
FINDINGS
OF THE
CARTHAGE INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

TECO GAS PROCESSING LLC
TEXAS TAXPAYER ID #32063214384
APPLICATION #1270

December 17, 2018

Board Findings of the Carthage Independent School District

<https://comptroller.texas.gov/data/property-tax/pvs/2017p/1831839021D.php>.

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

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

Board Finding Number 1.

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

Board Finding Number 2.

The Applicant's entire proposed investment in the Carthage Independent School District is \$125,000,000—all of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$50,000 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Texas Tax Code § 313.021.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$41.7 million on the basis of the 3 new qualifying positions committed to by the Applicant for this project. The project's total investment is \$125,000,000, resulting in a relative level of investment per qualifying job of \$41,666,667.

Board Finding Number 5.

The Applicant has requested a waiver of the job creation requirement under Texas Tax Code § 313.025(f-1), and the Board finds that such waiver request should be granted. The Board notes that the number of jobs proposed for this project (3 jobs) is consistent with industry standards in the manufacturing industry.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region. In support of Finding No. 6, the economic impact evaluation states:

Board Findings of the Carthage Independent School District

Table 2 depicts this project’s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller’s office calculated the economic impact based on 15 years of annual investment and employment levels.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	150	198	348	\$ 7,500,000	\$ 16,507,000	\$ 24,007,000
2019	150	209	359	\$ 7,500,000	\$ 19,582,000	\$ 27,082,000
2020	83	133	216	\$ 4,150,000	\$ 14,371,000	\$ 18,521,000
2021	3	26	29	\$ 150,000	\$ 5,107,000	\$ 5,257,000
2022	3	8	11	\$ 150,000	\$ 3,144,000	\$ 3,294,000
2023	3	(3)	0	\$ 150,000	\$ 1,774,000	\$ 1,924,000
2024	3	(6)	-3	\$ 150,000	\$ 1,067,000	\$ 1,217,000
2025	3	(5)	-2	\$ 150,000	\$ 884,000	\$ 1,034,000
2026	3	(1)	2	\$ 150,000	\$ 998,000	\$ 1,148,000
2027	3	4	7	\$ 150,000	\$ 1,278,000	\$ 1,428,000
2028	3	8	11	\$ 150,000	\$ 1,646,000	\$ 1,796,000
2029	3	12	15	\$ 150,000	\$ 2,035,000	\$ 2,185,000
2030	3	15	18	\$ 150,000	\$ 2,404,000	\$ 2,554,000
2031	3	15	18	\$ 150,000	\$ 2,549,000	\$ 2,699,000
2032	3	16	19	\$ 150,000	\$ 2,735,000	\$ 2,885,000
2033	3	17	20	\$ 150,000	\$ 2,884,000	\$ 3,034,000
2034	3	17	20	\$ 150,000	\$ 2,987,000	\$ 3,137,000
2035	3	16	19	\$ 150,000	\$ 3,057,000	\$ 3,207,000

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, and Panola County, with all property tax incentives sought being granted using estimated market value from the Application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county. The difference noted in the last line is the difference between Table 3 and Table 4:

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	CISD I&S Tax Levy	CISD M&O Tax Levy	CISD M&O and I&S Tax Levies	Panola County Tax Levy	Panola Co. College Distr. Tax Levy	Panola Co. Groundwater Conservation Distr. Tax Levy	Panola Co. Emergency Services Distr. Tax Levy	Estimated Total Property Taxes
			Tax Rate¹	0.2400	1.0400	0.5822	0.1939	0.0110	0.0213	
2019	\$ 105,000,000	\$ 105,000,000	\$ 252,000	\$ 1,092,000	\$ 1,344,000	\$ 611,310	\$ 203,564	\$ 11,550	\$ 22,365	\$ 2,158,874
2020	\$ 125,000,000	\$ 125,000,000	\$ 300,000	\$ 1,300,000	\$ 1,600,000	\$ 291,100	\$ 242,338	\$ 13,750	\$ 26,625	\$ 2,133,438
2021	\$ 121,030,000	\$ 30,000,000	\$ 290,472	\$ 312,000	\$ 602,472	\$ 281,855	\$ 234,641	\$ 13,313	\$ 25,779	\$ 1,118,968
2022	\$ 118,560,000	\$ 30,000,000	\$ 284,544	\$ 312,000	\$ 596,544	\$ 276,103	\$ 229,852	\$ 13,042	\$ 25,253	\$ 1,102,499
2023	\$ 116,090,000	\$ 30,000,000	\$ 278,616	\$ 312,000	\$ 590,616	\$ 270,350	\$ 225,064	\$ 12,770	\$ 24,727	\$ 1,086,030
2024	\$ 113,620,000	\$ 30,000,000	\$ 272,688	\$ 312,000	\$ 584,688	\$ 264,598	\$ 220,275	\$ 12,498	\$ 24,201	\$ 1,069,561
2025	\$ 111,150,000	\$ 30,000,000	\$ 266,760	\$ 312,000	\$ 578,760	\$ 258,846	\$ 215,487	\$ 12,227	\$ 23,675	\$ 1,053,093
2026	\$ 108,680,000	\$ 30,000,000	\$ 260,832	\$ 312,000	\$ 572,832	\$ 253,094	\$ 210,698	\$ 11,955	\$ 23,149	\$ 1,036,624
2027	\$ 106,210,000	\$ 30,000,000	\$ 254,904	\$ 312,000	\$ 566,904	\$ 247,342	\$ 205,909	\$ 11,683	\$ 22,623	\$ 1,020,155
2028	\$ 103,740,000	\$ 30,000,000	\$ 248,976	\$ 312,000	\$ 560,976	\$ 241,590	\$ 201,121	\$ 11,411	\$ 22,097	\$ 1,003,686
2029	\$ 101,270,000	\$ 30,000,000	\$ 243,048	\$ 312,000	\$ 555,048	\$ 235,838	\$ 196,332	\$ 11,140	\$ 21,571	\$ 987,218
2030	\$ 98,800,000	\$ 30,000,000	\$ 237,120	\$ 312,000	\$ 549,120	\$ 575,214	\$ 191,544	\$ 10,868	\$ 21,044	\$ 1,315,877
2031	\$ 96,330,000	\$ 96,330,000	\$ 231,192	\$ 1,001,832	\$ 1,233,024	\$ 560,833	\$ 186,755	\$ 10,596	\$ 20,518	\$ 1,980,612
2032	\$ 93,860,000	\$ 93,860,000	\$ 225,264	\$ 976,144	\$ 1,201,408	\$ 546,453	\$ 181,966	\$ 10,325	\$ 19,992	\$ 1,929,827
2033	\$ 91,390,000	\$ 91,390,000	\$ 219,336	\$ 950,456	\$ 1,169,792	\$ 532,073	\$ 177,178	\$ 10,053	\$ 19,466	\$ 1,879,042
2034	\$ 88,920,000	\$ 88,920,000	\$ 213,408	\$ 924,768	\$ 1,138,176	\$ 517,692	\$ 172,389	\$ 9,781	\$ 18,940	\$ 1,828,257
2035	\$ 86,450,000	\$ 86,450,000	\$ 207,480	\$ 899,080	\$ 1,106,560	\$ 503,312	\$ 167,601	\$ 9,510	\$ 18,414	\$ 1,777,473
Total			\$ 4,034,640	\$ 9,172,280	\$ 13,206,920	\$ 5,856,292	\$ 3,259,149	\$ 184,921	\$ 358,074	\$ 22,322,360
Diff			\$ 0	\$ 8,311,160	\$ 8,311,160	\$ 3,931,073	\$ 0	\$ 0	\$ 0	\$ 12,242,233

¹Tax Rate per \$100 Valuation

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

Board Findings of the Carthage Independent School District

Table 3—Estimated Direct Ad Valorem Taxes without Property Tax Incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	CISD I&S Tax Levy	CISD M&O Tax Levy	CISD M&O and I&S Tax Levies	Panola County Tax Levy	Panola Co. College Distr. Tax Levy	Panola Co. Groundwater Conservation Distr. Tax Levy	Panola Co. Emergency Services Distr. Tax Levy	Estimated Total Property Taxes	
			Tax Rate ¹	0.2400	1.0400	0.5822	0.1939	0.0110	0.0213		
2019	\$ 105,000,000	\$ 105,000,000	\$	252,000	\$ 1,092,000	\$ 1,344,000	\$ 611,310	\$ 203,564	\$ 11,550	\$ 22,365	\$ 2,158,874
2020	\$ 125,000,000	\$ 125,000,000	\$	300,000	\$ 1,300,000	\$ 1,600,000	\$ 727,750	\$ 242,338	\$ 13,750	\$ 26,625	\$ 2,570,088
2021	\$ 121,030,000	\$ 121,030,000	\$	290,472	\$ 1,258,712	\$ 1,549,184	\$ 704,637	\$ 234,641	\$ 13,313	\$ 25,779	\$ 2,488,462
2022	\$ 118,560,000	\$ 118,560,000	\$	284,544	\$ 1,233,024	\$ 1,517,568	\$ 690,256	\$ 229,852	\$ 13,042	\$ 25,253	\$ 2,437,677
2023	\$ 116,090,000	\$ 116,090,000	\$	278,616	\$ 1,207,336	\$ 1,485,952	\$ 675,876	\$ 225,064	\$ 12,770	\$ 24,727	\$ 2,386,892
2024	\$ 113,620,000	\$ 113,620,000	\$	272,688	\$ 1,181,648	\$ 1,454,336	\$ 661,496	\$ 220,275	\$ 12,498	\$ 24,201	\$ 2,336,107
2025	\$ 111,150,000	\$ 111,150,000	\$	266,760	\$ 1,155,960	\$ 1,422,720	\$ 647,115	\$ 215,487	\$ 12,227	\$ 23,675	\$ 2,285,322
2026	\$ 108,680,000	\$ 108,680,000	\$	260,832	\$ 1,130,272	\$ 1,391,104	\$ 632,735	\$ 210,698	\$ 11,955	\$ 23,149	\$ 2,234,537
2027	\$ 106,210,000	\$ 106,210,000	\$	254,904	\$ 1,104,584	\$ 1,359,488	\$ 618,355	\$ 205,909	\$ 11,683	\$ 22,623	\$ 2,183,752
2028	\$ 103,740,000	\$ 103,740,000	\$	248,976	\$ 1,078,896	\$ 1,327,872	\$ 603,974	\$ 201,121	\$ 11,411	\$ 22,097	\$ 2,132,967
2029	\$ 101,270,000	\$ 101,270,000	\$	243,048	\$ 1,053,208	\$ 1,296,256	\$ 589,594	\$ 196,332	\$ 11,140	\$ 21,571	\$ 2,082,182
2030	\$ 98,800,000	\$ 98,800,000	\$	237,120	\$ 1,027,520	\$ 1,264,640	\$ 575,214	\$ 191,544	\$ 10,868	\$ 21,044	\$ 2,031,397
2031	\$ 96,330,000	\$ 96,330,000	\$	231,192	\$ 1,001,832	\$ 1,233,024	\$ 560,833	\$ 186,755	\$ 10,596	\$ 20,518	\$ 1,980,612
2032	\$ 93,860,000	\$ 93,860,000	\$	225,264	\$ 976,144	\$ 1,201,408	\$ 546,453	\$ 181,966	\$ 10,325	\$ 19,992	\$ 1,929,827
2033	\$ 91,390,000	\$ 91,390,000	\$	219,336	\$ 950,456	\$ 1,169,792	\$ 532,073	\$ 177,178	\$ 10,053	\$ 19,466	\$ 1,879,042
2034	\$ 88,920,000	\$ 88,920,000	\$	213,408	\$ 924,768	\$ 1,138,176	\$ 517,692	\$ 172,389	\$ 9,781	\$ 18,940	\$ 1,828,257
2035	\$ 86,450,000	\$ 86,450,000	\$	207,480	\$ 899,080	\$ 1,106,560	\$ 503,312	\$ 167,601	\$ 9,510	\$ 18,414	\$ 1,777,473
Total			\$	4,034,640	\$ 17,483,440	\$ 21,518,080	\$ 9,787,364	\$ 3,259,149	\$ 184,921	\$ 358,074	\$ 34,564,593

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

Board Finding Number 8.

