

**FINDINGS OF THE CALALLEN
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
EPIC Y-GRADE LOGISTICS, LP (#1230)**



September 10, 2018

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OF THE
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SEPTEMBER 10, 2018

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STATE OF TEXAS §

COUNTY OF NUECES §

On the 10th day of September 2018, a public meeting of the Board of Trustees of the Calallen Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of EPIC Y-Grade Logistics, LP (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On November 13, 2017, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32065261490), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Nueces County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On April 11, 2018, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on May 9, 2018, in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

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

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

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

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

EPIC Y-Grade logistics, LP, ("EPIC") proposes to construct two new fractionator units that split raw-mix natural gas liquid ("NGL") into individual purity products using a sequence of towers.

Property used for manufacturing is eligible for a limitation under §313.024(b)(1).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the

number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs will be at least \$63,714 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

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

Board Finding Number 7.

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

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. If the Applicant should, for all non-qualifying jobs the Applicant is required to pay at least the county average wage of \$46,307 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 8.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$345 million to the tax base for debt-service purposes at the peak investment level for the 2021-22 school year.

Board Finding Number 9.

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

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

Board Finding Number 10.

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

Board Finding Number 11.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

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

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

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

Board Finding Number 12.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F. The total industrial value for the District is \$2.2 billion. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its placement in a strategic investment area. Given that the value of industrial property is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 13.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment I**)

Board Finding Number 14.

The Applicant (Taxpayer No. 32065261490) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 32065261490), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 15.

The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.

Board Finding Number 16.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss under current law in the first year that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 17.

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

Board Finding Number 18.

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/Home/Index/947>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

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

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 19.

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

Board Finding Number 20.

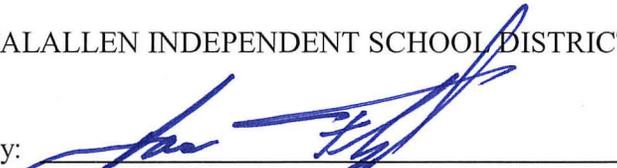
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

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

Dated the 10th day of September 2018.

CALLEN INDEPENDENT SCHOOL DISTRICT

By:



Jason Floyd, President, Board of Trustees

ATTEST:

By:



Lori Jo Walker, Secretary, Board of Trustees

Attachment A

Application

EPIC Y-Grade Logistics, LP

November 2017

Application for appraised value limitation on qualified property

Calallen Independent School District



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- 2) Proof of payment
- 3) Documentation of combined group
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- 8) Description of Qualified Property
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Application for Appraised Value Limitation on Qualified Property

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

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

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

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the 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 fully 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 comptroller.texas.gov/economy/local/ch313/. 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

November 13, 2017

Date Application Received by District

Arturo

First Name

Almendarez, Ed. D.

Last Name

Superintendent

Title

Calallen Independent School District

School District Name

4205 Wildcat Drive

Street Address

Mailing Address

Corpus Christi

City

(361) 242-5600

Phone Number

TX

State

(361) 242-5620

Fax Number

78410

ZIP

AAlmendarez@calallen.org

Email Address

File Number (optional)

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)*

Bob _____ Popinski _____
 First Name Last Name

Title
 Moak Casey & Associates _____

Firm Name

(512) 485-7878 _____ (512) 485-7888 _____
 Phone Number Fax Number

_____ bpopinski@moakcasey.com _____
 Mobile Number *(optional)* Email Address

4. On what date did the district determine this application complete? November 29, 2017
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)*

Weston _____ Mokry _____
 First Name Last Name

Controller _____ EPIC Y-Grade Logistics, LP _____
 Title Organization

18615 Tuscany Stone, STE 300 _____
 Street Address

18615 Tuscany Stone, STE 300 _____
 Mailing Address

San Antonio _____ Texas _____ 78258-3498 _____
 City State ZIP

(210) 446-1055 _____
 Phone Number

_____ Fax Number
 Business Email Address weston.mokry@texstarlogistics.com _____

Mobile Number *(optional)* _____

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? Yes No
- 2a. If yes, please fill out contact information for that person.

_____ Last Name _____
 First Name

_____ Organization _____
 Title

Street Address

Mailing Address

_____ State _____ ZIP _____
 City

_____ Fax Number _____
 Phone Number

_____ Business Email Address _____
 Mobile Number *(optional)*

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

SECTION 2: Applicant Information (continued)

Authorized Company Consultant (If Applicable)

.elley Rendziperis

 First Name Last Name
 Principal

 Title
 Site Selection Group, LLC

 Firm Name
 (214) 271-0584

 Phone Number Fax Number
 krendziperis@siteselectiongroup.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? EPIC Y-Grade Logistics, LP
 2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32065261490
 3. List the NAICS code 324120
 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 Partnership
 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

- Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
- The property will be used for one of the following activities:
 - (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
- 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

- Application approval by school board February 2018
- 2. Commencement of construction Q1 2018
- 3. Beginning of qualifying time period Q1 2018
- 4. First year of limitation 2020
- 5. Begin hiring new employees 2018
- 6. Commencement of commercial operations 2019
- 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? 12/2019

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Nueces County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Nueces County Appraisal District
- 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: Nueces County, 0.304092, 100% City: N/A
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Hospital District: Hospital 0.126836, 100% Water District: N/A
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Other (describe): Del Mar College, 0.246159, 100% Other (describe): N/A
(Name, tax rate and percent of project) (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 comptroller.texas.gov/economy/local/ch313/.

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 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

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)? [X] 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 [X] 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?

11/29/17

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

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 2017
(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)? 2

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 888.00
- b. 110% of the average weekly wage for manufacturing jobs in the county is 1,717.00
- c. 110% of the average weekly wage for manufacturing jobs in the region is 1,225.00

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? 63,713.00

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 63,714.00

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 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>

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 3

Documentation of Combined Group membership under Texas Tax Code

EPIC Y-Grade Logistics LP ("EPIC") was recently formed. The Texas Franchise Tax Affiliate Schedule and the Texas Franchise Tax Extension Affiliate List are not yet available. EPIC will file as part of a combined group. See attached organizational chart.



Franchise Tax Account Status

As of : 10/31/2017 13:56:27

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

EPIC Y-GRADE LOGISTICS, LP

Texas Taxpayer Number 32065261490

Mailing Address 211 E 7TH ST STE 620 AUSTIN, TX 78701-3218

Right to Transact Business in Texas ACTIVE

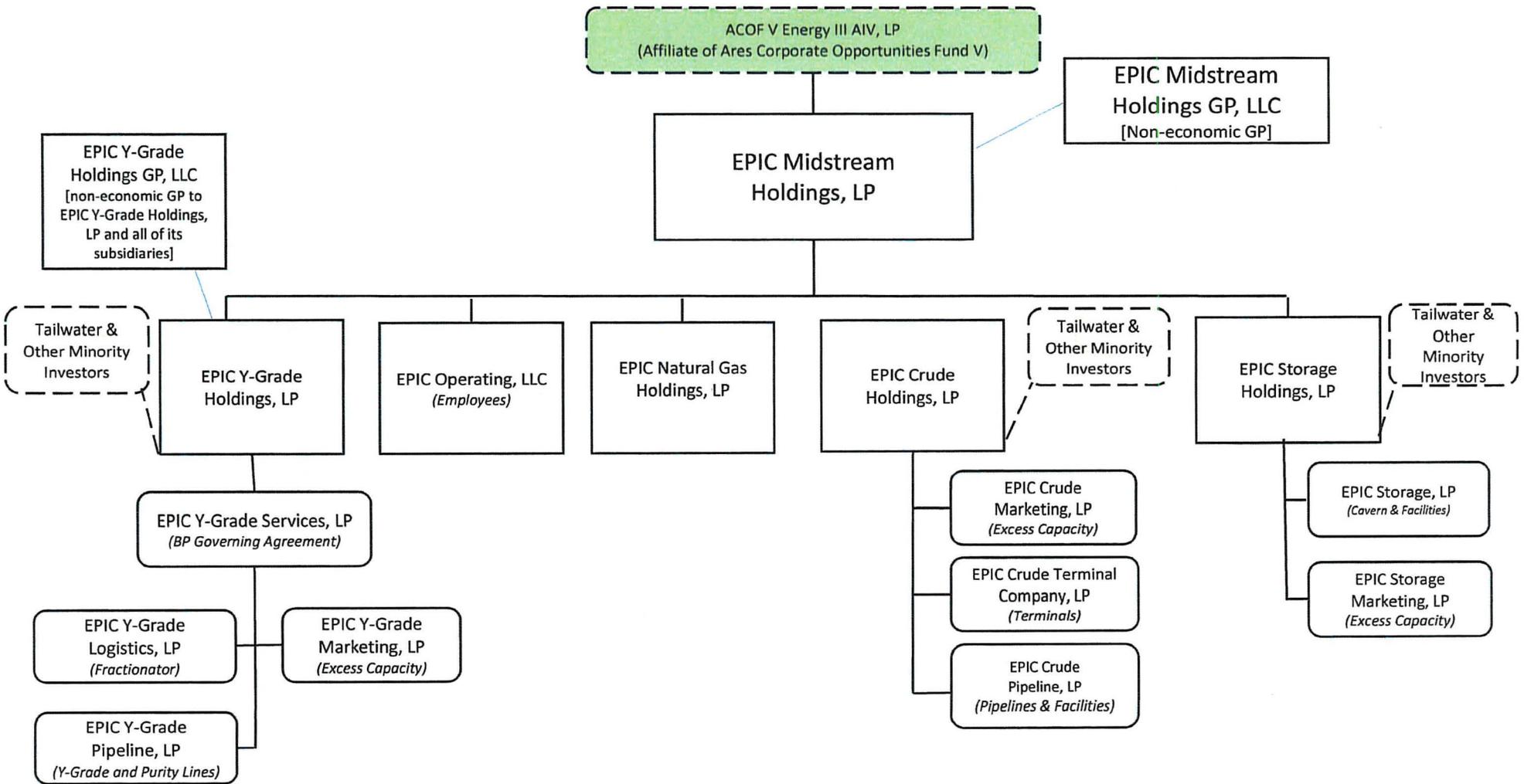
State of Formation DE

Effective SOS Registration Date 10/27/2017

Texas SOS File Number 0802848262

Registered Agent Name CORPORATION SERVICE COMPANY DBA CSC - LAWYERS INCO

Registered Office Street Address 211 E. 7TH STREET, SUITE 620 AUSTIN, TX 78701



Tab 4

Project Description

EPIC Y-Grade Logistics, LP, ("EPIC") proposes to construct two new fractionator units that split raw-mix natural gas liquid ("NGL") into individual purity products using a sequence of towers. The towers regulate temperatures and pressures so that the boiling point will be reached by only one product in each tower. The fractionators are designed to accommodate an affiliate's proposed pipeline that could initially transport up to 220,000 barrels per day. The NGL supply will originate from New Mexico and the Permian Basin in south Texas. The end users will be Gulf Coast refiners, petrochemical companies and export markets.

This project would be a significant investment for the company with an estimated investment of approximately \$400 million dollars for both fractionator units. The fractionator plants and ancillary infrastructure is anticipated to contain the following processing units and related equipment:

- Treating Equipment
- Storage Tanks and other facilities
- DeEthanizer Towers
- Product Loading Rack
- DePropanizer Towers
- Compression Equipment
- DeButanizer Towers
- Product Pipeline Interconnects
- Gasoline Treaters

The ability for EPIC to construct the first fractionator, and subsequent fractionators, is heavily dependent upon the overall return on investment of the project and whether the company can secure property tax benefits at an optimal location along the pipeline. Upon approval of such economic incentives, EPIC would move forward in acquiring land in the 4th quarter of 2017/early 2018. The construction of the facility and hiring of employees is estimated to occur in 2018 through 2020, with a goal of beginning operations in 2019.

Documentation to assist in determining if limitation is a determining factor

Section 8, #4: Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

As mandated and required by the Federal Energy Regulatory Commission ("FERC"), EPIC Y-Grade Pipeline, LP, a subsidiary of EPIC Y-Grade Services, LP and EPIC Midstream Holdings, LP, announced its intent to develop a 650-mile natural gas liquids pipeline. The FERC is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil and because the pipeline will cross state borders, the proposed project is required to be announced in advance of final details and commitments.

As part of the proposed project, EPIC Y-Grade Logistics, LP ("EPIC") will construct two fractionator units that split raw-mix natural gas liquids into individual purity products. While the FERC announcement indicated that the likely site location for the fractionator units may be in the Corpus Christi, Texas region; EPIC has not yet made a firm commitment to any site, purchased land, etc.

Section 8, #6 and #7: Has the applicant received commitments for state or local incentives for activities at the proposed project sites? Is the applicant evaluating other locations not in Texas for the proposed project?

EPIC Y-Grade Logistics, LP ("EPIC") is currently applying for state and local incentives for sites located in Texas and New Mexico. The fractionators could either be located at the beginning of the pipeline in New Mexico, due to existing infrastructure, or at the end of the pipeline in the Corpus Christi region. Within the State of Texas, EPIC is working with the Corpus Christi Regional Economic Development Corporation to request and apply for property tax abatements from Nueces County and Del Mar College. At this time the location decision is not complete and will depend on the potential projects return on investment.

Section 8, #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?

EPIC Y-Grade Logistics, LP ("EPIC") is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation. In making the required FERC announcement mentioned above, EPIC's management considered the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements under Chapter 312 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease. EPIC has limited capital resources and its investors may allocate those resources to a location or project with more favorable economics if EPIC is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.



EPIC Pipeline Announces Capacity Agreement with BP Energy Company & Secures Capital Commitment for New 650-Mile NGL Pipeline from the Permian Basin to Corpus Christi

San Antonio, TX, September 29, 2017 --(PR.com)-- EPIC Y Grade Pipeline, LP, a subsidiary of EPIC Y Grade Services, LP and EPIC Midstream Holdings, LP, today announced that it has signed a definitive agreement with BP Energy Company to anchor a new 650-mile natural gas liquids (NGL) pipeline that will be known as “EPIC NGL Pipeline,” which will link producers' NGL reserves in the Permian and Eagle Ford Basins to Gulf Coast refiners, petrochemical companies and export markets. The EPIC NGL Pipeline has secured a capital commitment from funds managed by Ares Management, L.P. (NYSE: ARES). The EPIC NGL Pipeline, which has commenced construction, will run side-by-side with the previously announced EPIC Crude Oil Pipeline for most of the route.

The EPIC NGL Pipeline will have throughput capacity of at least 220,000 barrels per day with multiple origin points in the Delaware and Midland Basins. Destinations will include interconnects near Orla, Benedum and Corpus Christi, Texas, where EPIC's affiliate plans to build a fractionation complex to accommodate the pipeline's volume. In the fourth quarter of 2017, EPIC will conduct a FERC open season, when interested shippers will have an opportunity to secure firm capacity on the EPIC NGL Pipeline.

EPIC is actively acquiring rights of way, and in some cases, multi-line rights will be pursued to accommodate both EPIC's NGL and crude oil projects. EPIC plans to have the initial phase of the pipeline in-service in early 2018.

“We are delighted to collaborate with BP, which brings to this project global commercial expertise for both NGLs and purity products,” said Phil Mezey, EPIC's Chief Executive Officer. “We look forward to providing a straight-forward, independent solution to shippers' NGL marketing and transportation needs.”

“BP is excited to extend its producer services reach into the prolific Delaware and Midland basins, while at the same time serving the growing needs of the petrochemical and refining sectors along the U.S. Gulf Coast,” said Orlando Alvarez, BP Energy Company's President and CEO.

“Ares is looking forward to collaborating with the EPIC team and BP on building this important infrastructure project,” commented Nate Walton, Partner at Ares Management.

About EPIC Y Grade Pipeline

EPIC Y Grade Pipeline, LP (“EPIC”) was formed in 2017 to own and operate an NGL pipeline system between west Texas and the Gulf Coast. EPIC's predecessors, TexStar Midstream Logistics, LP and TexStar Midstream Services, LP, owned and operated oil and gas midstream infrastructure throughout south Texas including crude oil and gas gathering systems, trunklines, treating and processing plants as well as an integrated NGL system with 120 miles of trunklines and a purpose-built fractionator near Corpus Christi. For more information, visit <http://www.epicpipelinelp.com>

[HTTP://EPICPIPELINE.COM](http://epicpipeline.com)

EPIC ANNOUNCES NEW 650-MILE NGL PIPELINE

29 September | San Antonio, TX

EPIC PIPELINE ANNOUNCES CAPACITY AGREEMENT WITH BP
ENERGY COMPANY & SECURES CAPITAL COMMITMENT FOR NEW
650-MILE NGL PIPELINE FROM THE PERMIAN BASIN TO CORPUS
CHRISTI

[SEE PRESS RELEASE](#)

EPIC NGL PIPELINE

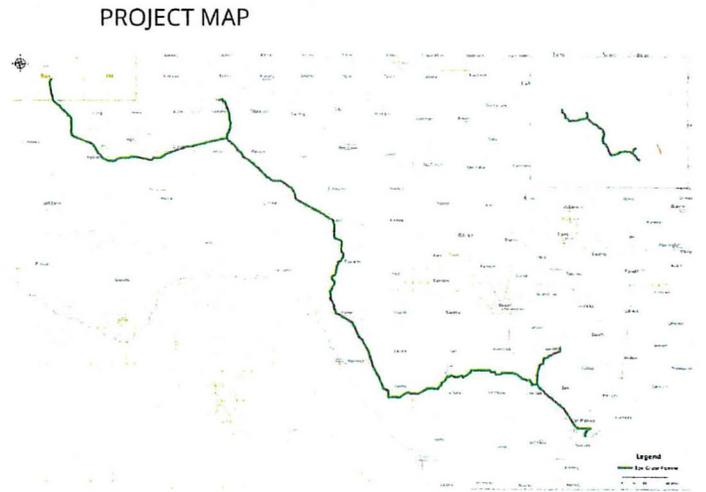
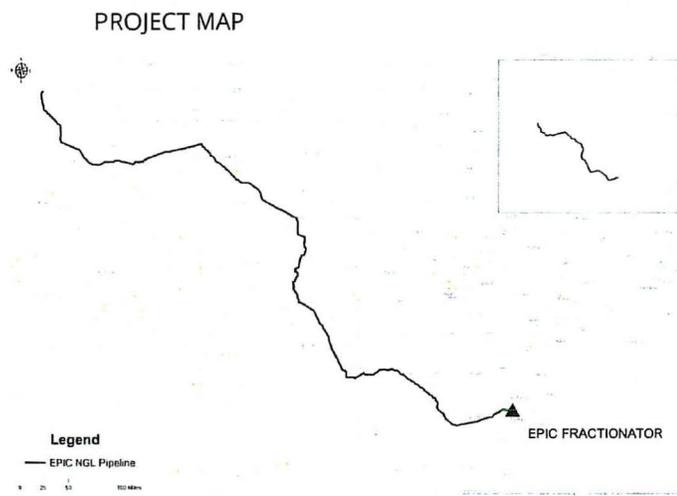
The EPIC NGL Pipeline is a 650-mile natural gas liquids pipeline linking NGL reserves in the Permian and Eagle Ford to gulf coast refiners, petrochemical companies, and export markets. By providing producers with new options for takeaway and downstream players with an alternative source of feedstocks, the NGL Pipeline is the first of many projects EPIC is developing to drive growth throughout Texas and New Mexico.

EPIC CRUDE PIPELINE

The EPIC Crude Pipeline is a 700-mile crude oil pipeline providing an initial 550,000 barrels per day of capacity from the Permian and Eagle Ford Basins to both refining and export markets in and around Corpus Christi. Nearly 3 years in the making, the EPIC Crude Pipeline intends to upend the industry by providing upstream producers and marketers with a takeaway solution that sports customer-friendly contract terms. Nearing

The initial capacity of the line will be a minimum of 220,000 barrels per day, with plans to build multiple 100,000 barrel per day fractionators in the Corpus Christi area. With ROW acquisition and construction already begun alongside its sister project, EPIC Crude, the EPIC NGL Pipeline's initial phase will be in-service in early 2018 and fully complete in 2019.

completion of its first open season, work on the EPIC Crude Pipeline has already begun alongside the EPIC NGL Pipeline. Check back soon for more news on current and potential future open seasons.



Tab 6

Description of how project is located in more than one district

NOT APPLICABLE

Tab 7

Description of Qualified Investment

The qualified investment for the fractionator project may contain the following main processing units and utility systems:

- DeEthanizer
- DePropanizer
- DeButanizer
- Towers
- Compression Equipment
- Gasoline Treaters

Tab 8

Description of Qualified Property

The qualified property for the fractionator project may contain the following property, main processing units and utility systems:

- Land
- DeEthanizer
- DePropanizer
- DeButanizer
- Towers
- Compression Equipment
- Gasoline Treaters

Tab 9

Description of Land

The properties under consideration for the applicant project are currently utilized as farm land.

