

TIMOTHY E. YOUNG
Direct Dial: 512/275-7894
Email: tim@ikardwynne.com
Fax: 512-275-7333

Ikard Wynne LLP

2901 VIA FORTUNA, BUILDING 6, SUITE 450
AUSTIN, TEXAS 78746
O 512 275 7880, F 512 275 7333

August 22, 2018

Via Email: Michelle.Luera@cpa.texas.gov
And Hand Delivery

Ms. Michelle Luera, CTCM
Senior Research Analyst
Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 East 17th Street
Austin, Texas 78774

Re: Application No. 1278 Wink Loving ISD – Enterprise Products Operating LLC

Dear Ms. Luera:

On behalf of our client, Enterprise Products Operating LLC, I am responding to your email of August 20, 2018 requesting additional information for your review of Application No. 1278 with the Wink Loving ISD. I have set forth each of your inquiries below, followed by the response and any supplemental information. And I have attached the pages that were corrected or supplemented marked to show the amendment number and the date of the amendment.

1. Section 9: Projected Timeline/Tab 14-Schedules A1, A2, B and C

- *January 1, 2019 is listed as the first year of qualifying time period and 2021 as the first year of the limitation period. This does not match up with the Schedules A1 through C. On closer inspection the tax years and school years on Schedules A1, A2, B and C do not match up. Please submit revised Schedules A1, A2, B and C.*

Question 3 of Section 9 of the Application has been amended to show stub year 2018 as the first year of the qualifying time period. Additionally, we have revised the Schedules as part of Tab 14.

2. Section 11: Investment

- *The minimum qualified investment and value limitation amounts listed for the school district are incorrect. It should be \$30 Million. Please update Section 11 on page 5.*

Question 1 of Section 11 of the Application has been amended per this comment.

3. Section 14: Wage & Employment Information/Tab 13

- *The average regional manufacturing wage levels by Council of Government were updated at the end July. Please update the 110% of the average weekly wage for manufacturing jobs in the region(Q7c) and the minimum required annual wage for each qualifying job (Q9) found on Section 14 as well as update Tab 13.*

Section 14 of the Application has been amended to reflect the updated wage and employment information. Specifically, Questions 2, 7, and 9 were amended. In addition, Tab 13 has been updated for the most recent data available.

4. Tab 4

- *After reading the description I didn't see a name for this project. If there is name this project what is it? And the project sits on 100 acres? Please include response in a revised Tab 4.*

The name of the proposed project is the Mentone Gas Processing Plant, and Tab 4 has been amended to reflect the name. Additionally, Tab 4 has been amended to clarify that the proposed project would be located on the real property described in Tab 9 (which is a 100 acre tract of land).

5. Tab 7

- *The application did not include Tab 7 – description of qualified investment. Please submit Tab 7.*

Tab 7 was inadvertently omitted in the original application. It has been included in Amendment No. 1.

6. Tab 14 – Schedules B & D

- *The schedules found in the PDF version versus those found in the Excel version do not match up.*

As noted in the response to comment 1 above, the Schedules have been updated, and the updated Schedules have been attached at Tab 14. Copies in Excel format are also provided.

- *Schedule B – Column H: Market Value less any exemptions (such as pollution control) and before limitation – When comparing the dollar amounts the values are off.*

Column H has been corrected on Schedule B for both the Amendment No. 1 and the Excel file version.

- *Schedule D – The PDF version of Schedule D indicates it is receiving a Chapter 381 from Loving County. The Excel version of Schedule D indicates it is receiving a Chapter 312 from the city – it's the wrong row since cities issue Chapter 311 agreements*

There was an error in the original Schedules. The Schedules have been updated to show the proposed Chapter 381 Agreement with Loving County, which provides net effective abatement of 50% over the life of the proposed agreement.

- *tax abatement agreements; counties issue Chapter 312 tax abatements.*

See comment above.

- *Please reconcile and submit updated sections of the application – PDF and excel versions – accordingly.*

Updated sections of the Application and PDF and Excel copies of the Schedules are attached.

