of new buildings or new improvements with vicinity map (Tab 11);
    - Do you intend to make at least the minimum qualified investment required by Tax Code §913.023 or §913.053 for Subchapter C school districts for the relevant school district category during the qualifying time period?  Yes  No

Application for Appraised Value Limitation on Qualified Property

SECTION 12: Qualified Property

- Attach a detailed description of the qualified property (See §913.02(2)) (If qualified investment describes qualified property exactly, you may skip items a, b and c below). The description must include:
  - a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §913.021 (Tab 9);
  - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 9); and
  - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
- In the land upon which the new buildings or new improvements will be built part of the qualified property described by §913.021(2)(A)?  Yes  No
- If yes, attach complete documentation including:
  - legal description of the land (Tab 9);
  - each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land included in the current parcel will become qualified property (Tab 9);
  - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
  - a detailed map showing the location of the land with vicinity map (Tab 11).
- Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?  Yes  No

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

- In Tab 10, attach a specific and detailed description of all existing property. This includes buildings and improvements existing as of the application review start date (the date the application is due to the school district by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
  - maps and/or detailed site plan;
  - surveys;
  - appraisal district values and parcel numbers;
  - inventory lists;
  - existing and proposed property lists;
  - metes and bounds numbers of existing property; or
  - other information of sufficient detail and description.
- Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
- In Tab 10, include an appraisal value by the CAD of all of the buildings and improvements existing as of the date within 15 days of the date the application is received by the school district.
- Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2. If it meets the requirements of §913.02(1), such property cannot become qualified property on Schedule B.

**SECTION 13: Wage and Employment Information**

- What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
- What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2014 (year)
- What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0  
 Note: For job definitions see TAC §§ 051.051 and Tax Code §313.021(3).
- What is the number of new qualifying jobs you are committing to create? 4
- What is the number of new non-qualifying jobs you are estimating you will create? 0
- Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)?  Yes     No
- If yes, attach evidence in Tab 12 documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
- Attach in Tab 13 the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §§ 051.021 and (22).
  - Average weekly wage for all jobs (all industries) in the county is 1,075.00
  - 110% of the average weekly wage for manufacturing jobs in the county is 1,736.63
  - 110% of the average weekly wage for manufacturing jobs in the region is 1,149.71
- Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)
- What is the minimum required annual wage for each qualifying job based on the qualified property? 59,785.00
- What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 59,785.00
- Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)?  Yes     No
- Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.024(6-9)?  Yes     No
- If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to §313.024(6-9), in meeting the qualifying job requirements? Yes     No
- If yes, attach in Tab 5 supporting documentation including a list of qualifying jobs in the other school district(s). Yes     No

**SECTION 15: Economic Impact**

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

**SECTION 16: Affidavit, Signatures, and Applicant Certification**

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

- Authorized School District Representative Signature  
 I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 87 of the Texas Penal Code.

**Print Name** Greg Poole **Superintendent**  
 Title  
**Sign Here**  **Date** August 13, 2014

- Authorized Company Representative (Applicant) Signature and Notarization  
 I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 87 of the Texas Penal Code. The information contained in the application and schedules is true and correct to the best of my knowledge and belief.

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

**Print Name** Mark Aposle **Divisional Controller**  
 Title  
**Sign Here**  **Date** 8/11/14

GIVEN under my hand and seal of office this, the 11th day of August, 2014  
  
 My Commission Expires April 05, 2017  
 My Commission Expires April 3, 2017

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.01.

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

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

3102984-2.000 05-165  
TX2014 (Rev. 3/1/12) 13298  
Ver. 5.0  
Texas Franchise Tax Extension Affiliate List

Reporting entity taxpayer number  
10505324730

Reporting entity taxpayer name  
ETC MARKETING, LTD.

Report year  
2014

**TAB 03**

Documentation of Combined Group Membership

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FBI number)	USERS DO NOT AFFILIATE WITH HAVE NEXUS IN TEXAS
1. ENERGY TRANSFER EQUITY, LP	13001088205	<input type="checkbox"/>
2. ENERGY TRANSFER PARTNERS, LLC	32009602965	<input type="checkbox"/>
3. ENERGY TRANSFER PARTNERS GP, LP	32035928947	<input type="checkbox"/>
4. ENERGY TRANSFER PARTNERS, LP	17314939061	<input type="checkbox"/>
5. ETE GP ACQUIRER LLC	272663248	<input type="checkbox"/>
6. ETE SERVICES COMPANY LLC	273230732	<input checked="" type="checkbox"/>
7. ETE SIGMA HOLDCO, LLC	461111404	<input checked="" type="checkbox"/>
8. REGENCY GP LLC	32018740400	<input type="checkbox"/>
9. REGENCY EMPLOYEES MGMT. HOLDINGS LLC	263818780	<input checked="" type="checkbox"/>
10. REGENCY EMPLOYEES MANAGEMENT LLC	32038474832	<input type="checkbox"/>
11. ETP HOLDCO CORPORATION	383880445	<input checked="" type="checkbox"/>
12. ENERGY TRANSFER EMPLOYEE MGMT COMPANY	32048668597	<input type="checkbox"/>
13. HERITAGE HOLDINGS INC	17313421426	<input checked="" type="checkbox"/>
14. ETE HOLDCO CORPORATION	461476872	<input checked="" type="checkbox"/>
15. SUNOCO PARTNERS LLC	12330968384	<input type="checkbox"/>
16. HERITAGE ETC GP, LLC	262124572	<input checked="" type="checkbox"/>
17. CITRUS ETP FINANCE, LLC	000000000	<input checked="" type="checkbox"/>
18. ETC INTRASTATE PROCUREMENT CO., LLC	32040816962	<input type="checkbox"/>
19. ETC LION PIPELINE LLC	000000000	<input checked="" type="checkbox"/>
20. ENERGY TRANSFER DUTCH HOLDINGS, LLC	000000000	<input checked="" type="checkbox"/>
21. JA GP, LLC	32008328398	<input type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-101 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a proper and Extension Request.

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only

VE/DE  FM



1062

Texas Franchise Tax Extension Affiliate List

05-165  
TX2014  
Ver. 5.0  
Teode 13298

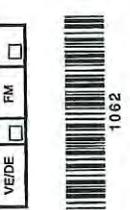
Reporting entity taxpayer number: 10505324730  
 Reporting year: 2014  
 Reporting entity taxpayer name: ETC MARKETING, LTD.

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FE number)	CHECK BOX IF AFFILIATE HAS NEXUS IN TEXAS
1. ETC NGL TRANSPORT, LLC	32043050544	<input type="checkbox"/>
2. ETC NGL MARKETING, LLC	32045171223	<input type="checkbox"/>
3. RICH EAGLEFORD MAINLINE, LLC	32045737890	<input type="checkbox"/>
4. ETC NORTHEAST PIPELINE, LLC	262863396	<input checked="" type="checkbox"/>
5. ETC WATER SOLUTIONS, LLC	271023172	<input checked="" type="checkbox"/>
6. ETC ENDURE ENERGY LLC	32039110427	<input type="checkbox"/>
7. ETC PROLIANCE ENERGY, LLC	463009946	<input checked="" type="checkbox"/>
8. ETC OASIS GP, LLC	32008328356	<input type="checkbox"/>
9. OASIS PIPE LINE, LP	32035638421	<input type="checkbox"/>
10. OASIS PIPE LINE COMPANY	741697911	<input checked="" type="checkbox"/>
11. OASIS PIPE LINE FINANCE COMPANY	17602901427	<input type="checkbox"/>
12. OASIS PARTNER COMPANY	742805537	<input checked="" type="checkbox"/>
13. OASIS PIPE LINE MANAGEMENT COMPANY	17605227754	<input type="checkbox"/>
14. OASIS PIPE LINE COMPANY TEXAS, LP	17605226418	<input type="checkbox"/>
15. HPL HOLDINGS GP, LLC	202218475	<input checked="" type="checkbox"/>
16. HPL HOUSTON PIPE LINE COMPANY, LLC	171093357339	<input type="checkbox"/>
17. HPL GP, LLC	32003574913	<input type="checkbox"/>
18. HPL STORAGE GP, LLC	32016552815	<input type="checkbox"/>
19. HPL ASSET HOLDINGS, LP	17317253676	<input type="checkbox"/>
20. HPL LEASECO, LP	32035468332	<input type="checkbox"/>
21. HOUSTON PIPE LINE COMPANY, LP	15223344779	<input type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



1062

Texas Franchise Tax Extension Affiliate List

05-165  
TX2014  
Ver. 5.0  
Teode 13298

Reporting entity taxpayer number: 10505324730  
 Reporting year: 2014  
 Reporting entity taxpayer name: ETC MARKETING, LTD.

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FE number)	CHECK BOX IF AFFILIATE HAS NEXUS IN TEXAS
1. IA GRANGE ACQUISITION, LP	12700301844	<input type="checkbox"/>
2. FIVE DAWG, LLC	17526696723	<input type="checkbox"/>
3. ETE COMMON HOLDINGS MEMBER, LLC	462638935	<input checked="" type="checkbox"/>
4. ETE COMMON HOLDINGS, LLC	462641009	<input checked="" type="checkbox"/>
5. TETC, LLC	30119878707	<input type="checkbox"/>
6. TEXAS ENERGY TRANSFER COMPANY, LTD	17527147759	<input type="checkbox"/>
7. IG PL, LLC	32008328323	<input type="checkbox"/>
8. IGM, LLC	32008328273	<input type="checkbox"/>
9. ENERGY TRANSFER FUEL, LP	12010879950	<input type="checkbox"/>
10. ENERGY TRANSFER FUEL GP, LLC	12010879372	<input type="checkbox"/>
11. ET COMPANY I, LTD	32036355710	<input type="checkbox"/>
12. CHALKLEY GATHERING COMPANY, LLC	32036317132	<input type="checkbox"/>
13. WHISKEY BAY GATHERING COMPANY, LLC	17527494011	<input type="checkbox"/>
14. WHISKEY BAY GAS COMPANY, LTD	32036293242	<input type="checkbox"/>
15. ETC TEXAS PIPELINE, LTD	10505324664	<input type="checkbox"/>
16. ETC KNTY PIPELINE, LTD	12005806695	<input type="checkbox"/>
17. ETC NEW MEXICO PIPELINE, LP	208345958	<input checked="" type="checkbox"/>
18. TEXAS ENERGY TRANSFER POWER, LLC	32039219358	<input type="checkbox"/>
19. ENERGY TRANSFER RETAIL POWER, LLC	32037649350	<input type="checkbox"/>
20. ETC HYDROCARBONS, LLC	32043825002	<input type="checkbox"/>
21. ETC GATHERING, LLC	32042275977	<input type="checkbox"/>

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LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE HEADQUARTERS IN TEXAS
1. ENERGY TRANSFER CRUDE OIL CO., LLC	460990429	<input checked="" type="checkbox"/>
2. ENERGY TRANSFER LNG EXPORT, LLC	461486697	<input checked="" type="checkbox"/>
3. EASTERN GULF CRUDE ACCESS, LLC	32050835142	<input type="checkbox"/>
4. ATLANTIC PETROLEUM (OUT) LLC	233102659	<input checked="" type="checkbox"/>
5. ATLANTIC PETROLEUM CORPORATION	232360187	<input checked="" type="checkbox"/>
6. ATLANTIC PETROLEUM DELAWARE CORP.	260006720	<input checked="" type="checkbox"/>
7. ATLANTIC PIPELINE (OUT) L.P.	32035944472	<input type="checkbox"/>
8. ATLANTIC REFINING & MARKETING CORP.	232360183	<input checked="" type="checkbox"/>
9. SONOCO, LLC	32052897033	<input type="checkbox"/>
10. EXCEL PIPELINE LLC	364664158	<input checked="" type="checkbox"/>
11. JALISCO CORPORATION	521996257	<input checked="" type="checkbox"/>
12. LESLEY CORPORATION	232269260	<input checked="" type="checkbox"/>
13. LIBRE INSURANCE COMPANY, LTD.	980390343	<input checked="" type="checkbox"/>
14. MASCOT, INC. (WA)	510414753	<input checked="" type="checkbox"/>
15. MID-CONTINENT PIPE LINE (OUT) LLC	12331026612	<input type="checkbox"/>
16. PUERTO RICO SUN OIL COMPANY LLC	986051882	<input checked="" type="checkbox"/>
17. SUN ALTERNATE ENERGY CORPORATION	232376903	<input checked="" type="checkbox"/>
18. SUN ATLANTIC REF. & MARKETING BV INC.	232817087	<input checked="" type="checkbox"/>
19. SUN ATLANTIC REFINING & MARKETING CO.	232523828	<input checked="" type="checkbox"/>
20. SUN CANADA, INC.	232321801	<input checked="" type="checkbox"/>
21. SUN COMPANY, INC.	231891622	<input checked="" type="checkbox"/>

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1. SUN COMPANY, INC.	510381984	<input checked="" type="checkbox"/>
2. SUN MEXICO ONE, INC.	232764968	<input checked="" type="checkbox"/>
3. SUN MEXICO TWO, INC.	232764967	<input checked="" type="checkbox"/>
4. SUN OIL COMPANY	12318682379	<input type="checkbox"/>
5. SUN OIL EXPORT COMPANY	231868238	<input checked="" type="checkbox"/>
6. SUN OIL INTERNATIONAL, INC.	231614311	<input checked="" type="checkbox"/>
7. SUN PETROCHEMICALS, INC.	12322759577	<input type="checkbox"/>
8. SUN PIPE LINE COMPANY	12331026539	<input type="checkbox"/>
9. SUN PIPE LINE COMPANY OF DELAWARE LLC	12053835893	<input checked="" type="checkbox"/>
10. SUN PIPE LINE DELAWARE (OUT) LLC	32026944572	<input type="checkbox"/>
11. SUN REFINING AND MARKETING COMPANY	232673653	<input checked="" type="checkbox"/>
12. SUN SERVICES CORPORATION	231983954	<input checked="" type="checkbox"/>
13. SUN TRANSPORT, LLC	330997959	<input checked="" type="checkbox"/>
14. SUN-DEL PIPELINE LLC	421707487	<input checked="" type="checkbox"/>
15. SUN-DEL SERVICES, INC.	232075538	<input checked="" type="checkbox"/>
16. SUNMARKS, LLC	232608837	<input checked="" type="checkbox"/>
17. SUNOCO LOGISTICS PARTNERS GP LLC	233102658	<input checked="" type="checkbox"/>
18. SUNOCO LOGISTICS PARTNERS L.P.	233096839	<input checked="" type="checkbox"/>
19. SUNOCO LOGISTICS PARTNERS OPER GP LLC	12331026604	<input type="checkbox"/>
20. SUNOCO LOGISTICS PARTNERS OPER. LP	233102657	<input checked="" type="checkbox"/>
21. SUNOCO OVERSEAS, INC.	231614275	<input checked="" type="checkbox"/>

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Texas Franchise Tax Extension Affiliate List

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Reporting entity taxpayer number: 10505324730  
 Reporting entity taxpayer name: ETC MARKETING, LTD.  
 Report year: 2014

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 Reporting entity taxpayer name: ETC MARKETING, LTD.  
 Report year: 2014

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE HEADS IN TEXAS
1. PET POWER CORPORATION	12329335785	<input checked="" type="checkbox"/>
2. CCE ACQUISITION LLC	32038446061	<input checked="" type="checkbox"/>
3. PANHANDLE EASTERN PIPE LINE CO., LP	14403624700	<input type="checkbox"/>
4. PAN GAS STORAGE, LLC	14311734488	<input type="checkbox"/>
5. PANHANDLE ENERGY LNG SERVICES, LLC	12048999408	<input checked="" type="checkbox"/>
6. PANHANDLE STORAGE, LLC	17603185608	<input type="checkbox"/>
7. PANHANDLE HOLDINGS, LLC	32004413939	<input type="checkbox"/>
8. TRUNKLINE GAS COMPANY, LLC	17411038841	<input type="checkbox"/>
9. TRUNKLINE DEEPWATER PIPELINE, LLC	16305715936	<input checked="" type="checkbox"/>
10. TRUNKLINE OFFSHORE PIPELINE, LLC	16310345893	<input checked="" type="checkbox"/>
11. SEA ROBIN PIPELINE COMPANY, LLC	17206544011	<input checked="" type="checkbox"/>
12. TRUNKLINE LNG COMPANY, LLC	17417689613	<input type="checkbox"/>
13. TRUNKLINE FIELD SERVICES, LLC	17605961907	<input checked="" type="checkbox"/>
14. CCE HOLDINGS, LLC	12012750506	<input checked="" type="checkbox"/>
15. NEW ENGLAND GAS APPLIANCE COMPANY	10460444598	<input type="checkbox"/>
16. RGP WESTEX G&P I LTD	17524680836	<input type="checkbox"/>
17. LEAPARTNERS, LP	17523243248	<input type="checkbox"/>
18. WEST TEXAS GATHERING COMPANY	17509760942	<input type="checkbox"/>
19. RGP WESTEX GATHERING INC.	17524001447	<input type="checkbox"/>
20. MI VIDA GENPAR, LLC	17528264686	<input type="checkbox"/>
21. RGP WESTEX G&P II LTD	32036219262	<input type="checkbox"/>

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE HEADS IN TEXAS
1. SUNOCO PARTNERS BUTANE BLENDING LLC	32040440029	<input type="checkbox"/>
2. SUNOCO PARTNERS LEASE ACQ. & MARKETING	12331026547	<input type="checkbox"/>
3. SUNOCO PARTNERS MARKETING & TERMINALS	12331026554	<input type="checkbox"/>
4. SUNOCO PARTNERS REAL ESTATE ACQ. LLC	454863906	<input checked="" type="checkbox"/>
5. SUNOCO PIPELINE ACQUISITION LLC	205036643	<input checked="" type="checkbox"/>
6. SUNOCO PIPELINE L.P.	12331026562	<input type="checkbox"/>
7. SUNOCO POWER GENERATION LLC	593776575	<input checked="" type="checkbox"/>
8. SUNOCO POWER MARKETING, LLC	12328740514	<input checked="" type="checkbox"/>
9. SUNOCO RECEIVABLES CORPORATION, INC.	233078207	<input checked="" type="checkbox"/>
10. SUNOCO, INC.	231743282	<input checked="" type="checkbox"/>
11. SUNOCO, INC. (S&M)	12317432834	<input checked="" type="checkbox"/>
12. SUPERFUND MANAGEMENT OPERATIONS LLC	464218026	<input checked="" type="checkbox"/>
13. THE NEW CLAYMONT INVESTMENT COMPANY	364721891	<input type="checkbox"/>
14. SOUTHERN UNION COMPANY	17505715924	<input type="checkbox"/>
15. SUGAIR AVIATION COMPANY	30118251286	<input checked="" type="checkbox"/>
16. P.E.C.-S.O.C. MASSACHUSETTS ACQ.	10504975375	<input checked="" type="checkbox"/>
17. SOUTHERN UNION GAS COMPANY	30002759097	<input type="checkbox"/>
18. SOUTHERN UNION PANHANDLE, LLC	17427719418	<input checked="" type="checkbox"/>
19. SU PIPELINE MANAGEMENT, LP	32038446053	<input checked="" type="checkbox"/>
20. ENHANCED SERVICE SYSTEMS, INC.	15104010036	<input type="checkbox"/>
21. ENERGY TRANSFER DATA CENTER, LLC	32045827378	<input type="checkbox"/>