Property #245816

Address: Violet Rd (FM RD 24)

Assessed Value \$179,641

Land Type:

DC1 – Dry Crop (Good) 293.55 Acres

PAD – Pad/Tank Site 6.26 Acres

Property #245817

Address: FM RD 1694 (Callicoatte Rd)

Assessed Value \$10,999

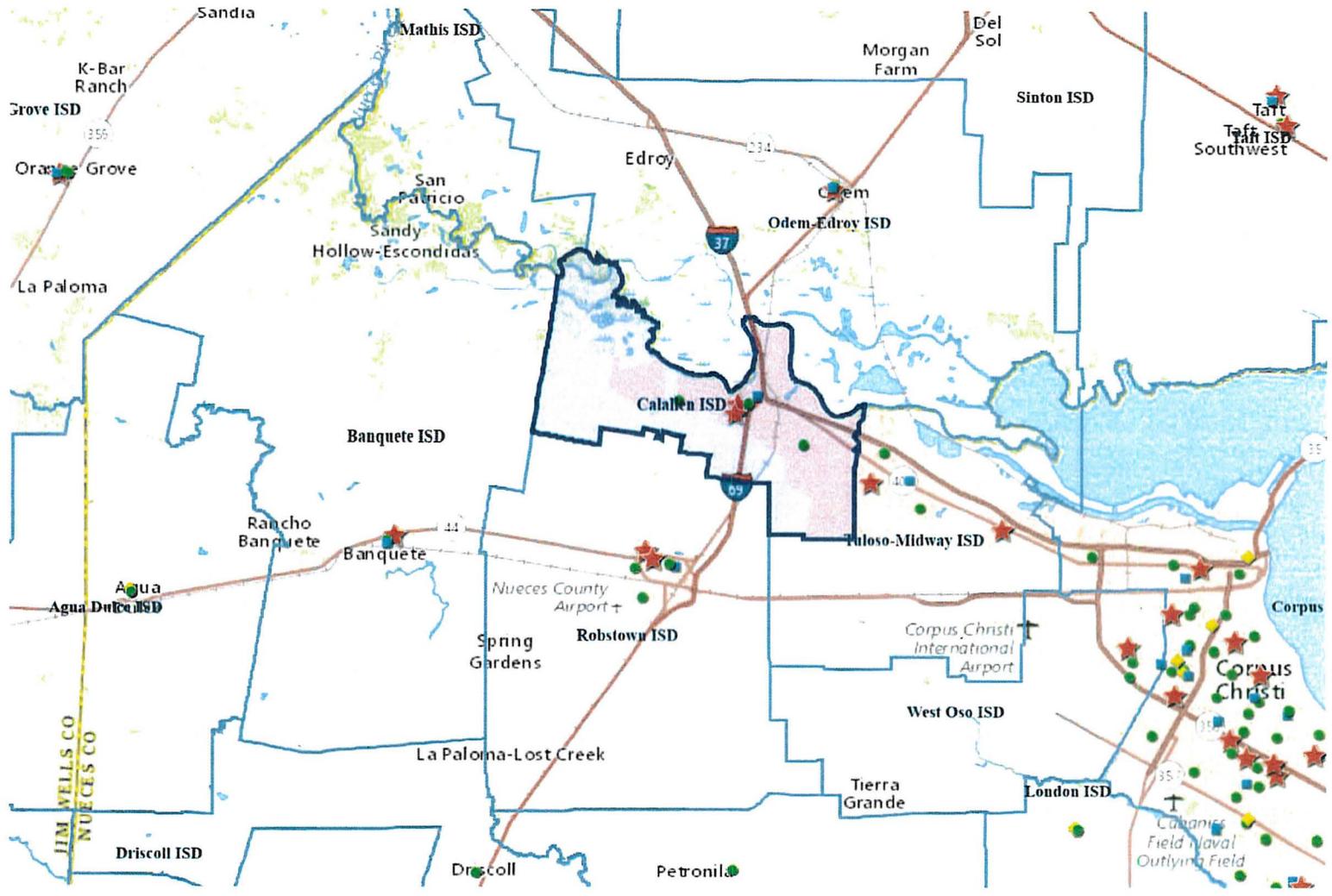
Land Type: Agricultural

Tab 10

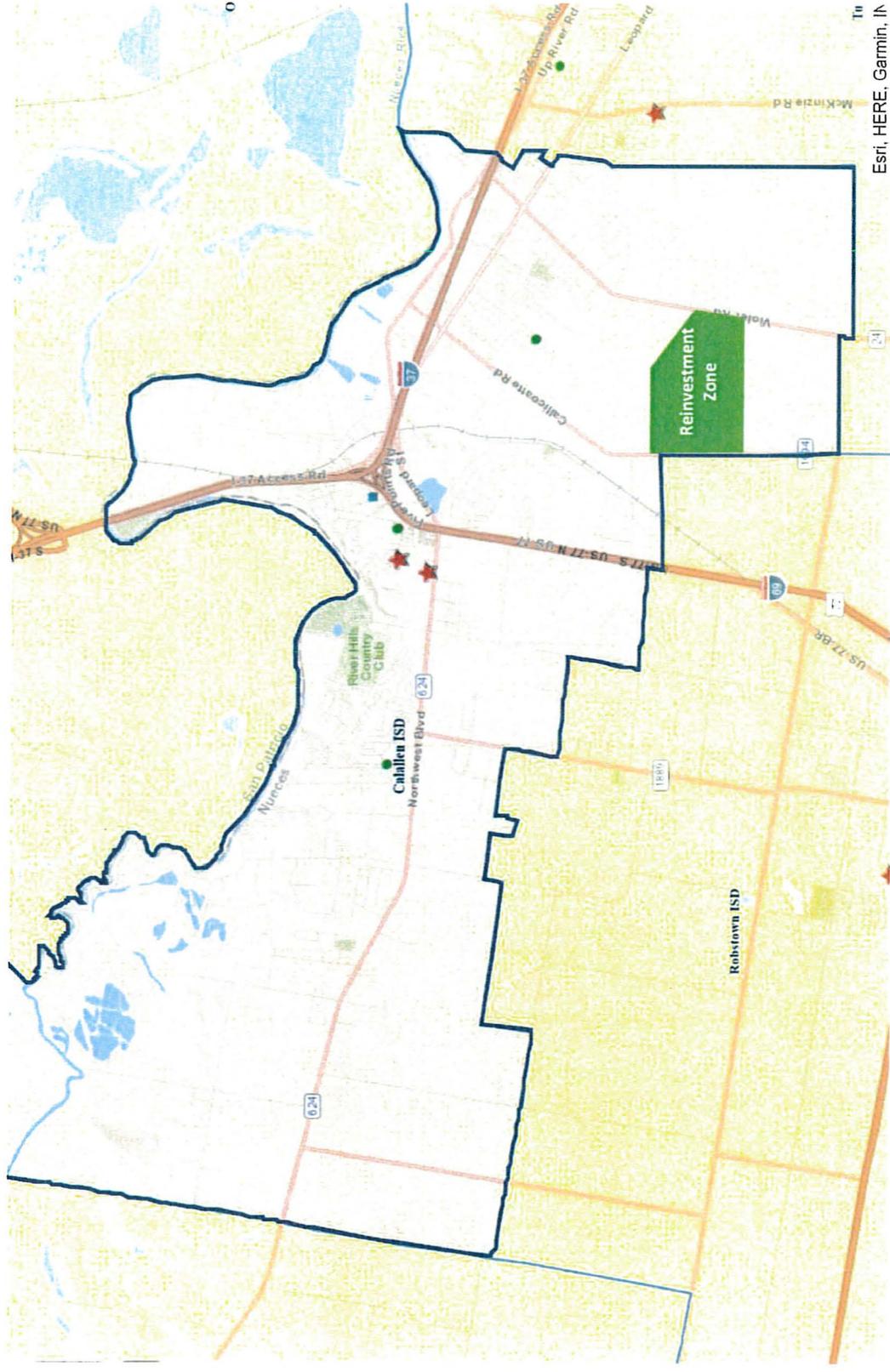
Description of all property not eligible to become qualified property

NOT APPLICABLE



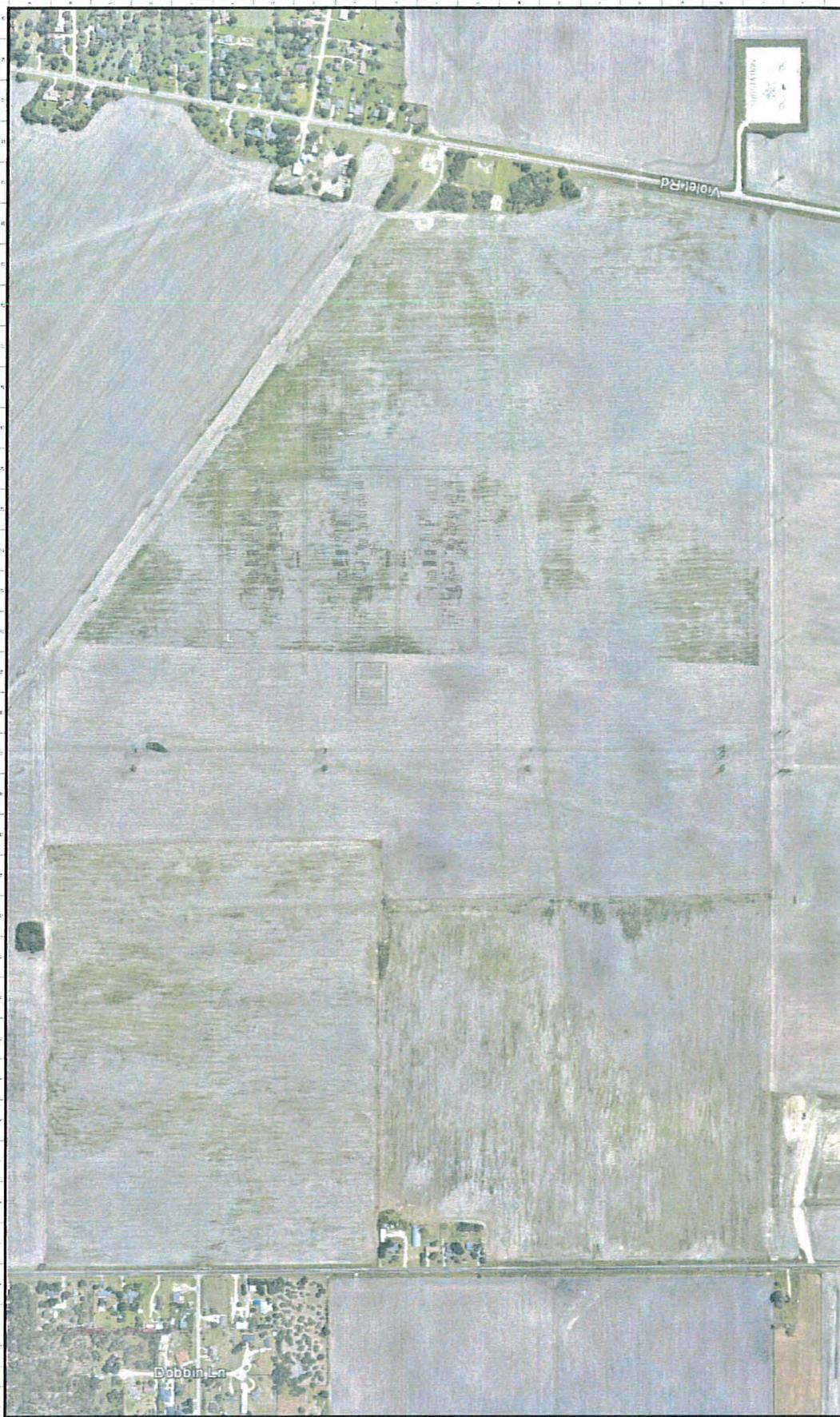


Map of Calallen ISD and Reinvestment Zone



Google Map of property #245816 and #245817





PROPERTY INFORMATION		ACRES		SECTION		TOWNSHIP		RANGE		COUNTY		STATE	
PROPERTY ADDRESS	PROPERTY TYPE	ACRES	SECTION	TOWNSHIP	RANGE	COUNTY	STATE	OWNER	DATE	APPLICANT	DATE	APPLICANT	DATE
10000 N. 100th St., Edina, MN 55437	Residential	1.00	10	10N	10E	Wabasha	ND	DEKANG LLC	01/15/2024	DEKANG LLC	01/15/2024	DEKANG LLC	01/15/2024



Dobbin Ln

Violet Rd

HOT TUB

Tab 12

Request of Waiver of Job Creation Requirement

NOT APPLICABLE

Tab 13

Calculation of three possible wage requirements with TWC documentation

a) Average weekly wage for all jobs (all industries) in Nueces County

Year	Period	Area	Ownership	Industry	Avg Weekly Wages
2017	1st Qtr	Nueces County	Total All	Total, all industries	\$912
2016	4th Qtr	Nueces County	Total All	Total, all industries	\$901
2016	3rd Qtr	Nueces County	Total All	Total, all industries	\$890
2016	2nd Qtr	Nueces County	Total All	Total, all industries	\$850
Average weekly					\$888
Average annual					\$46,176

Source Data: Texas Workforce Commission 10/19/2017

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$848
2017	1st Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$912
2016	2nd Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$850
2016	3rd Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$890
2016	4th Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$901

b) 110% of the average weekly wage for manufacturing jobs in Nueces County

Year	Period	Area	Ownership	Industry	Avg Weekly Wages
2017	1st Qtr	Nueces County	Private	Manufacturing	\$1,826
2016	4th Qtr	Nueces County	Private	Manufacturing	\$1,492
2016	3rd Qtr	Nueces County	Private	Manufacturing	\$1,503
2016	2nd Qtr	Nueces County	Private	Manufacturing	\$1,424
Average Weekly:					\$1,561
110% Average weekly:					\$1,717
110% Average annual:					\$89,304

Source Data: Texas Workforce Commission
10/31/2017

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,736
2017	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,826
2016	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,424
2016	3rd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,503
2016	4th Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,492

Sign up to receive workforce updates you can use.



- c) 110% of the average weekly wage for manufacturing jobs in the Coastal Bend Region

2016 Manufacturing Average Wages

by Council of Government Region Wages for all Occupations

Published July, 2017

Coastal Bend	Avg Wages
Average Annual:	\$57,921
110% Average Annual:	\$63,713
110% Average Weekly:	\$1,225

**2016 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$25.41	\$52,850
1. Panhandle Regional Planning Commission	\$22.52	\$46,834
2. South Plains Association of Governments	\$18.27	\$38,009
3. NORTEX Regional Planning Commission	\$24.14	\$50,203
4. North Central Texas Council of Governments	\$26.06	\$54,215
5. Ark-Tex Council of Governments	\$19.07	\$39,663
6. East Texas Council of Governments	\$20.52	\$42,677
7. West Central Texas Council of Governments	\$20.31	\$42,242
8. Rio Grande Council of Governments	\$19.32	\$40,188
9. Permian Basin Regional Planning Commission	\$26.00	\$54,079
10. Concho Valley Council of Governments	\$18.78	\$39,066
11. Heart of Texas Council of Governments	\$21.14	\$43,962
12. Capital Area Council of Governments	\$30.06	\$62,522
13. Brazos Valley Council of Governments	\$17.66	\$36,729
14. Deep East Texas Council of Governments	\$18.06	\$37,566
15. South East Texas Regional Planning Commission	\$33.42	\$69,508
16. Houston-Galveston Area Council	\$27.52	\$57,246
17. Golden Crescent Regional Planning Commission	\$26.38	\$54,879
18. Alamo Area Council of Governments	\$21.67	\$45,072
19. South Texas Development Council	\$15.02	\$31,235
20. Coastal Bend Council of Governments	\$27.85	\$57,921
21. Lower Rio Grande Valley Development Council	\$17.55	\$36,503
22. Texoma Council of Governments	\$20.98	\$43,648
23. Central Texas Council of Governments	\$18.65	\$38,783
24. Middle Rio Grande Development Council	\$23.05	\$47,950

Source: Texas Occupational Employment and Wages

Data published: July 2017

Data published annually, next update will be July 31, 2018

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

Tab 14 Schedules

Form 50-296A

Date
 Applicant Name EPIC Y-Grade Logistics, LP
 ISD Name Calallen Independent School District

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application	-	2018-2019	2018					
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				0	\$ 95,000,000	0	\$ 5,000,000	\$ 100,000,000
Complete tax years of qualifying time period	QTP1	2019-2020	2019	\$ -	\$ 200,000,000	\$ -		\$ 200,000,000
	QTP2	2020-2021	2020	\$ -	\$ 100,000,000	\$ -		\$ 100,000,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ -	\$ 395,000,000	\$ -	\$ 5,000,000	\$ 400,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$ 400,000,000				

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

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

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

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

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

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

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

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

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Date
 Applicant Name EPIC Y-Grade Logistics, LP
 ISD Name Calallen Independent School District

Tab 14 Schedules

Form 50-296A
 Revised May 2014

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 <u>not</u> 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		\$ -	\$ 395,000,000	0	5000000	\$ 400,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>								
Value limitation period***	1	2021-2022	2021					
	2	2022 - 2023	2022					
	3	2023-2024	2023					
	4	2024-2025	2024					
	5	2025-2026	2025					
	6	2026-2027	2026					
	7	2027-2028	2027					
	8	2028-2029	2028					
	9	2029-2030	2029					
	10	2030-2031	2030					
Total Investment made through limitation				\$ -	\$ 395,000,000	\$ -	\$ 5,000,000	\$ 400,000,000
Continue to maintain viable presence	11	2031-2032	2031					
	12	2032-2033	2032					
	13	2033-2034	2033					
	14	2034-2035	2034					
	15	2035-2036	2035					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036					
	17	2037-2038	2037					
	18	2038-2039	2038					
	19	2039-2040	2039					
	20	2040-2041	2040					
	21	2041-2042	2041					
	22	2042-2043	2042					
	23	2043-2044	2043					
	24	2044-2045	2044					
	25	2045-2046	2045					

* 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.

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

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

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

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

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

Tab 14 Schedules

Date

Applicant Name
ISD Name

EPIC Y-Grade Logistics, LP
Calallen Independent School District

Form 50-296A
Revised May 2014

	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 I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0								
Value Limitation Period	1	2020-2021	2020	\$ 4,250,000		\$ 335,750,000		\$ 340,000,000	\$ 30,000,000
	2	2021-2022	2021	\$ 4,250,000		\$ 318,962,500		\$ 323,212,500	\$ 30,000,000
	3	2022-2023	2022	\$ 4,250,000		\$ 303,014,375		\$ 307,264,375	\$ 30,000,000
	4	2023-2024	2023	\$ 4,250,000		\$ 287,863,656		\$ 292,113,656	\$ 30,000,000
	5	2024-2025	2024	\$ 4,250,000		\$ 273,470,473		\$ 277,720,473	\$ 30,000,000
	6	2025-2026	2025	\$ 4,250,000		\$ 259,796,949		\$ 264,046,949	\$ 30,000,000
	7	2026-2027	2026	\$ 4,250,000		\$ 246,807,102		\$ 251,057,102	\$ 30,000,000
	8	2027-2028	2027	\$ 4,250,000		\$ 234,466,747		\$ 238,716,747	\$ 30,000,000
	9	2028-2029	2028	\$ 4,250,000		\$ 222,743,409		\$ 226,993,409	\$ 30,000,000
	10	2029-2030	2029	\$ 4,250,000		\$ 211,606,239		\$ 215,856,239	\$ 30,000,000
Continue to maintain viable presence	11	2030-2031	2030	\$ 4,250,000		\$ 201,025,927		\$ 205,275,927	\$ 205,275,927
	12	2031-2032	2031	\$ 4,250,000		\$ 190,974,630		\$ 195,224,630	\$ 195,224,630
	13	2032-2033	2032	\$ 4,250,000		\$ 181,425,899		\$ 185,675,899	\$ 185,675,899
	14	2033-2034	2033	\$ 4,250,000		\$ 172,354,604		\$ 176,604,604	\$ 176,604,604
	15	2034-2035	2034	\$ 4,250,000		\$ 163,736,874		\$ 167,986,874	\$ 167,986,874
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035	\$ 4,250,000		\$ 155,550,030		\$ 159,800,030	\$ 159,800,030
	17	2036-2037	2036	\$ 4,250,000		\$ 147,772,528		\$ 152,022,528	\$ 152,022,528
	18	2037-2038	2037	\$ 4,250,000		\$ 140,383,902		\$ 144,633,902	\$ 144,633,902
	19	2038-2039	2038	\$ 4,250,000		\$ 133,364,707		\$ 137,614,707	\$ 137,614,707
	20	2039-2040	2039	\$ 4,250,000		\$ 126,696,472		\$ 130,946,472	\$ 130,946,472
	21	2040-2041	2040	\$ 4,250,000		\$ 120,361,648		\$ 124,611,648	\$ 124,611,648
	22	2041-2042	2041	\$ 4,250,000		\$ 114,343,566		\$ 118,593,566	\$ 118,593,566
	23	2042-2043	2042	\$ 4,250,000		\$ 108,626,387		\$ 112,876,387	\$ 112,876,387
	24	2043-2044	2043	\$ 4,250,000		\$ 103,195,068		\$ 107,445,068	\$ 107,445,068
	25	2044-2045	2044	\$ 4,250,000		\$ 98,035,314		\$ 102,285,314	\$ 102,285,314

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

Date

Applicant Name

EPIC Y-Grade Logistics, LP

Form 50-296A

ISD Name

Calallen Independent School District

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0			500	\$35/hr			
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2020-2021	2020				10	64000
	2	2021-2022	2021				10	64000
	3	2022-2023	2022				10	64000
	4	2023-2024	2023				10	64000
	5	2024-2025	2024				10	64000
	6	2025-2026	2025				10	64000
	7	2026-2027	2026				10	64000
	8	2027-2028	2027				10	64000
	9	2028-2029	2028				10	64000
	10	2029-2030	2029				10	64000
Years Following Value Limitation Period	11 through 25	2030-2045	2030 -2045				10	64000

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

- C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No
- 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)? Yes No
- C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Schedule D: Other Incentives (Estimated)

Date

Applicant Name

EPIC Y-Grade Logistics, LP

Form 50-296A

ISD Name

Calallen Independent School District

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Nueces	2019	8 years	\$ 1,000,000	\$ 510,000	\$ 490,000
	City:					
	Other: Del Mar College	2019	8 years	\$ 850,000	\$ 480,000	\$ 370,000
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						

Additional information on incentives for this project:

Tab 15

Economic Impact Analysis

NOT APPLICABLE

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 → Arturo Almandarez
 Print Name (Authorized School District Representative)

Superintendent
 Title

sign here → *Arturo Almandarez*
 Signature (Authorized School District Representative)

11/13/2017
 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 → Weston Mckery
 Print Name (Authorized Company Representative (Applicant))

Controller
 Title

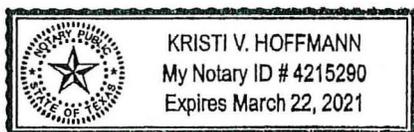
sign here → *Weston Mckery*
 Signature (Authorized Company Representative (Applicant))

11/10/17
 Date

GIVEN under my hand and seal of office this, the

10th day of November 2017

Kristi V. Hoffmann
 Notary Public in and for the State of Texas



(Notary Seal)

My Commission expires: 03/22/21

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.