7. Transmittal Letter/Confidential Pages

- *I reviewed the transmittal letter and it states the applicant “provided the legal citation under which it seeks to protect confidential and proprietary information.” Nowhere in the confidential pages or anywhere else is a relevant statutory authority cited. Please resubmit a new transmittal letter citing the relevant statutory authority.*

Tab 5 and the cover page to Item 10 to Tab 5 (which was submitted separately as proprietary and confidential), has been amended to provide for a legal citation as requested. No change was made to the information originally submitted as Item 10 to Tab 5, so we have not re-submitted that information.

8. Signature Page

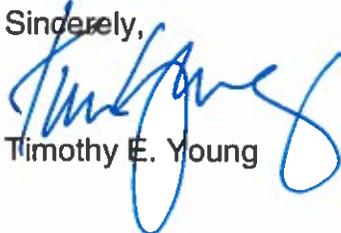
- *Please include a new signature page. On application amendments we do not need original signatures.*

A new signature page is included in Amendment No. 1.

Lastly, the Loving County Commissioners Court approved the designation of the reinvestment zone for the proposed project by resolution dated August 13, 2018. Section 12, question 3 on page 6 of the Application has been amended to reflect the designation of the reinvestment zone and a new Tab 16 has been included in the amendment with a copy of the resolution and the Guidelines and Criteria for Abatement.

Electronic copies of the amended pages are transmitted with this letter along with a new signature page for the application. Hard copies will be hand-delivered to you as well. Please contact me if you need further information.

Sincerely,



Timothy E. Young

TEY/mee

cc: John Villarreal
Stephanie Jones
Scotty Carman
Curt Tate
Al Noor
Sara Leon
Shelly Leung

SECTION 9: Projected Timeline

- 1. Application approval by school board
2. Commencement of construction
3. Beginning of qualifying time period
4. First year of limitation
5. Begin hiring new employees
6. Commencement of commercial operations
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?
8. When do you anticipate the new buildings or improvements will be placed in service?

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property
3. Will this CAD be acting on behalf of another CAD to appraise this property?
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
5. Is the project located entirely within the ISD listed in Section 1?
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)?

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district.

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district?
2. What is the amount of appraised value limitation for which you are applying?
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)?
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period?

SECTION 12: Qualified Property

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

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

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

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

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)?
2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of _____
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)?

Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

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

SECTION 15: Economic Impact

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

Tab # 4

Detailed Description of the project

Proposed Project Description

The proposed project is the construction of a new gas plant (Mentone Gas Processing Plant) capable of processing up to 900MMSCFD of well-head gas in Loving County, Texas. The plant will include inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system with truck loading capabilities. The proposed project would be located on the real property described in Tab 9.

The project is a cryogenic natural gas processing plant that will process raw natural gas by removing contaminants or impurities and creating pipeline-quality residue gas and natural gas liquids. Natural gas liquids 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.

Summary of plant feed stock and finished products

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

- a. The plant will be interconnected via newly constructed pipelines to allow the final products to be delivered to the market.

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

- Inlet Slug Catchers
- Inlet Separation and Filtration
- Amine treating for CO₂ Removal
- TEG dehydration for H₂O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression units
- Heat Medium Systems
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 5

Limitation as a Determining Factor

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

Applicant has not yet purchased the land on which the proposed project will occur. Applicant will supplement the Application once the land has been identified and purchased.

- 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?**

No.

- 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.

Tab # 7

Description of Qualified Investment

Proposed Project Description

The proposed project is the construction of a new gas plant (Mentone Gas Processing Plant) capable of processing up to 900MMSCFD of well-head gas in Loving County, Texas. The plant will include inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system with truck loading capabilities.

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

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

- Inlet Slug Catchers
- Inlet Separation and Filtration
- Amine treating for CO₂ Removal
- TEG dehydration for H₂O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression units
- Heat Medium Systems
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 13

Calculation of three possible wage requirements with TWC documentation

Calculations of Wages for Loving County

Based on Most Recent Data Available

Average Weekly Wage for all jobs (all Industries) in the County		
Year	Period	Wages
2017	4th Qtr	\$842
2017	3rd Qtr	\$862
2017	2nd Qtr	\$847
2018	1st Qtr	\$1,112
Average		\$915.75

110% of Average Weekly Wage for Manufacturing jobs in the County		
Year	Period	Wages
2017	4th Qtr	
2017	3rd Qtr	
2017	2nd Qtr	
2018	1st Qtr	
Average Weekly Wage		
110% of Average Weekly Wage		
Data Not Available for Loving County Manufacturing wages		

