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FINDINGS  
OF THE  
PECOS-BARSTOW-TOYAH INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
DELAWARE BASIN GAS PROCESSING, LLC  
*(Texas Taxpayer ID #32056726345)*  
(Application #1122)

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December 15, 2016

COUNTY OF REEVES §

On December 17, 2015, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Delaware Basin Gas Processing, LLC #1122 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

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

The Superintendent approved an extension of the 150-day review period and the Board of Trustees ratified that extension by Resolution dated October 25, 2016;

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the application was complete was issued on February 1, 2016. A copy of the Comptroller's completeness letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on March 9, 2016 pursuant to Texas Tax Code § 313.026, and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

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

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

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Attachment G**.

The Texas Commissioner of Education has determined that the project will not impact school enrollment, as stated in **Attachment H**.

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

**Board Finding Number 1.**

**The Applicant qualifies for a limitation on appraised value of Qualified Property under Section 313.024, Texas Tax Code, in the eligibility category of Manufacturing.**

**Board Finding Number 2.**

**The Applicant's entire proposed investment in the Pecos-Barstow-Toyah ISD is \$260,000,000, all of which is proposed to be Qualified Investment under Section 313.021, Texas Tax Code.**

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$60,000 per year. The review of the application by the State Comptroller's Office indicates that this amount-based on Texas Workforce Commission data-complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Section 313.021, Texas Tax Code.**

**Board Finding Number 4.**

**The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$26 million on the basis of the 10 new qualifying positions committed to by the Applicant for this project.**

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

The project's total investment is \$260,000,000, resulting in a relative level of investment per qualifying job of \$26,000,000.

**Board Finding Number 5.**

**The Applicant has not requested a waiver of the job creation requirement under Section 313.25(f-1), Texas Tax Code.**

In support of Finding 5, the Board notes that the number of jobs proposed for this project (10 jobs) meets state job creation requirements.

**Board Finding Number 6.**

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

In support of Finding 6, the economic impact evaluation states: Table 2 depicts this project's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment



and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels.

<b>Table 2: Estimated Statewide Economic Impact of Delaware Basin Gas Processing, LLC (modeled)</b>						
Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	0	0	0	\$ 0	\$ 0	\$ 0
2016	150	668	818	\$ 9,000,000	\$ 60,000,000	\$ 69,000,000
2017	160	802	962	\$ 9,600,000	\$ 75,400,000	\$ 85,000,000
2018	10	200	210	\$ 600,000	\$ 20,400,000	\$ 21,000,000
2019	10	112	122	\$ 600,000	\$ 14,400,000	\$ 15,000,000
2020	10	54	64	\$ 600,000	\$ 9,400,000	\$ 10,000,000
2021	10	23	33	\$ 600,000	\$ 6,400,000	\$ 7,000,000
2022	10	9	19	\$ 600,000	\$ 4,400,000	\$ 5,000,000
2023	10	4	14	\$ 600,000	\$ 3,400,000	\$ 4,000,000
2024	10	5	15	\$ 600,000	\$ 3,400,000	\$ 4,000,000
2025	10	10	20	\$ 600,000	\$ 3,400,000	\$ 4,000,000
2026	10	15	25	\$ 600,000	\$ 4,400,000	\$ 5,000,000
2027	10	21	31	\$ 600,000	\$ 4,400,000	\$ 5,000,000
2028	10	27	37	\$ 600,000	\$ 5,400,000	\$ 6,000,000
2029	10	32	42	\$ 600,000	\$ 5,400,000	\$ 6,000,000
2030	10	36	46	\$ 600,000	\$ 6,400,000	\$ 7,000,000

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reeves 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 county. The difference noted in the last line is the difference between Table 3 and Table 4:

<b>Table 4: Estimated Direct Ad Valorem Taxes with all property tax incentives sought</b>								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	PBTISD I&S Tax Levy	PBTISD M&O Tax Levy	PBTISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Estimated Total Property Taxes
			<b>Tax Rate<sup>1</sup></b>	<b>0.0460</b>	<b>1.0400</b>	<b>0.4200</b>	<b>0.2288</b>	
2017	\$ 122,200,000	\$ 122,200,000	\$ 56,212	\$ 1,270,880	\$ 1,327,092	\$ 123,178	\$ 279,618	\$ 1,729,888
2018	\$ 244,400,000	\$ 30,000,000	\$ 112,424	\$ 312,000	\$ 424,424	\$ 246,355	\$ 559,236	\$ 1,230,015
2019	\$ 239,512,000	\$ 30,000,000	\$ 110,176	\$ 312,000	\$ 422,176	\$ 241,428	\$ 548,051	\$ 1,211,655
2020	\$ 234,624,000	\$ 30,000,000	\$ 107,927	\$ 312,000	\$ 419,927	\$ 236,501	\$ 536,867	\$ 1,193,295
2021	\$ 229,736,000	\$ 30,000,000	\$ 105,679	\$ 312,000	\$ 417,679	\$ 231,574	\$ 525,682	\$ 1,174,934
2022	\$ 224,848,000	\$ 30,000,000	\$ 103,430	\$ 312,000	\$ 415,430	\$ 944,362	\$ 514,497	\$ 1,874,289
2023	\$ 219,960,000	\$ 30,000,000	\$ 101,182	\$ 312,000	\$ 413,182	\$ 923,832	\$ 503,312	\$ 1,840,326
2024	\$ 215,072,000	\$ 30,000,000	\$ 98,933	\$ 312,000	\$ 410,933	\$ 903,302	\$ 492,128	\$ 1,806,363
2025	\$ 210,184,000	\$ 30,000,000	\$ 96,685	\$ 312,000	\$ 408,685	\$ 882,773	\$ 480,943	\$ 1,772,400
2026	\$ 205,296,000	\$ 30,000,000	\$ 94,436	\$ 312,000	\$ 406,436	\$ 862,243	\$ 469,758	\$ 1,738,438
2027	\$ 200,408,000	\$ 30,000,000	\$ 92,188	\$ 312,000	\$ 404,188	\$ 841,714	\$ 458,574	\$ 1,704,475
2028	\$ 195,520,000	\$ 195,520,000	\$ 89,939	\$ 2,033,408	\$ 2,123,347	\$ 821,184	\$ 447,389	\$ 3,391,920
2029	\$ 190,632,000	\$ 190,632,000	\$ 87,691	\$ 1,982,573	\$ 2,070,264	\$ 800,654	\$ 436,204	\$ 3,307,122
2030	\$ 185,744,000	\$ 185,744,000	\$ 85,442	\$ 1,931,738	\$ 2,017,180	\$ 780,125	\$ 425,019	\$ 3,222,324
2031	\$ 180,856,000	\$ 180,856,000	\$ 83,194	\$ 1,880,902	\$ 1,964,096	\$ 759,595	\$ 413,835	\$ 3,137,526
2032	\$ 175,968,000	\$ 175,968,000	\$ 80,945	\$ 1,830,067	\$ 1,911,012	\$ 739,066	\$ 402,650	\$ 3,052,728
<b>Total</b>			<b>\$1,506,482</b>	<b>\$ 14,049,568</b>	<b>\$ 15,556,050</b>	<b>\$ 10,337,885</b>	<b>\$ 7,493,763</b>	<b>\$33,387,698</b>
<b>Diff</b>			<b>\$ 0</b>	<b>\$ 20,010,016</b>	<b>\$ 20,010,016</b>	<b>\$ 3,416,947</b>	<b>\$ 0</b>	<b>\$20,374,235</b>

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

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

<b>Table 3: Estimated Direct Ad Valorem Taxes without Property Tax Incentives</b>								
<b>Year</b>	<b>Estimated Taxable Value for I&amp;S</b>	<b>Estimated Taxable Value for M&amp;O</b>	<b>PBTISD I&amp;S Tax Levy</b>	<b>PBTISD M&amp;O Tax Levy</b>	<b>PBTISD M&amp;O and I&amp;S Tax Levies</b>	<b>Reeves County Tax Levy</b>	<b>Reeves County Hospital District Tax Levy</b>	<b>Estimated Total Property Taxes</b>
			<b>Tax Rate<sup>1</sup></b>	<b>0.0460</b>	<b>1.0400</b>	<b>0.4200</b>	<b>0.2288</b>	
2017	\$ 122,200,000	\$ 122,200,000	\$ 56,212	\$ 1,270,880	\$ 1,327,092	\$ 513,240	\$ 279,618	\$ 2,119,950
2018	\$ 244,400,000	\$ 244,400,000	\$ 112,424	\$ 2,541,760	\$ 2,654,184	\$ 1,026,480	\$ 559,236	\$ 4,239,900
2019	\$ 239,512,000	\$ 239,512,000	\$ 110,176	\$ 2,490,925	\$ 2,601,100	\$ 1,005,950	\$ 548,051	\$ 4,155,102
2020	\$ 234,624,000	\$ 234,624,000	\$ 107,927	\$ 2,440,090	\$ 2,548,017	\$ 985,421	\$ 536,867	\$ 4,070,304
2021	\$ 229,736,000	\$ 229,736,000	\$ 105,679	\$ 2,389,254	\$ 2,494,933	\$ 964,891	\$ 525,682	\$ 3,985,506
2022	\$ 224,848,000	\$ 224,848,000	\$ 103,430	\$ 2,338,419	\$ 2,441,849	\$ 944,362	\$ 514,497	\$ 3,900,708
2023	\$ 219,960,000	\$ 219,960,000	\$ 101,182	\$ 2,287,584	\$ 2,388,766	\$ 923,832	\$ 503,312	\$ 3,815,910
2024	\$ 215,072,000	\$ 215,072,000	\$ 98,933	\$ 2,236,749	\$ 2,335,682	\$ 903,302	\$ 492,128	\$ 3,731,112
2025	\$ 210,184,000	\$ 210,184,000	\$ 96,685	\$ 2,185,914	\$ 2,282,598	\$ 882,773	\$ 480,943	\$ 3,646,314
2026	\$ 205,296,000	\$ 205,296,000	\$ 94,436	\$ 2,135,078	\$ 2,229,515	\$ 862,243	\$ 469,758	\$ 3,561,516
2027	\$ 200,408,000	\$ 200,408,000	\$ 92,188	\$ 2,084,243	\$ 2,176,431	\$ 841,714	\$ 458,574	\$ 3,476,718
2028	\$ 195,520,000	\$ 195,520,000	\$ 89,939	\$ 2,033,408	\$ 2,123,347	\$ 821,184	\$ 447,389	\$ 3,391,920
2029	\$ 190,632,000	\$ 190,632,000	\$ 87,691	\$ 1,982,573	\$ 2,070,264	\$ 800,654	\$ 436,204	\$ 3,307,122
2030	\$ 185,744,000	\$ 185,744,000	\$ 85,442	\$ 1,931,738	\$ 2,017,180	\$ 780,125	\$ 425,019	\$ 3,222,324
2031	\$ 180,856,000	\$ 180,856,000	\$ 83,194	\$ 1,880,902	\$ 1,964,096	\$ 759,595	\$ 413,835	\$ 3,137,526
2032	\$ 175,968,000	\$ 175,968,000	\$ 80,945	\$ 1,830,067	\$ 1,911,012	\$ 739,066	\$ 402,650	\$ 3,052,728
<b>Total</b>			<b>\$ 1,506,482</b>	<b>\$ 34,059,584</b>	<b>\$ 35,566,066</b>	<b>\$ 13,754,832</b>	<b>\$ 7,493,763</b>	<b>\$ 53,761,933</b>

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

### Board Finding Number 7.

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

### Board Finding Number 8.

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

In support of Finding 8, the Board refers to the finding of the Texas Commissioner of Education at **Attachment H** to these findings.

### Board Finding Number 9.

The Applicant's project is reasonably likely to generate—before the 25<sup>th</sup> anniversary of the beginning of the limitation period—tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

In support of finding No. 9, **Attachment B** of the economic impact study contains a year-by-year analysis as depicted in the following table:

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre- Years	2015	\$ 0	\$ 0	\$ 0	\$ 0
	2016	\$ 0	\$ 0	\$ 0	\$ 0
	2017	\$ 1,270,880	\$ 1,270,880	\$ 0	\$ 0
Limitation Period (10 Years)	2018	\$ 312,000	\$ 1,582,880	\$ 2,229,760	\$ 2,229,760
	2019	\$ 312,000	\$ 1,894,880	\$ 2,178,925	\$ 4,408,685
	2020	\$ 312,000	\$ 2,206,880	\$ 2,128,090	\$ 6,536,774
	2021	\$ 312,000	\$ 2,518,880	\$ 2,077,254	\$ 8,614,029
	2022	\$ 312,000	\$ 2,830,880	\$ 2,026,419	\$ 10,640,448
	2023	\$ 312,000	\$ 3,142,880	\$ 1,975,584	\$ 12,616,032
	2024	\$ 312,000	\$ 3,454,880	\$ 1,924,749	\$ 14,540,781
	2025	\$ 312,000	\$ 3,766,880	\$ 1,873,914	\$ 16,414,694
	2026	\$ 312,000	\$ 4,078,880	\$ 1,823,078	\$ 18,237,773
	2027	\$ 312,000	\$ 4,390,880	\$ 1,772,243	\$ 20,010,016
Maintain Viable Presence (5 Years)	2028	\$ 2,033,408	\$ 6,424,288	\$ 0	\$ 20,010,016
	2029	\$ 1,982,573	\$ 8,406,861	\$ 0	\$ 20,010,016
	2030	\$ 1,931,738	\$ 10,338,598	\$ 0	\$ 20,010,016
	2031	\$ 1,880,902	\$ 12,219,501	\$ 0	\$ 20,010,016
	2032	\$ 1,830,067	\$ 14,049,568	\$ 0	\$ 20,010,016
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$ 1,779,232	\$ 15,828,800	\$ 0	\$ 20,010,016
	2034	\$ 1,728,397	\$ 17,557,197	\$ 0	\$ 20,010,016
	2035	\$ 1,677,562	\$ 19,234,758	\$ 0	\$ 20,010,016
	2036	\$ 1,626,726	\$ 20,861,485	\$ 0	\$ 20,010,016
	2037	\$ 1,575,891	\$ 22,437,376	\$ 0	\$ 20,010,016
	2038	\$ 1,525,056	\$ 23,962,432	\$ 0	\$ 20,010,016
	2039	\$ 1,474,221	\$ 25,436,653	\$ 0	\$ 20,010,016
	2040	\$ 1,423,386	\$ 26,860,038	\$ 0	\$ 20,010,016
	2041	\$ 1,372,550	\$ 28,232,589	\$ 0	\$ 20,010,016
	2042	\$ 1,321,715	\$ 29,554,304	\$ 0	\$ 20,010,016
		\$ 29,554,304	is greater than	\$ 20,010,016	
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

### Board Finding Number 10.

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

### Board Finding Number 11.

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

In support of Findings Nos. 10 and 11, **Attachment C** of the economic impact study states:

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. This is based on information available, including information provided by the Applicant. Specifically, the Comptroller notes the following:

- An investor presentation document (from Applicant website), dated January 13-14, 2015, indicates the project is a future “Growth Capital Project”.
- In a *Business Wire* April 20, 2015 article, and other news articles at the end of April, 2015, Enterprise Products and Occidental Petroleum announced a cryogenic processing plant and related pipelines in the Delaware Basin.
- Delaware Basin Gas Processing (a Joint Venture of Oxy and Enterprise) submitted application #1068 for the Waha Cryogenic Gas Processing Plant in April of 2015.
  - On October 15, 2015, the Comptroller was unable to certify that, for application #1068, Chapter 313 was a determining factor in the applicant’s decision to invest capital and construct the project in this state.
- On January 4, 2016, Delaware Basin Gas Processing submitted this application #1122 for the Waha Gas Plant to process raw natural gas from various producers in the Permian Basin.
- Attached maps indicate the location of the project adjacent to the Waha natural gas pipeline “hub”.
- The applicant provided confidential cash flow models with application #1122 indicating that a Chapter 313 limitation agreement would result in an increased internal rate of return. The applicant stated in Item 10 to Tab 5 that “capital investments by the applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impact the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.”
- Per Item 10 to Tab 5 of the application, the property tax burden for the “proposed project is significant. The property tax burden has a direct impact on the proposed project’s economic viability and the decision to invest in Texas. The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.”

- Applicant has indicated there is recent limited construction on the site that will not become qualified property; the project could still locate elsewhere.

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tabs 4 and 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

### **Board Finding Number 12.**

**The Board of Trustees of the Pecos-Barstow-Toyah Independent School District hired consultants to review and verify the information in Application #1122. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.**

### **Board Finding Number 13.**

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

### **Board Finding Number 14.**

**The Applicant (Taxpayer Id. 32056726345) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.**

### **Board Finding Number 15.**

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

### **Board Finding Number 16.**

**Considering the purpose and effect of the law and the terms of the Agreement, 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 Pecos-Barstow-Toyah Independent School District. It is further ORDERED that these findings and the Attachments

Board Findings of the Pecos-Barstow-Toyah Independent School District

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 Pecos-Barstow-Toyah Independent School District.

Dated the 15<sup>th</sup> day of December, 2016.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By: Gail Box  
Gail Box  
President, Board of Trustees

ATTEST:

By: Bertha Natividad  
Bertha Natividad  
Secretary, Board of Trustees

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT A**  
**Application of**  
**Delaware Basin Gas Processing, LLC**



# Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

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

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

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

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

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

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

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

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

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

## SECTION 1: School District Information

### 1. Authorized School District Representative

Date Application Received by District

First Name

Last Name

Title

School District Name

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number (optional)

Email Address

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

☐ Yes

☐ No



f.v.

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

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

First Name

Last Name

Title

Firm Name

Phone Number

Fax Number

Mobile Number *(optional)*

Email Address

4. On what date did the district determine this application complete? .....

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)*

First Name

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number *(optional)*

Business Email Address

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

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

First Name

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number *(optional)*

Business Email Address

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

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

First Name

Last Name

Title

Firm Name

Phone Number

Fax Number

Business Email Address

**SECTION 3: Fees and Payments**

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

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

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

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

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

**SECTION 4: Business Applicant Information**

1. What is the legal name of the applicant under which this application is made? \_\_\_\_\_
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) \_\_\_\_\_
3. List the NAICS code \_\_\_\_\_
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 \_\_\_\_\_

**SECTION 5: Applicant Business Structure**

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

## SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

## SECTION 7: Project Description

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

<input type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

## SECTION 8: Limitation as Determining Factor

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

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

**SECTION 9: Projected Timeline**

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

**SECTION 10: The Property**

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

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

**SECTION 11: Investment**

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

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

## SECTION 12: Qualified Property

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

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

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

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

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

## SECTION 15: Economic Impact

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



Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print  
here

Jim Haley  
Print Name (Authorized School District Representative)

Title

Superintendent

sign  
here

Jim Haley  
Signature (Authorized School District Representative)

Date

11/1/16

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))

Title

sign  
here

Signature (Authorized Company Representative (Applicant))

Date

GIVEN under my hand and seal of office this, the

\_\_\_\_\_ day of \_\_\_\_\_,

Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires: \_\_\_\_\_

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

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print  
here

Print Name (Authorized School District Representative)

Title

sign  
here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print  
here

Print Name (Authorized Company Representative (Applicant))

Title

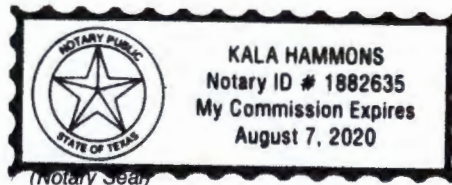
sign  
here

Signature (Authorized Company Representative (Applicant))

Date

GIVEN under my hand and seal of office this, the

15<sup>th</sup> day of November, 2016



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

My Commission expires: 8/7/2020

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



# **EXHIBIT 1**

## **ATTACHMENT 4a.**

School District & Application Number	Applying Entity	Application Date	First Full Tax Year
<a href="#">Barbers Hill ISD No. 166</a>	<a href="#">Enterprise Products Operating, LLC</a>	9/1/2009	2010
<a href="#">Barbers Hill ISD No. 178</a>	<a href="#">Enterprise Products Operating, LLC</a>	8/30/2010	2011
<a href="#">Barbers Hill ISD No. 192</a>	<a href="#">Enterprise Products Operating, LLC</a>	7/20/2010	2012
<a href="#">Barbers Hill ISD No. 253</a>	<a href="#">Enterprise Products Operating, LLC</a>	11/20/2012	2014
<a href="#">Barbers Hill ISD No. 254</a>	<a href="#">Enterprise Products Operating, LLC</a>	11/20/2012	2014
<a href="#">Barbers Hill ISD No. 278</a>	<a href="#">Enterprise Products Operating, LLC</a>	3/28/2013	2014
<a href="#">Barbers Hill ISD No. 349</a>	<a href="#">Enterprise Products Operating, LLC</a>	9/23/2013	2015
<a href="#">Barbers Hill ISD No. 363</a>	<a href="#">Enterprise Products Operating, LLC</a>	11/18/2013	2015
<a href="#">Barbers Hill ISD No. 364</a>	<a href="#">Enterprise Products Operating, LLC</a>	11/18/2013	2015
<a href="#">La Porte ISD No. 1049</a>	<a href="#">Enterprise Products Operating, LLC</a>	12/9/2014	2017
<a href="#">Yoakum ISD No. 187</a>	<a href="#">Enterprise Hydrocarbons, L.P.</a>	4/11/2011	2012

## **Tab # 2**

# **Proof of Payment**

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

**Pecos Barston Toyah ISD has waived the  
application fee for this submission by action of  
the Board of Trustees on December 15, 2015.  
The Board voted to apply the application fee that  
was submitted with the original application  
#1068.**

## Tab # 3

**N/A**

# Tab # 4

## **Proposed Project Description**

The proposed Waha Gas Plant project will construct a new gas plant capable of processing up to 150MMSCFD of well-head gas in Reeves County, Texas. The plant will include inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system with truck loading capabilities.

The project is a cryogenic natural gas processing plant that will process raw natural gas by removing contaminants or impurities and creating pipeline-quality residue gas and natural gas liquids. Natural gas liquids is a mixture of products such as ethane, propane, normal butane, isobutane and natural gasoline.

Raw natural gas produced at the well-head contains varying amounts of natural gas liquids ("NGLs"). This rich natural gas in its raw form is usually not acceptable for transportation in the nation's major natural gas pipeline systems or for commercial use as a fuel. Natural gas processing plants remove the NGLs from the natural gas stream, enabling the natural gas to meet transmission pipeline and commercial quality specifications.

## **Summary of plant feed stock and finished products**

1. Feedstock Source: Raw Natural Gas produced at the well-head and transported through gathering systems from various producers in the Permian Basin.
2. Final Products Produced:
  - a. Mixed NGL's: The mixed NGL's will be transported via pipeline from the plant to multiple markets for storage and further fractionation.
  - b. Natural Gas: The residue gas will be compressed and delivered to a pipeline adjacent to the facility to be delivered to multiple markets.
3. Interconnections
  - a. The plant will be interconnected via newly constructed pipelines to existing facilities and pipelines in the area. This connectivity allows the final products to be delivered to the market.

## **The new cryogenic plant facility will consist of the following process areas:**

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine treating for CO<sub>2</sub> Removal
- TEG dehydration for H<sub>2</sub>O Removal
- Thermal Oxidizer
- Underground Injections wells
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plant
- Residue Recompression units
- Heat Medium System with Waste Heat Recovery
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

## **Tab #5**

### **Limitations as Determining Factor**

**AT THE REQUEST OF THE APPLICANT SUPPORTING DOCUMENTS ARE CONSIDERED PROPRIETY AND CONFIDENTIAL DUE TO THE NATURE OF THE FINANCIAL INFORMATION ANALYSIS SUBMITTED. Applicant has submitted Propriety and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.**

## **Tab 5**

### **Limitation as a Determining Factor**

**1. Does the applicant currently own the land on which the proposed project will occur?**

An affiliate of Applicant's member owns the land upon which the proposed project will be constructed. Title to land will be transferred to Applicant in the near future. The land is described in Tab 9.

**2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**

Enterprise GC LLC and Oxy Delaware Basin Plant, LLC entered into a preliminary cost sharing agreement related to the proposed project in the event that the proposed project goes forward at the location identified by this Application. The cost sharing agreement culminated into the formation of Applicant.