Ms. Deisy Perez
Research Analyst
Texas Comptroller of Public Accounts
111 East 17th Street
Austin, TX 78774

Dear Ms. Deisy Perez:

Thank you for taking the time to review the EPIC Y-Grade Logistics, LP Application for appraised value limitation on qualified property. Attached is the original signature page for the 1.30.18 amendment submission.

Please do not hesitate to call or email me with any questions at (214)238-0607 or rrohn@siteselectiongroup.com

Best Regards

A handwritten signature in black ink that reads "Rachel Rohn". The signature is written in a cursive style with a large, looped "R" and "H".

Rachel Rohn

SECTION 9: Projected Timeline

- 1. Application approval by school board February 2018
2. Commencement of construction Q1 2018
3. Beginning of qualifying time period Q1 2018
4. First year of limitation 2021
5. Begin hiring new employees 2018
6. Commencement of commercial operations 2019
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)? [X] 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? 12/2019

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Nueces County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Nueces County Appraisal District
3. Will this CAD be acting on behalf of another CAD to appraise this property? [] Yes [X] 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: Nueces County, 0.304092, 100% City: N/A
Hospital District: Hospital 0.126836, 100% Water District: N/A
Other (describe): Del Mar College, 0.246159, 100% Other (describe): N/A
5. Is the project located entirely within the ISD listed in Section 1? [X] 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 [X] 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 comptroller.texas.gov/economy/local/ch313/.
1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? [X] 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? [X] Yes [] No

SECTION 12: Qualified Property

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

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

- 1. In Tab 10, attach a specific and detailed description of all existing property. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
- 2. In Tab 10, attach a specific and detailed description of all proposed new property that will not become new improvements as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
- 3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
- 4. Total estimated market value of existing property (that property described in response to question 1): \$ 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 2017
(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)? 2
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 890.50
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 1,717.00
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,225.00
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? 63,713.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 63,714.00
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**.

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 Arturo Almendarez Superintendent Title
sign here Arturo Almendarez 2/7/2018 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 Weston Mokry Controller Title
sign here Weston Mokry 1/30/2018 Date

GIVEN under my hand and seal of office this, the

30th day of January, 2018

Kristi V. Hoffman Notary Public in and for the State of Texas

My Commission expires: 03/22/21



(Notary Seal)

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

Tab 7 – Amended 1.30.18

Description of Qualified Investment

The qualified investment for the fractionator project may contain the following main processing units and utility systems:

- DeEthanizer, DePropanizer, DeISObutanizer and DeButanizer towers. These are the distillation towers used to separate the products in the Y-Grade stream delivered to the plant.
- Electrical sub-station. This is used to covert 138KV power to 13.8KV power for use in the fractionator
- Electrical motor control center – 1 for each fractionator train
- Cooling tower – 1 for each fractionator train.
- Refrigeration compressors – 2 for each fractionator train.
- Amine treatment unit. Used to treat the Y-Grade to remove water and CO2.
- Hot oil heater – 1 for each train, used to provide heating media needed for tower operation
- Tank farm. Will include 10 - 90,000 gallon storage tanks and product pipeline pumps.
- Flare for destruction of any material vented
- Maintenance warehouse for storage of spare parts and construction fabrication
- Office building
- Operating Control room

Tab 8 – Amended 1.30.18

Description of Qualified Property

NOT APPLICABLE; Tab 7 includes all qualified property

Tab 9 – Amended 1.30.18

Description of Land

NOT APPLICABLE

Tab 13 – Amended 1.30.18

Calculation of three possible wage requirements with TWC documentation

a) Average weekly wage for all jobs (all industries) in Nueces County

Year	Period	Area	Ownership	Industry	Avg Weekly Wages
2017	1st Qtr	Nueces County	Total All	Total, all industries	\$910
2016	4th Qtr	Nueces County	Total All	Total, all industries	\$901
2016	3rd Qtr	Nueces County	Total All	Total, all industries	\$890
2017	2nd Qtr	Nueces County	Total All	Total, all industries	\$861
Average weekly					\$890.5
Average annual					\$46,306

Source Data: Texas Workforce Commission 10/19/2017

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$848
2017	1st Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$912
2016	2nd Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$850
2016	3rd Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$890
2016	4th Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$901

Amended 1.30.18

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	1st Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$910
2017	2nd Qtr	Nueces County	Total All	00	0	10	Total, all industries	\$861

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b) 110% of the average weekly wage for manufacturing jobs in Nueces County

Year	Period	Area	Ownership	Industry	Avg Weekly Wages
2017	1st Qtr	Nueces County	Private	Manufacturing	\$1,826
2016	4th Qtr	Nueces County	Private	Manufacturing	\$1,492
2016	3rd Qtr	Nueces County	Private	Manufacturing	\$1,503
2017	2nd Qtr	Nueces County	Private	Manufacturing	\$1,421
Average Weekly:					\$1,561
110% Average weekly:					\$1,717
110% Average annual:					\$89,304

Source Data: Texas Workforce Commission
 10/31/2017

Amended 1.30.18

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,736
2017	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,826
2016	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,424
2016	3rd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,503
2016	4th Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,492

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Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,421
2017	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	\$1,826

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c) 110% of the average weekly wage for manufacturing jobs in the Coastal Bend Region

2016 Manufacturing Average Wages

by Council of Government Region Wages for all Occupations

Published July, 2017

Coastal Bend	Avg Wages
Average Annual:	\$57,921
110% Average Annual:	\$63,713
110% Average Weekly:	\$1,225

**2016 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$25.41	\$52,850
1. Panhandle Regional Planning Commission	\$22.52	\$46,834
2. South Plains Association of Governments	\$18.27	\$38,009
3. NORTEX Regional Planning Commission	\$24.14	\$50,203
4. North Central Texas Council of Governments	\$26.06	\$54,215
5. Ark-Tex Council of Governments	\$19.07	\$39,663
6. East Texas Council of Governments	\$20.52	\$42,677
7. West Central Texas Council of Governments	\$20.31	\$42,242
8. Rio Grande Council of Governments	\$19.32	\$40,188
9. Permian Basin Regional Planning Commission	\$26.00	\$54,079
10. Concho Valley Council of Governments	\$18.78	\$39,066
11. Heart of Texas Council of Governments	\$21.14	\$43,962
12. Capital Area Council of Governments	\$30.06	\$62,522
13. Brazos Valley Council of Governments	\$17.66	\$36,729
14. Deep East Texas Council of Governments	\$18.06	\$37,566
15. South East Texas Regional Planning Commission	\$33.42	\$69,508
16. Houston-Galveston Area Council	\$27.52	\$57,246
17. Golden Crescent Regional Planning Commission	\$26.38	\$54,879
18. Alamo Area Council of Governments	\$21.67	\$45,072
19. South Texas Development Council	\$15.02	\$31,235
20. Coastal Bend Council of Governments	\$27.85	\$57,921
21. Lower Rio Grande Valley Development Council	\$17.55	\$36,503
22. Texoma Council of Governments	\$20.98	\$43,648
23. Central Texas Council of Governments	\$18.65	\$38,783
24. Middle Rio Grande Development Council	\$23.05	\$47,950

Source: Texas Occupational Employment and Wages

Data published: July 2017

Data published annually, next update will be July 31, 2018

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

Date **Amended 1.30.18**
 Applicant Name **EPIC Y-Grade Logistics, LP**
 ISD Name **Calallen Independent School District**

Form 50-296A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application	--	2018-2019	2018					
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				0	\$ 120,000,000	0	\$ -	\$ 120,000,000
Complete tax years of qualifying time period	QTP1	2019-2020	2019	\$ -	\$ 200,000,000	\$ -		\$ 200,000,000
	QTP2	2020-2021	2020	\$ -	\$ 80,000,000	\$ -		\$ 80,000,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ -	\$ 400,000,000	\$ -	\$ -	\$ 400,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$ 400,000,000				

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

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

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

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

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

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

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

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Date **Amended 1.30.18**

Applicant Name **EPIC Y-Grade Logistics, LP**

ISD Name **Calallen Independent School District**

Form 50-296A

Revised May 2014

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 <u>not</u> 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		\$ -	\$ 400,000,000	0	0	\$ 400,000,000
Enter amounts from TOTAL row in Schedule A1 in the row below								
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>								
Value limitation period***	1	2021 - 2022	2021					
	2	2022 - 2023	2022					
	3	2023-2024	2023					
	4	2024-2025	2024					
	5	2025-2026	2025					
	6	2026-2027	2026					
	7	2027-2028	2027					
	8	2028-2029	2028					
	9	2029-2030	2029					
	10	2030-2031	2030					
Total Investment made through limitation				\$ -	\$ 400,000,000	\$ -	\$ -	\$ 400,000,000
Continue to maintain viable presence	11	2031-2032	2031					
	12	2032-2033	2032					
	13	2033-2034	2033					
	14	2034-2035	2034					
	15	2035-2036	2035					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036					
	17	2037-2038	2037					
	18	2038-2039	2038					
	19	2039-2040	2039					
	20	2040-2041	2040					
	21	2041-2042	2041					
	22	2042-2043	2042					
	23	2043-2044	2043					
	24	2044-2045	2044					
	25	2045-2046	2045					

* 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.

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

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

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

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

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

Date

Amended 1.30.18

Applicant Name

EPIC Y-Grade Logistics, LP

Form 50-296A

ISD Name

Calallen Independent School District

Revised May 2014

	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 I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0								
Value Limitation Period	1	2021-2022	2021	\$ -		\$ 340,000,000		\$ 340,000,000	\$ 30,000,000
	2	2022-2023	2022	\$ -		\$ 323,000,000		\$ 323,000,000	\$ 30,000,000
	3	2023-2024	2023	\$ -		\$ 306,850,000		\$ 306,850,000	\$ 30,000,000
	4	2024-2025	2024	\$ -		\$ 291,507,500		\$ 291,507,500	\$ 30,000,000
	5	2025-2026	2025	\$ -		\$ 276,932,125		\$ 276,932,125	\$ 30,000,000
	6	2026-2027	2026	\$ -		\$ 263,085,519		\$ 263,085,519	\$ 30,000,000
	7	2027-2028	2027	\$ -		\$ 249,931,243		\$ 249,931,243	\$ 30,000,000
	8	2028-2029	2028	\$ -		\$ 237,434,681		\$ 237,434,681	\$ 30,000,000
	9	2029-2030	2029	\$ -		\$ 225,562,947		\$ 225,562,947	\$ 30,000,000
	10	2030-2031	2030	\$ -		\$ 214,284,799		\$ 214,284,799	\$ 30,000,000
Continue to maintain viable presence	11	2031-2032	2031	\$ -		\$ 203,570,559		\$ 203,570,559	\$ 203,570,559
	12	2032-2033	2032	\$ -		\$ 193,392,031		\$ 193,392,031	\$ 193,392,031
	13	2033-2034	2033	\$ -		\$ 183,722,430		\$ 183,722,430	\$ 183,722,430
	14	2034-2035	2034	\$ -		\$ 174,536,308		\$ 174,536,308	\$ 174,536,308
	15	2035-2036	2035	\$ -		\$ 165,809,493		\$ 165,809,493	\$ 165,809,493
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036	\$ -		\$ 157,519,018		\$ 157,519,018	\$ 157,519,018
	17	2037-2038	2037	\$ -		\$ 149,643,067		\$ 149,643,067	\$ 149,643,067
	18	2038-2039	2038	\$ -		\$ 142,160,914		\$ 142,160,914	\$ 142,160,914
	19	2039-2040	2039	\$ -		\$ 135,052,868		\$ 135,052,868	\$ 135,052,868
	20	2040-2041	2040	\$ -		\$ 128,300,225		\$ 128,300,225	\$ 128,300,225
	21	2041-2042	2041	\$ -		\$ 121,885,214		\$ 121,885,214	\$ 121,885,214
	22	2042-2043	2042	\$ -		\$ 115,790,953		\$ 115,790,953	\$ 115,790,953
	23	2043-2044	2043	\$ -		\$ 110,001,405		\$ 110,001,405	\$ 110,001,405
	24	2044-2045	2044	\$ -		\$ 104,501,335		\$ 104,501,335	\$ 104,501,335
	25	2045-2046	2045	\$ -		\$ 99,276,268		\$ 99,276,268	\$ 99,276,268

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

Date **Amended 1.30.18**
 Applicant Name **EPIC Y-Grade Logistics, LP**
 ISD Name **Calallen Independent School District**

Form 50-296A
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018 - 2019	2018	200 FTE	\$35/hr			
	0	2019 - 2020	2019	350 FTE	\$35/hr			
	0	2020 - 2021	2020	100 FTE	\$35/hr			
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021				10	63714
	2	2022-2023	2022				10	63714
	3	2023-2024	2023				10	63714
	4	2024-2025	2024				10	63714
	5	2025-2026	2025				10	63714
	6	2026-2027	2026				10	63714
	7	2027-2028	2027				10	63714
	8	2028-2029	2028				10	63714
	9	2029-2030	2029				10	63714
10	2030-2031	2030				10	63714	
Years Following Value Limitation Period	11 through 25	2031-2046	2030 -2045				10	63714

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

- C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 Yes No
 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)? Yes No
- C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Schedule D: Other Incentives (Estimated)

Date Amended 1.30.18
Applicant Name EPIC Y-Grade Logistics, LP
ISD Name Calallen Independent School District

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Nueces	2019	8 years	\$ 1,000,000	\$ 510,000	\$ 490,000
	City:					
	Other: Del Mar College	2019	8 years	\$ 850,000	\$ 480,000	\$ 370,000
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				\$ 1,850,000	\$ 990,000	\$ 860,000

Nueces County Commissioners Court

Contract #: _____

ROUTING/CHECKLIST FOR AGENDA ITEM

Item Description: Order Designating Epic (Reinvestment) zone 4A1

Originating Office: County Attorney

Contact Name: Belinda Phone #: 0520

Number of original sets of contracts for signature: 2

Indicate required action with a X. Individual that completes the action MUST place initials.

<u>Action Requested</u>	<u>Initial when Completed</u>
-------------------------	-------------------------------

<input checked="" type="checkbox"/>		Originating Office submits paperwork to Office of Commissioners Court Administration (OCCA) for agenda. To help eliminate delays, please <u>write in below (see*) the Executing Party's name (usually the Contractor), plus the complete address, and telephone number.</u>
-------------------------------------	--	---

		Before Commissioners Court commences, OCCA gives AGENDA ITEMS to the Co, Clerk Admin. Asst/Deputy. As actions are taken, County Clerk Deputy assigns contract numbers. At end of court, the contracts/resolutions are returned to County Judge to sign.
--	--	---

<input checked="" type="checkbox"/>		Office of County Judge obtains signatures on paperwork as needed from: <input checked="" type="checkbox"/> County Judge <input checked="" type="checkbox"/> Commissioners <input type="checkbox"/> County Attorney <input checked="" type="checkbox"/> County Clerk
-------------------------------------	--	--

		Office of County Judge sends signed paperwork to Co. Clerk to <u>attest</u> Judge's signature as needed.
--	--	--

		Office of Co. Clerk returns <u>attested</u> original to County Judge for distribution as follows (check each that applies to your needs):
--	--	---

____ *Executing Party/Contractor (fill out completely by originating office):

Name _____

Address _____

City, State, Zip _____

Telephone # _____ Email: _____

____ 1 Original Contract/Resolution for County Clerk

____ Original(s) for Depart

____ Copy for Originating Department

<input checked="" type="checkbox"/>		County Judge's Office is to return originals to originating office to process.
-------------------------------------	--	--

ALWAYS SUBMIT ONE FULLY SIGNED ORIGINAL TO THE COUNTY CLERK'S OFFICE FOR ARCHIVE. THE COUNTY CLERK WILL RETURN THE EXECUTED COPY TO THE COUNTY JUDGE.

ORDER DESIGNATING THE EPIC ZONE WITHIN NUECES COUNTY, TEXAS PURSUANT TO THE PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT (CHAPTER 312 OF THE TEXAS TAX CODE)

WHEREAS, the Texas Property Redevelopment and Tax Abatement Tax (the "Act"), Texas Tax Code, Chapter 312, as amended, authorizes the Commissioners Court of Nueces County, Texas to designate a zone for property tax abatement pursuant to said Act; and

WHEREAS, it is the policy of the County to encourage the redevelopment of areas wherein the creation and retention of new jobs and investment will benefit the area economy, provide needed economic opportunities, strengthen the real estate market and generate tax revenues to support local services; and

WHEREAS, on November 20, 2017, notice of a public hearing on the designation of such Zone was published in a newspaper of general circulation in the City of Corpus Christi, and on November 20, 2017, such notice was given by U.S. mail, certified, postage prepaid, return receipt requested, to the presiding officer of the governing body of each taxing unit including property in the proposed Zone in accordance with the Act; and

WHEREAS, the Commissioners Court of Nueces County, Texas conducted a public hearing on November 29, 2017, at which all interested persons were entitled to speak and present evidence for or against the designation of a zone for temporary property tax abatement;

NOW, THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF NUECES COUNTY, TEXAS, THAT:

1. Findings. The Nueces County Commissioners Court finds and determines that the improvements proposed by EPIC Y-Grade Logistics, LP, within the Zone are feasible and practical and would be a benefit to the land to be included in the EPIC Zone and to the County after any tax abatement agreements entered into in accordance with the Act have expired. The Commissioners Court further finds and determines that area to be designated as the EPIC Zone under the Act is reasonably likely, as a result of the designation, to contribute to the expansion of primary employment and will attract major investment in the Zone that would be a benefit to the property and would contribute to the economic development of the County.

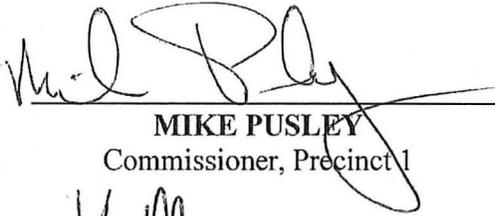
2. Creation of Zone. The EPIC Zone is hereby created comprised of Lots 1 through 5, inclusive, of the J.A. Hunter Subdivision, Nueces County, Texas, and is generally located on the west side of Violet Road (County Rd 24), approximately 2.4 miles north of S.H. 44.

DULY ADOPTED at a regular meeting of the Commissioners Court on the 29th day of November, 2017.



SAMUEL L. NEAL, JR.

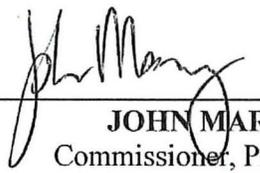
Nueces County Judge



MIKE PUSLEY
Commissioner, Precinct 1



JOE A. GONZALEZ
Commissioner, Precinct 2



JOHN MAREZ
Commissioner, Precinct 3



BRENT CHESNEY
Commissioner, Precinct 4



ATTEST:



KARA SANDS, County Clerk



Ms. Deisy Perez
Research Analyst
Texas Comptroller of Public Accounts
111 East 17th Street
Austin, TX 78774

Dear Ms. Deisy Perez:

Thank you for taking the time to review the EPIC Y-Grade Logistics, LP Application for appraised value limitation on qualified property. Attached is the original signature page for the 3.16.18 amendment submission.

Please do not hesitate to call or email me with any questions at (214)238-0607 or rrohn@siteselectiongroup.com

Best Regards,

A handwritten signature in blue ink that reads "Rachel Rohn". The signature is fluid and cursive.

