

**FINDINGS OF THE ANGLETON  
INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
MARKWEST ENERGY WEST TEXAS GAS  
COMPANY, LLC (#1360)**



October 21, 2019

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ENERGY WEST TEXAS GAS COMPANY, LLC (#1360)

*STATE OF TEXAS* §

*COUNTY OF BRAZORIA* §

On October 21, 2019, a public meeting of the Board of Trustees of the Angleton Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of MarkWest Energy West Texas Gas Company, LLC (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On April 1, 2019, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Application was determined to be complete as of June 16, 2019. A copy of the Application, as amended, is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32057041306), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Brazoria County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on August 16, 2019, in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

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

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

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

**Board Finding Number 1.**

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

In support of Finding 1, the Application indicates that:

MarkWest Energy West Texas Gas Company, LLC is requesting an appraised value limitation from Angleton Independent School District for a fractionation plant in Brazoria County, Texas. The fractionation plant will receive a mixed NGL stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline. The resulting purity products will be sold as products for others to use as raw materials in various downstream products.

**Board Finding Number 2.**

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

**Board Finding Number 3.**

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

**Board Finding Number 4.**

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

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

**Board Finding Number 5.**

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

In its Application, the Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs must be at least \$66,222 per year. The review of the application by the Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(5)(B) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

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

**Board Finding Number 6.**

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

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For any non-qualifying jobs the Applicant should create, the Applicant

will be required to pay at least the county average wage of \$59,177 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

**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.**

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$708 million to the tax base that would be available for debt service purposes at the peak investment level for the 2025-26 school year. An expansion of the I&S tax base creates the potential of a benefit for the District and its taxpayers in meeting its debt-service obligations for school district bonds.

**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 suggest little underlying enrollment growth based on the impact of the project.**

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

**Board Finding Number 9.**

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

**Board Finding Number 10.**

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

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

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

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

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of

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

**Board Finding Number 11.**

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2018 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year (**Attachment E**). The total industrial value for the District is \$1,083,420,630. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Given that the value of industrial property is \$200 million or more, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

**Board Finding Number 12.**

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

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

**Board Finding Number 13.**

**The Applicant (Taxpayer No. 32057041306) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer No. 32057041306), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

**Board Finding Number 14.**

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

**Board Finding Number 15.**

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

In support of this finding, the finance report prepared by Moak, Casey & Associates, Inc. for the amended application shows that the District will incur revenue losses in the initial three years under House Bill 3 that the value limitation is in effect without the proposed Agreement under current law. With this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

**Board Finding Number 16.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for**

**achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.**

**Board Finding Number 17.**

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/Home/Index/217>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

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

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

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

**Board Finding Number 18.**

**The Board directs that a link on its Website be established to the Comptroller's Office Website where appraisal-limitation-related documents are made available to the public.**

**Board Finding Number 19.**

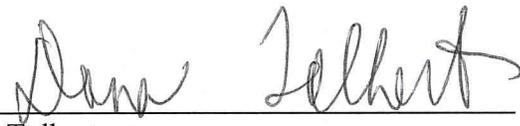
**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

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

Dated the 21<sup>st</sup> day of October 2019.

ANGLETON INDEPENDENT SCHOOL DISTRICT

By:   
Regina Bieri  
President, Board of Trustees

ATTEST:  
By:   
Dana Tolbert  
Secretary, Board of Trustees

Attachment A

Application

# O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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

April 24, 2019

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

RE: Application to the Angleton Independent School District from MarkWest Energy West Texas Gas Company, L.L.C.

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Angleton Independent School District is notifying MarkWest Energy West Texas Gas Company, L.L.C, of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant submitted the Application to the school district on April 1<sup>st</sup>, 2019. The Board voted to accept the application on April 16<sup>th</sup>, 2019. The application has been determined complete as of April 24<sup>th</sup>, 2019. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered.