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1. RGV WEST LLC	12000684733	<input type="checkbox"/>
2. SU GAS SERVICES OPERATING CO., INC.	17429588449	<input type="checkbox"/>
3. RGP MARKETING LLC	32033247514	<input type="checkbox"/>
4. RGP HOLDCO II LLC	13202056050	<input checked="" type="checkbox"/>
5. RGP HOLDCO I LLC	17515185316	<input checked="" type="checkbox"/>
6. TRUNKLINE LNG EXPORT, LLC	32050904450	<input type="checkbox"/>
7. LAKE CHARLES LNG EXPORTS, LLC	462057292	<input checked="" type="checkbox"/>
8. SU HOLDING COMPANY, INC	17429395225	<input checked="" type="checkbox"/>
9. PG ENERGY, INC	240717235	<input checked="" type="checkbox"/>
10. PEFL HOLDINGS, LLC	453343570	<input checked="" type="checkbox"/>
11. SUGS HOLDINGS, LLC	000000000	<input checked="" type="checkbox"/>
12. SUCO LLC	000000000	<input checked="" type="checkbox"/>
13. SUCO LP	000000000	<input checked="" type="checkbox"/>
14. CHEMICAL MANUFACTURING OPERATIONS	464140939	<input checked="" type="checkbox"/>
15. EVERGREEN ASSURANCE, LLC	464117496	<input checked="" type="checkbox"/>
16. EVERGREEN CAPITAL HOLDINGS, LLC	320422059	<input checked="" type="checkbox"/>
17. EVERGREEN RESOURCES GROUP, LLC	464258429	<input checked="" type="checkbox"/>
18. EVERGREEN RESOURCES MGMT OPER., LLC	464248748	<input checked="" type="checkbox"/>
19. EXPLORATION & PRODUCTION OPER., LLC	464143752	<input checked="" type="checkbox"/>
20. LEGACY REFINING OPERATIONS LLC	464154132	<input checked="" type="checkbox"/>
21. MACS RETAIL LLC	541766927	<input checked="" type="checkbox"/>

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1. MARCUS HOOK REFINERY OPERATIONS	464166587	<input checked="" type="checkbox"/>
2. MINING OPERATIONS	464173410	<input checked="" type="checkbox"/>
3. PHILADELPHIA REFINERY OPERATIONS LLC	464184955	<input checked="" type="checkbox"/>
4. PIPELINE OPERATIONS LLC	464194944	<input checked="" type="checkbox"/>
5. REAL PROPERTY OPERATIONS LLC	464203578	<input checked="" type="checkbox"/>
6. RETAIL/SERVICE STATION OPERATIONS LLC	464207229	<input checked="" type="checkbox"/>
7. TERMINAL OPERATIONS LLC	464229079	<input checked="" type="checkbox"/>
8. TPL MANAGEMENT OPERATIONS LLC	464240127	<input checked="" type="checkbox"/>
9. TRUNKLINE LNG HOLDINGS LLC	17606992869	<input type="checkbox"/>
10. HSC ACQUIRER LLC	32052720839	<input type="checkbox"/>
11. WESTEX ENERGY LLC	32050370629	<input type="checkbox"/>
12. SOUTHSIDE OIL, LLC	541904070	<input checked="" type="checkbox"/>
13. MID ATLANTIC CONVENIENCE STORES, LLC	272681601	<input checked="" type="checkbox"/>
14.		<input type="checkbox"/>
15.		<input type="checkbox"/>
16.		<input type="checkbox"/>
17.		<input type="checkbox"/>
18.		<input type="checkbox"/>
19.		<input type="checkbox"/>
20.		<input type="checkbox"/>
21.		<input type="checkbox"/>

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**Lone Star NGL II, LLC  
Project Description**

**Detailed Description and Process for Proposed Project**

Lone Star NGL Asset Holdings II, LLC is proposing to build a third NGL fractionation unit (Fractionation Plant III). This facility will be constructed within the reinvestment zone that was put in place for Fractionation Plant I and II, but operates independently and is not dependent upon or offer enhancements to the operation of those existing Plants.

Fractionation Plant III will have a production capacity of 100,000 barrels per day of natural gas liquids. The plant will produce industrial gases including ethane, propane, butane, n-butane and natural gasoline (CS-4) products from incoming Y-Grade natural gas liquids (NGL's).

The manufacturing process consists of first pre-treating the incoming NGL's with feed filters, coalescers and amine contactors to remove any impurities such as particulates, sulfides and carbon dioxide. Any residual moisture is removed from the treated NGL's by dehydrators. The NGL's are then heated under pressure and fed into the De-Ethanolizer Unit where it is separated into an overhead gas phase and an NGL phase. Ethane in the overhead gas phase is further purified and sent to product storage. The remaining NGL's are then heated under pressure and fed into the De-Propanizer Unit where it is separated into an overhead gas phase and an NGL phase. Propane in the overhead gas phase is further purified and sent to product storage.

The remaining NGL's are then heated under pressure and fed into the De-Butanizer Unit where it is separated into an overhead gas phase of mixed Butanes and natural gasolines. The mixed Butane in the overhead gas phase is sent to the Butane Splitter (De-IsoButanizer) where it is separated into n-Butane and Iso-Butane. Natural gasolines are sent off-site for sale via pipeline.

Fractionation Plant III will include the following main processing units and utility systems which are classified as "Qualified Investment"

**List of Improvements**

**Plant Components**

- Pre-treatment Systems
- De-Ethanolizer Unit
- De-Propanizer Unit
- De-butanizer Unit
- Towers
- Butane Splitter (De-Isobutanizer)
- All appurtenant components
- Heat Medium

- Gasoline Treater
- Compression Equipment
- Additional storage facilities for Y-grade liquids and other components

The fractionation process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture. The raw NGL mixture is passed through a specific series of distillation towers: deethanizer, depropanizer, debutanizer, and deisobutanizer. The name of each of these towers corresponds to the NGL component that is separated in that tower. The raw NGL mixture first passes through the deethanizer, where its temperature is increased to the point where ethane (the lightest component) boils off the top of the tower as a gas and is condensed into a purity liquid that is routed to storage. The heavier components in the mixture at the bottom of the tower (i.e., propane, butane, iso butane, and natural gasoline) are routed to the second tower (depropanizer), where the process is repeated and the net lightest component (propane) is separated. This process is repeated until the mixture of liquids has been separated into its purity components. This facility will also be built with the necessary equipment to produce International Grade Propane.

**Demand for NGLs**

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven primarily by the petrochemical industry, which accounts for 40-50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- Ethane. Essentially all of the ethane extracted from natural gas is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world.)
- Propane. Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene. (Like ethylene, propylene is an important building block used in the manufacture of plastics.) The bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.
- Normal butane. Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutene.
- Isobutane. Isobutane has the same molecular formula as normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.
- Natural gasoline. Natural gasoline is used primarily as a blendstock.

## TAB 05

### Limitation as Determining Factor

#### Limitation is a Determining as a Factor:

Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. See economic model showing business value with and without 313 Limitation Agreement and 312 Abatements.





## TAB 07

### Description of Qualified Investment

#### Lone Star NGL II, LLC Project Description

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##### List of Improvements

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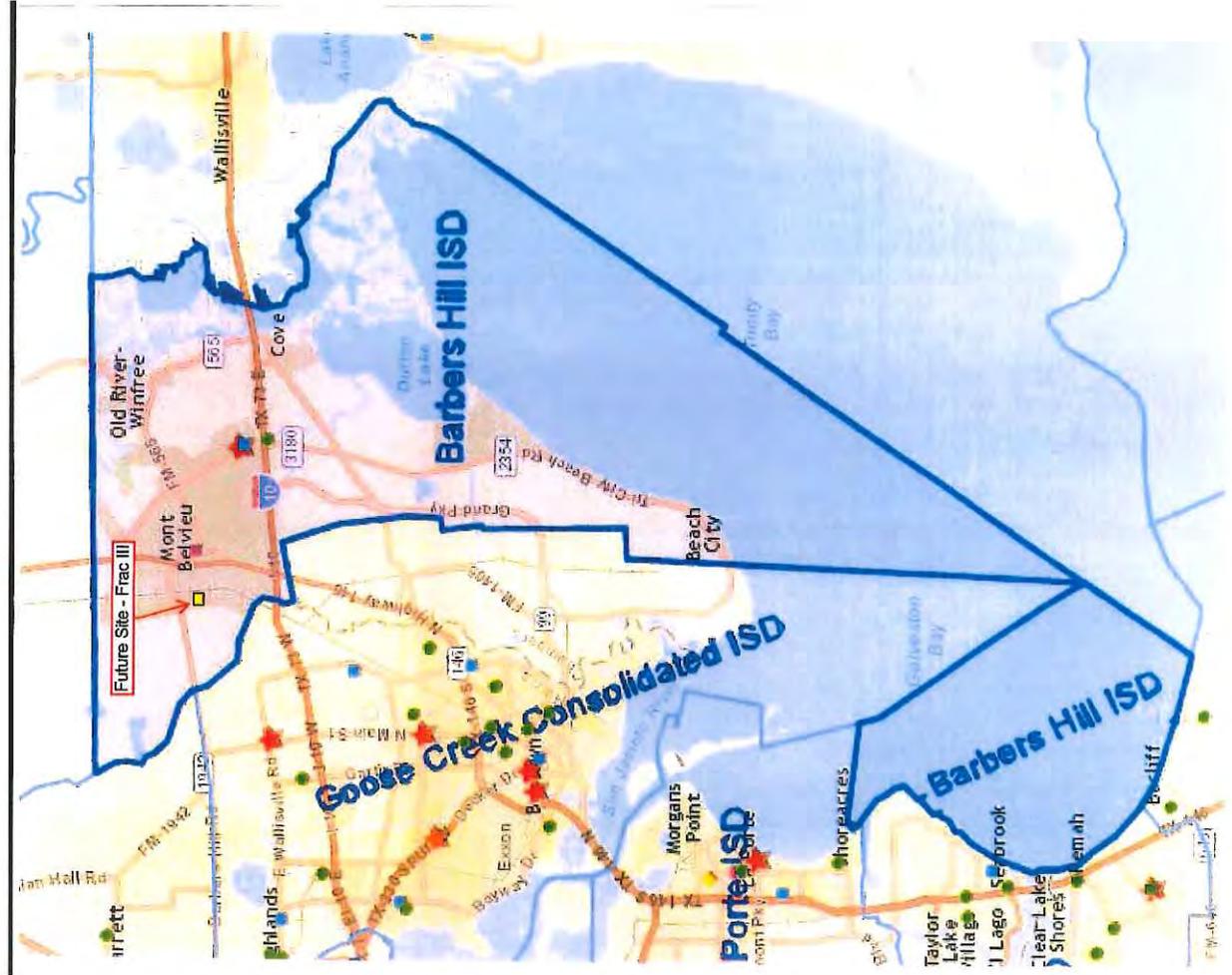
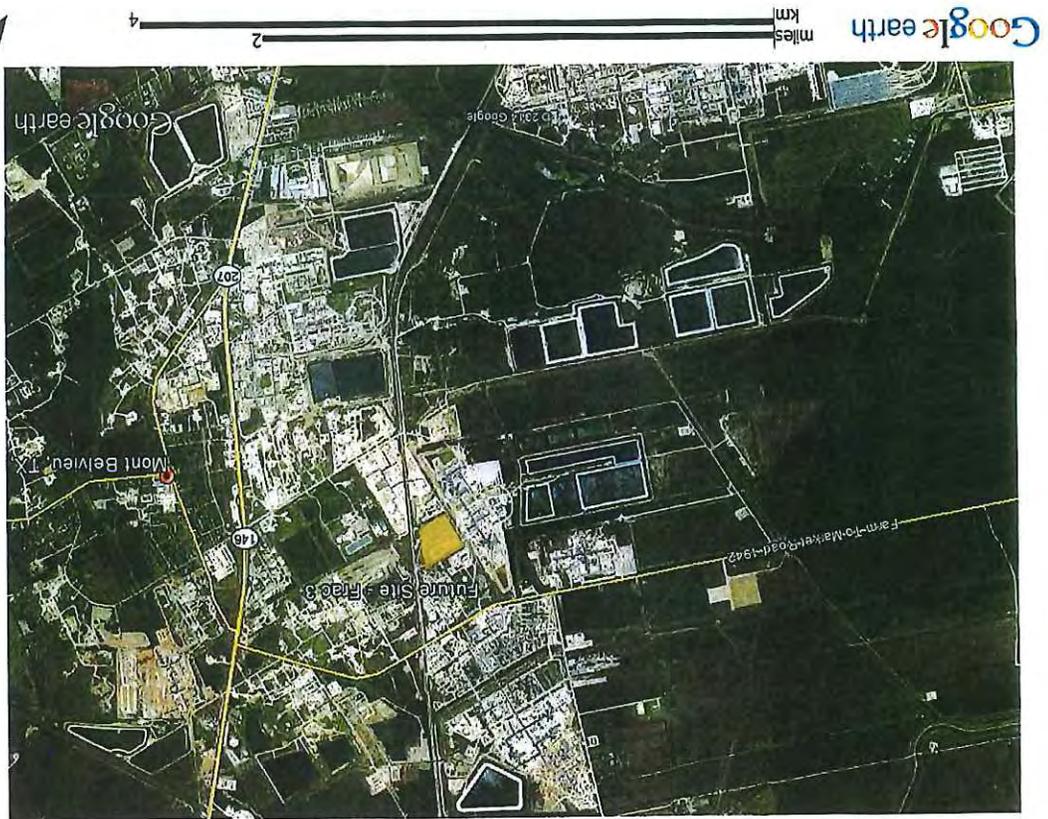
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Project Description

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- Additional storage facilities for Y-grade liquids and other components

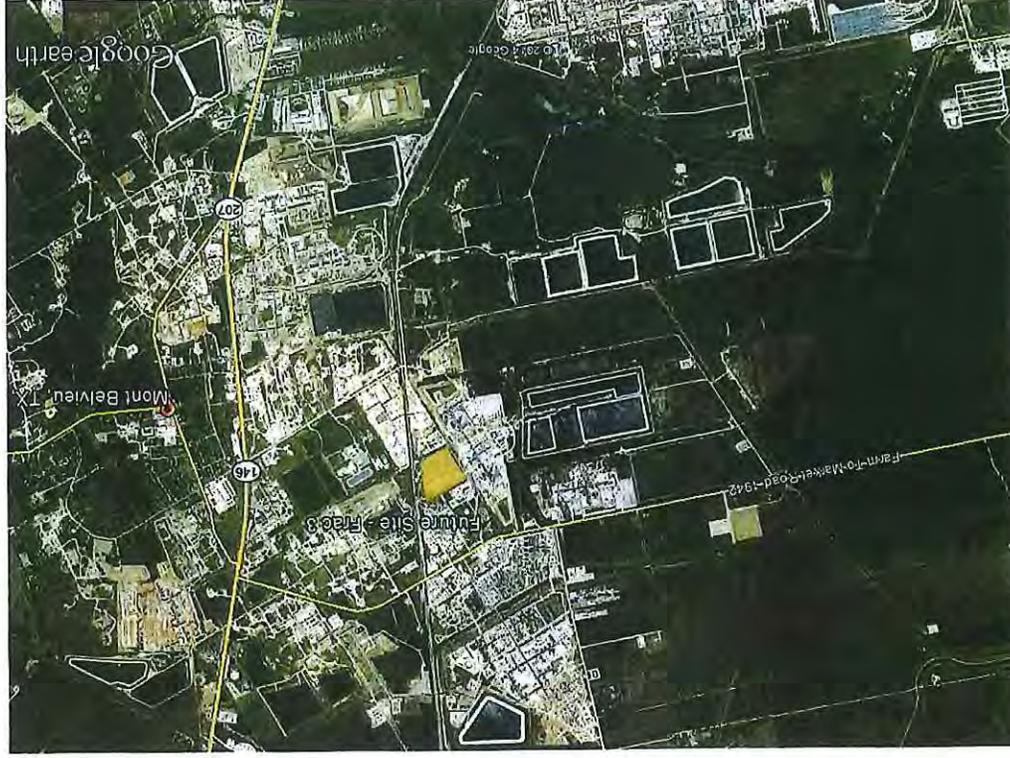
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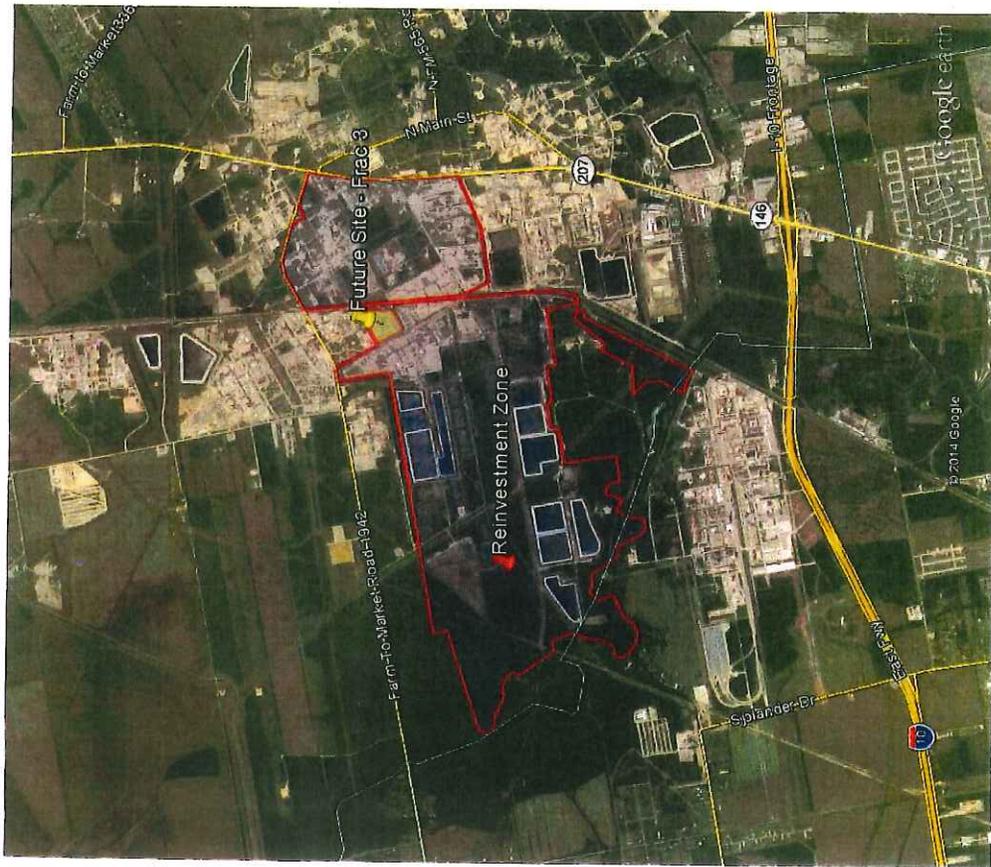
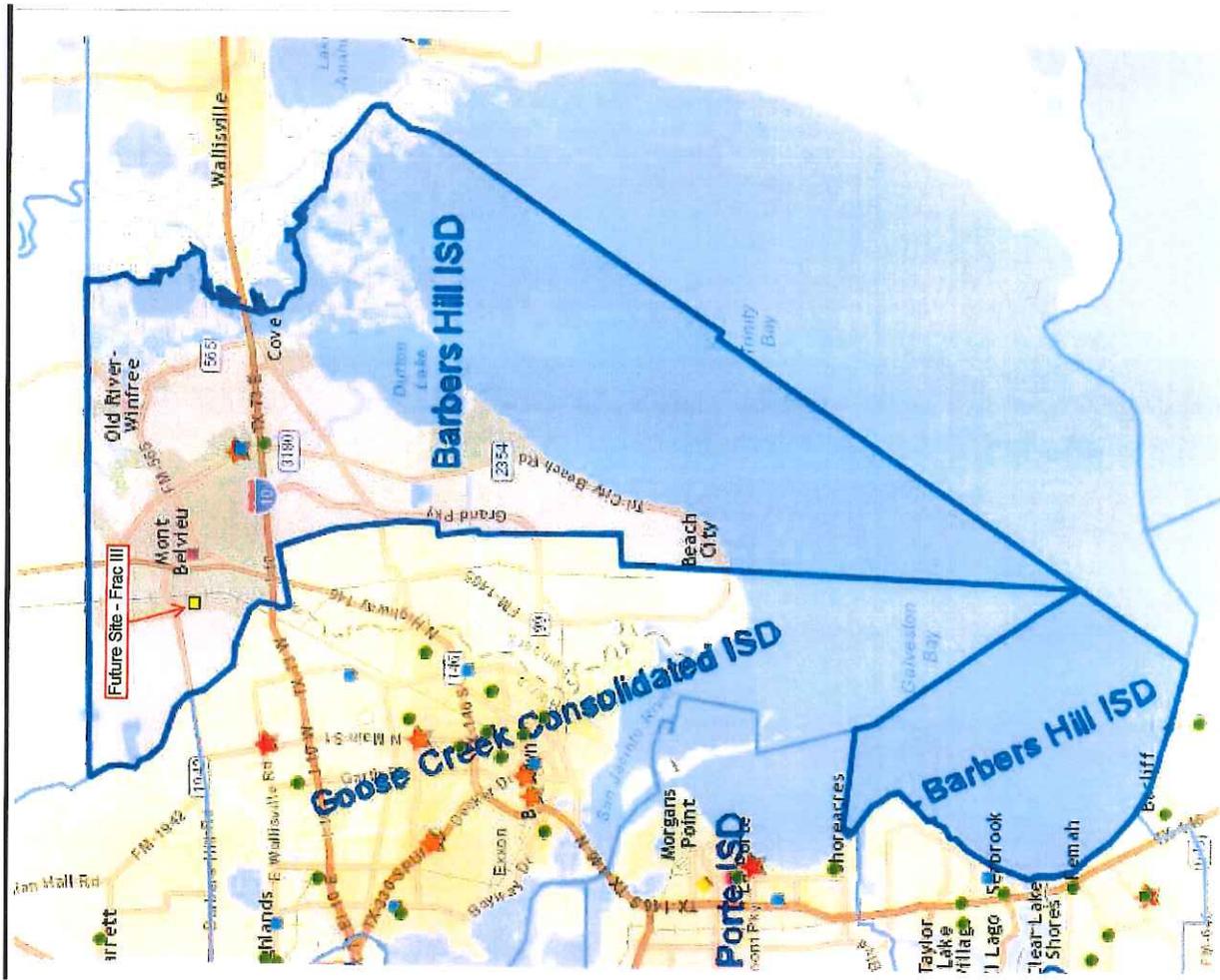
#### Demand for NGLs

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven primarily by the petrochemical industry, which accounts for 40-50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- **Ethane.** Essentially all of the ethane extracted from natural gas is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world.)
- **Propane.** Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene.  
(Like ethylene, propylene is an important building block used in the manufacture of plastics.) The bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.
- **Normal butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutene.
- **Isobutane.** Isobutane has the same molecular formula as normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.
- **Natural gasoline.** Natural gasoline is used primarily as a blendstock.





Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
  - First Quarter
  - Second Quarter
  - Third Quarter
  - Fourth Quarter of 2014 (year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0  
 Note: For job definitions see TAC §§ 105.1 and Tax Code § 313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 4
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code § 313.025(f-1)?  Yes  No
7. If yes, attach evidence in Tab 12 documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
8. Attach in Tab 13 the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual 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 §§ 105.1(2) and (22).
  - a. Average weekly wage for all jobs (all industries) in the county is 1,075.00
  - b. 110% of the average weekly wage for manufacturing jobs in the county is 1,736.63
  - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,149.71
9. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project?  § 313.021(5)(A) or  § 313.021(5)(B)
10. What is the minimum required annual wage for each qualifying job based on the qualified property? 59,785.00
11. Will the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property?  Yes  No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by § 313.024(d-2)?  Yes  No
- 12a. If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to § 313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in § 313.024(d-2), in meeting the qualifying job requirements?  Yes  No
- 13a. If yes, attach in Tab 8 supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

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

Calculation of Wage Information - Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

2014	1Q	\$ 1,018
2013	2Q	\$ 1,059
2013	3Q	\$ 1,069
2013	4Q	\$ 1,155

\$ 4,301 / 4 = \$1,075 average weekly salary  
 x 1.1 (110%)  
 \$ 1,182.78

110% of County Average Weekly Wage for Manufacturing Jobs in County

2014	1Q	\$ 1,422
2013	2Q	\$ 1,725
2013	3Q	\$ 1,436
2013	4Q	\$ 1,732

\$ 6,315 / 4 = \$1,579 average weekly salary  
 x 1.1 (110%)  
 \$ 1,736.63

110% of County Average Weekly Wage for Manufacturing Jobs in Region

\$54,350.00 per year  
 x 1.10 (110%)  
 \$59,785.00  
 \$1,149.71 Average weekly

### Quarterly Employment and Wages (QCEW)

#### 2013 Manufacturing Wages by Council of Government Region Wages for All Occupations

COG	Hourly	Annual
Texas	\$23.73	\$49,363
1. Panhandle Regional Planning Commission	\$20.43	\$42,499
2. South Plains Association of Governments	\$16.53	\$34,380
3. NORTEX Regional Planning Commission	\$19.15	\$39,838
4. North Central Texas Council of Governments	\$25.00	\$51,997
5. Ark-Tex Council of Governments	\$17.45	\$36,298
6. East Texas Council of Governments	\$19.50	\$40,565
7. West Central Texas Council of Governments	\$18.64	\$38,779
8. Rio Grande Council of Governments	\$16.27	\$33,848
9. Permian Basin Regional Planning Commission	\$22.89	\$47,604
10. Concho Valley Council of Governments	\$17.20	\$35,777
11. Heart of Texas Council of Governments	\$19.44	\$40,444
12. Capital Area Council of Governments	\$27.31	\$56,805
13. Brazos Valley Council of Governments	\$17.20	\$35,770
14. Deep East Texas Council of Governments	\$16.48	\$34,287
15. South East Texas Regional Planning Commission	\$29.09	\$60,501
16. Houston-Galveston Area Council	\$26.13	\$54,350
17. Golden Crescent Regional Planning Commission	\$22.23	\$46,242
18. Alamo Area Council of Governments	\$18.91	\$39,329
19. South Texas Development Council	\$13.94	\$28,990
20. Coastal Bend Council of Governments	\$23.78	\$49,454
21. Lower Rio Grande Valley Development Council	\$15.82	\$32,907
22. Texoma Council of Governments	\$20.93	\$43,529
23. Central Texas Council of Governments	\$17.33	\$36,042
24. Middle Rio Grande Development Council	\$19.07	\$39,666

Source: Texas Occupational Employment and Wages  
Data published: July 2014

Data published annually, next update will be July 31, 2015

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.

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Year	Period	Area	Ownership	Division	Level	Job Code	Industry	Avg. Hourly Wage
2013	1st Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,065
2013	1st Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,532
2013	2nd Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,059
2013	2nd Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,725
2013	3rd Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,099
2013	3rd Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,436
2013	4th Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,155
2013	4th Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,732
2014	1st Qtr	Chambers County	Total All	00	0	10	Total, All Industries	\$1,018
2014	1st Qtr	Chambers County	Total All	31	2	31-33	Manufacturing	\$1,422



Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification
After the application and schedule are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page in Tab 17. NOTES: If you amend your application, you will need to obtain new signatures and resubmit this page. Section 16, with the amendment request.

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

print here
Print Name (Authorized School District Representative)
Title
Date

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

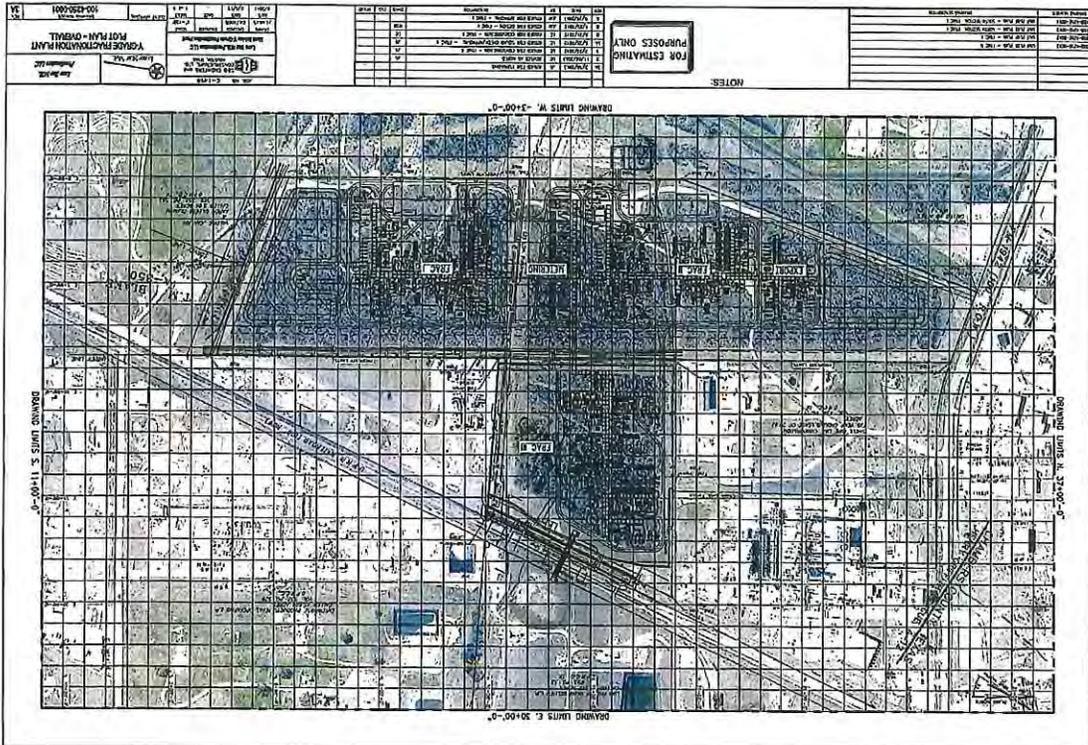
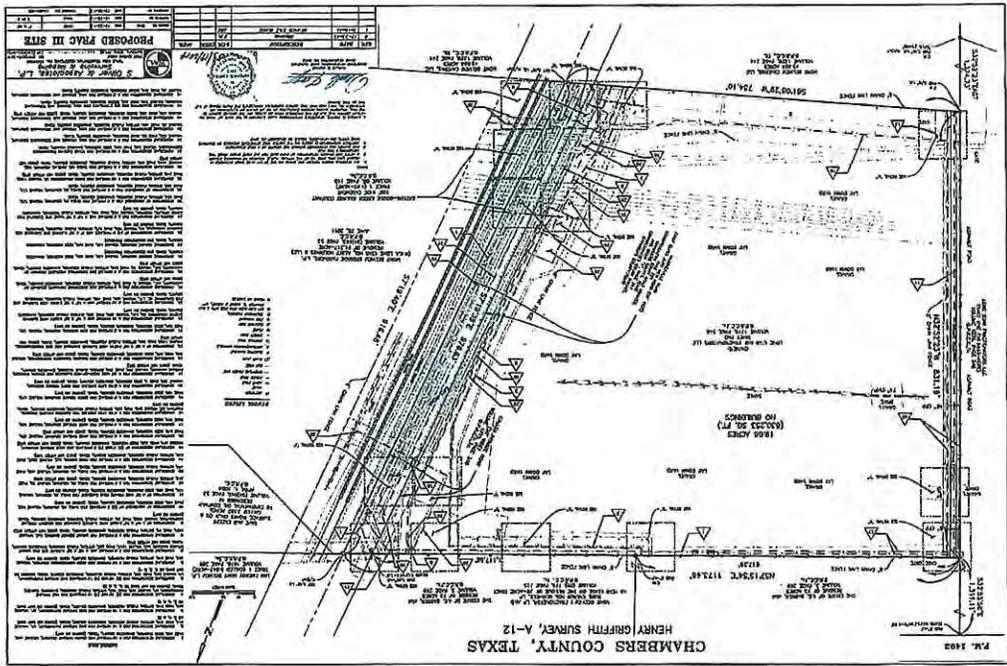
print here
Sign here
Print Name (Authorized Company Representative (Applicant))
Title
Date
Signature (Authorized Company Representative (Applicant))

GIVEN under my hand and seal of office this, the
11th day of August 2014
Notary Public in and for the State of Texas
My Commission expires: April 3, 2017



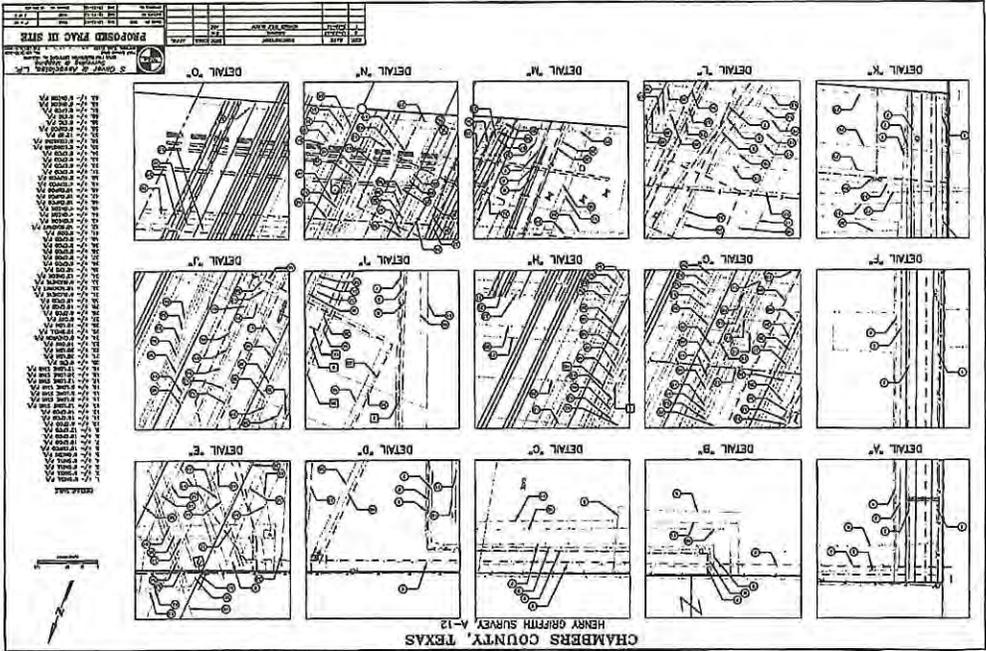
If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.





# TAB 09

## Description of Land





**TAB 10**

Description of Existing Improvements

There are no existing improvements related to the proposed project at this site.

**TAB 11**

Maps





Google earth

miles km

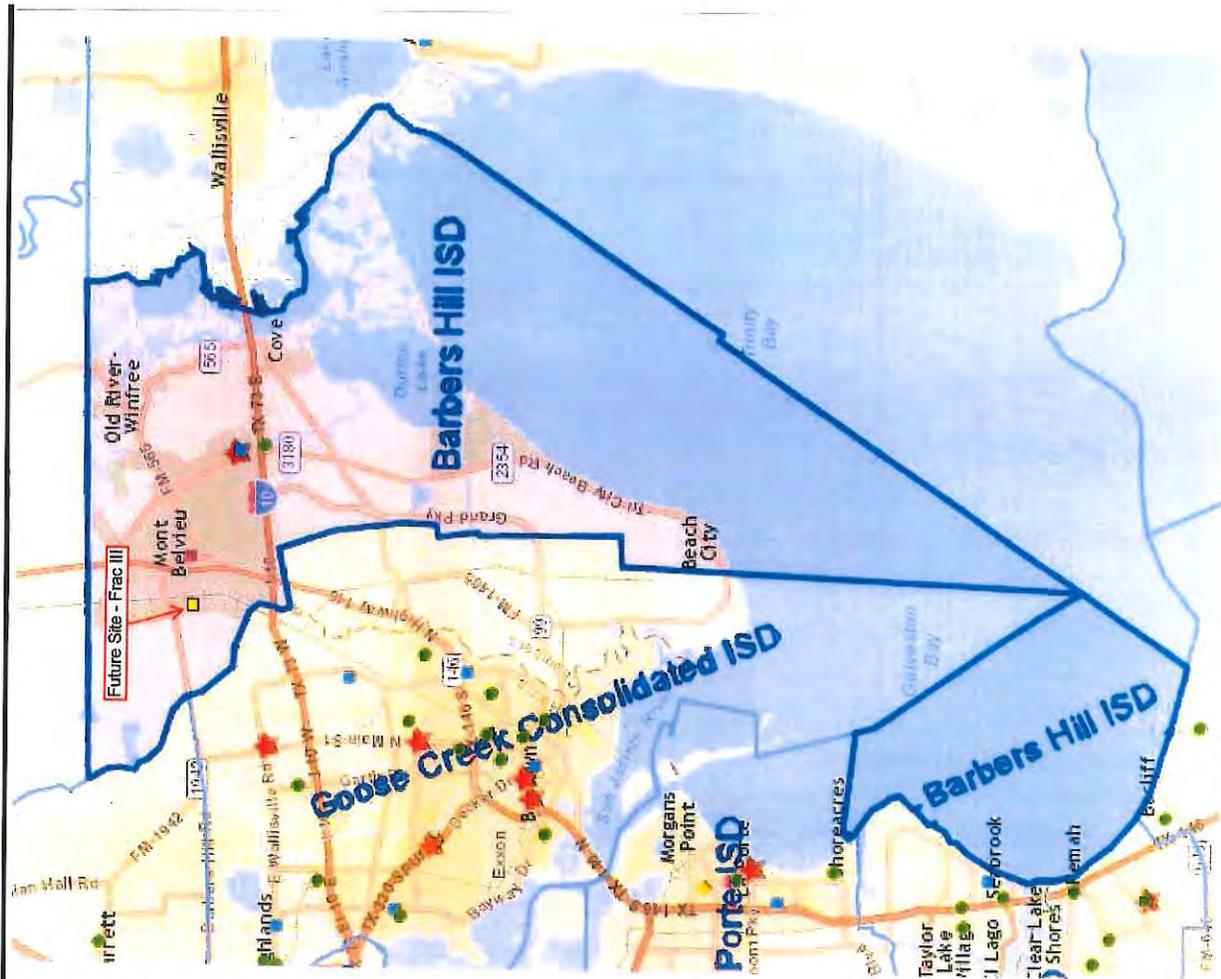
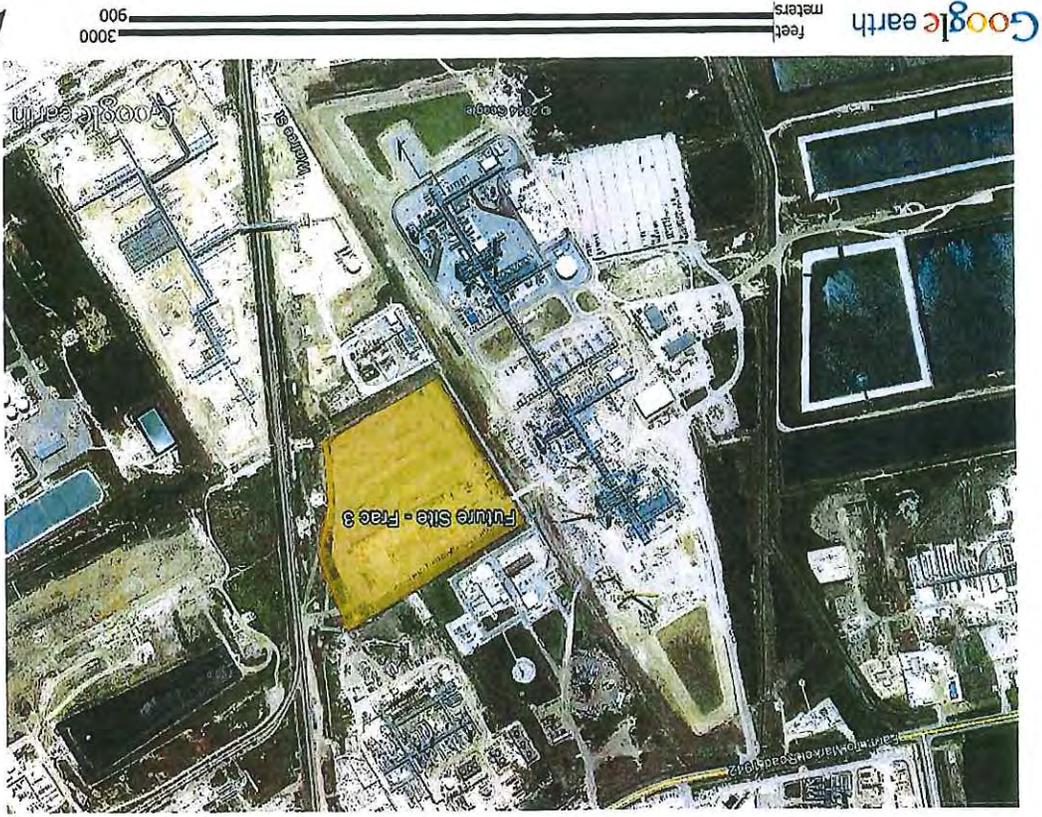
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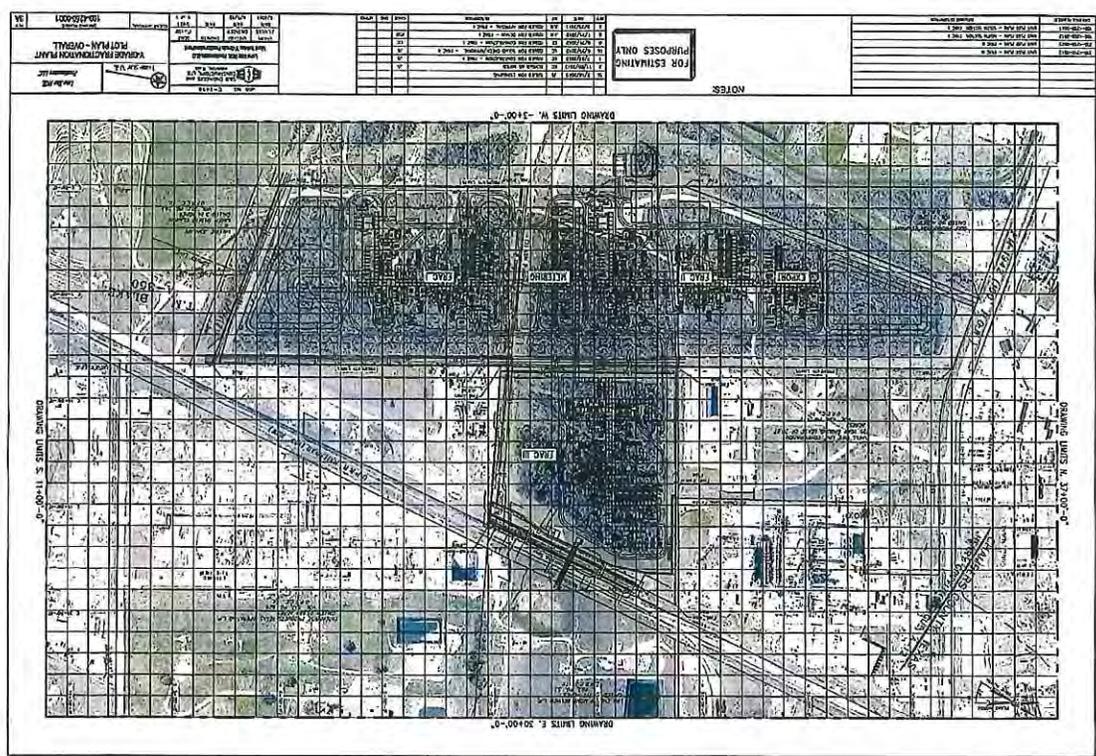
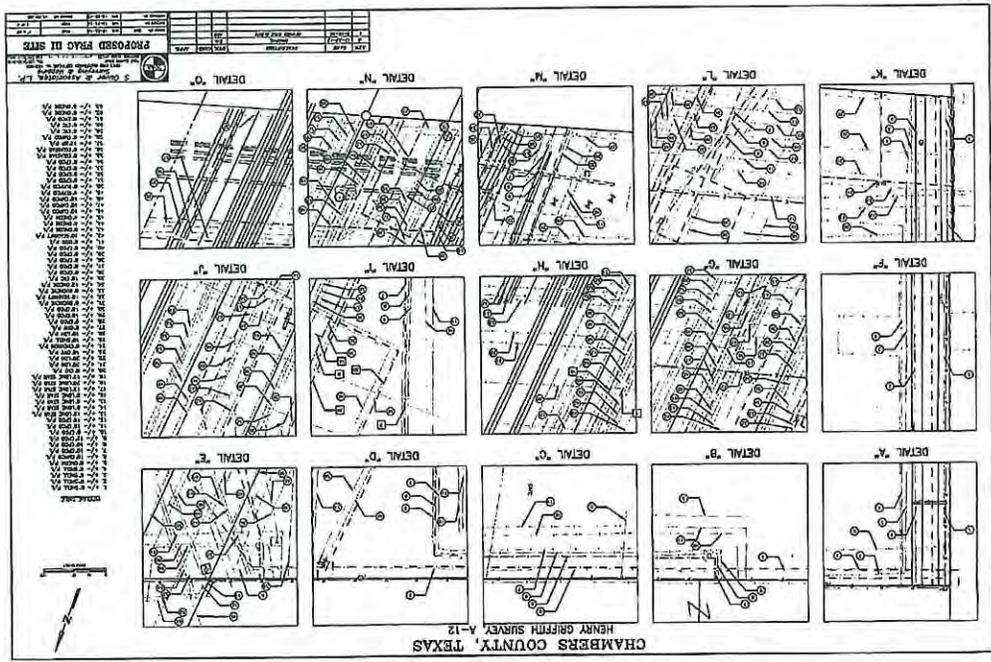