**3. Does the applicant have current business activities at the location where the proposed project will occur?**

Applicant's member has current business activities at a location directly to the south of the site of the proposed project. However, those activities are in the name of Applicant's member, a separate legal entity and independent taxpayer.

**4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?**

An affiliate of a member of Applicant has made public statements regarding its intentions with respect to the proposed project location. In the 10Q filings for the periods ending June 30, 2015 and September 30, 2015, and the 8K filing dated July 30, 2015, Enterprise Products Partners L.P. stated:



In April 2015, we formed a 50/50 joint venture with an affiliate of Occidental Petroleum Corporation to develop a new 150 MMcf/d cryogenic natural gas processing facility that will accommodate growing production of NGL-rich natural gas from the Delaware Basin. The facility will be supported by long-term, firm contracts and is expected to begin operations in mid-2016. We will serve as construction manager for the project and operator once the new facility commences operations. The new facility is located in Reeves County, Texas.

**5. Has the applicant received any local or state permits for activities on the proposed project site?**

Applicant's member has applied for an air permit from the Texas Commission on Environmental Quality for the proposed project site. A copy of the permit amendment is available upon request.

**6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?**

At the time of the submission of the Application, Applicant has not received any state or local tax incentives for activities at the proposed project site; however, Applicant has applied for a tax abatement with Reeves County under Chapter 312 of the Tax Code. However at this time, Reeves County has taken no action on the application.

**7. Is the applicant evaluating other locations not in Texas for the proposed project?**

See Item 10 to Tab 5, as referenced below in the answer to question 10 and incorporated herein.

- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?**

Yes, see Item 10 to Tab 5, as referenced below in the answer to question 10.

- 9. Has the applicant provided information related to the applicant's inputs, transportation and market for the proposed project?**

N/A

- 10. Are you submitting information to assist in the determinations 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?**

See Item 10 attached hereto.

# ITEM 10 TO TAB 5

# **Key Investment Determination**

## **Factors**

- The Applicant is a limited liability company formed by its members, Enterprise GC LLC and Oxy Delaware Basin Plant, LLC. An affiliate of one of the members of Applicant, Enterprise Products, is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. The members of Applicant have manufacturing locations in Texas, and other states, including Louisiana, New Mexico, Colorado, and Wyoming. Both members of Applicant have significant assets in New Mexico including gathering systems and interstate pipelines that can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in the neighboring State of New Mexico or elsewhere.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.
- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.
- Capital investments by the Applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impact the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.
- The Applicant is submitting the attached discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate

of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment in Reeves County, Texas.

- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incent the Applicant to invest capital in Reeves County, Texas rather than making an alternative investment.

**Discount cash flow models submitted with this application have been omitted; as the applicant considers such models to be trade secrets and is confidential under Tex. Gov't Code 552.104.**

**Tab # 6**

# **Multi District Project**

**N/A**

## **Tab # 7**

### **Description of Qualified Investment**



# **Description of Qualified Investment**

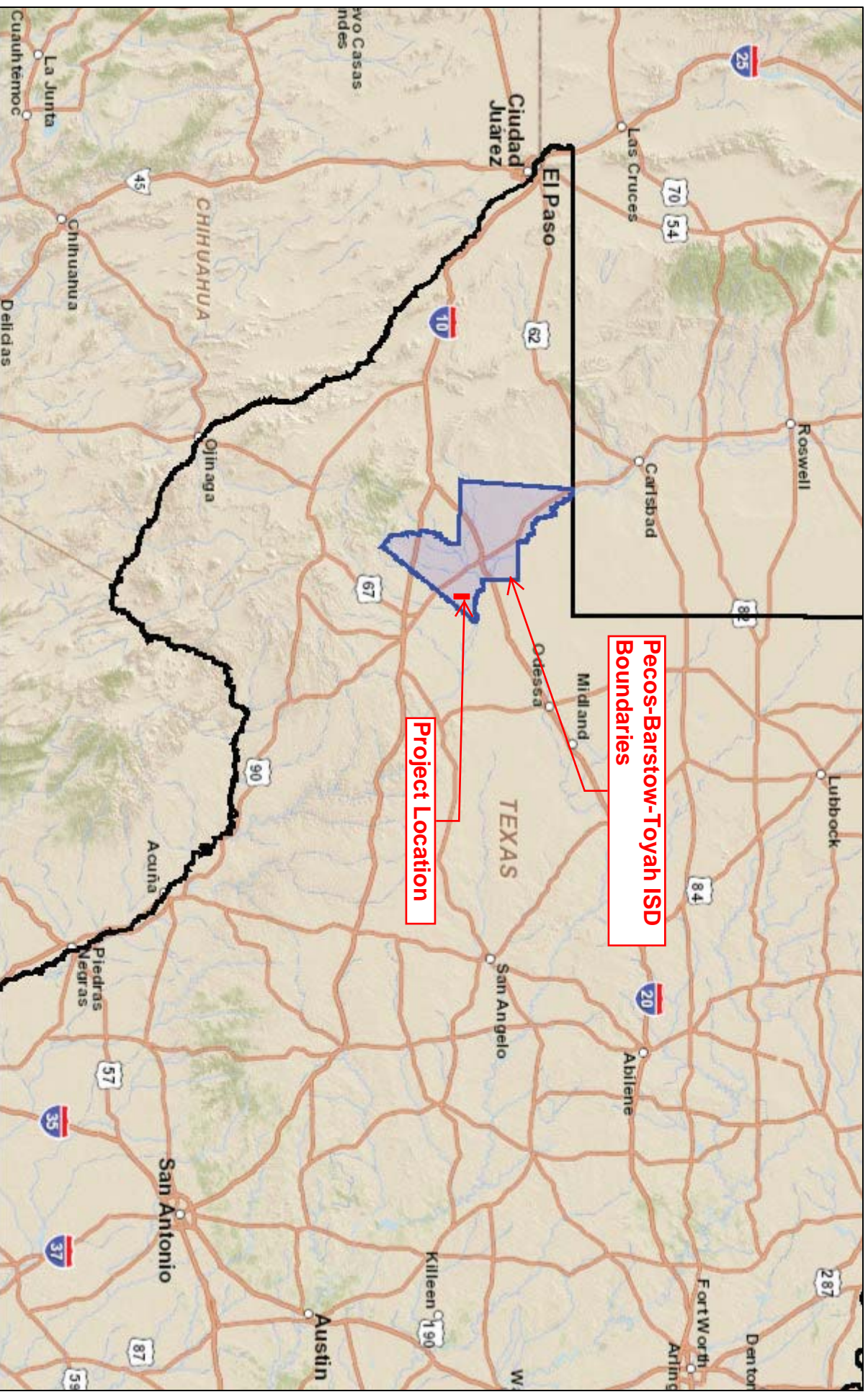
The Proposed Waha Gas Plant use cryogenic fractionation to separate ethane and heavier hydrocarbons from raw wellhead gas to produce marketable natural gas.

The Proposed Waha Gas Plant is designed to process 150 mmscf/d of gas. The Proposed Waha Gas Plant is designed to produce Y-Grade NGL Product and Residue Gas

The cryogenic facility will consist of the following process areas:

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine treating for CO<sub>2</sub> Removal
- TEG dehydration for H<sub>2</sub>O Removal
- Thermal Oxidizer
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plant
- Residue Recompression units
- Heat Medium System with Waste Heat Recovery
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

## Project Vicinity Map



January 22, 2016

## Texas\_Outline

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand),

**Tab # 8**

**DESCRIPTION OF QUALIFIED  
PROPERTY**

**INCLUDED IN TAB 7**

## **Tab # 9**

# **Description of land**

### **A. Legal Description:**

All of the Northeast one-quarter (NE/4) of Section (9), Block C-3, Public School Lands containing 160 acres , more or less

### **B. Appraisal Parcel Number of land for the new construction of new improvements.**

See Reeves County Appraisal Records attaches as item B to Tab 9.

### **C.Owner**

Enterprise GC LLC and leased by the applicant

### **D. Land is not part of the qualifying property**

### **E.Current Taxable Value of the Land**

See Reeves County Appraisal District Records attaches as Item B to Tab 9.

## **Item B to Tab 9**


[Home](#) [Return to Search](#) [Print](#)
**Property Year 2014**[Tax Summary](#)

Information Updated 2/26/2015

Property ID: R000000810 Geo ID: 01150-00085-00000-000000

**Property Details****Ownership**

BAKER LEE E ETAL

PO BOX 66  
COYANOSA, TX 79730-0066

Ownership Interest: 1.0000000

**Available Actions****Qualified Exemptions**

Not Applicable

**Legal Information**

Legal: Acres: 158.000, Blk: C3, Tract: 9, AB 5619 BLK C3 SEC 9 PSLNE/4

Situs: Not Applicable

**Property Valuation History**

Values by Year		2014	2013	2012	2011	2010	n/a
Improvements	+	\$0	\$0	\$0	\$0	\$0	\$0
Land	+	\$0	\$0	\$0	\$0	\$0	\$0
Production Market	+	\$15,550	\$15,550	\$15,550	\$15,550	\$15,550	\$0
Personal	+	\$0	\$0	\$0	\$0	\$0	\$0
Mineral	+	\$0	\$0	\$0	\$0	\$0	\$0
Total Market	=	\$15,550	\$15,550	\$15,550	\$15,550	\$15,550	\$0
Agricultural Loss	-	\$10,460	\$10,460	\$10,460	\$10,450	\$10,450	\$0
Homestead Cap Loss	-	\$0	\$0	\$0	\$0	\$0	\$0
Total Assessed	=	\$5,090	\$5,090	\$5,090	\$5,100	\$5,100	\$0

<b>Improvement / Buildings</b>	<b>Improvement Value: \$0</b>
--------------------------------	-------------------------------

Group Sequence	Code	Building Description	Year Built	Square Footage	Perimeter Footage
----------------	------	----------------------	------------	----------------	-------------------

<b>Land Details</b>	<b>Market Value: \$0</b>	<b>Production Market Value: \$15,550</b>	<b>Production Value: \$5,090</b>
---------------------	--------------------------	--	----------------------------------

Land Code	Acres	Sq. Ft.	Front Ft.	Rear Ft.	Depth	Mkt. Value	Prd. Value
RG3	113.000	4,922,280	0	0		5,650	452
RF24	45.000	1,960,200	0	0		9,900	4,635

<b>Deed History</b>
---------------------

Sold By	Volume	Page	Deed Date Instrument
BAKER LEE E ETAL	628	757	12/28/2000

## Property Tax Estimation by Entity / Jurisdiction

Code	Description	Taxable Value	Tax Rate per \$100	Tax Factor applied to Taxable Value	Estimated Tax
01	REEVES COUNTY	5,090	\$0.42	0.0042	\$21.38
30	P-B-T I.S.D	5,090	\$1.086	0.01086	\$55.28
65	REEVES CO HOSP DIST	5,090	\$0.2288224	0.002288224	\$11.65
<b>Total Estimation</b>			<b>\$1.7348224</b>	<b>0.017348224</b>	<b>\$88.31</b>

The above property tax estimation is not a tax bill. Do not pay.  
[Click here to view actual Property Tax Bill.](#)

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 Southwest Data Solutions is not responsible for any errors or omissions.


[Home](#) [Return to Search](#) [Print](#)
**Property Year 2014**[Tax Summary](#)

Information Updated 2/26/2015

Property ID: R000000809 Geo ID: 01150-00080-00000-000000

**Property Details****Ownership**

BAKER LEE E ETAL

PO BOX 66  
COYANOSA, TX 79730-0066

Ownership Interest: 1.0000000

**Available Actions****Qualified Exemptions**

Not Applicable

**Legal Information**

Legal: Acres: 2.000, Blk: C-3, Tract: 9, AB 5619 BLK C-3 SEC 9PSL 2 ACS OUT OF NE/4

Situs: Not Applicable

**Property Valuation History**

Values by Year		2014	2013	2012	2011	2010	n/a
Improvements	+	\$33,100	\$33,100	\$33,100	\$15,450	\$10,960	\$0
Land	+	\$120	\$120	\$120	\$120	\$120	\$0
Production Market	+	\$0	\$0	\$0	\$0	\$0	\$0
Personal	+	\$0	\$0	\$0	\$0	\$0	\$0
Mineral	+	\$0	\$0	\$0	\$0	\$0	\$0
Total Market	=	\$33,220	\$33,220	\$33,220	\$15,570	\$11,080	\$0
Agricultural Loss	-	\$0	\$0	\$0	\$0	\$0	\$0
Homestead Cap Loss	-	\$0	\$0	\$0	\$0	\$0	\$0
Total Assessed	=	\$33,220	\$33,220	\$33,220	\$15,570	\$11,080	\$0



**Improvement / Buildings** *Improvement Value: \$33,100*

Group Sequence	Code	Building Description	Year Built	Square Footage	Perimeter Footage
1	BARN NL			2,000	180
2	FVO	SHED		600	124
3	MOB HME	OAKCREEK	1986	1,680	176

**Land Details** *Market Value: \$120 Production Market Value: \$0 Production Value: \$0*

Land Code	Acres	Sq. Ft.	Front Ft.	Rear Ft.	Depth	Mkt. Value	Prd. Value
RG3	2.000	87,120	0	0		120	0

**Deed History**

Sold By	Volume	Page	Deed Date Instrument
BAKER LEE E ETAL	628	757	12/28/2000

## Property Tax Estimation by Entity / Jurisdiction

Code	Description	Taxable Value	Tax Rate per \$100	Tax Factor applied to Taxable Value	Estimated Tax
01	REEVES COUNTY	33,220	\$0.42	0.0042	\$139.52
30	P-B-T I.S.D	33,220	\$1.086	0.01086	\$360.77
65	REEVES CO HOSP DIST	33,220	\$0.2288224	0.002288224	\$76.01
<b>Total Estimation</b>			<b>\$1.7348224</b>	<b>0.017348224</b>	<b>\$576.30</b>

The above property tax estimation is not a tax bill. Do not pay.  
[Click here to view actual Property Tax Bill.](#)

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## **Tab # 10**

### **Existing Property Description**

Existing property includes pipe racks, concrete piers and temporary construction sheds, which are not subjected to this application. See Tab 11 for further elaboration.

January 21, 2016

Mr. Al Noor  
Senior Tax Manager  
Delaware Basin Gas Processing LLC  
P. O Box 4018  
Houston, Texas 77210-4018

**Re: Application No. 1122 for Limitation on Appraised Value under Chapter 313 of the Texas Tax Code submitted by Delaware Basin Gas Processing LLC ("DBGP") to the Pecos-Barstow-Toyah Independent School District ("P-B-T ISD")**

Dear Mr. Noor:

This letter is in response to your email dated January 21, 2016 in connection with the referenced Chapter 313 Application (the "Application") and request to create two separate accounts for the New Waha Gas Plant.

*The Chief Appraiser of Reeves County Appraisal District will:*

- 1. Set up one account for existing assets as of January 1, 2016 (currently in construction); and*
- 2. Set up a second, separate account for any subsequent additions / Investment as of January 1, 2017 (Tax Year 2017).*

If you have any questions, please feel free to contact me by telephone at 432-445-5122 or by email at [johnhuddleston@icloud.com](mailto:johnhuddleston@icloud.com)

Sincerely,



John Huddleston  
Chief Appraiser of Reeves County Appraisal District

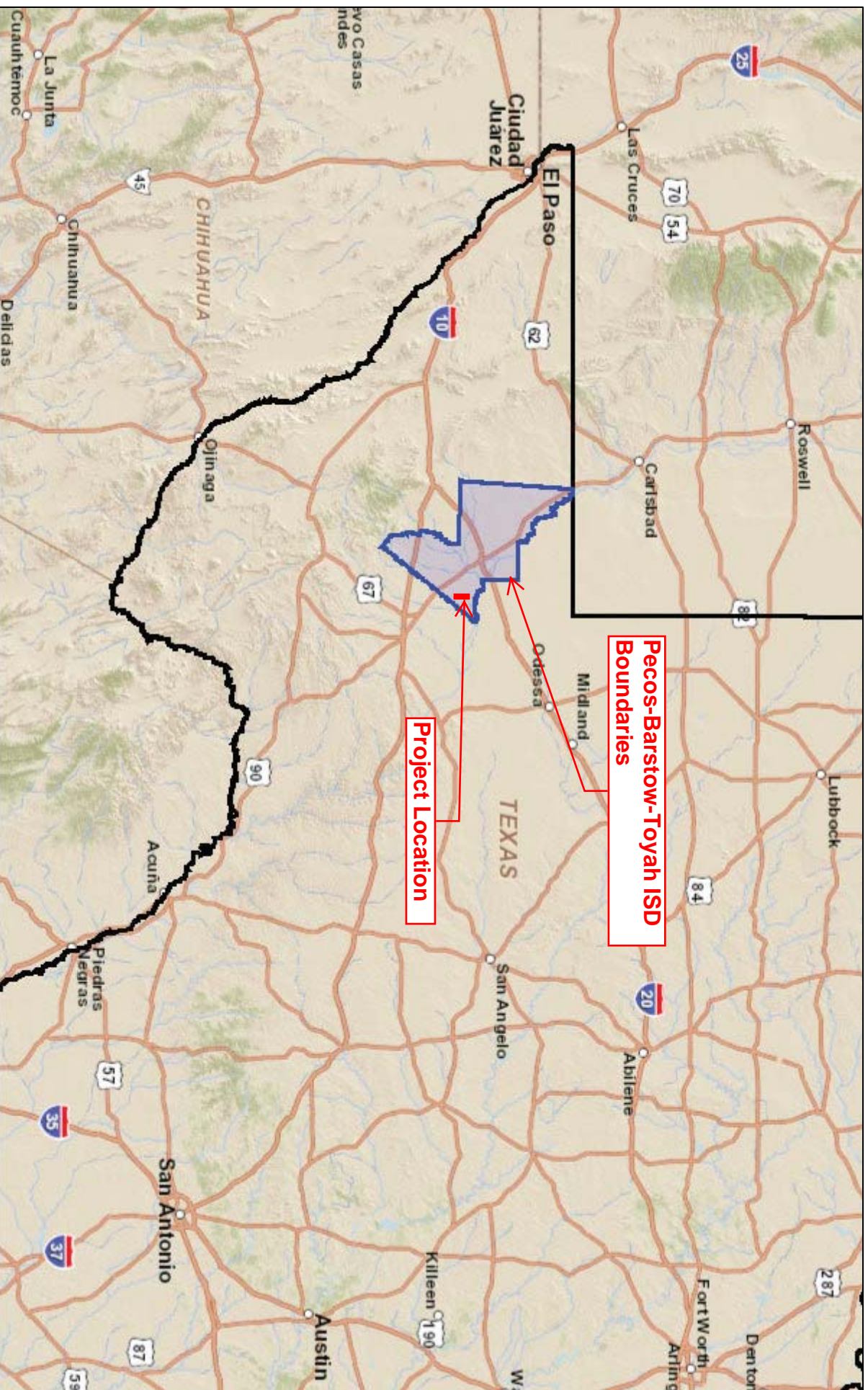
## **Tab # 11**

### **MAPS**

- a) Project Vicinity**
- b) Location of Qualified Investment**
- c) Location of Qualified Property**
- d) Existing Property**
- e) Land Location within Vicinity Map**
- f) Reinvestment Zone with Vicinity Map**

