
FINDINGS
OF THE
PECOS-BARSTOW-TOYAH INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
BRAZOS DELAWARE, LLC
(Texas Taxpayer ID #32057841325)
(Application #1127)

November 15, 2016

COUNTY OF REEVES §

On March 9, 2016, 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 Brazos Delaware, LLC #1127 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 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 April 21, 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 May 26, 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 \$150,000,000, 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 \$54,115.60 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 \$15 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 \$150,000,000, resulting in a relative level of investment per qualifying job of \$15,000,000.

Board Finding Number 5.

The Applicant has not requested a waiver of the job creation requirement under Section 313.025(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 17 years of annual investment and employment levels.

Table 2: Estimated Statewide Economic Impact of Brazos Delaware, LLC (modeled)

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|---------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2016 | 75 | 84 | 159 | \$ 4,125,000 | \$ 6,875,000 | \$ 11,000,000 |
| 2017 | 130 | 158 | 288 | \$ 7,145,578 | \$ 13,854,422 | \$ 21,000,000 |
| 2018 | 10 | 50 | 60 | \$ 541,156 | \$ 5,458,844 | \$ 6,000,000 |
| 2019 | 10 | 43 | 53 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2020 | 10 | 37 | 47 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2021 | 10 | 33 | 43 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2022 | 10 | 32 | 42 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2023 | 10 | 31 | 41 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2024 | 10 | 32 | 42 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2025 | 10 | 32 | 42 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2026 | 10 | 33 | 43 | \$ 541,156 | \$ 4,458,844 | \$ 5,000,000 |
| 2027 | 10 | 34 | 44 | \$ 541,156 | \$ 5,458,844 | \$ 6,000,000 |
| 2028 | 10 | 34 | 44 | \$ 541,156 | \$ 5,458,844 | \$ 6,000,000 |
| 2029 | 10 | 34 | 44 | \$ 541,156 | \$ 5,458,844 | \$ 6,000,000 |
| 2030 | 10 | 35 | 45 | \$ 541,156 | \$ 6,458,844 | \$ 7,000,000 |
| 2031 | 10 | 36 | 46 | \$ 541,156 | \$ 6,458,844 | \$ 7,000,000 |
| 2032 | 10 | 37 | 47 | \$ 541,156 | \$ 6,458,844 | \$ 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 abatements with the county. The difference noted in the last line is the difference between Table 3 and Table 4:

Table 4: Estimated Direct Ad Valorem Taxes with all property tax incentives sought

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | 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 | Reeves County WCISD #2 Tax Levy | Estimated Total Property Taxes | |
|------|---------------------------------------|---------------------------------------|---------------------------|---------------------------|-------------------------------------|------------------------------|--|---------------------------------------|--------------------------------------|---------------|
| | | | Tax Rate ¹ | 0.0550 | 1.0400 | 0.49952 | 0.21435 | 0.1230 | | |
| 2017 | \$ 45,000,000 | \$ 45,000,000 | \$ 24,750 | \$ 468,000 | \$ 492,750 | \$ 224,784 | \$ 96,458 | \$ 55,350 | \$ 813,992 | |
| 2018 | \$ 135,000,000 | \$ 30,000,000 | \$ 74,250 | \$ 312,000 | \$ 386,250 | \$ 337,176 | \$ 289,373 | \$ 166,050 | \$ 1,012,799 | |
| 2019 | \$ 129,600,000 | \$ 30,000,000 | \$ 71,280 | \$ 312,000 | \$ 383,280 | \$ 323,689 | \$ 277,798 | \$ 159,408 | \$ 984,767 | |
| 2020 | \$ 124,200,000 | \$ 30,000,000 | \$ 68,310 | \$ 312,000 | \$ 380,310 | \$ 310,202 | \$ 266,223 | \$ 152,766 | \$ 956,735 | |
| 2021 | \$ 118,800,000 | \$ 30,000,000 | \$ 65,340 | \$ 312,000 | \$ 377,340 | \$ 296,715 | \$ 254,648 | \$ 146,124 | \$ 928,703 | |
| 2022 | \$ 113,400,000 | \$ 30,000,000 | \$ 62,370 | \$ 312,000 | \$ 374,370 | \$ 283,228 | \$ 243,073 | \$ 139,482 | \$ 900,671 | |
| 2023 | \$ 108,000,000 | \$ 30,000,000 | \$ 59,400 | \$ 312,000 | \$ 371,400 | \$ 539,482 | \$ 231,498 | \$ 132,840 | \$ 1,142,380 | |
| 2024 | \$ 102,600,000 | \$ 30,000,000 | \$ 56,430 | \$ 312,000 | \$ 368,430 | \$ 512,508 | \$ 219,923 | \$ 126,198 | \$ 1,100,861 | |
| 2025 | \$ 97,200,000 | \$ 30,000,000 | \$ 53,460 | \$ 312,000 | \$ 365,460 | \$ 485,533 | \$ 208,348 | \$ 119,556 | \$ 1,059,342 | |
| 2026 | \$ 91,800,000 | \$ 30,000,000 | \$ 50,490 | \$ 312,000 | \$ 362,490 | \$ 458,559 | \$ 196,773 | \$ 112,914 | \$ 1,017,823 | |
| 2027 | \$ 86,400,000 | \$ 30,000,000 | \$ 47,520 | \$ 312,000 | \$ 359,520 | \$ 431,585 | \$ 185,198 | \$ 106,272 | \$ 976,304 | |
| 2028 | \$ 81,000,000 | \$ 81,000,000 | \$ 44,550 | \$ 842,400 | \$ 886,950 | \$ 404,611 | \$ 173,624 | \$ 99,630 | \$ 1,465,185 | |
| 2029 | \$ 75,600,000 | \$ 75,600,000 | \$ 41,580 | \$ 786,240 | \$ 827,820 | \$ 377,637 | \$ 162,049 | \$ 92,988 | \$ 1,367,506 | |
| 2030 | \$ 70,200,000 | \$ 70,200,000 | \$ 38,610 | \$ 730,080 | \$ 768,690 | \$ 350,663 | \$ 150,474 | \$ 86,346 | \$ 1,269,827 | |
| 2031 | \$ 64,800,000 | \$ 64,800,000 | \$ 35,640 | \$ 673,920 | \$ 709,560 | \$ 323,689 | \$ 138,899 | \$ 79,704 | \$ 1,172,148 | |
| | | | | | | | | | | |
| | | | Total | \$ 793,980 | \$ 6,620,640 | \$ 7,414,620 | \$ 5,660,061 | \$ 3,094,357 | \$ 1,775,628 | \$ 16,169,038 |
| | | | Diff | \$ 0 | \$ 8,392,800 | \$ 8,392,800 | \$ 1,551,010 | \$ 0 | \$ 0 | \$ 11,719,438 |

¹Tax Rate per \$100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant's project on 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 | 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 | Reeves County WCISD #2 Tax Levy | Estimated Total Property Taxes |
|--------------|---------------------------------------|---------------------------------------|-----------------------------|---------------------------|-------------------------------------|------------------------------|--|---------------------------------------|--------------------------------------|
| | | | Tax Rate¹ | 0.0550 | 1.0400 | 0.4200 | 0.2288 | 0.1230 | |
| 2017 | \$ 45,000,000 | \$ 45,000,000 | \$ 24,750 | \$ 468,000 | \$ 492,750 | \$ 224,784 | \$ 96,458 | \$ 55,350 | \$ 869,342 |
| 2018 | \$ 135,000,000 | \$ 135,000,000 | \$ 74,250 | \$ 1,404,000 | \$ 1,478,250 | \$ 674,352 | \$ 289,373 | \$ 166,050 | \$ 2,608,025 |
| 2019 | \$ 129,600,000 | \$ 129,600,000 | \$ 71,280 | \$ 1,347,840 | \$ 1,419,120 | \$ 647,378 | \$ 277,798 | \$ 159,408 | \$ 2,503,704 |
| 2020 | \$ 124,200,000 | \$ 124,200,000 | \$ 68,310 | \$ 1,291,680 | \$ 1,359,990 | \$ 620,404 | \$ 266,223 | \$ 152,766 | \$ 2,399,383 |
| 2021 | \$ 118,800,000 | \$ 118,800,000 | \$ 65,340 | \$ 1,235,520 | \$ 1,300,860 | \$ 593,430 | \$ 254,648 | \$ 146,124 | \$ 2,295,062 |
| 2022 | \$ 113,400,000 | \$ 113,400,000 | \$ 62,370 | \$ 1,179,360 | \$ 1,241,730 | \$ 566,456 | \$ 243,073 | \$ 139,482 | \$ 2,190,741 |
| 2023 | \$ 108,000,000 | \$ 108,000,000 | \$ 59,400 | \$ 1,123,200 | \$ 1,182,600 | \$ 539,482 | \$ 231,498 | \$ 132,840 | \$ 2,086,420 |
| 2024 | \$ 102,600,000 | \$ 102,600,000 | \$ 56,430 | \$ 1,067,040 | \$ 1,123,470 | \$ 512,508 | \$ 219,923 | \$ 126,198 | \$ 1,982,099 |
| 2025 | \$ 97,200,000 | \$ 97,200,000 | \$ 53,460 | \$ 1,010,880 | \$ 1,064,340 | \$ 485,533 | \$ 208,348 | \$ 119,556 | \$ 1,877,778 |
| 2026 | \$ 91,800,000 | \$ 91,800,000 | \$ 50,490 | \$ 954,720 | \$ 1,005,210 | \$ 458,559 | \$ 196,773 | \$ 112,914 | \$ 1,773,457 |
| 2027 | \$ 86,400,000 | \$ 86,400,000 | \$ 47,520 | \$ 898,560 | \$ 946,080 | \$ 431,585 | \$ 185,198 | \$ 106,272 | \$ 1,669,136 |
| 2028 | \$ 81,000,000 | \$ 81,000,000 | \$ 44,550 | \$ 842,400 | \$ 886,950 | \$ 404,611 | \$ 173,624 | \$ 99,630 | \$ 1,564,815 |
| 2029 | \$ 75,600,000 | \$ 75,600,000 | \$ 41,580 | \$ 786,240 | \$ 827,820 | \$ 377,637 | \$ 162,049 | \$ 92,988 | \$ 1,460,494 |
| 2030 | \$ 70,200,000 | \$ 70,200,000 | \$ 38,610 | \$ 730,080 | \$ 768,690 | \$ 350,663 | \$ 150,474 | \$ 86,346 | \$ 1,356,173 |
| 2031 | \$ 64,800,000 | \$ 64,800,000 | \$ 35,640 | \$ 673,920 | \$ 709,560 | \$ 323,689 | \$ 138,899 | \$ 79,704 | \$ 1,251,852 |
| Total | | | \$ 793,980 | \$ 15,013,440 | \$ 15,807,420 | \$ 7,211,071 | \$ 3,094,357 | \$ 1,775,628 | \$ 27,888,475 |

¹Tax 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 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.

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 | \$ 468,000 | \$ 468,000 | \$ 0 | \$ 0 |
| Limitation Period (10 Years) | 2018 | \$ 312,000 | \$ 780,000 | \$ 1,092,000 | \$ 1,092,000 |
| | 2019 | \$ 312,000 | \$ 1,092,000 | \$ 1,035,840 | \$ 2,127,840 |
| | 2020 | \$ 312,000 | \$ 1,404,000 | \$ 979,680 | \$ 3,107,520 |
| | 2021 | \$ 312,000 | \$ 1,716,000 | \$ 923,520 | \$ 4,031,040 |
| | 2022 | \$ 312,000 | \$ 2,028,000 | \$ 867,360 | \$ 4,898,400 |
| | 2023 | \$ 312,000 | \$ 2,340,000 | \$ 811,200 | \$ 5,709,600 |
| | 2024 | \$ 312,000 | \$ 2,652,000 | \$ 755,040 | \$ 6,464,640 |
| | 2025 | \$ 312,000 | \$ 2,964,000 | \$ 698,880 | \$ 7,163,520 |
| | 2026 | \$ 312,000 | \$ 3,276,000 | \$ 642,720 | \$ 7,806,240 |
| | 2027 | \$ 312,000 | \$ 3,588,000 | \$ 586,560 | \$ 8,392,800 |
| Maintain Viable Presence (5 Years) | 2028 | \$ 842,400 | \$ 4,430,400 | \$ 0 | \$ 8,392,800 |
| | 2029 | \$ 786,240 | \$ 5,216,640 | \$ 0 | \$ 8,392,800 |
| | 2030 | \$ 730,080 | \$ 5,946,720 | \$ 0 | \$ 8,392,800 |
| | 2031 | \$ 673,920 | \$ 6,620,640 | \$ 0 | \$ 8,392,800 |
| | 2032 | \$ 617,760 | \$ 7,238,400 | \$ 0 | \$ 8,392,800 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2033 | \$ 561,600 | \$ 7,800,000 | \$ 0 | \$ 8,392,800 |
| | 2034 | \$ 505,440 | \$ 8,305,440 | \$ 0 | \$ 8,392,800 |
| | 2035 | \$ 449,280 | \$ 8,754,720 | \$ 0 | \$ 8,392,800 |
| | 2036 | \$ 393,120 | \$ 9,147,840 | \$ 0 | \$ 8,392,800 |
| | 2037 | \$ 351,000 | \$ 9,498,840 | \$ 0 | \$ 8,392,800 |
| | 2038 | \$ 351,000 | \$ 9,849,840 | \$ 0 | \$ 8,392,800 |
| | 2039 | \$ 351,000 | \$ 10,200,840 | \$ 0 | \$ 8,392,800 |
| | 2040 | \$ 351,000 | \$ 10,551,840 | \$ 0 | \$ 8,392,800 |
| | 2041 | \$ 351,000 | \$ 10,902,840 | \$ 0 | \$ 8,392,800 |
| | 2042 | \$ 351,000 | \$ 11,253,840 | \$ 0 | \$ 8,392,800 |
| | | \$ 11,253,840 | is greater than | \$ 8,392,800 | |

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:

- Per Brazos Delaware, LLC, "a 313 agreement is vital to the proposed Comanche Plant economics." Additionally, "other potential projects are presently competing for the same capital

expenditures” which include “possible gas processing plants, gathering and crude terminals in Southern New Mexico.”

- Pursuant to Application Amendment 1, Tab 5, “Brazos Delaware is planning to construct and operate a regional gas manufacturing complex within the Delaware Basin. Based on the geologic boundaries of the Delaware Basin, this region includes large portions of SE New Mexico as well as far west Texas.” The applicant further states that they “are in ongoing discussions [with] oil and gas producers within the Basin, which have operations in either or both the Texas and NM portions of the Basin.”
- Per Brazos Delaware, LLC they “have not received any specific incentive offers from New Mexico as to a particular location as [they] have initiated the economic analysis of a 313 agreement in Texas first.”
- In the attached applicant email correspondence dated May 03, 2016, Brazos Delaware, LLC states that they are not associated with the Comanche Trail Pipeline and that there are “numerous pipeline outlets in the southern Delaware” that the applicant can conduct business with.
- Attached map indicates project location in relation to adjacent natural gas and natural gas liquid pipelines.

Supporting Information

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

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 #1127. 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. 32057841325) 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 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 15th day of November, 2016.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By: Gail Box
Gail Box
President, Board of Trustees

ATTEST:

By: Randy Graham
Randy Graham
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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

ATTACHMENT A
Application of
Brazos Delaware, LLC

March 4th 2016

Pecos-Barstow-Toyah ISD
Mr. Jim Haley
1302 South Park Street
Pecos, TX 79772

RE: Application for Section 313 – Value Limitation Agreement

Brazos Delaware, LLC is considering plans to build a (Phase I) 60mmscf/d gas processing plant followed by (Phase II) a 200mmscf/d gas processing plant inside Pecos-Barstow-Toyah ISD. That will allow us the ability to process raw natural gas into useable products. The estimated total investment for this project will be approximately \$135mm, with estimated completion in the 4th quarter of 2017.

The positive economic impact stretches beyond the investment by providing a number of jobs during the construction phase, and at least 10 full time local jobs once construction is complete.

Brazos Delaware, LLC is committed to the growth and welfare of the community. We believe our investment in Reeves County affirms our dedication to maintaining a considerable presence in the area.

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

Please feel free to contact me if you have any questions. I can be reached via telephone 469-298-1594 or by email mfry@keatax.com.

Sincerely,



Mike Fry

TAB 01

Application

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

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

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

JUSTIN DEMERATH

March 22, 2016

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

RE: Application to the Pecos-Barstow-Toyah Independent School District from Brazos
Delaware, LLC
(First Qualifying Year 2017, First Value Limitation Year 2018)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Pecos-Barstow-Toyah Independent School District is notifying Brazos Delaware, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant submitted the Application to the school district on March 9, 2016. The Board voted to accept the application on March 17, 2016. The application has been determined complete as of March 22, 2016. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in 2018, the first year following commercial operations. Please prepare the economic impact report.