110% of Average Weekly Wage for Manufacturing jobs in the Region	
Permian Basin Regional Planning Commission	
Rate per Hour	\$26.24
Hours Per Week	40
Average Weekly Wage	\$1,049.60
110% of Average Weekly Wage	\$1,154.56

Minimum Required Annual(52 weeks) Wage	\$60,037.12
---	--------------------

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2018	1st Qtr	Loving County	Total All	00	0	10	Total, all industries	\$1,112

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	4th Qtr	Loving County	Total All	00	0	10	Total, all industries	\$842
2017	2nd Qtr	Loving County	Total All	00	0	10	Total, all industries	\$847
2017	3rd Qtr	Loving County	Total All	00	0	10	Total, all industries	\$862

source:

<http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>

**2017 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$26.24	\$54,587
1. Panhandle Regional Planning Commission	\$23.65	\$49,190
2. South Plains Association of Governments	\$19.36	\$40,262
3. NORTEX Regional Planning Commission	\$23.46	\$48,789
4. North Central Texas Council of Governments	\$26.80	\$55,747
5. Ark-Tex Council of Governments	\$18.59	\$38,663
6. East Texas Council of Governments	\$21.07	\$43,827
7. West Central Texas Council of Governments	\$21.24	\$44,178
8. Rio Grande Council of Governments	\$18.44	\$38,351
9. Permian Basin Regional Planning Commission	\$26.24	\$54,576
10. Concho Valley Council of Governments	\$19.67	\$40,924
11. Heart of Texas Council of Governments	\$21.53	\$44,781
12. Capital Area Council of Governments	\$31.49	\$65,497
13. Brazos Valley Council of Governments	\$17.76	\$39,931
14. Deep East Texas Council of Governments	\$17.99	\$37,428
15. South East Texas Regional Planning Commission	\$34.98	\$72,755
16. Houston-Galveston Area Council	\$28.94	\$60,202
17. Golden Crescent Regional Planning Commission	\$26.94	\$56,042
18. Alamo Area Council of Governments	\$22.05	\$48,869
19. South Texas Development Council	\$15.07	\$31,343
20. Coastal Bend Council of Governments	\$28.98	\$60,276
21. Lower Rio Grande Valley Development Council	\$17.86	\$37,152
22. Texoma Council of Governments	\$21.18	\$44,060
23. Central Texas Council of Governments	\$19.30	\$40,146
24. Middle Rio Grande Development Council	\$24.07	\$50,058

Source: Texas Occupational Employment and Wages

Data published: July 2018

Data published annually, next update will be July 31, 2019

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

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

Data intended for TAC 313 purposes only.

Tab # 14

**Schedule A1, A2, B, C and D completed
and signed economic impact**

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

AMENDMENT #1 - 8/20/2018

Date **8/20/2018**
 Applicant Name **Enterprise Products Operating LLC.**
 ISD Name **Wink-Loving ISD**

Form 50-296A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS									
(Estimated Investment in each year. Do not put cumulative totals.)									
				Column A	Column B	Column C	Column D	Column E	
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)	
Investment made before filing complete application with district		Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)		Not eligible to become Qualified Property				[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application									
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	Pre		2018	16,480,000				16,480,000	
Complete tax years of qualifying time period	QTP1	2019-2020	2019	267,800,000				267,800,000	
	QTP2	2020-2021	2020	127,720,000				127,720,000	
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				412,000,000				412,000,000	
				Enter amounts from TOTAL row above in Schedule A2					
Total Qualified Investment (sum of green cells)				412,000,000				412,000,000	

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

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

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

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

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

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

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

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

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

AMENDMENT #1 - 8/20/2018

Date **8/20/2018**
 Applicant Name **Enterprise Products Operating LLC.**
 ISD Name **Wink-Loving ISD**