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

Board Finding Number 9.

The Applicant’s project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the Agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the Application. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

Board Findings of the Carthage Independent School District

	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	\$ 26,000	\$ 26,000	\$ 0	\$ 0
	2019	\$ 1,092,000	\$ 1,118,000	\$ 0	\$ 0
	2020	\$ 1,300,000	\$ 2,418,000	\$ 0	\$ 0
Limitation Period (10 Years)	2021	\$ 312,000	\$ 2,730,000	\$ 946,712	\$ 946,712
	2022	\$ 312,000	\$ 3,042,000	\$ 921,024	\$ 1,867,736
	2023	\$ 312,000	\$ 3,354,000	\$ 895,336	\$ 2,763,072
	2024	\$ 312,000	\$ 3,666,000	\$ 869,648	\$ 3,632,720
	2025	\$ 312,000	\$ 3,978,000	\$ 843,960	\$ 4,476,680
	2026	\$ 312,000	\$ 4,290,000	\$ 818,272	\$ 5,294,952
	2027	\$ 312,000	\$ 4,602,000	\$ 792,584	\$ 6,087,536
	2028	\$ 312,000	\$ 4,914,000	\$ 766,896	\$ 6,854,432
	2029	\$ 312,000	\$ 5,226,000	\$ 741,208	\$ 7,595,640
	2030	\$ 312,000	\$ 5,538,000	\$ 715,520	\$ 8,311,160
Maintain Viable Presence (5 Years)	2031	\$ 1,001,832	\$ 6,539,832	\$ 0	\$ 8,311,160
	2032	\$ 976,144	\$ 7,515,976	\$ 0	\$ 8,311,160
	2033	\$ 950,456	\$ 8,466,432	\$ 0	\$ 8,311,160
	2034	\$ 924,768	\$ 9,391,200	\$ 0	\$ 8,311,160
	2035	\$ 899,080	\$ 10,290,280	\$ 0	\$ 8,311,160
Additional Years as Required by § 313.026(c)(1) (10 Years)	2036	\$ 873,392	\$ 11,163,672	\$ 0	\$ 8,311,160
	2037	\$ 847,704	\$ 12,011,376	\$ 0	\$ 8,311,160
	2038	\$ 822,016	\$ 12,833,392	\$ 0	\$ 8,311,160
	2039	\$ 796,328	\$ 13,629,720	\$ 0	\$ 8,311,160
	2040	\$ 770,640	\$ 14,400,360	\$ 0	\$ 8,311,160
	2041	\$ 744,952	\$ 15,145,312	\$ 0	\$ 8,311,160
	2042	\$ 719,264	\$ 15,864,576	\$ 0	\$ 8,311,160
	2043	\$ 693,576	\$ 16,558,152	\$ 0	\$ 8,311,160
	2044	\$ 667,888	\$ 17,226,040	\$ 0	\$ 8,311,160
	2045	\$ 642,200	\$ 17,868,240	\$ 0	\$ 8,311,160

\$ 17,868,240	is greater than	\$ 8,311,160
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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
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Board Finding Number 10.

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

Board Finding Number 11.

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

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

The Comptroller has determined that the limitation on appraised value is a determining factor in the Applicant’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the Applicant. Specifically, the Comptroller notes the following:

- I. Per TECO Gas Processing LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.”
 - B. “The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.”

Board Findings of the Carthage Independent School District

- C. “Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.”
- D. “The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.”
- E. “This is because other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state incentives for renewable energy generation, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement is not financeable.”

II. On September 27, 2018, the Comptroller’s office received documentation to change the Applicant from BTA Gas Processing LLC to TECO Gas Processing LLC. Enterprise Products Partners, L.P. is the reporting entity for BTA Gas Processing LLC, TECO Gas Processing LLC, and Enterprise Products LLC.

III. In amended Tab 12 of the Application, the Applicant states, “Enterprise Products LLC, an affiliate of TECO, currently operates multiple gas processing and manufacturing plants and expects to integrate the new facility with existing operations. Because of the way Enterprise operates and the integration with existing operations, Enterprise is able to operate its facilities with synergistic efficiencies.”

IV. A June 1, 2018 *The Panola Watchman* article states, “A proposed natural gas processing plant is looking for a home, and Panola County commissioners have tentatively agreed to use a tax abatement proposal to lure the project to the Antioch area . Enterprise is proposing to build a \$125 million plant by the end of 2019 that could process 200 million cubic feet of natural gas each day.”

V. A June 18, 2018 *The Panola Watchman* article states, “Trustees voted Monday to accept Enterprise Products LP’s application for a value limitation agreement, paving the way for a possible deal to help bring the proposed plant to the area. Enterprise is looking at building a \$125 million plant by the end of 2019 in the Antioch area. The proposed plan would be able to process 200 million cubic feet of natural gas each day, and Enterprise would build the site to accommodate any future growth.”

VI. August 10, 2018 *The Panola Watchman* article states, “Panola County commissioners OK reinvestment zone ahead of potential tax abatement.”

Supporting Information

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

Board Finding Number 12.

The Board of Trustees of the Carthage Independent School District hired consultants to review and verify the information in Application #1270. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Findings of the Carthage Independent School District

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently \$30 Million Dollars (\$30,000,000), which is consistent with the minimum values currently set out by Texas Tax Code § 313.027(b).

Board Finding Number 14.

The Applicant (Taxpayer ID 32063214384) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 15.

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

Board Finding Number 16.

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

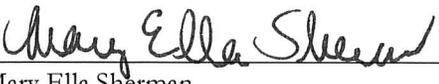
It is therefore ORDERED that the Agreement attached hereto as **Exhibit C** is approved and hereby authorized to be executed and delivered by and on behalf of the Carthage Independent School District. It is further ORDERED that these Findings and the Attachments referred to herein be attached to the official minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Carthage Independent School District.

Dated the 17th day of December, 2018.

CARTHAGE INDEPENDENT SCHOOL DISTRICT

By: 
Dr. Ben Donald
President, Board of Trustees

ATTEST:

By: 
Mary Ella Sherman
Secretary, Board of Trustees

Findings and Order of the Carthage Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
TECO Gas Processing LLC (Tax ID 32063214384) (Application #1270)

EXHIBIT A

Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 26, 2018

Dr. J. Glenn Hambrick
Carthage Independent School District
#1 Bulldog Dr.
Carthage, Texas 75633

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Carthage Independent School District and TECO Gas Processing, LLC, Application 1270

Dear Superintendent Hambrick:

On August 28, 2018, the Comptroller issued written notice that TECO Gas Processing, LLC (applicant) submitted a completed application (Application 1270) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on June 18, 2018, to the Carthage 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 requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1270.

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 August 28, 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,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of TECO Gas Processing, LLC (project) applying to Carthage 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 TECO Gas Processing, LLC.

Applicant	TECO Gas Processing, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Carthage ISD
2017-2018 Average Daily Attendance	2,494
County	Panola
Proposed Total Investment in District	\$125,000,000
Proposed Qualified Investment	\$125,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$962
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$962
Minimum annual wage committed to by applicant for qualified jobs	\$50,000
Minimum weekly wage required for non-qualifying jobs	\$907
Minimum annual wage required for non-qualifying jobs	\$47,139
Investment per Qualifying Job	\$41,666,667
Estimated M&O levy without any limit (15 years)	\$17,483,440
Estimated M&O levy with Limitation (15 years)	\$9,172,280
Estimated gross M&O tax benefit (15 years)	\$8,311,160

* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).

Table 2 is the estimated statewide economic impact of TECO Gas Processing, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	150	198	348	\$7,500,000	\$16,507,000	\$24,007,000
2019	150	209	359.48	\$7,500,000	\$19,582,000	\$27,082,000
2020	83	133	216	\$4,150,000	\$14,371,000	\$18,521,000
2021	3	26	29	\$150,000	\$5,107,000	\$5,257,000
2022	3	8	11	\$150,000	\$3,144,000	\$3,294,000
2023	3	(3)	0	\$150,000	\$1,774,000	\$1,924,000
2024	3	(6)	-3	\$150,000	\$1,067,000	\$1,217,000
2025	3	(5)	-2	\$150,000	\$884,000	\$1,034,000
2026	3	(1)	2	\$150,000	\$998,000	\$1,148,000
2027	3	4	7	\$150,000	\$1,278,000	\$1,428,000
2028	3	8	11	\$150,000	\$1,646,000	\$1,796,000
2029	3	12	15	\$150,000	\$2,035,000	\$2,185,000
2030	3	15	18	\$150,000	\$2,404,000	\$2,554,000
2031	3	15	18	\$150,000	\$2,549,000	\$2,699,000
2032	3	16	19	\$150,000	\$2,735,000	\$2,885,000
2033	3	17	20	\$150,000	\$2,884,000	\$3,034,000
2034	3	17	20	\$150,000	\$2,987,000	\$3,137,000
2035	3	16	19	\$150,000	\$3,057,000	\$3,207,000

Source: CPA REMI, TECO Gas Processing, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Carthage I&S Tax Levy	Carthage M&O Tax Levy	Carthage ISD M&O and I&S Tax Levies	Panola County Tax Levy	Panola County College District Tax Levy	Panola County Groundwater Conservation District Tax Levy	Panola County Emergency Services District Tax Levy	Estimated Total Property Taxes
			0.2400	0.2400	1.0400		0.5822	0.1939	0.0110	0.0213	
2019	\$105,000,000	\$105,000,000		\$252,000	\$1,092,000	\$1,344,000	\$611,310	\$203,564	\$11,550	\$22,365	\$2,158,874
2020	\$125,000,000	\$125,000,000		\$300,000	\$1,300,000	\$1,600,000	\$727,750	\$242,338	\$13,750	\$26,625	\$2,570,088
2021	\$121,030,000	\$121,030,000		\$290,472	\$1,258,712	\$1,549,184	\$704,637	\$234,641	\$13,313	\$25,779	\$2,488,462
2022	\$118,560,000	\$118,560,000		\$284,544	\$1,233,024	\$1,517,568	\$690,256	\$229,852	\$13,042	\$25,253	\$2,437,677
2023	\$116,090,000	\$116,090,000		\$278,616	\$1,207,336	\$1,485,952	\$675,876	\$225,064	\$12,770	\$24,727	\$2,386,892
2024	\$113,620,000	\$113,620,000		\$272,688	\$1,181,648	\$1,454,336	\$661,496	\$220,275	\$12,498	\$24,201	\$2,336,107
2025	\$111,150,000	\$111,150,000		\$266,760	\$1,155,960	\$1,422,720	\$647,115	\$215,487	\$12,227	\$23,675	\$2,285,322
2026	\$108,680,000	\$108,680,000		\$260,832	\$1,130,272	\$1,391,104	\$632,735	\$210,698	\$11,955	\$23,149	\$2,234,537
2027	\$106,210,000	\$106,210,000		\$254,904	\$1,104,584	\$1,359,488	\$618,355	\$205,909	\$11,683	\$22,623	\$2,183,752
2028	\$103,740,000	\$103,740,000		\$248,976	\$1,078,896	\$1,327,872	\$603,974	\$201,121	\$11,411	\$22,097	\$2,132,967
2029	\$101,270,000	\$101,270,000		\$243,048	\$1,053,208	\$1,296,256	\$589,594	\$196,332	\$11,140	\$21,571	\$2,082,182
2030	\$98,800,000	\$98,800,000		\$237,120	\$1,027,520	\$1,264,640	\$575,214	\$191,544	\$10,868	\$21,044	\$2,031,397
2031	\$96,330,000	\$96,330,000		\$231,192	\$1,001,832	\$1,233,024	\$560,833	\$186,755	\$10,596	\$20,518	\$1,980,612
2032	\$93,860,000	\$93,860,000		\$225,264	\$976,144	\$1,201,408	\$546,453	\$181,966	\$10,325	\$19,992	\$1,929,827
2033	\$91,390,000	\$91,390,000		\$219,336	\$950,456	\$1,169,792	\$532,073	\$177,178	\$10,053	\$19,466	\$1,879,042
2034	\$88,920,000	\$88,920,000		\$213,408	\$924,768	\$1,138,176	\$517,692	\$172,389	\$9,781	\$18,940	\$1,828,257
2035	\$86,450,000	\$86,450,000		\$207,480	\$899,080	\$1,106,560	\$503,312	\$167,601	\$9,510	\$18,414	\$1,777,473
			Total	\$4,034,640	\$17,483,440	\$21,518,080	\$9,787,364	\$3,259,149	\$184,921	\$358,074	\$34,564,593