Rachel Rohn

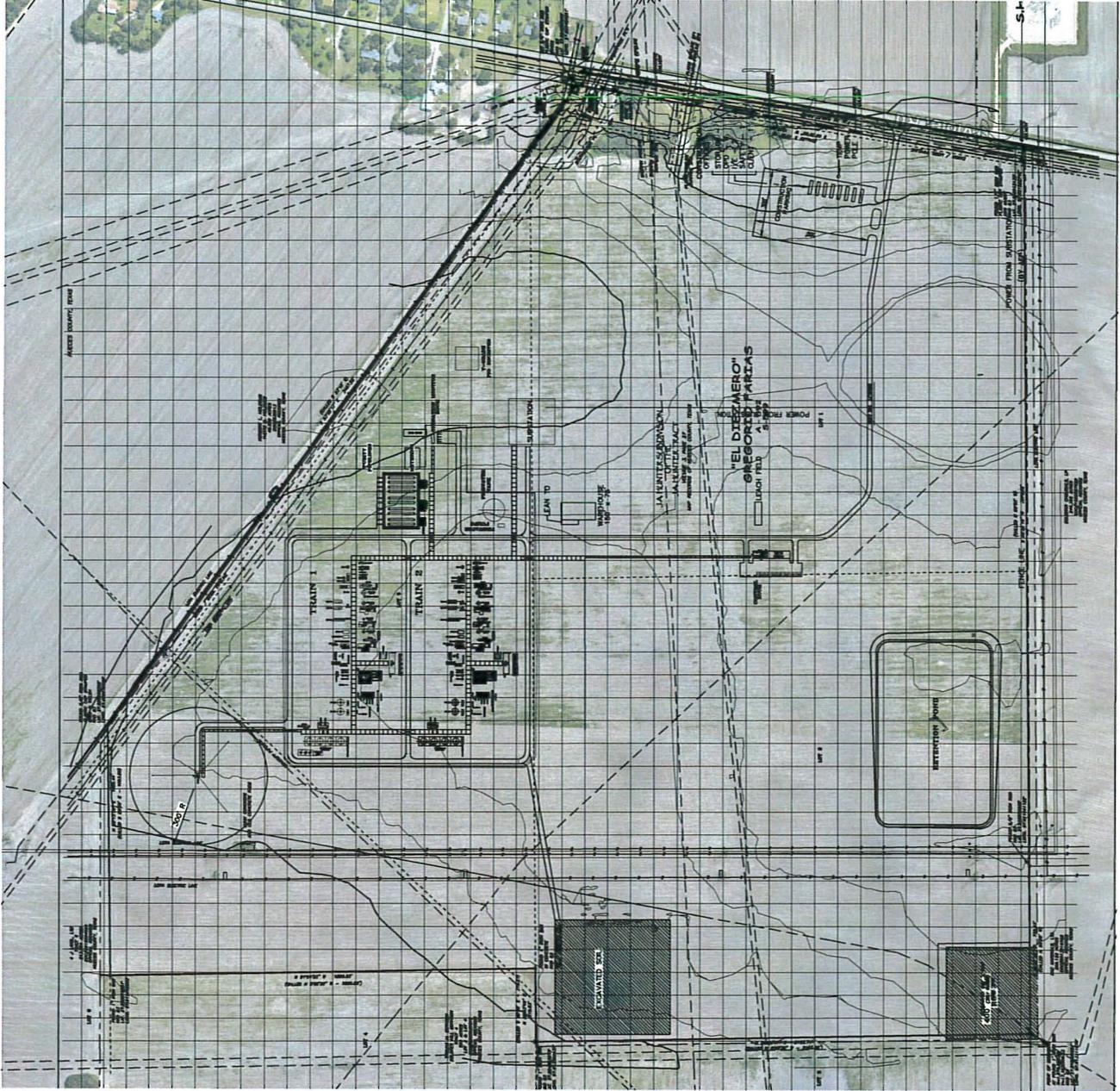
Tab 7 – Amended 3.16.18

Description of Qualified Investment

The qualified investment for the fractionator project may contain the following main processing units and utility systems:

- DeEthanizer, DePropanizer, DeISObutanizer and DeButanizer towers. These are the distillation towers used to separate the products in the Y-Grade stream delivered to the plant.
- Electrical sub-station. This is used to convert 138KV power to 13.8KV power for use in the fractionator
- Electrical motor control center – 1 for each fractionator train
- Cooling tower – 1 for each fractionator train.
- Refrigeration compressors – 2 for each fractionator train.
- Amine treatment unit. Used to treat the Y-Grade to remove water and CO₂.
- Hot oil heater – 1 for each train, used to provide heating media needed for tower operation
- Tank farm. Will include 10 - 90,000 gallon storage tanks and product pipeline pumps.
- Flare for destruction of any material vented
- Office building
- Operating Control room

Tab 11 - Amended Map 6a -
 Map of Qualified Investment
 3.16.18



Note: Construction officer not included in value limitation

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

Date **Amended 1.30.18**
 Applicant Name **EPIC Y-Grade Logistics, LP**
 ISD Name **Calallen Independent School District**

Form 50-296A
 Revised May 2014

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 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 [SEE NOTE]	Column E Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application	-	2018-2019	2018					
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				0	\$ 120,000,000	0	\$ -	\$ 120,000,000
Complete tax years of qualifying time period	QTP1	2019-2020	2019	\$ -	\$ 200,000,000	\$ -		\$ 200,000,000
	QTP2	2020-2021	2020	\$ -	\$ 80,000,000	\$ -		\$ 80,000,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ -	\$ 400,000,000	\$ -	\$ -	\$ 400,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$ 400,000,000				

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

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

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

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

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

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

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

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Date **Amended 1.30.18**

Applicant Name **EPIC Y-Grade Logistics, LP**

ISD Name **Calallen Independent School District**

Form 50-296A

Revised May 2014

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 <u>not</u> 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		\$ -	\$ 400,000,000	\$ 0	\$ 0	\$ 400,000,000	
Each year prior to start of value limitation period** <small>Insert as many rows as necessary</small>									
Value limitation period***	1	2021 - 2022	2021						
	2	2022 - 2023	2022						
	3	2023-2024	2023						
	4	2024-2025	2024						
	5	2025-2026	2025						
	6	2026-2027	2026						
	7	2027-2028	2027						
	8	2028-2029	2028						
	9	2029-2030	2029						
	10	2030-2031	2030						
Total Investment made through limitation				\$ -	\$ 400,000,000	\$ -	\$ -	\$ 400,000,000	
Continue to maintain viable presence	11	2031-2032	2031						
	12	2032-2033	2032						
	13	2033-2034	2033						
	14	2034-2035	2034						
	15	2035-2036	2035						
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036						
	17	2037-2038	2037						
	18	2038-2039	2038						
	19	2039-2040	2039						
	20	2040-2041	2040						
	21	2041-2042	2041						
	22	2042-2043	2042						
	23	2043-2044	2043						
	24	2044-2045	2044						
	25	2045-2046	2045						

* 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.

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

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

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

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

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

Date **Amended 1.30.18**
 Applicant Name **EPIC Y-Grade Logistics, LP**
 ISD Name **Calallen Independent School District**

Form 50-296A

Revised May 2014

	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 I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0								
Value Limitation Period	1	2021-2022	2021	\$ -		\$ 340,000,000		\$ 340,000,000	\$ 30,000,000
	2	2022-2023	2022	\$ -		\$ 323,000,000		\$ 323,000,000	\$ 30,000,000
	3	2023-2024	2023	\$ -		\$ 306,850,000		\$ 306,850,000	\$ 30,000,000
	4	2024-2025	2024	\$ -		\$ 291,507,500		\$ 291,507,500	\$ 30,000,000
	5	2025-2026	2025	\$ -		\$ 276,932,125		\$ 276,932,125	\$ 30,000,000
	6	2026-2027	2026	\$ -		\$ 263,085,519		\$ 263,085,519	\$ 30,000,000
	7	2027-2028	2027	\$ -		\$ 249,931,243		\$ 249,931,243	\$ 30,000,000
	8	2028-2029	2028	\$ -		\$ 237,434,681		\$ 237,434,681	\$ 30,000,000
	9	2029-2030	2029	\$ -		\$ 225,562,947		\$ 225,562,947	\$ 30,000,000
	10	2030-2031	2030	\$ -		\$ 214,284,799		\$ 214,284,799	\$ 30,000,000
Continue to maintain viable presence	11	2031-2032	2031	\$ -		\$ 203,570,559		\$ 203,570,559	\$ 203,570,559
	12	2032-2033	2032	\$ -		\$ 193,392,031		\$ 193,392,031	\$ 193,392,031
	13	2033-2034	2033	\$ -		\$ 183,722,430		\$ 183,722,430	\$ 183,722,430
	14	2034-2035	2034	\$ -		\$ 174,536,308		\$ 174,536,308	\$ 174,536,308
	15	2035-2036	2035	\$ -		\$ 165,809,493		\$ 165,809,493	\$ 165,809,493
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036	\$ -		\$ 157,519,018		\$ 157,519,018	\$ 157,519,018
	17	2037-2038	2037	\$ -		\$ 149,643,067		\$ 149,643,067	\$ 149,643,067
	18	2038-2039	2038	\$ -		\$ 142,160,914		\$ 142,160,914	\$ 142,160,914
	19	2039-2040	2039	\$ -		\$ 135,052,868		\$ 135,052,868	\$ 135,052,868
	20	2040-2041	2040	\$ -		\$ 128,300,225		\$ 128,300,225	\$ 128,300,225
	21	2041-2042	2041	\$ -		\$ 121,885,214		\$ 121,885,214	\$ 121,885,214
	22	2042-2043	2042	\$ -		\$ 115,790,953		\$ 115,790,953	\$ 115,790,953
	23	2043-2044	2043	\$ -		\$ 110,001,405		\$ 110,001,405	\$ 110,001,405
	24	2044-2045	2044	\$ -		\$ 104,501,335		\$ 104,501,335	\$ 104,501,335
	25	2045-2046	2045	\$ -		\$ 99,276,268		\$ 99,276,268	\$ 99,276,268

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

Date **Amended 3.16.18**
 Applicant Name **EPIC Y-Grade Logistics, LP**
 ISD Name **Calallen Independent School District**

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <small>Insert as many rows as necessary</small>	0	2018 - 2019	2018	200 FTE	\$ 72,800			
	0	2019 - 2020	2019	350 FTE	\$ 72,800			
	0	2020 - 2021	2020	100 FTE	\$ 72,800			
Value Limitation Period <small>The qualifying time period could overlap the value limitation period.</small>	1	2021-2022	2021				10	63714
	2	2022-2023	2022				10	63714
	3	2023-2024	2023				10	63714
	4	2024-2025	2024				10	63714
	5	2025-2026	2025				10	63714
	6	2026-2027	2026				10	63714
	7	2027-2028	2027				10	63714
	8	2028-2029	2028				10	63714
	9	2029-2030	2029				10	63714
10	2030-2031	2030				10	63714	
Years Following Value Limitation Period	11 through 25	2031-2046	2030 -2045				10	63714

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

- C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No
- 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)? Yes No
- C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Schedule D: Other Incentives (Estimated)

Date Amended 1.30.18
Applicant Name EPIC Y-Grade Logistics, LP
ISD Name Calallen Independent School District

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Nueces	2019	8 years	\$ 1,000,000	\$ 510,000	\$ 490,000
	City:					
	Other: Del Mar College	2019	8 years	\$ 850,000	\$ 480,000	\$ 370,000
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				\$ 1,850,000	\$ 990,000	\$ 860,000

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.

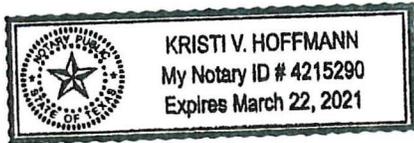
print here Arturo Almeyda Superintendent
Print Name (Authorized School District Representative) Title
sign here Arturo Almeyda 3-29-18
Signature (Authorized School District Representative) Date

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 Weston Mokry Controller
Print Name (Authorized Company Representative (Applicant)) Title
sign here Weston Mokry 3/28/18
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

28th day of March, 2018

Kristi V. Hoffmann
Notary Public in and for the State of Texas

My Commission expires: 03/22/21

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.

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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

April 23, 2018

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

RE: Amended Application to the Calallen Independent School District from EPIC Y-Grade Logistics, LP

To the Local Government Assistance & Economic Analysis Division:

EPIC Y-Grade Logistics, LP has submitted an amendment to application #1230 prior to the issuance of a certificate for the project. In its original application, EPIC Y-Grade Logistics, LP indicated that it would own the land, but the company did not currently own the land. The Comptroller's Office required the company to remove the land from the application. The company has now acquired the land where the project will be located and has submitted this application to indicate that the land will be part of the qualified property.

This amendment has been submitted to the Calallen Independent School District, but we have not received the signature page back yet. However, we did not want to delay submission of these materials as the project is under review for a possible certificate. We will hand deliver a copy of the signed amendment as soon as we receive the documents.

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

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Nueces County Appraisal District
EPIC Y-Grade Logistics, LP

SECTION 12: Qualified Property

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

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

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

Tab 9

Description of Land

The properties under consideration for the applicant project are currently utilized as farm land.

Property #245816

Address: Violet Rd (FM RD 24)

Assessed Value \$179,641

Land Type:

DC1 – Dry Crop (Good) 293.55 Acres

PAD – Pad/Tank Site 6.26 Acres

Property #245817

Address: FM RD 1694 (Callicoatte Rd)

Assessed Value \$10,999

Land Type: Agricultural

Tab 9 - Amended 4.19.18
Description of Land

EXHIBIT A

LEGAL DESCRIPTION

Being all of Lots 1, 2 & 5 of the *J.A. Hunter Subdivision of the J.A. Hunter Tract*, as shown in Volume 3, Page 27 in the Map Records of Nueces County, Texas, being the same tract as conveyed to Clara Driscoll Sevier in Volume 199, Page 475 in the Deed Records of Nueces County, Texas, Less & Except a called 1.802 acre tract, as conveyed to the State of Texas in Volume 547, Page 595 in the Deed Records of Nueces County, Texas. Said Tract being out of the "EL DIEZMERO" GREGORIO FARIAS Survey No. 599, Abstract No. 592, with the Point of Beginning being located approximately 3.90 miles N 60° 06' E, from Robstown, Texas. This said 297.80 acre tract being more particularly described as follows:

BEGINNING at a 1" iron bar (X=1,270,865.82 & Y=17,187,506.53) found on the North line of a called 209.122 acre tract, as conveyed to HAC Materials, LTD. in Document #2013016795 in the Official Public Records of Nueces County, Texas, being the Southeast corner of a called 200 acre tract, as conveyed to Thomas M. Bernsen and Delores Hill Bernsen, described as Tract 4 in Document #2005035072 in the Official Public Records of Nueces County, Texas, same being the Southeast corner of Lot 3 of said Subdivision and the Southwest corner of said Lot 2, for the Southwest corner of this herein described tract;

THENCE N 01° 04' 47" W, a distance of 2,153.71 feet (called N 00° 28' 30" W – 2,153.95') to a 1" iron bar found for an interior corner of said 200 acre tract, being the Northeast corner of said Lot 3 and the Northwest corner of said Lot 2, for an exterior corner of this herein described tract;

THENCE N 89° 33' 49" E, a distance of 319.63 feet (called S 89° 50' 00" E – 319.27') to a 1" iron bar in concrete found on the North line of said Lot 2, being an exterior corner of said 200 acre tract, for the Southeast corner of Lot 4 of said Subdivision and the Southwest corner of said Lot 5, for an interior corner of this herein described tract;

THENCE N 01° 04' 23" W, a distance of 1,859.93 feet (called N 00° 28' 30" W – 1,860.08') to a 1" iron bar found on the South line of Lot 6 of said Subdivision, same being the South line of a called 213.554 acre tract, as conveyed to 4 J Land, LTD, described as Tract II in Document #2015004604 in the Official Public Records of Nueces County, Texas, being the Northeast corner of said Lot 4, the Northeast corner of said 200 acre tract, the Northwest corner of said Lot 5 and the Northwest corner of this herein described tract;

THENCE N 89° 13' 50" E, a distance of 1,095.44 feet (called S 89° 50' 00" E – 1,093.85') to a 5/8" iron rod with plastic cap stamped Bass and Welsh found on the Southwest line of a called 48.589 acre tract, as conveyed to Herbert L. Holcomb and Yvette D. Holcomb in Document # 830913 in the Official Public Records of Nueces County, Texas, being the Southeast corner of said Lot 6 and said 213.554 acre tract, being the upper Northeast corner of Lot 5 and of this herein described tract;

THENCE S 53° 55' 07" E, a distance of 3,467.55 feet (called S 53° 15' 00" E) to a 5/8" iron rod with plastic cap stamped #5652 set on the West Right of Way of F.M. 24 (Violet Road), for the Southeast corner of said 48.589 acre tract, being on the upper East line of said Lot 1, for the Northwest corner of a called 1.802 acre tract, as conveyed to the State of Texas in Volume 547, Page 595 in the Deed Records of Nueces County, Texas, for the Northeast corner of this herein described tract;

THENCE S 09° 38' 59" W, with the West line of said F.M. 24 (Violet Road) a distance of 1,977.50 feet (called S 10° 22' W) to a 5/8" iron rod (0.16 feet Southwest of a 1/2" iron rod with plastic cap stamped CDS Muery) found on the South line of said Lot 1 and the West Right of Way of F.M. 24 (Violet Road), being the Southwest corner of said 1.802 acre tract and the Northeast corner of a called 246.302 acre tract, as conveyed to Equistar Chemicals, LP in Document #1999027620 in the Official Public Records of Nueces County, Texas, for the Southeast corner of this herein described tract;

THENCE S 89° 22' 27" W, a distance of 3,076.73 feet (called N 89° 50' W) to a 5/8" iron rod found on the South line of said Lot 1, for the Northwest corner of said 246.302 acre tract and the Northeast corner of said 209.122 acre tract, for a corner of this herein described tract;

THENCE S 89° 37' 33" W, (called N 89° 50' W) a distance of 733.93 feet to the **POINT OF BEGINNING** and containing 297.80 acres of land, more or less.

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

1230-calallen-epicy-amendment003
April 23, 2018

Date Amended 4.19.18
Applicant Name EPIC Y-Grade Logistics, LP
ISD Name Calallen Independent School District

Form 50-296A

Revised May 2014

	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 I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0								
Value Limitation Period	1	2021-2022	2021	\$ 5,350,000		\$ 340,000,000		\$ 345,350,000	\$ 30,000,000
	2	2022-2023	2022	\$ 5,350,000		\$ 323,000,000		\$ 328,350,000	\$ 30,000,000
	3	2023-2024	2023	\$ 5,350,000		\$ 306,850,000		\$ 312,200,000	\$ 30,000,000
	4	2024-2025	2024	\$ 5,350,000		\$ 291,507,500		\$ 296,857,500	\$ 30,000,000
	5	2025-2026	2025	\$ 5,350,000		\$ 276,932,125		\$ 282,282,125	\$ 30,000,000
	6	2026-2027	2026	\$ 5,350,000		\$ 263,085,519		\$ 268,435,519	\$ 30,000,000
	7	2027-2028	2027	\$ 5,350,000		\$ 249,931,243		\$ 255,281,243	\$ 30,000,000
	8	2028-2029	2028	\$ 5,350,000		\$ 237,434,681		\$ 242,784,681	\$ 30,000,000
	9	2029-2030	2029	\$ 5,350,000		\$ 225,562,947		\$ 230,912,947	\$ 30,000,000
	10	2030-2031	2030	\$ 5,350,000		\$ 214,284,799		\$ 219,634,799	\$ 30,000,000
Continue to maintain viable presence	11	2031-2032	2031	\$ 5,350,000		\$ 203,570,559		\$ 208,920,559	\$ 208,920,559
	12	2032-2033	2032	\$ 5,350,000		\$ 193,392,031		\$ 198,742,031	\$ 198,742,031
	13	2033-2034	2033	\$ 5,350,000		\$ 183,722,430		\$ 189,072,430	\$ 189,072,430
	14	2034-2035	2034	\$ 5,350,000		\$ 174,536,308		\$ 179,886,308	\$ 179,886,308
	15	2035-2036	2035	\$ 5,350,000		\$ 165,809,493		\$ 171,159,493	\$ 171,159,493
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036	\$ 5,350,000		\$ 157,519,018		\$ 162,869,018	\$ 162,869,018
	17	2037-2038	2037	\$ 5,350,000		\$ 149,643,067		\$ 154,993,067	\$ 154,993,067
	18	2038-2039	2038	\$ 5,350,000		\$ 142,160,914		\$ 147,510,914	\$ 147,510,914
	19	2039-2040	2039	\$ 5,350,000		\$ 135,052,868		\$ 140,402,868	\$ 140,402,868
	20	2040-2041	2040	\$ 5,350,000		\$ 128,300,225		\$ 133,650,225	\$ 133,650,225
	21	2041-2042	2041	\$ 5,350,000		\$ 121,885,214		\$ 127,235,214	\$ 127,235,214
	22	2042-2043	2042	\$ 5,350,000		\$ 115,790,953		\$ 121,140,953	\$ 121,140,953
	23	2043-2044	2043	\$ 5,350,000		\$ 110,001,405		\$ 115,351,405	\$ 115,351,405
	24	2044-2045	2044	\$ 5,350,000		\$ 104,501,335		\$ 109,851,335	\$ 109,851,335
	25	2045-2046	2045	\$ 5,350,000		\$ 99,276,268		\$ 104,626,268	\$ 104,626,268

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.

Amended Application 4.19.18

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print
here

Print Name (Authorized School District Representative)

Title

sign
here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print
here

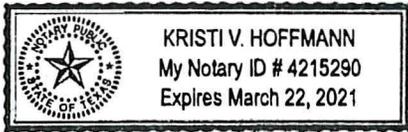
Print Name (Authorized Company Representative (Applicant))

Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

20th day of April, 2018

Kristi V. Hoffmann
Notary Public in and for the State of Texas

My Commission expires: 03/22/21

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.

Amended Application 4.19.18

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

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 → Arturo Almendarez Superintendent
Print Name (Authorized School District Representative) Title
sign here → [Signature] 4/24/2018
Signature (Authorized School District Representative) Date

2. Authorized Company Representative (Applicant) Signature and Notarization

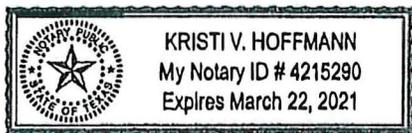
I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best 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 → Winston Mackey Controller
Print Name (Authorized Company Representative (Applicant)) Title
sign here → [Signature] 4/19/18
Signature (Authorized Company Representative (Applicant)) Date

GIVEN under my hand and seal of office this, the

20th day of April, 2018



(Notary Seal)

Kristi V. Hoffmann
Notary Public in and for the State of Texas

My Commission expires: 03/22/21

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.

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 09/04/2018 11:11:50

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

EPIC Y-GRADE LOGISTICS, LP	
Texas Taxpayer Number	32065261490
Mailing Address	211 E 7TH ST STE 620 AUSTIN, TX 78701-3218
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	10/27/2017
Texas SOS File Number	0802848262
Registered Agent Name	CORPORATION SERVICE COMPANY DBA CSC - LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET, SUITE 620 AUSTIN, TX 78701

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

May 9, 2018

Arturo Almendarez, Ed. D.
Superintendent
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, Texas 78410

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Calallen Independent School
District and Epic Y-Grade Logistics, LP, Application 1230

Dear Superintendent Almendarez:

On April 11, 2018, the Comptroller issued written notice that Epic Y-Grade Logistics, LP (applicant) submitted a completed application (Application 1230) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on November 13, 2017, to the Calallen Independent School District (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.

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

- 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 1230.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district'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, 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).

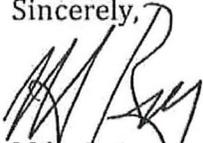
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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, 2018.

Note that any building or improvement existing as of the application review start date of April 11, 2018, 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 Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Reissig". The signature is stylized and somewhat cursive.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Epic Y-Grade Logistics, LP (project) applying to Calallen Independent School District (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 Epic Y-Grade Logistics, LP.