**a) Project Vicinity**

# Project Vicinity Map

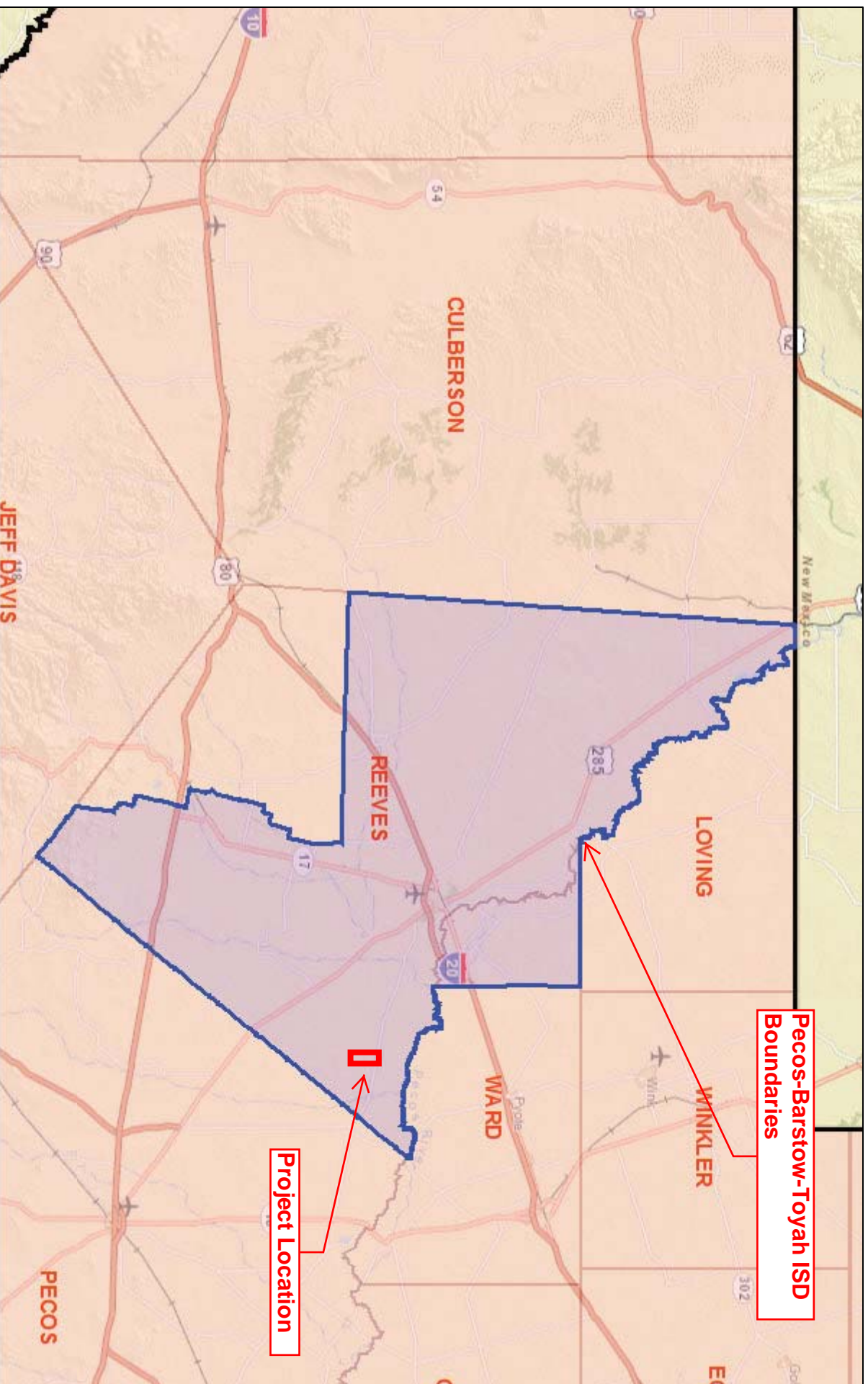


**b) Qualified Investment**

**c) Qualified Property**



# Project Location Map



Pecos-Barstow-Toyah ISD  
Boundaries

Project Location

January 22, 2016

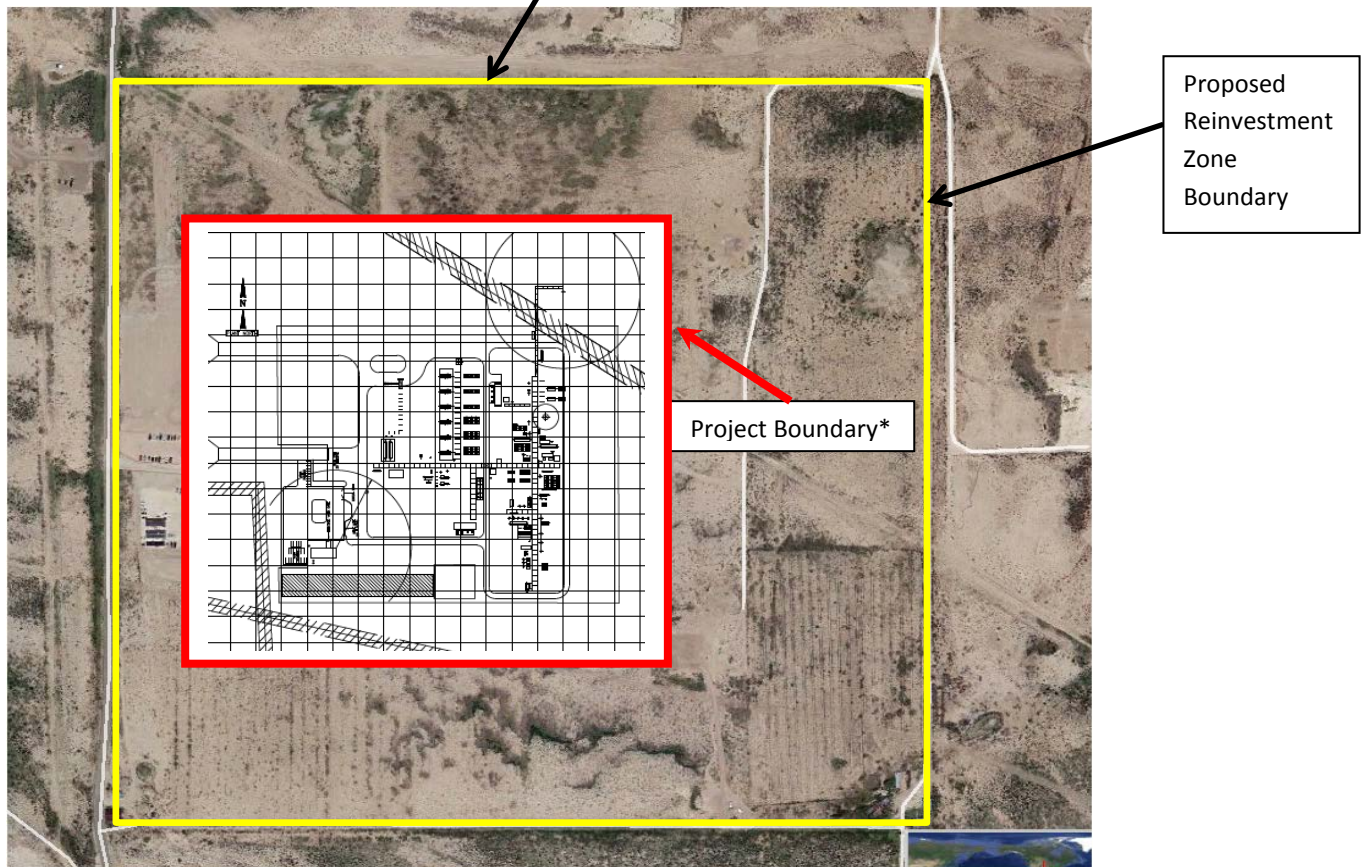
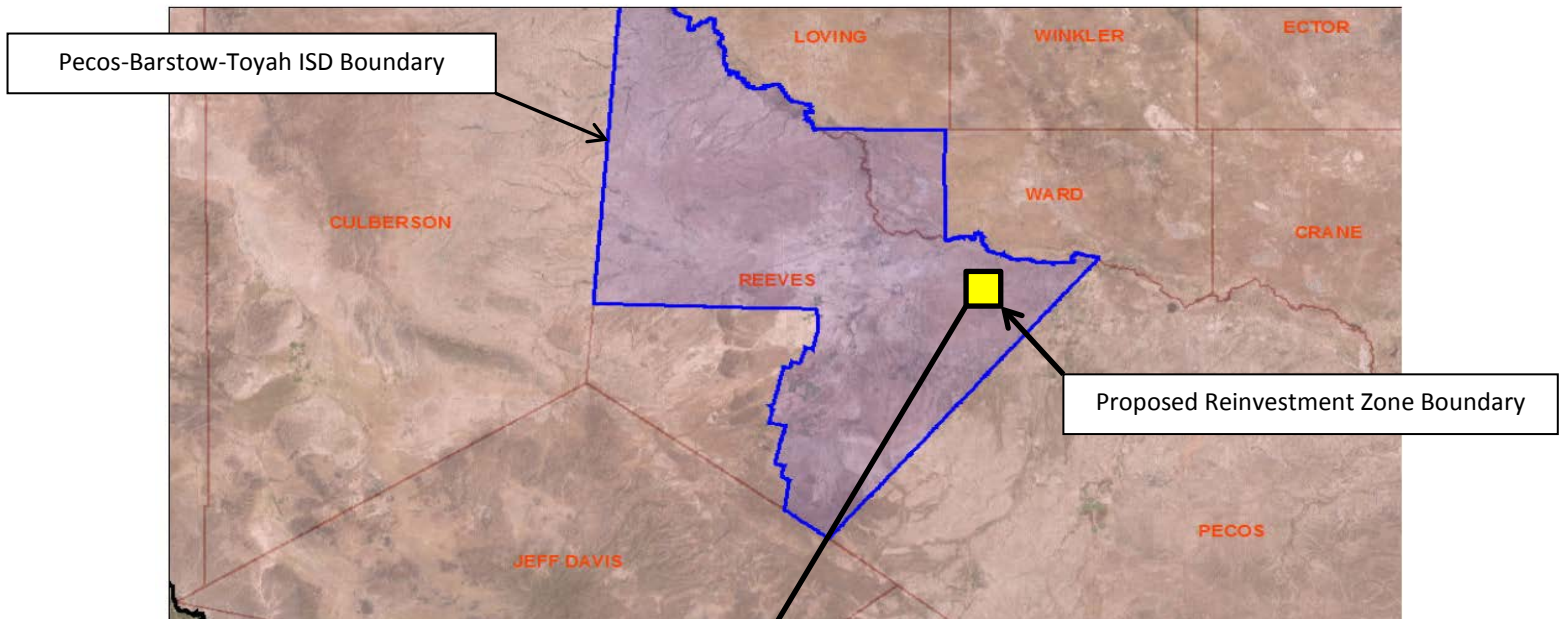
Texas\_Outline

Counties

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp.,  
NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand),



# Qualified Investment / Qualified Property



\* Only new improvements made after January 1, 2016 will become qualified property

**d) Existing Property**



**Contractor's equipment**

**Excluded Items**

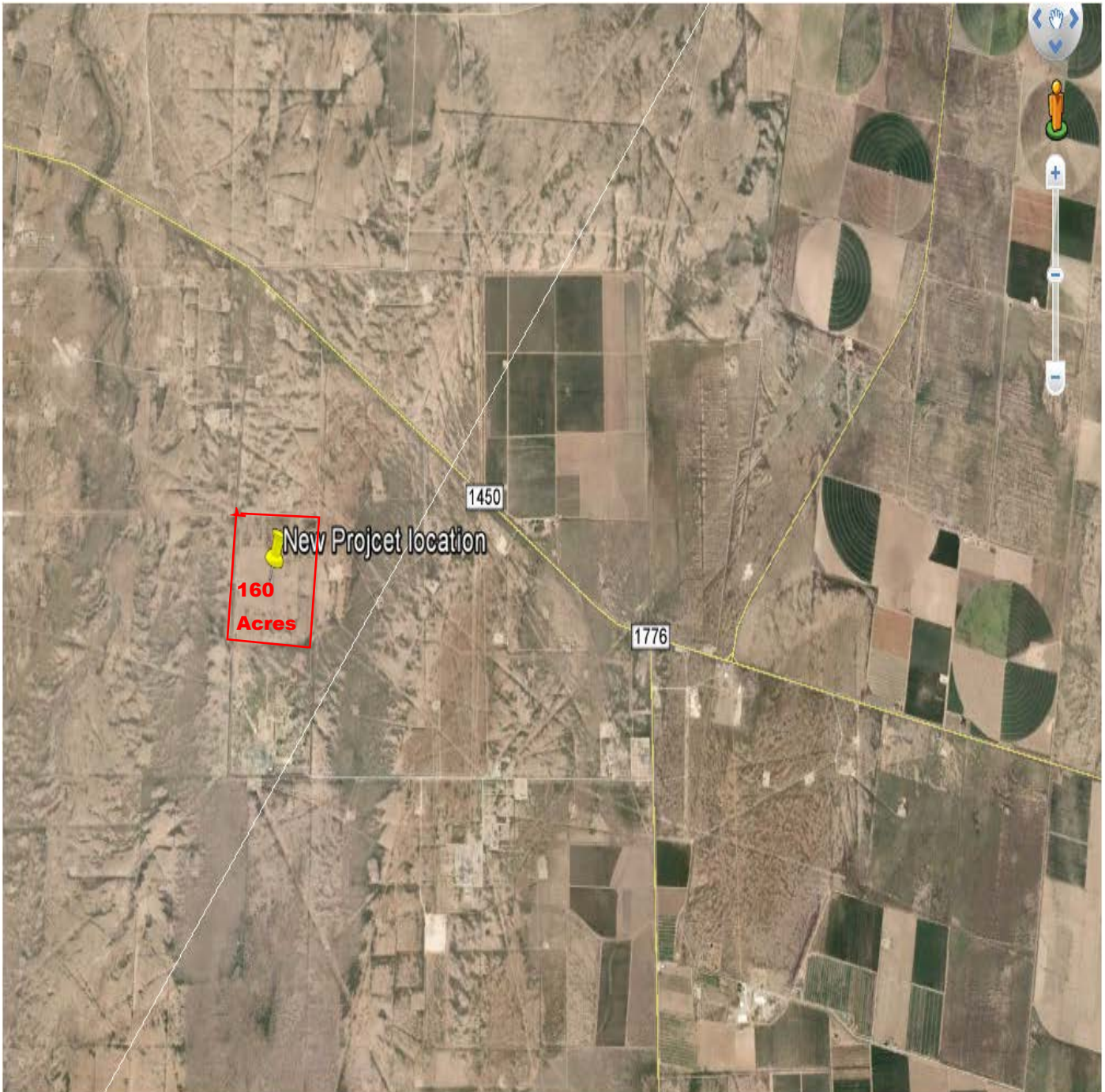
**Location of new Gas Plant**

**160 Acres**

**e) Land Location  
Within Vicinity  
Map**

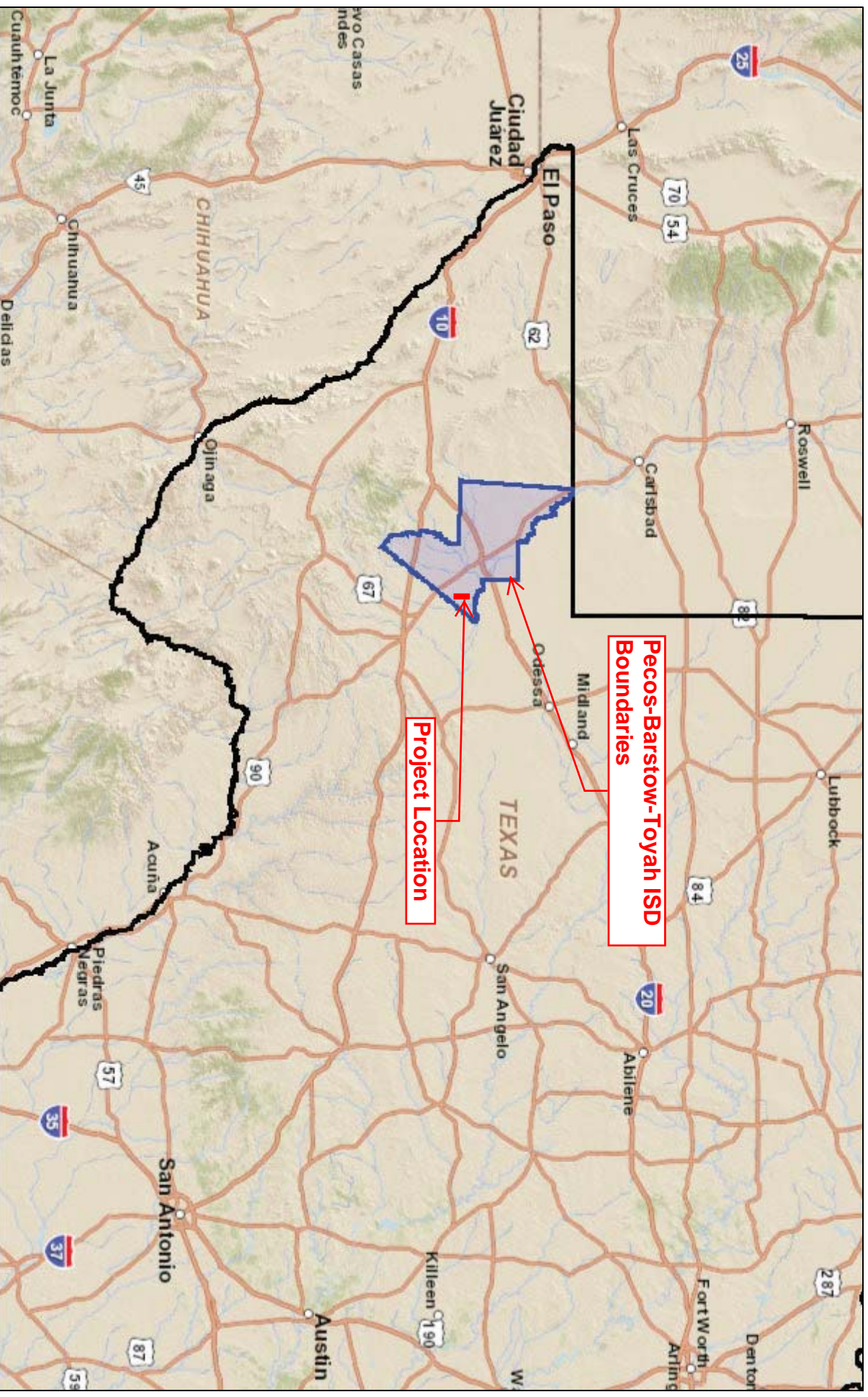


## Project Location Map





## Project Vicinity Map



January 22, 2016

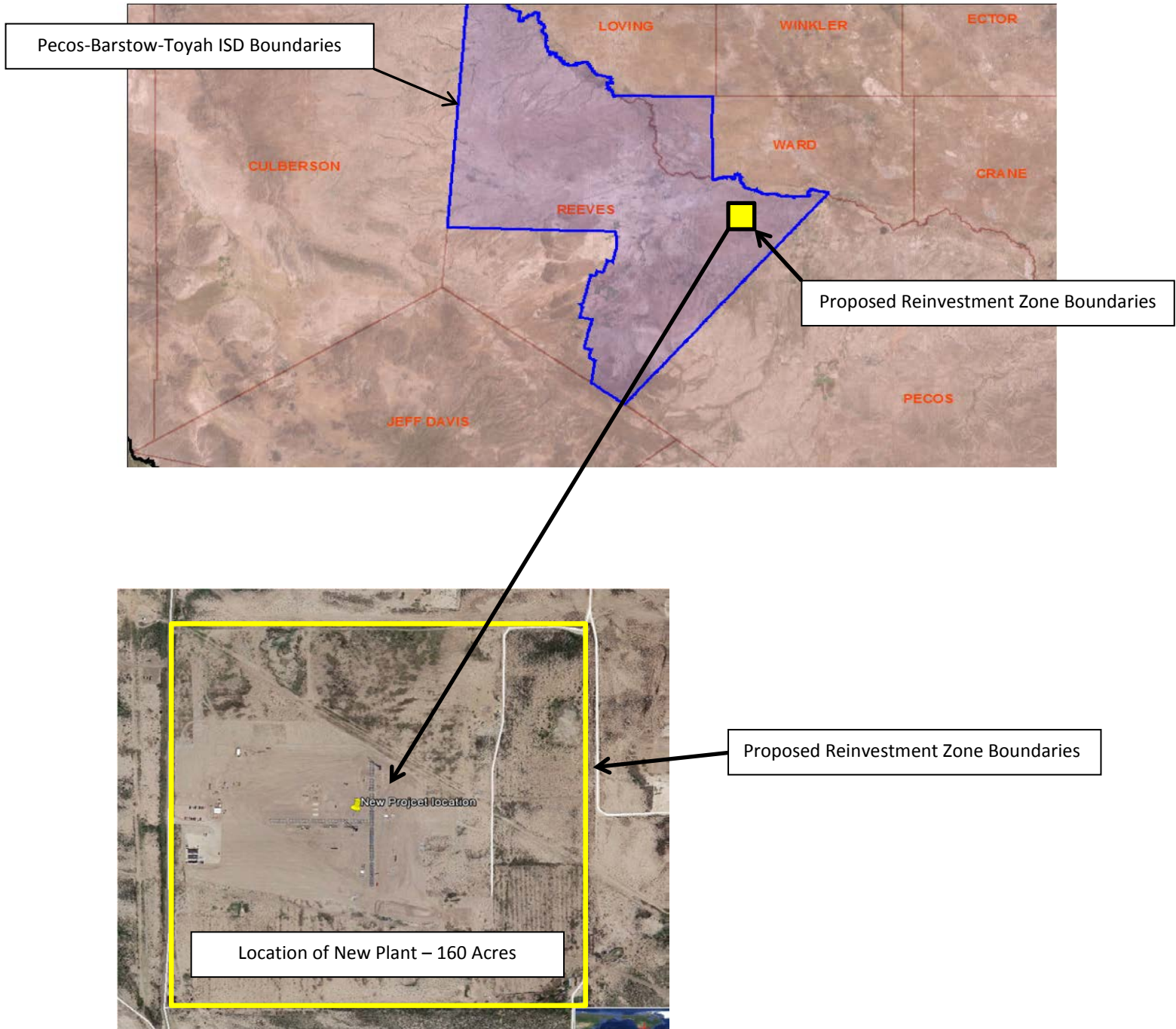
## Texas\_Outline

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand),

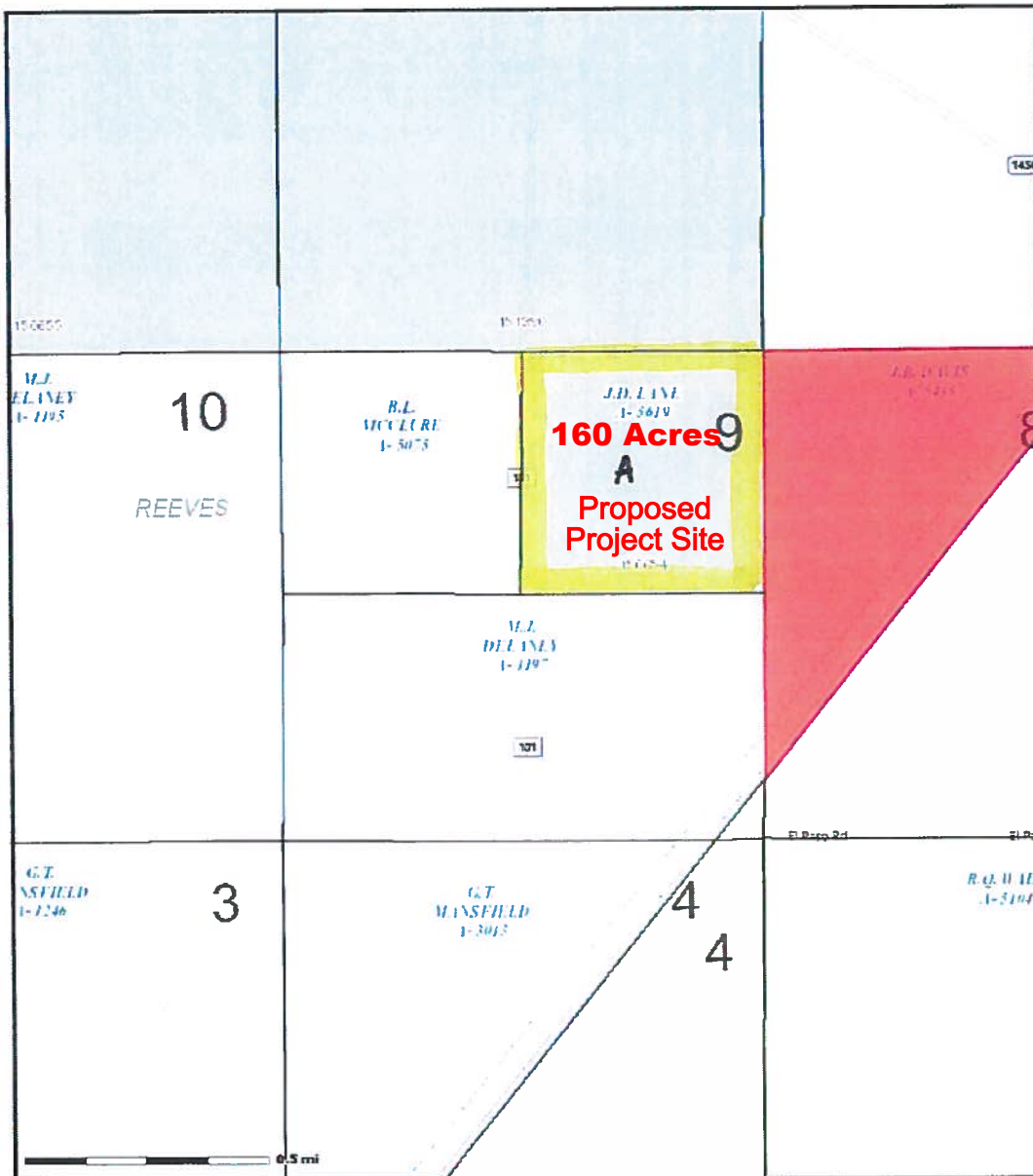
**f) Reinvestment Zone  
To be Determined**

**The Reinvestment Zone will be established either by Pecos-Barstow-Toyah ISD or by Reeves County under Chapter 312 of the Texas Tax Code.**

## Proposed Reinvestment Zone Map







Texas General Land Office

## My Map

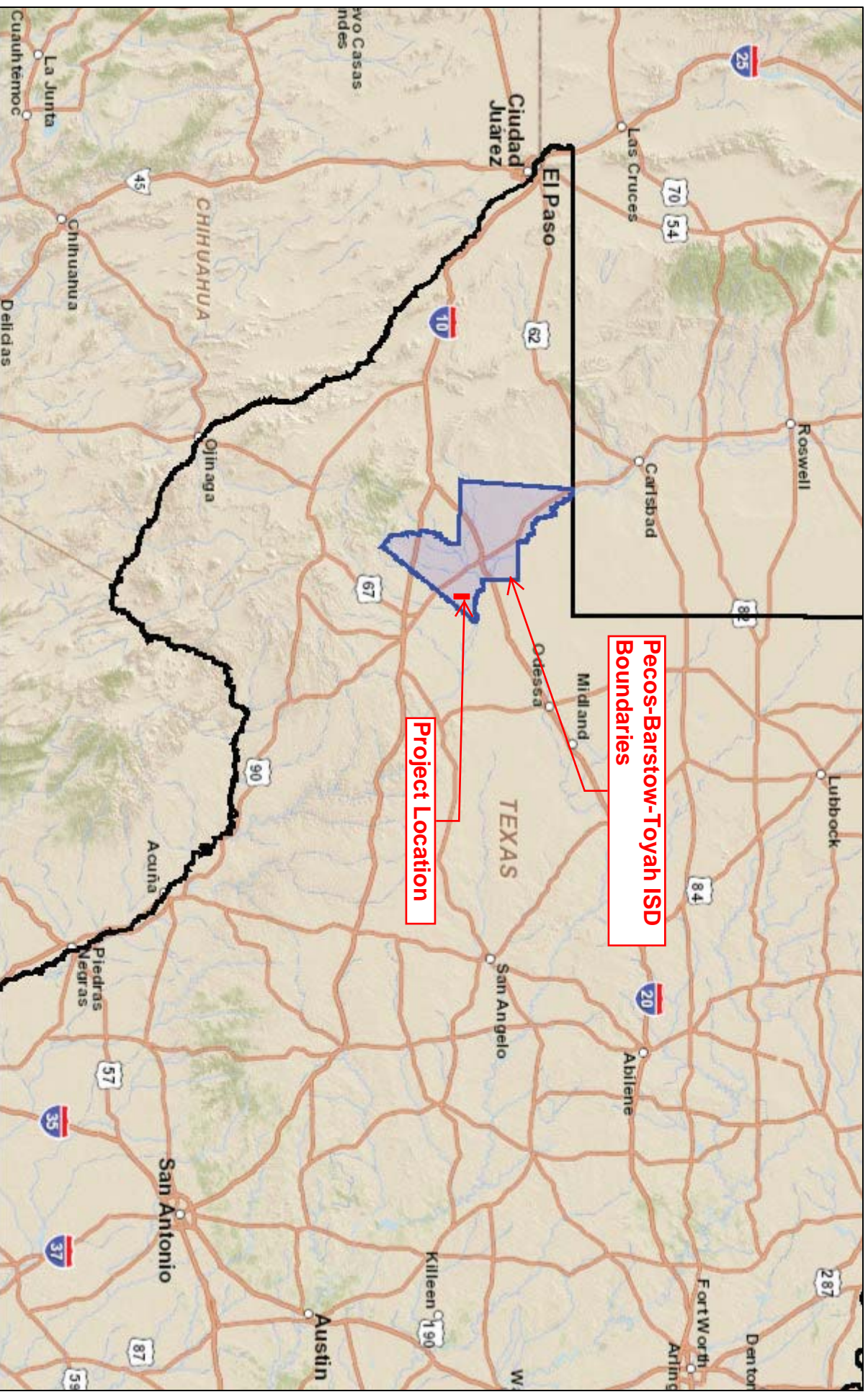


The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information contained on this map or the data from which it was prepared. This map is NOT suitable for