Source: CPA, TECO Gas Processing, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Panola 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*	CarthageISD I&S Tax Levy	Carthage ISD M&O Tax Levy	Carthage ISD M&O and I&S Tax Levies	Panola County Tax Levy	Panola County College District Tax Levy	Panola County Groundwater Conservation District Tax Levy	Panola County Emergency Services District Tax Levy	Estimated Total Property Taxes
2019	\$105,000,000	\$105,000,000		\$252,000	\$1,092,000	\$1,344,000	\$611,310	\$203,564	\$11,550	\$22,365	\$2,158,874
2020	\$125,000,000	\$125,000,000		\$300,000	\$1,300,000	\$1,600,000	\$291,100	\$242,338	\$13,750	\$26,625	\$2,133,438
2021	\$121,030,000	\$30,000,000		\$290,472	\$312,000	\$602,472	\$281,855	\$234,641	\$13,313	\$25,779	\$1,118,968
2022	\$118,560,000	\$30,000,000		\$284,544	\$312,000	\$596,544	\$276,103	\$229,852	\$13,042	\$25,253	\$1,102,499
2023	\$116,090,000	\$30,000,000		\$278,616	\$312,000	\$590,616	\$270,350	\$225,064	\$12,770	\$24,727	\$1,086,030
2024	\$113,620,000	\$30,000,000		\$272,688	\$312,000	\$584,688	\$264,598	\$220,275	\$12,498	\$24,201	\$1,069,561
2025	\$111,150,000	\$30,000,000		\$266,760	\$312,000	\$578,760	\$258,846	\$215,487	\$12,227	\$23,675	\$1,053,093
2026	\$108,680,000	\$30,000,000		\$260,832	\$312,000	\$572,832	\$253,094	\$210,698	\$11,955	\$23,149	\$1,036,624
2027	\$106,210,000	\$30,000,000		\$254,904	\$312,000	\$566,904	\$247,342	\$205,909	\$11,683	\$22,623	\$1,020,155
2028	\$103,740,000	\$30,000,000		\$248,976	\$312,000	\$560,976	\$241,590	\$201,121	\$11,411	\$22,097	\$1,003,686
2029	\$101,270,000	\$30,000,000		\$243,048	\$312,000	\$555,048	\$235,838	\$196,332	\$11,140	\$21,571	\$987,218
2030	\$98,800,000	\$30,000,000		\$237,120	\$312,000	\$549,120	\$575,214	\$191,544	\$10,868	\$21,044	\$1,315,877
2031	\$96,330,000	\$96,330,000		\$231,192	\$1,001,832	\$1,233,024	\$560,833	\$186,755	\$10,596	\$20,518	\$1,980,612
2032	\$93,860,000	\$93,860,000		\$225,264	\$976,144	\$1,201,408	\$546,453	\$181,966	\$10,325	\$19,992	\$1,929,827
2033	\$91,390,000	\$91,390,000		\$219,336	\$950,456	\$1,169,792	\$532,073	\$177,178	\$10,053	\$19,466	\$1,879,042
2034	\$88,920,000	\$88,920,000		\$213,408	\$924,768	\$1,138,176	\$517,692	\$172,389	\$9,781	\$18,940	\$1,828,257
2035	\$86,450,000	\$86,450,000		\$207,480	\$899,080	\$1,106,560	\$503,312	\$167,601	\$9,510	\$18,414	\$1,777,473
			Total	\$4,034,640	\$9,172,280	\$13,206,920	\$5,856,292	\$3,259,149	\$184,921	\$358,074	\$22,322,360
			Diff	\$0	\$8,311,160	\$8,311,160	\$3,931,073	\$0	\$0	\$0	\$12,242,233

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, TECO Gas Processing, LLC

*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 TECO Gas Processing, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2018	\$26,000	\$26,000	\$0	\$0
	2019	\$1,092,000	\$1,118,000	\$0	\$0
	2020	\$1,300,000	\$2,418,000	\$0	\$0
Limitation Period (10 Years)	2021	\$312,000	\$2,730,000	\$946,712	\$946,712
	2022	\$312,000	\$3,042,000	\$921,024	\$1,867,736
	2023	\$312,000	\$3,354,000	\$895,336	\$2,763,072
	2024	\$312,000	\$3,666,000	\$869,648	\$3,632,720
	2025	\$312,000	\$3,978,000	\$843,960	\$4,476,680
	2026	\$312,000	\$4,290,000	\$818,272	\$5,294,952
	2027	\$312,000	\$4,602,000	\$792,584	\$6,087,536
	2028	\$312,000	\$4,914,000	\$766,896	\$6,854,432
	2029	\$312,000	\$5,226,000	\$741,208	\$7,595,640
	2030	\$312,000	\$5,538,000	\$715,520	\$8,311,160
Maintain Viable Presence (5 Years)	2031	\$1,001,832	\$6,539,832	\$0	\$8,311,160
	2032	\$976,144	\$7,515,976	\$0	\$8,311,160
	2033	\$950,456	\$8,466,432	\$0	\$8,311,160
	2034	\$924,768	\$9,391,200	\$0	\$8,311,160
	2035	\$899,080	\$10,290,280	\$0	\$8,311,160
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$873,392	\$11,163,672	\$0	\$8,311,160
	2037	\$847,704	\$12,011,376	\$0	\$8,311,160
	2038	\$822,016	\$12,833,392	\$0	\$8,311,160
	2039	\$796,328	\$13,629,720	\$0	\$8,311,160
	2040	\$770,640	\$14,400,360	\$0	\$8,311,160
	2041	\$744,952	\$15,145,312	\$0	\$8,311,160
	2042	\$719,264	\$15,864,576	\$0	\$8,311,160
	2043	\$693,576	\$16,558,152	\$0	\$8,311,160
	2044	\$667,888	\$17,226,040	\$0	\$8,311,160
	2045	\$642,200	\$17,868,240	\$0	\$8,311,160

\$17,868,240

is greater than

\$8,311,160

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, TECO Gas Processing, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the TECO Gas Processing, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per TECO Gas Processing, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.”
 - B. “The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.”
 - C. “Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.”
 - D. “The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.”
 - E. “This is because other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state incentives for renewable energy generation, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement is not financeable.”
- On September 27, 2018, the Comptroller’s office received documentation to change the Applicant from BTA Gas Processing LLC to TECO Gas Processing LLC. Enterprise Products Partners, L.P. is the reporting entity for BTA Gas Processing LLC, TECO Gas Processing LLC, and Enterprise Products LLC.

- In amended Tab 12 of the application, the applicant states, "Enterprise Products LLC, an affiliate of TECO, currently operates multiple gas processing and manufacturing plants and expects to integrate the new facility with existing operations. Because of the way Enterprise operates and the integration with existing operations, Enterprise is able to operate its facilities with synergistic efficiencies."
- A June 1, 2018 *The Panola Watchman* article states, "A proposed natural gas processing plant is looking for a home, and Panola County commissioners have tentatively agreed to use a tax abatement proposal to lure the project to the Antioch area. Enterprise is proposing to build a \$125 million plant by the end of 2019 that could process 200 million cubic feet of natural gas each day."
- A June 18, 2018 *The Panola Watchman* article states, "Trustees voted Monday to accept Enterprise Products LP's application for a value limitation agreement, paving the way for a possible deal to help bring the proposed plant to the area. Enterprise is looking at building a \$125 million plant by the end of 2019 in the Antioch area. The proposed plan would be able to process 200 million cubic feet of natural gas each day, and Enterprise would build the site to accommodate any future growth."
- August 10, 2018 *The Panola Watchman* article states, "Panola County commissioners OK reinvestment zone ahead of potential tax abatement."

Supporting Information

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

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

Supporting Information

Section 8 of the Application for
a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Tab # 5

Limitation is a Determining Factor

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

Applicant owns the land upon which the facility identified in Tab 7 will be constructed. The land is described in Tab 9.

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

No

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

Attached as Tab 10 is a depiction of the proposed project site. The area shaded in yellow, designated as "New Project Boundary" is the location of the new proposed project. The areas outlined in red are existing assets located on the property but will not be part of the proposed project, therefore not eligible for value limitation.

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

No

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

No.

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

No.

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

Applicant is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. Applicant has gas manufacturing locations in Texas, Louisiana, New Mexico, Colorado, and

Wyoming. Applicant also has significant interstate pipeline assets in Louisiana and New Mexico that can and do move product to and from Texas. This allows potential manufacturing facilities to be located in other states and the product moved to Applicant's facilities in Texas.

Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. The Chapter 313 Value Limitation, if granted, would make the location in Texas a feasible investment, as is further discussed in Item 10 to Tab 5.

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

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

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

N/A

10. Are you submitting information to assist in the determinations as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?

See the attached Item 10 to Tab 5.

Key Determining factors:

- The Applicant has submitted in Item 10 to Tab 5 a discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment.
- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.

- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.
- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.
- Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.

AT THE REQUEST OF THE APPLICANT, SUPPORTING DOCUMENTS IN ITEM 10 TO TAB 5 ARE CONSIDERED PROPRIETARY AND CONFIDENTIAL PURSUANT TO SECTION 313.028 OF THE TEXAS TAX CODE, DUE TO THE NATURE OF THE FINANCIAL INFORMATION AND ANALYSIS SUBMITTED. Applicant has separately submitted Proprietary and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Tax abatement proposed for potential Panola County gas processing plant

By Meredith Shamburger mshamburger@panolawatchman.com Jun 1, 2018 (0)

Panola County commissioners to consider Enterprise Products tax abatement Tuesday

Panola County commissioners will meet Tuesday to discuss and possibly vote on a proposed tax abatement for a natural gas processing plant.

Public hearing on gas plant tax abatement set

Panola County officials are taking steps to adopt a proposed tax abatement for a natural gas plant project, setting a public hearing on the cr...

A proposed natural gas processing plant is looking for a home, and Panola County commissioners have tentatively agreed to use a tax abatement proposal to lure the project to the Antioch area.

Details of the proposed abatement have not yet been worked out with Enterprise Products Partners LP, the mid-stream energy company that would build the plant, but commissioners on Tuesday told representatives that they were willing to provide incentives to the company to put the plant in Panola County.

Enterprise is proposing to build a \$125 million plant by the end of 2019 that could process 200 million cubic feet of natural gas each day. They told commissioners they were deciding between Panola County and Caddo Parish for that plant's new home. The proposed Panola County location is near Hills Lake Road and Antioch Road in Precinct 4.