The Applicant has requested that Tabs 4, 7, 8 and 11, specifically the detailed layout of the planned manufacturing plant, be kept confidential until such time the Board votes to approve the application. In accordance with 34 TAC 9.1053, the information that is the subject of this request is segregated from the materials submitted contemporaneously with this application, that is, the proprietary commercial information regarding the competitive siting decisions for the possible project and proprietary information regarding the proposed layout of the project. The confidential materials are being submitted separately to protect against unintended disclosure. The maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project and the nature of the business that will be conducted at the site. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110.

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

Sincerely,



Kevin O'Hanlon  
School District Consultant

Cc: Brazoria County Appraisal District  
MarkWest Energy West Texas Gas  
Company, L.L.C.

# **MARKWEST**

Energy West Texas Gas Company, L.L.C.

CHAPTER 313 APPLICATION TO ANGLETON ISD

# MARKWEST

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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# **MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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Schedules A1, A2, B, C and D completed and signed Economic Impact *(if applicable)*

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Economic Impact Analysis, other payments made in the state or other economic information *(if applicable)*

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Description of Reinvestment or Enterprise Zone

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**MARKWEST**  
Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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**TAB 1**

Pages 1 through 9 of Application

See Attached

# Application for Appraised Value Limitation on Qualified Property

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

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

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

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
  - the date on which the school district received the application;
  - the date the school district determined that the application was complete;
  - the date the school board decided to consider the application; and
  - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/). There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SECTION 1: School District Information

### 1. Authorized School District Representative

April 1, 2019

Date Application Received by District

Phil

First Name

Edwards

Last Name

Superintendent

Title

Angleton Independent School District

School District Name

1900 N. Downing Road

Street Address

1900 N. Downing Road

Mailing Address

Angleton

City

979-864-8000

Phone Number

TX

State

979-864-8070

Fax Number

77515

ZIP

egardner@angletonisd.net

Email Address

Mobile Number (optional)

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

Yes

No

**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

<u>Dan</u> First Name	<u>Casey</u> Last Name
<u>Partner</u> Title	
<u>Moak, Casey &amp; Associates</u> Firm Name	
<u>512-485-7878</u> Phone Number	<u>512-485-7888</u> Fax Number
	<u>dcasey@moakcasey.com</u> Email Address
<u>Mobile Number (optional)</u>	
4. On what date did the district determine this application complete? .....	<u>4/24/2019</u>
5. Has the district determined that the electronic copy and hard copy are identical? .....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

<u>Nicole</u> First Name	<u>Busey</u> Last Name
<u>Assistant Secretary</u> Title	<u>MarkWest Energy West Texas Gas Company, L.L.C.</u> Organization
<u>539 South Main Street</u> Street Address	
<u>539 South Main Street</u> Mailing Address	
<u>Findlay</u> City	<u>OH</u> State
<u>419-421-2687</u> Phone Number	<u>45840</u> ZIP
	<u>419-420-1443</u> Fax Number
	<u>nmbusey@marathonpetroleum.com</u> Business Email Address
<u>Mobile Number (optional)</u>	
2. Will a company official other than the authorized company representative be responsible for responding to future information requests? .....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

2a. If yes, please fill out contact information for that person.

<u>Kyle</u> First Name	<u>Benschoter</u> Last Name
<u>Tax Agent</u> Title	<u>MarkWest Energy West Texas Gas Company, L.L.C.</u> Organization
<u>539 South Main Street</u> Street Address	
<u>539 South Main Street</u> Mailing Address	
<u>Findlay</u> City	<u>OH</u> State
<u>419-421-3695</u> Phone Number	<u>45840</u> ZIP
	<u>419-420-1443</u> Fax Number
	<u>kbenschoter@marathonpetroleum.com</u> Business Email Address
<u>Mobile Number (optional)</u>	

3. Does the applicant authorize the consultant to provide and obtain information related to this application? .....

Yes  No

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Trey  
First Name  
Principal  
Title  
Ryan LLC  
Firm Name  
512-960-1129  
Phone Number  
trey.novosad@ryan.com  
Business Email Address

Novosad  
Last Name  
512-476-0033  
Fax Number

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district?  Yes  No  
 The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.  
 1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.
- For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.
2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? MarkWest Energy West Texas Gas Company, L.L.C.
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32057041306
3. List the NAICS code 325120
4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 4a. If yes, please list application number, name of school district and year of agreement  
N/A

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No  
 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

<input checked="" type="checkbox"/> Land has no existing improvements	<input 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.