Google earth

miles km

0 2 4







REQUEST FOR WAIVER OF JOB CREATION REQUIREMENT

The new Mariner South Export Fractionator manufacturing facility will create four new, full-time Qualifying Jobs for operators, which is the industry standard for the number of employees reasonably necessary for the operation of the facility. Moreover, the facility will be located on the same parcel as Lone Star's two fractionator projects ("Frac I" and "Frac II"). These fractionators will create an additional 35 Qualifying Jobs, 25 for Frac I and 10 for Frac II. These positions will also be utilized to operate, maintain and support the Mariner South Export Fractionator. Thus the three projects cumulatively will create 39 new jobs, all of which are Qualifying Jobs.

A survey of other companies' fractionators, many of which are unassociated with such additional job creation and economies of scale, provides the following comparison of FTE operator positions:

Barbers Hill, Mont Belvieu	4
Barbers Hill, Mont Belvieu	4
Seminole, Mont Belvieu	5
West Texas, Mont Belvieu	7*
Port Allen, Louisiana	5
Promix, Louisiana	8*
Tebone, Louisiana	8*
Norco, Louisiana	8*

\*These facilities are older and require more manpower to sustain operations. Technological advances have limited the need for full time employees as evidenced by the declining number of operators reasonably necessary for the operation of the facility.

## TAB 13

### Calculation of Wage Requirements

Calculation of Wage Information - Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

2014	1Q	\$ 1,018
2013	2Q	\$ 1,059
2013	3Q	\$ 1,069
2013	4Q	\$ 1,155

$$\begin{aligned}
 & \$ 4,301 / 4 = && \$1,075 \text{ average weekly salary} \\
 & && \times 1.1 (110\%) \\
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 \end{aligned}$$

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110% of County Average Weekly Wage for Manufacturing Jobs in Region

\$54,350.00 per year

X1.10 (110%)

\$59,785.00  
\$1,149.71 Average weekly

2013 Manufacturing Wages by Council of Government Region  
Wages for All Occupations

Texas	COC	Wages	
		Hourly	Annual
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		\$19.97	\$39,666

Source: Texas Occupational Employment and Wages

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### Quarterly Employment and Wages (QCEW)

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Year	Period	Division	County	Industry	Jobs	Wages	Avg Weekly Wage
2013	1st Qtr	00	Total All	Total, All Industries	0	10	\$1,065
2013	1st Qtr	31	Chambers County	Manufacturing	2	31-33	\$1,532
2013	2nd Qtr	00	Total All	Total, All Industries	0	10	\$1,059
2013	2nd Qtr	31	Chambers County	Manufacturing	2	31-33	\$1,725
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2013	3rd Qtr	31	Chambers County	Manufacturing	2	31-33	\$1,436
2013	4th Qtr	00	Total All	Total, All Industries	0	10	\$1,155
2013	4th Qtr	31	Chambers County	Manufacturing	2	31-33	\$1,732
2014	1st Qtr	00	Total All	Total, All Industries	0	10	\$1,018
2014	1st Qtr	31	Chambers County	Manufacturing	2	31-33	\$1,422

TAB 14

Schedules A1 - D

**Column A:** This represents the total dollar amount of qualified investments in the reporting period. Only include investments that were not reported on Schedule A1. This amount includes any investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period. Do not include investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period.

**Column B:** This represents the total dollar amount of qualified investments in the reporting period. Only include investments that were not reported on Schedule A1. This amount includes any investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period. Do not include investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period.

**Column C:** This represents the total dollar amount of qualified investments in the reporting period. Only include investments that were not reported on Schedule A1. This amount includes any investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period. Do not include investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period.

**Column D:** This represents the total dollar amount of qualified investments in the reporting period. Only include investments that were not reported on Schedule A1. This amount includes any investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period. Do not include investments that were reported on Schedule A1 in a prior year but were not reported on Schedule A1 in the reporting period.

Year	Column A	Column B	Column C	Column D
2017	11	2017-2018	2017	2017
2018	12	2018-2019	2018	2018
2019	13	2019-2020	2019	2019
2020	14	2020-2021	2020	2020
2021	15	2021-2022	2021	2021
2022	16	2022-2023	2022	2022
2023	17	2023-2024	2023	2023
2024	18	2024-2025	2024	2024
2025	19	2025-2026	2025	2025
2026	20	2026-2027	2026	2026
2027	21	2027-2028	2027	2027
2028	22	2028-2029	2028	2028
2029	23	2029-2030	2029	2029
2030	24	2030-2031	2030	2030
2031	25	2031-2032	2031	2031
2032	26	2032-2033	2032	2032
2033	27	2033-2034	2033	2033
2034	28	2034-2035	2034	2034
2035	29	2035-2036	2035	2035
2036	30	2036-2037	2036	2036
2037	31	2037-2038	2037	2037
2038	32	2038-2039	2038	2038
2039	33	2039-2040	2039	2039
2040	34	2040-2041	2040	2040
2041	35	2041-2042	2041	2041
2042	36	2042-2043	2042	2042
2043	37	2043-2044	2043	2043
2044	38	2044-2045	2044	2044
2045	39	2045-2046	2045	2045
2046	40	2046-2047	2046	2046
2047	41	2047-2048	2047	2047
2048	42	2048-2049	2048	2048
2049	43	2049-2050	2049	2049
2050	44	2050-2051	2050	2050
2051	45	2051-2052	2051	2051
2052	46	2052-2053	2052	2052
2053	47	2053-2054	2053	2053
2054	48	2054-2055	2054	2054
2055	49	2055-2056	2055	2055
2056	50	2056-2057	2056	2056
2057	51	2057-2058	2057	2057
2058	52	2058-2059	2058	2058
2059	53	2059-2060	2059	2059
2060	54	2060-2061	2060	2060
2061	55	2061-2062	2061	2061
2062	56	2062-2063	2062	2062
2063	57	2063-2064	2063	2063
2064	58	2064-2065	2064	2064
2065	59	2065-2066	2065	2065
2066	60	2066-2067	2066	2066
2067	61	2067-2068	2067	2067
2068	62	2068-2069	2068	2068
2069	63	2069-2070	2069	2069
2070	64	2070-2071	2070	2070
2071	65	2071-2072	2071	2071
2072	66	2072-2073	2072	2072
2073	67	2073-2074	2073	2073
2074	68	2074-2075	2074	2074
2075	69	2075-2076	2075	2075
2076	70	2076-2077	2076	2076
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2078	72	2078-2079	2078	2078
2079	73	2079-2080	2079	2079
2080	74	2080-2081	2080	2080
2081	75	2081-2082	2081	2081
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2084	78	2084-2085	2084	2084
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2088	82	2088-2089	2088	2088
2089	83	2089-2090	2089	2089
2090	84	2090-2091	2090	2090
2091	85	2091-2092	2091	2091
2092	86	2092-2093	2092	2092
2093	87	2093-2094	2093	2093
2094	88	2094-2095	2094	2094
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2096	90	2096-2097	2096	2096
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2098	92	2098-2099	2098	2098
2099	93	2099-2100	2099	2099
2100	94	2100-2101	2100	2100
2101	95	2101-2102	2101	2101
2102	96	2102-2103	2102	2102
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2106	100	2106-2107	2106	2106
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2108	102	2108-2109	2108	2108
2109	103	2109-2110	2109	2109
2110	104	2110-2111	2110	2110
2111	105	2111-2112	2111	2111
2112	106	2112-2113	2112	2112
2113	107	2113-2114	2113	2113
2114	108	2114-2115	2114	2114
2115	109	2115-2116	2115	2115
2116	110	2116-2117	2116	2116
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2122	116	2122-2123	2122	2122
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2124	118	2124-2125	2124	2124
2125	119	2125-2126	2125	2125
2126	120	2126-2127	2126	2126
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2155	149	2155-2156	2155	2155
2156	150	2156-2157	2156	2156
2157	151	2157-2158	2157	2157
2158	152	2158-2159	2158	2158
2159	153	2159-2160	2159	2159
2160	154	2160-2161	2160	2160
2161	155	2161-2162	2161	2161
2162	156	2162-2163	2162	2162
2163	157	2163-2164	2163	2163
2164	158	2164-2165	2164	2164
2165	159	2165-2166	2165	2165
2166	160	2166-2167	2166	2166
2167	161	2167-2168	2167	2167
2168	162	2168-2169	2168	2168
2169	163	2169-2170	2169	2169
2170	164	2170-2171	2170	2170
2171	165	2171-2172	2171	2171
2172	166	2172-2173	2172	2172
2173	167	2173-2174	2173	2173
2174	168	2174-2175	2174	2174
2175	169	2175-2176	2175	2175
2176	170	2176-2177	2176	2176
2177	171	2177-2178	2177	2177
2178	172	2178-2179	2178	2178
2179	173	2179-2180	2179	2179
2180	174	2180-2181	2180	2180
2181	175	2181-2182	2181	2181
2182	176	2182-2183	2182	2182
2183	177	2183-2184	2183	2183
2184	178	2184-2185	2184	2184
2185	179	2185-2186	2185	2185
2186	180	2186-2187	2186	2186
2187	181	2187-2188	2187	2187
2188	182	2188-2189	2188	2188
2189	183	2189-2190	2189	2189
2190	184	2190-2191	2190	2190
2191	185	2191-2192	2191	2191
2192	186	2192-2193	2192	2192
2193	187	2193-2194	2193	2193
2194	188	2194-2195	2194	2194
2195	189	2195-2196	2195	2195
2196	190	2196-2197	2196	2196
2197	191	2197-2198	2197	2197
2198	192	2198-2199	2198	2198
2199	193	2199-2200	2199	2199
2200	194	2200-2201	2200	2200
2201	195	2201-2202	2201	2201
2202	196	2202-2203	2202	2202
2203	197	2203-2204	2203	2203
2204	198	2204-2205	2204	2204
2205	199	2205-2206	2205	2205
2206	200	2206-2207	2206	2206
2207	201	2207-2208	2207	2207
2208	202	2208-2209	2208	2208
2209	203	2209-2210	2209	2209
2210	204	2210-2211	2210	2210
2211	205	2211-2212	2211	2211
2212	206	2212-2213	2212	2212
2213				

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

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. Only include market value for eligible property on this schedule.

Year	School Year (YYYY-YYYY)	Tax Year (Year in actual tax)	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property on the new buildings or other new improvements	Market Value less any exemptions (such as position control) and before limitation	Final taxable value for ISD	Final taxable value for MISO after all reductions
0	2015-2016	2016	\$ -	\$ -	\$ -	\$ 10,000,000.00	\$ 10,000,000.00	\$ 10,000,000.00
1	2016-2017	2017	\$ -	\$ -	\$ -	\$ 95,000,000.00	\$ 95,000,000.00	\$ 95,000,000.00
2	2017-2018	2018	\$ -	\$ -	\$ -	\$ 285,000,000.00	\$ 30,000,000.00	\$ 30,000,000.00
3	2018-2019	2019	\$ -	\$ -	\$ -	\$ 273,600,000.00	\$ 30,000,000.00	\$ 30,000,000.00
4	2019-2020	2020	\$ -	\$ -	\$ -	\$ 262,200,000.00	\$ 30,000,000.00	\$ 30,000,000.00
5	2020-2021	2021	\$ -	\$ -	\$ -	\$ 250,800,000.00	\$ 30,000,000.00	\$ 30,000,000.00
6	2021-2022	2022	\$ -	\$ -	\$ -	\$ 239,400,000.00	\$ 30,000,000.00	\$ 30,000,000.00
7	2022-2023	2023	\$ -	\$ -	\$ -	\$ 228,000,000.00	\$ 30,000,000.00	\$ 30,000,000.00
8	2023-2024	2024	\$ -	\$ -	\$ -	\$ 216,600,000.00	\$ 30,000,000.00	\$ 30,000,000.00
9	2024-2025	2025	\$ -	\$ -	\$ -	\$ 205,200,000.00	\$ 30,000,000.00	\$ 30,000,000.00
10	2025-2026	2026	\$ -	\$ -	\$ -	\$ 193,800,000.00	\$ 30,000,000.00	\$ 30,000,000.00
11	2026-2027	2027	\$ -	\$ -	\$ -	\$ 182,400,000.00	\$ 30,000,000.00	\$ 30,000,000.00
12	2027-2028	2028	\$ -	\$ -	\$ -	\$ 171,000,000.00	\$ 171,000,000.00	\$ 171,000,000.00
13	2028-2029	2030	\$ -	\$ -	\$ -	\$ 159,600,000.00	\$ 159,600,000.00	\$ 159,600,000.00
14	2029-2030	2031	\$ -	\$ -	\$ -	\$ 148,200,000.00	\$ 148,200,000.00	\$ 148,200,000.00
15	2030-2031	2030	\$ -	\$ -	\$ -	\$ 136,800,000.00	\$ 136,800,000.00	\$ 136,800,000.00
16	2031-2032	2031	\$ -	\$ -	\$ -	\$ 125,400,000.00	\$ 125,400,000.00	\$ 125,400,000.00
17	2032-2033	2032	\$ -	\$ -	\$ -	\$ 114,000,000.00	\$ 114,000,000.00	\$ 114,000,000.00
18	2033-2034	2033	\$ -	\$ -	\$ -	\$ 102,600,000.00	\$ 102,600,000.00	\$ 102,600,000.00
19	2034-2035	2034	\$ -	\$ -	\$ -	\$ 91,200,000.00	\$ 91,200,000.00	\$ 91,200,000.00
20	2035-2036	2035	\$ -	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00
21	2036-2037	2036	\$ -	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00
22	2037-2038	2037	\$ -	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00
23	2038-2039	2038	\$ -	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00
24	2039-2040	2039	\$ -	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00
25	2040-2041	2040	\$ -	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00
26	2041-2042	2041	\$ -	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00

**Schedule C: Employment Information**

Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year)	Number of Construction FTE's or man-hours (Specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates if available (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(c) (cumulative)	Average annual wage of new qualifying jobs
0	2015-2016	2016	189 FTE	\$ 55,000.00	N/A	0	N/A
1	2016-2017	2017	189 FTE	\$ 55,000.00	N/A	4	\$ 60,837.92
2	2017-2018	2018	0	\$ -	N/A	4	\$ 60,837.92
3	2018-2019	2019	0	\$ -	N/A	4	\$ 60,837.92
4	2019-2020	2020	0	\$ -	N/A	4	\$ 60,837.92
5	2020-2021	2021	0	\$ -	N/A	4	\$ 60,837.92
6	2021-2022	2022	0	\$ -	N/A	4	\$ 60,837.92
7	2022-2023	2023	0	\$ -	N/A	4	\$ 60,837.92
8	2023-2024	2024	0	\$ -	N/A	4	\$ 60,837.92
9	2024-2025	2025	0	\$ -	N/A	4	\$ 60,837.92
10	2025-2026	2026	0	\$ -	N/A	4	\$ 60,837.92
11	2026-2027	2027	0	\$ -	N/A	4	\$ 60,837.92
12	2027-2028	2028	0	\$ -	N/A	4	\$ 60,837.92
13	2028-2029	2029	0	\$ -	N/A	4	\$ 60,837.92
14	2029-2030	2030	0	\$ -	N/A	4	\$ 60,837.92
15	2030-2031	2031	0	\$ -	N/A	4	\$ 60,837.92
16	2031-2032	2032	0	\$ -	N/A	4	\$ 60,837.92
17	2032-2033	2033	0	\$ -	N/A	4	\$ 60,837.92
18	2033-2034	2034	0	\$ -	N/A	4	\$ 60,837.92
19	2034-2035	2035	0	\$ -	N/A	4	\$ 60,837.92
20	2035-2036	2036	0	\$ -	N/A	4	\$ 60,837.92
21	2036-2037	2037	0	\$ -	N/A	4	\$ 60,837.92
22	2037-2038	2038	0	\$ -	N/A	4	\$ 60,837.92
23	2038-2039	2039	0	\$ -	N/A	4	\$ 60,837.92
24	2039-2040	2040	0	\$ -	N/A	4	\$ 60,837.92
25	2040-2041	2041	0	\$ -	N/A	4	\$ 60,837.92