"We're expanding heavily in West Texas to accommodate for the Permian and just a few weeks ago, I was told that we're going to be looking at expanding possibly in East Texas or West Louisiana," Curt Tate, a senior tax director for Enterprise, said.

The plant would include a train line on 25 acres of land,

with the potential to build out the site for expansion. Tate told commissioners the project would provide 10 jobs from Enterprise, in addition to the construction jobs needed to get the building up and running. The proposed plant would be self-contained and would not use fire services, Tate said.

Tate pitched two different tax abatement options over a 10-year period to county commissioners, both of which would provide at least \$1 million in upfront tax payments in the first year, with the rest of the agreed-upon taxes paid over the next nine years. Tax abatements are agreements where a taxing authority agrees to reduce taxes over a set period to encourage economic development efforts.

Enterprise would also cover the county's legal fees for setting up the tax abatement agreement. This type of abatement agreement is something Enterprise has done with other Texas counties, including Chambers and Jefferson, Tate said.

Enterprise has numerous operations in both Caddo Parish and Panola County.

“One of the benefits that you have from a facility like this is you got to look at the long-term,” Tate said. “One of the things we know in Panola County is it does have a rich history in oil and gas production. And Al and I have been doing tax our whole career. One of the things that we were able to see was is that the Panola County tax roles are doing this: fluctuating up and down because the mineral prices go up and down. The beautiful thing about our facilities is these are 40- to 50-year life assets, and what we do is we come in with a \$125 million facility and future growth potential, and we give the county a stable base that they can always depend on.”

Tags

PanolaCounty

OilandGas

Meredith Shamburger

Carthage ISD looks at economic incentives for proposed natural gas plant

By Meredith Shamburger mshamburger@panolawatchman.com Jun 18, 2018

Panola County commissioners to consider Enterprise Products tax abatement Tuesday

Panola County commissioners will meet Tuesday to discuss and possibly vote on a proposed tax abatement for a natural gas processing plant.

Public hearing on gas plant tax abatement set

Panola County officials are taking steps to adopt a proposed tax abatement for a natural gas plant project, setting a public hearing on the cr...

An energy company seeking economic incentives to build a \$125 million natural gas processing plant in Panola County got a tentative OK from Carthage ISD school board members Monday.

Trustees voted Monday to accept Enterprise Products LP's application for a value limitation agreement, paving the way for a possible deal to help bring the proposed plant to the area. Superintendent Glenn Hambrick told trustees the program, under Chapter 313 of the Tax Code, was a "no-lose scenario."

"If 313 didn't exist and Enterprise came in and they added \$125 million to the economy, we wouldn't see anything on the (maintenance and operations) side anyway," Hambrick said. "All that would do is raise what we send back to the state. What we kept would be no different than all what would after the (debt service) side; we were already going to keep that."

Enterprise is looking at building a \$125 million plant by the end of 2019 in the Antioch area. The proposed plan would be able to process 200 million cubic feet of natural gas each day, and Enterprise would build the site to accommodate any future growth. The project would provide 10 jobs from Enterprise in addition to construction jobs before the plant opened. Company

representatives have been pitching the project to both county and school officials hoping to get tax breaks for the plant.

“We’re expanding heavily in West Texas to accommodate for the Permian and just a few weeks ago, I was told that we’re going to be looking at expanding possibly in East Texas or West Louisiana,” Curt Tate, a senior tax director for Enterprise, told Panola County commissioners in May.

The school board’s move followed a similar expression of support from Panola County in late May, after Enterprise Products made a pitch to the county board that included an upfront payment of at least \$1 million in exchange for reduced tax payments over a 10-year period. Any proposed tax abatement between Enterprise and Panola County would need to be finalized and approved before taking effect.

Carthage ISD trustees also voted Monday to retain attorneys and consultants to help them with the value limitation process. There were no board members against the proposed actions; Trustee Truman Shirey abstained from the votes because he is currently in negotiation with Enterprise over the placement of a pipeline through his property.

State law prohibits school districts from entering into tax abatement agreements, where a taxing authority agrees to reduce or eliminate a percentage of taxes for a specific period of time to draw in economic development to an area. Instead, school districts have the option to use what’s called an appraised value limitation, where there’s an agreement that the taxpayer will pay full taxes on a certain limited amount on the district’s maintenance and operations tax rate (the limitation agreement would not apply to the debt service side of the district’s budget, the part of the tax rate that is determined by bond referendums). For Carthage ISD, that means Enterprise would be paying on about \$20-\$30 million in taxable value instead of the total \$125 million value of the new plant.

Panola County commissioners OK reinvestment zone ahead of potential tax abatement

By Meredith Shamburger mshamburger@panolawatchman.com Aug 10, 2018



Panola County commissioners approved a tax abatement reinvestment zone in August, preparing the way for a potential tax abatement for Enterprise Products. Commissioners will discuss the abatement Tuesday.

Meredith Shamburger

Paving the way for a potential tax abatement, Panola County commissioners approved what's known as a "tax abatement reinvestment zone" for a proposed gas processing plant in Antioch at their Tuesday meeting.

Enterprise Products Partners LP is proposing to build a \$125 million gas processing plant on 21 acres that would handle 200 million cubic feet of natural gas a day.

Al Noor, a representative from Enterprise, told commissioners Tuesday the reinvestment zone would be a “win-win situation” for both of them, providing jobs to residents, a central hub for his energy company in Panola and the chance to expand Enterprise’s footprint.

Enterprise officials had pitched two different proposals to commissioners at a May meeting, both of which would provide at least \$1 million in upfront tax payments for the first year. The rest of agreed-upon taxes would be paid out over the next nine years. The entire project would provide 10 jobs from Enterprise, with the possibility of future expansion, along with construction jobs, officials said.

A tax abatement reinvestment zone is required before a taxing unit can enter into a tax abatement agreement, under state law. Commissioners are required to determine whether the proposed project’s improvements to area are “feasible and practical” and would benefit the county after the expiration of any tax abatement agreement, as well as whether the proposed reinvestment zone “would contribute to the economic development” of the property.

Commissioners and Enterprise officials are still negotiating a potential tax abatement. The agreement would only cover taxes for Panola County, not any other taxing entity.

Enterprise is also still working on a similar proposal with Carthage ISD, although state law requires a different approval process for that. Noor told county officials his company expected to hear back from the state comptroller’s office on a potential tax agreement with Carthage ISD next month.

Tags

Panola County



Meredith Shamburger

Reporter

Carthage native Meredith Shamburger has worked for the Panola Watchman since 2018. Before that, she worked at sister papers in Longview and Marshall; the Dallas Morning News; and The Daily Voice, a hyperlocal news company in Westchester County, New York.



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Findings and Order of the Carthage Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
TECO Gas Processing LLC (Tax ID 32063214384) (Application #1270)

EXHIBIT B

**Summary of Financial Impact on
Barbers Hill ISD Prepared by
Education Service Center, Region 12**

**SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
BTA GAS PROCESSING LLC PROJECT
(APPLICATION #1270)
ON THE FINANCES OF
CARTHAGE INDEPENDENT SCHOOL DISTRICT
UNDER A REQUESTED
CHAPTER 313 APPRAISED VALUE LIMITATION**

**PREPARED BY
EDUCATION SERVICE CENTER, REGION 12
AUGUST 22, 2018**

Introduction

BTA Gas Processing LLC (“BTA” or “Company”) has submitted an application to the Carthage Independent School District (“CISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed project is a cryogenic natural gas processing plant located in Panola County, TX. The company estimates that the total investment in this project will be in excess of \$125 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus, the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Carthage Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$30 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2019-20 and 2020-21 school years. Beginning with the 2021-22 school year, the value of the project would be limited to \$30 million for maintenance and operation (M&O) tax purposes and remain limited through the 2030-31 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

Revenue Protection Payment to Carthage ISD -	\$682,892
Supplemental Payments to Carthage ISD -	\$3,740,673
<u>M&O Taxes Paid to Carthage ISD -</u>	<u>\$10,264,280</u>
Total Revenue to Carthage ISD -	\$14,687,845
Total Tax Savings to Company after all Payments - <u>\$3,887,595</u>	

School Finance Mechanics

The Texas system of public school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller's Property Tax Division (CPTD). Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. Local M&O collections at the compressed tax rate generate Tier I funding. In 2018-19, a school district's Tier I revenue is the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. Beginning with the 2017-18 school year, Additional State Aid for Tax Reduction or ASATR is eliminated. Thus all school districts in the state will be formula funded. The Tier 1 formulas start with a Basic Allotment per student of \$5,140. Calculations that use the number of students in average daily attendance, the number of students who participate in special programs, and adjustments for size, sparsity, and location determine a Total Cost of Tier 1. A Local Fund Assignment is determined by multiplying the district's compressed tax rate by the previous year (CPTD) property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. School districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes, while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid.

Carthage ISD is a relatively property rich district per student and so is generating most of M&O revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of \$514,000 per weighted ADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of \$319,500 per weighted ADA is subject to recapture on revenues collected on pennies that exceed six pennies over the compressed rate. CISD currently has property wealth per weighted ADA in excess of the second equalized wealth level at over \$700,000 per weighted ADA. For this reason, CISD is considered a Chapter 41 or "recapture" district under the current school finance system. BTA is requesting that the value of the gas processing plant project be limited to \$30,000,000 in years one through ten of the agreement, corresponding to the 2021-22 school year through the 2030-31 school year. The full value of the project would be subject to interest and sinking (I&S) taxes levied by Carthage ISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on CISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2019-20 through the 2035-36 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 17 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections and current year (CAD) values and prior year (CPTD) values for each year of the agreement. For the purposes of this analysis, final 2017 CPTD values were used as well as 2018 CAD values from Panola County CAD. These values have been included in the base data illustrated in **Table 1**.

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value No Limit	CAD Value with Limitation	CPTD No Limit	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP1	2019-20	2,494	3,488	\$1.0400	\$0.2400	\$2,605,604,520	\$2,605,604,520	\$2,503,104,520	\$2,503,104,520	\$717,572	\$717,572
QTP2	2020-21	2,494	3,488	\$1.0400	\$0.2400	\$2,625,604,520	\$2,625,604,520	\$2,605,604,520	\$2,605,604,520	\$746,956	\$746,956
L1	2021-22	2,494	3,488	\$1.0400	\$0.2400	\$2,621,634,520	\$2,530,604,520	\$2,625,604,520	\$2,625,604,520	\$752,689	\$752,689
L2	2022-23	2,494	3,488	\$1.0400	\$0.2400	\$2,619,164,520	\$2,530,604,520	\$2,621,634,520	\$2,530,604,520	\$751,551	\$725,456
L3	2023-24	2,494	3,488	\$1.0400	\$0.2400	\$2,616,694,520	\$2,530,604,520	\$2,619,164,520	\$2,530,604,520	\$750,843	\$725,456
L4	2024-25	2,494	3,488	\$1.0400	\$0.2400	\$2,614,224,520	\$2,530,604,520	\$2,616,694,520	\$2,530,604,520	\$750,135	\$725,456
L5	2025-26	2,494	3,488	\$1.0400	\$0.2400	\$2,611,754,520	\$2,530,604,520	\$2,614,224,520	\$2,530,604,520	\$749,427	\$725,456
L6	2026-27	2,494	3,488	\$1.0400	\$0.2400	\$2,609,284,520	\$2,530,604,520	\$2,611,754,520	\$2,530,604,520	\$748,719	\$725,456
L7	2027-28	2,494	3,488	\$1.0400	\$0.2400	\$2,606,814,520	\$2,530,604,520	\$2,609,284,520	\$2,530,604,520	\$748,011	\$725,456
L8	2028-29	2,494	3,488	\$1.0400	\$0.2400	\$2,604,344,520	\$2,530,604,520	\$2,606,814,520	\$2,530,604,520	\$747,303	\$725,456
L9	2029-30	2,494	3,488	\$1.0400	\$0.2400	\$2,601,874,520	\$2,530,604,520	\$2,604,344,520	\$2,530,604,520	\$746,595	\$725,456
L10	2030-31	2,494	3,488	\$1.0400	\$0.2400	\$2,599,404,520	\$2,530,604,520	\$2,601,874,520	\$2,530,604,520	\$745,887	\$725,456
MVP1	2031-32	2,494	3,488	\$1.0400	\$0.2400	\$2,596,934,520	\$2,596,934,520	\$2,599,404,520	\$2,530,604,520	\$745,179	\$725,456
MVP2	2032-33	2,494	3,488	\$1.0400	\$0.2400	\$2,594,464,520	\$2,594,464,520	\$2,596,934,520	\$2,596,934,520	\$744,471	\$744,471
MVP3	2033-34	2,494	3,488	\$1.0400	\$0.2400	\$2,591,994,520	\$2,591,994,520	\$2,594,464,520	\$2,594,464,520	\$743,763	\$743,763
MVP4	2034-35	2,494	3,488	\$1.0400	\$0.2400	\$2,587,425,020	\$2,587,425,020	\$2,591,994,520	\$2,591,994,520	\$743,054	\$743,054
MVP5	2035-36	2,494	3,488	\$1.0400	\$0.2400	\$2,583,083,995	\$2,583,083,995	\$2,587,425,020	\$2,587,425,020	\$741,744	\$741,744