**SECTION 9: Projected Timeline**

1. Application approval by school board ..... 2nd Qtr 2019
2. Commencement of construction ..... 4th Qtr 2020
3. Beginning of qualifying time period ..... January 1, 2022
4. First year of limitation ..... January 1, 2024
5. Begin hiring new employees ..... December 2021
6. Commencement of commercial operations ..... April 2022
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? ..... 2nd Qtr 2022

**SECTION 10: The Property**

1. Identify county or counties in which the proposed project will be located ..... Brazoria County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Brazoria 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: Brazoris County, .367914, 100% City: N/A  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Hospital District: N/A Water District: Alvin C&R Dist #3, .15000, 100%  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Other (*describe*): Alvin CC, .187775, 100% Other (*describe*): Brazoria County R&B .06, 100%  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No  
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No  
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

**SECTION 11: Investment**

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

**SECTION 12: Qualified Property**

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
  - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
  - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
  - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
  
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)?  Yes  No
  - 2a. If yes, attach complete documentation including:
    - a. legal description of the land (Tab 9);
    - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
    - c. owner (Tab 9);
    - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
    - e. a detailed map showing the location of the land with vicinity map (Tab 11).
  
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?  Yes  No
  - 3a. If yes, attach the applicable supporting documentation:
    - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
    - b. legal description of reinvestment zone (Tab 16);
    - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
    - d. guidelines and criteria for creating the zone (Tab 16); and
    - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
  - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? 3rd Qtr 2019

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

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
  - a. maps and/or detailed site plan;
  - b. surveys;
  - c. appraisal district values and parcel numbers;
  - d. inventory lists;
  - e. existing and proposed property lists;
  - f. model and serial numbers of existing property; or
  - g. other information of sufficient detail and description.
  
4. Total estimated market value of existing property (that property described in response to question 1): ..... \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
  
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): ..... \$ 0.00

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

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? ..... 0
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2019  
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? ..... 10
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes  No
  - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
  - a. Average weekly wage for all jobs (all industries) in the county is ..... 1,135.00
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 2,611.00
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,274.00
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 66,222.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 66,222.00
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**.

**MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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**TAB 2**

Proof of Payment of Application Fee

See Attached

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

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

# **MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## **TAB 3**

Documentation of Combined Group Membership Under Texas Tax Code 171.0001(7),  
History of Tax Default, Delinquencies and/or Material Litigation *(if applicable)*

See Attached

### Texas Franchise Tax Public Information Report

To be filed by Corporations, Limited Liability Companies (LLC), Limited Partnerships (LP),  
Professional Associations (PA) and Financial Institutions

Tcode 13196

Taxpayer number

Report year

You have certain rights under Chapter 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at 1-800-252-1381.

32057041306

2018

Taxpayer name MarkWest Energy West Texas Gas Co, LLC			<input type="checkbox"/> Check box if the mailing address has changed.
Mailing address 200 East Hardin St			Secretary of State (SOS) file number or Comptroller file number
City Findlay	State OH	ZIP code plus 4 45840	

Check box if there are currently no changes from previous year; if no information is displayed, complete the applicable information in Sections A, B and C.

Principal office 200 East Hardin Street	Findlay	OH 45840
Principal place of business 200 East Hardin Street	Findlay	OH 45840

You must report officer, director, member, general partner and manager information as of the date you complete this report.

**Please sign below!** This report must be signed to satisfy franchise tax requirements.



#### SECTION A Name, title and mailing address of each officer, director, member, general partner or manager.

Name See Attached Statement	Title	Director <input type="checkbox"/> YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director <input type="checkbox"/> YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code
Name	Title	Director <input type="checkbox"/> YES	Term expiration m m d d y y
Mailing address	City	State	ZIP Code

#### SECTION B Enter information for each corporation, LLC, LP, PA or financial institution, if any, in which this entity owns an interest of 10 percent or more.

Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership
Name of owned (subsidiary) corporation, LLC, LP, PA or financial institution	State of formation	Texas SOS file number, if any	Percentage of ownership

#### SECTION C Enter information for each corporation, LLC, LP, PA or financial institution, if any, that owns an interest of 10 percent or more in this entity.

Name of owned (parent) corporation, LLC, LP, PA or financial institution MarkWest Energy Operating Company, LLC	State of formation DE	Texas SOS file number, if any	Percentage of ownership 100
Registered agent and registered office currently on file. (see instructions if you need to make changes) Agent: CT Corporation		You must make a filing with the Secretary of State to change registered agent, registered office or general partner information.	
Office: 350 North St. Paul St.	City Dallas	State TX	ZIP Code 75201

The information on this form is required by Section 171.203 of the Tax Code for each corporation, LLC, LP, PA or financial institution that files a Texas Franchise Tax Report. Use additional sheets for Sections A, B, and C, if necessary. The information will be available for public inspection.

I declare that the information in this document and any attachments is true and correct to the best of my knowledge and belief, as of the date below, and that a copy of this report has been mailed to each person named in this report who is an officer, director, member, general partner or manager and who is not currently employed by this or a related corporation, LLC, LP, PA or financial institution.

sign here	Kathleen A. Smoktonowicz	Title Tax Agent	Date 11/13/2018	Area code and phone number 419-421-2630
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Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	PIR IND	<input type="checkbox"/>
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# MARKWEST

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## TAB 4

### Detailed Description of the Project

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new NGL Fractionation plant in Brazoria County, Texas.

The fractionation plant will receive a mixed NGL stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline.

Fractionation will be accomplished using heat, pressure and a series of distillation towers. The proposed fractionator will include a deethanizer, depropanizer, debutanizer and a deisobutanizer. The resulting purity products will be sold as products to others to use as raw materials in various downstream process.

#### Equipment List

- Distillation Towers
- Heaters
- Coolers
- Pumps
- Compression Equipment
- DCS
- Valves
- Piping

**TAB 5**

Documentation to Assist in Determining if Limitation is a Determining Factor

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

NO

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

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

MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations.

The Appraised Value Limitation from AISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location.

As an example, Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana.

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

# MARKWEST

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## TAB 6

Description of how project is located in more than one district, including list percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor  
*(if applicable)*

<u>Tax Entity</u>	<u>2018 Tax Rate</u>
100% Brazoria County	0.367914
100% Road & Bridge Fund	0.060000
100% Alvin Community College	0.187775
100% Brazoria County Conservation & Reclamation District #3 (Alvin)	0.150000

# MARKWEST

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## TAB 7

### Description of Qualified Investment

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new NGL Fractionation plant in Brazoria County, Texas.

The fractionation plant will receive a mixed NGL stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline.

Fractionation will be accomplished using heat, pressure and a series of distillation towers. The proposed fractionator will include a deethanizer, depropanizer, debutanizer and a deisobutanizer. The resulting purity products will be sold as products to others to use as raw materials in various downstream process.

#### Equipment List

- Distillation Towers
- Heaters
- Coolers
- Pumps
- Compression Equipment
- DCS
- Valves
- Piping

# MARKWEST

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## TAB 8

### Description of Qualified Property

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new NGL Fractionation plant in Brazoria County, Texas.

The fractionation plant will receive a mixed NGL stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline.

Fractionation will be accomplished using heat, pressure and a series of distillation towers. The proposed fractionator will include a deethanizer, depropanizer, debutanizer and a deisobutanizer. The resulting purity products will be sold as products to others to use as raw materials in various downstream process.

#### Equipment List

- Distillation Towers
- Heaters
- Coolers
- Pumps
- Compression Equipment
- DCS
- Valves
- Piping

**MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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**TAB 9**

Description of Land

N/A

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Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## **TAB 10**

Description of all property not eligible to become qualified property *(if applicable)*

Not Applicable to this project.

All property will be eligible to become qualified property.