Form 50-296A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1			Enter amounts from TOTAL row in Schedule A1 in the row below			
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	Pre	2018-2019	2018	16,480,000				16,480,000
	QTP1	2019-2020	2019	267,800,000				267,800,000
	QTP 2	2020-2021	2020	127,720,000				127,720,000
Value limitation period***	1	2021-2022	2021					
	2	2022-2023	2022					
	3	2023-2024	2023					
	4	2024-2025	2024					
	5	2025-2026	2025					
	6	2026-2027	2026					
	7	2027-2028	2027					
	8	2028-2029	2028					
	9	2029-2030	2029					
	10	2030-2031	2030					
Total Investment made through limitation				412,000,000				412,000,000
Continue to maintain viable presence	11	2031-2032	2031					
	12	2032-2033	2032					
	13	2033-2034	2033					
	14	2034-2035	2034					
	15	2035-2036	2035					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036					
	17	2037-2038	2037					
	18	2038-2039	2038					
	19	2039-2040	2039					
	20	2040-2041	2040					
	21	2041-2042	2041					
	22	2042-2043	2042					
	23	2043-2044	2043					
	24	2044-2045	2044					
	25	2045-2046	2045					

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

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

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

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

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

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

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

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

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

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

AMENDMENT #1 - 8/20/2018

Date

8/20/2018

Applicant Name

Enterprise Products Operating LLC.

Form 50-296A

ISD Name

Wink-Loving ISD

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	Pre	2018-2019	2018			16,480,000	16,480,000	-	-
	QTP1	2019-2020	2019			284,280,000	284,280,000	284,280,000	284,280,000
	QTP21	2020-2021	2020			412,000,000	412,000,000	412,000,000	412,000,000
Value Limitation Period	1	2021-2022	2021			403,760,000	398,914,880	398,914,880	30,000,000
	2	2022-2023	2022			395,520,000	390,771,782	390,771,782	30,000,000
	3	2023-2024	2023			387,280,000	382,628,685	382,628,685	30,000,000
	4	2024-2025	2024			379,040,000	374,485,587	374,485,587	30,000,000
	5	2025-2026	2025			370,800,000	366,342,490	366,342,490	30,000,000
	6	2026-2027	2026			362,560,000	358,199,392	358,199,392	30,000,000
	7	2027-2028	2027			354,320,000	350,056,294	350,056,294	30,000,000
	8	2028-2029	2028			346,080,000	341,913,197	341,913,197	30,000,000
	9	2029-2030	2029			337,840,000	333,770,099	333,770,099	30,000,000
	10	2030-2031	2030			329,600,000	325,627,002	325,627,002	30,000,000
Continue to maintain viable presence	11	2031-2032	2031			321,360,000	317,483,904	317,483,904	317,483,904
	12	2032-2033	2032			313,120,000	309,340,806	309,340,806	309,340,806
	13	2033-2034	2033			304,880,000	301,197,709	301,197,709	301,197,709
	14	2034-2035	2034			296,640,000	293,054,611	293,054,611	293,054,611
	15	2035-2036	2035			288,400,000	284,911,514	284,911,514	284,911,514
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036			280,160,000	276,768,416	276,768,416	276,768,416
	17	2037-2038	2037			271,920,000	268,625,318	268,625,318	268,625,318
	18	2038-2039	2038			263,680,000	260,482,221	260,482,221	260,482,221
	19	2039-2040	2039			255,440,000	252,339,123	252,339,123	252,339,123
	20	2040-2041	2040			247,200,000	244,196,026	244,196,026	244,196,026
	21	2041-2042	2041			238,960,000	236,052,928	236,052,928	236,052,928
	22	2042-2043	2042			230,720,000	227,909,830	227,909,830	227,909,830
	23	2043-2044	2043			222,480,000	219,766,733	219,766,733	219,766,733
	24	2044-2045	2044			214,240,000	211,623,635	211,623,635	211,623,635
	25	2045-2046	2045			206,000,000	203,480,538	203,480,538	203,480,538

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

Schedule C: Employment Information

AMENDMENT #1 - 8/20//2018

Date **8/20/2018**
 Applicant Name **Enterprise Products Operating LLC.**
 ISD Name **Wink-Loving ISD**

Form 50-296A

Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
	Pre	2018-2019	2018	500 FTE	65,000			65,000
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	QTP1	2019-2020	2019	500 FTE	65,000			65,000
	QTP2	2020-2021	2020	500 FTE	65,000		10	65,000
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021				10	65,000
	2	2022-2023	2022				10	65,000
	3	2023-2024	2023				10	65,000
	4	2024-2025	2024				10	65,000
	5	2025-2026	2025				10	65,000
	6	2026-2027	2026				10	65,000
	7	2027-2028	2027				10	65,000
	8	2028-2029	2028				10	65,000
	9	2029-2030	2029				10	65,000
	10	2030-2031	2030				10	65,000
Years Following Value Limitation Period	11 through 25	2031-2046	2045				10	65,000