Applicant	Epic Y-Grade Logistics, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calallen ISD
2016-2017 Average Daily Attendance	3,831
County	Nueces
Proposed Total Investment in District	\$400,000,000
Proposed Qualified Investment	\$400,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
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	\$1,225
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,225
Minimum annual wage committed to by applicant for qualified jobs	\$63,714
Minimum weekly wage required for non-qualifying jobs	\$891
Minimum annual wage required for non-qualifying jobs	\$46,307
Investment per Qualifying Job	\$40,000,000
Estimated M&O levy without any limit (15 years)	\$43,639,475
Estimated M&O levy with Limitation (15 years)	\$14,599,036
Estimated gross M&O tax benefit (15 years)	\$29,040,439

Table 2 is the estimated statewide economic impact of Epic Y-Grade Logistics, LP (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	200	308	508	\$14,560,000	\$24,110,000	\$38,670,000
2019	350	551	901.254	\$25,480,000	\$47,126,000	\$72,606,000
2020	100	201	301	\$7,280,000	\$22,472,000	\$29,752,000
2021	10	228	238	\$637,140	\$28,190,860	\$28,828,000
2022	10	230	240	\$637,140	\$29,495,860	\$30,133,000
2023	10	234	244	\$637,140	\$31,037,860	\$31,675,000
2024	10	238	248	\$637,140	\$32,651,860	\$33,289,000
2025	10	238	248	\$637,140	\$33,910,860	\$34,548,000
2026	10	239	249	\$637,140	\$35,226,860	\$35,864,000
2027	10	238	248	\$637,140	\$36,542,860	\$37,180,000
2028	10	237	247	\$637,140	\$37,781,860	\$38,419,000
2029	10	235	245	\$637,140	\$38,940,860	\$39,578,000
2030	10	233	243	\$637,140	\$40,153,860	\$40,791,000
2031	10	224	234	\$637,140	\$40,385,860	\$41,023,000
2032	10	217	227	\$637,140	\$40,926,860	\$41,564,000
2033	10	211	221	\$637,140	\$41,591,860	\$42,229,000
2034	10	206	216	\$637,140	\$42,328,860	\$42,966,000
2035	10	202	212	\$637,140	\$43,249,860	\$43,887,000

Source: CPA REMI, Epic Y-Grade Logistics, LP

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Calallen ISD I&S Tax Levy	Calallen ISD M&O Tax Levy	Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Delmar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes
			0.2052	1.1700			0.3080	0.2462	0.1268	
2021	\$345,350,000	\$345,350,000		\$708,658	\$4,040,595	\$4,749,253	\$1,063,647	\$850,110	\$438,028	\$7,101,038
2022	\$328,350,000	\$328,350,000		\$673,774	\$3,841,695	\$4,515,469	\$1,011,288	\$808,263	\$416,466	\$6,751,487
2023	\$312,200,000	\$312,200,000		\$640,634	\$3,652,740	\$4,293,374	\$961,548	\$768,508	\$395,982	\$6,419,413
2024	\$296,857,500	\$296,857,500		\$609,152	\$3,473,233	\$4,082,384	\$914,294	\$730,741	\$376,522	\$6,103,942
2025	\$282,282,125	\$282,282,125		\$579,243	\$3,302,701	\$3,881,944	\$869,404	\$694,863	\$358,035	\$5,804,246
2026	\$268,435,519	\$268,435,519		\$550,830	\$3,140,696	\$3,691,525	\$826,757	\$660,778	\$340,473	\$5,519,534
2027	\$255,281,243	\$255,281,243		\$523,837	\$2,986,791	\$3,510,628	\$786,243	\$628,398	\$323,789	\$5,249,057
2028	\$242,784,681	\$242,784,681		\$498,194	\$2,840,581	\$3,338,775	\$747,755	\$597,636	\$307,938	\$4,992,105
2029	\$230,912,947	\$230,912,947		\$473,833	\$2,701,681	\$3,175,515	\$711,191	\$568,413	\$292,881	\$4,748,000
2030	\$219,634,799	\$219,634,799		\$450,691	\$2,569,727	\$3,020,418	\$676,455	\$540,651	\$278,576	\$4,516,100
2031	\$208,920,559	\$208,920,559		\$428,705	\$2,444,371	\$2,873,076	\$643,457	\$514,277	\$264,986	\$4,295,795
2032	\$198,742,031	\$198,742,031		\$407,819	\$2,325,282	\$2,733,100	\$612,108	\$489,221	\$252,076	\$4,086,506
2033	\$189,072,430	\$189,072,430		\$387,977	\$2,212,147	\$2,600,124	\$582,326	\$465,419	\$239,812	\$3,887,681
2034	\$179,886,308	\$179,886,308		\$369,127	\$2,104,670	\$2,473,797	\$554,034	\$442,806	\$228,161	\$3,698,797
2035	\$171,159,493	\$171,159,493		\$351,219	\$2,002,566	\$2,353,785	\$527,156	\$421,324	\$217,092	\$3,519,358
			Total	\$7,653,692	\$43,639,475	\$51,293,167	\$11,487,663	\$9,181,410	\$4,730,817	\$76,693,057

Source: CPA, Epic Y-Grade Logistics, LP

*Tax Rate per \$100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Calallen ISD I&S Tax Levy	Calallen ISD M&O Tax Levy	Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Delmar College District Tax Levy	Nueces County Hospital District Tax Levy	Estimated Total Property Taxes	
				0.2052	1.1700		0.3080	0.2462	0.1268		
2021	\$345,350,000	\$30,000,000		\$708,658	\$351,000	\$1,059,658	\$521,187	\$374,048	\$438,028	\$2,392,922	
2022	\$328,350,000	\$30,000,000		\$673,774	\$351,000	\$1,024,774	\$495,531	\$355,636	\$416,466	\$2,292,407	
2023	\$312,200,000	\$30,000,000		\$640,634	\$351,000	\$991,634	\$471,158	\$338,144	\$395,982	\$2,196,919	
2024	\$296,857,500	\$30,000,000		\$609,152	\$351,000	\$960,152	\$448,004	\$321,526	\$376,522	\$2,106,204	
2025	\$282,282,125	\$30,000,000		\$579,243	\$351,000	\$930,243	\$426,008	\$305,740	\$358,035	\$2,020,026	
2026	\$268,435,519	\$30,000,000		\$550,830	\$351,000	\$901,830	\$405,111	\$290,742	\$340,473	\$1,938,156	
2027	\$255,281,243	\$30,000,000		\$523,837	\$351,000	\$874,837	\$786,243	\$628,398	\$323,789	\$2,613,267	
2028	\$242,784,681	\$30,000,000		\$498,194	\$351,000	\$849,194	\$747,755	\$597,636	\$307,938	\$2,502,524	
2029	\$230,912,947	\$30,000,000		\$473,833	\$351,000	\$824,833	\$711,191	\$568,413	\$292,881	\$2,397,318	
2030	\$219,634,799	\$30,000,000		\$450,691	\$351,000	\$801,691	\$676,455	\$540,651	\$278,576	\$2,297,373	
2031	\$208,920,559	\$208,920,559		\$428,705	\$2,444,371	\$2,873,076	\$643,457	\$514,277	\$264,986	\$4,295,795	
2032	\$198,742,031	\$198,742,031		\$407,819	\$2,325,282	\$2,733,100	\$612,108	\$489,221	\$252,076	\$4,086,506	
2033	\$189,072,430	\$189,072,430		\$387,977	\$2,212,147	\$2,600,124	\$582,326	\$465,419	\$239,812	\$3,887,681	
2034	\$179,886,308	\$179,886,308		\$369,127	\$2,104,670	\$2,473,797	\$554,034	\$442,806	\$228,161	\$3,698,797	
2035	\$171,159,493	\$171,159,493		\$351,219	\$2,002,566	\$2,353,785	\$527,156	\$421,324	\$217,092	\$3,519,358	
				Total	\$7,653,692	\$14,599,036	\$22,252,728	\$8,607,724	\$6,653,982	\$4,730,817	\$42,245,252
				Diff	\$0	\$29,040,439	\$29,040,439	\$2,879,939	\$2,527,428	\$0	\$34,447,806

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Epic Y-Grade Logistics, LP

*Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Epic Y-Grade Logistics, LP (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	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2021	\$351,000	\$351,000	\$3,689,595	\$3,689,595
	2022	\$351,000	\$702,000	\$3,490,695	\$7,180,290
	2023	\$351,000	\$1,053,000	\$3,301,740	\$10,482,030
	2024	\$351,000	\$1,404,000	\$3,122,233	\$13,604,263
	2025	\$351,000	\$1,755,000	\$2,951,701	\$16,555,964
	2026	\$351,000	\$2,106,000	\$2,789,696	\$19,345,659
	2027	\$351,000	\$2,457,000	\$2,635,791	\$21,981,450
	2028	\$351,000	\$2,808,000	\$2,489,581	\$24,471,030
	2029	\$351,000	\$3,159,000	\$2,350,681	\$26,821,712
	2030	\$351,000	\$3,510,000	\$2,218,727	\$29,040,439
Maintain Viable Presence (5 Years)	2031	\$2,444,371	\$5,954,371	\$0	\$29,040,439
	2032	\$2,325,282	\$8,279,652	\$0	\$29,040,439
	2033	\$2,212,147	\$10,491,800	\$0	\$29,040,439
	2034	\$2,104,670	\$12,596,470	\$0	\$29,040,439
	2035	\$2,002,566	\$14,599,036	\$0	\$29,040,439
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$1,905,568	\$16,504,603	\$0	\$29,040,439
	2037	\$1,813,419	\$18,318,022	\$0	\$29,040,439
	2038	\$1,725,878	\$20,043,900	\$0	\$29,040,439
	2039	\$1,642,714	\$21,686,613	\$0	\$29,040,439
	2040	\$1,563,708	\$23,250,321	\$0	\$29,040,439
	2041	\$1,488,652	\$24,738,973	\$0	\$29,040,439
	2042	\$1,417,349	\$26,156,322	\$0	\$29,040,439
	2043	\$1,349,611	\$27,505,934	\$0	\$29,040,439
	2044	\$1,285,261	\$28,791,194	\$0	\$29,040,439
	2045	\$1,224,092	\$30,015,287	\$0	\$29,040,439

\$30,015,287

is greater than

\$29,040,439

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

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

Source: CPA, Epic Y-Grade Logistics, LP

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 the Epic Y-Grade Logistics LP'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 Epic Y-Grade Logistics, LP in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “As mandated and required by the Federal Energy Regulatory Commission (“FERC”), EPIC Y-Grade Pipeline, LP, a subsidiary of EPIC Y-Grade Services, LP and EPIC Midstream Holdings, LP, announced its intent to develop a 650-mile natural gas liquids pipeline. The FERC is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil and because the pipeline will cross state borders, the proposed project is required to be announced in advance of final details and commitments.”
 - B. “As part of the proposed project, EPIC Y-Grade Logistics, LP (“EPIC”) will construct two fractionator units that split raw-mix natural gas liquids into individual purity products. While the FERC announcement indicated that the likely site location for the fractionator units may be in the Corpus Christi, Texas region; EPIC has not yet made a firm commitment to any site, purchased land, etc.”
 - C. “EPIC Y-Grade Logistics, LP (“EPIC”) is currently applying for state and local incentives for sites located in Texas and New Mexico. The fractionators could either be located at the beginning of the pipeline in New Mexico, due to existing infrastructure, or at the end of the pipeline in the Corpus Christi region. Within the State of Texas, EPIC is working with the Corpus Christi Regional Economic Development Corporation to request and apply for property tax abatements from Nueces County and Del Mar College. At this time the location decision is not complete and will depend on the potential projects return on investment.”
 - D. EPIC Y-Grade Logistics, LP (“EPIC”) is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation . In making the required FERC announcement mentioned above, EPIC's management considered the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements

under Chapter 312 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease.”

- E. “EPIC has limited capital resources and its investors may allocate those resources to a location or project with more favorable economics if EPIC is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.”
- Tab 4 of the application states, “The fractionators are designed to accommodate an affiliate’s proposed pipeline that could initially transport up to 220,000 barrels per day.”
 - Epic Y-Grade Logistics’ website, www.epicpipelinelp.com, states, “The initial capacity of the line will be a minimum of 300,000 barrels per day, with plans to build multiple 100,000 barrel per day fractionators in the Corpus Christi area.”
 - A October 10, 2017 *San Antonio Express-News* article states that, “EPIC Pipeline Co. LLC - formed by TexStar Midstream Logistics LP, Castleton Commodities International and Ironwood Midstream Energy Partners - has announced plans for the EPIC NGL Pipeline, a 650-mile natural gas liquids pipeline that will carry NGLs from the Permian and Eagle Ford to Corpus Christi.”
 - According to Regular meeting of the Board of Trustees of Calallen ISD dated November 13, 2017, “Discuss and take possible action to accept the EPIC Y-Grade Logistics, LP Application for an Appraised Value Limitation on Qualified Property, to authorize the Superintendent to review the Application for completeness and submit to the Comptroller, and to authorize the Superintendent to enter into any agreement to extend the deadline for Board action beyond 150 day.”
 - A November 21, 2017 *Inspectioneering.com* article states that, “Construction has begun on the first phase of the EPIC NGL Pipeline project, which will run 650 miles from Southeast New Mexico to Corpus Christi, TX. When complete, the EPIC NGL Pipeline will have throughput capacity of at least 375,000 barrels per day with multiple origin points in the Delaware and Midland basins. In addition to the fractionator, EPIC will be building purity pipeline systems, including an ethane system which in the first phase will span the upper Gulf Coast into the Markham area for the 1st phase.”
 - According to Commissioners Court meeting of the Nueces County dated November 29, 2017, “Discuss and consider adopting an Order Designating the Epic Zone within Nueces County, Texas, as a reinvestment zone, pursuant to the Property Redevelopment and Tax Abatement Act (Chapter 312 of the Texas Tax Code), to be located on the west side of Violet Road (CR 24), approximately 2.4 miles north of SH 44.”
 - A November 30, 2017 *Corpus Christi Caller Times* article states that, “Nueces County commissioners on Wednesday gave the OK for tax abatements that open the door for a natural gas pipeline company to construct a new \$200 million fractionator unit along Violet Road.”

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 5: Eligibility Under Tax Code Chapter 313.024

- Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
- The property will be used for one of the following activities:
- (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
- 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 313.028(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**

Tab 5

Documentation to assist in determining if limitation is a determining factor

Section 8, #4: Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

As mandated and required by the Federal Energy Regulatory Commission ("FERC"), EPIC Y-Grade Pipeline, LP, a subsidiary of EPIC Y-Grade Services, LP and EPIC Midstream Holdings, LP, announced its intent to develop a 650-mile natural gas liquids pipeline. The FERC is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil and because the pipeline will cross state borders, the proposed project is required to be announced in advance of final details and commitments.

As part of the proposed project, EPIC Y-Grade Logistics, LP ("EPIC") will construct two fractionator units that split raw-mix natural gas liquids into individual purity products. While the FERC announcement indicated that the likely site location for the fractionator units may be in the Corpus Christi, Texas region; EPIC has not yet made a firm commitment to any site, purchased land, etc.

Section 8, #6 and #7: Has the applicant received commitments for state or local incentives for activities at the proposed project sites? Is the applicant evaluating other locations not in Texas for the proposed project?

EPIC Y-Grade Logistics, LP ("EPIC") is currently applying for state and local incentives for sites located in Texas and New Mexico. The fractionators could either be located at the beginning of the pipeline in New Mexico, due to existing infrastructure, or at the end of the pipeline in the Corpus Christi region. Within the State of Texas, EPIC is working with the Corpus Christi Regional Economic Development Corporation to request and apply for property tax abatements from Nueces County and Del Mar College. At this time the location decision is not complete and will depend on the potential projects return on investment.

Section 8, #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?

EPIC Y-Grade Logistics, LP ("EPIC") is comparing the economic return for the project within and outside of Texas and based on the magnitude of the proposed capital investment, economic incentives are a key determining factor in this evaluation. In making the required FERC announcement mentioned above, EPIC's management considered the potential benefit of realizing the limitation on appraised value under Chapter 313 and property tax abatements under Chapter 312 because without these available property tax incentives, the economics of the project become far less attractive and the likelihood of completing the project in Texas decrease. EPIC has limited capital resources and its investors may allocate those resources to a location or project with more favorable economics if EPIC is unable to obtain a Limitation on Appraised Value Agreement. The final decision will be made upon review of all incentive offers and analysis of the final project economics.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Tab 4

Project Description

EPIC Y-Grade Logistics, LP, ("EPIC") proposes to construct two new fractionator units that split raw-mix natural gas liquid ("NGL") into individual purity products using a sequence of towers. The towers regulate temperatures and pressures so that the boiling point will be reached by only one product in each tower. The fractionators are designed to accommodate an affiliate's proposed pipeline that could initially transport up to 220,000 barrels per day. The NGL supply will originate from New Mexico and the Permian Basin in south Texas. The end users will be Gulf Coast refiners, petrochemical companies and export markets.

This project would be a significant investment for the company with an estimated investment of approximately \$400 million dollars for both fractionator units. The fractionator plants and ancillary infrastructure is anticipated to contain the following processing units and related equipment:

- Treating Equipment
- Storage Tanks and other facilities
- DeEthanizer Towers
- Product Loading Rack
- DePropanizer Towers
- Compression Equipment
- DeButanizer Towers
- Product Pipeline Interconnects
- Gasoline Treaters

The ability for EPIC to construct the first fractionator, and subsequent fractionators, is heavily dependent upon the overall return on investment of the project and whether the company can secure property tax benefits at an optimal location along the pipeline. Upon approval of such economic incentives, EPIC would move forward in acquiring land in the 4th quarter of 2017/early 2018. The construction of the facility and hiring of employees is estimated to occur in 2018 through 2020, with a goal of beginning operations in 2019.

Agenda of Regular Meeting

The Board of Trustees Calallen ISD

A Regular Meeting of the Board of Trustees of Calallen ISD will be held November 13, 2017, beginning at 5:30 PM in the Central Administration Office, 4205 Wildcat Dr., Corpus Christi, Texas.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

1. Calling the Meeting to Order
2. Prayer
3. Comments from the Public
4. Communications from Administration
 - A. Presentation – Accountability Ratings 2017
Presenter: Dr. Danaher
5. Unfinished Business
6. New Business
 - A. By Common Consent the Board agrees to consider as one action item the following:
 1. Consider approval of minutes of Regular Meeting October 9, 2017
 2. Consider approval of Bills and Warrants as of October 31, 2017
 3. Consider approval of CISD Texas Academic Performance Report 2017
 - B. Discuss and take possible action to accept the EPIC Y-Grade Logistics, LP Application for an Appraised Value Limitation on Qualified Property, to authorize the Superintendent to review the Application for completeness and submit to the Comptroller, and to authorize the Superintendent to enter into any agreement to extend the deadline for Board action beyond 150 days, subject to Board ratification
Presenter: Mrs. George
 - C. Discuss and take possible action to retain consultants to assist the District in processing the EPIC Y-Grade Logistics, LP Application for Appraised Value Limitation on Qualified Property

Presenter: Mrs. George

D. Consider approval of Extended Day Program (EDP) Proposals for Magee, East and Wood River for 2017-2018

Presenter: Dr. Danaher

E. Consider approval of CHS Course Catalog 2018-2019

Presenter: Dr. Danaher

F. Consider approval of truck purchase for Calallen ISD Maintenance Department

Presenter: Mr. McDavid

G. Consider approval of CHS Golf Putting and Chipping Green proposal

Presenter: Mr. McDavid

H. Closed Session

Presenter: Dr. Almendarez

I. Consider and take possible action regarding approval of local counsel pertaining to Cause No. 2016DCV-3859-B; Calallen Independent School District vs. Marshall Company, LTD., et. al., In the District Court 117th Judicial District, Nueces County, Texas

Presenter: Dr. Almendarez

J. Personnel - Consider approval of Resignations and Appointments

Presenter: Mrs. Lorenz

K. Consider and take action on an order canvassing the returns of a Calallen ISD Bond election of November 7, 2017

Presenter: Dr. Almendarez

7. Adjourn

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AI- 9040

4. A. I.

Commissioners Court - Regular

Meeting Date: 11/29/2017

Order Designating Zone for Epic

Submitted By: Tyner Little, Commissioners Court Admin

Department: Commissioners Court Admin

Information

RECOMMENDATION

Discuss and consider adopting an Order Designating the Epic Zone within Nueces County, Texas, as a reinvestment zone, pursuant to the Property Redevelopment and Tax Abatement Act (Chapter 312 of the Texas Tax Code), to be located on the west side of Violet Road (CR 24), approximately 2.4 miles north of SH 44.

BACKGROUND

Epic Y-Grade Logistics plans on building a natural gas fractionator plant. The establishment of the reinvestment zone is being made pursuant to the request of EPIC Y-Grade Logistics, LP. The legal description of the proposed zone is Lots 1 through 5, inclusive, of the J.A. Hunter Subdivision and is generally located on the west side of Violet Road (County Road 24), approximately 2.4 miles north of State Highway 44.

DISCUSSION

Budget Information

Information about available funds

Budgeted:

Funds Available:

Adjustment:

Amount Available:

Unbudgeted:

Funds NOT Available:

Amendment:

Account Code(s) for Available Funds

1:

Fund Transfers

Attachments

NGL Pipeline



EPIC NGL PIPELINE

The EPIC NGL Pipeline is a 700-mile natural gas liquids pipeline linking NGL reserves in the Permian and Eagle Ford to gulf coast refiners, petrochemical companies, and export markets. By providing producers with new options for takeaway and downstream players with an alternative source of feedstocks, the

NGL Pipeline is the first of many projects EPIC is developing to drive growth throughout Texas and New Mexico. The initial capacity of the line will be a minimum of 300,000 barrels per day, with plans to build multiple 100,000

barrel per day fractionators in the Corpus Christi area. With ROW acquisition and construction already begun alongside its sister project, EPIC Crude, the EPIC NGL Pipeline's initial phase will be in-service in early 2018 and fully complete in 2019.