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

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Reeves County Appraisal District
Brazos Delaware, 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/. 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

March 9, 2016

Date Application Received by District

Jim

First Name

Superintendent of Schools

Title

Pecos-Barstow-Toyah ISD

School District Name

1302 South Park Street

Street Address

1302 South Park Street

Mailing Address

Pecos

City

432-447-7201

Phone Number

Mobile Number (optional)

Haley

Last Name

Texas

State

432-447-3076

Fax Number

jhaley@pbtisd.esc18.net

Email Address

79772

ZIP

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



Yes



No

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 <i>(optional)</i> | 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 <i>(optional)</i> | 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 <i>(optional)</i> | 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)**

Mike

Fry

First Name

Last Name

Director - Energy Services

Title

K E Andrews Company

Firm Name

469-298-1594

469-298-1619

Phone Number

Fax Number

mfry@keatax.com

Business Email Address

SECTION 3: Fees and Payments

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

The total fee shall be paid at time of 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? Brazos Delaware, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32057841325
3. List the NAICS code 325110
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) Limited Liability Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ 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:

☒ Land has no existing improvements

☐ Land has existing improvements (*complete Section 13*)

☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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? June 2016

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): \$ 0.00
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): \$ 0.00

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

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☐ Second Quarter ☐ Third Quarter ☒ Fourth Quarter of 2015
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 10
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 785.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 453.20
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,040.68
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? 54,115.60
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 54,115.60
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)

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

John Souders

Controller

Print Name (Authorized Company Representative (Applicant))

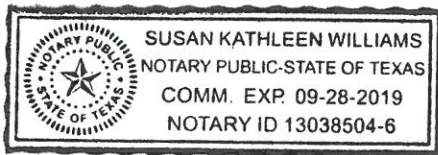
Title

sign
here

Signature (Authorized Company Representative (Applicant))

11/1/2016

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

1st day of November, 2016

Susan Williams

Notary Public in and for the State of Texas

My Commission expires: 9/28/2019

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

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

| TAB | ATTACHMENT |
|-----|---|
| 1 | Pages 1 through 11 of Application |
| 2 | Proof of Payment of Application Fee |
| 3 | Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i> |
| 4 | Detailed description of the project |
| 5 | Documentation to assist in determining if limitation is a determining factor |
| 6 | Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i> |
| 7 | Description of Qualified Investment |
| 8 | Description of Qualified Property |
| 9 | Description of Land |
| 10 | Description of all property not eligible to become qualified property <i>(if applicable)</i> |
| 11 | <p>Maps that clearly show:</p> <ul style="list-style-type: none"> a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic maps should be high resolution files. Include map legends/markers.</p> |
| 12 | Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i> |
| 13 | Calculation of three possible wage requirements with TWC documentation |
| 14 | Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i> |
| 15 | Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i> |
| 16 | <p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p> |
| 17 | Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i> |

TAB 02

Proof of Payment of Application Fee

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

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

TAB 03

Documentation of Combined Group Membership

Texas Franchise Tax Extension Affiliate List

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

32056577243

2016

BRAZOS MIDSTREAM HOLDINGS LLC

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|---------------------------------|--|---|
| 1. BRAZOS PERMIAN, LLC ■ | 32057841242 | ■ <input type="checkbox"/> |
| 2. BRAZOS DELAWARE, LLC ■ | 32057841325 | ■ <input type="checkbox"/> |
| 3. BRAZOS DELAWARE CRUDE, LLC ■ | 32057841267 | ■ <input type="checkbox"/> |
| 4. BRAZOS DELAWARE GAS, LLC ■ | 32057841309 | ■ <input type="checkbox"/> |
| 5. ■ | | ■ <input type="checkbox"/> |
| 6. ■ | | ■ <input type="checkbox"/> |
| 7. ■ | | ■ <input type="checkbox"/> |
| 8. ■ | | ■ <input type="checkbox"/> |
| 9. ■ | | ■ <input type="checkbox"/> |
| 10. ■ | | ■ <input type="checkbox"/> |
| 11. ■ | | ■ <input type="checkbox"/> |
| 12. ■ | | ■ <input type="checkbox"/> |
| 13. ■ | | ■ <input type="checkbox"/> |
| 14. ■ | | ■ <input type="checkbox"/> |
| 15. ■ | | ■ <input type="checkbox"/> |
| 16. ■ | | ■ <input type="checkbox"/> |
| 17. ■ | | ■ <input type="checkbox"/> |
| 18. ■ | | ■ <input type="checkbox"/> |
| 19. ■ | | ■ <input type="checkbox"/> |
| 20. ■ | | ■ <input type="checkbox"/> |
| 21. ■ | | ■ <input type="checkbox"/> |

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

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only

VE/DE



FM



7003

TAB 04

Detailed Description of Project

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

Brazos Delaware, LLC (or “the Company”) is a midstream energy company, whose primary activities include gas and crude gathering, treating, terminals and processing. With an initial focus on Texas and the adjoining states of New Mexico and Oklahoma, Brazos desires to ensure constrained producers reliable access to high value markets.

Oklahoma
New Mexico
Texas

Proposed Project Description

Brazos Delaware, LLC proposes to build a new (Phase I) 60 MMcf/d Gas Processing Plant and (Phase II) a 200MMcf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas. Projected timeline for Brazos to start construction is July of 2016 and start hiring the new employees in August of 2016. This should allow for an estimated completion and commencement date of Phase I and Phase II by December 2017. The feedstock for our processing facility will be raw natural gas, which exists in mixtures with other hydrocarbons, brought directly from underground to wellheads and then gathered through pipeline systems to the inlet of our facility. Our facility will use cryogenic processes to manufacture various hydrocarbons and fluids from pure natural gas, to produce what is known as dry natural gas, which is both cleaner and purer. The “products” of the facility will therefore include natural gas liquids (“NGLs”), consisting of ethane, propane, butane, and pentanes, as well as a ‘pipeline quality’ dry natural gas stream.

Cryogenic Natural Gas Processing Plants

The Comanche Plant would include the installation of two (2) refrigerated cryogenic gas plants. (Phase I 60MMcf/d and Phase II 200MMcf/d) If completed, the Comanche Gas Processing Plant will be designed to process 260MMcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H₂O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- Environmental: (A) Flare-Stack, Scrubber, and Leak Detection; (L) Liners, Containment.

TAB 05

Limitation as Determining Factor

Limitation as Determining Factor w/ability to locate or relocate:

Brazos Delaware, LLC (or “the Company”) Brazos Delaware, LLC provides gathering systems, and liquids handling and compressor stations. The company offers designs and operates natural gas or crude oil gathering facilities; low-pressure and high-pressure compression facilities; and processing and treating facilities, as well as condensate stabilization and vapor recovery systems. It serves producers in Texas and the adjoining states. Brazos Midstream currently operates a crude terminal and natural gas gathering systems in far West Texas soon to be expanding into Southern New Mexico.

Brazos Delaware is planning to construct and operate a regional gas manufacturing complex within the Delaware Basin. Based on the geologic boundaries of the Delaware Basin, this region includes large portions of SE New Mexico as well as far west Texas. We are in ongoing discussions oil and gas producers within the Basin, which have operations in either or both the Texas and NM portions of the Basin. We are therefore evaluating potential locations and within New Mexico as well that are geographically located within the Delaware Basin. We have not received any specific incentive offers from New Mexico as to a particular location as we have initiated the economic analysis of a 313 agreement in Texas first. As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Comanche Plant economics just as potential customer response will be. Both factors will be considered before any determination is made.

TAB 06

N/A

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

Brazos Delaware, LLC (or "the Company") is a midstream energy company, whose primary activities include gas and crude gathering, treating, terminals and processing. With an initial focus on Texas and the adjoining states of New Mexico and Oklahoma, Brazos desires to ensure constrained producers reliable access to high value markets.

Oklahoma
New Mexico
Texas

Proposed Project Description

Brazos Delaware, LLC proposes to build a new (Phase I) 60 MMcf/d Gas Processing Plant and (Phase II) a 200MMcf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas. Projected timeline for Brazos to start construction is July of 2016 and start hiring the new employees in August of 2016. This should allow for completion and commencement of Phase I commercial operations to start in December of 2016, followed by Phase II with an estimated completion date of December 2017.

Cryogenic Natural Gas Processing Plants

The Comanche Plant would include the installation of two (2) refrigerated cryogenic gas plants. (Phase I 60MMcf/d and Phase II 200MMcf/d) If completed, the Comanche Gas Processing Plant will be designed to process 260MMcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H2O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- Environmental: (A) Flare-Stack, Scrubber, and Leak Detection; (L) Liners, Containment.

TAB 08

Please refer to Tab 07

TAB 09

Description of Land

EXHIBIT "A"
PROPERTY DESCRIPTION
40.01 ACRES/1,742,730 S.F.

BEING A 40.01 ACRE (1,742,730 SQUARE FOOT) TRACT OF LAND SITUATED IN SECTION 5, BLOCK C4, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 4604, REEVES COUNTY, TEXAS AND BEING PART OF A TRACT OF LAND DESCRIBED IN DEED TO WOLF BONE RANCH PARTNERS LLC AS RECORDED IN BOOK 861, PAGE 583 OF THE OFFICIAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS. SAID 40.01 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

(BEARINGS, DISTANCES, AREA AND COORDINATES ARE GRID BASED ON GCS OBSERVATIONS AND CONFORM TO THE "TEXAS COORDINATE SYSTEM", TEXAS CENTRAL ZONE, NORTH AMERICAN DATUM OF 1983, THE CONVERGENCE ANGLE AT THE POINT OF BEGINNING IS -01°29'23.3" AND THE COMBINED SCALE FACTOR IS 0.999773929)

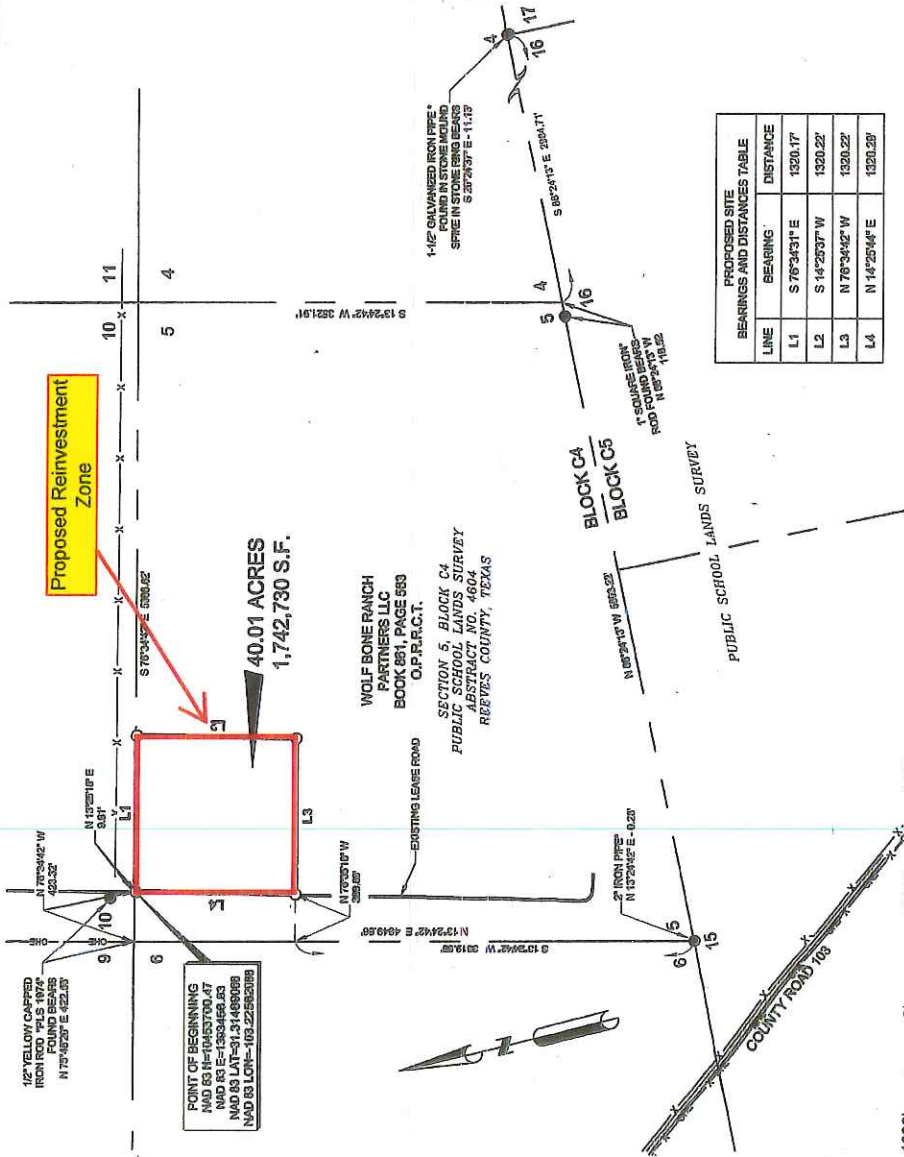
BEGINNING AT A 1/2" REINFORCING BAR WITH ORANGE PLASTIC CAP STAMPED "TRANSGLOBAL SERVICES" SET (HEREINAFTER CALLED A 1/2" REINFORCING BAR SET) (N:10453700.47 E:1393456.83) FOR THE NORTH CORNER OF SAID 40.01 ACRE TRACT, FROM WHICH THE NORTH CORNER OF SAID SECTION 5 BEARS N 13°25'18" E, A DISTANCE OF 9.91 FEET AND N 76°34'42" W, A DISTANCE OF 423.32 FEET AND FROM SAID CORNER A 1/2" CAPPED IRON ROD STAMPED "PLS 1974" FOUND BEARS N 75°48'20" E, A DISTANCE OF 422.53 FEET;

THENCE, S 76°34'31" E, A DISTANCE OF 1320.17 FEET TO A 1/2" REINFORCING BAR SET (N:10453383.97, E:1394740.93) FOR THE EAST CORNER OF SAID 40.01 ACRE TRACT;

THENCE, S 14°25'37" W, A DISTANCE OF 1320.22 FEET TO A 1/2" REINFORCING BAR SET (N:10452115.38, E:1394412.01) FOR THE SOUTH CORNER OF SAID 40.01 ACRE TRACT;

THENCE, N 76°34'42" W, A DISTANCE OF 1320.22 FEET TO A 1/2" REINFORCING BAR SET (N:10452421.82, E:1393127.84) FOR THE WEST CORNER OF SAID 40.01 ACRE TRACT, FROM WHICH THE WEST CORNER OF SAID SECTION 5 BEARS N 76°35'18" W, A DISTANCE OF 399.89 FEET AND S 13°24'42" W, A DISTANCE OF 3319.59 FEET AND FROM SAID CORNER A 2" IRON PIPE FOUND BEARS N 13°24'42" E, A DISTANCE OF 0.28 FEET;

THENCE, N 14°25'44" E, A DISTANCE OF 1320.29 FEET TO THE POINT OF BEGINNING AND CONTAINING A CALCULATED AREA OF 40.01 ACRES OR 1,742,730 SQUARE FEET OF LAND.



Timothy A. Nold
Registered Professional Land Surveyor
Texas Registration No. 5688

2/1/2016
Date



Survey Plat

of a
40.01 Acre/1,742,730 S.F. Tract
Situating in

SECTION 5, BLOCK C4
PUBLIC SCHOOL LAND SURVEY
ABSTRACT NO. 4604
Reeves County, Texas

| REV. | DATE | BY | DESCRIPTION | CHK |
|------|----------|-----|-------------|-----|
| 1 | 01-29-16 | WFC | PL1001 | |
| 2 | 01-29-16 | WFC | PL1001 | |
| 3 | 01-29-16 | WFC | PL1001 | |
| 4 | 01-29-16 | WFC | PL1001 | |
| 5 | 01-29-16 | WFC | PL1001 | |
| 6 | 01-29-16 | WFC | PL1001 | |
| 7 | 01-29-16 | WFC | PL1001 | |
| 8 | 01-29-16 | WFC | PL1001 | |
| 9 | 01-29-16 | WFC | PL1001 | |
| 10 | 01-29-16 | WFC | PL1001 | |
| 11 | 01-29-16 | WFC | PL1001 | |
| 12 | 01-29-16 | WFC | PL1001 | |
| 13 | 01-29-16 | WFC | PL1001 | |
| 14 | 01-29-16 | WFC | PL1001 | |
| 15 | 01-29-16 | WFC | PL1001 | |
| 16 | 01-29-16 | WFC | PL1001 | |
| 17 | 01-29-16 | WFC | PL1001 | |
| 18 | 01-29-16 | WFC | PL1001 | |
| 19 | 01-29-16 | WFC | PL1001 | |
| 20 | 01-29-16 | WFC | PL1001 | |

8205 Camp Bowie West, Suite 204
Fort Worth, Texas 76116
(817) 523-1180 ~ Fax (817) 523-1181
TELEFAX FROM 10153740



TRANSGLOBAL
SERVICES LLC
TGS PROJECT NO: 1601108

NOTES:
1. BEARINGS, DISTANCES, AREA AND COORDINATES ARE GRID BASED ON GCS OBSERVATIONS AND CONFORM TO THE "TEXAS COORDINATE SYSTEM", TEXAS CENTRAL ZONE, NORTH AMERICAN DATUM OF 1983, THE CONVERGENCE ANGLE AT THE POINT OF BEGINNING IS -01°29'23.3" AND THE COMBINED SCALE FACTOR IS 0.999773929.
2. THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A COMMENTARY FOR TITLE INSURANCE. NOT ALL EASEMENTS OR OTHER MATTERS OF TITLE MAY BE SHOWN.
3. LOCATION OF IMPROVEMENTS WAS BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAS BEEN SPECIFICALLY OMITTED.
4. ALL MONUMENTS ARE A 1/2" INCH REINFORCING BAR SET WITH ORANGE PLASTIC CAP STAMPED "TRANSGLOBAL SERVICES" UNLESS OTHERWISE NOTED.
5. ASTRISCUSS (*) DENOTE CONTIGUOUS MONUMENTS.

