

# O'HANLON, DEMERATH & CASTILLO

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

**JUSTIN DEMERATH**

**BENJAMIN CASTILLO**

October 16, 2018

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

RE: Amendment001 to the Andrews Independent School District from  
Lapetus Energy Project LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed is Amendment001 to Andrews ISD from Lapetus Energy Project, LLC.

The Following Changes have been made:

1. Schedule B was reviewed by the company.
2. Maps have been updated.
3. Section 14, Q 9 & 10: Wages and Schedule C were updated.
4. Section 10, Q4: Verified Tax Rate

Please do not hesitate to call with any questions.

Sincerely,



Kevin O'Hanlon  
School District Consultant

Cc: Lapetus Energy Project, LLC  
Andrews County Appraisal District

Texas Comptroller of Public Accounts

Data Analysis and  
 Transparency  
 Form 50-296-A

SECTION 9: Projected Timeline

- 1. Application approval by school board ..... 9/2018
- 2. Commencement of construction ..... 3/2019
- 3. Beginning of qualifying time period ..... 01/31/2019
- 4. First year of limitation ..... 2020
- 5. Begin hiring new employees ..... 4/2019
- 6. Commencement of commercial operations ..... 12/2019
- 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? .....  Yes  No
- Note:** Improvements made before that time may not be considered qualified property.
- 8. When do you anticipate the new buildings or improvements will be placed in service? ..... 12/2019

SECTION 10: The Property

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

County: <u>Andrews County, \$0.5189, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: _____ <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>ACHD, \$0.48455, 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: _____ <small>(Name, tax rate and percent of project)</small>
Other (describe): _____ <small>(Name, tax rate and percent of project)</small>	Other (describe): _____ <small>(Name, tax rate and percent of project)</small>
- 5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No
  - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No
  - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

**NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/).

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 30,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? ..... 30,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? .....  Yes  No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
  - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 7);
  - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (Tab 7); and
  - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (Tab 11).
- 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

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SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? ..... 0
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2018  
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? ..... 1
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes     No
  - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
  - a. Average weekly wage for all jobs (all industries) in the county is ..... 1,208.50
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 1,055.45
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,154.56
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? ..... 60,033.60
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 61,000.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? .....  Yes     No
  - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes     No
  - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

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

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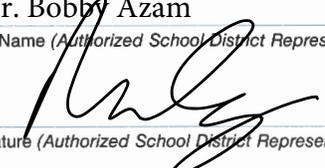
SECTION 16: Authorized Signatures and Applicant Certification

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** → Dr. Bobby Azam Superintendent  
Print Name (Authorized School District Representative) Title

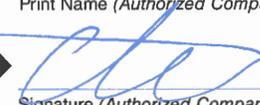
**sign here** →  16 October 2018  
Signature (Authorized School District Representative) Date

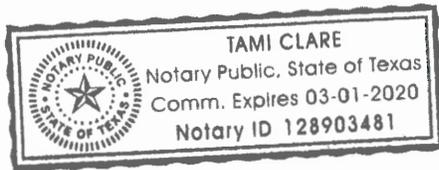
2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

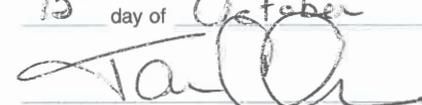
**print here** → Clay Butler President  
Print Name (Authorized Company Representative (Applicant)) Title

**sign here** →  10/15/2018  
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

15<sup>th</sup> day of October, \_\_\_\_\_  
  
 Notary Public in and for the State of Texas

My Commission expires: 3.1.20

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.

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

Date **9/4/2018**  
 Applicant Name **Lapetus Energy Project, LLC**  
 ISD Name **Andrews ISD**

**Form 50-296A**

*Revised May 2014*

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019				0	0	0	0
	0	2019-2020				120,000,000	120,000,000	120,000,000	30,000,000
Value Limitation Period	1	2020-2021	2020	0	250,000	120,000,000	120,250,000	120,250,000	30,000,000
	2	2021-2022	2021	0	237,500	102,000,000	102,237,500	102,237,500	30,000,000
	3	2022-2023	2022	0	225,625	86,700,000	86,925,625	86,925,625	30,000,000
	4	2023-2024	2023	0	214,344	73,695,000	73,909,344	73,909,344	30,000,000
	5	2024-2025	2024	0	203,627	62,640,750	62,844,377	62,844,377	30,000,000
	6	2025-2026	2025	0	193,445	53,244,638	53,438,083	53,438,083	30,000,000
	7	2026-2027	2026	0	183,773	45,257,942	45,441,715	45,441,715	30,000,000
	8	2027-2028	2027	0	174,584	38,469,251	38,643,835	38,643,835	30,000,000
	9	2028-2029	2028	0	165,855	32,698,863	32,864,718	32,864,718	30,000,000
	10	2029-2030	2029	0	157,562	27,794,034	27,951,596	27,951,596	30,000,000
Continue to maintain viable presence	11	2030-2031	2030	0	149,684	24,000,000	24,149,684	24,149,684	24,149,684
	12	2031-2032	2031	0	142,200	24,000,000	24,142,200	24,142,200	24,142,200
	13	2032-2033	2032	0	135,090	24,000,000	24,135,090	24,135,090	24,135,090
	14	2033-2034	2033	0	128,336	24,000,000	24,128,336	24,128,336	24,128,336
	15	2034-2035	2034	0	121,919	24,000,000	24,121,919	24,121,919	24,121,919
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035	0	115,823	24,000,000	24,115,823	24,115,823	24,115,823
	17	2036-2037	2036	0	110,032	24,000,000	24,110,032	24,110,032	24,110,032
	18	2037-2038	2037	0	104,530	24,000,000	24,104,530	24,104,530	24,104,530
	19	2038-2039	2038	0	99,304	24,000,000	24,099,304	24,099,304	24,099,304
	20	2039-2040	2039	0	94,338	24,000,000	24,094,338	24,094,338	24,094,338
	21	2040-2041	2040	0	89,621	24,000,000	24,089,621	24,089,621	24,089,621
	22	2041-2042	2041	0	85,140	24,000,000	24,085,140	24,085,140	24,085,140
	23	2042-2043	2042	0	80,883	24,000,000	24,080,883	24,080,883	24,080,883
	24	2043-2044	2043	0	76,839	24,000,000	24,076,839	24,076,839	24,076,839
	25	2044-2045	2044	0	72,997	24,000,000	24,072,997	24,072,997	24,072,997