Printed: Jul 16, 2014



## Project Vicinity Map



January 22, 2016

## Texas\_Outline

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand),

## **Tab # 12**

**Not Applicable**

## **Tab # 13**

### **Wage Calculation**

## Calculations of wages Information---Based on Most Recent Data Available

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

Year	Period	Wages
2015	1 st Qtr	789
2015	2nd Qtr	700
2015	3 rd Qtr	714
2014	4 th Qtr	805

**Average**      752    Average Weekly Salary  
                          110%      *110% of County Average Weekly Wage for all Jobs*  
**\$ 827.20**

### 110% of County Average Weekly Wage for Manufacturing jobs

Year	Period	Wages
2015	1 st Qtr	306
2015	2nd Qtr	393
2015	3rd Qtr	607
2014	4th Qtr	342

**Average**      412    Average Weekly Salary  
                          110%  
**\$ 453.20**

### 110% of County Average Weekly Wage for Manufacturing jobs in Region (Permian Basin Regional Planning Commission)

	<b>23.65</b>	per hour	
	40	hr per week	
	\$ 946.00	Average weekly Salary	
	110%		
	\$ 1,040.60		
	52	Weeks	
	<b>\$ 54,111.20</b>	Annual Salary	

## Quarterly Employment and Wages (QCEW)

### FOR ALL INDUSTRIES JOBS REEVES COUNTY

Page 1 of 1 (40 results/page)

▲ Year ▲	▲ Period ▲	▲ Area ▲	▲ Ownership ▲	▲ Division ▲	▲ Level ▲	▲ Ind Code ▲	▲ Industry ▲	▲ Avg Weekly Wages ▲
2015	1 st Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$789
2015	2 nd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$700
2015	3 <sup>rd</sup> Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$714
2014	4th Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$805

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## Quarterly Employment and Wages (QCEW)

### FOR MANUFACTURING JOBS IN REEVES COUNTY

Page 1 of 1 (40 results/page)

▲ Year ▲	▲ Period ▲	▲ Area ▲	▲ Ownership ▲	▲ Division ▲	▲ Level ▲	▲ Ind Code ▲	▲ Industry ▲	▲ Avg Weekly Wages ▲
2015	1st Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$306
2015	2nd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$393
2015	3rd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$607
2014	4th Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$342

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**2014 Manufacturing Average Wages by Council of Government Region**  
**Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$24.18</b>	<b>\$50,305</b>
<a href="#">1. Panhandle Regional Planning Commission</a>	\$21.07	\$43,821
<a href="#">2. South Plains Association of Governments</a>	\$16.75	\$34,834
<a href="#">3. NORTEX Regional Planning Commission</a>	\$20.23	\$42,077
<a href="#">4. North Central Texas Council of Governments</a>	\$25.32	\$52,672
<a href="#">5. Ark-Tex Council of Governments</a>	\$17.80	\$37,017
<a href="#">6. East Texas Council of Governments</a>	\$19.87	\$41,332
<a href="#">7. West Central Texas Council of Governments</a>	\$19.41	\$40,365
<a href="#">8. Rio Grande Council of Governments</a>	\$17.82	\$37,063
<a href="#">9. Permian Basin Regional Planning Commission</a>	\$23.65	\$49,196
<a href="#">10. Concho Valley Council of Governments</a>	\$18.70	\$38,886
<a href="#">11. Heart of Texas Council of Governments</a>	\$20.98	\$43,636
<a href="#">12. Capital Area Council of Governments</a>	\$28.34	\$58,937
<a href="#">13. Brazos Valley Council of Governments</a>	\$17.57	\$36,547
<a href="#">14. Deep East Texas Council of Governments</a>	\$17.76	\$36,939
<a href="#">15. South East Texas Regional Planning Commission</a>	\$29.21	\$60,754
<a href="#">16. Houston-Galveston Area Council</a>	\$26.21	\$54,524
<a href="#">17. Golden Crescent Regional Planning Commission</a>	\$23.31	\$48,487
<a href="#">18. Alamo Area Council of Governments</a>	\$19.46	\$40,477
<a href="#">19. South Texas Development Council</a>	\$13.91	\$28,923
<a href="#">20. Coastal Bend Council of Governments</a>	\$25.12	\$52,240
<a href="#">21. Lower Rio Grande Valley Development Council</a>	\$16.25	\$33,808
<a href="#">22. Texoma Council of Governments</a>	\$20.51	\$42,668
<a href="#">23. Central Texas Council of Governments</a>	\$18.02	\$37,486
<a href="#">24. Middle Rio Grande Development Council</a>	\$20.02	\$41,646

Source: Texas Occupational Employment and Wages

Data published: July 2015

Data published annually, next update will be July 31, 2016

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

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

Data intended for TAC 313 purposes only.

## **Tab # 14**

**Schedules A1,A2, B, C and D**



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

Date November 19, 2015  
Applicant Name Delaware Basin Gas Processing LLC  
ISD Name Pecos-Barslow-Toyah ISD

PROPERTY INVESTMENT AMOUNTS					(Estimated Investment in each year. Do not put cumulative totals.)				
			Column A	Column B	Column C	Column D	Column E		
			New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)		
Investment made before filing complete application with district	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]		
Investment made after filing complete application with district, but before final board approval of application	2016		Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2016					
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				122,000,000	0	0	0	0	122,000,000
	QTP1	2017-2016	2017	138,000,000	0	0	0	0	138,000,000
	QTP2	2018-2019	2018	0	0	0	0	0	0
Complete tax years of qualifying time period									
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				260,000,000	0	0	0	0	260,000,000
Total Qualified Investment (sum of green cells)				Enter amounts from TOTAL row above in Schedule A2					
				260,000,000					

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

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

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

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

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

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

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

PROPERTY INVESTMENT AMOUNTS						
(Estimated investment in each year. Do not put cumulative totals.)						
		Column A	Column B	Column C	Column D	Column E
		New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	-	TOTALS FROM SCHEDULE A1	260,000,000	0	0	260,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2016-2017	2016			
	0	2017-2018	2017			
	1	2018-2019	2018			
	2	2019-2020	2019			
	3	2020-2021	2020			
	4	2021-2022	2021			
	5	2022-2023	2022			
	6	2023-2024	2023			
	7	2024-2025	2024			
	8	2025-2026	2025			
9	2026-2027	2026				
10	2027-2028	2027				
Total Investment made through limitation			260,000,000	0	0	260,000,000
Continue to maintain viable presence	11	2028-2029	2028			
	12	2029-2030	2029			
	13	2030-2031	2030			
	14	2031-2032	2031			
	15	2032-2033	2032			
	16	2033-2034	2033			
Additional years for 25 year economic impact as required by 313.026(c)(1)	17	2034-2035	2034			
	18	2035-2036	2035			
	19	2036-2037	2036			
	20	2037-2038	2037			
	21	2038-2039	2038			
	22	2039-2040	2039			
	23	2040-2041	2040			
	24	2041-2042	2041			
	25	2042-2043	2042			

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

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

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

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

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

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

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

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

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

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

Date: November 19, 2015  
Delaware Basin Gas Processing LLC  
ISD Name: Pecos-Barstow-Toyah

Pecos-Barstow-Toyah ISD

Form 50-296A

				Qualified Property			Estimated Taxable Value		
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	STUB	2016-2017	2016			0	0	0	0
	QTP1	2017-2018	2017			122,200,000	122,200,000	122,200,000	122,200,000
Value Limitation Period	1	2018-2019	2018			260,000,000	244,400,000	244,400,000	30,000,000
	2	2019-2020	2019			254,800,000	239,512,000	239,512,000	30,000,000
	3	2020-2021	2020			249,600,000	234,624,000	234,624,000	30,000,000
	4	2021-2022	2021			244,400,000	229,736,000	229,736,000	30,000,000
	5	2022-2023	2022			239,200,000	224,848,000	224,848,000	30,000,000
	6	2023-2024	2023			234,000,000	219,960,000	219,960,000	30,000,000
	7	2024-2025	2024			228,800,000	215,072,000	215,072,000	30,000,000
	8	2025-2026	2025			223,600,000	210,184,000	210,184,000	30,000,000
	9	2026-2027	2026			218,400,000	205,296,000	205,296,000	30,000,000
	10	2027-2028	2027			213,200,000	200,408,000	200,408,000	30,000,000
Continue to maintain viable presence	11	2028-2029	2028			208,000,000	195,520,000	195,520,000	195,520,000
	12	2029-2030	2029			202,800,000	190,632,000	190,632,000	190,632,000
	13	2030-2031	2030			197,600,000	185,744,000	185,744,000	185,744,000
	14	2031-2032	2031			192,400,000	180,856,000	180,856,000	180,856,000
	15	2032-2033	2032			187,200,000	175,968,000	175,968,000	175,968,000
	16	2033-2034	2033			182,000,000	171,080,000	171,080,000	171,080,000
	17	2034-2035	2034			176,800,000	166,192,000	166,192,000	166,192,000
	18	2035-2036	2035			171,600,000	161,304,000	161,304,000	161,304,000
	19	2036-2037	2036			166,400,000	156,416,000	156,416,000	156,416,000
	20	2037-2038	2037			161,200,000	151,528,000	151,528,000	151,528,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	21	2038-2039	2038			156,000,000	146,640,000	146,640,000	146,640,000
	22	2039-2040	2039			150,800,000	141,752,000	141,752,000	141,752,000
	23	2040-2041	2040			145,600,000	136,864,000	136,864,000	136,864,000
	24	2041-2042	2041			140,400,000	131,976,000	131,976,000	131,976,000
	25	2042-2043	2042			135,200,000	127,088,000	127,088,000	127,088,000

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

Date

July 9, 2015

Schedule C: Employment Information

Applicant Name

Delaware Basin Gas Processing LLC

Pecos-Barstow-Toyah ISD

Form 50-296A

Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	STUB	2016-2017	2016	150 FTE	60,000	0	0	60,000
	QTP1	2017-2018	2017	150 FTE	60,000	0	10	60,000
	1	2018-2019	2018	0	NA	0	10	60,000
	2	2019-2020	2019	0	NA	0	10	60,000
	3	2020-2021	2020	0	NA	0	10	60,000
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	4	2021-2022	2021	0	NA	0	10	60,000
	5	2022-2023	2022	0	NA	0	10	60,000
	6	2023-2024	2023	0	NA	0	10	60,000
	7	2024-2025	2024	0	NA	0	10	60,000
	8	2025-2026	2025	0	NA	0	10	60,000
	9	2026-2027	2026	0	NA	0	10	60,000
	10	2027-2028	2027	0	NA	0	10	60,000
	11 through 25	2028-2029 through 2042-2043	2028 through 2042	0	NA	0	10	60,000

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

C1.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25

☐

Yes

☒

No

C1a.

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

☐

Yes

☒

No

C1b.

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

☐

Yes

☒

No

November 19, 2015

Schedule D: Other Incentives (Estimated)

Applicant Name:

Delaware Basin Gas Processing LLC

Form 50-296A

Pecos-Barstow-Toyah ISD

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County: N/A					
	City: N/A					
	Other: N/A					
Tax Code Chapter 312	County: Reeves County	2017	5 Years	899,196	683,430	215,766
	City: N/A					
	Other: N/A					
Local Government Code Chapters 380/381	County: N/A					
	City: N/A					
	Other: N/A					
Freeport Exemptions	N/A					
Non-Annexation Agreements	N/A					
Enterprise Zone/Project	N/A					
Economic Development Corporation	N/A					
Texas Enterprise Fund	N/A					
Employee Recruitment	N/A					
Skills Development Fund	N/A					
Training Facility Space and Equipment	N/A					
Infrastructure Incentives	N/A					
Permitting Assistance	N/A					
Other:	N/A					
Other:	N/A					
Other:	N/A					
Other:	N/A					
TOTAL				899,196	683,430	215,766

Additional information on incentives for this project:

Tax Code Chapter 312 tax levy and incentives are annualized over a five-year period.

## **Tab # 15**

**Not Applicable**

## **Tab # 16**

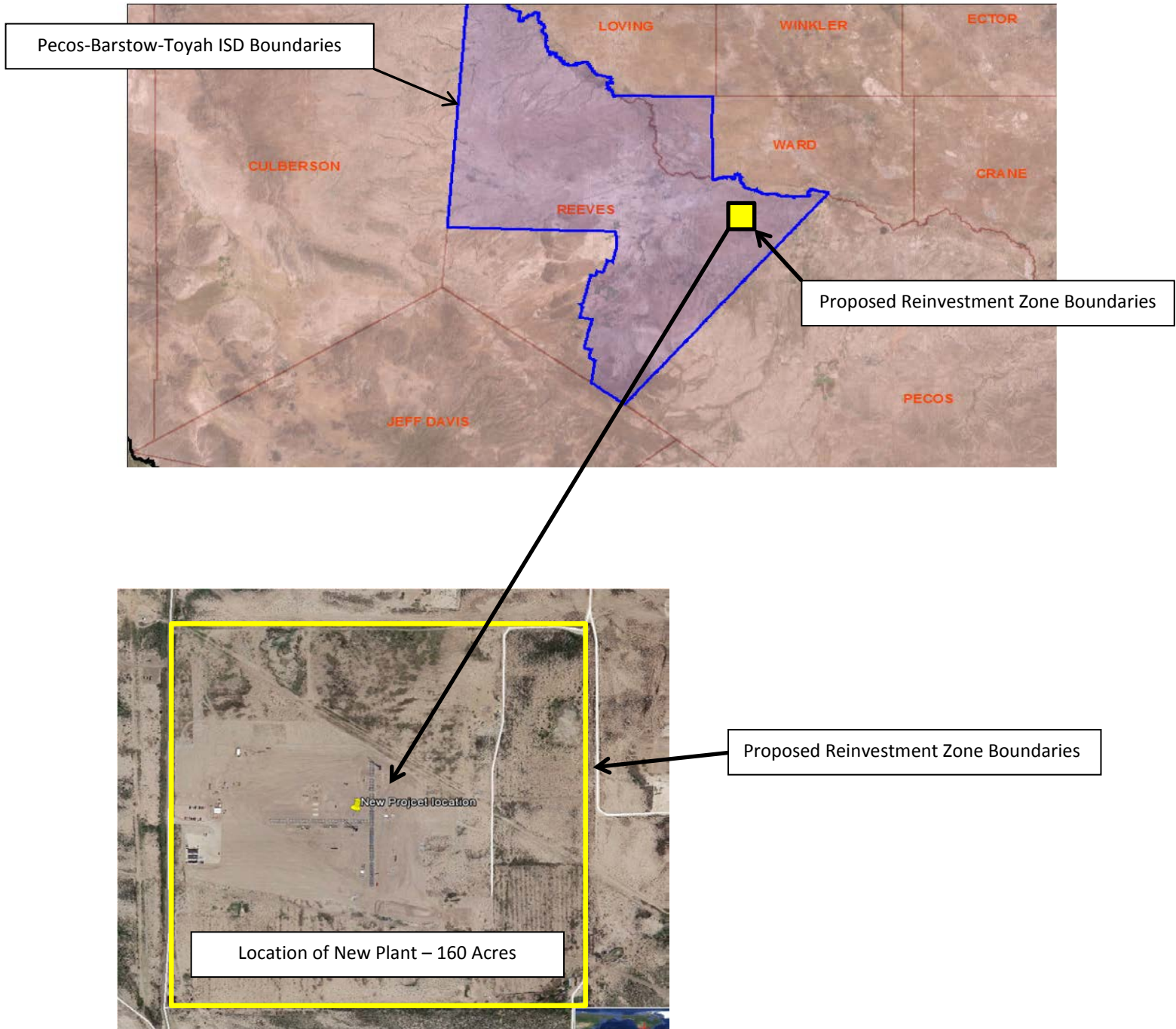
### **Reinvestment Zone**

## **Guidelines and Criteria for Creating A Reinvestment Zone**

**The reinvestment zone will be designated either by the Pecos-Barstow-Toyah Independent School District under section 312.0025 of the Texas Tax Code or by Reeves County under Chapter 312 of the Texas Tax Code. To the extent, the Reinvestment Zone is designated by Reeves County, the Guidelines and Criteria for Creating A Reinvestment Zone are attached.**



## Proposed Reinvestment Zone Map



***GUIDELINES AND  
CRITERIA FOR GRANTING  
TAX ABATEMENT IN  
REINVESTMENT ZONES  
CREATED BY  
REEVES COUNTY –  
UPDATED EDITION FOR  
2013***

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN REINVESTMENT ZONES  
CREATED BY REEVES COUNTY**

WHEREAS, taxing units for Texas and the nation now use Tax Abatement to successfully attract industry to their localities and Reeves County deems it necessary to compete with these localities by having the ability to offer Tax Abatements, and

WHEREAS, Tax Abatement is a useful tool to attract new wealth and employment into Reeves County and is the highest civic priority, and

WHEREAS, any tax Incentive offered by Reeves County will be limited to new and existing businesses that bring added wealth and employment into the community, and

WHEREAS, an eligible taxing jurisdiction, under Texas law, must establish Guidelines and Criteria to be eligible to offer Tax Abatement prior to granting Tax Abatement, and said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-fourths vote of the governing body, and

WHEREAS, all applicants for Tax Abatement will be considered on a case-by-case basis and established Guidelines and Criteria shall not be construed or implied that Reeves County is under obligation to grant Tax Abatement or other tax incentives to an applicant:

NOW THEREFORE BE IT RESOLVED, in consideration of these premises, the Guidelines and Criteria for granting Tax Abatement in reinvestment zones are hereby established for Reeves County.

**DEFINITIONS**

- (a) **ABATEMENT:** The full or partial exemption from ad valorem taxes of certain property in a reinvestment zone for economic development purposes.
- (b) **ABATEMENT AGREEMENT:** A contract between a property owner and Reeves County for the Abatement of tax on qualified Real Property located within the Reinvestment Zone, or Tangible Personal Property, or both, as authorized by V.T.C.A., Tax Code, Section 312.204.
- (c) **BASE YEAR VALUE:** The assessed value of eligible property January 1 preceding the execution of an Abatement Agreement as herein defined, plus (if applicable) the agreed upon value of eligible property improvements made after January 1 but before the execution of an Abatement Agreement.
- (d) **DEFERRED MAINTENANCE:** Improvements necessary for continued operation which do not improve productivity or alter the process of technology.

- (e) **DISTRIBUTION CENTER FACILITY:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.
- (f) **EXPANSION OF EXISTING FACILITIES OR STRUCTURES:** The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.
- (g) **EXISTING FACILITY OR STRUCTURE:** A facility as of the date of execution of the Abatement Agreement, located in or on Real Property eligible for tax abatement.
- (h) **FACILITY:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be placed in or on said Real Property.
- (i) **IMPROVEMENTS TO REAL PROPERTY OR IMPROVEMENTS:** The construction, addition to, structural upgrading or, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
- (j) **MANUFACTURING FACILITY:** A facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
- (k) **MODERNIZATION** means the complete or partial reconstruction or installation of a facility similar or expanded production capacity. Modernization may result from the constructions, alteration or installation of buildings, structures, fixed machinery or equipment. Modernization is not the repair or reconditioning of machinery or building.
- (l) **NEW FACILITY:** The construction of a Facility on previously undeveloped Real Property eligible for tax abatement.
- (m) **NEW PERMANENT JOB:** A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement.
- (n) **OTHER BASIC INDUSTRY:** A facility other than a distribution center facility, a regional service facility or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities and services a market of which fifty percent (50%) of revenues come from outside of Reeves County.
- (o) **OWNER:** The record title owner of Real Property of the legal owner of Tangible Personal Property. In the case of land leased from a public entity, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
- (p) **PRODUCTIVE LIFE:** The number of years a Facility is expected to be in service.
- (q) **REAL PROPERTY:** Land on which Improvements are to be made or fixtures placed.
- (r) **REGIONAL SERVICES FACILITY:** A Facility, the primary purpose of which is to service or repair goods or materials and which creates job opportunities with Reeves County.
- (s) **REINVESTMENT ZONE:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.
- (t) **TANGIBLE PERSONAL PROPERTY:** Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.

## ABATEMENT AUTHORIZED-Section 2

- (a) **ELIGIBLE FACILITIES** Upon application, eligible facilities shall be considered for Tax Abatement as hereinafter provided:
- Distribution Center Facilities
  - Manufacturing Facilities
  - Regional Services Facilities
  - Oil & Gas Processing and Field Services
  - Any other industry that Reeves County determines will add to the County's economic base and result in the creation of new permanent jobs within Reeves County.
- (b) **CREATION OF NEW VALUE** Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the property owner or lessee and Reeves County subject to such limitations as Reeves County may require.
- (c) **EXISTING AND NEW FACILITIES** for the purpose of modernization or expansion, existing or new facilities may be granted Tax Abatement.
- (d) **ELIGIBLE PROPERTY** Abatement may be granted to the value of buildings, structures, fixed machinery and equipment, size improvements and related fixed improvements necessary to the operation and administration of the facility
- (e) **PARTIALLY ELIGIBLE** Partially eligible for abatements are modernization projects which are intended to replace existing equipment or facilities when the existing equipment and facilities will be removed, thus eliminating existing value from the tax rolls. In this event, the value of the existing facility and equipment shall be frozen at the time of the abatement agreement and shall be frozen throughout the abatement period. The eligible abatable value of the new project shall be the difference between the total new investment amount and the existing tax value of the equipment and/or facility to be removed.
- (f) **INELIGIBLE PROPERTY** The following types of property shall be fully taxable and ineligible for Tax Abatement: land, supplies, inventories, furnishings, and other forms of movable personal property, housing, Deferred Maintenance, property to be rented or leased except for as provided in Section 2 (g) and property with a productive life of less than ten (10) years.
- (g) **LEASED FACILITIES** If a new facility is to be constructed by a third party for lease to an eligible applicant for abatement, then the building owner may also be eligible for abatement or other agreement may be executed and signed by the lessor and lessee.
- (h) **ECONOMIC QUALIFICATION** In order to be eligible to receive Tax Abatement, the planned improvement must have an increased ad valorem tax value of \$1,000,000.00 based upon the Reeves County Appraisal District assessment of eligible property, and must add at least five (5) new permanent jobs. It must retain, increase or create payroll on a permanent basis. A company meeting the criteria and guidelines for tax abatement, as set forth herein, shall be eligible for a tax abatement as follows:

Capital Investment	Or	Jobs Created	Max.Term	Abatement
\$1,000,000 - 9,999,999		5-10	3 years	20%
\$10,000,000- 24,999,99		11-15	5 years	20%
\$25,000,000-49,999,999		16-20	5 years	20%-30%
\$50,000,000-100,999,999		21-35	10 years	20%-40%
\$101,000,000 or more		36 or more	10 years	30%-50%

- (i) Terms of the Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement.
- (j) TAX ABATEMENT STANDARDS. The following factors, among others shall be considered in determining the qualifications for Tax Abatement.
  - (1) Type and value or proposed improvements;
  - (2) Productive life of proposed improvements;
  - (3) Number of existing jobs to be retained by the use of proposed improvements;
  - (4) Type and number of new jobs to be created by the use of improvements;
  - (5) Expected annual payroll to be created;
  - (6) If the projected new jobs will be held by persons residing in the taxing units of Reeves County;
  - (7) Financing structure and the time period and amount of expenditures;
  - (8) If the improvements are compatible with all applicable land use regulations; and
  - (9) If the operation will be comparable with environmental laws and will have no negative impact on quality of life.
  - (10) Ability to provide an upfront financial contribution to Reeves County Road Reconstruction and Maintenance Fund or other projects.
- (k) Reeves County may reject an application for Tax Abatement for failure to meet any of the above listed under Section 2U).
- (l) TAXABILITY From the execution of the Abatement agreement to the end of the Agreement period, the effect on taxes due and payable shall be as follows:
  - (1) the value of ineligible property as provided in section 2 (f) shall be fully taxable; and
  - (2) the base year value of existing eligible property as determined each year shall be fully taxable
  - (3) After the agreement period. All existing property plus the property considered as eligible property in this Agreement shall be fully taxable.
- (m) If a property under an Abatement Agreement is sold, the Agreement may be transferred to the new owner only with the consent of the Commissioner's Court. The Agreement may not be transferred if the new owner owes delinquent taxes in any of the taxing units affected by the abatement.