LEGEND
● 1/2" REINFORCING BAR SET WITH ORANGE PLASTIC CAP STAMPED "TRANSGLOBAL SERVICES"
○ MONUMENT FOUND - TYPE AS NOTED
D.R.R.C.T. DEED RECORDS, REEVES COUNTY, TEXAS
O.P.R.C.T. OFFICIAL, PUBLIC RECORDS, REEVES COUNTY, TEXAS



[TaxNetUSA](#) > [Texas](#) > [Reeves County](#) > [Detail Report](#)

PIDN: R000011832 GEO: 01160-00050-00000-000000

Owner Name WOLF BONE RANCH PARTNERS LLC**Mailing** 110 W LOUISIANA ST STE 500**Address** MIDLAND, TX 79701**Location** 0**Legal** Acres: 492.000 Blk: C-4 Tract: 5 AB 4604 BLK C-4 SEC 5PSL**Value Information****2015 Certified**

| | |
|------------------------------|-------------|
| Land Value | \$0.00 |
| Improvement Value | \$0.00 |
| AG Value | \$22,140.00 |
| AG Productivity Value | \$1,480.00 |
| Market Value | \$22,140.00 |
| Previous Year Value | \$22,140.00 |

Data up to date as of Sep 1, 2015 including 2015 Certified values.

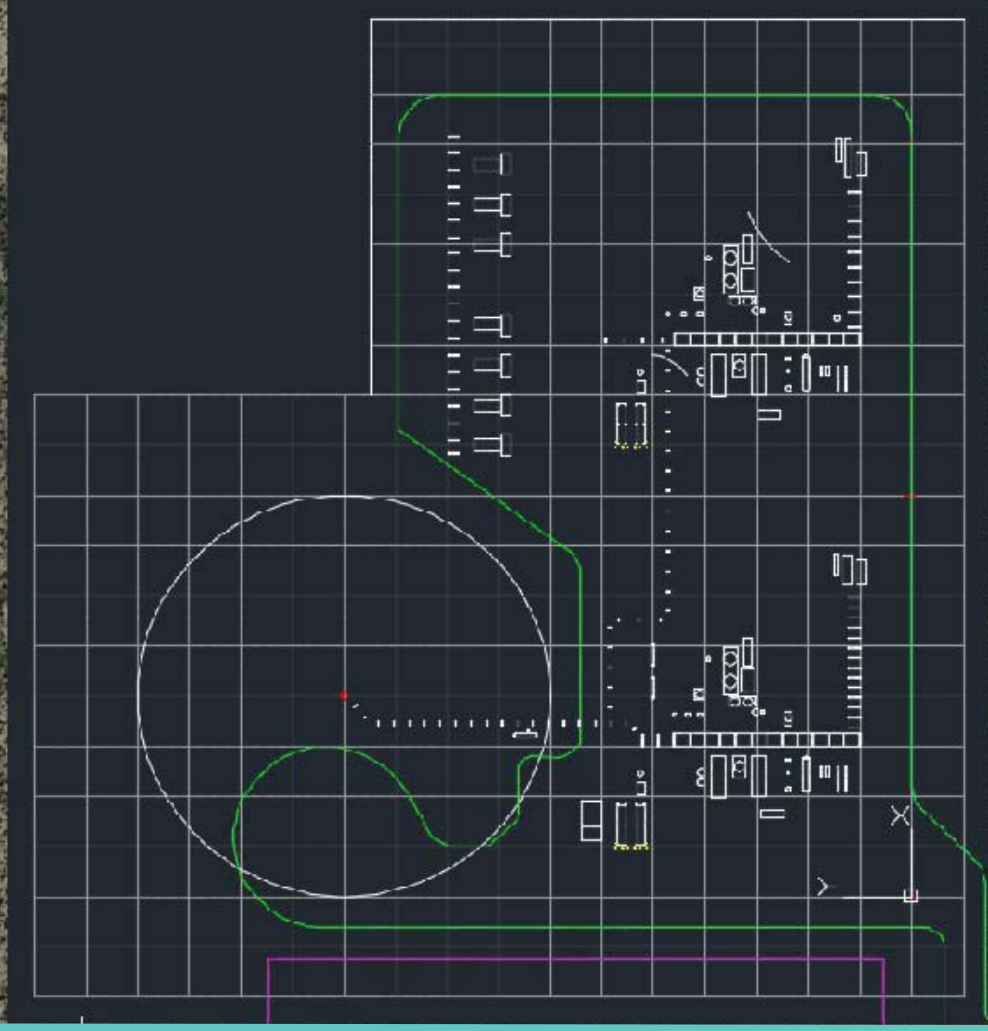
A Property Detail report is available. You must have an account with TaxNetUSA to view Property Detail reports.[Sign in](#) or [sign up for free](#) to access:

Property Details
Taxing Jurisdictions
Estimated Property Taxes
Improvement Details

[View Sample Report](#)

Map of Qualified Property within Reinvestment Zone

Reinvestment Zone Boundary



TAB 10

Description of Existing Improvements

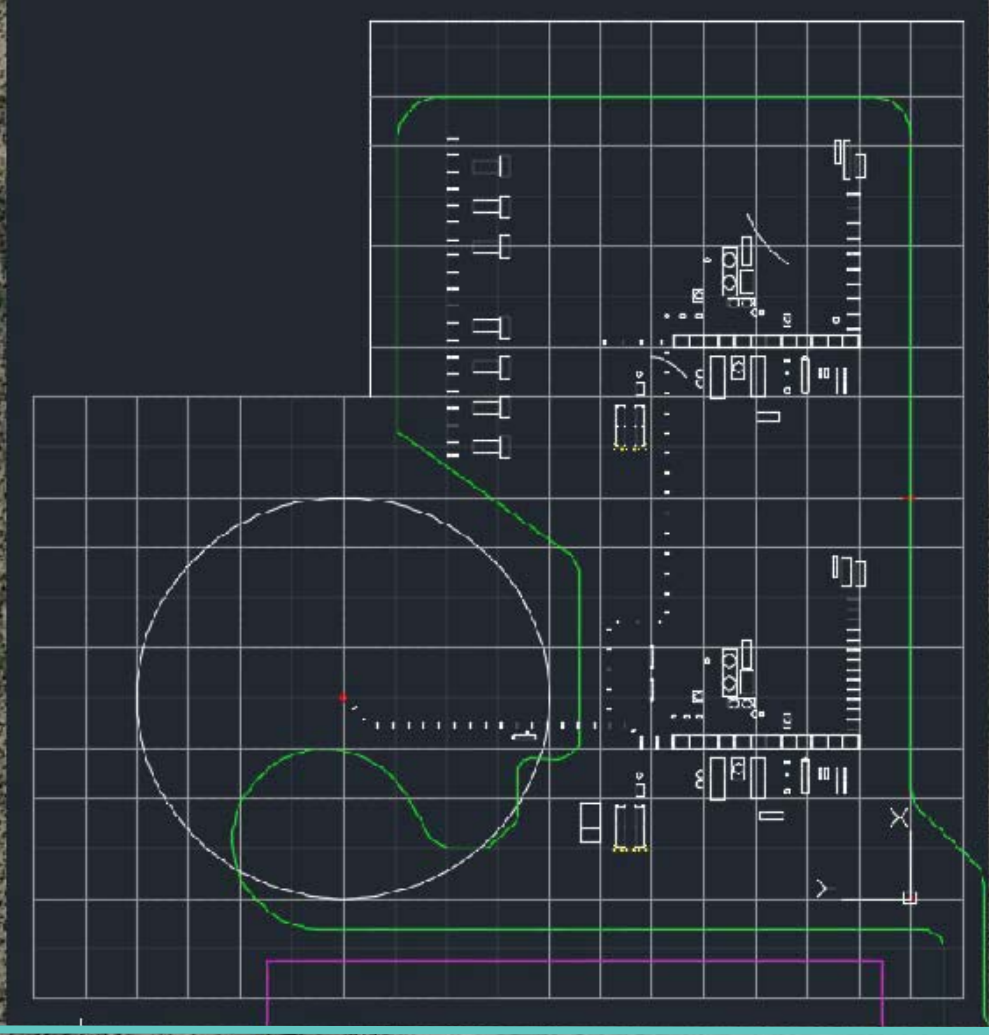
There are no existing improvements related to the proposed project at this site.

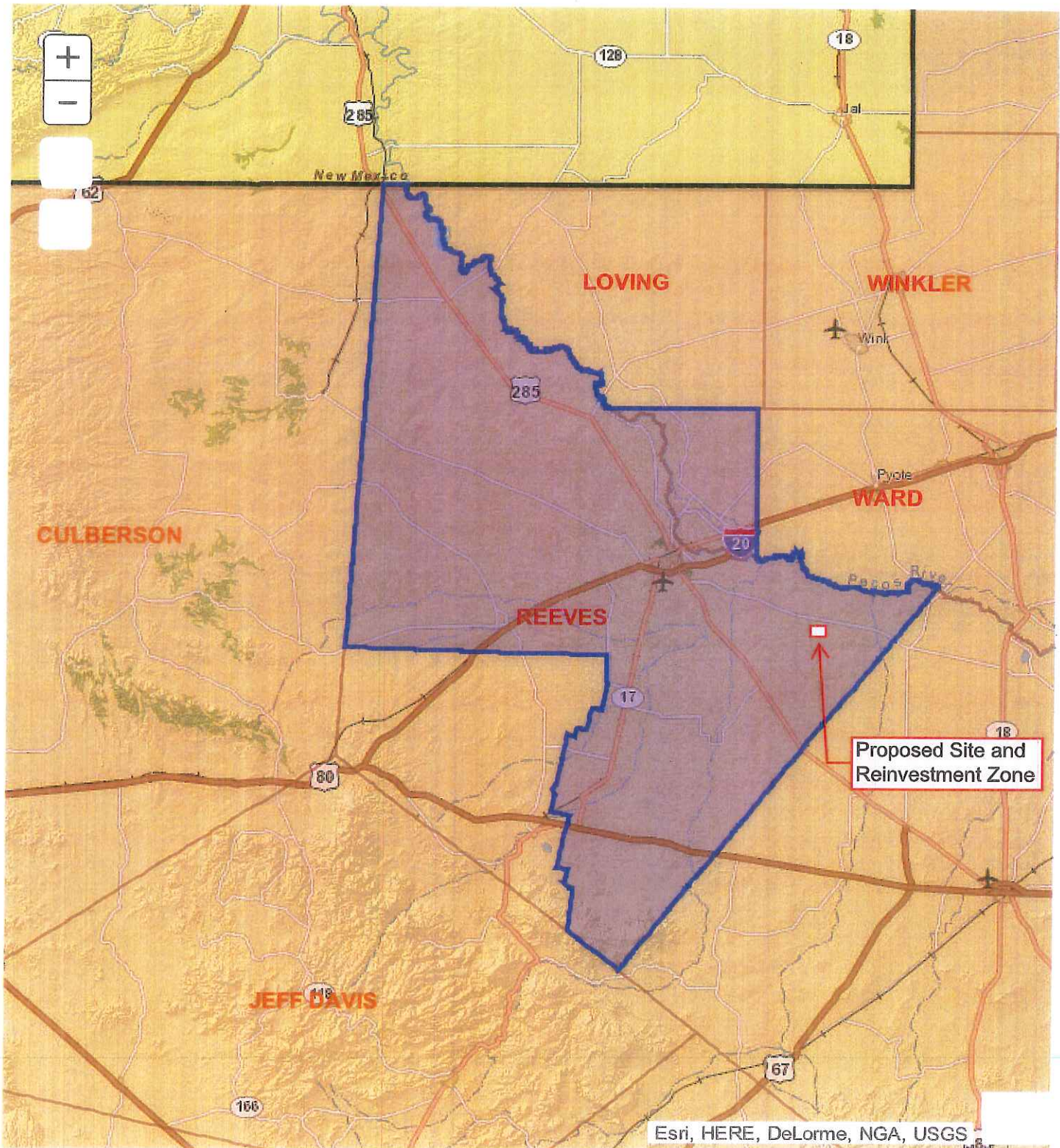
TAB 11

Maps

Map of Qualified Property within Reinvestment Zone

Reinvestment Zone Boundary





Potential Plant Site

Comanche Plant

Legend

 Proposed Site and Reinvestment Zone

Proposed Site and Reinvestment Zone

Google earth

© 2016 Google



4000 ft

1450

103

Potential Plant Site

Comanche Plant

Legend

-  Proposed Site and Reinvestment Zone

Proposed Site and Reinvestment Zone

Google earth

© 2016 Google



5 mi

1450

285

Potential Plant Site

Comanche Plant

57
Legend

Proposed Site and Reinvestment Zone



Google earth

© 2016 Google

EXHIBIT "A"
PROPERTY DESCRIPTION
40.01 ACRES/1,742,730 S.F.

BEING A 40.01 ACRE (1,742,730 SQUARE FEET) TRACT OF LAND SITUATED IN SECTION 5, BLOCK C4, PUBLIC SCHOOL LAND SURVEY, ABSTRACT NO. 4604, REEVES COUNTY, TEXAS AND BEING PART OF A TRACT OF LAND DESCRIBED IN DEED TO WOLF BONE RANCH PARTNERS LLC AS RECORDED IN BOOK 861, PAGE 583 OF THE OFFICIAL PUBLIC RECORDS OF REEVES COUNTY, TEXAS, SAID 40.01 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

(BEARINGS, DISTANCES, AREA AND COORDINATES ARE GRID BASED ON GPS OBSERVATIONS AND CONFORM TO THE "TEXAS COORDINATE SYSTEM" TEXAS CENTRAL ZONE, NORTH AMERICAN DATUM OF 1983. THE CONVERGENCE ANGLE AT THE POINT OF BEGINNING IS -01°29'23.3" AND THE COMBINED SCALE FACTOR IS 0.999773920)

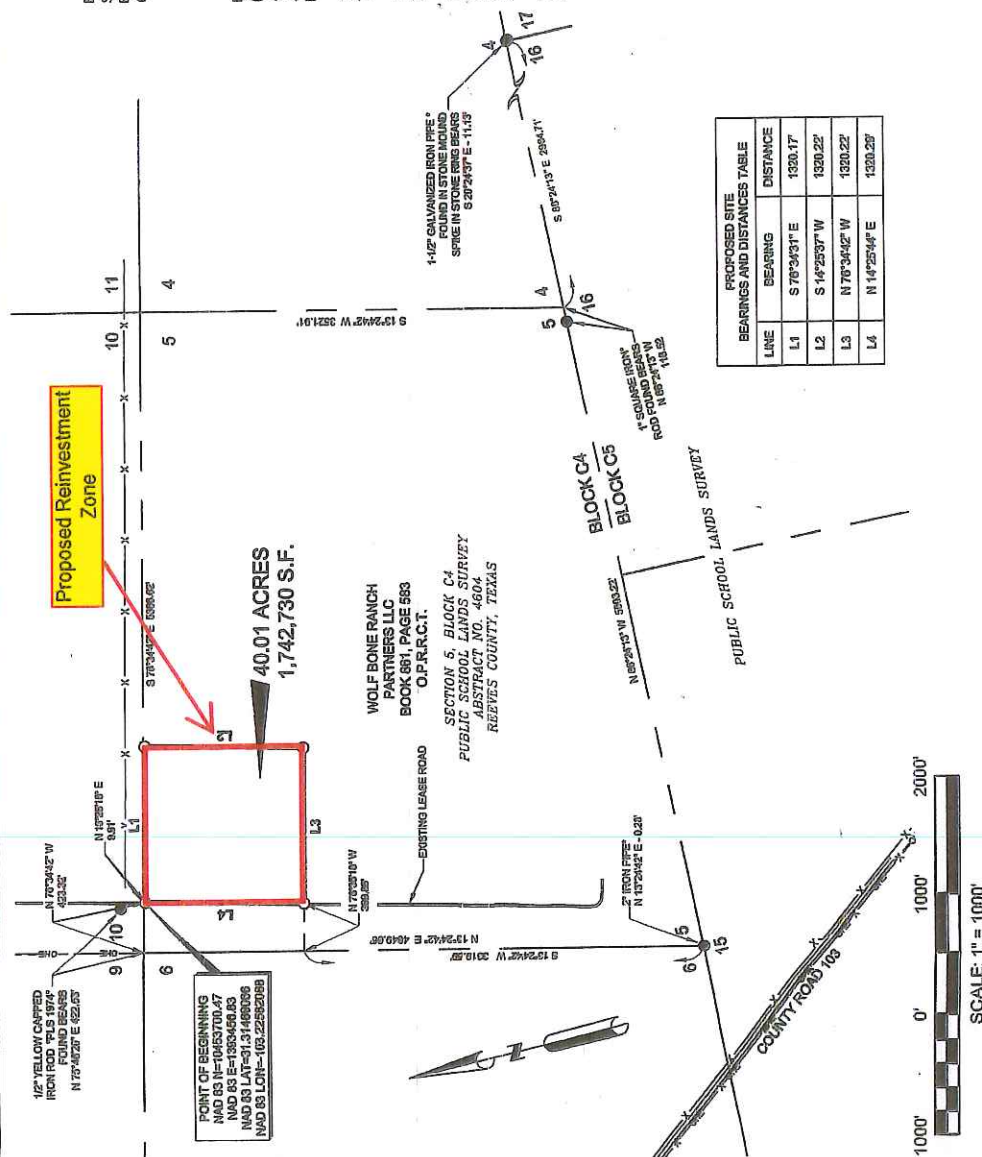
BEGINNING AT A 1/2" REINFORCING BAR WITH ORANGE PLASTIC CAP STAMPED "TRANSGLOBAL SERVICES" SET (HEREINAFTER CALLED A 1/2" REINFORCING BAR SET) (N10453700.47 E1393456.83) FOR THE NORTH CORNER OF SAID 40.01 ACRE TRACT, FROM WHICH THE NORTH CORNER OF SAID SECTION 5 BEARS N 13°25'18" E, A DISTANCE OF 9.91 FEET AND N 76°34'42" W, A DISTANCE OF 423.32 FEET AND FROM SAID CORNER A 1/2" CAPPED IRON ROD STAMPED "PLS 1974" FOUND BEARS N 75°48'20" E, A DISTANCE OF 422.53 FEET;