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Construction Begins on 650-Mile EPIC NGL Pipeline

EPIC Y Grade Pipeline, November 21, 2017

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Construction has begun on the first phase of the EPIC NGL Pipeline project, which will run 650 miles from Southeast New Mexico to Corpus Christi, TX. When complete, the EPIC NGL Pipeline will have throughput capacity of at least 375,000 barrels per day with multiple origin points in the Delaware and Midland basins.

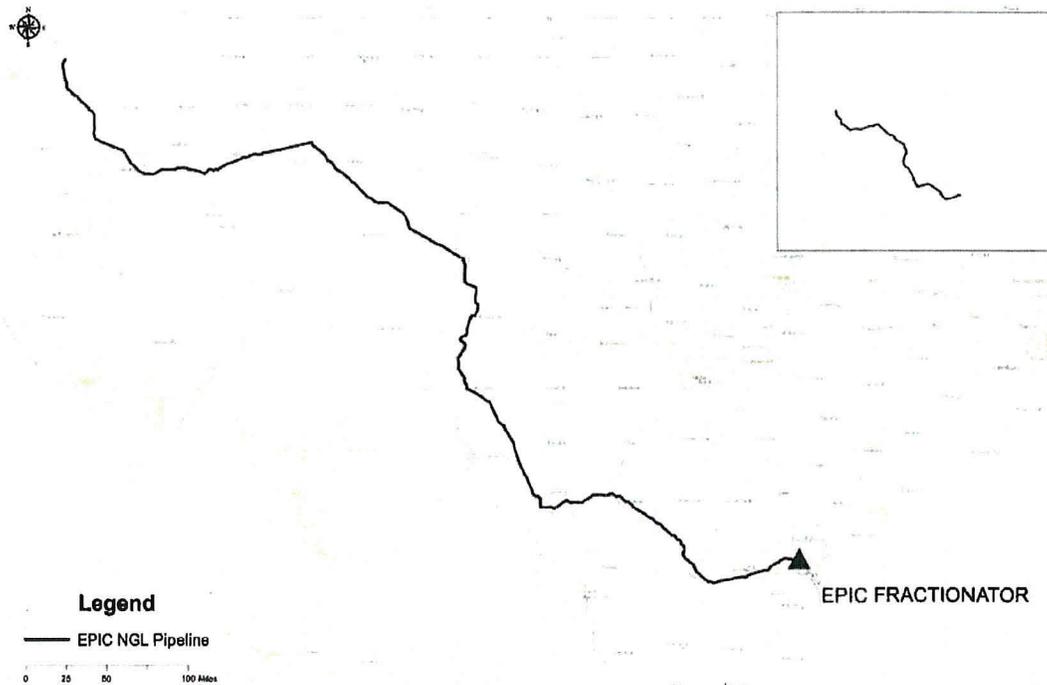


Image courtesy of EPIC Pipeline LP.

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volume. In addition to the fractionator, EPIC will be building purity pipeline systems, including an ethane system which in the first phase will span the upper Gulf Coast into the Markham area for the 1st phase.

“The EPIC Y Grade Pipeline provides an efficient solution to shippers’ NGL marketing and transportation needs,” says Justin Gordon, EPIC’S Senior Vice President of Engineering and Operations. *“Our pipeline will be an NGL “Superhighway” providing customers’ volumes from the Permian Basin to Corpus Christi and will better serve the growing needs of the petrochemical and refining sectors along the U.S. Gulf Coast.”*

EPIC plans to have the initial phase of the pipeline in-service in early 2018. As mentioned in September, BP has signed on as the anchor shipper and a capital commitment was secured from funds managed by ARES Management, L.P.

The EPIC NGL Pipeline will run side-by-side through Texas with the previously announced EPIC Crude Oil Pipeline for most of the route.

About EPIC Y Grade Pipeline

EPIC Y Grade Pipeline, LP (“EPIC”) was formed in 2017 to own and operate an NGL pipeline system between west Texas and the Gulf Coast. EPIC’s predecessors, TexStar Midstream Logistics, LP and TexStar Midstream Services, LP, owned and operated oil and gas midstream infrastructure throughout south Texas including crude oil and gas gathering systems, trunklines, treating and processing plants as well as an integrated NGL system with 120 miles of trunklines and a purpose-built fractionator near Corpus Christi. For more information, visit EPICMid.com.

Comments and Discussion

There are no comments yet.

Add a Comment

Please log in or register to participate in comments and discussions.

EPIC Pipeline plans NGL pipeline alongside crude oil line

By Mella McEwen mmcewen@mrt.com, Midland Reporter-Telegram

Updated 11:58 am, Tuesday, October 10, 2017

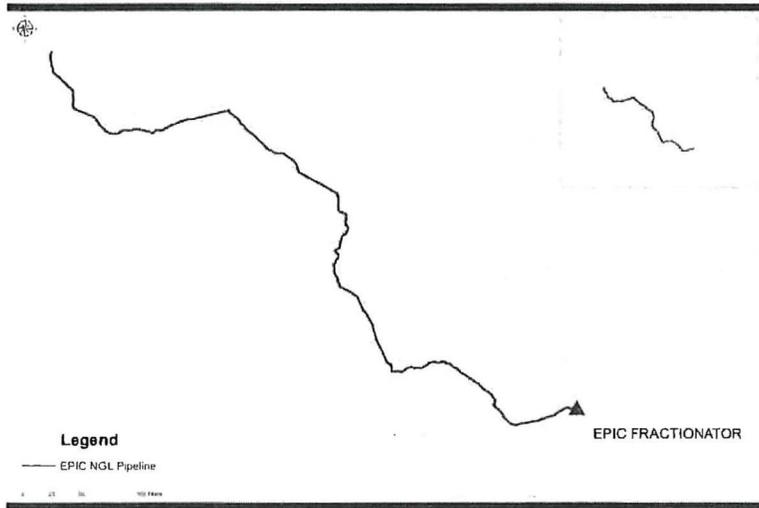


Photo: Courtesy EPIC Midstream Holdings

The route of the EPIC NGL pipeline, which will extend from the Permian Basin in southeast New Mexico and West Texas to Corpus Christi.

Announced just six months ago, the EPIC (EPIC stands for Eagle Ford Permian Ingleside Corpus) Pipeline that will ferry Permian Basin crude to Corpus Christi, is getting company.

EPIC Pipeline Co. LLC - formed by TexStar Midstream Logistics LP, Castleton Commodities International and Ironwood Midstream Energy Partners - has announced plans for the EPIC NGL Pipeline, a 650-mile natural gas

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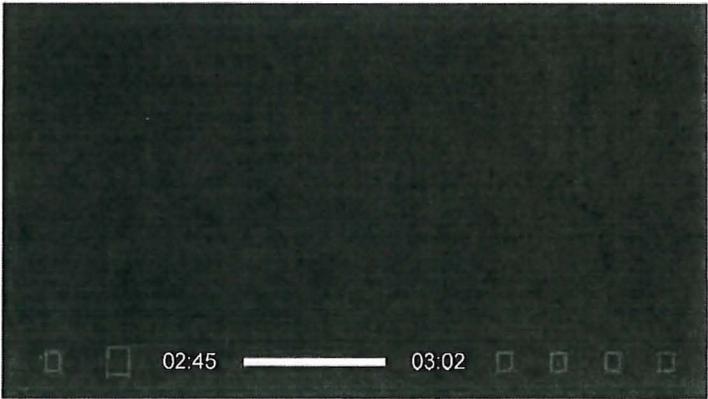
liquids pipeline that will carry NGLs from the Permian and Eagle Ford to Corpus Christi.

"This will follow the path of the crude line until it reaches South Texas," Bruce Kates, EPIC's corporate communications director, said in a phone interview from his San Antonio office. "Then it will split off, and we'll build a fractionator - one of many. We'll have a products line, as well, from the fractionator to Corpus Christi."

What kicked off the project was an agreement with BP Energy Co. to serve as anchor shipper. The project has also secured a capital commitment from funds managed by Ares Management LP, Kates said. The cost has not been disclosed.

The pipeline will have throughput capacity of at least 220,000 barrels per day with multiple origin points in both the Delaware and Midland basins. There will be interconnections near Orla, Benedum and Corpus Christi.

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"We've already started construction," Kates said. "The first part will be done in about four months from the Panhandle down to Orla, then to Benedum and then to the final point at Corpus Christi."

He said EPIC has been working with BP Energy on the project for more than a year.

"We've been looking at capacity, and BP has been looking to move its product from the Permian Basin," Kates said. "Right now, there's the capacity, but in one or two years there won't be the capacity to move NGLs. Based on estimates, we'll need a bigger pipeline to carry 350,000 barrels a day. Expansion will be a must. We may look at fractionation trains as demand grows."

He described the cargo as the "Y grades" - the mixed natural gas liquids, essentially the ethanes, propanes, butanes, natural gas pentanes, that will be handled in the fractionation process. The pipeline will link Permian and Eagle Ford NGL reserves to Gulf Coast refiners, petrochemical companies and export markets.

"There's a need for these down there. Some are used here in the U.S., some will be exported," Kates said. "The NGLs are going to Corpus, and you have to remember the Mexico market. There will be an opportunity to ship NGLs, even by rail, to Mexico. That's a market to be tapped."

He praised Port of Corpus Christi officials for being proactive in developing infrastructure to meet the demand. "They've been on top of everything," he said.

The company is acquiring rights of way and, in some cases, multi-line rights to accommodate both the NGL and crude oil pipelines. The initial phase is expected to be in

Nueces County leaders approve tax abatements for \$200M natural gas project

By Mike Kelly, Corpus Christi Caller-Times | Published 7:20 a.m. CT Nov. 30, 2017



Construction has begun on the first phase of the EPIC NGL Pipeline project. Chns Ramirez/Caller-Times



(Photo Contributed: Epic Y Grade Pipeline LP)



Nueces County commissioners on Wednesday gave the OK for tax abatements that open the door for a natural gas pipeline company to construct a new \$200 million fractionator unit along Violet Road.

The proposed project is part of the 650-mile Epic NGL Pipeline that Epic Y Grade Pipeline LP is constructing from southeast New Mexico to Corpus Christi. Work on the first phase of the natural gas liquids pipeline began on Nov. 14, according to the company's website, and is scheduled for completion in early 2019.

The \$200 million fractionation complex will be built on vacant agricultural land along Violet Road, near State Highway 44, and is meant to accommodate the pipeline's volume. County commissioners on Wednesday also approved the creation of a reinvestment zone that allowed for the tax abatement agreement to move forward. Epic currently has the land under contract, but has not closed on the sale.

More: More natural gas will flow between Corpus Christi, Portman, Guinn

More: New natural gas line will link South Texas, Portman, Busin

"(Epic) will not close under the contract and build their plant (at) the expense of (\$200 million) dollars unless we designate this zone and provide the tax abatement incentive that is ... offered by Nueces County to attract new industries of this nature," said John Bell, a local attorney speaking on behalf of the Corpus Christi Regional Economic Development Corporation.

"As a result, your designation of a zone today will specifically lead to the development of primary employment... and attract a major investment to this area that will benefit the economic development of Nueces County," he said.

Under the terms of the abatement agreement, the company will receive 100 percent property tax abatements during the construction phase, which cannot exceed three years. After the construction period, the abatements fall to 50 percent each year, with the deal not exceeding 10 years.

The company is required to create at least 10 new full-time jobs as a result of the completed project in order for the abatements to stay in effect. If that does not occur, the company would be liable for the full tax values for that year and possible

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termination of the agreement, according to the deal's terms.

Company officials said they are projecting up to 15 full-time positions at the facility when it is built, but are looking to have at least 10. The average yearly salary for each position would be \$72,440 per year, according to Epic's abatement application.

"It could be more (jobs) — the minimum criteria is 10 and so they have committed to meet the minimum criteria," Bell said.

Pct. 2 County Commissioner Joe A. "JAG" Gonzalez said he would prefer to see local residents get those positions once they are available, rather than having people hired from outside the county.

"When somebody comes in, my concern is always how many people here in Nueces County are going to get jobs?" Gonzalez asked.

The agreement does outline a "Buy Local" provision that gives preference to local manufacturers, suppliers, contractors and labor in Nueces and San Patricio counties, but allows the company exemptions "where not reasonably or feasibly possible to do so without added expense," "substantial inconvenience," or "sacrifice in operational efficiency or quality."



Pct. 2 Nueces County Commissioner Joe A. "JAG" Gonzalez speaks during a prior meeting of the court. (File photo) (Photo: Paul Jversan/Gonzalez to the Caller-Times)

Kelly Rendziperis, with tax abatement consulting firm Site Selection Group, said the company intends to hire locally both during the construction phase and after the fractionation complex is done. Epic also has plans to build additional fractionators in Corpus Christi each capable of handling 100,000 barrels of NGL per day.

The NGL pipeline is being constructed alongside the 700-mile Epic Crude Pipeline, which will carry an initial 550,000 barrels per day of capacity from the Permian and Eagle Ford Basins to refining and export markets in and around Corpus Christi, according to the company's website.

"In terms of expansion capability, there's also great potential for this to grow in the future, which also would add additional jobs and additional millions of dollars worth of investment in the future," Rendziperis said.

said.

Marez did express concern with a growing trend of companies who received tax abatements filing lawsuits against appraisal districts to protest values in an effort to pay as little in property taxes as possible. Epic's annual tax abatements are tied to minimum value thresholds in the agreement, but it doesn't prevent Epic from protesting values once the contract terms expire.

"That (clause) protects us during the contract of the abatement — after the contract of the abatement is over, you know, there's nothing we can do about people's constitutional rights to protest their valuations, and everybody has that right," said Pct. 1 County Commissioner Mike Pusley, who previously shared concerns similar to Marez.

The reinvestment zone creation and tax abatement agreement were both approved in a 4-1 vote, with Marez the lone dissenting vote.



Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED EPIC Y-GRADE
LOGISTICS, LP PROJECT IN THE CALLEN
INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1230)**

PREPARED BY



JULY 15, 2018

Executive Summary

EPIC Y-Grade Logistics, LP (Company) has requested that the Calallen Independent School District (CISD) 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 CISD on November 13, 2017, the Company plans to invest \$345.4 million in taxable property to construct a natural gas liquids fractionator 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 EPIC Y-Grade Logistics 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, CISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2021-22 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 last year. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to CISD	\$4.2 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$24.8 million

Application Process

After the school district has submitted an application to the Comptroller’s Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. A Completion Letter for this project was sent on April 11, 2018.

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 Package for the Epic Y-Grade Logistics project was issued on May 9, 2018.

After the Comptroller's certificate was received, O'Hanlon, Demerath & Castillo contacted the school district to discuss the value limitation agreement and began negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon, Demerath & Castillo will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law.

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 two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (For more detailed information on the school finance funding system, please review the Texas Education Agency's website [\(Manuals and Presentations\)](#) or [\(School Finance-One Page Descriptions\)](#).

Because the general school finance formula system calculates state aid entitlements using the Comptroller's certified property value for the preceding year, 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. **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

The agreement between the school district and the applicant 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. The Basic Allotment remains at \$5,140 and the Tier II Austin yield increased to \$106.28 for 2018-19, which is maintained for future years.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313

projects are also factored into the M&O tax bases used. The impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes is beyond the scope of this revenue report. As a result of negotiations, the supplemental payments may be on projected enrollment growth, although the presentation here is based on current enrollment information. This issue will be addressed in a separate analysis.

ADA: 3,930
 Local Tax Base: \$2.1 billion
 M&O Tax Rate: \$1.17 per \$100
 I&S Tax Rate: \$0.2052 per \$100
 Wealth per WADA: \$283,136

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 – Base District Information with EPIC Y-Grade Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP1	2019-20	3,970.31	5,197.52	1.17	0.21	\$2,134,096,910	\$2,134,096,910	\$1,512,248,376	\$1,512,248,376	\$290,956	\$290,956
QTP2	2020-21	4,005.72	5,231.03	1.17	0.21	\$2,134,096,910	\$2,134,096,910	\$1,512,248,376	\$1,512,248,376	\$289,092	\$289,092
VL1	2021-22	4,041.45	5,264.81	\$1.1700	\$0.2052	\$2,479,446,910	\$2,164,096,910	\$1,512,248,376	\$1,512,248,376	\$287,237	\$287,237
VL2	2022-23	4,077.50	5,298.87	\$1.1700	\$0.2052	\$2,462,446,910	\$2,164,096,910	\$1,857,598,376	\$1,542,248,376	\$350,565	\$291,052
VL3	2023-24	4,113.87	5,333.20	\$1.1700	\$0.2052	\$2,446,296,910	\$2,164,096,910	\$1,840,598,376	\$1,542,248,376	\$345,121	\$289,179
VL4	2024-25	4,150.56	5,376.06	\$1.1700	\$0.2052	\$2,848,703,897	\$2,581,846,397	\$1,824,448,376	\$1,542,248,376	\$339,365	\$286,873
VL5	2025-26	4,187.58	5,420.21	\$1.1700	\$0.2052	\$2,811,240,898	\$2,558,958,773	\$2,226,855,363	\$1,959,997,863	\$410,843	\$361,609
VL6	2026-27	4,224.93	5,463.76	\$1.1700	\$0.2052	\$2,775,651,549	\$2,537,216,030	\$2,189,392,364	\$1,937,110,239	\$400,711	\$354,538
VL7	2027-28	4,262.61	5,507.66	\$1.1700	\$0.2052	\$2,762,497,273	\$2,537,216,030	\$2,153,803,015	\$1,915,367,496	\$391,056	\$347,764
VL8	2028-29	4,300.63	5,551.91	\$1.1700	\$0.2052	\$2,750,000,711	\$2,537,216,030	\$2,140,648,739	\$1,915,367,496	\$385,570	\$344,993
VL9	2029-30	4,338.99	5,596.50	\$1.1700	\$0.2052	\$2,738,128,977	\$2,537,216,030	\$2,128,152,177	\$1,915,367,496	\$380,265	\$342,244
VL10	2030-31	4,377.69	5,642.45	\$1.1700	\$0.2052	\$2,726,850,829	\$2,537,216,030	\$2,116,280,443	\$1,915,367,496	\$375,064	\$339,457
VP1	2031-32	4,416.73	5,687.76	\$1.1700	\$0.2052	\$2,716,136,589	\$2,716,136,589	\$2,105,002,295	\$1,915,367,496	\$370,093	\$336,752
VP2	2032-33	4,456.13	5,733.44	\$1.1700	\$0.2052	\$2,705,958,061	\$2,705,958,061	\$2,094,288,055	\$2,094,288,055	\$365,276	\$365,276
VP3	2033-34	4,495.87	5,779.48	\$1.1700	\$0.2052	\$2,696,288,460	\$2,696,288,460	\$2,084,109,527	\$2,084,109,527	\$360,605	\$360,605
VP4	2034-35	4,535.97	5,825.88	\$1.1700	\$0.2052	\$2,687,102,338	\$2,687,102,338	\$2,074,439,926	\$2,074,439,926	\$356,073	\$356,073
VP5	2035-36	4,576.43	5,871.61	\$1.1700	\$0.2052	\$2,678,375,523	\$2,678,375,523	\$2,065,253,804	\$2,065,253,804	\$351,736	\$351,736

*Basic Allotment: \$5,140; AISD Yield: \$106.28; Equalized Wealth: \$514,000 per WADA

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

M&O Impact of the EPIC Y-Grade Logistics Project on CISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$4.2 million, with all the loss reflected in the first limitation year (2021-22) under current school finance law. Nearly all the reduction in M&O taxes under the limitation agreement is offset through an increase in state aid under current law.