#### APPLICATION – Section 3

- (a) If a request for Tax Abatement is not in an existing Reinvestment Zone, an application must be made to Reeves County for creating a Reinvestment Zone. The written application must contain a plat with means and bounds or lot and block or section and block description of the Reinvestment Zone. The application shall be accompanied by

an application fee of one thousand dollars (\$1,000) as authorized by Section 312.002(e) of the Texas Tax Code.

- (b) An application for Tax Abatement must contain the following: a general description of the proposed use and general nature and extent of modernization, expansion or improvements to be undertaken, a description of the improvements, a map and description of the property, and a time schedule for undertaking and completing the improvements, and the investment for each stage of the improvements with proof of adequate financing. The application should contain information contained in Sec 2 (1).
- (c) Reeves County shall give notice as provided by the Texas Property Tax Code, i.e. (1) written notice shall be given to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located no later than that seventh day before the public hearing before the Governing Body of Reeves County, and (2) publication shall be made in a newspaper of general circulation within such taxing jurisdiction no later than the seventh day before the public hearing. Reeves County, through public hearing, shall afford the applicant, the designated representatives of the governing bodies, and other Interested parties, referenced herein, a chance to show cause why Abatement should or should not be granted.

#### RECAPTURE-Section 4

- (a) In the event that the Owner or its assignee (1) allows its ad valorem taxes owed Reeves County to become delinquent and fails to timely and properly follow the legal procedures for their process and/or contest; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the Cure Period in and after described, the agreement then may be terminated and taxes previously abated will be recaptured in the manner provided by the abatement agreement.
- (b) Should Reeves County determine that the company or individual is in default according to the terms and conditions of its agreement, Reeves County shall notify the company or individual of such default in writing at the address stated in the Agreement, and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the Agreement may be terminated.
- (c) In the event that the Owner or its assignee sells, leases, transfers, or otherwise conveys property subject to a tax abatement agreement to a governmental entity or other tax-exempt organization, the Owner will be considered to be in default and will be subject to the recapture provisions established by these guidelines and by the governing tax abatement agreement.

#### ADMINISTRATION-Section 5

- (a) The Reeves County Appraisal District appraiser shall annually determine an assessment of the real and personal property comprising the reinvestment zone.

#### ADMINISTRATION-Section 5

- (a) The Reeves County Appraisal District appraiser shall annually determine an assessment of the real and personal property comprising the reinvestment zone.
- (b) The property owner shall each year certify to the County, compliance with all terms of the agreement. The County may cancel or modify the agreement if the owner fails to comply with the terms of the Agreement and shall collect all taxes as 100% of the assessed value of the property before entering into the Tax Abatement Agreement.
- (c) The owner shall agree to permit the County to inspect the operation to verify compliance with the terms of the Agreement.

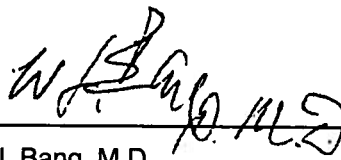
#### AGREEMENT-Section 6

- (a) Upon approval, the County shall formally pass a resolution and execute an Agreement with the Applicant and if applicable, the owner of the facility, which shall include:(1) the estimated value to be abated and the base year value;(2) percent of value to be abated each year;(3) the commencement date and termination date of the Abatement;(4) the proposed use of the facility, time schedule of construction, property description and improvement list; and (5) obligations in the event of default, violation of terms of the Agreement, delinquent taxes, recapture, administration and assignment. Such agreement shall be executed at a date agreed between the applicant and Reeves County.
- (b) Applicant agrees to purchase all supplies and equipment locally, if possible.

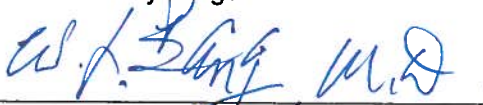
#### SUNSET PROVISION- Section 7

These Guidelines and Criteria shall remain in force for two (2) years after their adoption unless amended by three-fourths vote of the Commissioner's Court.

**PASSED AND ADOPTED ON THIS THE 7th DAY OF SEPTEMBER, 2011.**



W.J. Bang, M.D.  
Reeves County Judge



W.J. Bang, M.D.  
Reeves County Judge



**APPLICATION FOR COMMERCIAL OR INDUSTRIAL TAX ABATEMENT  
REEVES COUNTY, TEXAS**

**FILING INSTRUCTIONS:**

**This application must be submitted to the appropriate taxing jurisdiction before any construction begins to be eligible for tax abatement.** This filing acknowledges familiarity and assumed conformance with "GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT" In Reeves County, Texas (copy attached). This application will become a part of any later agreement or contract, and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED TO:

Reeves County  
100 East 4th Street  
Pecos, Texas 79772

**Section I – APPLICANT INFORMATION**

Date of Application: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Applicant Name:

\_\_\_\_\_

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Applicant's Representative on this project:

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Type of Ownership:            ☐ Corporation                            ☐ Partnership                            ☐  
Proprietorship

Total Current Number Employees: \_\_\_\_\_

Corporate Annual Sales per Year: \_\_\_\_\_

Annual Report Submitted?   ☐ Yes                    ☐ No

## Section II – FACILITY INFORMATION

Place a check mark in the box on those statements which are applicable to your company:

- (a) This application is for a: ☐ New Facility ☐ Expansion ☐ Modernization
- (b) Is the company a producer, manufacturer or distributor of goods and services of which 50 percent or more are distributed outside of Reeves County? (If yes, provide documentation as Attachment 1)
- ☐ Yes ☐ No
- (c) Check the following target industry which is applicable to your company
- ☐ Distribution Facility  
☐ Manufacturing Facility  
☐ Regional Services Facility  
☐ Oil & Gas Field Services  
☐ This project is not included in the above target industries, but has the potential of generating additional significant economic development opportunities in Reeves County. (Provide documentation)
- (d) ☐ The existing facility to be modernized or expanded or the property where the new facility is to be built is located in a designated Reinvestment Zone.
- (e) ☐ New Company to Reeves County

If New Company checked, which of the following statements apply to the project:

- ☐ The project will add at least \_\_\_\_\_ in real estate assessed valuation  
☐ The project will add at least \_\_\_\_\_ of personal property assessed valuation  
☐ The project will add at least \_\_\_\_\_ new permanent jobs

☐ Existing Company

If Existing company checked, which of the following statements apply to the project:

- ☐ The project will add at least \_\_\_\_\_ in real estate assessed valuation  
☐ The project will add at least \_\_\_\_\_ of personal property assessed valuation  
☐ The project will add at least \_\_\_\_\_ new permanent jobs

- (f) Address of proposed facility: \_\_\_\_\_  
\_\_\_\_\_
- (g) Legal Description of proposed facility: \_\_\_\_\_  
\_\_\_\_\_
- (h) Description of product or service to be provided: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Section III – FACILITY DESCRIPTION

Please attach the following:

#### Attachment 2

- (a) A general description of the improvements to be undertaken
- (b) A descriptive list of the improvements for which tax abatement is requested, including:
  - (1) Description of construction and location of all proposed improvements of the Real Property or Existing Facility, and;
  - (2) List of new equipment and cost of the equipment
- (c) A list of any and all Tangible Personal Property presently existing on the Real Property or located in an existing facility.
- (d) A proposed time schedule for undertaking and completing the proposed improvements.

#### Attachment 3

- (a) A site map indicating the approximate location of improvements on the Real Property Facility or Existing Facility together with the location of any or all Existing facilities located on the Real Property or Facility.

#### Attachment 4

- (a) A statement of the additional value to the Real Property or Facility as a result of the proposed improvements
- (b) A statement of the assessed value of the Real Property, Facility or Existing Facility for the base year (Attach tax assessment for property from the Reeves County Appraisal District).

### Section IV – FACILITY IMPACT INFORMATION

**Part A-Current Investment in Existing Improvements:** \_\_\_\_\_

**Part B-Permanent Employment Estimates:**

- (1) If existing facility, what is the current plant employment: \_\_\_\_\_
- (2) Estimated number of new jobs to be created and time frame for creation of jobs:  
New Jobs \_\_\_\_\_ Time Frame \_\_\_\_\_
- (3) Opening of Improvements: (Month) \_\_\_\_\_ of (Year) \_\_\_\_\_,

**Part C-Permanent Payroll Estimates:**

- (1) If existing facility, what is the current plant payroll: \_\_\_\_\_
- (2) Estimated amount of new payroll: \_\_\_\_\_

T

**Part D-Construction and Employment Estimates:**

- (1) Construction start: Month \_\_\_\_\_ Year 20 \_\_\_\_\_  
(2) Number of Construction jobs: At Start \_\_\_\_\_ Peak \_\_\_\_\_ Finish \_\_\_\_\_

**Part E-School District Impact Estimates:**

Give Estimated number of: Families transferred to area \_\_\_\_\_

Children added to ISD \_\_\_\_\_

**Part F - Estimated Appraised Value on Site:**

	PERSONAL		
	LAND	PROPERTY	IMPROVEMENTS
Value of Existing Facility Before New Construction (From Appraisal District)	_____	_____	_____
Value of New Improvements	_____	_____	_____
Estimated Total Value After Improvements	_____	_____	_____

**Section V. DECLARATION**

To the best of my knowledge, the above Information is an accurate description of project details.

\_\_\_\_\_  
Company Official Signature

\_\_\_\_\_  
Printed Name of Company Official

\_\_\_\_\_  
Title of Company Official

\_\_\_\_\_  
Address

\_\_\_\_\_  
City /State /Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Email Address

# **Tab # 17**

## **Authorization Page**

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print  
here

Jim Haley  
Print Name (Authorized School District Representative)

Superintendent  
Title

sign  
here

Jim Haley  
Signature (Authorized School District Representative)

11/1/16  
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))

Title

sign  
here

Signature (Authorized Company Representative (Applicant))

Date

GIVEN under my hand and seal of office this, the

\_\_\_\_\_ day of \_\_\_\_\_,

Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires: \_\_\_\_\_

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

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print  
here

Print Name (Authorized School District Representative)

Title

sign  
here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print  
here

Print Name (Authorized Company Representative (Applicant))

Title

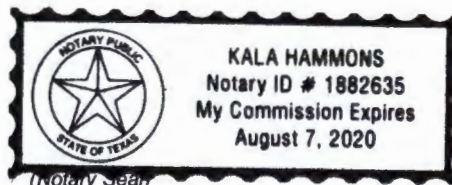
sign  
here

Signature (Authorized Company Representative (Applicant))

Date

GIVEN under my hand and seal of office this, the

15<sup>th</sup> day of November, 2016



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

My Commission expires: 8/7/2020

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



Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT B**  
**Franchise Account Status of**  
**Delaware Basin Gas Processing, LLC**



## Franchise Tax Account Status

As of : 11/07/2016 15:16:16 PM

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

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DELAWARE BASIN GAS PROCESSING LLC	
<b>Texas Taxpayer Number</b>	32056726345
<b>Mailing Address</b>	1100 LOUISIANA ST STE 1000 HOUSTON, TX 77002-7499
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	03/20/2015
<b>Texas SOS File Number</b>	0802179984
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT C**  
**Comptroller Letter of**  
**February 1, 2016 Certifying**  
**Application as Complete**



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

---

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

February 01, 2016

Maxie Watts  
Interim Superintendent of Schools  
Pecos-Barstow-Toyah Independent School District  
1302 South Park Street  
Pecos, Texas 79772

Dear Interim Superintendent Watts:

On Feb. 01, 2016, the Comptroller's office received from Pecos-Barstow-Toyah Independent School District (Pecos-Barstow-Toyah ISD) an application from Delaware Basin Gas Processing LLC for a limitation on appraised value (App #1122).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on Feb. 01, 2016.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the ISD and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Desiree Cafield with our office. She can be reached by email at [desiree.hcaufield@cpa.texas.gov](mailto:desiree.hcaufield@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 6-8597, or direct in Austin at 512-936-8597.

Sincerely,

A handwritten signature in black ink, reading "Korry Castillo", is written over a large, stylized, light-colored circular mark that resembles a stylized "C" or a large "O".

Korry Castillo  
Director  
Data Analysis & Transparency Division

cc: Kevin O'Hanlon, O'Hanlon, McCollom & Demerath, PC  
Tim Young, Ikard Wynne, LLP  
Curt Tate, Enterprise GC, LLC

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT D**  
**Comptroller's Economic Impact Analysis**



**GLENN HEGAR**    TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

---

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

March 9, 2016

Maxie Watts  
Superintendent  
Pecos-Barstow-Toyah Independent School District  
1302 South Park Street  
Pecos, Texas 79772

Dear Superintendent Watts:

On February 1, 2016, the Comptroller issued written notice that Delaware Basin Gas Processing, LLC (the applicant) submitted a completed application (Application #1122) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted on December 17, 2015, to the Pecos-Barstow-Toyah 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 committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1122.

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.

---

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

**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.

Determination required by 313.026(c)(2)

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

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

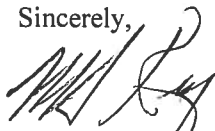
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2016.

Note that any building or improvement existing as of the application review start date of February 1, 2016, 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 Korry Castillo, Director, Data Analysis & Transparency, by email at [korry.castillo@cpa.texas.gov](mailto:korry.castillo@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure

cc: Korry Castillo



## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Delaware Basin Gas Processing, LLC (the project) applying to Pecos-Barstow-Toyah 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 Delaware Basin Gas Processing LLC.

Applicant	Delaware Basin Gas Processing LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Pecos-Barstow-Toyah ISD
2014-15 Enrollment in School District	2,228
County	Reeves
Proposed Total Investment in District	\$260,000,000
Proposed Qualified Investment	\$260,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,153.85
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,040.68
Minimum annual wage committed to by applicant for qualified jobs	\$60,000
Minimum weekly wage required for non-qualifying jobs	\$753
Minimum annual wage required for non-qualifying jobs	\$39,156
Investment per Qualifying Job	\$26,000,000
Estimated M&O levy without any limit (15 years)	\$34,059,584
Estimated M&O levy with Limitation (15 years)	\$14,049,568
Estimated gross M&O tax benefit (15 years)	\$20,010,016

**Table 2** is the estimated statewide economic impact of Delaware Basin Gas Processing LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	0	0	0	\$0	\$0	\$0
2016	150	668	818	\$9,000,000	\$60,000,000	\$69,000,000
2017	160	802	962	\$9,600,000	\$75,400,000	\$85,000,000
2018	10	200	210	\$600,000	\$20,400,000	\$21,000,000
2019	10	112	122	\$600,000	\$14,400,000	\$15,000,000
2020	10	54	64	\$600,000	\$9,400,000	\$10,000,000
2021	10	23	33	\$600,000	\$6,400,000	\$7,000,000
2022	10	9	19	\$600,000	\$4,400,000	\$5,000,000
2023	10	4	14	\$600,000	\$3,400,000	\$4,000,000
2024	10	5	15	\$600,000	\$3,400,000	\$4,000,000
2025	10	10	20	\$600,000	\$3,400,000	\$4,000,000
2026	10	15	25	\$600,000	\$4,400,000	\$5,000,000
2027	10	21	31	\$600,000	\$4,400,000	\$5,000,000
2028	10	27	37	\$600,000	\$5,400,000	\$6,000,000
2029	10	32	42	\$600,000	\$5,400,000	\$6,000,000
2030	10	36	46	\$600,000	\$6,400,000	\$7,000,000

Source: CPA, REMI, Delaware Basin Gas Processing LLC

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

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate	0.0460	1.0400		0.4200	0.2288	
2017	\$122,200,000	\$122,200,000		\$56,212	\$1,270,880	\$1,327,092	\$513,240	\$279,618	\$2,119,950
2018	\$244,400,000	\$244,400,000		\$112,424	\$2,541,760	\$2,654,184	\$1,026,480	\$559,236	\$4,239,900
2019	\$239,512,000	\$239,512,000		\$110,176	\$2,490,925	\$2,601,100	\$1,005,950	\$548,051	\$4,155,102
2020	\$234,624,000	\$234,624,000		\$107,927	\$2,440,090	\$2,548,017	\$985,421	\$536,867	\$4,070,304
2021	\$229,736,000	\$229,736,000		\$105,679	\$2,389,254	\$2,494,933	\$964,891	\$525,682	\$3,985,506
2022	\$224,848,000	\$224,848,000		\$103,430	\$2,338,419	\$2,441,849	\$944,362	\$514,497	\$3,900,708
2023	\$219,960,000	\$219,960,000		\$101,182	\$2,287,584	\$2,388,766	\$923,832	\$503,312	\$3,815,910
2024	\$215,072,000	\$215,072,000		\$98,933	\$2,236,749	\$2,335,682	\$903,302	\$492,128	\$3,731,112
2025	\$210,184,000	\$210,184,000		\$96,685	\$2,185,914	\$2,282,598	\$882,773	\$480,943	\$3,646,314
2026	\$205,296,000	\$205,296,000		\$94,436	\$2,135,078	\$2,229,515	\$862,243	\$469,758	\$3,561,516
2027	\$200,408,000	\$200,408,000		\$92,188	\$2,084,243	\$2,176,431	\$841,714	\$458,574	\$3,476,718
2028	\$195,520,000	\$195,520,000		\$89,939	\$2,033,408	\$2,123,347	\$821,184	\$447,389	\$3,391,920
2029	\$190,632,000	\$190,632,000		\$87,691	\$1,982,573	\$2,070,264	\$800,654	\$436,204	\$3,307,122
2030	\$185,744,000	\$185,744,000		\$85,442	\$1,931,738	\$2,017,180	\$780,125	\$425,019	\$3,222,324
2031	\$180,856,000	\$180,856,000		\$83,194	\$1,880,902	\$1,964,096	\$759,595	\$413,835	\$3,137,526
2032	\$175,968,000	\$175,968,000		\$80,945	\$1,830,067	\$1,911,012	\$739,066	\$402,650	\$3,052,728
			Total	\$1,506,482	\$34,059,584	\$35,566,066	\$13,754,832	\$7,493,763	\$53,761,933

Source: CPA, Delaware Basin Gas Processing LLC

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

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Reeves 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 county.

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

<b>Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought</b>									
<b>Year</b>	<b>Estimated Taxable Value for I&amp;S</b>	<b>Estimated Taxable Value for M&amp;O</b>		<b>Pecos-Barstow-Toyah ISD I&amp;S Tax Levy</b>	<b>Pecos-Barstow-Toyah ISD M&amp;O Tax Levy</b>	<b>Pecos-Barstow-Toyah M&amp;O and I&amp;S Tax Levies</b>	<b>Reeves County Tax Levy</b>	<b>Reeves County Hopital District Tax Levy</b>	<b>Estimated Total Property Taxes</b>
			<b>Tax Rate<sup>1</sup></b>	<b>0.0460</b>	<b>1.0400</b>		<b>0.4200</b>	<b>0.2288</b>	
2017	\$122,200,000	\$122,200,000		\$56,212	\$1,270,880	\$1,327,092	\$123,178	\$279,618	\$1,729,888
2018	\$244,400,000	\$30,000,000		\$112,424	\$312,000	\$424,424	\$246,355	\$559,236	\$1,230,015
2019	\$239,512,000	\$30,000,000		\$110,176	\$312,000	\$422,176	\$241,428	\$548,051	\$1,211,655
2020	\$234,624,000	\$30,000,000		\$107,927	\$312,000	\$419,927	\$236,501	\$536,867	\$1,193,295
2021	\$229,736,000	\$30,000,000		\$105,679	\$312,000	\$417,679	\$231,574	\$525,682	\$1,174,934
2022	\$224,848,000	\$30,000,000		\$103,430	\$312,000	\$415,430	\$944,362	\$514,497	\$1,874,289
2023	\$219,960,000	\$30,000,000		\$101,182	\$312,000	\$413,182	\$923,832	\$503,312	\$1,840,326
2024	\$215,072,000	\$30,000,000		\$98,933	\$312,000	\$410,933	\$903,302	\$492,128	\$1,806,363
2025	\$210,184,000	\$30,000,000		\$96,685	\$312,000	\$408,685	\$882,773	\$480,943	\$1,772,400
2026	\$205,296,000	\$30,000,000		\$94,436	\$312,000	\$406,436	\$862,243	\$469,758	\$1,738,438
2027	\$200,408,000	\$30,000,000		\$92,188	\$312,000	\$404,188	\$841,714	\$458,574	\$1,704,475
2028	\$195,520,000	\$195,520,000		\$89,939	\$2,033,408	\$2,123,347	\$821,184	\$447,389	\$3,391,920
2029	\$190,632,000	\$190,632,000		\$87,691	\$1,982,573	\$2,070,264	\$800,654	\$436,204	\$3,307,122
2030	\$185,744,000	\$185,744,000		\$85,442	\$1,931,738	\$2,017,180	\$780,125	\$425,019	\$3,222,324
2031	\$180,856,000	\$180,856,000		\$83,194	\$1,880,902	\$1,964,096	\$759,595	\$413,835	\$3,137,526
2032	\$175,968,000	\$175,968,000		\$80,945	\$1,830,067	\$1,911,012	\$739,066	\$402,650	\$3,052,728
			<b>Total</b>	<b>\$1,506,482</b>	<b>\$14,049,568</b>	<b>\$15,556,050</b>	<b>\$10,337,885</b>	<b>\$7,493,763</b>	<b>\$33,387,698</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$20,010,016</b>	<b>\$20,010,016</b>	<b>\$3,416,947</b>	<b>\$0</b>	<b>\$20,374,235</b>

Source: CPA, Delaware Basin Gas Processing 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 DELAWARE BASIN GAS PROCESSING, 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 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>	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$1,270,880	\$1,270,880	\$0	\$0
<b>Limitation Period (10 Years)</b>	2018	\$312,000	\$1,582,880	\$2,229,760	\$2,229,760
	2019	\$312,000	\$1,894,880	\$2,178,925	\$4,408,685
	2020	\$312,000	\$2,206,880	\$2,128,090	\$6,536,774
	2021	\$312,000	\$2,518,880	\$2,077,254	\$8,614,029
	2022	\$312,000	\$2,830,880	\$2,026,419	\$10,640,448
	2023	\$312,000	\$3,142,880	\$1,975,584	\$12,616,032
	2024	\$312,000	\$3,454,880	\$1,924,749	\$14,540,781
	2025	\$312,000	\$3,766,880	\$1,873,914	\$16,414,694
	2026	\$312,000	\$4,078,880	\$1,823,078	\$18,237,773
	2027	\$312,000	\$4,390,880	\$1,772,243	\$20,010,016
<b>Maintain Viable Presence (5 Years)</b>	2028	\$2,033,408	\$6,424,288	\$0	\$20,010,016
	2029	\$1,982,573	\$8,406,861	\$0	\$20,010,016
	2030	\$1,931,738	\$10,338,598	\$0	\$20,010,016
	2031	\$1,880,902	\$12,219,501	\$0	\$20,010,016
	2032	\$1,830,067	\$14,049,568	\$0	\$20,010,016
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2033	\$1,779,232	\$15,828,800	\$0	\$20,010,016
	2034	\$1,728,397	\$17,557,197	\$0	\$20,010,016
	2035	\$1,677,562	\$19,234,758	\$0	\$20,010,016
	2036	\$1,626,726	\$20,861,485	\$0	\$20,010,016
	2037	\$1,575,891	\$22,437,376	\$0	\$20,010,016
	2038	\$1,525,056	\$23,962,432	\$0	\$20,010,016
	2039	\$1,474,221	\$25,436,653	\$0	\$20,010,016
	2040	\$1,423,386	\$26,860,038	\$0	\$20,010,016
	2041	\$1,372,550	\$28,232,589	\$0	\$20,010,016
	2042	\$1,321,715	\$29,554,304	\$0	\$20,010,016
		<b>\$29,554,304</b>	is greater than	<b>\$20,010,016</b>	
<b>Analysis Summary</b>					
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

Source: CPA, DELAWARE BASIN GAS PROCESSING, LLC

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

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

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

### **Methodology**

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

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

### **Determination**

The Comptroller has determined that the limitation on appraised value is a determining factor in Delaware Basin Gas Processing’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:

- An investor presentation document (from applicant website), dated January 13-14, 2015, indicates the project is a future “Growth Capital Project”. [See page and map attached.]
- In a *Business Wire* April 20, 2015 article, and other news articles at the end of April, 2015, Enterprise Products and Occidental Petroleum announced a cryogenic processing plant and related pipelines in the Delaware Basin.
- Delaware Basin Gas Processing (a Joint Venture of Oxy and Enterprise) submitted application #1068 for the Waha Cryogenic Gas Processing Plant in April of 2015.
  - On October 15, 2015, the Comptroller was unable to certify that, for application #1068, Chapter 313 was a determining factor in the applicant's decision to invest capital and construct the project in this state.
- On January 4, 2016, Delaware Basin Gas Processing submitted this application #1122 for the Waha Gas Plant to process raw natural gas from various producers in the Permian Basin.
- Attached maps indicate the location of the project adjacent to the Waha natural gas pipeline “hub”.
- The applicant provided confidential cash flow models with application #1122 indicating that a Chapter 313 limitation agreement would result in an increased internal rate of return. The applicant stated in Item 10 to Tab 5 that “capital investments by the applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can

make up a substantial ongoing cost of operation that directly impact the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.”