Notes: See TAC 8.1051 for definition of non-qualifying jobs. Only include jobs on the project site in this school district.  
 C1. Are the cumulative number of qualifying jobs listed in Column B less than the number of qualifying jobs required by statute? (25) Yes  No   
 C2. If yes, answer the following questions:  
 C1a. Will the applicant request a job waiver, as provided under 313.021(c)(1)? Yes  No   
 C1b. Will the applicant waive level of the provision in 313.021(c)(2)? Yes  No

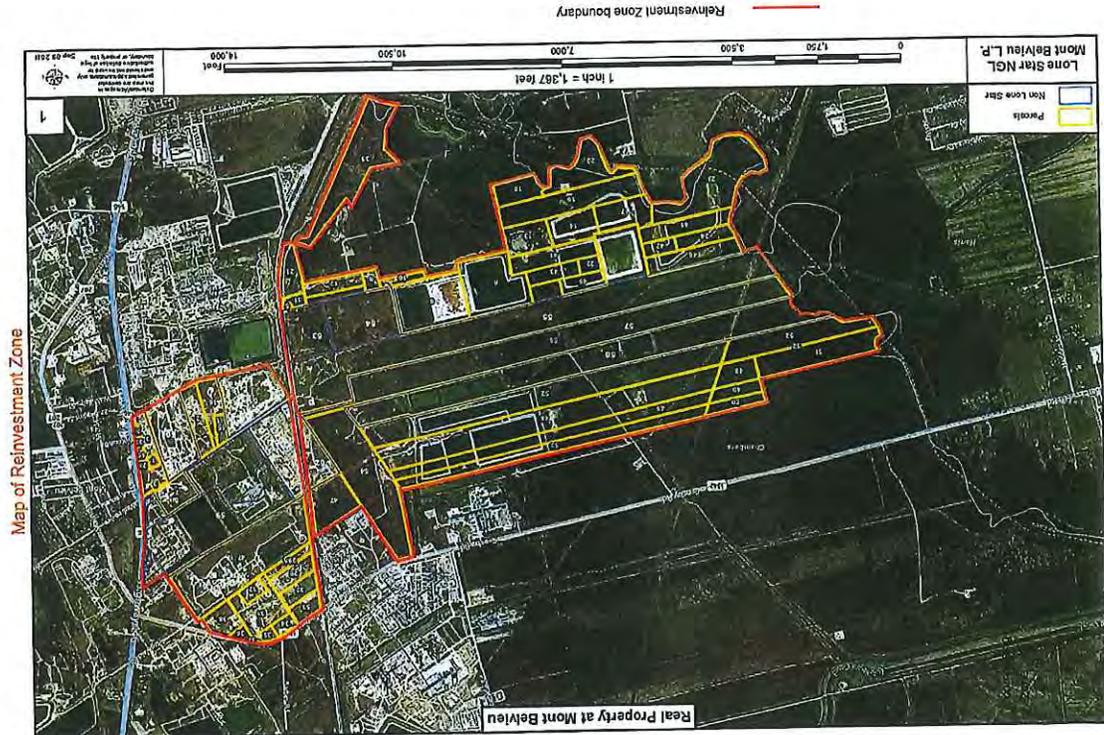
**TAB 15**

**Economic Impact Study**

Additional information on incentives for this project:

Incentive Description	County (tax applicable)	City	County	State and Local Incentives for which the Applicant intends to apply (Estimated)	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311							
Tax Code Chapter 312	County Chambers (Application Pending)	2017	2020		\$ 1,020,591.00	Avg 88% Per Yr	\$ 218,353.00
Local Government Code Chapters 380/381	County Chambers (Application Pending)	2017	2020		\$ 1,160,998.00	Avg 60% Per Yr	\$ 464,399.00
Freeport Exemptions							
Non-Amortization Agreements							
Enterprise Zone/Project							
Economic Development Corporation							
Texas Enterprise Fund							
Employee Recruitment							
Skills Development Fund							
Training Facility Space and Equipment							
Infrastructure Incentives							
Permitting Assistance							
Other:							
Other:							
Other:							
Other:							
TOTAL					\$ 1,160,998.00		\$ 464,399.00





## TAB 16

### Description of Reinvestment Zone

**RESOLUTION OF THE  
BARBERS HILL INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 313 APPRAISED VALUE LIMITATION IN THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT, IN PORTIONS OF CHAMBERS COUNTY TEXAS, TO BE KNOWN AS *THE LOVE STAR NGL REINVESTMENT ZONE*; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

*WHEREAS*, the Board of Trustees of the Barbers Hill Independent School District desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.0025), for the purpose of authorizing an *Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*, as authorized by Chapter 313 of the Texas Tax Code; and,

*WHEREAS*, on \_\_\_\_\_, 2011, a hearing before the Board of Trustees of the Barbers Hill Independent School District was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

*WHEREAS*, the Board of Trustees of the Barbers Hill Independent School District at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone; and,

*WHEREAS*, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

**BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT:**

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Barbers Hill Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the

following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of *The Lone Star NGL Reinvestment Zone* has been properly called, held and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,
- (b) That the boundaries of *The Lone Star NGL Reinvestment Zone* be and, by the adoption of this Resolution, is declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A"; and,
- (c) That the map attached hereto as "EXHIBIT B" is declared to be and, by the adoption of this Resolution is certified to accurately depict and show the boundaries of *The Lone Star NGL Reinvestment Zone* which is normatively described in EXHIBIT A; and further certifies that the property described in EXHIBIT A is inside the boundaries shown on EXHIBIT B; and,
- (d) That creation of *The Lone Star NGL Reinvestment Zone* with boundaries as described in EXHIBIT A and EXHIBIT B will result in benefits to the Barbers Hill Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) *The Lone Star NGL Reinvestment Zone* described in EXHIBIT A and EXHIBIT B meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Barbers Hill Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Barbers Hill Independent School District, hereby creates a reinvestment zone under the provisions of Tex. Tax. Code § 312.0025, encompassing the area described by the descriptions in EXHIBIT A and EXHIBIT B, and such reinvestment zone is hereby designated and shall hereafter be referred to as *The Lone Star NGL Reinvestment Zone*.

SECTION 4. That *The Lone Star NGL Reinvestment Zone* shall take effect upon adoption by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this

Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Barbers Hill Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Chambers County of the State of Texas, and furthermore, such notice was, in fact, delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this \_\_\_\_ day of December, 2011.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: Carmena Goss  
CARMENA GOSS  
President  
Board of Trustees

ATTEST:  
Benny May  
BENNY MAY  
Secretary  
Board of Trustees

Legal Description of Reinvestment Zone

LGH Tract	Chambers PID #	Chambers CAD Legal
1	16241	12 TR 67-1 H GRIFFITH
2	16242	12 TR 86-1 H GRIFFITH
3	16241	12 TR 67-1 H GRIFFITH
4	N/A	N/A
5	20620	4 TR 6A-0 WM BLOODGOOD
6A	20620	4 TR 6A-0 WM BLOODGOOD
6B	29968	4 TR 6A-0-1 WM BLOODGOOD
7	16241	12 TR 67-1 H GRIFFITH
8	20620	4 TR 6A-0 WM BLOODGOOD
9	16241	12 TR 67-1 H GRIFFITH
10	20620	4 TR 6A-0 WM BLOODGOOD
11	20620	4 TR 6A-0 WM BLOODGOOD
12	20620	4 TR 6A-0 WM BLOODGOOD
13	29968	4 TR 6A-0-1 WM BLOODGOOD
14	29968	4 TR 6A-0-1 WM BLOODGOOD
15	16242	12 TR 86-1 H GRIFFITH
16	16242	12 TR 86-1 H GRIFFITH
17	29968	4 TR 6A-0-1 WM BLOODGOOD
18	29968	4 TR 6A-0-1 WM BLOODGOOD
19	29968	4 TR 6A-0-1 WM BLOODGOOD
20	29968	4 TR 6A-0-1 WM BLOODGOOD
21	20620	4 TR 6A-0 WM BLOODGOOD
22	29968	4 TR 6A-0-1 WM BLOODGOOD
23	40368	4 TR 69B-0-1 WM BLOODGOOD
24	29968	4 TR 6A-0-1 WM BLOODGOOD
25	N/A	N/A
26	35521	12 TR 103-2-1 H GRIFFITH
27	35520	12 TR 103-1-1 H GRIFFITH
28	16241	12 TR 67-1 H GRIFFITH
29	16240	12 TR 12-0 H GRIFFITH
30	16240	12 TR 12-0 H GRIFFITH
31	16240	12 TR 12-0 H GRIFFITH
32	16240	12 TR 12-0 H GRIFFITH
33	16240	12 TR 12-0 H GRIFFITH
34	16240	12 TR 12-0 H GRIFFITH
35	16240	12 TR 12-0 H GRIFFITH
36	49011	12 TR 12-0-1 H GRIFFITH
	49012	12 TR 12-0-2 H GRIFFITH
37	N/A	N/A
38	16240	12 TR 12-0 H GRIFFITH
39	40885	4 TR 56-0-2 WM BLOODGOOD
40	N/A	N/A
41	29968	4 TR 6A-0-1 WM BLOODGOOD
42	29968	4 TR 6A-0-1 WM BLOODGOOD
43	29968	4 TR 6A-0-1 WM BLOODGOOD

44	16241	12 TR 67-1 H GRIFFITH
45	16241	12 TR 67-1 H GRIFFITH
46A	31391	4 TR 9-0-2 WM BLOODGOOD
46B	31390	4 TR 9-0-1 WM BLOODGOOD
47	3101	12 TR 74-5 H GRIFFITH
48	3100	24 7-1 W D SMITH
49	3099	24 6-1 W D SMITH
50		
	3098	24 6-0 W D SMITH
	22676	24 6-2 W D SMITH
51	24544	24 8-1 W D SMITH
52		
	22668	24 8-5 WM D SMITH
	20522	24 8-2 W D SMITH
	24545	24 8-4 W D SMITH
	24544	24 8-1 W D SMITH
53	49400	12 TR 12-0-6 H GRIFFITH
54	49351	24 1-2-4 W D SMITH

part of 48-50  
Part of 52

Non LGH Parcels

55	9831	24 11-1 WM D SMITH
56	50539	24 1-5-1 WM D SMITH
57	50538	24 1-3-1 W D SMITH
58	508	24 9-2 W D SMITH
59	18943	12 TR 74-0 H GRIFFITH
60	17620	12 TR 91-1 H GRIFFITH
61	4729	12 TR 82-0 H GRIFFITH
62	19145	12 TR 78-0 H GRIFFITH
63	5084	4 TR 4-0 WM BLOODGOOD
64	1863	4 TR 5-0 WM BLOODGOOD

## TAB 17

Signature and Certification Page

After the application and schedule are complete, an authorized representative from the school district and the business should review the application documents and complete the authorization page. Attach the completed authorization page to the 17. NOTES If you attend your application, you will need to obtain any signatures and complete this page, Section 16, with the amendment request.

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

print name Greg Poole  
Signature (Authorized School District Representative)  
Title Superintendent  
Date August 13, 2014

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

print name Mike Apostle  
Signature (Authorized Company Representative)  
Title Divisional Controller  
Date 8/11/14



GIVEN under my hand and seal of office this, the  
14th day of August, 2014  
Notary Public in and for the State of Texas  
My Commission Expires: April 3, 2017  
(Sharon Clark)

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.06.

## Attachment B

### Franchise Tax Account Status



## Franchise Tax Account Status

As of: 11/12/2014 08:18:48 AM

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

LONE STAR NGL ASSET HOLDINGS II LLC	
Texas Taxpayer Number	32044534082
Mailing Address	211 E 7TH ST STE 620 AUSTIN, TX 78701-3218
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	06/24/2011
Texas SOS File Number	0801444310
Registered Agent Name	CORPORATION SERVICE COMPANY D/B/A CSC- LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

# Attachment C

## State Comptroller's Certification

S U S A N  
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS  
P.O. Box 13528 • AUSTIN, TX 78711-3528



September 25, 2014

Becky McManus  
Assistant Superintendent of Finance  
Barbers Hill Independent School District  
P.O. Box 1108  
Mont Belvieu, Texas 77580-1108

Dear Assistant Superintendent McManus:

On Sep. 8, 2014, the Comptroller issued written notice that Lone Star NGL Asset Holdings II, LLC (the applicant) submitted a completed application (Application #1016) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on June 24, 2014, to the Barbers Hill Independent School District (the school district) by the applicant.

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

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

**Determination required by 313.025(h)**

- |                   |   |
|-------------------|---|
| Sec. 313.024(a)   | Applicant is subject to tax imposed by Chapter 171.   |
| Sec. 313.024(b)   | Applicant is proposing to use the property for an eligible project.   |
| Sec. 313.024(d)   | Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located. |
| Sec. 313.024(d-2) | Not applicable to Application #1016.  |

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

**Certificate decision required by 313.025(d)**

**Determination required by 313.026(c)(1)**

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

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

Determination required by 313.026(c)(2)

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

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

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

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

Note that any building or improvement existing as of the application review start date of Sep. 8, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto: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 A – Economic Impact Analysis**

This following tables summarizes the Comptroller’s economic impact analysis of Lone Star NGL Asset Holdings II, LLC (the project) applying to Barbers Hill Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of Lone Star NGL Asset Holdings II, LLC.

Applicant	Lone Star NGL Asset Holdings II, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2011-12 Enrollment in School District	4,688
County	Chambers
Proposed Total Investment in District	\$308,125,000
Proposed Qualified Investment	\$308,125,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	4
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,149.71
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,149.71
Minimum annual wage committed to by applicant for qualified jobs	\$59,785
Minimum weekly wage required for non-qualifying jobs	NA
Minimum annual wage required for non-qualifying jobs	NA
Investment per Qualifying Job	\$77,031,250
Estimated M&O levy without any limit (15 years)	\$30,960,480
Estimated M&O levy with Limitation (15 years)	\$9,368,280
Estimated gross M&O tax benefit (15 years)	\$21,592,200
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

**Table 2** is the estimated statewide economic impact of Lone Star NGL Asset Holdings II, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	189	198	387	\$10,395,000	\$13,530,781	\$23,925,781
2016	193	213	406	\$10,638,352	\$16,705,398	\$27,343,750
2017	4	39	43	\$243,352	\$5,738,093	\$5,981,445
2018	4	27	31	\$243,352	\$4,395,320	\$4,638,672
2019	4	21	25	\$243,352	\$3,296,687	\$3,540,039
2020	4	19	23	\$243,352	\$3,174,617	\$3,417,969
2021	4	19	23	\$243,352	\$2,808,406	\$3,051,758
2022	4	17	21	\$243,352	\$2,320,125	\$2,563,477
2023	4	21	25	\$243,352	\$2,930,476	\$3,173,828
2024	4	17	21	\$243,352	\$2,564,265	\$2,807,617
2025	4	25	29	\$243,352	\$2,686,336	\$2,929,688
2026	4	25	29	\$243,352	\$2,564,265	\$2,807,617
2027	4	16	20	\$243,352	\$2,442,195	\$2,685,547
2028	4	12	16	\$243,352	\$2,198,054	\$2,441,406
2029	4	6	10	\$243,352	\$1,465,632	\$1,708,984

Source: CPA, REMI, Lone Star NGL Asset Holdings II, LLC

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

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County	City of Mont Belvieu	Estimated Total Property Taxes
				0.2698	1.0600		0.478236	0.43671	
2015	\$10,000,000	\$10,000,000		\$26,980	\$106,000	\$132,980	\$47,824	\$43,671	\$224,475
2016	\$95,000,000	\$95,000,000		\$256,310	\$1,007,000	\$1,263,310	\$454,324	\$414,875	\$2,132,509
2017	\$285,000,000	\$285,000,000		\$768,930	\$3,021,000	\$3,789,930	\$1,362,973	\$1,244,624	\$6,397,526
2018	\$273,600,000	\$273,600,000		\$738,173	\$2,900,160	\$3,638,333	\$1,308,454	\$1,194,839	\$6,141,625
2019	\$262,200,000	\$262,200,000		\$707,416	\$2,779,320	\$3,486,736	\$1,253,935	\$1,145,054	\$5,885,724
2020	\$250,800,000	\$250,800,000		\$676,658	\$2,658,480	\$3,335,138	\$1,199,416	\$1,095,269	\$5,629,823
2021	\$239,400,000	\$239,400,000		\$645,901	\$2,537,640	\$3,183,541	\$1,144,897	\$1,045,484	\$5,373,922
2022	\$228,000,000	\$228,000,000		\$615,144	\$2,416,800	\$3,031,944	\$1,090,378	\$995,699	\$5,118,021
2023	\$216,600,000	\$216,600,000		\$584,387	\$2,295,960	\$2,880,347	\$1,035,859	\$945,914	\$4,862,120
2024	\$205,200,000	\$205,200,000		\$553,630	\$2,175,120	\$2,728,750	\$981,340	\$896,129	\$4,606,219
2025	\$193,800,000	\$193,800,000		\$522,872	\$2,054,280	\$2,577,152	\$926,821	\$846,344	\$4,350,318
2026	\$182,400,000	\$182,400,000		\$492,115	\$1,933,440	\$2,425,555	\$872,302	\$796,559	\$4,094,417
2027	\$171,000,000	\$171,000,000		\$461,358	\$1,812,600	\$2,273,958	\$817,784	\$746,774	\$3,838,516
2028	\$159,600,000	\$159,600,000		\$430,601	\$1,691,760	\$2,122,361	\$763,265	\$696,989	\$3,582,615
2029	\$148,200,000	\$148,200,000		\$399,844	\$1,570,920	\$1,970,764	\$708,746	\$647,204	\$3,326,714
			<b>Total</b>	<b>\$7,880,318</b>	<b>\$30,960,480</b>	<b>\$38,840,798</b>	<b>\$13,968,317</b>	<b>\$12,755,426</b>	<b>\$65,564,541</b>

Source: CPA, Lone Star NGL Asset Holdings II, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Mont Belvieu and Chambers County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the city and county.

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County	City of Mont Belvieu	Estimated Total Property Taxes
				0.2698	1.0600		0.478236	0.43671	
2015	\$10,000,000	\$10,000,000		\$26,980	\$106,000	\$132,980	\$47,824	\$43,671	\$224,475
2016	\$95,000,000	\$95,000,000		\$256,310	\$1,007,000	\$1,263,310	\$454,324	\$414,875	\$2,132,509
2017	\$285,000,000	\$30,000,000		\$768,930	\$318,000	\$1,086,930	\$545,189	\$149,355	\$1,781,474
2018	\$273,600,000	\$30,000,000		\$738,173	\$318,000	\$1,056,173	\$523,381	\$143,381	\$1,722,935
2019	\$262,200,000	\$30,000,000		\$707,416	\$318,000	\$1,025,416	\$501,574	\$137,406	\$1,664,396
2020	\$250,800,000	\$30,000,000		\$676,658	\$318,000	\$994,658	\$479,766	\$131,432	\$1,605,857
2021	\$239,400,000	\$30,000,000		\$645,901	\$318,000	\$963,901	\$457,959	\$125,458	\$1,547,318
2022	\$228,000,000	\$30,000,000		\$615,144	\$318,000	\$933,144	\$436,151	\$119,484	\$1,488,779
2023	\$216,600,000	\$30,000,000		\$584,387	\$318,000	\$902,387	\$414,344	\$113,510	\$1,430,240
2024	\$205,200,000	\$30,000,000		\$553,630	\$318,000	\$871,630	\$392,536	\$107,535	\$1,371,701
2025	\$193,800,000	\$30,000,000		\$522,872	\$318,000	\$840,872	\$370,729	\$101,561	\$1,313,162
2026	\$182,400,000	\$30,000,000		\$492,115	\$318,000	\$810,115	\$348,921	\$95,587	\$1,254,623
2027	\$171,000,000	\$171,000,000		\$461,358	\$1,812,600	\$2,273,958	\$817,784	\$746,774	\$3,838,516
2028	\$159,600,000	\$159,600,000		\$430,601	\$1,691,760	\$2,122,361	\$763,265	\$696,989	\$3,582,615
2029	\$148,200,000	\$148,200,000		\$399,844	\$1,570,920	\$1,970,764	\$708,746	\$647,204	\$3,326,714
			<b>Total</b>	<b>\$7,880,318</b>	<b>\$ 9,368,281</b>	<b>\$ 17,248,598</b>	<b>\$ 7,262,492</b>	<b>\$ 3,774,223</b>	<b>\$ 28,285,313</b>
			<b>Difference</b>	<b>\$ -</b>	<b>\$ 21,592,199</b>	<b>\$ 21,592,200</b>	<b>\$ 6,705,825</b>	<b>\$ 8,981,203</b>	<b>\$ 37,279,228</b>

Assumes School Value Limitation and Tax Abatement with the County and City.