THENCE S 76°34'31" E, A DISTANCE OF 1320.17 FEET TO A 1/2" REINFORCING BAR SET (N10453399.97 E1394740.93) FOR THE EAST CORNER OF SAID 40.01 ACRE TRACT;

THENCE S 14°25'37" W, A DISTANCE OF 1320.22 FEET TO A 1/2" REINFORCING BAR SET (N10452115.38 E1394412.01) FOR THE SOUTH CORNER OF SAID 40.01 ACRE TRACT;

THENCE N 76°34'42" W, A DISTANCE OF 1320.22 FEET TO A 1/2" REINFORCING BAR SET (N10454242.02 E1395127.84) FOR THE WEST CORNER OF SAID 40.01 ACRE TRACT, FROM WHICH THE WEST CORNER OF SAID SECTION 5 BEARS N 76°35'18" W, A DISTANCE OF 399.69 FEET AND S 13°24'42" W, A DISTANCE OF 3319.59 FEET AND FROM SAID CORNER A 2" IRON PIPE FOUND BEARS N 13°24'42" E, A DISTANCE OF 0.28 FEET;

THENCE N 14°25'44" E, A DISTANCE OF 1320.29 FEET TO THE POINT OF BEGINNING AND CONTAINING A CALCULATED AREA OF 40.01 ACRES OR 1,742,730 SQUARE FEET OF LAND.



| PROPOSED SITE BEARINGS AND DISTANCES TABLE | | |
|--|---------------|----------|
| LINE | BEARING | DISTANCE |
| L1 | S 76°34'31" E | 1320.17 |
| L2 | S 14°25'37" W | 1320.22 |
| L3 | N 76°34'42" W | 1320.22 |
| L4 | N 14°25'44" E | 1320.29 |

- LEGEND**
- 1/2" REINFORCING BAR SET WITH ORANGE PLASTIC CAP STAMPED "TRANSGLOBAL SERVICES"
 - MONUMENT FOUND - TYPE AS NOTED
 - D.R.C.T. DEED RECORDS, REEVES COUNTY, TEXAS
 - O.P.R.C.T. OFFICIAL PUBLIC RECORDS, REEVES COUNTY, TEXAS

NOTES:

- BEARINGS, DISTANCES, AREA AND COORDINATES ARE GRID BASED ON GPS OBSERVATIONS AND CONFORM TO THE "TEXAS COORDINATE SYSTEM" TEXAS CENTRAL ZONE, NORTH AMERICAN DATUM OF 1983. THE CONVERGENCE ANGLE AT THE POINT OF BEGINNING IS -01°29'23.3" AND THE COMBINED SCALE FACTOR IS 0.999773920.
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- LOCATION OF IMPROVEMENTS WAS BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAS BEEN SPECIFICALLY OMITTED.
- ALL MONUMENTS ARE A 1/2" IRON REINFORCING BAR SET WITH ORANGE PLASTIC CAP STAMPED "TRANSGLOBAL SERVICES" UNLESS OTHERWISE NOTED.
- ASTERISKS (*) DENOTE CONTROLLING MONUMENTS.

Timothy A. Nold
2/1/2016
Date
Registered Professional Land Surveyor
Texas Registration No. 5658



Survey Plat
of a
40.01 Acres/1,742,730 S.F. Tract
Situated in
SECTION 5, BLOCK C4
PUBLIC SCHOOL LAND SURVEY
ABSTRACT NO. 4604
Reeves County, Texas

| | | | | |
|-------------|----------|----------|----------|----------------|
| REV. | 0 | DWG. NO. | 1601108 | JAGGED PS&T |
| CHECKED BY: | TAM | DATE: | 01-29-16 | PLANT STAMPING |
| DRAWN BY: | RG | DATE: | 01-28-16 | |
| SCALE: | 1"=1000' | A/C: | PL1001 | PAGE 1 OF 1 |

8205 Camp Bonita West, Suite 204
Fort Worth, Texas 76116
(817) 529-1100 ~ Fax (817) 529-1871
TEP/LS FIRM# 1015240



TAB 12

Request for Job Waiver

N/A

TAB 13

Calculation of Wage Requirements

Calculation of Wage Information - Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

| | | | |
|------|----|----|-----|
| 2014 | 4Q | \$ | 814 |
| 2015 | 1Q | \$ | 817 |
| 2015 | 2Q | \$ | 742 |
| 2015 | 3Q | \$ | 768 |

$$\begin{array}{rcl} \$ 3,141 & /4 = & \$785 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 863.78 \end{array}$$

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

| | | | |
|------|----|----|-----|
| 2014 | 4Q | \$ | 342 |
| 2015 | 1Q | \$ | 306 |
| 2015 | 2Q | \$ | 393 |
| 2015 | 3Q | \$ | 607 |

$$\begin{array}{rcl} \$ 1,648 & /4 = & \$412 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 453.20 \end{array}$$

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

\$49,196.00 per year in Permian Basin

X1.10 (110%)

\$54,115.60

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

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

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

|  Year |  Period |  Area |  Ownership |  Division |  Level |  Ind Code |  Industry |  Avg Weekly Wages |
|--|--|--|---|--|---|--|--|--|
| 2014 | 1st Qtr | Reeves County | Total All | 31 | 2 | 31-33 | Manufacturing | \$353 |
| 2015 | 1st Qtr | Reeves County | Total All | 31 | 2 | 31-33 | Manufacturing | \$306 |
| 2014 | 2nd Qtr | Reeves County | Total All | 31 | 2 | 31-33 | Manufacturing | \$351 |
| 2015 | 2nd Qtr | Reeves County | Total All | 31 | 2 | 31-33 | Manufacturing | \$393 |
| 2014 | 3rd Qtr | Reeves County | Total All | 31 | 2 | 31-33 | Manufacturing | \$330 |
| 2015 | 3rd Qtr | Reeves County | Total All | 31 | 2 | 31-33 | Manufacturing | \$607 |
| 2014 | 4th Qtr | Reeves County | Total All | 31 | 2 | 31-33 | Manufacturing | \$342 |

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
|------|---------|---------------|-----------|----------|-------|----------|-----------------------|------------------|
| 2015 | 1st Qtr | Reeves County | Total All | 00 | 0 | 10 | Total, All Industries | \$817 |
| 2015 | 2nd Qtr | Reeves County | Total All | 00 | 0 | 10 | Total, All Industries | \$742 |
| 2015 | 3rd Qtr | Reeves County | Total All | 00 | 0 | 10 | Total, All Industries | \$768 |
| 2014 | 3rd Qtr | Reeves County | Total All | 00 | 0 | 10 | Total, All Industries | \$796 |
| 2014 | 4th Qtr | Reeves County | Total All | 00 | 0 | 10 | Total, All Industries | \$814 |
| 2014 | 1st Qtr | Reeves County | Total All | 00 | 0 | 10 | Total, All Industries | \$760 |
| 2014 | 2nd Qtr | Reeves County | Total All | 00 | 0 | 10 | Total, All Industries | \$731 |

TAB 14

Schedules A1 - D

| PROPERTY INVESTMENT AMOUNTS | | | | | | |
|--|---|----------------------------|--|---|--|---|
| (Estimated Investment in each year. Do not put cumulative totals.) | | | | | | |
| | Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B New investment made during this year in buildings or components of buildings that will become Qualified Property | Column C Other new investment made during this year that will not become Qualified Property (SEE NOTE) |
| | | | | | | Column D Other new investment made during this year that may become Qualified Property (NOTE) |
| | | | | | | Column E Total Investment (Sum of Columns A-D+C-D) |
| Investment made before filing complete application with district | Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period) | 2016-2017 | 2016 | | | |
| Investment made after filing complete application with district, but before final board approval of application | | | | | | |
| Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period | | | | | | |
| Complete tax years of qualifying time period | QTP1 | 2017-2018 | 2017 | \$ 55,000,000.00 | | \$ 55,000,000.00 |
| | QTP2 | 2018-2019 | 2018 | \$ 55,000,000.00 | | \$ 55,000,000.00 |
| | | | | \$ - | | \$ - |
| Total Investment through Qualifying Time Period [ENTER this row in Schedule A2] | | | | \$ 150,000,000.00 | | \$ 150,000,000.00 |
| Total Qualified Investment (sum of green cells) | | | | \$ 150,000,000.00 | | \$ 150,000,000.00 |
| | | | | Enter amounts from TOTAL row above in Schedule A2 | | |

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.

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, rebuild, renovate, modify or upgrade existing property; or is added to existing property—described in SECTION 13, question #3 of the application.

Column C: 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.) | | | | | | | | | | |
| | Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C Other investment made during this year that will not become Qualified Property (SEE NOTE) | Column D Other investment made during this year that will become Qualified Property (SEE NOTE) | Column E Total Investment (A+B+C+D) | | |
| Total Investment from Schedule A1* | - | TOTALS FROM SCHEDULE A1 | | \$ 150,000,000.00 | | | | \$ 150,000,000.00 | | |
| Each year prior to start of value limitation period** <small>(Invest as many funds as necessary)</small> | 0 | 2016-2017 | 2016 | \$ 55,000,000.00 | | | | \$ 55,000,000.00 | | |
| Each year prior to start of value limitation period** <small>(Invest as many funds as necessary)</small> | 0 | 2017-2018 | 2017 | \$ 95,000,000.00 | | | | \$ 95,000,000.00 | | |
| Value limitation period** | 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 | | | | \$ 150,000,000.00 | | | | \$ 150,000,000.00 | | |
| 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 | | | | | | | |
| | 17 | 2034-2035 | 2034 | | | | | | | |
| | 18 | 2035-2036 | 2035 | | | | | | | |
| | 19 | 2036-2037 | 2036 | | | | | | | |
| | 20 | 2037-2038 | 2037 | | | | | | | |
| Additional years for 25 year economic impact as required by 313.026(c)(1) | 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 components 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 313.02(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.

| | Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year) YYYY | Qualified Property | | | Estimated Taxable Value | | |
|--|------|----------------------------|---|-----------------------------------|---|---|--|---|---|
| | | | | Estimated Market Value of Land | Estimated Total Market Value of new buildings or other new improvements | Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements" | Market Value less any exemptions (such as pollution control) and before limitation | Final taxable value for ISD after all reductions | Final taxable value for M&O after all reductions |
| Each year prior to start of Value Limitation Period | 0 | 2016-2017 | 2016 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Each year prior to start of Value Limitation Period | 0 | 2017-2018 | 2017 | \$ - | \$ - | \$ 45,000,000.00 | \$ 45,000,000.00 | \$ 45,000,000.00 | \$ 45,000,000.00 |
| Value Limitation Period | 1 | 2018-2019 | 2018 | \$ - | \$ - | \$ 135,000,000.00 | \$ 135,000,000.00 | \$ 135,000,000.00 | \$ 30,000,000.00 |
| | 2 | 2019-2020 | 2019 | \$ - | \$ - | \$ 129,600,000.00 | \$ 129,600,000.00 | \$ 129,600,000.00 | \$ 30,000,000.00 |
| | 3 | 2020-2021 | 2020 | \$ - | \$ - | \$ 124,200,000.00 | \$ 124,200,000.00 | \$ 124,200,000.00 | \$ 30,000,000.00 |
| | 4 | 2021-2022 | 2021 | \$ - | \$ - | \$ 118,800,000.00 | \$ 118,800,000.00 | \$ 118,800,000.00 | \$ 30,000,000.00 |
| | 5 | 2022-2023 | 2022 | \$ - | \$ - | \$ 113,400,000.00 | \$ 113,400,000.00 | \$ 113,400,000.00 | \$ 30,000,000.00 |
| | 6 | 2023-2024 | 2023 | \$ - | \$ - | \$ 108,000,000.00 | \$ 108,000,000.00 | \$ 108,000,000.00 | \$ 30,000,000.00 |
| | 7 | 2024-2025 | 2024 | \$ - | \$ - | \$ 102,600,000.00 | \$ 102,600,000.00 | \$ 102,600,000.00 | \$ 30,000,000.00 |
| | 8 | 2025-2026 | 2025 | \$ - | \$ - | \$ 97,200,000.00 | \$ 97,200,000.00 | \$ 97,200,000.00 | \$ 30,000,000.00 |
| | 9 | 2026-2027 | 2026 | \$ - | \$ - | \$ 91,800,000.00 | \$ 91,800,000.00 | \$ 91,800,000.00 | \$ 30,000,000.00 |
| | 10 | 2027-2028 | 2027 | \$ - | \$ - | \$ 86,400,000.00 | \$ 86,400,000.00 | \$ 86,400,000.00 | \$ 30,000,000.00 |
| Continue to maintain viable presence | 11 | 2028-2029 | 2028 | \$ - | \$ - | \$ 81,000,000.00 | \$ 81,000,000.00 | \$ 81,000,000.00 | \$ 81,000,000.00 |
| | 12 | 2029-2030 | 2029 | \$ - | \$ - | \$ 75,600,000.00 | \$ 75,600,000.00 | \$ 75,600,000.00 | \$ 75,600,000.00 |
| | 13 | 2030-2031 | 2030 | \$ - | \$ - | \$ 70,200,000.00 | \$ 70,200,000.00 | \$ 70,200,000.00 | \$ 70,200,000.00 |
| | 14 | 2031-2032 | 2031 | \$ - | \$ - | \$ 64,800,000.00 | \$ 64,800,000.00 | \$ 64,800,000.00 | \$ 64,800,000.00 |
| | 15 | 2032-2033 | 2032 | \$ - | \$ - | \$ 59,400,000.00 | \$ 59,400,000.00 | \$ 59,400,000.00 | \$ 59,400,000.00 |
| | 16 | 2033-2034 | 2033 | \$ - | \$ - | \$ 54,000,000.00 | \$ 54,000,000.00 | \$ 54,000,000.00 | \$ 54,000,000.00 |
| | 17 | 2034-2035 | 2034 | \$ - | \$ - | \$ 48,600,000.00 | \$ 48,600,000.00 | \$ 48,600,000.00 | \$ 48,600,000.00 |
| | 18 | 2035-2036 | 2035 | \$ - | \$ - | \$ 43,200,000.00 | \$ 43,200,000.00 | \$ 43,200,000.00 | \$ 43,200,000.00 |
| | 19 | 2036-2037 | 2036 | \$ - | \$ - | \$ 37,800,000.00 | \$ 37,800,000.00 | \$ 37,800,000.00 | \$ 37,800,000.00 |
| | 20 | 2037-2038 | 2037 | \$ - | \$ - | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 |
| Additional years for 25 year economic impact as required by 313.026(c)(1) | 21 | 2038-2039 | 2038 | \$ - | \$ - | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 |
| | 22 | 2039-2040 | 2039 | \$ - | \$ - | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 |
| | 23 | 2040-2041 | 2040 | \$ - | \$ - | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 |
| | 24 | 2041-2042 | 2041 | \$ - | \$ - | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 |
| | 25 | 2042-2043 | 2042 | \$ - | \$ - | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 |
| | 25 | 2042-2043 | 2042 | \$ - | \$ - | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 | \$ 33,750,000.00 |

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.