- Per Item 10 to Tab 5 of the application, the property tax burden for the “proposed project is significant. The property tax burden has a direct impact on the proposed projects economic viability and the decision to invest in Texas. The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.”
- Applicant has indicated there is recent limited construction on the site that will not become qualified property; the project could still locate elsewhere.

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 4 and 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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

# **Supporting Information**

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



## SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

## SECTION 7: Project Description

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

<input type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

## SECTION 8: Limitation as Determining Factor

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

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

# **Supporting Information**

Attachments provided in Tab 4  
and Tab 5  
of the Application for a  
Limitation on Appraised Value

# Tab # 4

## **Proposed Project Description**

The proposed Waha Gas Plant project will construct a new gas plant capable of processing up to 150MMSCFD of well-head gas in Reeves County, Texas. The plant will include inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system with truck loading capabilities.

The project is a cryogenic natural gas processing plant that will process raw natural gas by removing contaminants or impurities and creating pipeline-quality residue gas and natural gas liquids. Natural gas liquids is a mixture of products such as ethane, propane, normal butane, isobutane and natural gasoline.

Raw natural gas produced at the well-head contains varying amounts of natural gas liquids ("NGLs"). This rich natural gas in its raw form is usually not acceptable for transportation in the nation's major natural gas pipeline systems or for commercial use as a fuel. Natural gas processing plants remove the NGLs from the natural gas stream, enabling the natural gas to meet transmission pipeline and commercial quality specifications.

## **Summary of plant feed stock and finished products**

1. Feedstock Source: Raw Natural Gas produced at the well-head and transported through gathering systems from various producers in the Permian Basin.
2. Final Products Produced:
  - a. Mixed NGL's: The mixed NGL's will be transported via pipeline from the plant to multiple markets for storage and further fractionation.
  - b. Natural Gas: The residue gas will be compressed and delivered to a pipeline adjacent to the facility to be delivered to multiple markets.
3. Interconnections
  - a. The plant will be interconnected via newly constructed pipelines to existing facilities and pipelines in the area. This connectivity allows the final products to be delivered to the market.

## **The new cryogenic plant facility will consist of the following process areas:**

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine treating for CO<sub>2</sub> Removal
- TEG dehydration for H<sub>2</sub>O Removal
- Thermal Oxidizer
- Underground Injections wells
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plant
- Residue Recompression units
- Heat Medium System with Waste Heat Recovery
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

## **Tab 5**

### **Limitation as a Determining Factor**

- 1. Does the applicant currently own the land on which the proposed project will occur?**

An affiliate of Applicant's member owns the land upon which the proposed project will be constructed. Title to land will be transferred to Applicant in the near future. The land is described in Tab 9.

- 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**

Enterprise GC LLC and Oxy Delaware Basin Plant, LLC entered into a preliminary cost sharing agreement related to the proposed project in the event that the proposed project goes forward at the location identified by this Application. The cost sharing agreement culminated into the formation of Applicant.

- 3. Does the applicant have current business activities at the location where the proposed project will occur?**

Applicant's member has current business activities at a location directly to the south of the site of the proposed project. However, those activities are in the name of Applicant's member, a separate legal entity and independent taxpayer.

- 4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?**

An affiliate of a member of Applicant has made public statements regarding its intentions with respect to the proposed project location. In the 10Q filings for the periods ending June 30, 2015 and September 30, 2015, and the 8K filing dated July 30, 2015, Enterprise Products Partners L.P. stated:

In April 2015, we formed a 50/50 joint venture with an affiliate of Occidental Petroleum Corporation to develop a new 150 MMcf/d cryogenic natural gas processing facility that will accommodate growing production of NGL-rich natural gas from the Delaware Basin. The facility will be supported by long-term, firm contracts and is expected to begin operations in mid-2016. We will serve as construction manager for the project and operator once the new facility commences operations. The new facility is located in Reeves County, Texas.

**5. Has the applicant received any local or state permits for activities on the proposed project site?**

Applicant's member has applied for an air permit from the Texas Commission on Environmental Quality for the proposed project site. A copy of the permit amendment is available upon request.

**6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?**

At the time of the submission of the Application, Applicant has not received any state or local tax incentives for activities at the proposed project site; however, Applicant has applied for a tax abatement with Reeves County under Chapter 312 of the Tax Code. However at this time, Reeves County has taken no action on the application.

**7. Is the applicant evaluating other locations not in Texas for the proposed project?**

See Item 10 to Tab 5, as referenced below in the answer to question 10 and incorporated herein.

- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?**

Yes, see Item 10 to Tab 5, as referenced below in the answer to question 10.

- 9. Has the applicant provided information related to the applicant's inputs, transportation and market for the proposed project?**

N/A

- 10. Are you submitting information to assist in the determinations 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?**

See Item 10 attached hereto.

# ITEM 10 TO TAB 5



# **Key Investment Determination**

## **Factors**

- The Applicant is a limited liability company formed by its members, Enterprise GC LLC and Oxy Delaware Basin Plant, LLC. An affiliate of one of the members of Applicant, Enterprise Products, is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. The members of Applicant have manufacturing locations in Texas, and other states, including Louisiana, New Mexico, Colorado, and Wyoming. Both members of Applicant have significant assets in New Mexico including gathering systems and interstate pipelines that can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in the neighboring State of New Mexico or elsewhere.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.
- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.
- Capital investments by the Applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impact the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.
- The Applicant is submitting the attached discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate

of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment in Reeves County, Texas.

- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incent the Applicant to invest capital in Reeves County, Texas rather than making an alternative investment.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller



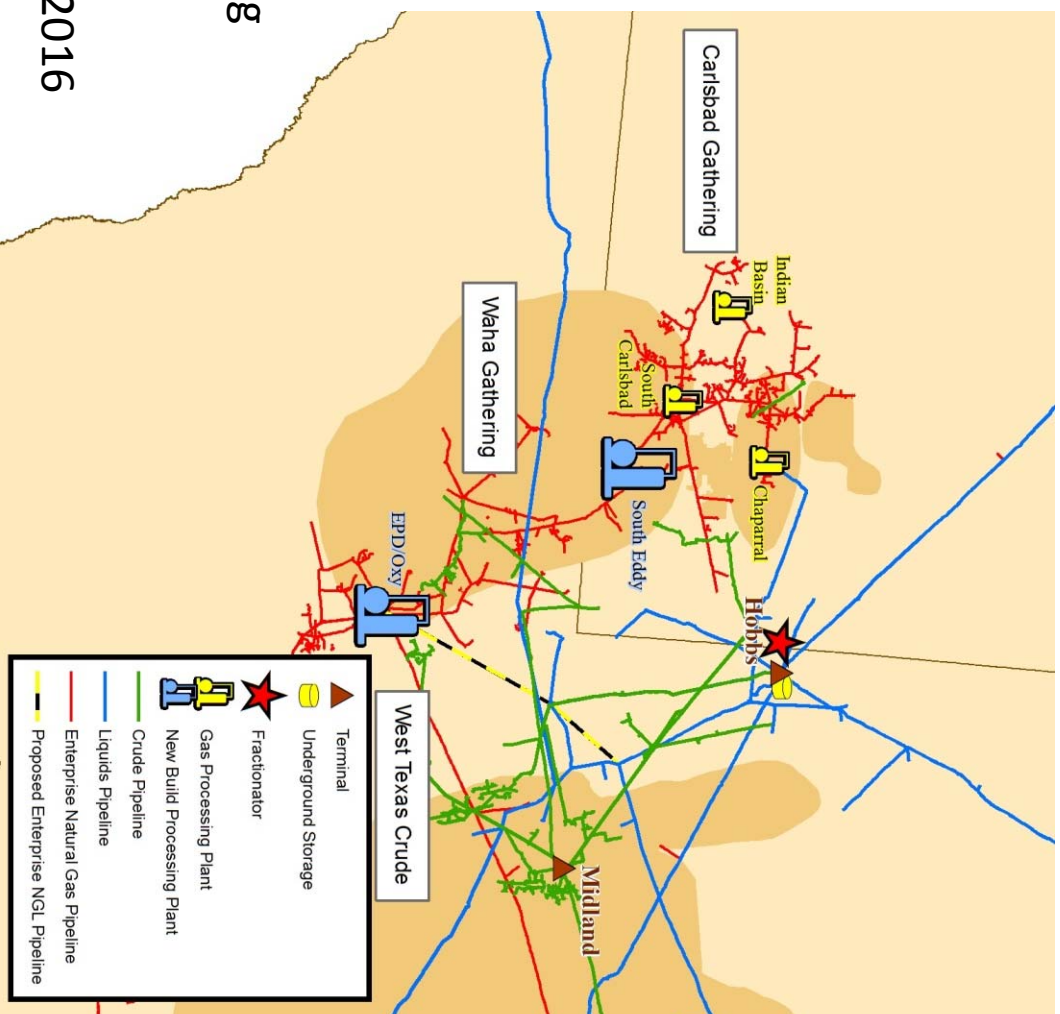
# EXPANSION OF PERMIAN ASSET FOOTPRINT

## Existing Assets

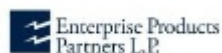
- 2 gas gathering systems: 1,500 miles of pipe
- 3 gas processing plants: 350 MMcf/d capacity
- 75 MBPD of NGL fractionation capacity at Hobbs
- 2.1 MMBbls of NGL cavern storage
- ≈950 miles of crude oil gathering and long haul pipeline and 2.8 MMBbls storage
- Seminole, Chapparral and Texas Express NGL takeaway pipelines

## Growth Capital Projects

- 200 MMcf/d South Eddy cryogenic gas processing facility and related pipelines – 1Q 2016
- 150 MMcf/d Waha cryogenic processing plant (50 / 50 JV with Oxy) and related pipelines – 3Q 2016
- Provide shippers access to NGL fractionation and storage capacity at Mont Belvieu



Source: EPD Fundamentals



## Enterprise and Occidental Petroleum Form Company to Build Natural Gas Processing Facility in Delaware Basin

April 30, 2015 06:00 AM Eastern Daylight Time

HOUSTON--(BUSINESS WIRE)--Enterprise Products Partners L.P. (NYSE:EPD) today announced it has entered into an agreement with an affiliate of Occidental Petroleum Corporation (NYSE:OXY) to jointly develop a new 150 million cubic feet per day ("MMcf/d") cryogenic natural gas processing plant to accommodate the growing production of NGL-rich natural gas in the Delaware Basin. The plant will be owned by Delaware Basin Gas Processing LLC ("Delaware Processing"), a company owned 50/50 by Enterprise and Occidental. The plant, which is supported by long-term, firm contracts, is expected to begin operations in mid-2016. Enterprise will serve as the construction manager and operator of the Delaware Basin Processing plant.

"We are very pleased to partner with Occidental, one of the premier producers in the Permian Basin"

 [Tweet this](#)

In addition to the processing plant, Enterprise will construct, own and operate a 12-inch diameter pipeline that will transport natural gas liquids ("NGL") from the new facility to one of Enterprise's NGL pipelines, which will provide customers with access to Enterprise's NGL fractionation and storage complex in Mont Belvieu, Texas. The partnership's Texas Intrastate pipeline system will provide natural gas at the tailgate of the plant with access to multiple markets.

"We are very pleased to partner with Occidental, one of the premier producers in the Permian Basin," said A.J. "Jim" Teague, chief operating officer of Enterprise's general partner. "This new facility, combined with Enterprise's recently announced 200 MMcf/d cryogenic processing plant being built in Eddy County, New Mexico, reflects the company's commitment to providing producers in the Permian Basin with flow assurance and market choices. When completed, the two plants will increase Enterprise's net natural gas processing capacity in the Permian Basin to more than 600 MMcf/d."

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. Our services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage and import and export terminals; crude oil and refined products transportation,

storage and terminals; offshore production platforms; petrochemical transportation and services; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico. The partnership’s assets include approximately 51,000 miles of onshore and offshore pipelines; 225 million barrels of storage capacity for NGLs, crude oil, refined products and petrochemicals; and 14 billion cubic feet of natural gas storage capacity.

*This press release includes “forward-looking statements” as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise and its general partner expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from expectations, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto will be greater than expected, the impact of competition, and other risk factors included in Enterprise’s reports filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law, Enterprise does not intend to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

Contacts

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Media Relations  
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## ENTERPRISE OPERATIONS MAP



### MAP KEY

VIEW GULF COAST

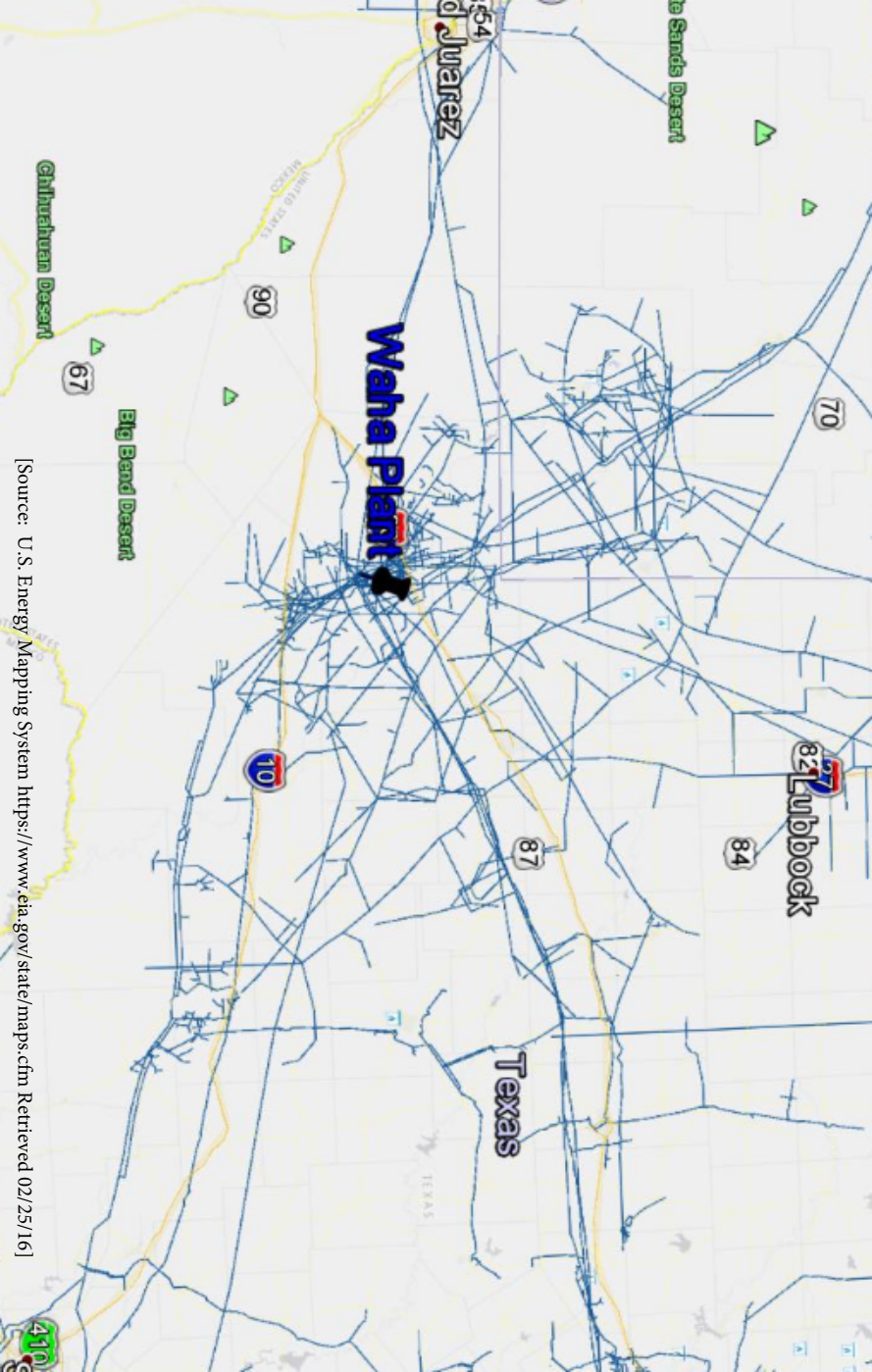
RESET MAP

	NATURAL GAS PIPELINE		NATURAL GAS PROCESSING/TREATING PLANT		NGL/PROPYLENE FRACTIONATION FACILITY
	NGL/REFINED PRODUCTS PIPELINE		OCTANE ENHANCEMENT FACILITY		IMPORT/EXPORT TERMINAL
	CRUDE OIL PIPELINE		ISOMERIZATION FACILITY		MARINE SERVICES
	CRUDE OIL TERMINAL		NGL/REFINED PRODUCTS STORAGE		MAJOR PRODUCING BASIN
	NGL/REFINED PRODUCTS TERMINAL		NATURAL GAS STORAGE		

[Source: <http://www.enterpriseproducts.com/systemMap/systemMap.shtm> Retrieved 02/25/2016]

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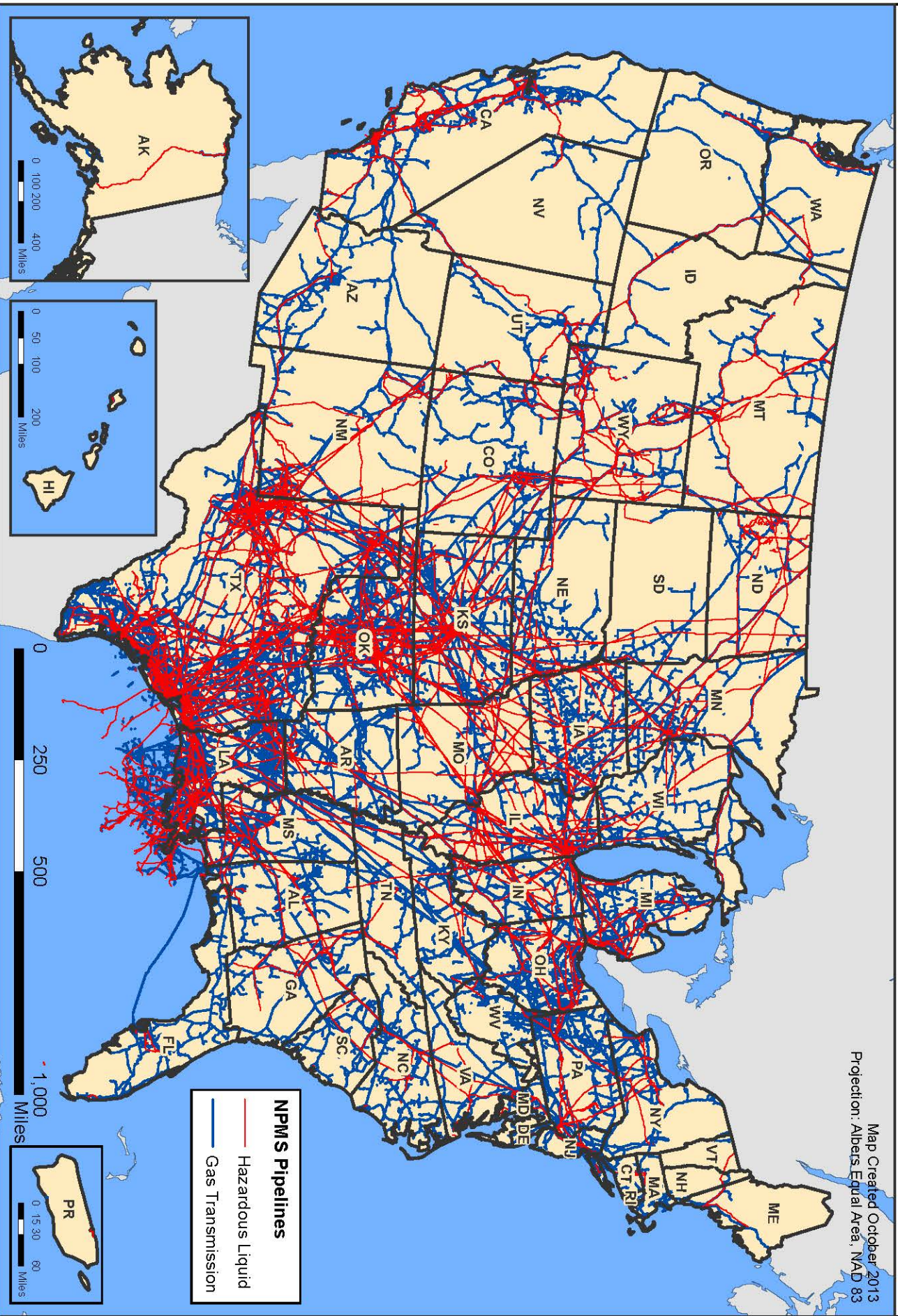


# Gas Transmission And Hazardous Liquid Pipelines

Pipeline data as of 9/29/2013



Map Created October 2013  
Projection: Albers Equal Area, NAD 83



Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT E**  
**Summary of Financial Impact on**  
**Pecos-Barstow-Toyah Prepared by**  
**Moak, Casey & Associates, LLP**

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED DELAWARE BASIN  
GAS PROCESSING, LLC PROJECT IN THE PECOS-  
BARSTOW TOYAH INDEPENDENT SCHOOL DISTRICT  
(PROJECT # 1122)**

**PREPARED BY**



**NOVEMBER 11, 2016**



## Executive Summary

Delaware Basin Gas Processing, LLC (Company) has requested that the Pecos-Barstow-Toyah Independent School District (PBTISD) 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 PBTISD on December 17, 2015 the Company plans to invest \$244.4 million to construct a gas processing plant. Moak, Casey & Associates (MCA) was initially retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Delaware Basin 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, PBTISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2018-19 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

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

Total Revenue Loss Payments Owed to PBTISD	\$1.56 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$18.4 million

## Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Comptroller delivered a Completeness Letter to the company and the school district on February 1, 2016.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Certificate for this project was issued on March 9, 2016.

A Value Limitation Agreement is an important element in the Chapter 313 process. A final version of the agreement must be submitted to the Comptroller for review 10 business days 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, prior to approval of both documents.