To isolate the impact of the value limitation on the District's finances over this 17 year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2017-18 school year. An ADA of 2,494, a WADA of 3,488 and an M&O tax rate of \$1.04 are used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Panola County CAD certified value for 2018 was used as the 2018 CAD value. This value was used as the basis for subsequent current year (CAD) values in this report. The final 2017 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values, certified to school districts in late July, 2018, were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

On February 1, 2017 the Texas Education Agency issued a notice of a change in practice that will have an impact on the calculation of recapture amounts owed under Chapter 41 of the Texas Education Code. This change is effective for the 2016-17 school year and for future years. The changes have an impact on the way that recapture is calculated for districts that pay recapture and also have approved a local optional homestead exemption (LOHE). Carthage ISD falls into both of these categories and the change in rule has been taken into account for all of the calculations used in this analysis.

The proposed agreement calls for Carthage ISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model, illustrated in **Table 2**, incorporates the full value of the project into the state and local funding calculations. The other model, shown in **Table 3**, assumes that only the limited value of the project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**.

Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was estimated for each year of the agreement. **Table 4**, which summarizes the difference between the two models, indicates that there will be a total revenue loss of \$682,892 over the course of the agreement. The revenue loss by the district, due to the agreement, is estimated to be in the first year of the value limitation period. Most of the reductions in M&O taxes under this agreement are offset by reductions in recapture costs that the district would owe under current school finance law.

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

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,00 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
QTP1	2019-20	\$885,086	\$716,962	\$19,096,186	\$1,042,242	\$0	\$6,959,859	\$0	\$0	\$21,740,476
QTP2	2020-21	\$828,505	\$716,962	\$18,504,782	\$1,050,242	\$0	\$7,751,263	\$0	\$0	\$21,100,491
L1	2021-22	\$816,205	\$716,962	\$18,340,207	\$1,048,654	\$0	\$7,876,138	\$0	\$0	\$20,922,028
L2	2022-23	\$818,863	\$716,962	\$18,349,997	\$1,047,666	\$0	\$7,841,648	\$0	\$0	\$20,933,488
L3	2023-24	\$819,845	\$716,962	\$18,349,603	\$1,046,678	\$0	\$7,817,342	\$0	\$0	\$20,933,089
L4	2024-25	\$820,827	\$716,962	\$18,349,209	\$1,045,690	\$0	\$7,793,036	\$0	\$0	\$20,932,689
L5	2025-26	\$821,810	\$716,962	\$18,348,815	\$1,044,702	\$0	\$7,768,730	\$0	\$0	\$20,932,289
L6	2026-27	\$822,792	\$716,962	\$18,348,421	\$1,043,714	\$0	\$7,744,424	\$0	\$0	\$20,931,889
L7	2027-28	\$823,774	\$716,962	\$18,348,027	\$1,042,726	\$0	\$7,720,118	\$0	\$0	\$20,931,489
L8	2028-29	\$824,756	\$716,962	\$18,347,633	\$1,041,738	\$0	\$7,695,812	\$0	\$0	\$20,931,089
L9	2029-30	\$825,738	\$716,962	\$18,347,239	\$1,040,750	\$0	\$7,671,506	\$0	\$0	\$20,930,689
L10	2030-31	\$826,721	\$716,962	\$18,346,845	\$1,039,762	\$0	\$7,647,201	\$0	\$0	\$20,930,289
MVP1	2031-32	\$827,703	\$716,962	\$18,346,450	\$1,038,774	\$0	\$7,622,895	\$0	\$0	\$20,929,889
MVP2	2032-33	\$828,685	\$716,962	\$18,346,056	\$1,037,786	\$0	\$7,598,589	\$0	\$0	\$20,929,489
MVP3	2033-34	\$829,667	\$716,962	\$18,345,662	\$1,036,798	\$0	\$7,574,284	\$0	\$0	\$20,929,089
MVP4	2034-35	\$829,538	\$716,962	\$18,330,489	\$1,034,970	\$0	\$7,543,761	\$0	\$0	\$20,911,959
MVP5	2035-36	\$831,350	\$716,962	\$18,331,344	\$1,033,234	\$0	\$7,499,496	\$0	\$0	\$20,912,890

Table 3 "Value Limitation Revenue Model" - Project Value Added With Value Limit

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
QTP1	2019-20	\$885,086	\$716,962	\$19,096,186	\$1,042,242	\$0	\$6,959,859	\$0	\$0	\$21,740,476
QTP2	2020-21	\$828,505	\$716,962	\$18,504,782	\$1,050,242	\$0	\$7,751,263	\$0	\$0	\$21,100,491
L1	2021-22	\$802,290	\$716,962	\$17,707,642	\$1,012,242	\$0	\$7,598,404	\$0	\$0	\$20,239,136
L2	2022-23	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L3	2023-24	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L4	2024-25	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L5	2025-26	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L6	2026-27	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L7	2027-28	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L8	2028-29	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L9	2029-30	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
L10	2030-31	\$855,058	\$716,962	\$18,353,264	\$1,012,242	\$0	\$6,952,781	\$0	\$0	\$20,937,526
MVP1	2031-32	\$866,713	\$716,962	\$18,831,493	\$1,038,774	\$0	\$7,137,852	\$0	\$0	\$21,453,943
MVP2	2032-33	\$828,685	\$716,962	\$18,346,056	\$1,037,786	\$0	\$7,598,589	\$0	\$0	\$20,929,489
MVP3	2033-34	\$829,667	\$716,962	\$18,345,662	\$1,036,798	\$0	\$7,574,284	\$0	\$0	\$20,929,089
MVP4	2034-35	\$829,538	\$716,962	\$18,330,489	\$1,034,970	\$0	\$7,543,761	\$0	\$0	\$20,911,959
MVP5	2035-36	\$831,350	\$716,962	\$18,331,344	\$1,033,234	\$0	\$7,499,496	\$0	\$0	\$20,912,890

Table 4 "Baseline Revenue Model" Less "Value Limitation Model"

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
QTP1	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
L1	2021-22	-\$13,914	\$0	-\$632,565	-\$36,412	\$0	-\$277,735	\$0	\$0	-\$682,892
L2	2022-23	\$36,195	\$0	\$3,267	-\$35,424	\$0	-\$888,867	\$0	\$0	\$0
L3	2023-24	\$35,212	\$0	\$3,661	-\$34,436	\$0	-\$864,561	\$0	\$0	\$0
L4	2024-25	\$34,230	\$0	\$4,055	-\$33,448	\$0	-\$840,255	\$0	\$0	\$0
L5	2025-26	\$33,248	\$0	\$4,449	-\$32,460	\$0	-\$815,949	\$0	\$0	\$0
L6	2026-27	\$32,266	\$0	\$4,843	-\$31,472	\$0	-\$791,643	\$0	\$0	\$0
L7	2027-28	\$31,284	\$0	\$5,237	-\$30,484	\$0	-\$767,337	\$0	\$0	\$0
L8	2028-29	\$30,301	\$0	\$5,631	-\$29,496	\$0	-\$743,031	\$0	\$0	\$0
L9	2029-30	\$29,319	\$0	\$6,025	-\$28,508	\$0	-\$718,725	\$0	\$0	\$0
L10	2030-31	\$28,337	\$0	\$6,420	-\$27,520	\$0	-\$694,420	\$0	\$0	\$0
MVP1	2031-32	\$39,010	\$0	\$485,043	\$0	\$0	-\$485,043	\$0	\$0	\$0
MVP2	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MVP3	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MVP4	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MVP5	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to \$30 million starting in school year 2021-22 and remaining limited through school year 2030-31. The potential gross and net tax savings to BTA are shown in **Table 5**. As stated earlier, an M&O tax rate of \$1.04 and a collection rate of 100% is used throughout the calculations in this report. **Table 5** shows gross tax savings due to the limitation of just over \$8.3 million over the length of the contract. Net tax savings are estimated to be \$7.63 million. To estimate supplemental payments to the school district of \$100 per ADA, an ADA of 2,494 was used, which was the ADA for CISD through the end of the 2017-18 school year.

Facilities Funding Impact on the District

Reports submitted by BTA show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S taxes and will enhance the district's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of \$35 per ADA per penny of tax effort. CISD has property wealth per WADA that exceeds this amount and is thus not eligible for this

state assistance. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Table 5 Estimated Financial Impact on Carthage ISD from the BTA Gas Processing LLC Project