Source: CPA, Lone Star NGL Asset Holdings II, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

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

### Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that Lone Star NGL Asset Holdings II, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2014	\$0	\$0	\$0	\$0
	2015	\$106,000	\$106,000	\$0	\$0
	2016	\$1,007,000	\$1,113,000	\$0	\$0
<b>Limitation Period (10 Years)</b>	2017	\$318,000	\$1,431,000	\$2,703,000	\$2,703,000
	2018	\$318,000	\$1,749,000	\$2,582,160	\$5,285,160
	2019	\$318,000	\$2,067,000	\$2,461,320	\$7,746,480
	2020	\$318,000	\$2,385,000	\$2,340,480	\$10,086,960
	2021	\$318,000	\$2,703,000	\$2,219,640	\$12,306,600
	2022	\$318,000	\$3,021,000	\$2,098,800	\$14,405,400
	2023	\$318,000	\$3,339,000	\$1,977,960	\$16,383,360
	2024	\$318,000	\$3,657,000	\$1,857,120	\$18,240,480
	2025	\$318,000	\$3,975,000	\$1,736,280	\$19,976,760
	2026	\$318,000	\$4,293,000	\$1,615,440	\$21,592,200
<b>Maintain Viable Presence (5 Years)</b>	2027	\$1,812,600	\$6,105,600	\$0	\$21,592,200
	2028	\$1,691,760	\$7,797,360	\$0	\$21,592,200
	2029	\$1,570,920	\$9,368,280	\$0	\$21,592,200
	2030	\$1,450,080	\$10,818,360	\$0	\$21,592,200
	2031	\$1,329,240	\$12,147,600	\$0	\$21,592,200
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2032	\$1,208,400	\$13,356,000	\$0	\$21,592,200
	2033	\$1,087,560	\$14,443,560	\$0	\$21,592,200
	2034	\$966,720	\$15,410,280	\$0	\$21,592,200
	2035	\$845,880	\$16,256,160	\$0	\$21,592,200
	2036	\$845,880	\$17,102,040	\$0	\$21,592,200
	2037	\$845,880	\$17,947,920	\$0	\$21,592,200
	2038	\$845,880	\$18,793,800	\$0	\$21,592,200
	2039	\$845,880	\$19,639,680	\$0	\$21,592,200
	2040	\$845,880	\$20,485,560	\$0	\$21,592,200
	2041	\$845,880	\$21,331,440	\$0	\$21,592,200

**\$21,331,440**

is less than

**\$21,592,200**

<b>Analysis Summary</b>	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

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

Source: CPA, Lone Star NGL Asset Holdings II, LLC.

**Employment Indirect and Induced Tax Effects**

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	189	198	387	\$10,395,000	\$13,530,781	\$23,925,781	\$1,319,885	-\$633,240	\$1,953,125
2016	193	213	406	\$10,638,352	\$16,705,398	\$27,343,750	\$1,487,732	-\$411,987	\$1,899,719
2017	4	39	43	\$243,352	\$5,738,093	\$5,981,445	\$373,840	\$473,022	-\$99,182
2018	4	27	31	\$243,352	\$4,395,320	\$4,638,672	\$320,435	\$465,393	-\$144,958
2019	4	21	25	\$243,352	\$3,296,687	\$3,540,039	\$267,029	\$434,875	-\$167,846
2020	4	19	23	\$243,352	\$3,174,617	\$3,417,969	\$236,511	\$389,099	-\$152,588
2021	4	19	23	\$243,352	\$2,808,406	\$3,051,758	\$190,735	\$305,176	-\$114,441
2022	4	17	21	\$243,352	\$2,320,125	\$2,563,477	\$144,958	\$236,511	-\$91,553
2023	4	21	25	\$243,352	\$2,930,476	\$3,173,828	\$137,329	\$198,364	-\$61,035
2024	4	17	21	\$243,352	\$2,564,265	\$2,807,617	\$144,958	\$129,700	\$15,258
2025	4	25	29	\$243,352	\$2,686,336	\$2,929,688	\$167,847	\$106,812	\$61,035
2026	4	25	29	\$243,352	\$2,564,265	\$2,807,617	\$167,847	\$38,147	\$129,700
2027	4	16	20	\$243,352	\$2,442,195	\$2,685,547	\$30,518	-\$15,259	\$45,777
2028	4	12	16	\$243,352	\$2,198,054	\$2,441,406	-\$15,259	-\$68,665	\$53,406
2029	4	6	10	\$243,352	\$1,465,632	\$1,708,984	-\$61,035	-\$106,812	\$45,777
2030	4	8	12	\$243,352	\$1,221,492	\$1,464,844	-\$99,182	-\$175,476	\$76,294
2031	4	(0)	4	\$243,352	\$977,351	\$1,220,703	-\$152,588	-\$213,623	\$61,035
2032	4	(0)	4	\$243,352	\$489,070	\$732,422	-\$167,847	-\$259,399	\$91,552
2033	4	2	6	\$243,352	\$733,211	\$976,563	-\$160,217	-\$358,582	\$198,365
2034	4	2	6	\$243,352	\$489,070	\$732,422	-\$205,994	-\$389,099	\$183,105
2035	4	(2)	2	\$243,352	\$244,929	\$488,281	-\$236,511	-\$419,617	\$183,106
2036	4	(0)	4	\$243,352	-\$243,352	\$0	-\$289,917	-\$511,169	\$221,252
2037	4	(4)	0	\$243,352	-\$487,493	-\$244,141	-\$320,435	-\$564,575	\$244,140
2038	4	(6)	-2	\$243,352	-\$975,774	-\$732,422	-\$289,917	-\$595,093	\$305,176
2039	4	(4)	0	\$243,352	-\$487,493	-\$244,141	-\$305,176	-\$640,869	\$335,693
2040	4	(4)	0	\$243,352	-\$731,633	-\$488,281	-\$335,693	-\$717,163	\$381,470
2041	4	(0)	4	\$243,352	-\$1,219,915	-\$976,563	-\$366,211	-\$778,198	\$411,987
<b>Total</b>							<b>\$1,983,642</b>	<b>-\$4,081,727</b>	<b>\$6,065,369</b>

**\$27,396,809** is greater than **\$21,592,200**

**Analysis Summary**

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

Yes

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

## **Attachment C – Limitation as a Determining Factor**

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

### **Methodology**

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

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

### **Determination**

The Comptroller **determines** that the limitation on appraised value is a determining factor in the Lone Star NGL Asset Holdings II, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- According to the application, “Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located.”
- Per the company, capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation.
- The applicant provided an economic analysis of this project with value limitations and also without, which showed the benefit of the property tax limitation.

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

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

# Attachment D

## Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED LONE STAR NGL  
ASSET HOLDINGS II, LLC PROJECT IN THE BARBERS  
HILL INDEPENDENT SCHOOL DISTRICT**

**PREPARED BY**



**SEPTEMBER 15, 2014**

## Executive Summary

Lone Star NGL Asset Holdings II, LLC (Company) has requested that the Barbers Hill Independent School District (BHISD) 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 BHISD on June 23, 2014 the Company plans to invest \$285 million to construct a manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Lone Star 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, BHISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in 2017-18 and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

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

Total Revenue Loss Payments owed to BHISD	\$2,206,984
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$19,385,216

## Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. At the time the application is determined complete—typically 4-6 weeks after receipt—the Comptroller will deliver a Completeness Letter to the company and the school district. The application was determined complete on September 8, 2014.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of

the project and provide its certificate for a limitation on appraised value. After the certificate is received, the district has until the 150<sup>th</sup> day from the receipt of the Completeness Letter or until December 31<sup>st</sup>, whichever is earlier, to adopt an agreement. The Comptroller's Certificate for the Lone star project was issued on September 25, 2014.

Each value limitation agreement is unique and to ensure the proper revenue-loss protection and maximum supplemental benefits are in place, an understanding of the school district's finances and a thorough knowledge of the Ch. 313 statute are required. MCA and O'Hanlon, McCollom & Demerath, PLLC will ensure the best interests of BHISD are secured. After the Comptroller's certificate is received, O'Hanlon, McCollom & Demerath, PLLC will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

At the final board meeting, the school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting. Prior to this meeting, O'Hanlon, McCollom & Demerath, PLLC will provide the district with the necessary agenda language and any additional action items.

## How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of three components: Tier I, Tier II and additional state aid for tax reduction.

**Tier I** provides state funding based on ADA and special student populations, as well as transportation. The local funds for Tier I are M&O taxes raised at the compressed tax rate—\$1.00 per \$100 of taxable value for most school districts (less any recapture payments owed to the state from high property-wealth school districts).

**Tier II** guarantees a specific amount of funding per student in weighted average daily attendance for each penny of a school district's tax effort above a specified level. There are two levels of Tier II funding—funding under the six so-called golden pennies and the eleven so-called copper pennies. Voter approval is required in most cases to access the last two golden pennies and the eleven copper pennies.

**Additional State Aid for Tax Reduction (ASATR)** guarantees a school district a set amount of state and local M&O funds per student in weighted average daily attendance to compensate for the mandatory reduction in, or compression of, the local M&O tax rate that was adopted in 2005 or 2006. For more detailed information on the school finance funding system, please review the Texas Education Agency's [School Finance 101: Funding of Texas Public Schools](#). For the 2014-15 school year it is estimated that 230 school districts will receive ASATR hold-harmless funding (\$335 million in state funding). ASATR funding is expected to be eliminated by the 2017-18 school year under current law.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation often results in an M&O

revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. This is because the general school finance formula system calculates state aid entitlements using the property value for the preceding year as certified by the Comptroller.

School districts that receive ASATR funding may not require as large of a company revenue-loss payment as those districts that are considered to be on "formula". **As ASATR is reduced, more districts will be considered on "formula" and the revenue losses may be greater than anticipated in the initial revenue-loss estimates.**

BHISD does receive ASATR funding, but when the initial 2017-18 limitation year begins, ASATR will be eliminated under current law. In most instances smaller revenue losses would be anticipated in years 2-10 of the limitation when the state M&O 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. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

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

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

### **Underlying School District Data Assumptions**

A key element in any analysis of the school finance implications of a Chapter 313 agreement is the provision for revenue protection in the agreement between the school district and the applicant. The agreement calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. 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. This approach also reduces guess work as to future changes in school finance and property tax laws.

Student enrollment counts are held constant at 4,676 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of BHISD. The District's local tax base reached \$4.4 billion for the 2014 tax year (the most recent year available) and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.06 is used throughout this analysis. BHISD has estimated 2014-15 state property wealth per weighted ADA or WADA of approximately \$693,686. As a result, BHISD is considered a Chapter 41 or recapture district under the school finance system. Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. ASATR is continued under the current funding elements until the 2017-18 school year.

**Table 1 – Base District Information with Lone Star 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
Pre-Year 1	2016-17	4,676.03	5,553.89	\$1.0600	\$0.2698	\$4,410,428,810	\$4,410,428,810	\$6,369,916,923	\$6,369,916,923	\$1,146,929	\$1,146,929
1	2017-18	4,676.03	5,553.89	\$1.0600	\$0.2698	\$4,600,428,810	\$4,345,428,810	\$4,103,391,923	\$4,103,391,923	\$738,832	\$738,832
2	2018-19	4,676.03	5,553.89	\$1.0600	\$0.2698	\$4,589,028,810	\$4,345,428,810	\$4,293,391,923	\$4,038,391,923	\$773,042	\$727,128
3	2019-20	4,676.03	5,553.89	\$1.0600	\$0.2698	\$4,577,628,810	\$4,345,428,810	\$4,281,991,923	\$4,038,391,923	\$770,990	\$727,128
4	2020-21	4,676.03	5,553.89	\$1.0600	\$0.2698	\$4,721,678,506	\$4,500,878,506	\$4,270,591,923	\$4,038,391,923	\$768,937	\$727,128
5	2021-22	4,676.03	5,553.89	\$1.0600	\$0.2698	\$4,856,212,948	\$4,646,812,948	\$4,414,641,619	\$4,193,841,619	\$794,874	\$755,118
6	2022-23	4,676.03	5,553.89	\$1.0600	\$0.2698	\$5,397,502,704	\$5,199,502,704	\$4,549,176,061	\$4,339,776,061	\$819,097	\$781,394
7	2023-24	4,676.03	5,553.89	\$1.0600	\$0.2698	\$5,336,518,203	\$5,149,918,203	\$5,090,465,817	\$4,892,465,817	\$916,558	\$880,908
8	2024-25	4,676.03	5,553.89	\$1.0600	\$0.2698	\$8,056,066,215	\$7,880,866,215	\$5,029,481,316	\$4,842,881,316	\$905,578	\$871,980
9	2025-26	4,676.03	5,553.89	\$1.0600	\$0.2698	\$7,899,097,657	\$7,735,297,657	\$7,749,029,328	\$7,573,829,328	\$1,395,243	\$1,363,698
10	2026-27	4,676.03	5,553.89	\$1.0600	\$0.2698	\$7,762,385,223	\$7,609,985,223	\$7,592,060,770	\$7,428,260,770	\$1,366,981	\$1,337,488
11	2027-28	4,676.03	5,553.89	\$1.0600	\$0.2698	\$7,631,917,060	\$7,631,917,060	\$7,455,348,336	\$7,302,948,336	\$1,342,365	\$1,314,925
12	2028-29	4,676.03	5,553.89	\$1.0600	\$0.2698	\$7,467,225,123	\$7,467,225,123	\$7,324,880,173	\$7,324,880,173	\$1,318,874	\$1,318,874
13	2029-30	4,676.03	5,553.89	\$1.0600	\$0.2698	\$7,312,083,070	\$7,312,083,070	\$7,160,188,236	\$7,160,188,236	\$1,289,220	\$1,289,220
14	2030-31	4,676.03	5,553.89	\$1.0600	\$0.2698	\$7,165,648,286	\$7,165,648,286	\$7,005,046,183	\$7,005,046,183	\$1,261,286	\$1,261,286
15	2031-32	4,676.03	5,553.89	\$1.0600	\$0.2698	\$7,027,173,179	\$7,027,173,179	\$6,858,611,399	\$6,858,611,399	\$1,234,920	\$1,234,920

\*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

### M&O Impact of the Lone Star project on BHISD

School finance models were prepared for BHISD under these assumptions through the 2031-32 school year. Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue Model” by adding the total value of the project to the model, but without assuming that a value limitation is approved. This information is detailed in Table 2.

Additionally, a separate model is established to make a calculation of the “Value Limitation Revenue Model” by adding the project’s limited value of \$30 million to the model. These results are shown in Table 3.

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2016-17	\$43,813,910	\$1,608,355	\$13,447,330	-\$21,771,417	\$2,628,835	\$0	\$0	\$107,733	\$39,834,746
1	2017-18	\$45,726,910	\$1,608,355	\$0	-\$10,369,200	\$2,743,615	\$0	\$0	\$107,182	\$39,816,861
2	2018-19	\$45,612,910	\$1,608,355	\$0	-\$11,869,077	\$2,736,775	\$0	\$0	\$107,284	\$38,196,247
3	2019-20	\$45,498,910	\$1,608,355	\$0	-\$11,749,887	\$2,729,935	\$0	\$0	\$107,073	\$38,194,386
4	2020-21	\$46,908,317	\$1,608,355	\$0	-\$12,039,712	\$2,814,499	\$0	\$0	\$106,828	\$39,398,287
5	2021-22	\$48,224,475	\$1,608,355	\$0	-\$13,544,161	\$2,893,468	\$0	\$0	\$106,592	\$39,288,729
6	2022-23	\$53,526,835	\$1,608,355	\$0	-\$16,214,581	\$3,211,610	\$0	\$0	\$105,492	\$42,237,711
7	2023-24	\$52,926,906	\$1,608,355	\$0	-\$19,891,322	\$3,175,614	\$0	\$0	\$105,717	\$37,925,270
8	2024-25	\$79,576,197	\$1,608,355	\$0	-\$29,594,334	\$4,774,572	\$0	\$0	\$99,637	\$56,464,427
9	2025-26	\$78,035,625	\$1,608,355	\$0	-\$46,021,211	\$4,682,138	\$0	\$0	\$100,084	\$38,404,991
10	2026-27	\$76,693,563	\$1,608,355	\$0	-\$44,580,943	\$4,601,614	\$0	\$0	\$100,472	\$38,423,061
11	2027-28	\$75,384,495	\$1,608,355	\$0	-\$43,241,716	\$4,523,070	\$0	\$0	\$100,843	\$38,375,047
12	2028-29	\$73,770,514	\$1,608,355	\$0	-\$41,753,443	\$4,426,231	\$0	\$0	\$101,312	\$38,152,969
13	2029-30	\$72,250,122	\$1,608,355	\$0	-\$40,172,731	\$4,335,007	\$0	\$0	\$101,753	\$38,122,506
14	2030-31	\$70,815,061	\$1,608,355	\$0	-\$38,679,515	\$4,248,904	\$0	\$0	\$102,169	\$38,094,973
15	2031-32	\$69,458,005	\$1,608,355	\$0	-\$37,266,311	\$4,167,480	\$0	\$0	\$102,563	\$38,070,092

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2016-17	\$43,813,910	\$1,608,355	\$13,447,330	-\$21,771,417	\$2,628,835	\$0	\$0	\$107,733	\$39,834,746
1	2017-18	\$43,176,910	\$1,608,355	\$0	-\$9,790,953	\$2,590,615	\$0	\$0	\$107,760	\$37,692,687
2	2018-19	\$43,176,910	\$1,608,355	\$0	-\$9,288,337	\$2,590,615	\$0	\$0	\$107,836	\$38,195,379
3	2019-20	\$43,176,910	\$1,608,355	\$0	-\$9,288,337	\$2,590,615	\$0	\$0	\$107,599	\$38,195,142
4	2020-21	\$44,700,317	\$1,608,355	\$0	-\$9,616,056	\$2,682,019	\$0	\$0	\$107,328	\$39,481,963
5	2021-22	\$46,130,475	\$1,608,355	\$0	-\$11,213,314	\$2,767,828	\$0	\$0	\$107,066	\$39,400,410
6	2022-23	\$51,546,835	\$1,608,355	\$0	-\$13,886,284	\$3,092,810	\$0	\$0	\$105,941	\$42,467,657
7	2023-24	\$51,060,906	\$1,608,355	\$0	-\$17,902,307	\$3,063,654	\$0	\$0	\$106,140	\$37,936,748
8	2024-25	\$77,824,197	\$1,608,355	\$0	-\$27,068,027	\$4,669,452	\$0	\$0	\$100,034	\$57,134,010
9	2025-26	\$76,397,625	\$1,608,355	\$0	-\$44,331,105	\$4,583,858	\$0	\$0	\$100,455	\$38,359,188
10	2026-27	\$75,169,563	\$1,608,355	\$0	-\$43,001,988	\$4,510,174	\$0	\$0	\$100,818	\$38,386,922
11	2027-28	\$75,384,495	\$1,608,355	\$0	-\$42,582,542	\$4,523,070	\$0	\$0	\$100,843	\$39,034,221
12	2028-29	\$73,770,514	\$1,608,355	\$0	-\$41,753,443	\$4,426,231	\$0	\$0	\$101,312	\$38,152,969
13	2029-30	\$72,250,122	\$1,608,355	\$0	-\$40,172,731	\$4,335,007	\$0	\$0	\$101,753	\$38,122,506
14	2030-31	\$70,815,061	\$1,608,355	\$0	-\$38,679,515	\$4,248,904	\$0	\$0	\$102,169	\$38,094,973
15	2031-32	\$69,458,005	\$1,608,355	\$0	-\$37,266,311	\$4,167,480	\$0	\$0	\$102,563	\$38,070,092

Table 4 displays the results of the comparison between the Baseline Revenue Model and the Value Limitation Revenue Model (Tables 2 and 3). The difference between the two models indicates there will be a total revenue loss of \$2.2 million over the course of the Agreement. Nearly all of the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law, which is reflected in the Table 4 data.