## 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 (ASATR), although ASATR is currently scheduled to be eliminated by the 2017-18 school year. (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.](#))

**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. ASATR funding is expected to be eliminated by the 2017-18 school year under current law. As a result, ASATR is not a factor in the calculations presented below.

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.

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.

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. Student enrollment counts are held constant at 2,270 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of PBTISD. The District's local tax base reached \$3.88 billion for the 2016 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 \$1.04 per \$100 is used throughout this analysis. The impact of any previously-approved Chapter 313 projects is factored into the M&O tax bases used for both models presented below.

PBTISD has estimated 2016-17 state property wealth per weighted ADA or WADA of approximately \$1.23 million. As a result, PBTISD 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.

Recent legislative changes are incorporated into these estimates. The basic allotment was raised from \$5,040 to \$5,140 per WADA, which is used throughout the state aid calculations. The Tier II guaranteed yield level for up to six cents of tax effort was increased from \$61.86 in 2014-15 to \$74.28 and \$77.53, respectively, for the 2015-16 and 2016-17 school years.

The mandated school district homestead exemption increase from \$15,000 to \$25,000 has been incorporated into the analysis. Given that the models below focus exclusively on the Delaware Basin Gas Processing LLC project values, however, the homestead exemption change does not have a significant impact on this analysis.

The M&O tax rate for 2016 is maintained at \$1.04 per \$100. Although the impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes could result in a lower M&O tax rate that analysis is beyond the scope of this revenue report.

**Table 1 – Base District Information with Delaware Basin 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
QTP1	2017-18	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,025,609,125	\$4,025,609,125	\$3,715,526,424	\$3,715,526,424	\$1,161,900	\$1,161,900
QTP2/VL1	2018-19	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,177,809,125	\$3,963,409,125	\$3,862,726,424	\$3,862,726,424	\$1,207,932	\$1,207,932
VL2	2019-20	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,172,921,125	\$3,963,409,125	\$4,014,926,424	\$3,800,526,424	\$1,255,527	\$1,188,481
VL3	2020-21	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,168,033,125	\$3,963,409,125	\$4,010,038,424	\$3,800,526,424	\$1,253,999	\$1,188,481
VL4	2021-22	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,163,145,125	\$3,963,409,125	\$4,005,150,424	\$3,800,526,424	\$1,252,470	\$1,188,481
VL5	2022-23	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,243,113,584	\$4,048,265,584	\$4,000,262,424	\$3,800,526,424	\$1,250,942	\$1,188,481
VL6	2023-24	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,235,379,890	\$4,045,419,890	\$4,080,230,883	\$3,885,382,883	\$1,275,949	\$1,215,017
VL7	2024-25	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,227,731,568	\$4,042,659,568	\$4,072,497,189	\$3,882,537,189	\$1,273,531	\$1,214,127
VL8	2025-26	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,220,166,054	\$4,039,982,054	\$4,064,848,866	\$3,879,776,866	\$1,271,139	\$1,213,264
VL9	2026-27	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,339,834,954	\$4,164,538,954	\$4,057,283,353	\$3,877,099,353	\$1,268,773	\$1,212,427
VL10	2027-28	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,322,426,056	\$4,152,018,056	\$4,176,952,253	\$4,001,656,253	\$1,306,195	\$1,251,378
VP1	2028-29	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,362,219,788	\$4,362,219,788	\$4,159,543,355	\$3,989,135,355	\$1,300,751	\$1,247,462
VP2	2029-30	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,345,803,068	\$4,345,803,068	\$4,199,337,087	\$4,199,337,087	\$1,313,195	\$1,313,195
VP3	2030-31	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,329,570,210	\$4,329,570,210	\$4,182,920,367	\$4,182,920,367	\$1,308,061	\$1,308,061
VP4	2031-32	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,313,515,698	\$4,313,515,698	\$4,166,687,509	\$4,166,687,509	\$1,302,985	\$1,302,985
VP5	2032-33	2,269.67	3,197.80	\$1.0400	\$0.0510	\$4,297,634,182	\$4,297,634,182	\$4,150,632,997	\$4,150,632,997	\$1,297,965	\$1,297,965

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

### M&O Impact of the Delaware Basin project on PBTISD

School finance models were prepared for PBTISD under these assumptions through the 2032-33 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. These model results are 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 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 \$1.56 million over the course of the Agreement, with most of this loss reflected in the first limitation year (2018-19). The out-year losses indicate a reduction in Tier II local revenue as a result of the property value limitation under the current school finance system. 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.

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP1	2017-18	\$38,109,620	\$565,044	\$0	-\$20,930,956	\$1,524,385	\$0	\$0	\$6,959	\$83,472	\$19,358,524
QTP2/VL1	2018-19	\$39,662,720	\$746,618	\$0	-\$22,465,635	\$1,586,509	\$0	\$0	\$7,243	\$83,472	\$19,620,927
VL2	2019-20	\$39,613,840	\$746,618	\$0	-\$23,076,560	\$1,584,554	\$0	\$0	\$7,234	\$83,472	\$18,959,158
VL3	2020-21	\$39,564,960	\$746,618	\$0	-\$23,027,947	\$1,582,598	\$0	\$0	\$7,225	\$83,472	\$18,956,926
VL4	2021-22	\$39,516,080	\$746,618	\$0	-\$22,979,335	\$1,580,643	\$0	\$0	\$7,216	\$83,472	\$18,954,694
VL5	2022-23	\$40,273,337	\$746,618	\$0	-\$23,405,626	\$1,610,933	\$0	\$0	\$7,355	\$83,472	\$19,316,088
VL6	2023-24	\$40,197,422	\$746,618	\$0	-\$23,684,616	\$1,607,897	\$0	\$0	\$7,341	\$83,472	\$18,958,133
VL7	2024-25	\$40,122,319	\$746,618	\$0	-\$23,609,074	\$1,604,893	\$0	\$0	\$7,327	\$83,472	\$18,955,555
VL8	2025-26	\$40,048,003	\$746,618	\$0	-\$23,534,339	\$1,601,920	\$0	\$0	\$7,313	\$83,472	\$18,952,987
VL9	2026-27	\$41,182,414	\$746,618	\$0	-\$24,178,986	\$1,647,297	\$0	\$0	\$7,521	\$83,472	\$19,488,335
VL10	2027-28	\$41,014,585	\$746,618	\$0	-\$24,555,183	\$1,640,583	\$0	\$0	\$7,490	\$83,472	\$18,937,565
VP1	2028-29	\$41,307,421	\$746,618	\$0	-\$24,664,754	\$1,652,297	\$0	\$0	\$7,543	\$83,472	\$19,132,597
VP2	2029-30	\$41,151,463	\$746,618	\$0	-\$24,724,518	\$1,646,059	\$0	\$0	\$7,515	\$83,472	\$18,910,608
VP3	2030-31	\$40,997,251	\$746,618	\$0	-\$24,567,688	\$1,639,890	\$0	\$0	\$7,487	\$83,472	\$18,907,029
VP4	2031-32	\$40,844,733	\$746,618	\$0	-\$24,412,573	\$1,633,789	\$0	\$0	\$7,459	\$83,472	\$18,903,497
VP5	2032-33	\$40,693,858	\$746,618	\$0	-\$24,259,123	\$1,627,754	\$0	\$0	\$7,431	\$83,472	\$18,900,009

\*Basic Allotment: \$5,140; AISD Yield: \$77.53; Equalized Wealth: \$514,000 per WADA

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

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP1	2017-18	\$38,109,620	\$565,044	\$0	-\$20,930,956	\$1,524,385	\$0	\$0	\$6,959	\$83,472	\$19,358,524
QTP2/VL1	2018-19	\$37,518,720	\$746,618	\$0	-\$21,233,951	\$1,500,749	\$0	\$0	\$6,852	\$83,472	\$18,622,459
VL2	2019-20	\$37,518,720	\$746,618	\$0	-\$20,972,666	\$1,500,749	\$0	\$0	\$6,852	\$83,472	\$18,883,744
VL3	2020-21	\$37,518,720	\$746,618	\$0	-\$20,972,666	\$1,500,749	\$0	\$0	\$6,852	\$83,472	\$18,883,744
VL4	2021-22	\$37,518,720	\$746,618	\$0	-\$20,972,666	\$1,500,749	\$0	\$0	\$6,852	\$83,472	\$18,883,744
VL5	2022-23	\$38,324,857	\$746,618	\$0	-\$21,430,161	\$1,532,994	\$0	\$0	\$6,999	\$83,472	\$19,264,778
VL6	2023-24	\$38,297,822	\$746,618	\$0	-\$21,776,558	\$1,531,913	\$0	\$0	\$6,994	\$83,472	\$18,890,261
VL7	2024-25	\$38,271,599	\$746,618	\$0	-\$21,749,561	\$1,530,864	\$0	\$0	\$6,989	\$83,472	\$18,889,980
VL8	2025-26	\$38,246,163	\$746,618	\$0	-\$21,723,374	\$1,529,847	\$0	\$0	\$6,984	\$83,472	\$18,889,710
VL9	2026-27	\$39,429,454	\$746,618	\$0	-\$22,393,827	\$1,577,178	\$0	\$0	\$7,200	\$83,472	\$19,450,095
VL10	2027-28	\$39,310,505	\$746,618	\$0	-\$22,844,039	\$1,572,420	\$0	\$0	\$7,179	\$83,472	\$18,876,154
VP1	2028-29	\$41,307,421	\$746,618	\$0	-\$23,967,472	\$1,652,297	\$0	\$0	\$7,543	\$83,472	\$19,829,879
VP2	2029-30	\$41,151,463	\$746,618	\$0	-\$24,724,518	\$1,646,059	\$0	\$0	\$7,515	\$83,472	\$18,910,608
VP3	2030-31	\$40,997,251	\$746,618	\$0	-\$24,567,688	\$1,639,890	\$0	\$0	\$7,487	\$83,472	\$18,907,029
VP4	2031-32	\$40,844,733	\$746,618	\$0	-\$24,412,573	\$1,633,789	\$0	\$0	\$7,459	\$83,472	\$18,903,497
VP5	2032-33	\$40,693,858	\$746,618	\$0	-\$24,259,123	\$1,627,754	\$0	\$0	\$7,431	\$83,472	\$18,900,009

\*Basic Allotment: \$5,140; AISD Yield: \$77.53; Equalized Wealth: \$514,000 per WADA

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



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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP1	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2018-19	-\$2,144,000	\$0	\$0	\$1,231,684	-\$85,760	\$0	\$0	-\$392	\$0	-\$998,468
VL2	2019-20	-\$2,095,120	\$0	\$0	\$2,103,894	-\$83,805	\$0	\$0	-\$383	\$0	-\$75,413
VL3	2020-21	-\$2,046,240	\$0	\$0	\$2,055,281	-\$81,849	\$0	\$0	-\$374	\$0	-\$73,181
VL4	2021-22	-\$1,997,360	\$0	\$0	\$2,006,669	-\$79,894	\$0	\$0	-\$365	\$0	-\$70,949
VL5	2022-23	-\$1,948,480	\$0	\$0	\$1,975,466	-\$77,939	\$0	\$0	-\$356	\$0	-\$51,309
VL6	2023-24	-\$1,899,600	\$0	\$0	\$1,908,058	-\$75,984	\$0	\$0	-\$347	\$0	-\$67,873
VL7	2024-25	-\$1,850,720	\$0	\$0	\$1,859,513	-\$74,029	\$0	\$0	-\$338	\$0	-\$65,574
VL8	2025-26	-\$1,801,840	\$0	\$0	\$1,810,965	-\$72,073	\$0	\$0	-\$329	\$0	-\$63,277
VL9	2026-27	-\$1,752,960	\$0	\$0	\$1,785,159	-\$70,119	\$0	\$0	-\$320	\$0	-\$38,240
VL10	2027-28	-\$1,704,080	\$0	\$0	\$1,711,144	-\$68,163	\$0	\$0	-\$311	\$0	-\$61,410
VP1	2028-29	\$0	\$0	\$0	\$697,282	\$0	\$0	\$0	\$0	\$0	\$697,282
VP2	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

\*Basic Allotment: \$5,140; AISD Yield: \$77.53; Equalized Wealth: \$514,000 per WADA

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

### ***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 \$1.04 per \$100 M&O tax rate is assumed in 2015-16 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$20.0 million over the life of the agreement. The PBTISD revenue losses are expected to total approximately \$1.56 million over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$18.4 million, prior to any negotiations with Delaware Basin on supplemental payments.

### ***I&S Funding Impact on School District***

The project remains fully taxable for debt services taxes, with PBTISD currently levying a \$0.0510 per \$100 I&S rate. While the value of the Delaware Basin project is expected to depreciate over the life of the agreement and beyond, local taxpayers should benefit from the addition of the Delaware Basin project to the local I&S tax roll.

The project is not expected to affect PBTISD 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.

**Table 5 - Estimated Financial Impact of the Delaware Basin Project Property Value Limitation Request Submitted to PBTISD at \$1.04 per \$100 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP1	2017-18	\$122,200,000	\$122,200,000	\$0	\$1.040	\$1,270,880	\$1,270,880	\$0	\$0	\$0
<b>QTP2/VL1</b>	2018-19	\$244,400,000	\$30,000,000	\$214,400,000	\$1.040	\$2,541,760	\$312,000	\$2,229,760	-\$998,468	\$1,231,292
<b>VL2</b>	2019-20	\$239,512,000	\$30,000,000	\$209,512,000	\$1.040	\$2,490,925	\$312,000	\$2,178,925	-\$75,413	\$2,103,511
<b>VL3</b>	2020-21	\$234,624,000	\$30,000,000	\$204,624,000	\$1.040	\$2,440,090	\$312,000	\$2,128,090	-\$73,181	\$2,054,908
<b>VL4</b>	2021-22	\$229,736,000	\$30,000,000	\$199,736,000	\$1.040	\$2,389,254	\$312,000	\$2,077,254	-\$70,949	\$2,006,305
<b>VL5</b>	2022-23	\$224,848,000	\$30,000,000	\$194,848,000	\$1.040	\$2,338,419	\$312,000	\$2,026,419	-\$51,309	\$1,975,110
<b>VL6</b>	2023-24	\$219,960,000	\$30,000,000	\$189,960,000	\$1.040	\$2,287,584	\$312,000	\$1,975,584	-\$67,873	\$1,907,711
<b>VL7</b>	2024-25	\$215,072,000	\$30,000,000	\$185,072,000	\$1.040	\$2,236,749	\$312,000	\$1,924,749	-\$65,574	\$1,859,175
<b>VL8</b>	2025-26	\$210,184,000	\$30,000,000	\$180,184,000	\$1.040	\$2,185,914	\$312,000	\$1,873,914	-\$63,277	\$1,810,637
<b>VL9</b>	2026-27	\$205,296,000	\$30,000,000	\$175,296,000	\$1.040	\$2,135,078	\$312,000	\$1,823,078	-\$38,240	\$1,784,838
<b>VL10</b>	2027-28	\$200,408,000	\$30,000,000	\$170,408,000	\$1.040	\$2,084,243	\$312,000	\$1,772,243	-\$61,410	\$1,710,833
VP1	2028-29	\$195,520,000	\$195,520,000	\$0	\$1.040	\$2,033,408	\$2,033,408	\$0	\$0	\$0
VP2	2029-30	\$190,632,000	\$190,632,000	\$0	\$1.040	\$1,982,573	\$1,982,573	\$0	\$0	\$0
VP3	2030-31	\$185,744,000	\$185,744,000	\$0	\$1.040	\$1,931,738	\$1,931,738	\$0	\$0	\$0
VP4	2031-32	\$180,856,000	\$180,856,000	\$0	\$1.040	\$1,880,902	\$1,880,902	\$0	\$0	\$0
VP5	2032-33	\$175,968,000	\$175,968,000	\$0	\$1.040	\$1,830,067	\$1,830,067	\$0	\$0	\$0
						\$34,059,584	\$14,049,568	\$20,010,016	-\$1,565,695	\$18,444,321

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

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

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

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT F**  
**Comptroller's 2014 ISD Summary Worksheet**  
**For Pecos-Barstow-Toyah ISD**



**Glenn Hegar**  
Texas Comptroller of Public Accounts

# Taxes

Property Tax

## **SCHOOL AND APPRAISAL DISTRICTS PROPERTY VALUE STUDY 2015 REPORT**

### **2015 ISD Summary Worksheet**

**195/Reeves**

**195-901/Pecos-Barstow-Toyah ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2015 WTD Mean Ratio</b>	<b>2015 PTAD Value Estimate</b>	<b>2015 Value Assigned</b>
<b>A. Single-Family Residences</b>	236,981,950	N/A	236,981,950	236,981,950
<b>B. Multi-Family Residences</b>	4,361,320	N/A	4,361,320	4,361,320
<b>C1. Vacant Lots</b>	22,145,420	N/A	22,145,420	22,145,420
<b>C2. Colonia Lots</b>	0	N/A	0	0
<b>D1. Rural Real(Taxable)</b>	10,402,740	N/A	10,402,740	10,402,740
<b>D2. Real Prop Farm &amp; Ranch</b>	665,460	N/A	665,460	665,460
<b>E. Real Prop NonQual Acres</b>	38,534,820	N/A	38,534,820	38,534,820
<b>F1. Commercial Real</b>	154,955,220	N/A	154,955,220	154,955,220
<b>F2. Industrial Real</b>	354,212,000	N/A	354,212,000	354,212,000
<b>G. Oil, Gas, Minerals</b>	1,456,349,744	N/A	1,456,349,744	1,456,349,744
<b>J. Utilities</b>	381,586,530	N/A	381,586,530	381,586,530
<b>L1. Commercial Personal</b>	86,800,890	N/A	86,800,890	86,800,890
<b>L2. Industrial Personal</b>	391,804,290	N/A	391,804,290	391,804,290
<b>M. Other Personal</b>	12,486,080	N/A	12,486,080	12,486,080
<b>N. Intangible Personal Prop</b>	0	N/A	0	0

<b>O. Residential Inventory</b>	0	N/A	0	0
<b>S. Special Inventory</b>	0	N/A	0	0
<b>Subtotal</b>	3,151,286,464		3,151,286,464	3,151,286,464
<b>Less Total Deductions</b>	362,784,901		362,784,901	362,784,901
<b>Total Taxable Value</b>	2,788,501,563		2,788,501,563	2,788,501,563 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M&O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
2,806,493,531	2,788,501,563	2,806,493,531	2,788,501,563

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
17,991,968	0

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

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

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

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

## Value Taxable For I&S Purposes

T7	T8	T9	T10
2,968,303,531	2,950,311,563	2,968,303,531	2,950,311,563

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

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

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

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

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

## 238/Ward

## 195-901/Pecos-Barstow-Toyah ISD

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2015 WTD Mean Ratio</b>	<b>2015 PTAD Value Estimate</b>	<b>2015 Value Assigned</b>
<b>A. Single-Family Residences</b>	2,471,200	N/A	2,471,200	2,471,200
<b>B. Multi-Family Residences</b>	0	N/A	0	0
<b>C1. Vacant Lots</b>	1,762,300	N/A	1,762,300	1,762,300
<b>C2. Colonia Lots</b>	0	N/A	0	0
<b>D1. Rural Real(Taxable)</b>	289,890	N/A	289,890	289,890
<b>D2. Real Prop Farm &amp; Ranch</b>	197,340	N/A	197,340	197,340
<b>E. Real Prop NonQual Acres</b>	4,134,830	N/A	4,134,830	4,134,830
<b>F1. Commercial Real</b>	338,010	N/A	338,010	338,010
<b>F2. Industrial Real</b>	103,872,490	N/A	103,872,490	103,872,490
<b>G. Oil, Gas, Minerals</b>	900,221,210	N/A	900,221,210	900,221,210
<b>J. Utilities</b>	101,049,260	N/A	101,049,260	101,049,260
<b>L1. Commercial Personal</b>	3,973,880	N/A	3,973,880	3,973,880
<b>L2. Industrial Personal</b>	26,546,920	N/A	26,546,920	26,546,920
<b>M. Other Personal</b>	522,110	N/A	522,110	522,110
<b>N. Intangible Personal Prop</b>	0	N/A	0	0



<b>O. Residential Inventory</b>	0	N/A	0	0
<b>S. Special Inventory</b>	0	N/A	0	0
<b>Subtotal</b>	1,145,379,440		1,145,379,440	1,145,379,440
<b>Less Total Deductions</b>	3,899,250		3,899,250	3,899,250
<b>Total Taxable Value</b>	1,141,480,190		1,141,480,190	1,141,480,190 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M&O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
1,141,480,190	1,141,480,190	1,141,480,190	1,141,480,190

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
0	0

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

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

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

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

## Value Taxable For I&S Purposes

T7	T8	T9	T10
1,141,480,190	1,141,480,190	1,141,480,190	1,141,480,190

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

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

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

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

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

## 195-901/Pecos-Barstow-Toyah ISD

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2015 WTD Mean Ratio</b>	<b>2015 PTAD Value Estimate</b>	<b>2015 Value Assigned</b>
<b>A. Single-Family Residences</b>	239,453,150	N/A	239,453,150	239,453,150
<b>B. Multi-Family Residences</b>	4,361,320	N/A	4,361,320	4,361,320
<b>C1. Vacant Lots</b>	23,907,720	N/A	23,907,720	23,907,720
<b>C2. Colonia Lots</b>	0	N/A	0	0
<b>D1. Rural Real(Taxable)</b>	10,692,630	N/A	10,692,630	10,692,630
<b>D2. Real Prop Farm &amp; Ranch</b>	862,800	N/A	862,800	862,800
<b>E. Real Prop NonQual Acres</b>	42,669,650	N/A	42,669,650	42,669,650
<b>F1. Commercial Real</b>	155,293,230	N/A	155,293,230	155,293,230
<b>F2. Industrial Real</b>	458,084,490	N/A	458,084,490	458,084,490
<b>G. Oil, Gas, Minerals</b>	2,356,570,954	N/A	2,356,570,954	2,356,570,954
<b>J. Utilities</b>	482,635,790	N/A	482,635,790	482,635,790
<b>L1. Commercial Personal</b>	90,774,770	N/A	90,774,770	90,774,770
<b>L2. Industrial Personal</b>	418,351,210	N/A	418,351,210	418,351,210
<b>M. Other Personal</b>	13,008,190	N/A	13,008,190	13,008,190
<b>N. Intangible Personal Prop</b>	0	N/A	0	0

<b>O. Residential Inventory</b>	0	N/A	0	0
<b>S. Special Inventory</b>	0	N/A	0	0
<b>Subtotal</b>	4,296,665,904		4,296,665,904	4,296,665,904
<b>Less Total Deductions</b>	366,684,151		366,684,151	366,684,151
<b>Total Taxable Value</b>	3,929,981,753		3,929,981,753	3,929,981,753 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

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT G**  
**Proposed Agreement Between**  
**Pecos-Barstow-Toyah ISD and**  
**Delaware Basin Gas Processing, LLC**



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 28, 2016

Jim Haley  
Superintendent  
Pecos-Barstow-Toyah Independent School District  
1302 South Park Street  
Pecos, Texas 79772

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Enterprise Products Operating, LLC, Application 1122

Dear Superintendent Haley:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Enterprise Products Operating, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that it complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at [desiree.caufield@cpa.texas.gov](mailto:desiree.caufield@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP  
Curt Tate, Enterprise Products  
Tim Young, Ikard Wynne LLP

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

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by and between

**PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT**

and

**DELAWARE BASIN GAS PROCESSING LLC**

*(Texas Taxpayer ID # 32056726345)*

Comptroller Application # 1122

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Dated

December 15, 2016

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

STATE OF TEXAS  
COUNTY OF REEVES

§  
§

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 **PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **DELAWARE BASIN GAS PROCESSING LLC**, Texas Taxpayer Identification Number 32056726345 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

**RECITALS**

**WHEREAS**, on December 17, 2015, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

**WHEREAS**, on January 4, 2016, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

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

**WHEREAS**, the District and the Texas Comptroller's Office have determined that the Application is complete and February 1, 2016 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

**WHEREAS**, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Reeves Appraisal District established in Reeves County, Texas (the "Reeves 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 March 9, 2016, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;



**WHEREAS**, the District's Board of Trustees, by resolution dated October 25, 2016, extended the statutory deadline by which the District must consider the Application until December 31, 2016, and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);

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

**WHEREAS**, on December 15, 2016, 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, 2016, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

**WHEREAS**, on November 28, 2016, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

**WHEREAS**, on December 15, 2016, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

## **ARTICLE I** **DEFINITIONS**

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

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

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

“Applicant” means Delaware Basin Gas Processing LLC, (Texas Taxpayer ID #32056726345) the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

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

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

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on December 17, 2015. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

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

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

“Appraisal District” means the Reeves County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Pecos-Barstow-Toyah Independent School District.