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit \$100 per ADA	Company Tax Benefit
QTP1	2019-20	\$105,000,000	\$105,000,000	\$0	1.0400	\$1,092,000	\$1,092,000	\$0	\$0	\$0	\$0	\$249,378	-\$249,378
QTP2	2020-21	\$125,000,000	\$125,000,000	\$0	1.0400	\$1,300,000	\$1,300,000	\$0	\$0	\$0	\$0	\$249,378	-\$249,378
L1	2021-22	\$121,030,000	\$30,000,000	\$91,030,000	1.0400	\$1,258,712	\$312,000	\$946,712	\$946,712	-\$682,892	\$263,820	\$249,378	\$14,442
L2	2022-23	\$118,560,000	\$30,000,000	\$88,560,000	1.0400	\$1,233,024	\$312,000	\$921,024	\$921,024	\$0	\$921,024	\$249,378	\$671,646
L3	2023-24	\$116,090,000	\$30,000,000	\$86,090,000	1.0400	\$1,207,336	\$312,000	\$895,336	\$895,336	\$0	\$895,336	\$249,378	\$645,958
L4	2024-25	\$113,620,000	\$30,000,000	\$83,620,000	1.0400	\$1,181,648	\$312,000	\$869,648	\$869,648	\$0	\$869,648	\$249,378	\$620,270
L5	2025-26	\$111,150,000	\$30,000,000	\$81,150,000	1.0400	\$1,155,960	\$312,000	\$843,960	\$843,960	\$0	\$843,960	\$249,378	\$594,582
L6	2026-27	\$108,680,000	\$30,000,000	\$78,680,000	1.0400	\$1,130,272	\$312,000	\$818,272	\$818,272	\$0	\$818,272	\$249,378	\$568,894
L7	2027-28	\$106,210,000	\$30,000,000	\$76,210,000	1.0400	\$1,104,584	\$312,000	\$792,584	\$792,584	\$0	\$792,584	\$249,378	\$543,206
L8	2028-29	\$103,740,000	\$30,000,000	\$73,740,000	1.0400	\$1,078,896	\$312,000	\$766,896	\$766,896	\$0	\$766,896	\$249,378	\$517,518
L9	2029-30	\$101,270,000	\$30,000,000	\$71,270,000	1.0400	\$1,053,208	\$312,000	\$741,208	\$741,208	\$0	\$741,208	\$249,378	\$491,830
L10	2030-31	\$98,800,000	\$30,000,000	\$68,800,000	1.0400	\$1,027,520	\$312,000	\$715,520	\$715,520	\$0	\$715,520	\$249,378	\$466,142
MVP1	2031-32	\$96,330,000	\$96,330,000	\$0	1.0400	\$1,001,832	\$1,001,832	\$0	\$0	\$0	\$0	\$249,378	-\$249,378
MVP2	2032-33	\$93,860,000	\$93,860,000	\$0	1.0400	\$976,144	\$976,144	\$0	\$0	\$0	\$0	\$249,378	-\$249,378
MVP3	2033-34	\$91,390,000	\$91,390,000	\$0	1.0400	\$950,456	\$950,456	\$0	\$0	\$0	\$0	\$249,378	-\$249,378
MVP4	2034-35	\$88,920,000	\$88,920,000	\$0	1.0400	\$924,768	\$924,768	\$0	\$0	\$0	\$0	\$0	\$0
MVP5	2035-36	\$86,450,000	\$86,450,000	\$0	1.0400	\$899,080	\$899,080	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS						\$18,575,440	\$10,264,280	\$8,311,160	\$8,311,160	-\$682,892	\$7,628,268	\$3,740,673	\$3,887,595

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Conclusion

The BTA project proposed in this application will benefit the community, the district, CISD, and the taxpayer, BTA. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will also enjoy an increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas Legislature could take action that could potentially change the impact of this agreement on the finances of Carthage ISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change, and will impact the estimates of this agreement, include changes to property values, district tax rates and student enrollment.

Table 5 Estimated Financial Impact on Carthage ISD from the BTA Gas Processing LLC Project

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit \$100 per ADA	Company Tax Benefit
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MVP5	2035-36	\$86,450,000	\$86,450,000	\$0	1.0400	\$899,080	\$899,080	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS						\$18,575,440	\$10,264,280	\$8,311,160	\$8,311,160	-\$682,892	\$7,628,268	\$3,740,673	\$3,887,595

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Findings and Order of the Carthage Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
TECO Gas Processing LLC (Tax ID 32063214384) (Application #1270)

EXHIBIT C

**Proposed Agreement between
Carthage Independent School District
and TECO Gas Processing LLC**



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 12, 2018

Dr. J. Glenn Hambrick
Carthage Independent School District
#1 Bulldog Dr.
Carthage, Texas 75633

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Carthage Independent School District and TECO Gas Processing, LLC, Application 1270

Dear Superintendent Hambrick:

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 Carthage Independent School District and TECO Gas Processing, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that 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,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Curt Tate, BTA Gas Processing, LLC
Tim Young, Ikard Wynne LLP

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

by and between

CARTHAGE INDEPENDENT SCHOOL DISTRICT

and

TECO GAS PROCESSING LLC

(Texas Taxpayer ID # 32063214384)

Comptroller Application # 1270

Dated

December 17, 2018

evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on December 17, 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 December 17, 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 December 17, 2018, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.021(3);

WHEREAS, on December 12, 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 December 17, 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 to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

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

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

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

“Applicant” means TECO Gas Processing, LLC (Texas Taxpayer ID #32063214384), 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 June 18, 2018. 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 Panola County Appraisal District.

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

“Commercial Operations” shall mean the date on which the project described in the Application becomes commercially operational and capable of manufacturing products from natural gas liquids in commercial quantities.

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

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

“County” means Panola County, Texas.

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

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

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

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

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

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

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

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

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

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

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

“State” means the State of Texas.

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

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

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

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

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

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

“Applicable School Finance Law” means the State constitution and laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools and school districts generally and the District specifically, in accordance with all provisions thereof applicable to any terms of this Agreement at the time any computation, calculation or obligation of either Party under this Agreement is required to be performed or for the period to which such computation, calculation or obligation relates, as applicable. The term includes any amendments or successor statutes that may be adopted in the future which affect the calculation of the District’s Maintenance and Operations Revenue or the Applicant’s ad valorem tax obligation to the District, in each case, either with or without the limitation on appraised value of property pursuant to this Agreement.

“Commencement Date” means December 17, 2018, the start of the Qualifying Time Period.

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

“Lost M&O Revenue” shall have the meaning set forth in Section 4.2.

“Maintenance and Operations 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 Maintenance and Operations Revenue lost as a result of such similar agreements, minus (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, in each case, as any of the items in clauses (i), (ii), and (iv) above may be amended by Applicable School Finance Law from time to time, and plus or minus, as applicable, any other revenues, payments or amounts received or required to be reimbursed by the District from State and local funding for maintenance and operations purposes under Applicable School Finance Law, such that Maintenance and Operations Revenue shall be the net amount of all such revenues, payments or other amounts which the District is entitled to receive and retain from State and local funding for maintenance and operations purposes under Applicable School Finance Law.

“New M&O Revenue” means, with respect to any school year, the total State and local Maintenance and Operations Revenue that the District received, after all adjustments have been made to such Maintenance and Operations Revenue in accordance with the provisions of the Applicable School Finance Law for such school year.

“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 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 and all payments due to the District under Articles IV, V, and VI of this Agreement.

“Original M&O Revenue” means, with respect to any school year, 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 had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the ad valorem maintenance and operations tax at the tax rate actually adopted by the District for the applicable Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District, except that with respect to the Applicant’s Qualified Property during the Tax Limitation Period, such calculations shall use the Taxable Value for each applicable Tax Year of the Applicant’s Qualified Property which is used for the calculation of the District’s tax levy for debt service (interest and sinking fund) ad valorem tax purposes. For the calculation of Original M&O Revenue, the Taxable Value for Applicant’s Qualified Property for maintenance and operations ad valorem tax purposes will not be used during the Tax Limitation Period.

“*Third Party*” shall have the meaning set forth in Section 4.3

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 August 28, 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 December 17, 2018.

C. The Qualifying Time Period for this Agreement:

- i. Starts on December 17, 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 end of Qualifying Time Period; 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).

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

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

- A. Have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. Have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. Pay an average weekly wage of at least \$907.00 for all New Non-Qualifying Jobs created by the Applicant.

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

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

ARTICLE III **QUALIFIED PROPERTY**

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

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

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

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

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

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

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES.

Subject to the limitations contained in this Agreement, it is the intent of the Parties in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE that the District shall be compensated by the Applicant as provided in this Article IV for any Lost M&O Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI of this Agreement. Subject to the limitations contained in this Agreement, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue as a result of, or on account of, entering into this Agreement, will be borne by the Applicant and not by the District.**

Subject to the limitations contained in this Agreement, the calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time in the first year of the Tax Limitation Period, and every year thereafter during the term of this Agreement.

The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement;
- ii. Are based upon current 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 LOST M&O REVENUE.

Subject to the limitations contained in this Agreement, the amount to be paid by the Applicant to compensate the District for loss of M&O Revenue resulting from, or on account of, this Agreement for each year starting in the first year of the Tax Limitation Period and ending on December 31st of the last year of the Tax Limitation Period (the “Lost M&O Revenue”) shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue.

In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant’s Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under this Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 shall be made by a methodology which isolates only the full Maintenance and Operation Revenue impact caused by this Agreement. The

Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY.

All calculations under this Agreement shall be made annually by an independent third party (the “Third Party”) selected and appointed each year by the District, subject to approval by Applicant in writing, which approval shall not unreasonably be withheld.

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 Property, by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year pursuant to TEXAS TAX CODE § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected 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. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

If the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant’s Qualified Property, and such appeal remains unresolved at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Third Party shall base its calculations upon the values placed upon the Applicant’s Qualified Property by the Appraisal District. The calculations shall be readjusted, if necessary, based on the outcome of the appeal as set forth below.

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

Section 4.6. DELIVERY OF CALCULATIONS.

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, Article VI, and/or Section 7.1 of this Agreement in

sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.8, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until four (4) years after the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.7. STATUTORY CHANGES AFFECTING MAINTENANCE & OPERATION REVENUE.

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District that are necessary to fully reimburse and hold the District harmless from any actual negative impact on the District's Maintenance and Operation Revenue as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this Article IV, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 4.9.

Section 4.8. PAYMENT BY APPLICANT.

The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. Subject to the limitation set forth in this Section 4.8, by such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.4, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, 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 of, or because of, the execution of this Agreement. The Applicant shall only be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 not to exceed Fifteen Thousand Dollars (\$15,000.00).

Section 4.9. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to this Article IV of this Agreement, 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 4.4 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees within thirty (30) days after receipt of the final determination of the calculations. Any appeal by the Applicant of the final determination of calculations shall in no way limit Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. PAYMENT LIMITATION.

Notwithstanding any other provision in this Agreement, in no event shall the Payments calculated under this Article IV beginning with the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with the first Tax Year following the end of the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the amount of 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. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.10, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.10. Any of the payments due under this Article IV which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period because such payment would exceed the Applicant's Net Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES.

In addition to the amounts determined pursuant to Articles IV and VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses directly and solely related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment caused directly by such project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of this Article VI, the Parties agree that, 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 Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article VI are separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV, V, and VI are subject to such limitations as are contained in Section 7.1, and that all payments under Article VI are subject to the separate limitations contained in Section 6.2 and Section 6.3. Each Supplemental Payment shall be due and payable on January 31st of the year following that in which such Supplemental Payment accrued.

Section 6.2. SUPPLEMENTAL PAYMENT.

- A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application;
- B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.
- C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.
- 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 2017-2018 Average Daily Attendance of 2,494, rounded to the whole number.

Failure to pay such Supplemental Payments shall constitute Material Breach of this Agreement, as set forth more fully herein at Article IX.

Section 6.3. LIMITATION ON ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT.

For each Tax Year beginning with the period starting the first complete year of the Qualifying Time Period (Tax Year 2019) and ending December 31 of the third year following the end of the Tax Limitation Period (Tax Year 2033), supplemental payments shall be owed. For each Tax Year not falling within the Limitation Period, the full supplemental amount shall be paid.

If, for any Tax Year during the Limitation Period of this Agreement the Cumulative Payments owed under Sections IV, V and VI of this Agreement, exceed the limit set forth under Section 7.1 for such Tax Year, the difference between the Applicant's Supplemental Payment Amount so calculated and the Limit set forth under Section 7.1 for such Tax Year, shall be carried forward from year-to-year until paid to the District. The limit under Section 7.1 shall not apply nor limit Supplemental Payment amounts due to the District during the Qualifying Time Period or in the three years following the end of the Tax Limitation Period, consistent with TEXAS TAX CODE §313.027 (i).

For illustrative purposes, the Supplemental Payments shall be paid as follows:

Tax Year	Supplemental Payment Amount Owed
2019	\$249,400
2020	\$249,400
2021	\$249,400
2022	\$249,400
2023	\$249,400
2024	\$249,400
2025	\$249,400
2026	\$249,400
2027	\$249,400
2028	\$249,400
2029	\$249,400
2030	\$249,400
2031	\$249,400
2032	\$249,400
2033	\$249,400

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.8.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.9, above.

Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Any designation of a successor beneficiary under this Section 6.5 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, 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 Applicant receives an unambiguous written notice from the District that such payments are to be made to a different party as provided in this Section 6.5.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

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

due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

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

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

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

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

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

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

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for

the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

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

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

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

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

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

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

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

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related

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

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

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

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

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

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

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

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

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

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

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

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

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
 - ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District;
- and

iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee’s Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant 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 Panola 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 Panola 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 ninety (90) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney’s fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE, and a tax lien shall attach to the Applicant’s Qualified Property and the Applicant’s Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

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

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

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the ninety (90) 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. J. Glenn Hambrick (or his successor)
Superintendent of Schools
Carthage Independent School District
#1 Bulldog Drive
Carthage, TX 75633
Phone: (903) 693-3806
Facsimile: (903) 693-3650
Email: ghambrick@carthageisd.org

With a copy to:

Sara Hardner Leon
Powell & Leon, LLP
108 Wild Basin #100
Austin, Texas 78746
Phone: (512) 494-1177
Facsimile: (512) 494-1188
Email: sleon@powell-leon.com

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

TECO Gas Processing LLC
Attn: Curt Tate, Senior Director, Tax
1100 Louisiana Street
Houston, Texas 77002

Or:
P.O. Box 4018

Houston, Texas 77210-4018
(713) 381-8071 Telephone

With copies to:
Enterprise Products Operating LLC
Attn: General Counsel
1100 Louisiana
Houston, Texas 77201-4018

Or:

P.O. Box 4018
Houston, Texas 77210-4018

With a Copy to:

Timothy E. Young
Ikard Wynne LLP
2901 Via Fortuna, Suite 450
Austin, Texas 78746
(512) 275-7894 Telephone
(512) 275-7333 Facsimile
tim@ikardwynne.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;
 - c. and any additional information requested by the District or the Comptroller

necessary to evaluate the amendment or modification;

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

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

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

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

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

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

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

Section 10.3. ASSIGNMENT.

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

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

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

assignee.

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

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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 17th day of December, 2018.

**TECO GAS PROCESSING LLC, a Delaware
limited liability company**

**CARTHAGE INDEPENDENT SCHOOL
DISTRICT**

By: _____
Name: _____
Title: _____
**Penny R. Houy
Vice President, Tax**

By: _____
**DR. BEN DONALD
PRESIDENT, BOARD OF TRUSTEES**

ATTEST:

By: _____

**MARY ELLA SHERMAN
SECRETARY, BOARD OF TRUSTEES**

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 17th day of December, 2018.

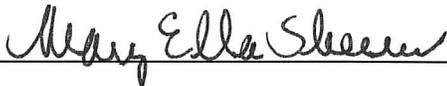
**TECO GAS PROCESSING LLC, a Delaware
limited liability company**

By: _____
Name: _____
Title: _____

**CARTHAGE INDEPENDENT SCHOOL
DISTRICT**

By: 
**DR. BEN DONALD
PRESIDENT, BOARD OF TRUSTEES**

ATTEST:

By: 

**MARY ELLA SHERMAN
SECRETARY, BOARD OF TRUSTEES**

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

Tract 1:

All that certain 20.00 acres tract or parcel of land being situated in the T. Applewhite Survey, Abstract 37, in Panola County, Texas and being a part of Tract 1, a called 721.19 acres tract described in a General Warranty Deed to DPM, a Texas General Partnership, as recorded in Vol. 1285, Pg. 306 of the Official Public Records of said county and said 20.00 acres tract being described by metes and bounds, as follows:

BEGINNING at a 60d nail found for an occupied inner "L" corner of said Tract 1 and the occupied southeast corner of a called 66.07 acres tract recorded in Vol. 155, Pg. 250 of the Deed of Trust Records of said county, on the approximate line dividing said T. Applewhite Survey and the T. Applewhite Survey, Abstract 35 (NOTE: BEARINGS ARE BASED ON U.S. STATE PLANE NAD 1983 COORDINATES, TEXAS NORTH CENTRAL ZONE – 4202);

THENCE North 73°40'57" East, a distance of 343.99 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set for the northeast corner described herein;

THENCE South 00°10'07" East, leaving said dividing line, a distance of 537.57 feet to a ½ inch iron wit a yellow plastic cap stamped "RPLS 5210," set for an angle point in the east line described herein;

THENCE South 31°01'37" West, a distance of 486.85 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set for the southeast corner described herein;

THENCE South 75°56'12" West, a distance of 730.75 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set on the lie dividing said Tract 1 and Tract 38, a called 283.8 acres tract recorded in Vol. 1347, Pg. 184 of said Official Public Records, on the approximate line dividing said Abstract 37 and the J.G. Hazelwood Survey, Abstract 853, for the southwest corner described herein;

THENCE North 13°06'13" West, along said dividing lines, a distance of 818.79 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set for the most southern, northwest corner of said Tract 1 and the northwest corner described herein;

THENCE North 73°40'57" East, along the line dividing said Tract 1 and said 66.07 acres tract and said line dividing said Applewhite Surveys, a distance of 847.86 feet to the Point of Beginning and containing 20.00 acres or land.

Tract 2:

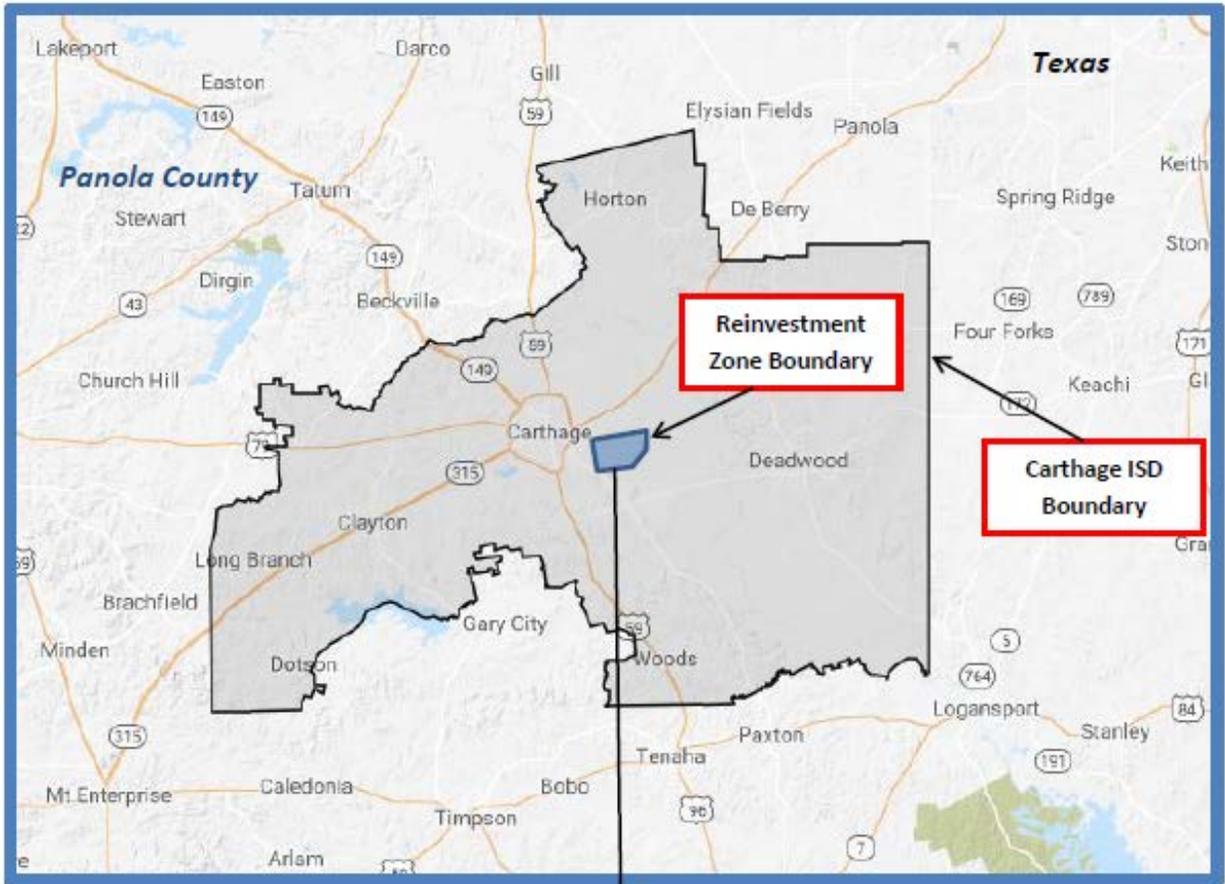
All that certain 1.00 acre surface site being situated in the T. Applewhite Survey, Abstract 37, in Panola County, Texas and being in Tract 1, a called 721.19 acres tract described in a General Warranty Deed to DPM, a Texas General Partnership, as recorded in Vol. 1285, Pg. 306 of the Official Public Records of said county and said surface site being described by metes and bounds, as follows:

Beginning at a ½ inch iron rod with a yellow plastic cap, stamped RPLS 5210, set on a south line of a 50 feet-wide easement recorded in Vol. 1570, Pg. 569 of said Official Public Records, for the northeast corner herein, said POINT OF BEGINNING bears South 50°07'01" East, a distance of 1,267.00 feet from a 60-d nail found for an inner "L" corner of said Tract 1 (NOTE: BEARINGS ARE BASED ON U.S. STATE PLANE NAD 1983 COORDINATES, TEXAS NORTH CENTRAL ZONE – 4201);

THENCE South 01°02'33" East, leaving said south line, a distance of 208.71 feet to a ½ inch iron rod with a yellow plastic cap, stamped RPLS 5210, set for the southwest corner herein;

THENCE North 01°02'33" West a distance of 208.71 feet to a ½ inch iron rod with a yellow plastic cap, stamped RPLS 5210, set on said south line, for the northwest corner herein;

THENCE North 88°57'27" East, along said south line, a distance of 208.71 feet to the POINT OF BEGINNING and containing 43,560 square feet or 1.00 acre of land.



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EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land upon which the new buildings or new improvements will be built **WILL NOT** be a part of the qualified property described by §313.021(2)(A).

Tract 1:

All that certain 20.00 acres tract or parcel of land being situated in the T. Applewhite Survey, Abstract 37, in Panola County, Texas and being a part of Tract 1, a called 721.19 acres tract described in a General Warranty Deed to DPM, a Texas General Partnership, as recorded in Vol. 1285, Pg. 306 of the Official Public Records of said county and said 20.00 acres tract being described by metes and bounds, as follows:

BEGINNING at a 60d nail found for an occupied inner "L" corner of said Tract 1 and the occupied southeast corner of a called 66.07 acres tract recorded in Vol. 155, Pg. 250 of the Deed of Trust Records of said county, on the approximate line dividing said T. Applewhite Survey and the T. Applewhite Survey, Abstract 35 (NOTE: BEARINGS ARE BASED ON U.S. STATE PLANE NAD 1983 COORDINATES, TEXAS NORTH CENTRAL ZONE – 4202);

THENCE North 73°40'57" East, a distance of 343.99 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set for the northeast corner described herein;

THENCE South 00°10'07" East, leaving said dividing line, a distance of 537.57 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set for an angle point in the east line described herein;

THENCE South 31°01'37" West, a distance of 486.85 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set for the southeast corner described herein;

THENCE South 75°56'12" West, a distance of 730.75 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set on the line dividing said Tract 1 and Tract 38, a called 283.8 acres tract recorded in Vol. 1347, Pg. 184 of said Official Public Records, on the approximate line dividing said Abstract 37 and the J.G. Hazelwood Survey, Abstract 853, for the southwest corner described herein;

THENCE North 13°06'13" West, along said dividing lines, a distance of 818.79 feet to a ½ inch iron rod with a yellow plastic cap stamped "RPLS 5210," set for the most southern, northwest corner of said Tract 1 and the northwest corner described herein;

THENCE North 73°40'57" East, along the line dividing said Tract 1 and said 66.07 acres tract and said line dividing said Applewhite Surveys, a distance of 847.86 feet to the Point of Beginning and containing 20.00 acres or land.