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

Year of Agreement	School Year	M&O Taxes @		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
		Compressed Rate	State Aid								
QTP1	2019-20	\$19,901,940	\$13,146,309	\$0	\$0	\$3,383,329	\$3,384,045	\$0	\$0	\$109,854	\$39,925,477
QTP2	2020-21	\$19,901,940	\$13,325,015	\$0	\$0	\$3,383,329	\$3,427,684	\$0	\$0	\$109,854	\$40,147,822
VL1	2021-22	\$23,349,440	\$13,505,176	\$0	\$0	\$3,969,404	\$4,069,456	\$0	\$0	\$109,854	\$45,003,330
VL2	2022-23	\$23,179,440	\$10,233,301	\$0	\$0	\$3,940,504	\$2,826,754	-\$214,647	\$0	\$109,854	\$40,075,206
VL3	2023-24	\$23,017,940	\$10,586,402	\$0	\$0	\$3,913,049	\$2,870,646	-\$178,568	\$0	\$109,854	\$40,319,323
VL4	2024-25	\$26,958,460	\$10,979,456	\$0	\$0	\$4,582,939	\$3,449,746	-\$164,907	\$0	\$109,854	\$45,915,548
VL5	2025-26	\$26,588,407	\$7,193,844	\$0	\$0	\$4,520,029	\$2,530,162	-\$617,743	\$0	\$109,854	\$40,324,554
VL6	2026-27	\$26,236,862	\$7,803,769	\$0	\$0	\$4,460,267	\$2,600,979	-\$555,666	\$0	\$109,854	\$40,656,065
VL7	2027-28	\$26,105,320	\$8,396,827	\$0	\$0	\$4,437,904	\$2,689,709	-\$499,174	\$0	\$109,854	\$41,240,440
VL8	2028-29	\$25,980,354	\$8,767,420	\$0	\$0	\$4,416,660	\$2,737,219	-\$465,225	\$0	\$109,854	\$41,546,282
VL9	2029-30	\$25,861,637	\$9,133,334	\$0	\$0	\$4,396,478	\$2,784,642	-\$431,855	\$0	\$109,854	\$41,854,091
VL10	2030-31	\$25,748,855	\$9,500,212	\$0	\$0	\$4,377,305	\$2,832,772	-\$398,626	\$0	\$109,854	\$42,170,373
VP1	2031-32	\$25,605,929	\$9,857,837	\$0	\$0	\$4,353,008	\$2,876,163	-\$365,796	\$0	\$109,854	\$42,436,995
VP2	2032-33	\$25,506,179	\$10,211,766	\$0	\$0	\$4,336,051	\$2,923,421	-\$334,026	\$0	\$109,854	\$42,753,245
VP3	2033-34	\$25,411,417	\$10,562,301	\$0	\$0	\$4,319,941	\$2,970,688	-\$302,699	\$0	\$109,854	\$43,071,502
VP4	2034-35	\$25,321,393	\$10,909,721	\$0	\$0	\$4,304,637	\$3,013,866	-\$271,787	\$0	\$109,854	\$43,387,684
VP5	2035-36	\$25,235,870	\$11,245,471	\$0	\$0	\$4,290,098	\$3,060,343	-\$241,687	\$0	\$109,854	\$43,699,949

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 @		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
		Compressed Rate	State Aid								
QTP1	2019-20	\$19,901,940	\$13,146,309	\$0	\$0	\$3,383,329	\$3,384,045	\$0	\$0	\$109,854	\$39,925,477
QTP2	2020-21	\$19,901,940	\$13,325,015	\$0	\$0	\$3,383,329	\$3,427,684	\$0	\$0	\$109,854	\$40,147,822
VL1	2021-22	\$20,195,940	\$13,505,176	\$0	\$0	\$3,433,309	\$3,520,159	\$0	\$0	\$109,854	\$40,764,438
VL2	2022-23	\$20,195,940	\$13,386,801	\$0	\$0	\$3,433,309	\$3,431,324	\$0	\$0	\$109,854	\$40,557,228
VL3	2023-24	\$20,195,940	\$13,569,902	\$0	\$0	\$3,433,309	\$3,475,801	\$0	\$0	\$109,854	\$40,784,806
VL4	2024-25	\$24,289,885	\$13,801,456	\$0	\$0	\$4,129,280	\$4,240,186	\$0	\$0	\$109,854	\$46,570,661
VL5	2025-26	\$24,065,586	\$9,862,419	\$0	\$0	\$4,091,149	\$2,801,044	-\$292,853	\$0	\$109,854	\$40,637,200
VL6	2026-27	\$23,852,507	\$10,326,591	\$0	\$0	\$4,054,926	\$2,859,766	-\$246,334	\$0	\$109,854	\$40,957,310
VL7	2027-28	\$23,852,507	\$10,781,182	\$0	\$0	\$4,054,926	\$2,941,815	-\$202,583	\$0	\$109,854	\$41,537,701
VL8	2028-29	\$23,852,507	\$11,020,232	\$0	\$0	\$4,054,926	\$2,976,942	-\$184,187	\$0	\$109,854	\$41,830,274
VL9	2029-30	\$23,852,507	\$11,261,181	\$0	\$0	\$4,054,926	\$3,012,348	-\$165,644	\$0	\$109,854	\$42,125,172
VL10	2030-31	\$23,852,507	\$11,509,341	\$0	\$0	\$4,054,926	\$3,048,823	-\$146,542	\$0	\$109,854	\$42,428,910
VP1	2031-32	\$25,605,929	\$11,754,185	\$0	\$0	\$4,353,008	\$3,311,927	-\$137,087	\$0	\$109,854	\$44,997,816
VP2	2032-33	\$25,506,179	\$10,211,766	\$0	\$0	\$4,336,051	\$2,923,421	-\$334,026	\$0	\$109,854	\$42,753,245
VP3	2033-34	\$25,411,417	\$10,562,301	\$0	\$0	\$4,319,941	\$2,970,688	-\$302,699	\$0	\$109,854	\$43,071,502
VP4	2034-35	\$25,321,393	\$10,909,721	\$0	\$0	\$4,304,637	\$3,013,866	-\$271,787	\$0	\$109,854	\$43,387,684
VP5	2035-36	\$25,235,870	\$11,245,471	\$0	\$0	\$4,290,098	\$3,060,343	-\$241,687	\$0	\$109,854	\$43,699,949

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

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP1	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2021-22	-\$3,153,500	\$0	\$0	\$0	-\$536,095	-\$549,297	\$0	\$0	\$0	-\$4,238,892
VL2	2022-23	-\$2,983,500	\$3,153,500	\$0	\$0	-\$507,195	\$604,570	\$214,647	\$0	\$0	\$482,022
VL3	2023-24	-\$2,822,000	\$2,983,500	\$0	\$0	-\$479,740	\$605,155	\$178,568	\$0	\$0	\$465,483
VL4	2024-25	-\$2,668,575	\$2,822,000	\$0	\$0	-\$453,659	\$790,440	\$164,907	\$0	\$0	\$655,113
VL5	2025-26	-\$2,522,821	\$2,668,575	\$0	\$0	-\$428,880	\$270,882	\$324,890	\$0	\$0	\$312,646
VL6	2026-27	-\$2,384,355	\$2,522,822	\$0	\$0	-\$405,341	\$258,787	\$309,332	\$0	\$0	\$301,245
VL7	2027-28	-\$2,252,813	\$2,384,355	\$0	\$0	-\$382,978	\$252,106	\$296,591	\$0	\$0	\$297,261
VL8	2028-29	-\$2,127,847	\$2,252,812	\$0	\$0	-\$361,734	\$239,723	\$281,038	\$0	\$0	\$283,992
VL9	2029-30	-\$2,009,130	\$2,127,847	\$0	\$0	-\$341,552	\$227,706	\$266,211	\$0	\$0	\$271,082
VL10	2030-31	-\$1,896,348	\$2,009,129	\$0	\$0	-\$322,379	\$216,051	\$252,084	\$0	\$0	\$258,537
VP1	2031-32	\$0	\$1,896,348	\$0	\$0	\$0	\$435,764	\$228,709	\$0	\$0	\$2,560,821
VP2	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2035-36	\$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

Under the assumptions used here, the potential tax savings from the value limitation total \$29.0 million over the life of the agreement. (See Table 5.) The CISD revenue losses are expected to total approximately \$4.2 million in the initial limitation year of the agreement, given the assumptions outlined here. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$24.8 million, prior to any negotiations with EPIC Y-Grade on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with CISD currently levying a \$0.2052 per \$100 I&S tax rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Local taxpayers should benefit from the addition of the EPIC Y-Grade Logistics project to the local I&S tax roll. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Table 5 - Estimated Financial Impact of the EPIC Y-Grade Logistics Project Property Value Limitation Request Submitted to CISD at \$1.17 per \$100 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP1	2019-20	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0
QTP2	2020-21	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0
VL1	2021-22	\$345,350,000	\$30,000,000	\$315,350,000	\$1.170	\$4,040,595	\$351,000	\$3,689,595	-\$4,238,892	-\$549,297
VL2	2022-23	\$328,350,000	\$30,000,000	\$298,350,000	\$1.170	\$3,841,695	\$351,000	\$3,490,695	\$0	\$3,490,695
VL3	2023-24	\$312,200,000	\$30,000,000	\$282,200,000	\$1.170	\$3,652,740	\$351,000	\$3,301,740	\$0	\$3,301,740
VL4	2024-25	\$296,857,500	\$30,000,000	\$266,857,500	\$1.170	\$3,473,233	\$351,000	\$3,122,233	\$0	\$3,122,233
VL5	2025-26	\$282,282,125	\$30,000,000	\$252,282,125	\$1.170	\$3,302,701	\$351,000	\$2,951,701	\$0	\$2,951,701
VL6	2026-27	\$268,435,519	\$30,000,000	\$238,435,519	\$1.170	\$3,140,696	\$351,000	\$2,789,696	\$0	\$2,789,696
VL7	2027-28	\$255,281,243	\$30,000,000	\$225,281,243	\$1.170	\$2,986,791	\$351,000	\$2,635,791	\$0	\$2,635,791
VL8	2028-29	\$242,784,681	\$30,000,000	\$212,784,681	\$1.170	\$2,840,581	\$351,000	\$2,489,581	\$0	\$2,489,581
VL9	2029-30	\$230,912,947	\$30,000,000	\$200,912,947	\$1.170	\$2,701,681	\$351,000	\$2,350,681	\$0	\$2,350,681
VL10	2030-31	\$219,634,799	\$30,000,000	\$189,634,799	\$1.170	\$2,569,727	\$351,000	\$2,218,727	\$0	\$2,218,727
VP1	2031-32	\$208,920,559	\$208,920,559	\$0	\$1.170	\$2,444,371	\$2,444,371	\$0	\$0	\$0
VP2	2032-33	\$198,742,031	\$198,742,031	\$0	\$1.170	\$2,325,282	\$2,325,282	\$0	\$0	\$0
VP3	2033-34	\$189,072,430	\$189,072,430	\$0	\$1.170	\$2,212,147	\$2,212,147	\$0	\$0	\$0
VP4	2034-35	\$179,886,308	\$179,886,308	\$0	\$1.170	\$2,104,670	\$2,104,670	\$0	\$0	\$0
VP5	2035-36	\$171,159,493	\$171,159,493	\$0	\$1.170	\$2,002,566	\$2,002,566	\$0	\$0	\$0
						\$43,639,475	\$14,599,036	\$29,040,439	-\$4,238,892	\$24,801,547

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

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

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

Attachment E

Taxable Value of Property


Taxes

Property Tax

School and Appraisal Districts Property Value Study 2015 Report

2015 ISD Summary Worksheet

178/Nueces

178-904/Corpus Christi ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	8,475,867,623	N/A	8,475,867,623	8,475,867,623
B. Multi-Family Residences	1,115,827,231	N/A	1,115,827,231	1,115,827,231
C1. Vacant Lots	295,823,755	N/A	295,823,755	295,823,755
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real (Taxable)	858,685	N/A	858,685	858,685
D2. Real Prop Farm & Ranch	4,405	N/A	4,405	4,405
E. Real Prop NonQual Acres	23,579,696	N/A	23,579,696	23,579,696
F1. Commercial Real	2,546,539,835	N/A	2,546,539,835	2,546,539,835
F2. Industrial Real	1,551,926,862	N/A	1,551,926,862	1,551,926,862
G. Oil, Gas, Minerals	26,984,160	N/A	26,984,160	26,984,160
J. Utilities	212,141,274	N/A	212,141,274	212,141,274
L1. Commercial Personal	1,262,729,436	N/A	1,262,729,436	1,262,729,436
L2. Industrial Personal	618,894,346	N/A	618,894,346	618,894,346

M. Other Personal	14,767,938	N/A	14,767,938	14,767,938
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	9,200,101	N/A	9,200,101	9,200,101
S. Special Inventory	91,452,179	N/A	91,452,179	91,452,179
Subtotal	16,246,597,526		16,246,597,526	16,246,597,526
Less Total Deductions	2,788,879,084		2,788,879,084	2,788,879,084
Total Taxable Value	13,457,718,442		13,457,718,442	13,457,718,442 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
13,903,499,426	13,457,718,442	13,903,499,426	13,457,718,442

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
445,780,984	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
13,903,499,426	13,457,718,442	13,903,499,426	13,457,718,442

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

205/San Patricio

178-904/Corpus Christi ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	0	N/A	0	0
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	4,483	N/A	4,483	4,483
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real (Taxable)	0	N/A	0	0
D2. Real Prop Farm & Ranch	0	N/A	0	0

E. Real Prop NonQual Acres	10,548	N/A	10,548	10,548
F1. Commercial Real	0	N/A	0	0
F2. Industrial Real	24,750,016	N/A	24,750,016	24,750,016
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	0	N/A	0	0
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
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	24,765,047		24,765,047	24,765,047
Less Total Deductions	0		0	0
Total Taxable Value	24,765,047		24,765,047	24,765,047 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
24,765,047	24,765,047	24,765,047	24,765,047

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
24,765,047	24,765,047	24,765,047	24,765,047

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

178-904/Corpus Christi ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
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A. Single-Family Residences	8,475,867,623	N/A	8,475,867,623	8,475,867,623
B. Multi-Family Residences	1,115,827,231	N/A	1,115,827,231	1,115,827,231
C1. Vacant Lots	295,828,238	N/A	295,828,238	295,828,238
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real (Taxable)	858,685	N/A	858,685	858,685
D2. Real Prop Farm & Ranch	4,405	N/A	4,405	4,405
E. Real Prop NonQual Acres	23,590,244	N/A	23,590,244	23,590,244
F1. Commercial Real	2,546,539,835	N/A	2,546,539,835	2,546,539,835
F2. Industrial Real	1,576,676,878	N/A	1,576,676,878	1,576,676,878
G. Oil, Gas, Minerals	26,984,160	N/A	26,984,160	26,984,160
J. Utilities	212,141,274	N/A	212,141,274	212,141,274
L1. Commercial Personal	1,262,729,436	N/A	1,262,729,436	1,262,729,436
L2. Industrial Personal	618,894,346	N/A	618,894,346	618,894,346
M. Other Personal	14,767,938	N/A	14,767,938	14,767,938
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	9,200,101	N/A	9,200,101	9,200,101
S. Special Inventory	91,452,179	N/A	91,452,179	91,452,179
Subtotal	16,271,362,573		16,271,362,573	16,271,362,573
Less Total Deductions	2,788,879,084		2,788,879,084	2,788,879,084
Total Taxable Value	13,482,483,489		13,482,483,489	13,482,483,489 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

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

CALLEN INDEPENDENT SCHOOL DISTRICT

and

EPIC Y-GRADE LOGISTICS, LP

(Texas Taxpayer ID # 32065261490)

Comptroller Application # 1230

Dated

September 10, 2018

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

STATE OF TEXAS §

COUNTY OF NUECES §

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 **CALALLEN 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 **EPIC Y-GRADE LOGISTICS, LP**, Texas Taxpayer Identification Number 32065261490 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 November 13, 2017, the Superintendent of Schools of the Calallen 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 November 13, 2017, 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 11, 2018, 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 Nueces County Appraisal District established in Nueces County, Texas (the “Nueces 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 9, 2018, issued a certificate for limitation on appraised

value of the property described in the Application and provided the certificate to the District;

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

WHEREAS, on September 10, 2018, 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 September 10, 2018, 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 September 10, 2018, 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 September 10, 2018 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 or in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized the Board Vice President 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, including any statutory amendments that are applicable to the Applicant.

“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 EPIC Y-Grade Logistics, LP, (Texas Taxpayer ID #32065261490) 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 November 13, 2017. 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 Nueces County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Calallen Independent School District.

“Commercial Operation” means the production by the first newly constructed fractionator unit in sufficient quantities and of sufficient quality so as to enable the production of individual purity products by Applicant for delivery to end-customers.

“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 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Nueces County, Texas.

“District” or “School District” means the Calallen 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 60 days business days of the existence of such Force Majeure or otherwise waive this right as a defense.

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

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

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

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

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

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX

CODE, as interpreted by the Comptroller's Rules.

"Qualified Property" has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

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

"State" means the State of Texas.

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

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

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

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

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

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

"Aggregate Limit" means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article VI.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District

as a Supplemental Payment under the provisions of Section 313.027(i) of the TEXAS TAX CODE. For purposes of this Agreement, and as further provided in Sections 6.2A and 6.2D, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying 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 (rounded to the nearest whole number), times \$100, or any larger amount allowed by Section 313.027(i) of the TEXAS TAX CODE, if such limitation is increased for any future year of this Agreement and such increase is effective for purposes of this Agreement. The Annual Limit shall first be computed for Tax Year 2018, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i.

"Applicable School Finance Law" means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, 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 amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"Applicant's Stipulated Supplemental Payment Amount" means, for purposes of Article VI, for any Tax Year during the term of this Agreement, an amount equal to forty percent (40%) of the "Net Tax Benefit," as such term is defined in this Section 1.2, for such Tax Year.

"Article VI Supplemental Payment" has the meaning given such term in Section 6.1.A. with respect to any payment required pursuant to Article VI of this Agreement.

"Cumulative Payments" means for any Tax Year during the term of this Agreement, the total of all payments, calculated under Article IV, V and VI of this Agreement, for such Tax Year which are paid by or owed by the Applicant to the District, plus all payments, calculated under Article IV, V and VI of this Agreement, paid by or owed by the Applicant for all previous Tax Years during the term of this Agreement.

"Cumulative Unadjusted Tax Benefit" means for any Tax Year during the term of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit for all previous Tax Years during the term of this Agreement.

"Determination of Breach and Notice of Contract Termination" has the meaning given such term in Section 9.2.D of this Agreement.

"Material Breach" has the meaning given such term in Section 9.1 of this Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace the District’s M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

“M&O Amount” has the meaning given such term in Section 4.2.

“New M&O Revenue” has the meaning given such term in Section 4.2. A. ii.

“Net Tax Benefit” means, for any 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 such Tax Year and all previous Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; minus; (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due from the Applicant to the District or any other governmental entity, including the State of Texas, for such Tax Year and all previous Tax Years during the term of this Agreement, plus (B) any-payments due to the District from the Applicant under Articles IV, V and VI under this Agreement for such Tax Year and all previous Tax Years during the term of this Agreement.

“Original M&O Revenue” has the meaning given such term in Section 4.2. A. i.

“Third Party” has the meaning given such term in Section 4.3

“Unadjusted Tax Benefit” means, for any Tax Year during the term of this Agreement, the total of all gross tax savings calculated for such Tax Year by multiplying (i) an amount equal to (a) the Taxable Value of the Applicant’s Qualified Property used for the District’s debt service (interest and sinking fund) property tax purposes for such Tax Year, minus (b) the Tax Limitation Amount (defined in Section 2.4, below, as Thirty Million Dollars (\$30,000,000.00)), by (ii) the District’s maintenance and operations tax rate for such Tax Year.

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 11, 2018 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 September 10, 2018.
- C. The Qualifying Time Period for this Agreement:
 - i. Starts on September 10, 2018, the Application Approval Date;
 - ii. Ends on December 31, 2020, 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, 2021, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
 - ii. Ends on December 31, 2030, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.
- E. The Final Termination Date for this Agreement is December 31, 2035, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii. plus 5 years.
- 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 313.022(b) 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 \$891.00 for all New Non-Qualifying Jobs created by the Applicant.

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

- A. 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;
- B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation,

of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

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

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

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

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

ARTICLE IV PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), 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 the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was the sole and direct cause, all as calculated in accordance with Section 4.2 below after taking into account any payments to be made under this

Agreement. Such payments shall be independent of, and in addition to, such other payments as set forth in Articles V and VI of this Agreement.

The Parties expressly understand and agree that, for all Tax Years to which this Agreement may apply, the calculation of losses that the 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 that may be 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 and are not intended to be relied upon, and have not been relied upon, by the Parties as a prediction of future consequences to either Party; (ii) based upon the current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and (iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Sections 4.10, 7.1 and 7.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each Tax Year during the Tax Limitation Period (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 the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue, based on the following definitions, where:
 - i. “Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that the District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s ad valorem maintenance and operations tax at the District-adopted rate for the applicable Tax Year. For purposes of this calculation, the Third Party (as defined in Section 4.3) will base its calculations upon (1) the total Taxable Values for the applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District’s maintenance and operations ad valorem tax purposes, save and except for the Applicant’s Qualified Property subject to this Agreement, *plus* (2) the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant’s Qualified Property subject to this Agreement for the District’s–debt service (interest and sinking fund) ad valorem tax purposes (which total Taxable Values for the Applicant’s Qualified Property subject to

this Agreement shall be used in lieu of the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's maintenance and operations ad valorem tax purposes).

- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District actually received or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year.

B. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for the 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, results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for any year during the Tax Limitation Period under Subsection *ii* of Section 4.2.A will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made using a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factor not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly selected and appointed each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by a mediator selected in accordance with the procedures set forth in Section 9.3A.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the

Appraisal District in its annual certified tax roll submitted to the District pursuant to Section 26.01 of the TEXAS TAX CODE 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 and appointed 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 shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, and/or Article VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculations until the Final Termination Date. The Applicant shall not be liable for any of the Third Party's costs resulting from a review or audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 4.6, if such fee is timely paid.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.5, above, plus any reasonable and necessary out-of-pocket third party legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, or for other legal expenses which are, or may be required under the terms or because of the execution of this Agreement. Notwithstanding the foregoing, 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 and Section 4.5 which exceeds Fifteen Thousand Dollars (\$15,000.00).

Section 4.7. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the

Third Party selected and appointed 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 Investment 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 Investment, respectively, 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 required by this Agreement for the applicable year or years using the new Taxable Value. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. 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 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Sections 7.1 and 4.10, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, the Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, solely and directly caused as a result of its participation in this Agreement, the Applicant shall make payments to the District, up to but not to exceed the amount of the limits set forth in this Agreement (including Sections 7.1 and 4.10), that are necessary to offset any such negative impact on the District's Maintenance and Operations Revenue, solely and directly caused as a result of its participation in this Agreement. The calculation of any such payments to the District shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

Section 4.9 RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification containing the calculations prepared and/or delivered pursuant to Section 4.5, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the Board of Trustees. Any such 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 Applicant's receipt of the Third Party's final determination of the certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available

hereunder, at law or in equity.

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, the Applicant on an annual basis shall also indemnify and reimburse the District for the Applicant's allocable share of all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project described in the Application 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 such project.

In determining the Applicant's allocable share of such non-reimbursed costs for any Tax Year during the term of this Agreement, the aggregate amount of such costs for such Tax Year shall be allocated by the District's external auditor between or among the project described in the Application and each project described in an application for appraised value limitation on qualified property under Chapter 313 of the TEXAS TAX CODE with respect to which the District has entered into a written agreement pursuant to the provisions of Section 313.027 of the TEXAS TAX CODE that (i) has not terminated before such Tax Year, and (ii) includes a provision pursuant to Section 313.027(f)(2) of the TEXAS TAX CODE providing that the owner or owners of the project subject to such agreement will protect the District in the event the District incurs extraordinary education-related expenses related to such project. The District agrees to use reasonable efforts to include such a provision in any such future agreement. The amount of such non-reimbursed costs for any Tax Year during the term of this Agreement allocated to each such project shall be determined by multiplying the total amount of such non-reimbursed costs by a fraction, the numerator of which is the total Taxable Value of such project used for the District's debt service (interest and sinking fund) property tax purposes for such Tax Year, and the denominator of which is the total Taxable Value of all such projects used for the District's debt service (interest and sinking fund) property tax purposes for such Tax Year.