“Commercial Operations” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing NGL Product and Residue Gas and achieving a Qualifying Investment of no less than \$30 million dollars.

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

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Reeves County, Texas.

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

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

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

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

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

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

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

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

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

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed

on the Application Review Start Date.

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

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

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

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

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

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

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

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District’s Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the school year immediately preceding each year for which the Annual Limit is calculated, rounded to the whole number by \$100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2016. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

“Applicable School Finance Law” means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically at the time the computation, calculation or obligation of either party under this Agreement is performed.

“Commencement Date” means December 15, 2016, the start of the Qualifying Time Period.

“Commercial Operations” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing NGL Product and Residue Gas and achieving a Qualifying Investment of no less than \$30 million dollars.

“Cumulative Payments” means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

“Lost M&O Revenue” means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

“New M&O Revenue” means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

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

“Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District’s tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant’s Qualified Property for M&O purposes will not be used.

“Revenue Protection Amount” means the amount calculated pursuant to Section 4.2 of this Agreement.

## **ARTICLE II**

### **AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

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

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

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

A. The Application Review Start Date for this Agreement is February 1, 2016, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is December 15, 2016.

C. The Qualifying Time Period for this Agreement:

- i. Starts on, the Application Approval Date.
- ii. End on December 31, 2018, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2018, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
- ii. Ends on December 31, 2027, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2032.

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

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

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

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

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

- A. Have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. Have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. Pay an average weekly wage of at least \$753.00 for all New Non-Qualifying Jobs created by the Applicant.

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

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

### **ARTICLE III**

#### **QUALIFIED PROPERTY**

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

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

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

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.** In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

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

#### **ARTICLE IV**

#### **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF THE PARTIES.** Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by District.**

The calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year following the start of Commercial Operations, and every year thereafter during the term of this Agreement.



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, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the school finance report and projected revenue protection payment amounts produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party;
- ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,
- iii. May change in future years to reflect changes in the Applicable School Finance Law.

**Section 4.2. CALCULATING THE LOST M&O REVENUE BY THE DISTRICT.** Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the District for Lost M&O Revenue for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula: The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations 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. 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, with the consent of the Applicant. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. 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: Any other reasonable and necessary costs 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.

In the event that the calculations made under this Agreement by the Third Party should become the subject of litigation, the Parties stipulate that the Third Party’s participation in any such dispute shall be limited to providing the court or administrative body with jurisdiction over such dispute with an explanation of the methodology used in reaching the Third Party’s calculation so as to assist the court or administrative body.

**Section 4.4. DATA USED FOR CALCULATIONS.** The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant’s Qualified Investment and/or the Applicant’s Qualified Property by the Appraisal District in its annual certified appraisal roll submitted to the District for each Tax Year 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 4.3. The certified appraisal 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 appraisal roll or any other changes in student counts, tax collections, or other data.

**Section 4.5. DELIVERY OF CALCULATIONS.** On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party’s calculations, 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 until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party’s costs resulting from an audit of the Third Party’s books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

**Section 4.6. PAYMENT BY APPLICANT.** The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount

billed by the Third Party, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, which are, or may be required under the terms or because of the execution of this Agreement.

For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars (\$15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve such dispute as provided in Section 4.7.

**Section 4.7. RESOLUTION OF DISPUTES.** Should the Applicant disagree with the Third Party calculations made pursuant to Article 4 of this Agreement, 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 shall 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 certified calculations 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. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification or, (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees. Any such 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 Applicant's receipt of the Third Party's final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

**Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.** If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of

the new calculations from the Third Party.

**Section 4.9. STATUTORY CHANGES AFFECTING M&O REVENUE.** Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District, up to the Annual Limitation amount set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, 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 District.

## **ARTICLE V**

### **PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES**

**Section 5.1. EXTRAORDINARY EXPENSES.** In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by District's external auditor to have been incurred by 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.

## **ARTICLE VI**

### **SUPPLEMENTAL PAYMENTS**

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

(a) Amounts Exclusive of Article IV and Article V Payments

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

(b) Adherence to Statutory Limits on Supplemental Payments

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

**Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.** Notwithstanding the foregoing:

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

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

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

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

**Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT.** For each Tax Year during the term of this Agreement beginning the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) (Tax Year 2017), the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under section 6.2 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory

change will not be adjusted.

**Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.** All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.5.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.7, above.

**Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.** At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

## **ARTICLE VII**

### **ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**Section 7.1. ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due

from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

**Section 7.2. OPTION TO TERMINATE AGREEMENT.** In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

**Section 7.3. EFFECT OF OPTIONAL TERMINATION.** Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

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

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

## **ARTICLE VIII**

### **ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

**Section 8.2. REPORTS.** In order to receive and maintain the limitation authorized by Section 2.4 in

addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

**Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS.** During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

**Section 8.4. DATA REQUESTS.** Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

**Section 8.5. SITE VISITS AND RECORD REVIEW.** The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

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

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

**Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.**

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

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



- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

**Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.** The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

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

**Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.** The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a “Material Breach”):

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

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

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

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

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

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor’s Office to have access to the Applicant’s Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant’s Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor’s office to review and audit the Applicant’s compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or

consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement; or

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

## **Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

## **Section 9.3. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Reeves County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe.

With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Reeves County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE, and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

#### **Section 9.4. Consequences of Early Termination or Other Breach by Applicant.**

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty

or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

**Section 9.5. LIMITATION OF OTHER DAMAGES.** Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

**Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT.** Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

**Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS.** Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

**Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS**

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the

market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

## **ARTICLE X.**

### **MISCELLANEOUS PROVISIONS**

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

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if

(i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

Jim Haley  
Superintendent (or his successor)  
Pecos-Barstow-Toyah Independent School District  
1302 South Park Street  
Pecos, TX 79772  
Phone: (432) 447-7201  
Facsimile: (432) 447-3076  
Email: [jhaley@pbtisd.esc18.net](mailto:jhaley@pbtisd.esc18.net)

With a copy to:

Sara Hardner Leon  
Powell & Leon, LLP  
115 Wild Basin #106  
Austin, Texas 78746  
Phone: (512) 494-1177  
Facsimile: (512) 494-1188  
Email: [sleon@powell-leon.com](mailto:sleon@powell-leon.com)

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

Delaware Basin Gas Processing LLC  
c/o  
Enterprise Products Operating LLC  
Attn: Curt Tate, Senior Director, Tax  
P.O. Box 4018  
Houston, Texas 77210-4018  
(713) 381-8071 Telephone  
(281) 887-7139 Facsimile

Or:  
Enterprise Products Operating LLC  
Attn: Curt Tate, Senior Director, Tax  
1100 Louisiana Street  
Houston, Texas 77002  
(713) 381-8071 Telephone

With copies to:  
Enterprise Products Operating LLC  
Attn: General Counsel  
P.O. Box 4018  
Houston, Texas 77002

And:  
Timothy E. Young  
Ikard Wynne LLP  
2901 Via Fortuna, Suite 450  
Austin, Texas 78746  
(512) 275-7880 Telephone  
(512) 275-7333 Facsimile

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

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

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

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

- i. The Applicant shall submit to the District and the Comptroller:
  - a. a written request to amend the Application and this Agreement, which shall

specify the changes the Applicant requests;

b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;

c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

### **Section 10.3. ASSIGNMENT.**

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

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

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

**Section 10.4. MERGER.** This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this



Agreement.

**Section 10.5. GOVERNING LAW.** This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Reeves County.

**Section 10.6. AUTHORITY TO EXECUTE AGREEMENT.** Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

**Section 10.7. SEVERABILITY.** If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

**Section 10.8. PAYMENT OF EXPENSES.** Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

**Section 10.9. INTERPRETATION.**

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

**Section 10.10. EXECUTION OF COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

**Section 10.11. PUBLICATION OF DOCUMENTS.** The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

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

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

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

**Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.** The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

**Section 10.13. DUTY TO DISCLOSE.** If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

**Section 10.14. CONFLICTS OF INTEREST.**

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT

CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

**Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.** Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

**Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.**

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

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic “read receipt” does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 15<sup>th</sup> day of December, 2016.

**DELAWARE BASIN GAS PROCESSING LLC**

**PECOS-BARSTOW-TOYAH  
INDEPENDENT SCHOOL DISTRICT**

**BY: ENTERPRISE PRODUCTS OPERATING, LLC  
AS OPERATOR**

**By: Enterprise Products OLPGP, Inc., its sole  
manager**

By: 

Name: Penny R. Hay

Title: Vice President, Tox

By: 

**GAIL BOX**

**PRESIDENT, BOARD OF TRUSTEES**

**ATTEST**

By: 

**BERTHA NATIVIDAD**

**SECRETARY, BOARD OF TRUSTEES**

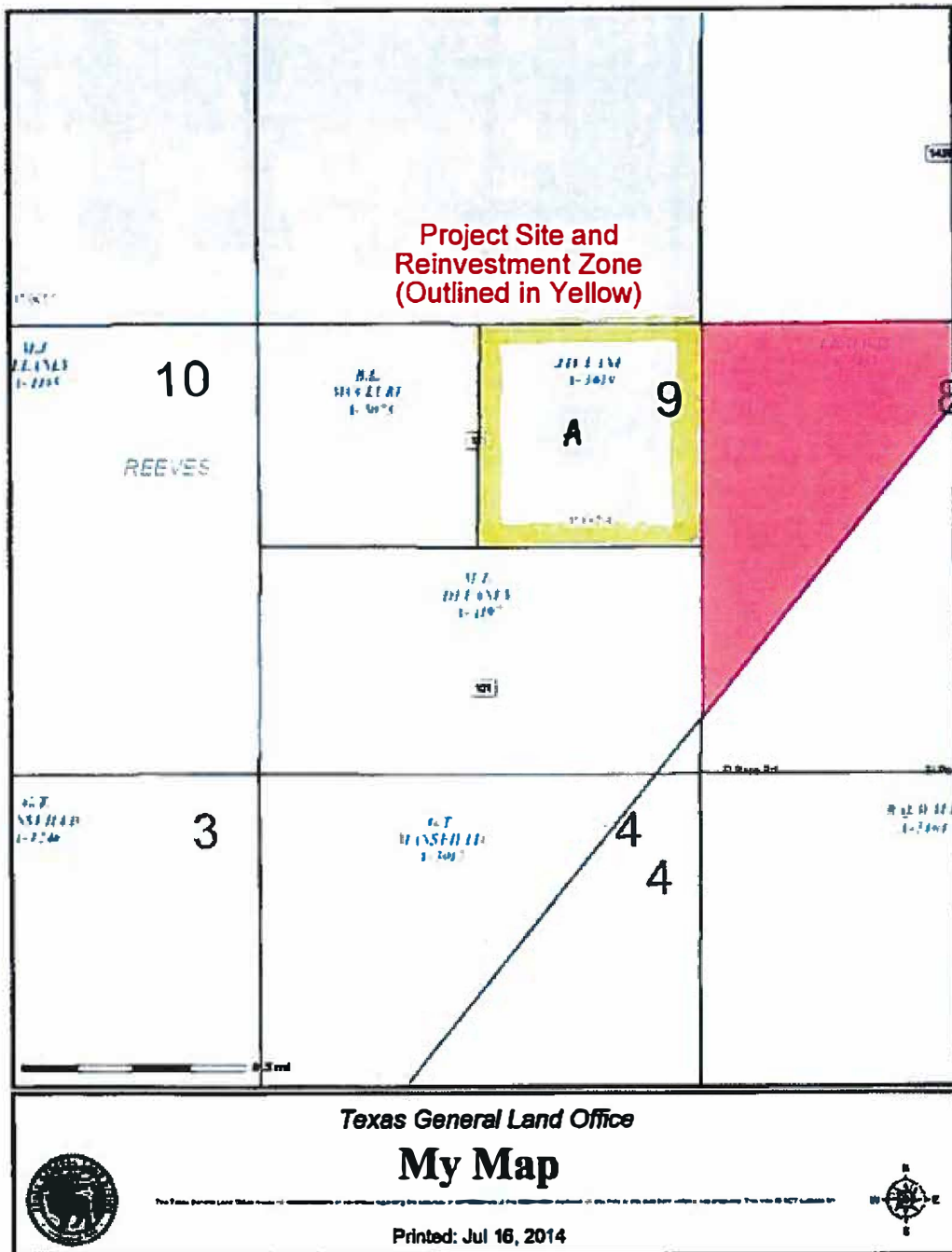
## EXHIBIT 1

### DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

On June 16, 2016, pursuant to Tex. Educ. Code § 312.0025 the Board of Trustees of the Pecos-Barstow-Toyah Independent School District, by action at a duly posted public meeting created the *Delaware Basin Reinvestment Zone* within the boundaries of the Pecos-Barstow-Toyah Independent School District. The legal description of the aforesaid *Delaware Basin Reinvestment Zone* is as follows:

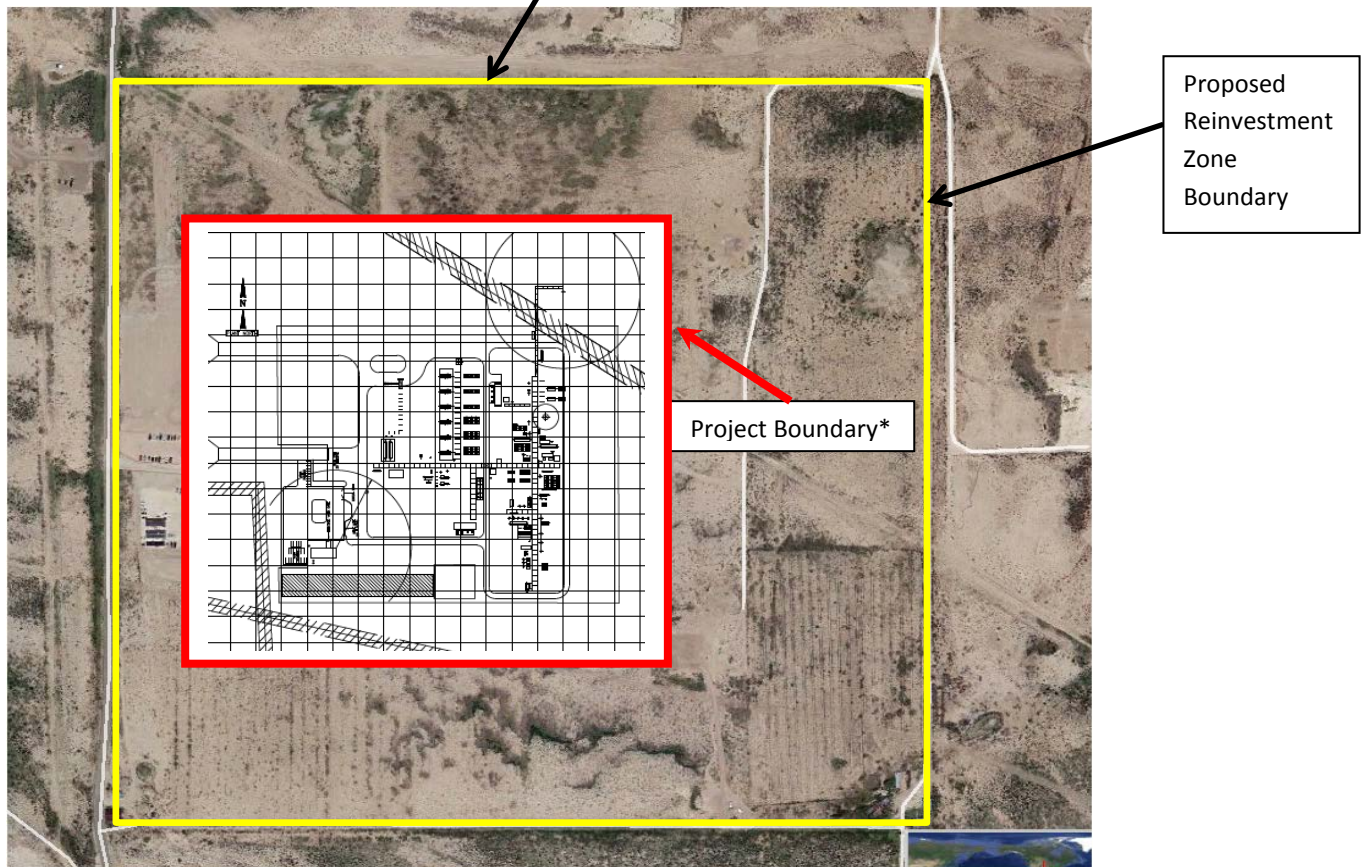
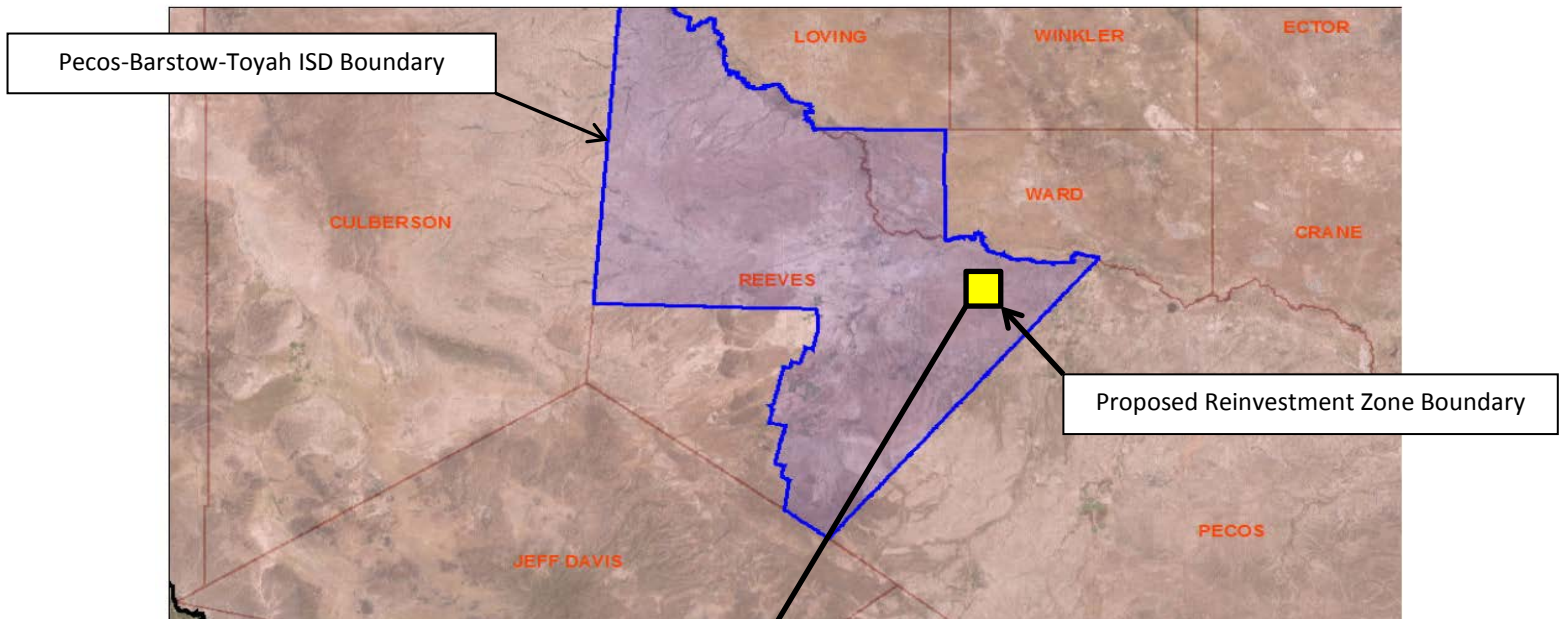
Being 160 acres of land, more or less, and being all of the Northeast one-quarter (NE/4) of Section Nine (9), Block C-3, Public School Lands, Reeves County, Texas.

A map of the *Delaware Basin Reinvestment Zone* is attached as the next page of this **EXHIBIT 1**. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of Delaware Basin Gas Processing LLC Reinvestment Zone Number.





# Qualified Investment / Qualified Property



\* Only new improvements made after January 1, 2016 will become qualified property

## EXHIBIT 2

### DESCRIPTION AND LOCATION OF LAND

The Land upon which the Qualified Investment shall be made and upon which the Qualified Property shall be located shall be one hundred percent (100%) contained within the boundaries of *Delaware Basin Reinvestment Zone* which is located within the boundaries of the Pecos-Barstow-Toyah Independent School District. The legal description of the aforesaid *Delaware Basin Reinvestment Zone* is as follows:

Being 160 acres of land, more or less, and being all of the Northeast one-quarter (NE/4) of Section Nine (9), Block C-3, Public School Lands, Reeves County, Texas.

A map of the *Delaware Basin Reinvestment Zone* is attached as the last page **EXHIBIT 1**.



## EXHIBIT 3

### APPLICANT'S QUALIFIED INVESTMENT

This Agreement covers Qualified Investment located within Pecos-Barstow-Toyah ISD in an amount of not less than \$30 Million made during the Qualifying Time Period property necessary for the commercial operations of a new cryogenic fractionation plant as more fully described in Tab 7 of the Application.

#### Project Description

The Proposed Waha Gas Plant use cryogenic fractionation to separate ethane and heavier hydrocarbons from raw wellhead gas to produce marketable natural gas.

The Proposed Waha Gas Plant is designed to process 150 mmscf/d of gas. The Proposed Waha Gas Plant is designed to produce Y-Grade NGL Product and Residue Gas.

The cryogenic facility will consist of the following process areas:

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine treating for CO<sub>2</sub> Removal
- TEG dehydration for H<sub>2</sub>O Removal
- Thermal Oxidizer
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plant
- Residue Recompression units
- Heat Medium System with Waste Heat Recovery
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

All Qualified Investment will be located within the boundaries indicated on the map attached on the last page of **EXHIBIT 1**, to wit:

Being 160 acres of land, more or less, and being all of the Northeast one-quarter (NE/4) of Section Nine (9), Block C-3, Public School Lands, Reeves County, Texas.

## **EXHIBIT 4**

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

This Agreement covers all qualified property within Pecos-Barstow-Toyah ISD necessary for the commercial operations of a new cryogenic fractionation plant as more fully described in Tab 7 of the Application.

#### **Project Description**

The Proposed Waha Gas Plant use cryogenic fractionation to separate ethane and heavier hydrocarbons from raw wellhead gas to produce marketable natural gas.

The Proposed Waha Gas Plant is designed to process 150 mmscf/d of gas. The Proposed Waha Gas Plant is designed to produce Y-Grade NGL Product and Residue Gas.

The cryogenic facility will consist of the following process areas:

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- TEG dehydration for H<sub>2</sub>O Removal
- Thermal Oxidizer
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plant
- Residue Recompression units
- Heat Medium System with Waste Heat Recovery
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

All Qualified Property will be located within the boundaries indicated on the map attached on the last page of **EXHIBIT 1**, to wit:

Being 160 acres of land, more or less, and being all of the Northeast one-quarter (NE/4) of Section Nine (9), Block C-3, Public School Lands, Reeves County, Texas

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees  
under the Texas Economic Development Act on the Application Submitted by  
Delaware Basin Gas Processing, LLC (Tax ID 32056726345) (Application #1122)

**ATTACHMENT H**  
**Letter from the Texas Commissioner of**  
**Education Regarding Impact on**  
**Enrollment**



February 2, 2016

William Oglesby, President  
Board of Trustees  
Pecos-Barstow-Toyah Independent School District  
PO Box 869  
Pecos, TX 79772-0869

Dear Mr. Oglesby:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Delaware Basin Gas Processing LLC project on the number and size of school facilities in Pecos-Barstow-Toyah Independent School District (PBTISD). Based on an examination of PBTISD enrollment and the number of potential new jobs, the TEA has determined that the Delaware Basin Gas Processing LLC project should not have a significant impact on the number or size of school facilities in PBTISD.

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  
Cc: Jim Haley