**Table 4 – Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2017-18	-\$2,550,000	\$0	\$0	\$578,247	-\$153,000	\$0	\$0	\$578	-\$2,124,175
2	2018-19	-\$2,436,000	\$0	\$0	\$2,580,740	-\$146,160	\$0	\$0	\$552	-\$868
3	2019-20	-\$2,322,000	\$0	\$0	\$2,461,551	-\$139,320	\$0	\$0	\$526	\$757
4	2020-21	-\$2,208,000	\$0	\$0	\$2,423,656	-\$132,480	\$0	\$0	\$500	\$83,676
5	2021-22	-\$2,094,000	\$0	\$0	\$2,330,847	-\$125,640	\$0	\$0	\$474	\$111,681
6	2022-23	-\$1,980,000	\$0	\$0	\$2,328,297	-\$118,800	\$0	\$0	\$449	\$229,946
7	2023-24	-\$1,866,000	\$0	\$0	\$1,989,015	-\$111,960	\$0	\$0	\$423	\$11,478
8	2024-25	-\$1,752,000	\$0	\$0	\$2,526,307	-\$105,120	\$0	\$0	\$397	\$669,584
9	2025-26	-\$1,638,000	\$0	\$0	\$1,690,106	-\$98,280	\$0	\$0	\$371	-\$45,803
10	2026-27	-\$1,524,000	\$0	\$0	\$1,578,955	-\$91,440	\$0	\$0	\$346	-\$36,139
11	2027-28	\$0	\$0	\$0	\$659,175	\$0	\$0	\$0	\$0	\$659,175
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

***M&O Impact on the Taxpayer***

Table 5 summarizes the impact of the property value limitation in terms of the potential tax savings to the taxpayer under the property value limitation agreement. The focus of this table is on the M&O tax rate only. A \$1.06 M&O tax rate is assumed in 2014-15 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$21.6 million over the life of the agreement. The BHISD revenue losses are expected to total approximately \$2.2 million over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$19.4 million.

**Table 5 - Estimated Financial Impact of the Lone Star Project Property Value Limitation Request Submitted to BHISD at \$1.0600 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 Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2016-17	\$95,000,000	\$95,000,000	\$0	\$1.060	\$1,007,000	\$1,007,000	\$0	\$0	\$0	\$0
1	2017-18	\$285,000,000	\$30,000,000	\$255,000,000	\$1.060	\$3,021,000	\$318,000	\$2,703,000	\$2,703,000	-\$2,124,175	\$578,825
2	2018-19	\$273,600,000	\$30,000,000	\$243,600,000	\$1.060	\$2,900,160	\$318,000	\$2,582,160	\$2,582,160	-\$868	\$2,581,292
3	2019-20	\$262,200,000	\$30,000,000	\$232,200,000	\$1.060	\$2,779,320	\$318,000	\$2,461,320	\$2,461,320	\$0	\$2,461,320
4	2020-21	\$250,800,000	\$30,000,000	\$220,800,000	\$1.060	\$2,658,480	\$318,000	\$2,340,480	\$2,340,480	\$0	\$2,340,480
5	2021-22	\$239,400,000	\$30,000,000	\$209,400,000	\$1.060	\$2,537,640	\$318,000	\$2,219,640	\$2,219,640	\$0	\$2,219,640
6	2022-23	\$228,000,000	\$30,000,000	\$198,000,000	\$1.060	\$2,416,800	\$318,000	\$2,098,800	\$2,098,800	\$0	\$2,098,800
7	2023-24	\$216,600,000	\$30,000,000	\$186,600,000	\$1.060	\$2,295,960	\$318,000	\$1,977,960	\$1,977,960	\$0	\$1,977,960
8	2024-25	\$205,200,000	\$30,000,000	\$175,200,000	\$1.060	\$2,175,120	\$318,000	\$1,857,120	\$1,857,120	\$0	\$1,857,120
9	2025-26	\$193,800,000	\$30,000,000	\$163,800,000	\$1.060	\$2,054,280	\$318,000	\$1,736,280	\$1,736,280	-\$45,803	\$1,690,477
10	2026-27	\$182,400,000	\$30,000,000	\$152,400,000	\$1.060	\$1,933,440	\$318,000	\$1,615,440	\$1,615,440	-\$36,139	\$1,579,301
11	2027-28	\$171,000,000	\$171,000,000	\$0	\$1.060	\$1,812,600	\$1,812,600	\$0	\$0	\$0	\$0
12	2028-29	\$159,600,000	\$159,600,000	\$0	\$1.060	\$1,691,760	\$1,691,760	\$0	\$0	\$0	\$0
13	2029-30	\$148,200,000	\$148,200,000	\$0	\$1.060	\$1,570,920	\$1,570,920	\$0	\$0	\$0	\$0
14	2030-31	\$136,800,000	\$136,800,000	\$0	\$1.060	\$1,450,080	\$1,450,080	\$0	\$0	\$0	\$0
15	2031-32	\$125,400,000	\$125,400,000	\$0	\$1.060	\$1,329,240	\$1,329,240	\$0	\$0	\$0	\$0
						\$33,633,800	\$12,041,600	\$21,592,200	\$21,592,200	-\$2,206,984	\$19,385,216

### I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with BHISD currently levying a \$0.2698 I&S rate. The value of the Lone Star project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth per ADA to \$1.36 million in the peak year of I&S taxable project value. Even with depreciation in project values in future years, local taxpayers should benefit from the addition of the Lone Star project to the local I&S tax roll.

The project is not expected to affect BHISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

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

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

Attachment E

Taxable Value of Property



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2013 ISD Summary Worksheet

### 036/Chambers

### 036-902/Barbers Hill ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	948,930,280	N/A	948,930,280	948,930,280
B. Multi-Family Residences	8,266,530	N/A	8,266,530	8,266,530
C1. Vacant Lots	27,793,030	N/A	27,793,030	27,793,030
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	1,444,140	N/A	1,444,140	1,444,140
D2. Real Prop Farm & Ranch	834,110	N/A	834,110	834,110
E. Real Prop NonQual Acres	63,233,040	N/A	63,233,040	63,233,040
F1. Commercial Real	56,778,120	N/A	56,778,120	56,778,120
F2. Industrial Real	2,412,062,353	N/A	2,412,062,353	2,412,062,353
G. Oil, Gas, Minerals	52,834,757	N/A	52,834,757	52,834,757
J. Utilities	72,570,222	N/A	72,570,222	72,570,222
L1. Commercial Personal	16,064,820	N/A	16,064,820	16,064,820
L2. Industrial Personal	1,190,426,121	N/A	1,190,426,121	1,190,426,121
M. Other Personal	3,188,510	N/A	3,188,510	3,188,510
N. Intangible				

Pers/Uncert	0	N/A	0	0
O. Residential Inventory	1,015,450	N/A	1,015,450	1,015,450
S. Special Inventory	2,012,370	N/A	2,012,370	2,012,370
Subtotal	4,857,453,853		4,857,453,853	4,857,453,853
Less Total Deductions	743,537,109		743,537,109	743,537,109
Total Taxable Value	4,113,916,744		4,113,916,744	4,113,916,744 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

### Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
4,158,962,534	4,113,916,744	4,077,888,964	4,032,843,174	4,113,916,744	4,032,843,174

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
45,045,790	81,073,570

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**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>	<b>T11</b>	<b>T12</b>
4,579,190,932	4,534,145,142	4,498,117,362	4,453,071,572	4,534,145,142	4,453,071,572

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 F

## TEA's Facilities Value

September 19, 2014

Mrs Becky Tice, President  
Board of Trustees  
Barbers Hill Independent School District  
P O Box 1108  
Mont Belvieu, TX 77580-1108

Dear Mrs Tice:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Lone Star NGL Asset Holdings II, LLC project on the number and size of school facilities in Barbers Hill Independent School District (BHISD). Based on an examination of BHISD enrollment and the number of potential new jobs, the TEA has determined that the Lone Star NGL Asset Holdings II, LLC project should not have a significant impact on the number or size of school facilities in BHISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you have any questions.

Sincerely,

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

Attachment G

Participation Agreement

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

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by and between

**BARBERS HILL INDEPENDENT SCHOOL DISTRICT**

and

**LONE STAR NGL ASSET HOLDINGS II LLC**

*(Texas Taxpayer ID # 32044534082)*

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TEXAS COMPTROLLER APPLICATION NUMBER 1016

Dated

December 15, 2014

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

*STATE OF TEXAS* §

*COUNTY OF CHAMBERS* §

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 **BARBERS HILL INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **LONE STAR NGL ASSET HOLDINGS II LLC**, Texas Taxpayer Identification Number 32044534082 hereinafter referred to as "Applicant." Applicant and District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

**RECITALS**

**WHEREAS**, on June 23, 2014, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees of District, received from Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

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

**WHEREAS**, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025(a-1) of the TEXAS TAX CODE; and,

**WHEREAS**, the District and Texas Comptroller's Office have determined that the application is complete and September 8, 2014 is the Application Review Start Date as that terms is defined by 34 TEX. ADMIN. CODE 9.1051;

**WHEREAS**, pursuant to 34 TEX. ADMIN. CODE §9.1054, the Application was delivered for review to the Chambers Appraisal District established in Chambers County, Texas (the "Chambers County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

**WHEREAS**, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant

to Section 313.026 of the TEXAS TAX CODE, and on September 25, 2014, issued a certificate for limitation on appraised value of the property described in the Application, and provided the certificate to the District;

**WHEREAS**, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.026 of the TEXAS TAX CODE;

**WHEREAS**, on December 15, 2014, the Board of Trustees conducted a public hearing on the Application, at which it solicited input into its deliberations on the Application from all interested parties within the District;

**WHEREAS**, on December 15, 2014 the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the project proposed by Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset District's maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (v) this Agreement is in the best interest of District and the State of Texas;

**WHEREAS**, on December 15, 2014, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

**WHEREAS**, on November 17, 2014, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

**WHEREAS**, on December 15, 2014, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

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

**ARTICLE I**  
**DEFINITIONS**

**Section 1.1 DEFINITIONS.**

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

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Section 10.2.

“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 District, and the Constitution and general laws of the State applicable to the 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 Applicant’s ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

“Applicant” means Lone Star NGL Asset Holdings II LLC, (Texas Taxpayer ID # 32044534082), the company listed in the Preamble of this Agreement and that listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include Applicant’s assigns and successors-in-interest as approved according to Section 10.2 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in Section 3.3 of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with District by Applicant on February 6, 2014. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

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

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

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"Appraisal District" means the Chambers Appraisal District.

"Board of Trustees" means the Board of Trustees of the Barbers Hill Independent School District.

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

"Comptroller's Rules" means the applicable rules and regulations of Comptroller set forth in Chapter 34 Texas Administrative Code, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Chambers County, Texas.

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

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

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

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

“Maintain Viable Presence” means (i) the development, construction and operation during 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 retention during the term of this Agreement of the number of New Qualifying Jobs set forth in its Application by Applicant; (iii) and continue the average weekly wage paid by Applicant for all Non-Qualifying Jobs created by Applicant that exceeds the county average weekly wage for all jobs in the county where the administrative office of District is maintained.

“M&O Amount” shall have the meaning assigned to such term in Section 3.2 of the Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace 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.

“New Qualifying Jobs” means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(4) of the TEXAS TAX CODE.

“Qualified Investment” has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller’s Rules, as these provisions existed on the Application Review Start Date.

“Non-Qualifying Jobs” means the number of New Non-Qualifying Jobs, as defined in 34 TAC §9.0151, to be created and maintained by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code and as interpreted by Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of the Application is approved by District,

"Qualifying Time Period" means the period that begins on the date of approval of this Agreement by District's Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the Texas Tax Code and during which Applicant shall make investment on the land where the qualified property in the amount required by the Act, the Comptroller's rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"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 Chapter 313 of the Texas Tax Code. 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 applicant and the school district and any subsequent amendments or assignments, and any school district written finding or report filed with the comptroller as required under this subchapter.

"Supplemental Payment" has the meaning as set forth in Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Applicant's Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

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

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

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

"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 of the

TEXAS TAX CODE, which are set forth at 19 TEX. ADMIN. CODE, Part 2, together with any court or administrative decisions interpreting same.

**ARTICLE II**  
**AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

**Section 2.1. AUTHORITY.**

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

**Section 2.2. PURPOSE.**

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

**Section 2.3. TERM OF THE AGREEMENT.**

A. The Application Review Start Date for this Agreement is September 8, 2014, which will determine Applicant's Qualified Property and all applicable wage standard.

B. The Application Approval Date for this Agreement is December 15, 2014, which will determine the qualifying time period.

C. The Qualifying Time Period for this agreement:

1. Starts on December 15, 2014, the Application Approval Date; and
2. Ends on December 31, 2016; being the second complete tax year after the effective date of this agreement

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2017
2. Ends on December 31, 2026.

E. The Final Termination Date for this Agreement is December 31, 2031.

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

#### **2.4. TAX LIMITATION.**

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

- A. The Market Value of the Applicant's Qualified Property; or,
- B. Thirty Million Dollars (\$30,000,000.00)

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 Section 313.052 of the TEXAS TAX CODE.

#### **2.5. QUALIFIED INVESTMENT FOR TAX LIMITATION ELIGIBILITY.**

In order to be eligible and entitled to receive the value limitation identified in 2.4 for the Qualified Property identified in Article III, Applicant shall:

- A. have completed Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00) by the end of the Qualifying Time Period;
- B. have created the number of Qualifying Jobs specified in, and in the time period specified on, Schedule C of the Application; and,
- C. be paying the average weekly wage of all jobs in the county in which District's administrative office is located for all non-qualifying jobs created by Applicant.

#### **2.6. TAX LIMITATION OBLIGATIONS.**

In order to receive and maintain the limitation authorized by 2.4, Applicant shall:

- A. provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;

C. provide such supplemental payments as more fully specified in Article VI; and,

D. create and Maintain Viable Presence on and/or with the qualified property and perform additional obligations as more fully specified in Article VII of this Agreement.

### **ARTICLE III QUALIFIED PROPERTY**

#### **Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.**

At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

#### **Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.**

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

#### **Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.**

The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes. 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 Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's rules, and Section 10.2 of this Agreement,.

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.**

If at any time after the Application Approval Date there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**; or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

**Section 3.5. QUALIFYING USE.**

Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as a manufacturing facility.

**ARTICLE IV**  
**PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF THE PARTIES.**

In conformance with the provisions of Texas Tax Code § 313.027(f)(1), it is the intent of the Parties that the District shall be compensated over the course of this Agreement by the Applicant for: (i) any monetary loss that the District incurs in its Maintenance and Operations Revenue; or, (ii) for any new uncompensated operating cost incurred as a sole and direct result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Subject to the limitations contained in this Agreement. 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, and paid by the Applicant to the District in addition to any and all support due under Article VI.

A. The calculation of the amount of any Revenue Protection required to be paid by Applicant under this Article IV shall be made for the first time for the first complete tax year following the start of Commercial Operations.

B. For purposes of this Article IV, and of Section 2.3(d)(1), above, the term "Commercial Operations" means the date on which project described in **EXHIBIT 3**, below becomes commercially operational and placed into service, such that it is fully capable of producing individual finished product as a liquid that meets the specifications for commercial products as defined by the gas processors association.

C. Within 60 days from the date commercial operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report,

- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years one (1) through ten (10) of this Agreement under Section 4.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O 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 on account of or otherwise arising out of any other factors not contained in this Agreement.

#### **Section 4.3. CUMULATIVE PAYMENT LIMITATION.**

In no event shall the Cumulative Payments made by Applicant to the District exceed an amount equal to One Hundred Percent (100%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement from the Commencement Date through Tax Year 2028. For each year of this Agreement, amounts due and owing by Applicant to the District which, by virtue of the application of payment limitation set forth in this Section are not payable to the District for a given year, shall be carried forward to future years, but shall be subject, in each subsequent year to the limit set forth in this Section.

For purposes of this Section:

A. "Cumulative Unadjusted Tax Benefit" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.

B. "Unadjusted Tax Benefit" means for each year of this Agreement the total of all gross tax savings calculated for each year of the Agreement by multiplying the Applicant's taxable value for debt service taxes for each applicable Tax Year, minus the Tax Limitation Amount defined in Section 2.5(A) above, as Thirty Million Dollars (\$30,000,000.00), multiplied by the District's Maintenance & Operations tax rate for the applicable Tax Year.

#### **Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES.**

In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 4.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O 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 on account of or otherwise arising out of any other factors not contained in this Agreement.

#### **Section 4.3. CUMULATIVE PAYMENT LIMITATION.**

In no event shall the Cumulative Payments made by Applicant to the District exceed an amount equal to One Hundred Percent (100%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement from the Commencement Date through Tax Year 2028. For each year of this Agreement, amounts due and owing by Applicant to the District which, by virtue of the application of payment limitation set forth in this Section are not payable to the District for a given year, shall be carried forward to future years, but shall be subject, in each subsequent year to the limit set forth in this Section.

For purposes of this Section:

A. "Cumulative Unadjusted Tax Benefit" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.

B. "Unadjusted Tax Benefit" means for each year of this Agreement the total of all gross tax savings calculated for each year of the Agreement by multiplying the Applicant's taxable value for debt service taxes for each applicable Tax Year, minus the Tax Limitation Amount defined in Section 2.5(A) above, as Thirty Million Dollars (\$30,000,000.00), multiplied by the District's Maintenance & Operations tax rate for the applicable Tax Year.

#### **Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES.**

In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- A. The Applicant, on an annual basis, shall also indemnify and reimburse the District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.
- B. Any other loss of District revenues which are, or may be reasonably attributable to the payment by the Applicant to or on behalf of any other third party beneficiary of this Agreement. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.
- C. Any other cost to the District, including costs under Subsection 8.6(C), below which are, or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

**Section 4.5. CALCULATIONS TO BE MADE BY THIRD PARTY.**

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District.

**Section 4.6. DATA USED FOR CALCULATIONS.**

The calculations under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including 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 4.5. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

**Section 4.7. DELIVERY OF CALCULATIONS.**

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.5 of this Agreement shall forward to the Parties the calculations required under Sections 4.2, 4.3 and 4.4 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. 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 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 4.8, if such fee is timely paid.

#### **Section 4.8. 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 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, reports required by any state agency, disclosures, 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. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 4.6, above, in excess of Twelve Thousand Dollars (\$12,000.00).

#### **Section 4.9. RESOLUTION OF DISPUTES.**

Pursuant to Sections 4.3, 4.4 and 4.6 of this Agreement, should the Applicant disagree with the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations.

**Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.**

In the event that, at the time the Third Party selected under Section 4.4 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

In the event that the result of an appraisal 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 a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the party from whom the adjustment is payable shall remit such amounts to the counter-party within thirty (30) days of the receipt of the new calculations from the Third Party.

**Section 4.11. EFFECT OF STATUTORY CHANGES.**

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1, 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 will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, or to other governmental entities including the Appraisal District, because of its participation in this Agreement, the Applicant shall make payments to the District, that are necessary to offset any 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.

**ARTICLE V**

**PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES**

**Section 5.1.**

In addition to the amounts determined pursuant to Section 4.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.8 herein.