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

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 Yes No
 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
 If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)? Yes No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Schedule D: Other Incentives (Estimated)

AMENDMENT #1 - 8/20//2018

Date **8/20/2018**
 Applicant Name **Enterprise Products Operating LLC.**
 ISD Name **Wink-Loving ISD**

Form 50-296A
Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Loving					
	City:					
	Other:					
Local Government Code Chapters 380/381	County: Loving	2020	10 Years	2,089,376	1,044,688	1,044,688
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				2,089,376	1,044,688	1,044,688

Additional information on incentives for this project:

The Loving County Annual Percentage of Abatement is 50%.

Tab # 16

Description of Reinvestment Zone

ORDER DESIGNATING/CREATING

EP REINVESTMENT ZONE

REINVESTMENT ZONE

Guidelines and Criteria for creating Reinvestment Zone are attached.

**RESOLUTION OF THE
LOVING COUNTY COMMISSIONERS COURT**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE IN CONNECTION WITH A TAX ABATEMENT AGREEMENT UNDER CHAPTER 312 OF THE TEXAS TAX CODE OR ALTERNATIVELY AN ECONOMIC DEVELOPMENT AGREEMENT UNDER CHAPTER 381 OF THE TEXAS LOCAL GOVERNMENT CODE, SUCH REINVESTMENT ZONE LOCATED IN A PORTION OF LOVING COUNTY, TEXAS, TO BE KNOWN AS THE “EP REINVESTMENT ZONE”; ESTABLISHING THE BOUNDARIES THEREOF; PROVIDING FOR AN EFFECTIVE DATE; AND ACCEPTING THE APPLICATION FOR CHAPTER 381 ECONOMIC DEVELOPMENT INCENTIVES SUBMITTED BY ENTERPRISE PRODUCTS OPERATING LLC.

WHEREAS, Loving County, Texas, (the “County”) desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. TEXAS TAX CODE § 312.401), for the purpose of authorizing a Tax Abatement Agreement pursuant to chapter 312 TEXAS TAX CODE, or alternatively an Economic Development Agreement, as authorized by Chapter 381 of the TEXAS LOCAL GOVERNMENT CODE; and,

WHEREAS, the County desires to encourage the retention or expansion of primary employment and to attract major investment in the County that would be a benefit to property in a reinvestment zone created by the County and that would contribute to the economic development of the County and encourage commercial activity in the County;

WHEREAS, on August 13, 2018, the Loving County Commissioners Court held a hearing, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone as described on EXHIBIT A appended hereto; and,

WHEREAS, the Loving County Commissioners Court at such public hearing invited any interested person to appear and speak for or against (1) the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone, and (2) acceptance of a Chapter 381 Application for Economic Development Incentives, for the County to consider entering into a Chapter 312 Tax Abatement Agreement, or alternatively a Chapter 381 Economic Development Agreement with Enterprise Products Operating LLC;

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

WHEREAS, the County wishes to (1) create a reinvestment zone consisting of the same real property as described on EXHIBIT A to be known as the “EP Reinvestment Zone” and (2) accept the Chapter 381 Application for Economic Development Incentives by Enterprise Products Operating LLC, which has been found to be compliant with the County’s Chapter 381 Economic Development Policy Guidelines and Criteria;

NOW THEREFORE, BE IT RESOLVED BY THE LOVING COUNTY COMMISSIONERS COURT:

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

SECTION 2. That the Loving County Commissioners Court, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of the “EP Reinvestment Zone” has been properly called, held, and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone;
- (b) That the boundaries of the “EP Reinvestment Zone” be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A";
- (c) That creation of the boundaries as described in “EXHIBIT A” will result in economic benefits to the County and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the “EP Reinvestment Zone” described in “EXHIBIT A” meets the criteria set forth in TEXAS TAX CODE §312.401 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of the County.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Loving County Commissioners Court, hereby creates a reinvestment zone under the provisions of TEXAS TAX CODE § 312.401, encompassing the area described by the descriptions in “EXHIBIT A,” and such reinvestment zone is hereby designated and shall hereafter be referred to as the “EP Reinvestment Zone”.