The Applicant shall have the right to contest the findings of the District's external auditor in accordance with the procedures set forth in Section 4.9.

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 the supplemental payments set forth in this Article

VI (the “Article VI Supplemental Payments”). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the 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 Article VI Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V and this Article VI are subject to the limitations contained in Sections 7.1 and 4.10, and that all payments under this Article VI are subject to the separate limitations contained in Sections 6.2 and 6.3.

B. Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Article VI Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed either (i) the limit imposed by the provisions of Section 313.027(i) of the TEXAS TAX CODE, as such limit is allowed to be increased by the Legislature for any future year of this Agreement, or (ii) the amount described in Section 6.3.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

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

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period (2033); and

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 (rounded to the nearest whole number).

Section 6.3 STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO ANNUAL PAYMENT LIMIT. Unless the Annual Payment Limit is increased, the District shall receive Supplemental Payments on in the dates set forth on the following schedule.

TAX YEAR	PAYMENT DUE DATE	AMOUNT OF ANNUAL PAYMENT LIMIT
2020	January 31, 2021	\$100 multiplied by District's prior year ADA
2021	January 31, 2022	\$100 multiplied by District's prior year ADA
2022	January 31, 2023	\$100 multiplied by District's prior year ADA
2023	January 31, 2024	\$100 multiplied by District's prior year ADA
2024	January 31, 2025	\$100 multiplied by District's prior year ADA
2025	January 31, 2026	\$100 multiplied by District's prior year ADA
2026	January 31, 2027	\$100 multiplied by District's prior year ADA
2027	January 31, 2028	\$100 multiplied by District's prior year ADA
2028	January 31, 2029	\$100 multiplied by District's prior year ADA
2029	January 31, 2030	\$100 multiplied by District's prior year ADA
2030	January 31, 2031	\$100 multiplied by District's prior year ADA
2031	January 31, 2032	\$100 multiplied by District's prior year ADA
2032	January 31, 2033	\$100 multiplied by District's prior year ADA
2033	January 31, 2034	\$100 multiplied by District's prior year ADA

In the event that the statutory limit is increased, the Supplemental Payment amount shall also be increased. However, Applicant shall not be responsible for any payments resulting from such increase that would exceed forty percent (40%) of Applicant's Net Tax Benefit.

Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.

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

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

C. The payment of all amounts due under this Article shall be made shall be paid on the same date established by Section 4.6 for such Tax Year.

Section 6.5. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning with the Tax Year 2018, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with Tax Year 2033, which is the third Tax Year following the end of the Tax Limitation Period, the District, or its successor beneficiary should one be designated under Section 6.7 below, shall not be entitled to receive Supplemental Payments, computed under Sections 6.2, 6.3 and 6.4 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under Sections 6.2, 6.3 and 6.4 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the TEXAS TAX CODE that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article VI, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of the third full Tax Year (2033) following the end of the Tax Limitation Period, as defined in Section 2.3(D)(ii), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

A. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the

Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- 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 4.5.
- C. The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.

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

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in this Article IV, including Sections 6.2, 6.3 and 6.4, above.

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

ARTICLE VII ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement,

and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, prior to the beginning of the Tax Limitation Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. 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 ninety-six (96) 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; and
- iv. whether or not any such breach has been cured.

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 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 Nueces 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 Nueces County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

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

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

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

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, no later than, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

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

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

Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

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

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

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

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

JOBS.

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

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

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

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

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

Dr. Arturo Almendarez, Superintendent
CALALLEN INDEPENDENT SCHOOL DISTRICT

4205 Wildcat Drive
Corpus Christi, Texas 78410
Fax: (361) 242-5620

Email: aalmendarez@calallen.org 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.

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

Weston Mokry
Controller
EPIC Y-Grade Logistics, LP
18615 Tuscany Stone, Suite 300
San Antonio, TX 78258-3498
(210) 446-1055 Telephone
Email: weston.mokry@epicmid.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.

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; and
 - c. 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; and

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

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 Nueces 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).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 10th day of September 2018.

EPIC Y-GRADE LOGISTICS, LP

By: 
Name: ROBERT W SMITH
Title: SR. V.P.

CALALLEN INDEPENDENT SCHOOL DISTRICT

By: 
PRESIDENT, BOARD OF TRUSTEES

ATTEST: 
SECRETARY, BOARD OF TRUSTEES

OR IN THE EVENT OF A CONFLICT OF INTEREST

By: _____
VICE PRESIDENT, 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 Nueces County Commissioners' Court created the *Epic Reinvestment Zone*. The legal description of the boundaries of the *Epic Reinvestment Zone* is attached as the next page of this **EXHIBIT 1**, and a map of the *Epic Reinvestment Zone* is attached as the last page of this **EXHIBIT 1** following the legal description of the zone.

Tab 9 - Amended 4.19.18
Description of Land

EXHIBIT A

LEGAL DESCRIPTION

Being all of Lots 1, 2 & 5 of the *J.A. Hunter Subdivision of the J.A. Hunter Tract*, as shown in Volume 3, Page 27 in the Map Records of Nueces County, Texas, being the same tract as conveyed to Clara Driscoll Sevier in Volume 199, Page 475 in the Deed Records of Nueces County, Texas, Less & Except a called 1.802 acre tract, as conveyed to the State of Texas in Volume 547, Page 595 in the Deed Records of Nueces County, Texas. Said Tract being out of the "EL DIEZMERO" GREGORIO FARIAS Survey No. 599, Abstract No. 592, with the Point of Beginning being located approximately 3.90 miles N 60° 06' E, from Robstown, Texas. This said 297.80 acre tract being more particularly described as follows:

BEGINNING at a 1" iron bar (X=1,270,865.82 & Y=17,187,506.53) found on the North line of a called 209.122 acre tract, as conveyed to HAC Materials, LTD. In Document #2013016795 in the Official Public Records of Nueces County, Texas, being the Southeast corner of a called 200 acre tract, as conveyed to Thomas M. Bernsen and Delores Hill Bernsen, described as Tract 4 in Document #2005035072 in the Official Public Records of Nueces County, Texas, same being the Southeast corner of Lot 3 of said Subdivision and the Southwest corner of said Lot 2, for the Southwest corner of this herein described tract;

THENCE N 01° 04' 47" W, a distance of 2,153.71 feet (called N 00° 28' 30" W – 2,153.95') to a 1" iron bar found for an interior corner of said 200 acre tract, being the Northeast corner of said Lot 3 and the Northwest corner of said Lot 2, for an exterior corner of this herein described tract;

THENCE N 89° 33' 49" E, a distance of 319.63 feet (called S 89° 50' 00" E – 319.27') to a 1" iron bar in concrete found on the North line of said Lot 2, being an exterior corner of said 200 acre tract, for the Southeast corner of Lot 4 of said Subdivision and the Southwest corner of said Lot 5, for an interior corner of this herein described tract;

THENCE N 01° 04' 23" W, a distance of 1,859.93 feet (called N 00° 28' 30" W – 1,860.08') to a 1" iron bar found on the South line of Lot 6 of said Subdivision, same being the South line of a called 213.554 acre tract, as conveyed to 4 J Land, LTD, described as Tract II in Document #2015004604 in the Official Public Records of Nueces County, Texas, being the Northeast corner of said Lot 4, the Northeast corner of said 200 acre tract, the Northwest corner of said Lot 5 and the Northwest corner of this herein described tract;

THENCE N 89° 13' 50" E, a distance of 1,095.44 feet (called S 89° 50' 00" E – 1,093.85') to a 5/8" iron rod with plastic cap stamped Bass and Welsh found on the Southwest line of a called 48.589 acre tract, as conveyed to Herbert L. Holcomb and Yvette D. Holcomb in Document # 830913 in the Official Public Records of Nueces County, Texas, being the Southeast corner of said Lot 6 and said 213.554 acre tract, being the upper Northeast corner of Lot 5 and of this herein described tract;

THENCE S 53° 55' 07" E, a distance of 3,467.55 feet (called S 53° 15' 00" E) to a 5/8" iron rod with plastic cap stamped #5652 set on the West Right of Way of F.M. 24 (Violet Road), for the Southeast corner of said 48.589 acre tract, being on the upper East line of said Lot 1, for the Northwest corner of a called 1.802 acre tract, as conveyed to the State of Texas in Volume 547, Page 595 in the Deed Records of Nueces County, Texas, for the Northeast corner of this herein described tract;

THENCE S 09° 38' 59" W, with the West line of said F.M. 24 (Violet Road) a distance of 1,977.50 feet (called S 10° 22' W) to a 5/8" iron rod (0.16 feet Southwest of a 1/2" iron rod with plastic cap stamped CDS Muery) found on the South line of said Lot 1 and the West Right of Way of F.M. 24 (Violet Road), being the Southwest corner of said 1.802 acre tract and the Northeast corner of a called 246.302 acre tract, as conveyed to Equistar Chemicals, LP in Document #1999027620 in the Official Public Records of Nueces County, Texas, for the Southeast corner of this herein described tract;

THENCE S 89° 22' 27" W, a distance of 3,076.73 feet (called N 89° 50' W) to a 5/8" iron rod found on the South line of said Lot 1, for the Northwest corner of said 246.302 acre tract and the Northeast corner of said 209.122 acre tract, for a corner of this herein described tract;

THENCE S 89° 37' 33" W, (called N 89° 50' W) a distance of 733.93 feet to the **POINT OF BEGINNING** and containing 297.80 acres of land, more or less.

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 legal description [and map] attached as **Exhibit 1**.

EXHIBIT 3
APPLICANT'S QUALIFIED INVESTMENT

The qualified investment for the fractionator project may contain the following main processing units and utility systems:

- DeEthanizer, DePropanizer, DeISObutanizer and DeButanizer towers. These are the distillation towers used to separate the products in the Y-Grade stream delivered to the plant.
- Electrical sub-station. This is used to covert 138KV power to 13.8KV power for use in the fractionator
- Electrical motor control center – 1 for each fractionator train
- Cooling tower – 1 for each fractionator train.
- Refrigeration compressors – 2 for each fractionator train.
- Amine treatment unit. Used to treat the Y-Grade to remove water and CO2.
- Hot oil heater – 1 for each train, used to provide heating media needed for tower operation
- Tank farm. Will include 10 - 90,000 gallon storage tanks and product pipeline pumps.
- Flare for destruction of any material vented
- Office building
- Operating Control room

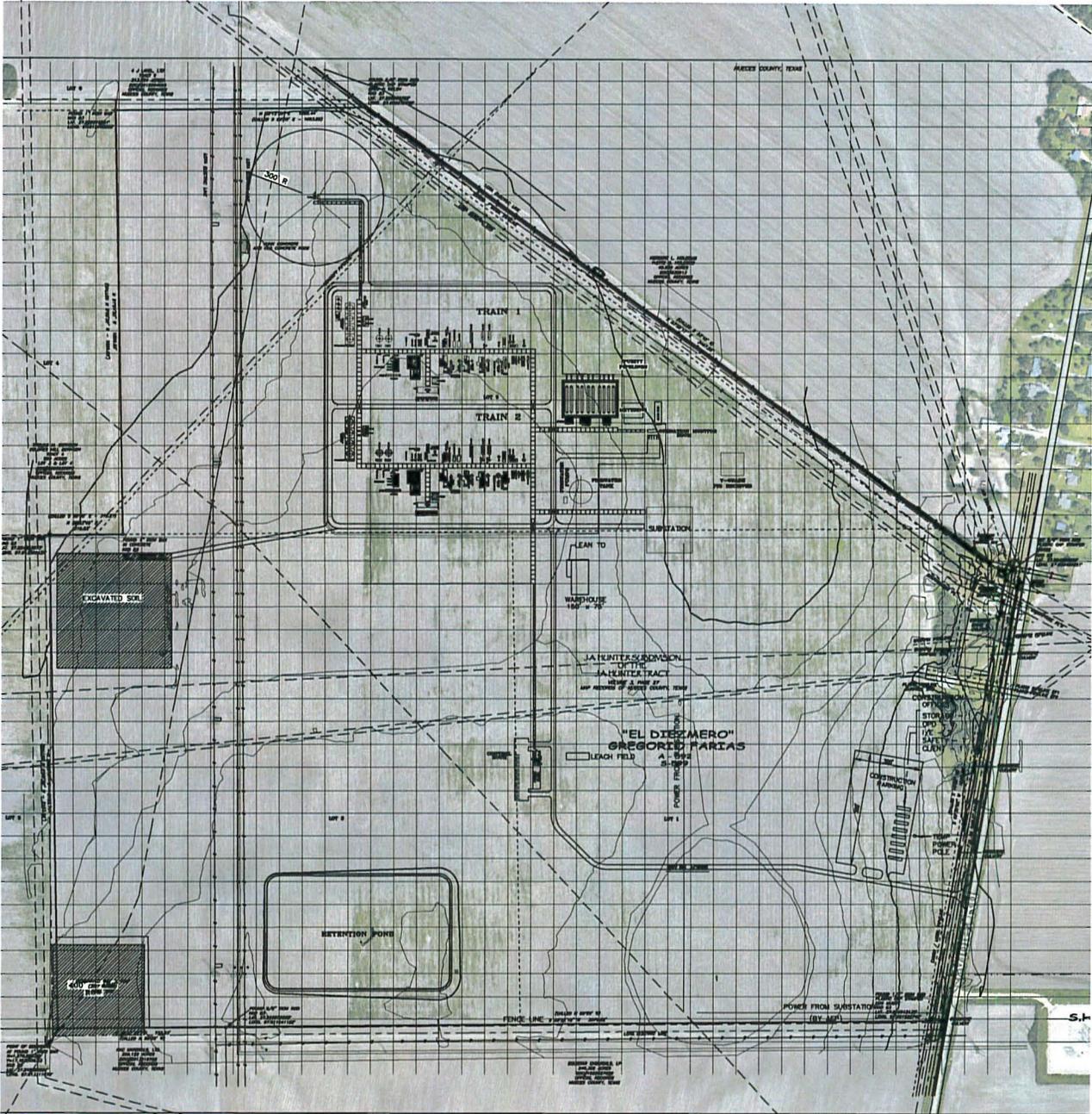
EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

The qualified property for the fractionator project may contain the following property, main processing units and utility systems:

- Land
- DeEthanizer, DePropanizer, DeISObutanizer and DeButanizer towers. These are the distillation towers used to separate the products in the Y-Grade stream delivered to the plant.
- Electrical sub-station. This is used to covert 138KV power to 13.8KV power for use in the fractionator
- Electrical motor control center – 1 for each fractionator train
- Cooling tower – 1 for each fractionator train.
- Refrigeration compressors – 2 for each fractionator train.
- Amine treatment unit. Used to treat the Y-Grade to remove water and CO2.
- Hot oil heater – 1 for each train, used to provide heating media needed for tower operation
- Tank farm. Will include 10 - 90,000 gallon storage tanks and product pipeline pumps.
- Flare for destruction of any material vented
- Office building
- Operating Control room

Tab 11 - Amended Map 6a -
Map of Qualified Investment
3.16.18



Note: Construction offices not included in value limitation

Tab 11 - Amended Map 6b - Map of qualified investment 3.16.18

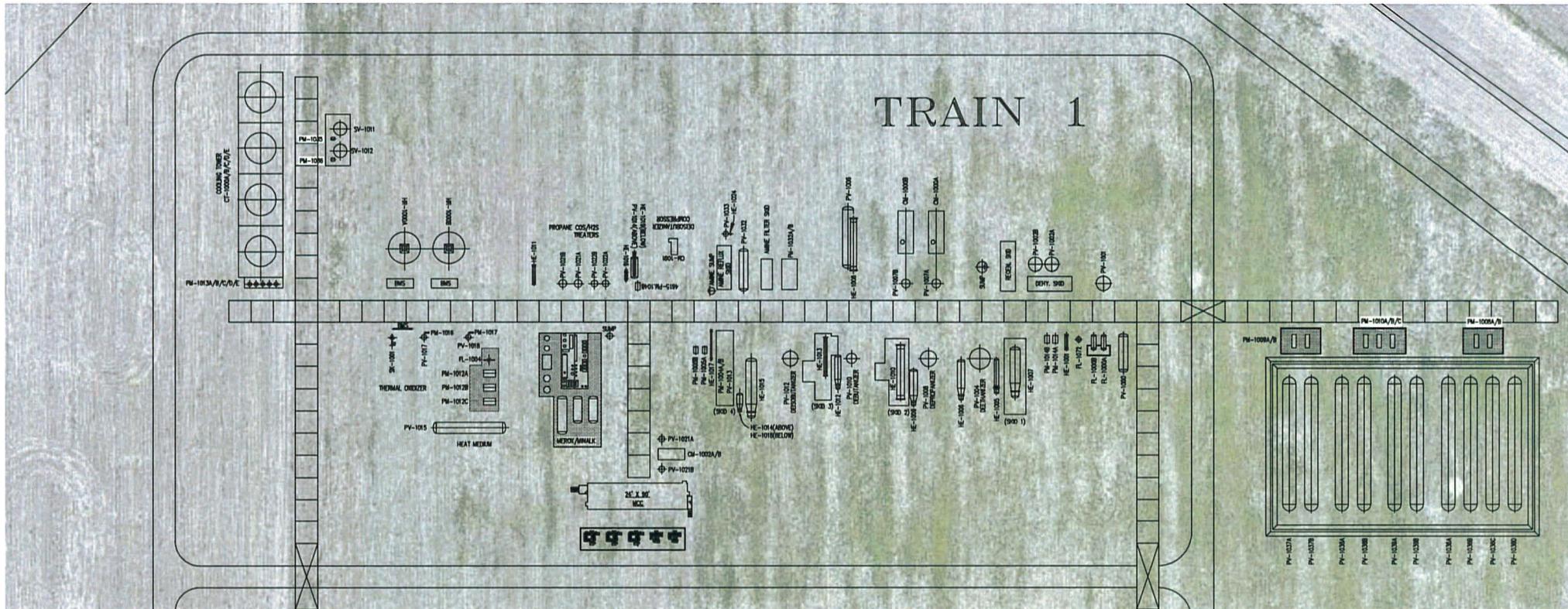


EXHIBIT 5
AGREEMENT SCHEDULE

	Year	Date of Appraisal	School Year	Tax Year	Summary Description
Qualifying Time Period	Partial Year Beginning on 9/10/18 (Application Approval Date)	January 1, 2018	2018-2019	2018	Start of Qualifying Time Period beginning on September 10, 2018 (Application Approval Date). No limitation on appraised value. First year for computation of Annual Limit.
	1	January 1, 2019	2019-2020	2019	Qualifying Time Period. No limitation on appraised value.
	2	January 1, 2020	2020-2021	2020	Qualifying Time Period. No limitation on appraised value.
Limitation Period (10 Years)	3	January 1, 2021	2021-2022	2021	\$30 million appraised value limitation.
	4	January 1, 2022	2022-2023	2022	\$30 million appraised value limitation.
	5	January 1, 2023	2023-2024	2023	\$30 million appraised value limitation.
	6	January 1, 2024	2024-2025	2024	\$30 million appraised value limitation.
	7	January 1, 2025	2025-2026	2025	\$30 million appraised value limitation.
	8	January 1, 2026	2026-2027	2026	\$30 million appraised value limitation.
	9	January 1, 2027	2027-2028	2027	\$30 million appraised value limitation.
	10	January 1, 2028	2028-2029	2028	\$30 million appraised value limitation.
	11	January 1, 2029	2029-2030	2029	\$30 million appraised value limitation.
	12	January 1, 2030	2030-2031	2030	\$30 million appraised value limitation.
Maintain Viable Presence (5 Years)	13	January 1, 2031	2031-2032	2031	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	14	January 1, 2032	2032-2033	2032	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	15	January 1, 2033	2033-2034	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	16	January 1, 2034	2034-2035	2034	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	17	January 1, 2035	2035-2036	2035	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

September 10, 2018

President and Members
Board of Trustees
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, Texas 78410

Re: Recommendations and Findings of the firm Concerning Application of EPIC Y-Grade Logistics, LP for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

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

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of EPIC Y-Grade Logistics, LP for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey". The signature is written in a cursive style.

Daniel T. Casey

www.moakcasey.com

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

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

JUSTIN DEMERATH

BENJAMIN CASTILLO

September 10, 2018

President and Members
Of the Board of Trustees
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, Texas 78410

Re: Recommendations and Findings of the Firm Concerning Application of EPIC Y-Grade Logistics, LP for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

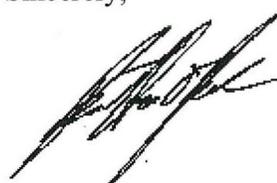
Please accept this letter as formal notification of the completion of due diligence research on behalf of the Calallen Independent School District, with respect to the pending Application of EPIC Y-Grade Logistics, LP for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and EPIC Y-Grade Logistics, LP. Based upon our review we have drawn the following conclusions:

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

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of EPIC Y-Grade Logistics, LP for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written in a cursive style.

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 10, 2018

Arturo Almendarez, Ed. D.
Superintendent
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, Texas 78410

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Calallen Independent School District and Epic Y-Grade Logistics, LP, Application 1230

Dear Superintendent Almendarez:

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 Calallen Independent School District and Epic Y-Grade Logistics, LP (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Deisy Perez with our office. She can be reached by email at deisy.perez@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-2410, or at 512-475-2410.

Sincerely,

A handwritten signature in cursive script that reads "Will Counihan".

Will Counihan
Director
Data Analysis & Transparency Division

cc: Bob Popinski, Moak, Casey & Associates LLP
Weston Mokry, Epic Y-Grade Logistics, LP
Kelley Rendziperis, Site Selection Group, LLC

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.