Schedule C: Employment Information

Form 50-296A
Revised Feb 2014

Applicant Name: Brazos Delaware, LLC
ISD Name: Pecos-Barstow-Toyah ISD

| 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 | | | |
| | Tax Year (Actual tax year) YYYY | School Year (YYYY-YYYY) | Year | | | | | |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | 2016 | 2016-2017 | 0 | 75 FTE | \$ 55,000.00 | N/A | 0 | |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | 2017 | 2017-2018 | 0 | 125 FTE | \$ 55,000.00 | N/A | 5 | |
| Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i> | 2018 | 2018-2019 | 1 | | | N/A | 10 | |
| | 2019 | 2019-2020 | 2 | | | N/A | 10 | |
| | 2020 | 2020-2021 | 3 | | | N/A | 10 | |
| | 2021 | 2021-2022 | 4 | | | N/A | 10 | |
| | 2022 | 2022-2023 | 5 | | | N/A | 10 | |
| | 2023 | 2023-2024 | 6 | | | N/A | 10 | |
| | 2024 | 2024-2025 | 7 | | | N/A | 10 | |
| | 2025 | 2025-2026 | 8 | | | N/A | 10 | |
| | 2026 | 2026-2027 | 9 | | | N/A | 10 | |
| | 2027 | 2027-2028 | 10 | | | N/A | 10 | |
| Years Following Value Limitation Period | 2028-2043 | 2028-2043 | 11 through 25 | | | N/A | 10 | |
| | | | | | | | | |

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

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

C1. qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

Yes ☐ No ☒

Yes ☐ No ☒

Yes ☐ No ☒

Schedule D: Other Incentives (Estimated)

Applicant Name Brazos Delaware, LLC
ISD Name Pecos-Barstow-Toyah ISD

| 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: | | | | | |
| | City: | | | | | |
| | Other: | | | | | |
| Tax Code Chapter 312 | County: Reeves County | 2018 | 2022 | \$ 620,405.00 | Avg 50% Per Yr | \$ 310,202.50 |
| | City: | | | | | |
| | Other: | | | | | |
| Local Government Code Chapters 380/381 | County: | | | | | |
| | City: | | | | | |
| | Other: | | | | | |
| Freeport Exemptions | | | | | | |
| Non-Annexation Agreements | | | | | | |
| Enterprise Zone/Project | | | | | | |
| Economic Development Corporation | | | | | | |
| Texas Enterprise Fund | | | | | | |
| Employee Recruitment | | | | | | |
| Skills Development Fund | | | | | | |
| Training Facility Space and Equipment | | | | | | |
| Infrastructure Incentives | | | | | | |
| Permitting Assistance | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| TOTAL | | | | \$ 620,405.00 | | \$ 310,202.50 |

Additional information on incentives for this project:

TAB 15

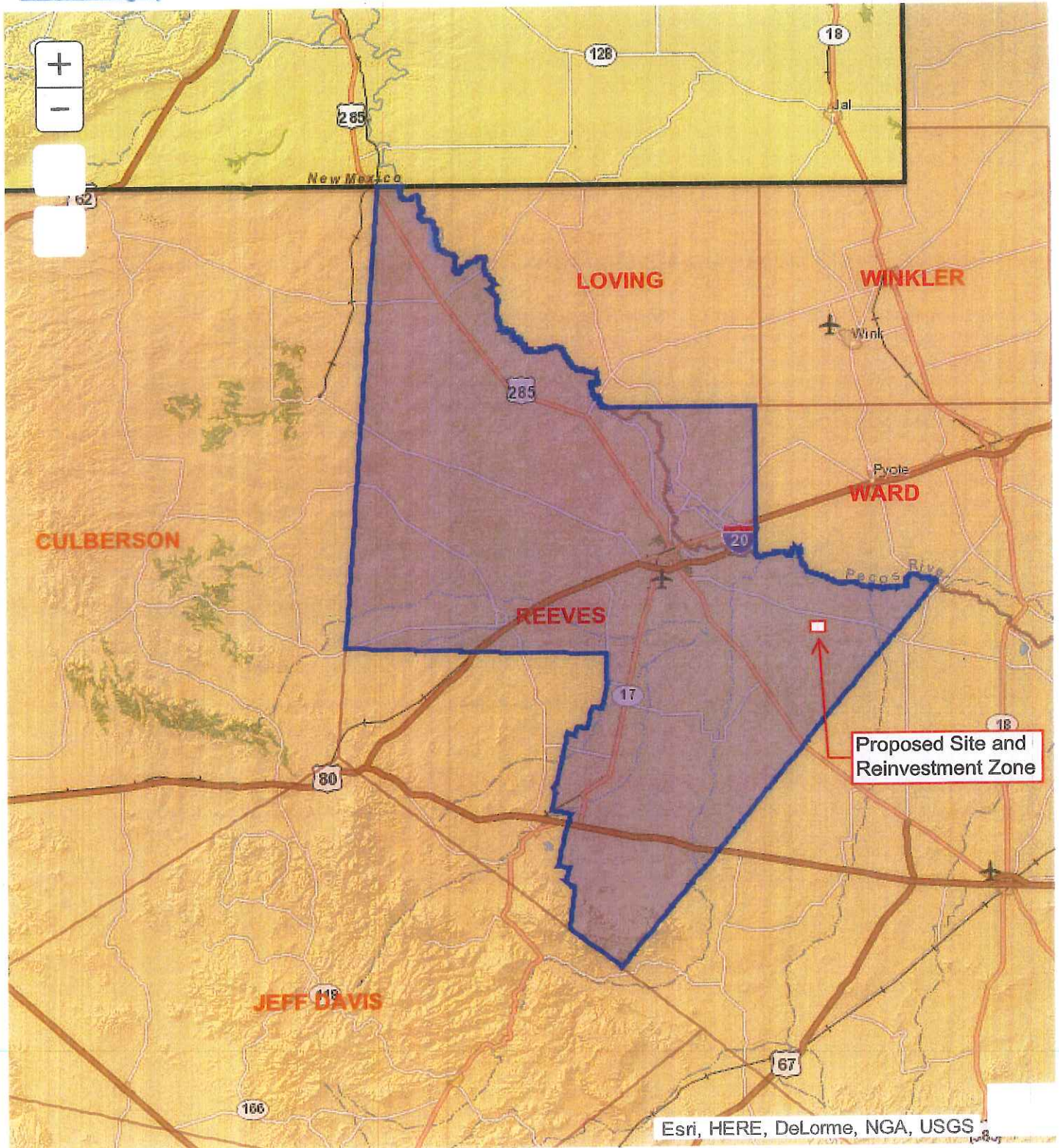
Economic Impact Study

N/A

TAB 16

Description of Reinvestment Zone

Re-Investment Zone to be created by ISD



Potential Plant Site

Comanche Plant

Legend

-  Proposed Site and Reinvestment Zone

Proposed Site and Reinvestment Zone

Google earth

© 2013 Google

103

1490

4000 ft



Potential Plant Site

Comanche Plant

Legend

 Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

1450

285

Google earth

10/2016 Google



5 mi

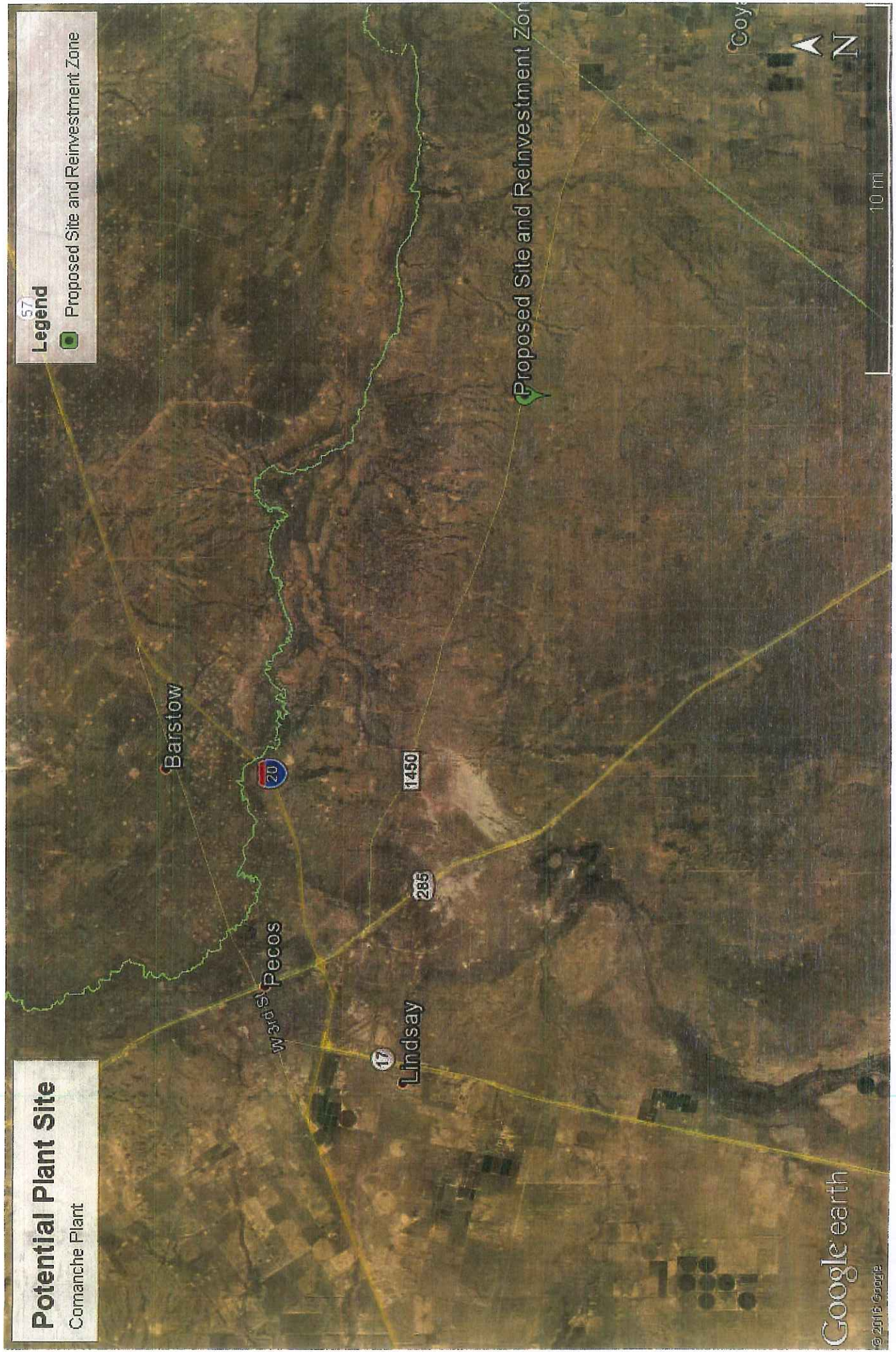
Potential Plant Site

Comanche Plant

57

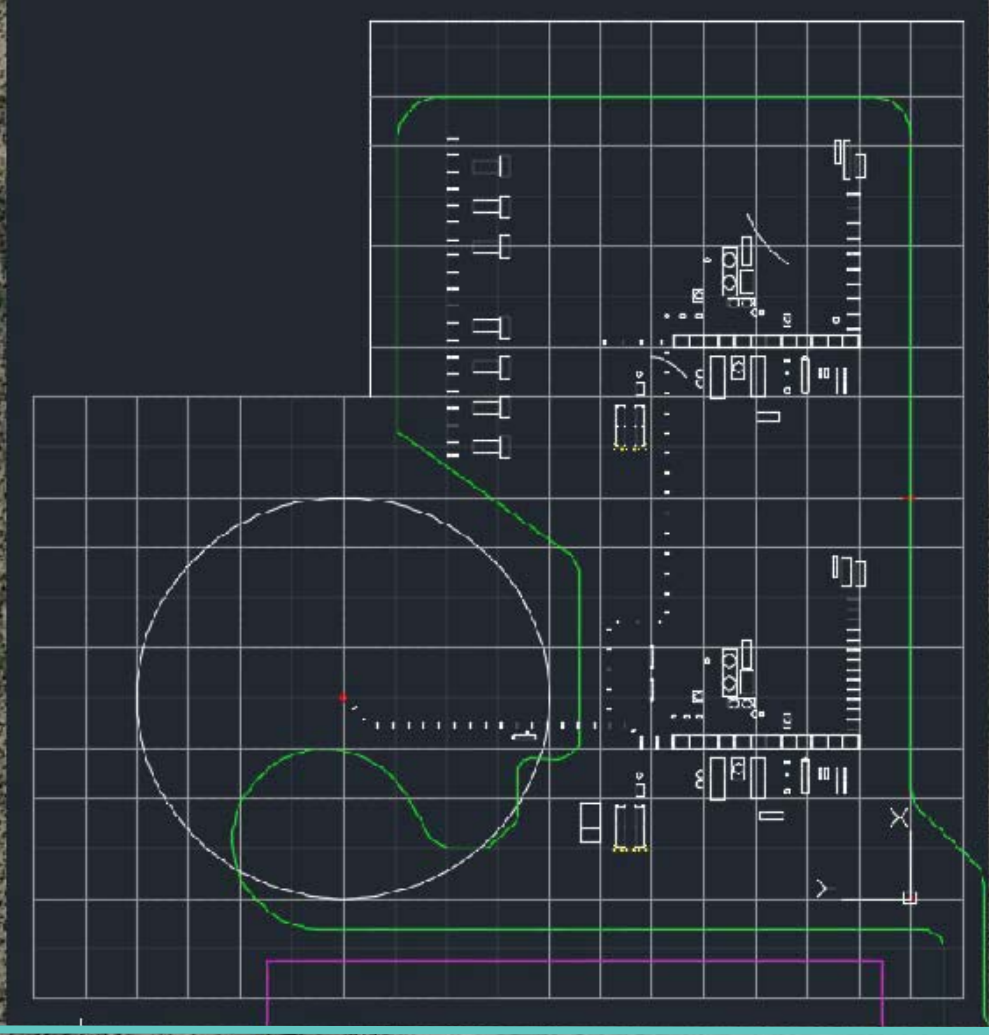
Legend

Proposed Site and Reinvestment Zone



Map of Qualified Property within Reinvestment Zone

Reinvestment Zone Boundary



TAB 17

Signature and Certification 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

John Souders

Controller

Print Name (Authorized Company Representative (Applicant))

Title

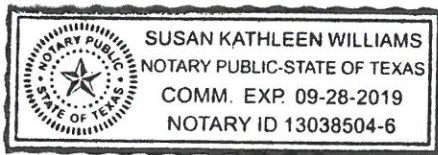
sign
here

John Souders

Signature (Authorized Company Representative (Applicant))

11/1/2016

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

1st day of November, 2016

Susan Williams

Notary Public in and for the State of Texas

My Commission expires: 9/28/2019

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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

ATTACHMENT B
Franchise Account Status of
Brazos Delaware, LLC



Franchise Tax Account Status

As of : 11/11/2016 21:07:15 PM

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

| BRAZOS DELAWARE, LLC | |
|--|--|
| Texas Taxpayer Number | 32057841325 |
| Mailing Address | 300 THROCKMORTON ST STE 530 FORT WORTH, TX 76102-2929 |
| Right to Transact Business in Texas | ACTIVE |
| State of Formation | TX |
| Effective SOS Registration Date | 07/21/2015 |
| Texas SOS File Number | 0802257583 |
| Registered Agent Name | STEPHAN ANDREW LUSKEY |
| Registered Office Street Address | 300 THROCKMORTON STREET, SUITE 530 FORT WORTH, TX 76102 |

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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

ATTACHMENT C
Comptroller Letter of
April 21, 2016 Certifying
Application as Complete



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 21, 2016

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

Dear Superintendent Haley:

On March 22, 2016, the Comptroller's office received from Pecos-Barstow-Toyah Independent School District (Pecos-Barstow-Toyah ISD) an application from Brazos Delaware LLC for a limitation on appraised value (App #1127).

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 April 21, 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 Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or direct in Austin at 512-936-8597.

Sincerely,

Korry Castillo
Director
Data Analysis & Transparency Division

cc: Kevin O'Hanlon, O'Hanlon, McCollom & Demerath, PC
John Souders, Brazos Midstream Holdings, LLC
Mike Fry, K E Andrews Company

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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

ATTACHMENT D
Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 26, 2016

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

Dear Superintendent Haley:

On April 21, 2016, the Comptroller issued written notice that Brazos Delaware, LLC (the applicant) submitted a completed application (Application #1127) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on March 09, 2016, to the Pecos-Barstow-Toyah 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 #1127. |

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.