**TAB 11**

Maps of Project

Maps that clearly show:

- a) Project vicinity
  - a. **Confidential Map**
- b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period
  - a. Confidential Map
- c) Qualified property including location of new buildings or new improvements
  - a. Confidential Map
- d) Existing property
  - a. No existing property. See Tab #10.
- e) Land location with vicinity map
  - a. Confidential Map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size
  - a. Confidential Map

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Energy West Texas Gas Company, L.L.C.  
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## **TAB 12**

Request for Waiver of Job Creation Requirement and Supporting Information *(if applicable)*

Not applicable to this project.

# **MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## **TAB 13**

### Calculation of Three Possible Wage Requirements with TWC Documentation

- 1) Brazoria County average weekly wage for all jobs (all industries)
- 2) Brazoria County average weekly wage for all jobs (manufacturing)
- 3) Council of Government Regional Wage Calculation and Documentation

See Attached

# MARKWEST

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

## Brazoria County Chapter 313 Wage Calculation – All Jobs, All Industries

Year	Quarter	Average Weekly Wages*	Annualized
2018	First	\$1,206	\$62,712
2018	Second	\$1,097	\$57,044
2018	Third	\$1,100	\$57,200
2017	Fourth	\$1,137	\$59,124
<b>Average</b>		<b>\$1,135</b>	<b>\$59,020</b>

## Brazoria County Chapter 313 Wage Calculation – Manufacturing Jobs

Year	Quarter	Average Weekly Wages*	Annualized
2018	First	\$ 2,962	\$ 154,024
2018	Second	\$ 2,108	\$ 109,616
2018	Third	\$ 2,077	\$ 108,004
2017	Fourth	\$ 2,350	\$ 122,200
<b>Average</b>		<b>\$ 2,374.25</b>	<b>\$ 123,461</b>
	X	110%	110%
		<b>\$ 2,611.68</b>	<b>\$ 135,807.36</b>

## Chapter 313 Wage Calculation – Regional Wage Rate

Year	Average Weekly Wages*	Annualized	
2017	\$ 1,157.73	\$ 60,202	
	X 110%		
		<b>\$ 1,273.50</b>	<b>\$ 66,222.20</b>

\*See attached TWC Documentation

## Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2018	01	Brazoria	Total All	10	Total, All Industries	0	1,206
2018	02	Brazoria	Total All	10	Total, All Industries	0	1,097
2018	03	Brazoria	Total All	10	Total, All Industries	0	1,100

Showing 3 items



## Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2017	04	Brazoria	Total All	10	Total, All Industries	0	1,137

Showing 1 items



## Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2018	01	Brazoria	Total All	31-33	Manufacturing	2	2,962
2018	02	Brazoria	Total All	31-33	Manufacturing	2	2,108
2018	03	Brazoria	Total All	31-33	Manufacturing	2	2,077

Showing 3 items



### Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

<u>Year</u>	<u>Period</u>	<u>Area</u>	<u>Ownership</u>	<u>Industry Code</u>	<u>Industry</u>	<u>Level</u>	<u>Average Weekly Wage</u>
2017	04	Brazoria	Total/All	31-33	Manufacturing	2	2,350