Tract 2:

All that certain 1.00 acre surface site being situated in the T. Applewhite Survey, Abstract 37, in Panola County, Texas and being in Tract 1, a called 721.19 acres tract described in a General Warranty Deed to DPM, a Texas General Partnership, as recorded in Vol. 1285, Pg. 306 of the Official Public Records of said county and said surface site being described by metes and bounds, as follows:

Beginning at a ½ inch iron rod with a yellow plastic cap, stamped RPLS 5210, set on a south line of a 50 feet-wide easement recorded in Vol. 1570, Pg. 569 of said Official Public Records, for the northeast corner herein, said POINT OF BEGINNING bears South 50°07'01" East, a distance of 1,267.00 feet from a 60-d nail found for an inner "L" corner of said Tract 1 (NOTE: BEARINGS ARE BASED ON U.S. STATE PLANE NAD 1983 COORDINATES, TEXAS NORTH CENTRAL ZONE – 4201);

THENCE South 01°02'33" East, leaving said south line, a distance of 208.71 feet to a ½ inch iron rod with a yellow plastic cap, stamped RPLS 5210, set for the southwest corner herein;

THENCE North 01°02'33" West a distance of 208.71 feet to a ½ inch iron rod with a yellow plastic cap, stamped RPLS 5210, set on said south line, for the northwest corner herein;

THENCE North 88°57'27" East, along said south line, a distance of 208.71 feet to the POINT OF BEGINNING and containing 43,560 square feet or 1.00 acre of land.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Proposed Project Description

The proposed project is the construction of a new gas plant capable of processing up to 200 MMSCFD of well-head gas from East Texas and Louisiana. The proposed plant will include inlet treating and dehydration, a cryogenic plant and a small stabilizer system.

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

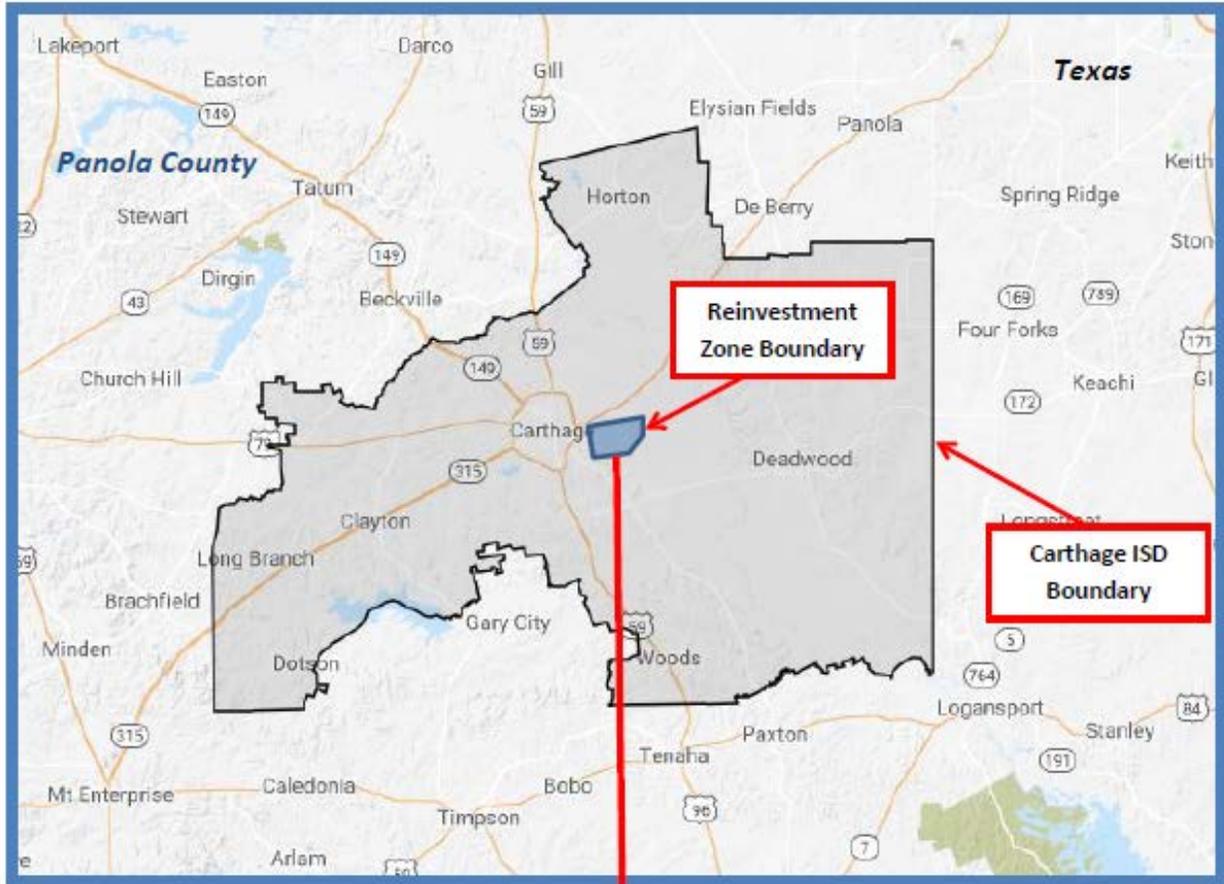
Raw natural gas produced at the well-head contains varying amounts of natural gas liquids ("NGLs"). This rich natural gas in its raw form is usually not acceptable for transportation in the nation's major natural gas pipeline systems or for commercial use as a fuel. Natural gas processing plants remove the NGLs from the natural gas stream, enabling the natural gas to meet transmission pipeline and commercial quality specifications. Construction is estimated to commence in the 4th quarter of 2018 with a projected completion date of the 4th quarter of 2019.

Summary of plant feed stock and finished products

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

The proposed new cryogenic plant facility will consist of the following components:

- One (1) Slug Catcher sized for 200 MMscfd total gas rate and 250 BBL liquid hold-up capacity.
- Stabilization System (1 x 250 bbl)
- Inlet Separation and Filtration
- Amine Treating for CO2 Removal
- TEG Dehydration for H2O Removal
- Thermal Oxidizer
- Molecular Sieve Dehydration
- GSP (or similar) Cryogenic Gas Plant
- Residue Compression
- NGL Booster and Pipeline Pumps
- Flare and closed drain system
- Water Supply, Drain Systems, Waste Water
- Utilities (fuel, instrument air, R.O. water)
- Plant roads, fencing, and security cameras
- Control room/warehouse building



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EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Proposed Project Description

The proposed project is the construction of a new gas plant capable of processing up to 200 MMSCFD of well-head gas from East Texas and Louisiana. The proposed plant will include inlet treating and dehydration, a cryogenic plant and a small stabilizer system.

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

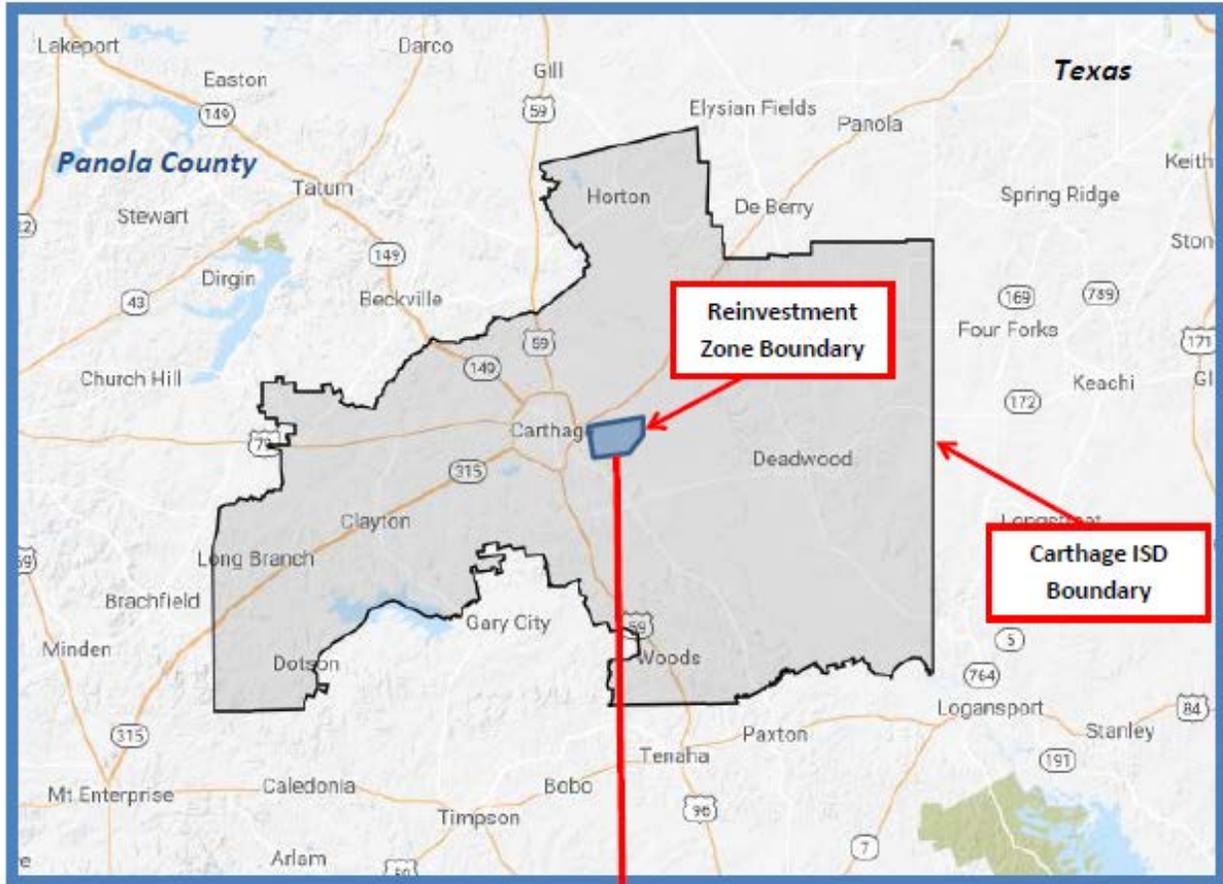
Raw natural gas produced at the well-head contains varying amounts of natural gas liquids ("NGLs"). This rich natural gas in its raw form is usually not acceptable for transportation in the nation's major natural gas pipeline systems or for commercial use as a fuel. Natural gas processing plants remove the NGLs from the natural gas stream, enabling the natural gas to meet transmission pipeline and commercial quality specifications. Construction is estimated to commence in the 4th quarter of 2018 with a projected completion date of the 4th quarter of 2019.

Summary of plant feed stock and finished products

4. Feedstock Source: Raw Natural Gas produced at the well-head and transported through gathering systems from various producers in the area.
5. Final Products Produced:
 - c. Mixed NGL's: The mixed NGL's would be transported via pipeline from the proposed plant to multiple markets for storage and further fractionation.
 - d. Natural Gas: The residue gas would be compressed and delivered to a pipeline adjacent to the proposed facility to be delivered to multiple markets.
6. Interconnections
 - b. The proposed plant would be interconnected via newly constructed pipelines to allow the final products to be delivered to the market.

The proposed new cryogenic plant facility will consist of the following components:

- One (1) Slug Catcher sized for 200 MMscfd total gas rate and 250 BBL liquid hold-up capacity.
- Stabilization System (1 x 250 bbl)
- Inlet Separation and Filtration
- Amine Treating for CO2 Removal
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