¹ 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 April 21, 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 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 Brazos Delaware, 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 Brazos Delaware, LLC.

| | |
|---|-------------------------|
| Applicant | Brazos Delaware, 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 | \$150,000,000 |
| Proposed Qualified Investment | \$150,000,000 |
| Limitation Amount | \$30,000,000 |
| | |
| Qualifying Time Period (Full Years) | 2017-2018 |
| | |
| 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 | \$1,040.68 |
| 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 | \$54,115.60 |
| Minimum weekly wage required for non-qualifying jobs | \$786.25 |
| Minimum annual wage required for non-qualifying jobs | \$40,885 |
| Investment per Qualifying Job | \$15,000,000 |
| | |
| Estimated M&O levy without any limit (15 years) | \$15,013,440 |
| Estimated M&O levy with Limitation (15 years) | \$6,620,640 |
| Estimated gross M&O tax benefit (15 years) | \$8,392,800 |

Table 2 is the estimated statewide economic impact of Brazos Delaware, LLC (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2016 | 75 | 84 | 159 | \$4,125,000 | \$6,875,000 | \$11,000,000 |
| 2017 | 130 | 158 | 288 | \$7,145,578 | \$13,854,422 | \$21,000,000 |
| 2018 | 10 | 50 | 60 | \$541,156 | \$5,458,844 | \$6,000,000 |
| 2019 | 10 | 43 | 53 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2020 | 10 | 37 | 47 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2021 | 10 | 33 | 43 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2022 | 10 | 32 | 42 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2023 | 10 | 31 | 41 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2024 | 10 | 32 | 42 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2025 | 10 | 32 | 42 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2026 | 10 | 33 | 43 | \$541,156 | \$4,458,844 | \$5,000,000 |
| 2027 | 10 | 34 | 44 | \$541,156 | \$5,458,844 | \$6,000,000 |
| 2028 | 10 | 34 | 44 | \$541,156 | \$5,458,844 | \$6,000,000 |
| 2029 | 10 | 34 | 44 | \$541,156 | \$5,458,844 | \$6,000,000 |
| 2030 | 10 | 35 | 45 | \$541,156 | \$6,458,844 | \$7,000,000 |
| 2031 | 10 | 36 | 46 | \$541,156 | \$6,458,844 | \$7,000,000 |
| 2032 | 10 | 37 | 47 | \$541,156 | \$6,458,844 | \$7,000,000 |

Source: CPA, REMI, Brazos Delaware, 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 | Reeves County Tax Levy | Reeves County Hospital Tax Levy | Estimated Total Property Taxes |
| | | | Tax Rate ¹ | 0.0550 | 1.0400 | | 0.4995 | 0.2144 | 0.1230 |
| 2017 | \$45,000,000 | \$45,000,000 | | \$24,750 | \$468,000 | \$492,750 | \$224,784 | \$96,458 | \$55,350 |
| 2018 | \$135,000,000 | \$135,000,000 | | \$74,250 | \$1,404,000 | \$1,478,250 | \$674,352 | \$289,373 | \$166,050 |
| 2019 | \$129,600,000 | \$129,600,000 | | \$71,280 | \$1,347,840 | \$1,419,120 | \$647,378 | \$277,798 | \$159,408 |
| 2020 | \$124,200,000 | \$124,200,000 | | \$68,310 | \$1,291,680 | \$1,359,990 | \$620,404 | \$266,223 | \$152,766 |
| 2021 | \$118,800,000 | \$118,800,000 | | \$65,340 | \$1,235,520 | \$1,300,860 | \$593,430 | \$254,648 | \$146,124 |
| 2022 | \$113,400,000 | \$113,400,000 | | \$62,370 | \$1,179,360 | \$1,241,730 | \$566,456 | \$243,073 | \$139,482 |
| 2023 | \$108,000,000 | \$108,000,000 | | \$59,400 | \$1,123,200 | \$1,182,600 | \$539,482 | \$231,498 | \$132,840 |
| 2024 | \$102,600,000 | \$102,600,000 | | \$56,430 | \$1,067,040 | \$1,123,470 | \$512,508 | \$219,923 | \$126,198 |
| 2025 | \$97,200,000 | \$97,200,000 | | \$53,460 | \$1,010,880 | \$1,064,340 | \$485,533 | \$208,348 | \$119,556 |
| 2026 | \$91,800,000 | \$91,800,000 | | \$50,490 | \$954,720 | \$1,005,210 | \$458,559 | \$196,773 | \$112,914 |
| 2027 | \$86,400,000 | \$86,400,000 | | \$47,520 | \$898,560 | \$946,080 | \$431,585 | \$185,198 | \$106,272 |
| 2028 | \$81,000,000 | \$81,000,000 | | \$44,550 | \$842,400 | \$886,950 | \$404,611 | \$173,624 | \$99,630 |
| 2029 | \$75,600,000 | \$75,600,000 | | \$41,580 | \$786,240 | \$827,820 | \$377,637 | \$162,049 | \$92,988 |
| 2030 | \$70,200,000 | \$70,200,000 | | \$38,610 | \$730,080 | \$768,690 | \$350,663 | \$150,474 | \$86,346 |
| 2031 | \$64,800,000 | \$64,800,000 | | \$35,640 | \$673,920 | \$709,560 | \$323,689 | \$138,899 | \$79,704 |
| | | | | | | | | | |
| | | | Total | \$793,980 | \$15,013,440 | \$15,807,420 | \$7,211,071 | \$3,094,357 | \$1,775,628 |
| | | | | | | | | | \$27,888,475 |

Source: CPA, Brazos Delaware, LLC

¹Tax 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 abatements with the county.

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

| Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought | | | | | | | | | | |
|---|---------------------------------|---------------------------------|-----------------------|--------------------------------------|--------------------------------------|--|------------------------|---------------------------------|--------------------------------|--------------------------------|
| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | | 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 Tax Levy | Reeves County WCID #2 Tax Levy | Estimated Total Property Taxes |
| | | | Tax Rate ¹ | 0.0550 | 1.0400 | | 0.49952 | 0.21435 | 0.1230 | |
| 2017 | \$45,000,000 | \$45,000,000 | | \$24,750 | \$468,000 | \$492,750 | \$224,784 | \$96,458 | \$55,350 | \$813,992 |
| 2018 | \$135,000,000 | \$30,000,000 | | \$74,250 | \$312,000 | \$386,250 | \$337,176 | \$289,373 | \$166,050 | \$1,012,799 |
| 2019 | \$129,600,000 | \$30,000,000 | | \$71,280 | \$312,000 | \$383,280 | \$323,689 | \$277,798 | \$159,408 | \$984,767 |
| 2020 | \$124,200,000 | \$30,000,000 | | \$68,310 | \$312,000 | \$380,310 | \$310,202 | \$266,223 | \$152,766 | \$956,735 |
| 2021 | \$118,800,000 | \$30,000,000 | | \$65,340 | \$312,000 | \$377,340 | \$296,715 | \$254,648 | \$146,124 | \$928,703 |
| 2022 | \$113,400,000 | \$30,000,000 | | \$62,370 | \$312,000 | \$374,370 | \$283,228 | \$243,073 | \$139,482 | \$900,671 |
| 2023 | \$108,000,000 | \$30,000,000 | | \$59,400 | \$312,000 | \$371,400 | \$539,482 | \$231,498 | \$132,840 | \$1,142,380 |
| 2024 | \$102,600,000 | \$30,000,000 | | \$56,430 | \$312,000 | \$368,430 | \$512,508 | \$219,923 | \$126,198 | \$1,100,861 |
| 2025 | \$97,200,000 | \$30,000,000 | | \$53,460 | \$312,000 | \$365,460 | \$485,533 | \$208,348 | \$119,556 | \$1,059,342 |
| 2026 | \$91,800,000 | \$30,000,000 | | \$50,490 | \$312,000 | \$362,490 | \$458,559 | \$196,773 | \$112,914 | \$1,017,823 |
| 2027 | \$86,400,000 | \$30,000,000 | | \$47,520 | \$312,000 | \$359,520 | \$431,585 | \$185,198 | \$106,272 | \$976,304 |
| 2028 | \$81,000,000 | \$81,000,000 | | \$44,550 | \$842,400 | \$886,950 | \$404,611 | \$173,624 | \$99,630 | \$1,465,185 |
| 2029 | \$75,600,000 | \$75,600,000 | | \$41,580 | \$786,240 | \$827,820 | \$377,637 | \$162,049 | \$92,988 | \$1,367,506 |
| 2030 | \$70,200,000 | \$70,200,000 | | \$38,610 | \$730,080 | \$768,690 | \$350,663 | \$150,474 | \$86,346 | \$1,269,827 |
| 2031 | \$64,800,000 | \$64,800,000 | | \$35,640 | \$673,920 | \$709,560 | \$323,689 | \$138,899 | \$79,704 | \$1,172,148 |
| | | | | | | | | | | |
| | | | Total | \$793,980 | \$6,620,640 | \$7,414,620 | \$5,660,061 | \$3,094,357 | \$1,775,628 | \$16,169,038 |
| | | | | | | | | | | |
| | | | Diff | \$0 | \$8,392,800 | \$8,392,800 | \$1,551,010 | \$0 | \$0 | \$11,719,438 |

Source: CPA, Brazos Delaware, LLC

¹Tax 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 Brazos Delaware, 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) |
|---|----------|---|---|--|--|
| Limitation Pre-Years | 2015 | \$0 | \$0 | \$0 | \$0 |
| | 2016 | \$0 | \$0 | \$0 | \$0 |
| | 2017 | \$468,000 | \$468,000 | \$0 | \$0 |
| Limitation Period (10 Years) | 2018 | \$312,000 | \$780,000 | \$1,092,000 | \$1,092,000 |
| | 2019 | \$312,000 | \$1,092,000 | \$1,035,840 | \$2,127,840 |
| | 2020 | \$312,000 | \$1,404,000 | \$979,680 | \$3,107,520 |
| | 2021 | \$312,000 | \$1,716,000 | \$923,520 | \$4,031,040 |
| | 2022 | \$312,000 | \$2,028,000 | \$867,360 | \$4,898,400 |
| | 2023 | \$312,000 | \$2,340,000 | \$811,200 | \$5,709,600 |
| | 2024 | \$312,000 | \$2,652,000 | \$755,040 | \$6,464,640 |
| | 2025 | \$312,000 | \$2,964,000 | \$698,880 | \$7,163,520 |
| | 2026 | \$312,000 | \$3,276,000 | \$642,720 | \$7,806,240 |
| | 2027 | \$312,000 | \$3,588,000 | \$586,560 | \$8,392,800 |
| Maintain Viable Presence (5 Years) | 2028 | \$842,400 | \$4,430,400 | \$0 | \$8,392,800 |
| | 2029 | \$786,240 | \$5,216,640 | \$0 | \$8,392,800 |
| | 2030 | \$730,080 | \$5,946,720 | \$0 | \$8,392,800 |
| | 2031 | \$673,920 | \$6,620,640 | \$0 | \$8,392,800 |
| | 2032 | \$617,760 | \$7,238,400 | \$0 | \$8,392,800 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2033 | \$561,600 | \$7,800,000 | \$0 | \$8,392,800 |
| | 2034 | \$505,440 | \$8,305,440 | \$0 | \$8,392,800 |
| | 2035 | \$449,280 | \$8,754,720 | \$0 | \$8,392,800 |
| | 2036 | \$393,120 | \$9,147,840 | \$0 | \$8,392,800 |
| | 2037 | \$351,000 | \$9,498,840 | \$0 | \$8,392,800 |
| | 2038 | \$351,000 | \$9,849,840 | \$0 | \$8,392,800 |
| | 2039 | \$351,000 | \$10,200,840 | \$0 | \$8,392,800 |
| | 2040 | \$351,000 | \$10,551,840 | \$0 | \$8,392,800 |
| | 2041 | \$351,000 | \$10,902,840 | \$0 | \$8,392,800 |
| | 2042 | \$351,000 | \$11,253,840 | \$0 | \$8,392,800 |
| | | \$11,253,840 | is greater than | \$8,392,800 | |
| 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 |

Source: CPA, Brazos Delaware, 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 Brazos Delaware, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the Comptroller notes the following:

- Per Brazos Delaware, LLC, “a 313 agreement is vital to the proposed Comanche Plant economics.” Additionally, “other potential projects are presently competing for the same capital expenditures” which include “possible gas processing plants, gathering and crude terminals in Southern New Mexico.”
- Pursuant to Application Amendment 1, Tab 5, “Brazos Delaware is planning to construct and operate a regional gas manufacturing complex within the Delaware Basin. Based on the geologic boundaries of the Delaware Basin, this region includes large portions of SE New Mexico as well as far west Texas.” The applicant further states that they “are in ongoing discussions [with] oil and gas producers within the Basin, which have operations in either or both the Texas and NM portions of the Basin.”
- Per Brazos Delaware, LLC they “have not received any specific incentive offers from New Mexico as to a particular location as [they] have initiated the economic analysis of a 313 agreement in Texas first.”
- In the attached applicant email correspondence dated May 03, 2016, Brazos Delaware, LLC states that they are not associated with the Comanche Trail Pipeline and that there are “numerous pipeline outlets in the southern Delaware” that the applicant can conduct business with.

- Attached map indicates project location in relation to adjacent natural gas and natural gas liquid pipelines.

Supporting Information

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

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

Supporting Information

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

☒ Land has no existing improvements

☐ Land has existing improvements (*complete Section 13*)

☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Relocation within Texas

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 5
of the Application for a
Limitation on Appraised Value

Limitation as Determining Factor w/ability to locate or relocate:

Brazos Delaware, LLC (or "the Company") Brazos Delaware, LLC provides gathering systems, and liquids handling and compressor stations. The company offers designs and operates natural gas or crude oil gathering facilities; low-pressure and high-pressure compression facilities; and processing and treating facilities, as well as condensate stabilization and vapor recovery systems. It serves producers in Texas and the adjoining states. Brazos Midstream currently operates a crude terminal and natural gas gathering systems in far West Texas soon to be expanding into Southern New Mexico.

As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Comanche Plant economics just as potential customer response will be. Both factors will be considered before any determination is made. Moreover, other potential projects are presently competing for the same capital expenditures by our company, including possible gas processing plants, gathering and crude terminals in Southern New Mexico.

Supporting Information

Amended Tab 5 of the
Application submitted April 14,
2016

Limitation as Determining Factor w/ability to locate or relocate:

Brazos Delaware, LLC (or “the Company”) Brazos Delaware, LLC provides gathering systems, and liquids handling and compressor stations. The company offers designs and operates natural gas or crude oil gathering facilities; low-pressure and high-pressure compression facilities; and processing and treating facilities, as well as condensate stabilization and vapor recovery systems. It serves producers in Texas and the adjoining states. Brazos Midstream currently operates a crude terminal and natural gas gathering systems in far West Texas soon to be expanding into Southern New Mexico.

Brazos Delaware is planning to construct and operate a regional gas manufacturing complex within the Delaware Basin. Based on the geologic boundaries of the Delaware Basin, this region includes large portions of SE New Mexico as well as far west Texas. We are in ongoing discussions oil and gas producers within the Basin, which have operations in either or both the Texas and NM portions of the Basin. We are therefore evaluating potential locations and within New Mexico as well that are geographically located within the Delaware Basin. We have not received any specific incentive offers from New Mexico as to a particular location as we have initiated the economic analysis of a 313 agreement in Texas first. As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Comanche Plant economics just as potential customer response will be. Both factors will be considered before any determination is made.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO FUTURE COMANCHE TRAIL PIPELINE
INTERCONNECTIONS

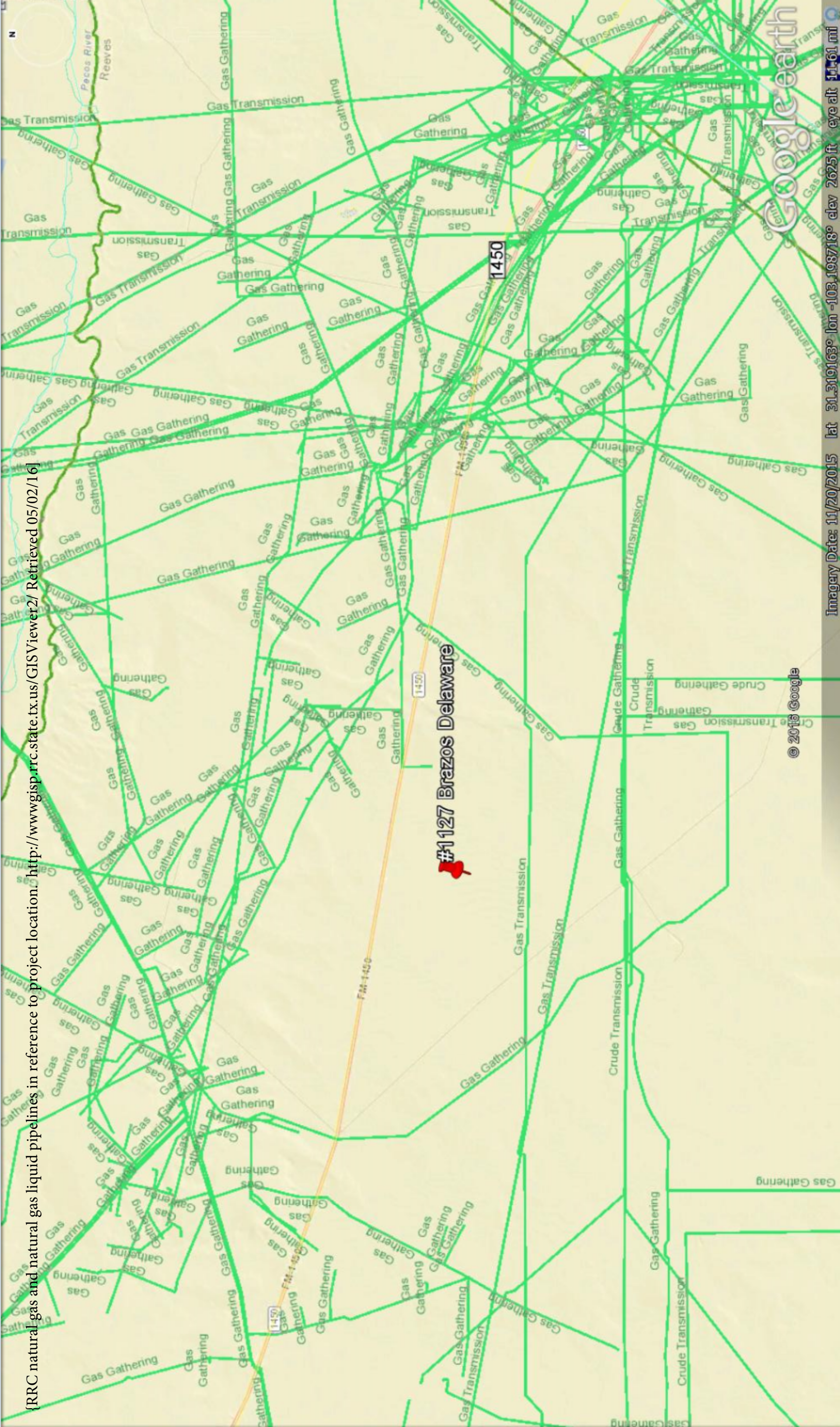
– Pecos-Barstow-Toyah ISD – Brazos Delaware, LLC App. #1127

Comptroller Question (via email on May 03, 2016):

Could you please provide information regarding any future plans for this project to interconnect with the Comanche Trail Pipeline?