**ARTICLE VI**  
**SUPPLEMENTAL PAYMENTS**

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

In interpreting the provisions of Article IV and VI, the Parties agree as follows:

A. Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article IV, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article VI. The 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 of the Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under Article VI of this agreement are separate and independent of the obligation of the Applicant to pay the amounts described in Article IV; provided, however, that all payments under Articles IV and VI are subject to such limitations as are contained in Section 7.1, and that all payments under Article VI are subject to the separate limitations contained in Section 6.4.

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 V, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law.

C. The following shall terms shall have the following meaning:

- i. *"Cumulative Payments"* means for each year of this Agreement the total of all payments, calculated under both Article III and Article IV of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant for all previous Tax Years under Article III and Article IV of this Agreement.

- ii. "Cumulative Unadjusted Tax Benefit" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.
- iii. "Net Tax Benefit" means, (i) the amount of maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, less the 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 of this Agreement, plus (B) any payments due to the District under Article IV under this Agreement as well as the Annual Limit.

**Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.**

A. Notwithstanding the foregoing, the total annual supplement payment made pursuant to this article shall:

- i. not exceed in any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year; and,
- ii. only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation does not apply to amounts described by Section 313.027(f)(1)-(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

C. For purposes of this Agreement, the amount of the Annual Limit shall be \$471,900 based upon the District's 2014-2015 Average Daily Attendance of 4,719, rounded to the whole number.

**Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO NET AGGREGATE LIMIT.**

In any year 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, defined as Forty Percent (40%) of the Applicant's Net Tax Benefit, as the term is defined in Section 6.1(C)(vi), above; or,

B. the Annual Limit, as the term is defined in Section 6.1(C), above.

**Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.**

The Parties agree that for each Tax Year of this Agreement, beginning with Tax Year 2014, the first year of the qualifying time period specified in Section 2.3 of this Agreement, the Stipulated Supplemental Payment amount, described in Section 6.2 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;

*Minus,*

Any amounts previously paid to the District under Article III for such Tax Year;

*Multiplied by,*

The number 0.4;

*Minus,*

Any amounts previously paid to the District under Sections 6.2 and 6.3 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 selected pursuant to Section 4.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

#### **SECTION 6.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.**

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.5, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.7, above.

C. The payment of all amounts due under this Article shall be made by December 31 of the tax year for which the payment is due.

#### **Section 6.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit or the Net Aggregate Limit or the Supplemental Payments described in Section 6.4, above.

**ARTICLE VII**  
**ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**SECTION 7.1. ANNUAL LIMITATION.**

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that Applicant would have paid to District for such Tax Year (determined by using 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 Section 4.2 of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

**Section 7.2. OPTION TO TERMINATE AGREEMENT.**

In the event that any payment otherwise due from Applicant to District under Article IV, Article V, and/or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying 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 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

**Section 7.3. EFFECT OF OPTIONAL TERMINATION.**

Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and,

B. the provisions of this Agreement regarding payments, records and dispute resolution shall survive the termination or expiration dates of this Agreement.

**ARTICLE VIII**  
**ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.**

In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall Maintain Viable Presence in District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure. The Final Termination Date will only be extended for the mutually agreed length of the Force Majeure.

**Section 8.2. REPORTS.**

In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf>;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf>; and,

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website [http://www.texasahead.org/tax\\_programs/chapter313/forms.php](http://www.texasahead.org/tax_programs/chapter313/forms.php).

**Section 8.3. COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS.**

During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

#### **Section 8.4. DATA REQUESTS.**

During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement.

#### **Section 8.5. SITE VISITS AND RECORD REVIEW.**

Applicant shall allow authorized employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of Applicant, and shall be conducted in accordance with Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide District, Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret or is subject to a confidentiality agreement with any third party.

#### **Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS.**

This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. Applicant and District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the later of:

- i. date of submission of the final payment;

ii. Final Termination Date; or,

iii. date of resolution of all disputes or payment.

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

C. Comptroller may require, at Applicant's or District's sole cost and expense, as applicable, independent audits by a qualified certified public accounting firm of Applicant's, District's or the Comptroller's books, records, or property. The independent auditor shall provide Comptroller with a copy of such audit at the same time it is provided to Applicant and/or District.

D. In addition to and without limitation on the other audit provisions of this Agreement, pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE, the state auditor may conduct an audit or investigation of Applicant or District or any other entity or person receiving funds from the state directly under this Agreement or indirectly through a subcontract under this Agreement. The acceptance of funds by Applicant or District or any other entity or person directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, Applicant or District or other entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. This Agreement may be amended unilaterally by Comptroller to comply with any rules and procedures of the state auditor in the implementation and enforcement of Section 2262.003 of the TEXAS GOVERNMENT CODE.

#### **Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which Comptroller would not have approved this Agreement and District would not executed this Agreement. By signature to this Agreement, Applicant:

**Agreement for Limitation on Appraised Value**

Between Barbers Hill Independent School District and Lone Star NGL Asset Holdings II LLC  
TEXAS COMPTROLLER APPLICATION NUMBER 1016  
December 15, 2014

*Texas Economic Development Act Agreement  
Comptroller Form 50-286 (January 2014)*

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and.

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Tex. Admin. Code § 9.1053(f)(2)(L).

**ARTICLE IX**  
**MATERIAL BREACH OR EARLY TERMINATION**

**Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.**

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to an material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. Applicant failed to have complete Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of the Application;

D. Applicant failed to pay the average weekly wage of all jobs in the county in which District's administrative office is located for all Non-Qualifying Jobs created by Applicant;

E. Applicant failed to provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

F. Applicant failed to provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V of this Agreement;

G. Applicant failed to provide such supplemental payments as more fully specified in Article VI of this Agreement;

H. Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as more fully specified in Article VIII of this Agreement;

I. Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of Comptroller on the dates indicated on the form;

J. Applicant failed to provide the District or Comptroller with all information reasonably necessary for District or Comptroller determine whether Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

K. Applicant failed to allow authorized employees of District, Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property;

L. Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with the Agreement;

M. Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles III and IV, of this Agreement; or,

N. Applicant fails either to:

i. Implement a plan to remedy non-compliance as required by Comptroller pursuant to 34 TAC Section 9.1059; or,

ii. Pay a penalty assessed by Comptroller pursuant to 34 TAC Section 9.1059.

**Section 9.2. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.**

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 9.3, then District shall be entitled 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 9.3.C on that recaptured ad valorem tax revenue. For purposes of this recapture

calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI of this Agreement.

B. Notwithstanding Section 9.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to 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 District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to 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, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 9.2.A owed for each Tax Year during the Tax Limitation Period. District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.2.A had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

### **Section 9.3. LIMITED STATUTORY CURE OF MATERIAL BREACH.**

In accordance with the provisions of Section 313.0275 of the Texas Tax Code, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement, defined in Sections 9.1.C. or 9.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 9.1.C. or 9.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the Texas Tax Code, in accordance with the provisions of Section 313.0275(c) of the Texas Tax Code.

### **Section 9.3. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 8.1 of this Agreement, failing to

make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, District shall provide 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 District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 9.2.A and B (net of all credits under Section 9.2.A and B), and the amount of any penalty and/or interest under Section 9.2.C that are owed to District.

C. After making its determination regarding any alleged breach, the Board of Trustees shall cause Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

#### **Section 9.4. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.3, 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 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 under Section 9.3, 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 residing in Chambers 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) District shall bear one-half of such mediator's fees and expenses and Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Chapter 33, Subchapters B and C, of the Texas Tax Code for the collection of delinquent taxes. In the event that District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the Texas Tax Code to the attorneys representing District pursuant to Section 6.30 of the Texas Tax Code.

C. In any event where a dispute between District and Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either District or 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 9.5. LIMITATION OF OTHER DAMAGES.**

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 9.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

#### **Section 9.6. BINDING ON SUCCESSORS.**

In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

### **ARTICLE X. MISCELLANEOUS PROVISIONS**

#### **Section 10.1. INFORMATION AND NOTICES.**

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United

States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile 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.

B. Notices to District shall be addressed to District's Authorized Representative as follows:

Greg Poole, Superintendent  
**BARBERS HILL INDEPENDENT SCHOOL DISTRICT**  
P.O. Box 1108  
Mont Belvieu, Texas 77580  
Fax: (281) 576-5879  
Email: [gpooles@bhisd.net](mailto:gpooles@bhisd.net)

C. Notices to Applicant shall be addressed to its Authorized Representative as follows:

Mark Apostle  
Assistant Controller  
Energy Transfer Partners, L.P.  
800 E. Sonterra Blvd., Suite 400  
San Antonio, Texas 78258  
Fax: (210) 403-6664  
Email: [mark.apostle@energytransfer.com](mailto:mark.apostle@energytransfer.com)

or at such other address or to such other facsimile transmission number and to the attention of such other person as Applicant may designate by written notice to District.

#### **Section 10.2. AMENDMENTS TO AGREEMENT; WAIVERS.**

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Subsection B hereof. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement.

B. By official action of the District's Board of Trustees, this Agreement may only be amended according to the following:

i. Applicant shall submit to District and Comptroller:

- a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;
  - b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller;
  - c. and any additional information requested by District or Comptroller necessary to evaluate the amendment or modification; and,
- ii. Comptroller shall review the request and any additional information and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by Comptroller by the end of the 90 day period, the request is denied;
  - iii. If Comptroller has not denied the request, District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.
- C. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 10.3 of this Agreement shall:
- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the Texas Tax Code;
  - ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and,
  - iii. define minimum eligibility requirements for the recipient of limited value.
- D. This Agreement may not be amended to extend the value limitation time period beyond its ten year statutory term.

#### **Section 10.4. ASSIGNMENT.**

Any assignment of the interests of Applicant in this Agreement is considered an amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 10.3 regarding amendments to the Agreement.

**Section 10.5. 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 10.6. 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 10.7. 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 the County.

**Section 10.8. 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 10.9. 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 an 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 10.9, 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 10.10. PAYMENT OF EXPENSES.**

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

**Section 10.11. 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 10.12. 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 10.13. PUBLICATION OF DOCUMENTS.**

The Parties acknowledge that District is required to publish Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of such document, the school district shall submit a copy to Comptroller for Publication on Comptroller's Internet website;

B. District shall provide on its website a link to the location of those documents posted on Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the Texas Tax Code.

**Section 10.14. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.**

Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

**Section 10.15. DUTY TO DISCLOSE.**

If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Contract.

*IN WITNESS WHEREOF*, this Agreement has been executed by the Parties in multiple originals on this 15<sup>th</sup> day of December, 2014.

**LONE STAR NGL ASSET HOLDINGS II LLC**

By:

  
\_\_\_\_\_  
(Authorized Representative)

Name: MARK APOSTLE

Title: DIVISIONAL CONTROLLER

**BARBERS HILL INDEPENDENT  
SCHOOL DISTRICT**

By:

  
\_\_\_\_\_  
**BECKY TICE**  
President, Board of Trustees

Attest:

By:

  
\_\_\_\_\_  
**CYNTHIA ERWIN**  
Secretary, Board of Trustees

## **EXHIBIT 1**

### **DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE**

The Reinvestment Zone was originally created on December 20, 2011, by action of the Board of Trustees. As a result of the action, all of the following real property within Chambers County, Texas is located within the boundaries of the *THE LONE STAR NGL REINVESTMENT ZONE*. A map of the Reinvestment Zone is attached as the last page of this **EXHIBIT 1**. The legal description of the *THE LONE STAR NGL REINVESTMENT ZONE* is as follows:

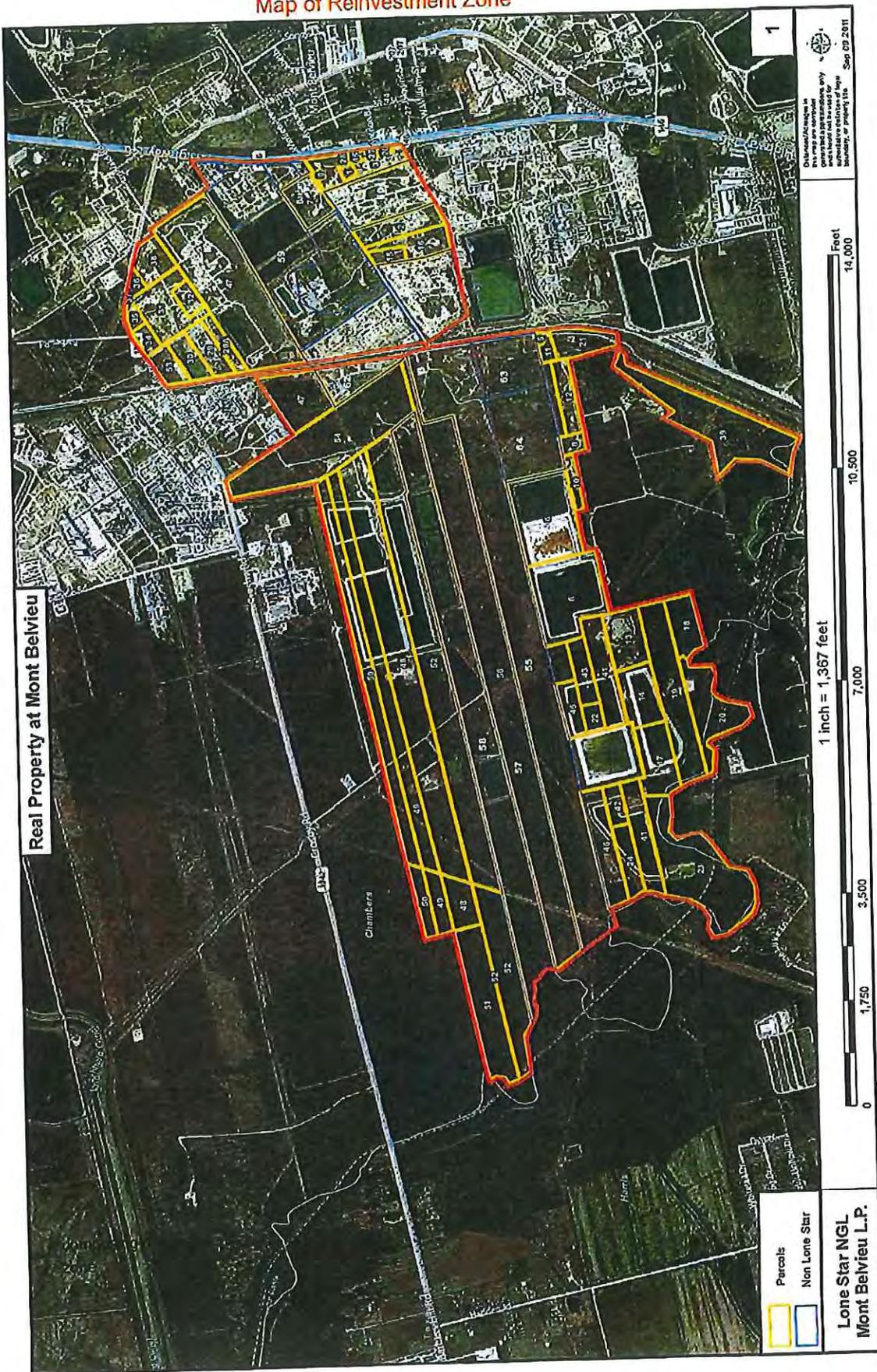
LGH Tract	Chambers PID #	Chambers CAD Legal
1	16241	12 TR 67-1 H GRIFFITH
2	16242	12 TR 86-1 H GRIFFITH
3	16241	12 TR 67-1 H GRIFFITH
4	N/A	N/A
5	20620	4 TR 6A-0 WM BLOODGOOD
6A	20620	4 TR 6A-0 WM BLOODGOOD
6B	29968	4 TR 6A-0-1 WM BLOODGOOD
7	16241	12 TR 67-1 H GRIFFITH
8	20620	4 TR 6A-0 WM BLOODGOOD
9	16241	12 TR 67-1 H GRIFFITH
10	20620	4 TR 6A-0 WM BLOODGOOD
11	20620	4 TR 6A-0 WM BLOODGOOD
12	20620	4 TR 6A-0 WM BLOODGOOD
13	29968	4 TR 6A-0-1 WM BLOODGOOD
14	29968	4 TR 6A-0-1 WM BLOODGOOD
15	16242	12 TR 86-1 H GRIFFITH
16	16242	12 TR 86-1 H GRIFFITH
17	29968	4 TR 6A-0-1 WM BLOODGOOD
18	29968	4 TR 6A-0-1 WM BLOODGOOD
19	29968	4 TR 6A-0-1 WM BLOODGOOD
20	29968	4 TR 6A-0-1 WM BLOODGOOD
21	20620	4 TR 6A-0 WM BLOODGOOD
22	29968	4 TR 6A-0-1 WM BLOODGOOD
23	40368	4 TR 69B-0-1 WM BLOODGOOD
24	29968	4 TR 6A-0-1 WM BLOODGOOD
25	N/A	N/A
26	35521	12 TR 103-2-1 H GRIFFITH
27	35520	12 TR 103-1-1 H GRIFFITH
28	16241	12 TR 67-1 H GRIFFITH
29	16240	12 TR 12-0 H GRIFFITH
30	16240	12 TR 12-0 H GRIFFITH
31	16240	12 TR 12-0 H GRIFFITH
32	16240	12 TR 12-0 H GRIFFITH
33	16240	12 TR 12-0 H GRIFFITH
34	16240	12 TR 12-0 H GRIFFITH
35	16240	12 TR 12-0 H GRIFFITH
36		
	49011	12 TR 12-0-1 H GRIFFITH
	49012	12 TR 12-0-2 H GRIFFITH
37	N/A	N/A
38	16240	12 TR 12-0 H GRIFFITH
39	40885	4 TR 56-0-2 WM BLOODGOOD
40	N/A	N/A
41	29968	4 TR 6A-0-1 WM BLOODGOOD
42	29968	4 TR 6A-0-1 WM BLOODGOOD
43	29968	4 TR 6A-0-1 WM BLOODGOOD

44	16241	12 TR 67-1 H GRIFFITH	
45	16241	12 TR 67-1 H GRIFFITH	
46A	31391	4 TR 9-0-2 WM BLOODGOOD	
46B	31390	4 TR 9-0-1 WM BLOODGOOD	
47	3101	12 TR 74-5 H GRIFFITH	
48	3100	24 7-1 W D SMITH	
49	3099	24 6-1 W D SMITH	
50			
	3098	24 6-0 W D SMITH	
	22676	24 6-2 W D SMITH	part of 48-50
51	24544	24 8-1 W D SMITH	Part of 52
52			
	22668	24 8-5 WM D SMITH	
	20522	24 8-2 W D SMITH	
	24545	24 8-4 W D SMITH	
	24544	24 8-1 W D SMITH	
53	49400	12 TR 12-0-6 H GRIFFITH	
54	49351	24 1-2-4 W D SMITH	

**Non LGH Parcels**

55	9831	24 11-1 WM D SMITH
56	50539	24 1-5-1 WM D SMITH
57	50538	24 1-3-1 W D SMITH
58	508	24 9-2 W D SMITH
59	18943	12 TR 74-0 H GRIFFITH
60	17620	12 TR 91-1 H GRIFFITH
61	4729	12 TR 82-0 H GRIFFITH
62	19145	12 TR 78-0 H GRIFFITH
63	5084	4 TR 4-0 WM BLOODGOOD
64	1863	4 TR 5-0 WM BLOODGOOD

# Map of Reinvestment Zone



## EXHIBIT 2

### DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

All Qualified Property owned or leased by the Applicant and located within the boundaries of both the Barbers Hill Independent School District and the *Lone Star NGL Reinvestment Zone* first placed in service after September 8, 2014 will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the sections of land identified in **EXHIBIT 1**.

### **EXHIBIT 3**

#### **DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY**

This Agreement covers all qualified property within Barbers Hill ISD necessary for the commercial operations of the proposed manufacturing facility described in Tab 4 of the Application. Qualified property includes, but is not limited to:

- Pre-treatment Systems
- De-Ethanizer Unit
- De-Propanizer Unit
- De-Butanizer Unit
- Towers
- Butane Spliiter (De-Isobutanizer)
- All appurtenant components
- Heat Medium
- Gasoline Treater
- Compression Equipment
- Additional storage facilities for Y-grade liquids and other components.