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

**Schedule C: Employment Information**

Date 9/4/2018  
Applicant Name Lapetus Energy Project, LLC  
ISD Name Andrews

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018					
	0	2019-2020	2019	250	50,000			
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2020-2021	2020				1	61,000.00
	2	2021-2022	2021				1	61,000.00
	3	2022-2023	2022				1	61,000.00
	4	2023-2024	2023				1	61,000.00
	5	2024-2025	2024				1	61,000.00
	6	2025-2026	2025				1	61,000.00
	7	2026-2027	2026				1	61,000.00
	8	2027-2028	2027				1	61,000.00
	9	2028-2029	2028				1	61,000.00
	10	2029-2030	2029				1	61,000.00
Years Following Value Limitation Period	11 through 25						1	61,000.00

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

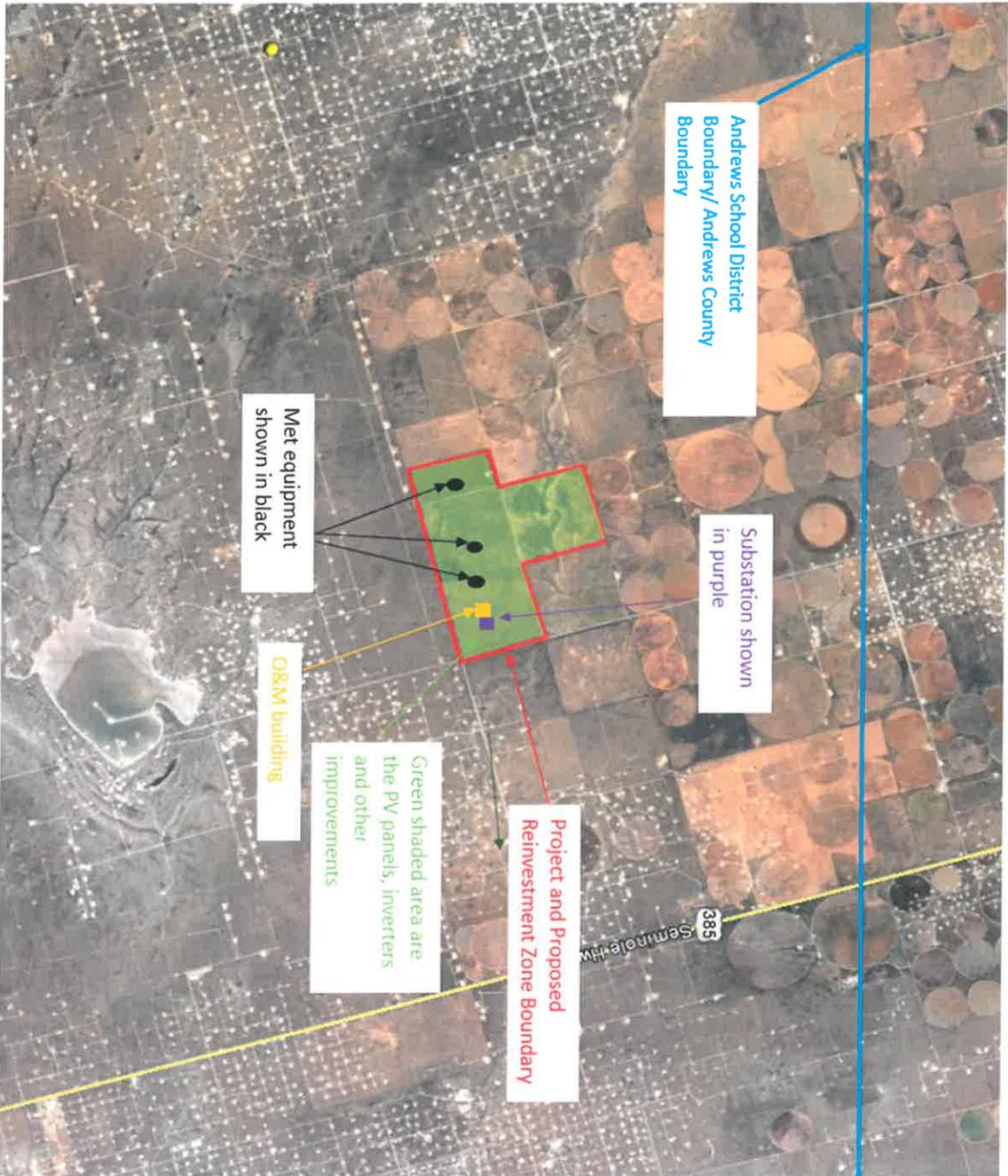
**TAB 11**

**Maps that clearly show:**

**Project vicinity, Qualified Investment & Property, Existing Property, Land Location, and Reinvestment Zone**

*See Attached Maps*

Map of Qualified Investment and Qualified Property



Project Vicinity Map and Reinvestment Zone Boundary



Andrews School District  
Boundary/ Andrews County  
Boundary