Applicant Response (via email on May 03, 2016):

We have nothing to do with that pipeline and are not currently planning to interconnect with it. There are numerous pipeline outlets in the southern Delaware that we could work a deal with.



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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

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 BRAZOS
DELAWARE, LLC PROJECT IN THE PECOS-BARSTOW-
TOYAH INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1127)**

PREPARED BY



OCTOBER 17, 2016

Executive Summary

Brazos Delaware, 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 March 9, 2016 the Company plans to invest \$135 million to construct a manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Brazos Delaware 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 | \$620,683 |
| Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.) | \$7.9 Milion |

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. At the time the application is determined complete—typically 4-6 weeks after receipt—the Comptroller will deliver a Completeness Letter to the company and the school district. The Completeness Letter for this project was issued on April 21, 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 Certification for this project was issued on May 26, 2016. After the certificate is received, the district has until the 150th day from the receipt of the Completeness Letter or until December 31st, whichever is earlier, to adopt an agreement.

Each value limitation agreement is unique and to ensure the proper revenue-loss protection and maximum supplemental benefits are in place, an understanding of the school district's finances and a thorough knowledge of the Ch. 313 statute are required. MCA and O'Hanlon, McCollom & Demerath will ensure the best interests of PBTISD are secured. O'Hanlon, McCollom & Demerath negotiated an Agreement with the Company, based its discussions with the District. A final version of the agreement was submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

At the final board meeting, the school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting. The creation of a reinvestment zone will be required in the board's consideration of the Brazos Delaware application.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of 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. ASATR funds are 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 2,280 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 \$4.1 billion for the 2015 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.06 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 2015-16 state property wealth per weighted ADA or WADA of approximately \$1.13 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.

In addition, PBTISD is eligible for a “fractional” funding adjustment, since it imposed less than \$1.50 M&O tax rate for the 2006 tax year. Given the analysis shown below, it does not appear that PBTISD would benefit from shifting tax effort to take advantage of the fractional funding fix approved by legislators and that change is not incorporated in these estimates. However, PBTISD does not currently levy a tax rate that falls into the \$31.95 tier.

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 Brazos Delaware, LLC project values, however, the homestead exemption change does not have a significant impact on this analysis.

The M&O tax rate for 2015 is maintained at \$1.06 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 Brazos Delaware Project Value and Limitation Values

| Year of Agreement | School Year | ADA | WADA | M&O Tax Rate | I&S Tax Rate | CAD Value with Project | CAD Value with Limitation | CPTD with Project | CPTD with Limitation | CPTD Value with Project per WADA | CPTD Value with Limitation per WADA |
|-------------------|-------------|----------|----------|--------------|--------------|------------------------|---------------------------|-------------------|----------------------|----------------------------------|-------------------------------------|
| QTP0 | 2016-17 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,151,222,843 | \$4,151,222,843 | \$3,929,981,753 | \$3,929,981,753 | \$1,224,854 | \$1,224,854 |
| QTP1 | 2017-18 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,196,222,843 | \$4,196,222,843 | \$3,979,981,753 | \$3,979,981,753 | \$1,240,438 | \$1,240,438 |
| QTP2/VL1 | 2018-19 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,286,222,843 | \$4,181,222,843 | \$4,024,981,753 | \$4,024,981,753 | \$1,254,463 | \$1,254,463 |
| VL2 | 2019-20 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,280,822,843 | \$4,181,222,843 | \$4,114,981,753 | \$4,009,981,753 | \$1,282,513 | \$1,249,788 |
| VL3 | 2020-21 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,275,422,843 | \$4,181,222,843 | \$4,109,581,753 | \$4,009,981,753 | \$1,280,830 | \$1,249,788 |
| VL4 | 2021-22 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,270,022,843 | \$4,181,222,843 | \$4,104,181,753 | \$4,009,981,753 | \$1,279,147 | \$1,249,788 |
| VL5 | 2022-23 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,349,479,302 | \$4,266,079,302 | \$4,098,781,753 | \$4,009,981,753 | \$1,277,464 | \$1,249,788 |
| VL6 | 2023-24 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,341,233,608 | \$4,263,233,608 | \$4,178,238,212 | \$4,094,838,212 | \$1,302,228 | \$1,276,235 |
| VL7 | 2024-25 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,333,073,286 | \$4,260,473,286 | \$4,169,992,518 | \$4,091,992,518 | \$1,299,658 | \$1,275,348 |
| VL8 | 2025-26 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,324,995,772 | \$4,257,795,772 | \$4,161,832,196 | \$4,089,232,196 | \$1,297,115 | \$1,274,488 |
| VL9 | 2026-27 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,444,152,672 | \$4,382,352,672 | \$4,153,754,682 | \$4,086,554,682 | \$1,294,597 | \$1,273,653 |
| VL10 | 2027-28 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,426,231,774 | \$4,369,831,774 | \$4,272,911,582 | \$4,211,111,582 | \$1,331,735 | \$1,312,474 |
| VP1 | 2028-29 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,414,513,506 | \$4,414,513,506 | \$4,254,990,684 | \$4,198,590,684 | \$1,326,150 | \$1,308,571 |
| VP2 | 2029-30 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,402,984,786 | \$4,402,984,786 | \$4,243,272,416 | \$4,243,272,416 | \$1,322,497 | \$1,322,497 |
| VP3 | 2030-31 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,391,639,928 | \$4,391,639,928 | \$4,231,743,696 | \$4,231,743,696 | \$1,318,904 | \$1,318,904 |
| VP4 | 2031-32 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,380,473,416 | \$4,380,473,416 | \$4,220,398,838 | \$4,220,398,838 | \$1,315,368 | \$1,315,368 |
| VP5 | 2032-33 | 2,279.75 | 3,208.53 | \$1.0600 | \$0.0510 | \$4,369,479,900 | \$4,369,479,900 | \$4,209,232,326 | \$4,209,232,326 | \$1,311,888 | \$1,311,888 |

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

M&O Impact of the Brazos Delaware 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 \$620,683 over the course of the Agreement, with most of this loss reflected in the first limitation year (2018-19). 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 |
|-------------------|-------------|-----------------------------|-------------|-------------------------------------|-----------------|----------------------------------|---|--|-------------------------|-----------------|--------------------|
| QTP0 | 2016-17 | \$41,021,434 | \$1,021,685 | \$0 | -\$23,486,275 | \$2,461,286 | \$0 | \$0 | \$11,237 | \$81,042 | \$21,110,408 |
| QTP1 | 2017-18 | \$41,462,434 | \$565,735 | \$0 | -\$23,960,799 | \$2,487,746 | \$0 | \$0 | \$11,358 | \$81,042 | \$20,647,515 |
| QTP2/VL1 | 2018-19 | \$42,365,434 | \$748,115 | \$0 | -\$24,685,890 | \$2,541,926 | \$0 | \$0 | \$11,605 | \$81,042 | \$21,062,231 |
| VL2 | 2019-20 | \$42,311,434 | \$748,115 | \$0 | -\$25,033,189 | \$2,538,686 | \$0 | \$0 | \$11,590 | \$81,042 | \$20,657,677 |
| VL3 | 2020-21 | \$42,257,434 | \$748,115 | \$0 | -\$24,978,577 | \$2,535,446 | \$0 | \$0 | \$11,575 | \$81,042 | \$20,655,034 |
| VL4 | 2021-22 | \$42,203,434 | \$748,115 | \$0 | -\$24,923,964 | \$2,532,206 | \$0 | \$0 | \$11,561 | \$81,042 | \$20,652,393 |
| VL5 | 2022-23 | \$42,981,028 | \$748,115 | \$0 | -\$25,366,343 | \$2,578,862 | \$0 | \$0 | \$11,774 | \$81,042 | \$21,034,477 |
| VL6 | 2023-24 | \$42,899,140 | \$748,115 | \$0 | -\$25,645,649 | \$2,573,948 | \$0 | \$0 | \$11,751 | \$81,042 | \$20,668,346 |
| VL7 | 2024-25 | \$42,818,089 | \$748,115 | \$0 | -\$25,563,171 | \$2,569,085 | \$0 | \$0 | \$11,729 | \$81,042 | \$20,664,888 |
| VL8 | 2025-26 | \$42,737,849 | \$748,115 | \$0 | -\$25,481,523 | \$2,564,271 | \$0 | \$0 | \$11,707 | \$81,042 | \$20,661,460 |
| VL9 | 2026-27 | \$43,904,507 | \$748,115 | \$0 | -\$26,152,045 | \$2,634,270 | \$0 | \$0 | \$12,027 | \$81,042 | \$21,227,915 |
| VL10 | 2027-28 | \$43,727,802 | \$748,115 | \$0 | -\$26,529,649 | \$2,623,668 | \$0 | \$0 | \$11,978 | \$81,042 | \$20,662,955 |
| VP1 | 2028-29 | \$43,601,683 | \$748,115 | \$0 | -\$26,381,330 | \$2,616,101 | \$0 | \$0 | \$11,944 | \$81,042 | \$20,677,554 |
| VP2 | 2029-30 | \$43,488,701 | \$748,115 | \$0 | -\$26,265,589 | \$2,609,322 | \$0 | \$0 | \$11,913 | \$81,042 | \$20,673,503 |
| VP3 | 2030-31 | \$43,377,522 | \$748,115 | \$0 | -\$26,151,691 | \$2,602,651 | \$0 | \$0 | \$11,882 | \$81,042 | \$20,669,520 |
| VP4 | 2031-32 | \$43,268,090 | \$748,115 | \$0 | -\$26,039,579 | \$2,596,085 | \$0 | \$0 | \$11,852 | \$81,042 | \$20,665,604 |
| VP5 | 2032-33 | \$43,160,353 | \$748,115 | \$0 | -\$25,929,200 | \$2,589,621 | \$0 | \$0 | \$11,823 | \$81,042 | \$20,661,753 |

*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 |
|-------------------|-------------|-----------------------------|-------------|------------------------------------|-----------------|----------------------------------|---|--|-------------------------|-----------------|--------------------|
| QTP0 | 2016-17 | \$41,021,434 | \$1,021,685 | \$0 | -\$23,486,275 | \$2,461,286 | \$0 | \$0 | \$11,237 | \$81,042 | \$21,110,408 |
| QTP1 | 2017-18 | \$41,462,434 | \$565,735 | \$0 | -\$23,960,799 | \$2,487,746 | \$0 | \$0 | \$11,358 | \$81,042 | \$20,647,515 |
| QTP2/VL1 | 2018-19 | \$41,315,434 | \$748,115 | \$0 | -\$24,066,114 | \$2,478,926 | \$0 | \$0 | \$11,317 | \$81,042 | \$20,568,719 |
| VL2 | 2019-20 | \$41,315,434 | \$748,115 | \$0 | -\$24,002,790 | \$2,478,926 | \$0 | \$0 | \$11,317 | \$81,042 | \$20,632,043 |
| VL3 | 2020-21 | \$41,315,434 | \$748,115 | \$0 | -\$24,002,790 | \$2,478,926 | \$0 | \$0 | \$11,317 | \$81,042 | \$20,632,043 |
| VL4 | 2021-22 | \$41,315,434 | \$748,115 | \$0 | -\$24,002,790 | \$2,478,926 | \$0 | \$0 | \$11,317 | \$81,042 | \$20,632,043 |
| VL5 | 2022-23 | \$42,147,028 | \$748,115 | \$0 | -\$24,492,375 | \$2,528,822 | \$0 | \$0 | \$11,545 | \$81,042 | \$21,024,177 |
| VL6 | 2023-24 | \$42,119,140 | \$748,115 | \$0 | -\$24,834,923 | \$2,527,148 | \$0 | \$0 | \$11,537 | \$81,042 | \$20,652,058 |
| VL7 | 2024-25 | \$42,092,089 | \$748,115 | \$0 | -\$24,806,978 | \$2,525,525 | \$0 | \$0 | \$11,530 | \$81,042 | \$20,651,323 |
| VL8 | 2025-26 | \$42,065,849 | \$748,115 | \$0 | -\$24,779,869 | \$2,523,951 | \$0 | \$0 | \$11,523 | \$81,042 | \$20,650,610 |
| VL9 | 2026-27 | \$43,286,507 | \$748,115 | \$0 | -\$25,496,799 | \$2,597,190 | \$0 | \$0 | \$11,857 | \$81,042 | \$21,227,912 |
| VL10 | 2027-28 | \$43,163,802 | \$748,115 | \$0 | -\$25,938,845 | \$2,589,828 | \$0 | \$0 | \$11,824 | \$81,042 | \$20,655,765 |
| VP1 | 2028-29 | \$43,601,683 | \$748,115 | \$0 | -\$26,154,317 | \$2,616,101 | \$0 | \$0 | \$11,944 | \$81,042 | \$20,904,567 |
| VP2 | 2029-30 | \$43,488,701 | \$748,115 | \$0 | -\$26,265,589 | \$2,609,322 | \$0 | \$0 | \$11,913 | \$81,042 | \$20,673,503 |
| VP3 | 2030-31 | \$43,377,522 | \$748,115 | \$0 | -\$26,151,691 | \$2,602,651 | \$0 | \$0 | \$11,882 | \$81,042 | \$20,669,520 |
| VP4 | 2031-32 | \$43,268,090 | \$748,115 | \$0 | -\$26,039,579 | \$2,596,085 | \$0 | \$0 | \$11,852 | \$81,042 | \$20,665,604 |
| VP5 | 2032-33 | \$43,160,353 | \$748,115 | \$0 | -\$25,929,200 | \$2,589,621 | \$0 | \$0 | \$11,823 | \$81,042 | \$20,661,753 |

*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 |
|-------------------|-------------|-----------------------------|-----------|------------------------------------|-----------------|----------------------------------|---|--|-------------------------|-----------------|--------------------|
| QTP0 | 2016-17 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP1 | 2017-18 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP2/VL1 | 2018-19 | -\$1,050,000 | \$0 | \$0 | \$619,776 | -\$63,000 | \$0 | \$0 | -\$288 | \$0 | -\$493,512 |
| VL2 | 2019-20 | -\$996,000 | \$0 | \$0 | \$1,030,399 | -\$59,760 | \$0 | \$0 | -\$273 | \$0 | -\$25,634 |
| VL3 | 2020-21 | -\$942,000 | \$0 | \$0 | \$975,787 | -\$56,520 | \$0 | \$0 | -\$258 | \$0 | -\$22,991 |
| VL4 | 2021-22 | -\$888,000 | \$0 | \$0 | \$921,174 | -\$53,280 | \$0 | \$0 | -\$243 | \$0 | -\$20,350 |
| VL5 | 2022-23 | -\$834,000 | \$0 | \$0 | \$873,968 | -\$50,040 | \$0 | \$0 | -\$228 | \$0 | -\$10,300 |
| VL6 | 2023-24 | -\$780,000 | \$0 | \$0 | \$810,726 | -\$46,800 | \$0 | \$0 | -\$214 | \$0 | -\$16,288 |
| VL7 | 2024-25 | -\$726,000 | \$0 | \$0 | \$756,193 | -\$43,560 | \$0 | \$0 | -\$199 | \$0 | -\$13,566 |
| VL8 | 2025-26 | -\$672,000 | \$0 | \$0 | \$701,654 | -\$40,320 | \$0 | \$0 | -\$184 | \$0 | -\$10,850 |
| VL9 | 2026-27 | -\$618,000 | \$0 | \$0 | \$655,246 | -\$37,080 | \$0 | \$0 | -\$169 | \$0 | -\$3 |
| VL10 | 2027-28 | -\$564,000 | \$0 | \$0 | \$590,805 | -\$33,840 | \$0 | \$0 | -\$154 | \$0 | -\$7,190 |
| VP1 | 2028-29 | \$0 | \$0 | \$0 | \$227,012 | \$0 | \$0 | \$0 | \$0 | \$0 | \$227,012 |
| 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 |

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 \$1.06 per \$100 M&O tax rate is assumed in 2016-17 and thereafter, although the \$1.06 tax rate is subject to a tax ratification election on November 8, 2016.

Under the assumptions used here, the potential tax savings from the value limitation total \$8.6 million over the life of the agreement. The PBTISD revenue losses are expected to total approximately \$620,683 over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$7.9 million, prior to any negotiations with Brazos Delaware on supplemental payments.