SECTION 4. That the “EP Reinvestment Zone” shall take effect upon adoption of this Resolution by the County Commissioners Court and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That the Loving County Commissioners Court already has found and resolved that the County is eligible to enter into economic development agreements pursuant to Chapter 381 of the TEXAS LOCAL GOVERNMENT CODE, as well as tax abatement agreements under chapter 312 of the TEXAS TAX CODE .

SECTION 6. That the Loving County Commissioners Court accepts the Chapter 381 Application for Economic Development Incentives by Enterprise Products Operating LLC, which has been found to be compliant with the County’s Chapter 381 Economic Development Policy Guidelines and Criteria.

SECTION 7. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the Loving County Commissioners Court, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, TEXAS GOVERNMENT CODE, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Loving County of the State of Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED, AND ADOPTED on this 13th day of August, 2018.

LOVING COUNTY, TEXAS

LOVING COUNTY, TEXAS

By: Abstain
The Honorable Skeet Jones
Loving County Judge

By: Harlan Hopper
Harlan Hopper
Commissioner, Precinct 1

By: Ysidro Renteria
Ysidro Renteria
Commissioner, Precinct 2

By: Abstain
Tom Jones
Commissioner, Precinct 3

By: Bill Wilkerson
Bill Wilkerson
Commissioner, Precinct 4

Attest:

A handwritten signature in blue ink that reads "Mozelle Carr". The signature is written in a cursive style and is positioned above a horizontal line.

Mozelle Carr
Loving County and District Clerk

EXHIBIT A

LEGAL DESCRIPTION OF THE “EP REINVESTMENT ZONE”

P&M JONES FAMILY RANCH, INC.

DESCRIPTION FOR A PROPOSED SITE

BEING A 100.00 ACRE (4,356,368 SQUARE FEET) PROPOSED SITE LOCATED IN THE TEXAS AND PACIFIC RAILWAY COMPANY SURVEY, ABSTRACT NO. 91, SECTION NO. 47, BLOCK 54 T2, BEING CONVEYED TO P&M JONES FAMILY RANCH, INC., RECORDED IN VOLUME 75, PAGE 857 OF THE OFFICIAL PUBLIC RECORDS OF LOVING COUNTY, TEXAS (O.P.R.L.C.TX.), SAID 100.00 ACRE SITE BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 5/8-inch iron rod with a yellow cap stamped “SAM LLC” set in said Section 47 for the most easterly northeast corner of the herein described site, same being in the west line of a called 15.53 acre tract of land also known as County Road 300 (120-foot wide right-of-way), recorded in Document No. 2014-1766, O.P.R.L.C.TX., from which a 2-inch iron rod with an aluminum cap stamped “RPLS 5627” found at the northeast corner of said Section 47 bears, North 61°57’16” East, a distance of 2359.88 feet, said **POINT OF BEGINNING**, having grid coordinates of N=11537635.56, E=2067895.34.

THENCE, over and across said Section 47 the following six (6) courses and distances:

South 21°35’43” East, along the west line of said County Road 300, a distance of 1,654.58 feet to a 5/8-inch iron rod with a yellow cap stamped “SAM LLC” set for the southeast corner of the herein described site;

North 90°00’00” West, leaving said west line of said County Road 300, a distance of 2,909.85 feet to a 5/8-inch iron rod with a yellow cap stamped “SAM LLC” set for the southwest corner of the herein described site;

North 00°00’00” East, a distance of 1,747.11 feet to a 5/8-inch iron rod with a yellow cap stamped “SAM LLC” set for the northwest corner of the herein described site;

North 90°00’00” East, a distance of 1,782.74 feet to a 5/8-inch iron rod with a yellow cap stamped “SAM LLC” set for the most northerly northeast corner of the herein described site;

South 21°33’57” East, a distance of 384.51 feet to a 5/8-inch iron rod with a yellow cap stamped “SAM LLC” set for an inner ell corner of the herein described site;

North 68°26’03” East, a distance of 405.18 feet to the POINT OF BEGINNING, containing 100.00 acres (4,356,368 square feet) of land, more or less.

This description contains a total of 100.00 acres (4,356,368 square feet) of land, more or less.