Table 5 - Estimated Financial Impact of the Brazos Delaware Project Property Value Limitation Request Submitted to PBTISD at \$1.0600 M&O Tax Rate

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Assumed M&O Tax Rate | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | School District Revenue Losses | Estimated Net Tax Benefits |
|-------------------|-------------|---------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|----------------------------------|--------------------------------|----------------------------|
| QTP0 | 2016-17 | \$0 | \$0 | \$0 | \$1.060 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP1 | 2017-18 | \$45,000,000 | \$45,000,000 | \$0 | \$1.060 | \$477,000 | \$477,000 | \$0 | \$0 | \$0 |
| QTP2/VL1 | 2018-19 | \$135,000,000 | \$30,000,000 | \$105,000,000 | \$1.060 | \$1,431,000 | \$318,000 | \$1,113,000 | -\$493,512 | \$619,488 |
| VL2 | 2019-20 | \$129,600,000 | \$30,000,000 | \$99,600,000 | \$1.060 | \$1,373,760 | \$318,000 | \$1,055,760 | -\$25,634 | \$1,030,126 |
| VL3 | 2020-21 | \$124,200,000 | \$30,000,000 | \$94,200,000 | \$1.060 | \$1,316,520 | \$318,000 | \$998,520 | -\$22,991 | \$975,529 |
| VL4 | 2021-22 | \$118,800,000 | \$30,000,000 | \$88,800,000 | \$1.060 | \$1,259,280 | \$318,000 | \$941,280 | -\$20,350 | \$920,930 |
| VL5 | 2022-23 | \$113,400,000 | \$30,000,000 | \$83,400,000 | \$1.060 | \$1,202,040 | \$318,000 | \$884,040 | -\$10,300 | \$873,740 |
| VL6 | 2023-24 | \$108,000,000 | \$30,000,000 | \$78,000,000 | \$1.060 | \$1,144,800 | \$318,000 | \$826,800 | -\$16,288 | \$810,512 |
| VL7 | 2024-25 | \$102,600,000 | \$30,000,000 | \$72,600,000 | \$1.060 | \$1,087,560 | \$318,000 | \$769,560 | -\$13,566 | \$755,994 |
| VL8 | 2025-26 | \$97,200,000 | \$30,000,000 | \$67,200,000 | \$1.060 | \$1,030,320 | \$318,000 | \$712,320 | -\$10,850 | \$701,470 |
| VL9 | 2026-27 | \$91,800,000 | \$30,000,000 | \$61,800,000 | \$1.060 | \$973,080 | \$318,000 | \$655,080 | -\$3 | \$655,077 |
| VL10 | 2027-28 | \$86,400,000 | \$30,000,000 | \$56,400,000 | \$1.060 | \$915,840 | \$318,000 | \$597,840 | -\$7,190 | \$590,650 |
| VP1 | 2028-29 | \$81,000,000 | \$81,000,000 | \$0 | \$1.060 | \$858,600 | \$858,600 | \$0 | \$0 | \$0 |
| VP2 | 2029-30 | \$75,600,000 | \$75,600,000 | \$0 | \$1.060 | \$801,360 | \$801,360 | \$0 | \$0 | \$0 |
| VP3 | 2030-31 | \$70,200,000 | \$70,200,000 | \$0 | \$1.060 | \$744,120 | \$744,120 | \$0 | \$0 | \$0 |
| VP4 | 2031-32 | \$64,800,000 | \$64,800,000 | \$0 | \$1.060 | \$686,880 | \$686,880 | \$0 | \$0 | \$0 |
| VP5 | 2032-33 | \$59,400,000 | \$59,400,000 | \$0 | \$1.060 | \$629,640 | \$629,640 | \$0 | \$0 | \$0 |
| | | | | | | \$15,931,800 | \$7,377,600 | \$8,554,200 | -\$620,683 | \$7,933,517 |

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

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with PBTISD currently levying a \$0.051 per \$100 I&S rate. While the value of the Brazos Delaware project is expected to depreciate over the life of the agreement and beyond, local taxpayers should benefit from the addition of the Brazos Delaware 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.

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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

ATTACHMENT F
Comptroller's 2015 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

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

| | | | | |
|---------------------------------|---------------|-----|---------------|---------------------|
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 0 | N/A | 0 | 0 |
| Subtotal | 3,151,286,464 | | 3,151,286,464 | 3,151,286,464 |
| Less Total Deductions | 362,784,901 | | 362,784,901 | 362,784,901 |
| Total Taxable Value | 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

| T1 | T2 | T3 | T4 |
|---------------|---------------|---------------|---------------|
| 2,806,493,531 | 2,788,501,563 | 2,806,493,531 | 2,788,501,563 |

| Loss To the Additional \$10,000 Homestead Exemption | 50% of the loss to the Local Optional Percentage Homestead Exemption |
|--|---|
| 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

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

| | | | | |
|---------------------------------|---------------|-----|---------------|---------------------|
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 0 | N/A | 0 | 0 |
| Subtotal | 1,145,379,440 | | 1,145,379,440 | 1,145,379,440 |
| Less Total Deductions | 3,899,250 | | 3,899,250 | 3,899,250 |
| Total Taxable Value | 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

| T1 | T2 | T3 | T4 |
|---------------|---------------|---------------|---------------|
| 1,141,480,190 | 1,141,480,190 | 1,141,480,190 | 1,141,480,190 |

| Loss To the Additional \$10,000 Homestead Exemption | 50% of the loss to the Local Optional Percentage Homestead Exemption |
|--|---|
| 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

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

| | | | | |
|---------------------------------|---------------|-----|---------------|---------------------|
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 0 | N/A | 0 | 0 |
| Subtotal | 4,296,665,904 | | 4,296,665,904 | 4,296,665,904 |
| Less Total Deductions | 366,684,151 | | 366,684,151 | 366,684,151 |
| Total Taxable Value | 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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

ATTACHMENT G
Proposed Agreement Between
Pecos-Barstow-Toyah ISD and
Brazos Delaware, LLC



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 7, 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 Brazos Delaware, LLC, Application 1127

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 Brazos Delaware, 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 or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Counihan", is positioned above the printed name and title.

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, O'Hanlon, Powell & Leon, LLP
John Souders, Brazos Midstream Holdings, LLC
Mike Fry, K E Andrews Company

**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

BRAZOS DELAWARE, LLC

(Texas Taxpayer ID # 32057841325)

Comptroller Application # 1127

Dated

November 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 **BRAZOS DELAWARE, LLC**, Texas Taxpayer Identification Number 32057841325 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 March 9, 2016, 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 March 17, 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 April 21 ,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 May 26, 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 Board vote on October 20, 2016, ratified the Superintendent's extension of the statutory deadline by which the District must consider the Application until October 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 October 20, 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 October 20, 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 7, 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 November 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 Brazos Delaware, LLC, (*Texas Taxpayer ID #32057841325*) 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 March 9, 2016. 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 Appraisal District.

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

“Commercial Operation” means the date upon which the Phase II gas processing plant is fully operational and able to deliver pipeline-quality dry natural gas.

“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.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code § 313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's average daily attendance in the amount of 2,373 for the 2015-2016 school year, as calculated pursuant to Texas Education Code §42.005, times the greater of \$100, or any larger amount allowed by Texas Tax Code § 313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2016, which, by virtue of the Approval Date is the Tax Year that includes the date on which the Board of Trustees approved the Application and this Agreement.

"Applicable School Finance Law" means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State for each and every year of this Agreement, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any and all amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement. For each year of this Agreement, the "Applicable School Finance Law" shall be interpreted to include all provisions made applicable for any calculations made for the specific year for which calculations are being made.

"M&O Amount" means the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date as set forth in Section 4.2 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, for any subject Tax Year during the term of this Agreement, an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties, for all Tax Years up to and including the subject Tax Year; *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 for all Tax Years up to an including the subject Tax Year, plus (B) any and all payments due to the District under Articles IV and V, of this Agreement for all Tax Years up to an including the subject Tax Year, plus (C) any and all payments owed to the District under Article VI of this Agreement for all Tax Years prior to the subject Tax Year.

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

“Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that District would have received for the Tax Year, under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the 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. In this calculation, the total appraised value of the Qualified Property subject to this Agreement will be used for the Qualified Property in lieu of the property’s M&O taxable value. (For clarification, the taxable value used by the District in calculating the taxes payable for Interest and Sinking Fund taxation purposes on Applicant’s Qualified Property will be used for the Qualified Property in lieu of the property’s M&O taxable value.)

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 April 21, 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 November 15, 2016.

C. The Qualifying Time Period for this Agreement:

- i. Starts on November 15, 2016, the Application Approval Date; and
- ii. Ends 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 the commencement of Commercial Operation;
- ii. Ends on December 31, 2027.

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), based on Section 313.054 of the TEXAS TAX CODE

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

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

- A. have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$1,040.68 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 renewable energy electric generation.

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 loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was a sole and direct cause, all as calculated in Section 4.2 below. 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.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of losses that District incurs in its Maintenance and Operations Revenue will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may periodically change in accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: i) for illustrative purposes only, 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 to the Agreement; ii) are based upon current School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and, iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date, the "M&O Amount" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

- A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue.
- B. In making the calculations required by this Section 4.2 of this Agreement:
 - 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.

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”) approved each year by the District, subject to the Applicant’s consent, which consent shall not be unreasonably withheld, delayed, or conditioned.

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

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 4.2, Article 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, subject to the provisions of Section 4.6. 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 out-of-pocket third party legal expenses incurred 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, or for other legal expenses which are, or may be required under the terms or because of the execution of this Agreement. For no Tax

Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 which exceeds Twelve Thousand Dollars (\$12,000.00).

Section 4.7. RESOLUTION OF DISPUTES. 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 4.6 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 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 revenue protection amount limit 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 the following: 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 Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for Supplemental Payments to be calculated as set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, 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, V, and VI are subject to the limitations contained in Section 7.1, and that all Supplemental Payments under this Article IV are subject to the separate limitations contained in Section 6.2 and Section 6.3.B.

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 Application;

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. SUPPLEMENTAL PAYMENT CALCULATION - SUBJECT TO NET TAX BENEFIT LIMITATION.

A. During each Tax Year beginning with the Application Approval Date and continuing thereafter until December 31 of the third year following the end of the Tax Limitation Period, District shall, subject to the limitations set forth in Subsection 6.3(B) and Section 7.1, below, be entitled to receive Supplemental Payments equal to the greater amount set forth in Section 6.2(A), above.

B. Beginning with the first year of the Tax Limitation Period, as defined in Section 2.3(D)(1), above, and continuing thereafter until December 31 of the third year following the end of the Tax Limitation Period, Applicant's Supplemental Payment Obligation, set forth in Subsection 6.3.(A) shall be further limited to an amount not to exceed Forty Percent (40%) of Applicant's Net Tax Benefit.

C. The amount owed by Applicant after taking into account the limitations in this Subsection 6.3(B) and Section 7.1 is known as the "Stipulated Supplemental Payment."

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.3, above.

(a) B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6, above.

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

Section 6.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation

will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit or the Net Aggregate Limit or the Supplemental Payments calculated as described in Section 6.5, above.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period 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;

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 30 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 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
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

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

John Souders
Controller
Brazos Midstream Holdings LLC
300 Throckmorton Street Suite 530
Fort Worth , Texas 76102
Phone: (817)332-6800
Email: souders@brazosmidstream.com

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

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

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 15th day of November, 2016.

BRAZOS DELAWARE, LLC

By: _____



WILLIAM BUTLER
CHIEF FINANCIAL OFFICER

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

By: _____



GAIL BOX
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: _____



RANDY GRAHAM
BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

At the time of the Application Approval Date, pursuant to Chapter 312 of the Texas Tax Code, the Pecos-Barstow-Toyah ISD had created the Delaware Basin Reinvestment Zone. A map of this Delaware Basin Reinvestment Zone is attached as the last page of this **EXHIBIT 1** following the legal description of the zone. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the Delaware Basin Reinvestment Zone.

Map of Qualified Property within Reinvestment Zone

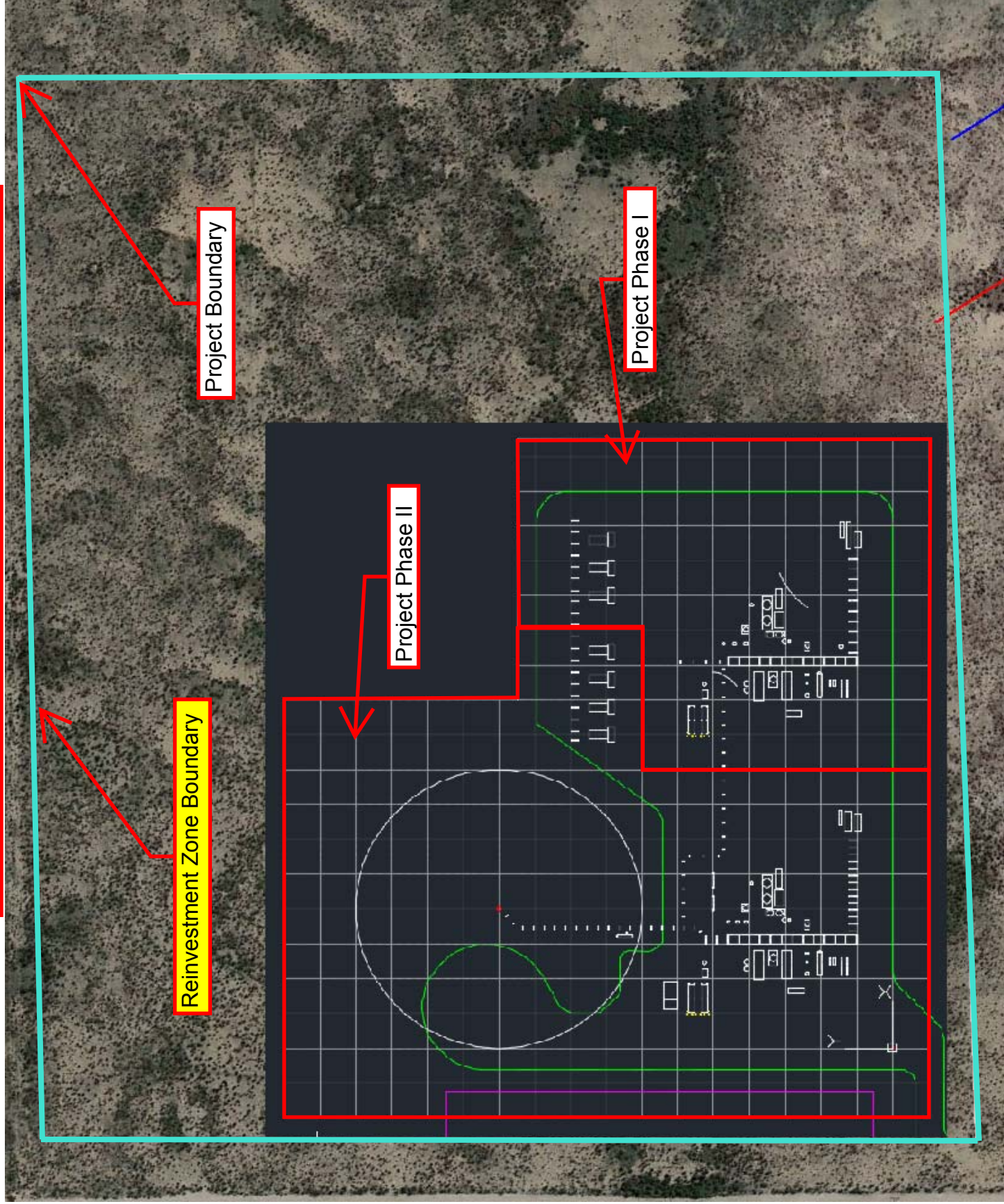


EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the map attached to this **Exhibit 1**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment shall be all tangible personal property first placed in service after November 15, 2016, owned by the Applicant, as more fully described in Tab 7 of the Application, and located within the boundaries of the Pecos-Barstow-Toyah Independent School District and the project boundaries depicted on the map attached to **Exhibit 1**.

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 the gas processing plants more fully described in Tab 4 of the Application. Furthermore, all Qualified Property will be located within the project boundaries indicated on the map attached on the last page of this **EXHIBIT 1**.

Proposed Project Description:

Brazos Delaware, LLC proposes to build a new (Phase I) 60 MMcf/d Gas Processing Plant and (Phase II) a 200MMcf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas. Projected Timeline for Brazos to start construction is July of 2016 and start hiring the new employees August 2016. This should allow for completion and commencement of Phase I commercial operations to start on December of 2016, followed by Phase II with an estimate completion date of December 2017

Cryogenic Natural Gas Processing Plants

The Comanche Plant would include the installation of two (2) refrigerated cryogenic gas plants. (Phase I 60 MMcf/d and Phase II 200 MMcf/d) If completed, the Comanche Gas Processing Plant will be designed to process 260MMcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, heat Exchangers, Natural Gas/Air.H₂O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus controls
- Environmental: (A) Flare-Stack, Scrubber, and Leak Detection; (L) Liners, Containment.

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 Brazos Delaware, LLC
(Tax ID 32057841325) (Application #1127)

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 if you have any questions.

Sincerely,



Al McKenzie, Manager
Foundation School Program Support

AM/rk
Cc: Jim Haley