Notes

- 1) Bearings are based upon UTM Zone 13 North, NAD83, as established by GPS observations tied to the NGS CORS network and are used to denote angles only. Distances stated herein are grid measurements, U.S. Survey Feet.
- 2) Description is based upon observable field evidence, prior surveys, and documents of record.

**GUIDELINES AND
CRITERIA FOR GRANTING TAX
ABATEMENT IN REINVESTMENT
ZONES CREATED BY
LOVING COUNTY, TEXAS
MAY 14th, 2018**

May 2018

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

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

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

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

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

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

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

SECTION 1 – DEFINITIONS

- A. ABATEMENT: The full or partial exemption from ad valorem taxes of certain property in a reinvestment zone for economic development purposes.
- B. ABATEMENT AGREEMENT: A contract between a property owner and Loving County for the Abatement of tax on qualified Real Property located within the Reinvestment Zone, or Tangible Personal Property, or both, as authorized by V.T.C.A., Tax Code, Section 312.204.
- C. BASE YEAR VALUE: The assessed value of eligible property January 1 preceding the execution of an Abatement Agreement as herein defined, plus (if applicable) the agreed upon value of eligible property improvements made after January 1 but before the execution of an Abatement Agreement.
- D. DEFERRED MAINTENANCE: Improvements necessary for continued operation which do not improve productivity or alter the process of technology.
- E. DISTRIBUTION CENTER FACILITY: A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.
- F. EXPANSION OF EXISTING FACILITIES OR STRUCTURES: The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.

- G. EXISTING FACILITY OR STRUCTURE: A facility as of the date of execution of the Abatement Agreement, located in or on Real Property eligible for tax abatement.
- H. FACILITY: The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be placed in or on said Real Property.
- I. IMPROVEMENTS TO REAL PROPERTY OR IMPROVEMENTS: The construction, addition to, structural upgrading or, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
- J. MANUFACTURING FACILITY: A facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
- K. MODERNIZATION means the complete or partial reconstruction or installation of a facility similar or expanded production capacity. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. Modernization is not the repair or reconditioning of machinery or building.
- L. NEW FACILITY: The construction of a Facility on previously undeveloped Real Property eligible for tax abatement.
- M. NEW PERMANENT JOB: A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement.
- N. OTHER BASIC INDUSTRY: A facility other than a distribution center facility, a regional service facility or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities and services a market of which fifty percent (50%) of revenues come from outside of Loving County.
- O. OWNER: The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from a public entity, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
- P. PRODUCTIVE LIFE: The number of years a Facility is expected to be in service.
- Q. REAL PROPERTY: Land on which Improvements are to be made or fixtures placed.
- R. REGIONAL SERVICES FACILITY: A Facility, the primary purpose of which is to service or repair goods or materials and which creates Job opportunities with Loving County
- S. REINVESTMENT ZONE: Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.
- T. RENEWABLE POWER FACILITY AND FIXTURES A facility and fixtures associated therewith which is or will be used for the primary purpose of the production of electricity from a renewable fuel source such as wind and solar.
- U. TANGIBLE PERSONAL PROPERTY: Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility

SECTION 2 - ABATEMENT AUTHORIZED

- A. ELIGIBLE FACILITIES Upon application, eligible facilities shall be considered for Tax Abatement as hereinafter provided:
- 1) Distribution Center Facilities;
 - 2) Manufacturing Facilities;
 - 3) Regional Services Facilities;
 - 4) Oil & Gas Processing and Field Services;
 - 5) Renewable Power Facility and Fixtures;
 - 6) Any other industry that Loving County, through its Commissioners Court determines will add to the County's economic base and result in the creation of new permanent jobs within Loving County
- B. CREATION OF NEW VALUE Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the property owner or lessee and Loving County subject to such limitations as Loving County may require.
- C. EXISTING AND NEW FACILITIES for the purpose of modernization or expansion, existing or new facilities may be granted Tax Abatement.
- D. ELIGIBLE PROPERTY Abatement may be granted to the value of buildings, structures, fixed machinery and equipment, size improvements and related fixed improvements necessary to the operation and administration of the facility.
- E. PARTIALLY ELIGIBLE Partially eligible for abatements are modernization projects which are intended to replace existing equipment or facilities when the existing equipment and facilities will be removed, thus eliminating existing value from the tax rolls. In this event, the value of the existing facility and equipment shall be frozen at the time of the abatement agreement and shall be frozen throughout the abatement period. The eligible abatable value of the new project shall be the difference between the total new investment amount and the existing tax value of the equipment and/or facility to be removed.
- F. INELIGIBLE PROPERTY The following types of property shall be fully taxable and ineligible for Tax Abatement: land, supplies, inventories, furnishings, and other forms of movable personal property, housing, Deferred Maintenance, property to be rented or leased except for as provided in Section 2 (g) and property with a productive life of less than ten (10) years.
- G. LEASED FACILITIES If a new facility is to be constructed by a third party for lease to an eligible applicant for abatement, then the building owner may also be eligible for abatement or other agreement may be executed and signed by the lessor and lessee.
- H. ECONOMIC QUALIFICATION In order to be eligible to receive Tax Abatement, the planned improvement must have an increased ad valorem tax value of \$ 150,000,000 based upon the Loving County Appraisal District assessment of eligible property and must add at least (10) new permanent jobs, unless the Commissioners Court approves an exception to the minimum jobs requirement due to the nature of the improvement. It must retain, increase or create payroll on a permanent basis. A company meeting the criteria and guidelines for tax abatement, as set forth herein, shall be eligible for tax abatement as follows:

Capital Investment	Or	Jobs Created	Max. Term	Abatement
\$25,000,000—		10-20.	5 Years	20%-30%
\$50,000,000—		21-35	10 Years	20% - 60%
\$101,000,000 or more		36 or more	10 Years	30%- 70%

The foregoing table is intended to be a general guideline; however, the Commissioners Court at its discretion may agree to Tax Abatement percentages and maximum terms greater than those set forth above.

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

SECTION 3 – APPLICATION

- A. If a request for Tax Abatement is not in an existing Reinvestment Zone, an application must be made to Loving County for creating a Reinvestment Zone. The written application must contain a plat with means and bounds or lot and block or section and block description of the Reinvestment Zone. The application shall be accompanied by an application fee of one thousand dollars (\$1,000) as authorized by Section 312.002(e) of the Texas Tax Code.
- B. An application for Tax Abatement must contain the following: a general description of the proposed use and general nature and extent of modernization, expansion or improvements to be undertaken, a description of the improvements, a map and description of the property, and a time schedule for undertaking and completing the improvements, and the investment for each stage of the improvements with proof of adequate financing. The application should contain information contained in Sec 2(1)
- C. Loving County shall give notice as provided by the Texas Property Tax Code, i.e. (1) written notice shall be given to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located no later than that seventh day before the public hearing before the Governing Body of Loving County, and (2) publication shall be made in a newspaper of general circulation within such taxing jurisdiction no later than the seventh day before the public hearing. Loving County, through public hearing, shall afford the applicant, the designated representatives of the governing bodies, and other interested parties, referenced herein, a chance to show cause why Abatement should or should not be granted.

SECTION 4 - RECAPTURE

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

SECTION 5 – ADMINISTRATION

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

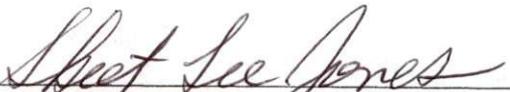
SECTION 6 – AGREEMENT

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

SECTION 7 - SUNSET PROVISION

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

PASSED AND ADOPTED ON THIS THE 14th DAY OF MAY, 2018.


The Honorable Skeet Jones
Loving County Judge

Attest:


County Clerk



SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here

Scotty Carman
Print Name (Authorized School District Representative)

Superintendent of Schools
Title

sign here

[Handwritten Signature]
Signature (Authorized School District Representative)

8-22-18
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here

Curt Tate
Print Name (Authorized Company Representative (Applicant))

Senior Tax Director
Title

sign here

[Handwritten Signature]
Signature (Authorized Company Representative (Applicant))

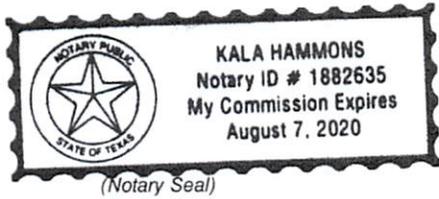
August 20, 2018
Date

GIVEN under my hand and seal of office this, the

20th day of August, 2018

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

My Commission expires: 8/7/2020



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