Showing 1 items



Follow the

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

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$26.24</b>	<b>\$54,587</b>
<a href="#">1. Panhandle Regional Planning Commission</a>	\$23.65	\$49,190
<a href="#">2. South Plains Association of Governments</a>	\$19.36	\$40,262
<a href="#">3. NORTEX Regional Planning Commission</a>	\$23.46	\$48,789
<a href="#">4. North Central Texas Council of Governments</a>	\$26.80	\$55,747
<a href="#">5. Ark-Tex Council of Governments</a>	\$18.59	\$38,663
<a href="#">6. East Texas Council of Governments</a>	\$21.07	\$43,827
<a href="#">7. West Central Texas Council of Governments</a>	\$21.24	\$44,178
<a href="#">8. Rio Grande Council of Governments</a>	\$18.44	\$38,351
<a href="#">9. Permian Basin Regional Planning Commission</a>	\$26.24	\$54,576
<a href="#">10. Concho Valley Council of Governments</a>	\$19.67	\$40,924
<a href="#">11. Heart of Texas Council of Governments</a>	\$21.53	\$44,781
<a href="#">12. Capital Area Council of Governments</a>	\$31.49	\$65,497
<a href="#">13. Brazos Valley Council of Governments</a>	\$17.76	\$36,931
<a href="#">14. Deep East Texas Council of Governments</a>	\$17.99	\$37,428
<a href="#">15. South East Texas Regional Planning Commission</a>	\$34.98	\$72,755
<a href="#">16. Houston-Galveston Area Council</a>	<b>\$28.94</b>	<b>\$60,202</b>
<a href="#">17. Golden Crescent Regional Planning Commission</a>	\$26.94	\$56,042
<a href="#">18. Alamo Area Council of Governments</a>	\$22.05	\$45,869
<a href="#">19. South Texas Development Council</a>	\$15.07	\$31,343
<a href="#">20. Coastal Bend Council of Governments</a>	\$28.98	\$60,276
<a href="#">21. Lower Rio Grande Valley Development Council</a>	\$17.86	\$37,152
<a href="#">22. Texoma Council of Governments</a>	\$21.18	\$44,060
<a href="#">23. Central Texas Council of Governments</a>	\$19.30	\$40,146
<a href="#">24. Middle Rio Grande Development Council</a>	\$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.

**MARKWEST**  
Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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**TAB 14**

Schedules A1, A2, B, C and D completed and signed Economic Impact *(if applicable)*

See Attached

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

Date **4/16/2019**  
 Applicant Name **MarkWest Energy West Texas Gas Company, L.L.C**  
 ISD Name **Angleton ISD**

Form 50-296A  
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	Column B New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Column C Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E <b>Total Investment</b> (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.]	0
Investment made after filing complete application with district, but before final board approval of application	--		2020	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				25,000,000	Qualified Investment	Qualified Investment	0	25,000,000
Complete tax years of qualifying time period	QTP1	2021-2022	2021	375,000,000	Qualified Investment	Qualified Investment	0	375,000,000
	QTP2	2022-2023	2022	60,000,000	Qualified Investment	Qualified Investment	0	60,000,000
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				460,000,000	0	0	0	460,000,000
<b>Total Qualified Investment (sum of green cells)</b>				460,000,000				

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)**

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year YYYY)	Column A New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	Column B New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Column C Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Column D Other investment made during this year that will become Qualified Property [SEE NOTE]	Column E Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	<b>TOTALS FROM SCHEDULE A1</b>		460,000,000	0	0	0	460,000,000
Enter amounts from TOTAL row in Schedule A1 in the row below								
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2021-2022	2021		0	0	0	
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2022-2023	2022		0	0	0	
Value limitation period***	1	2023-2024	2023	0	0	0	0	0
	2	2024-2025	2024	0	0	0	0	0
	3	2025-2026	2025	0	0	0	0	0
	4	2026-2027	2026	0	0	0	0	0
	5	2027-2028	2027	0	0	0	0	0
	6	2028-2029	2028	0	0	0	0	0
	7	2029-2030	2029	0	0	0	0	0
	8	2030-2031	2030	0	0	0	0	0
	9	2031-2032	2031	0	0	0	0	0
	10	2032-2033	2032	0	0	0	0	0
<b>Total Investment made through limitation</b>				460,000,000	0	0	0	460,000,000
Continue to maintain viable presence	11	2033-2034	2033			0		0
	12	2034-2035	2034			0		0
	13	2035-2036	2035			0		0
	14	2036-2037	2036			0		0
	15	2037-2038	2037			0		0
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2038-2039	2038			0		0
	17	2039-2040	2039			0		0
	18	2040-2041	2040			0		0
	19	2041-2042	2041			0		0
	20	2042-2043	2042			0		0
	21	2043-2044	2043			0		0
	22	2044-2045	2044			0		0
	23	2045-2046	2045			0		0
	24	2046-2047	2046			0		0
	25	2047-2048	2047			0		0

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

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

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

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

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

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

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

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

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

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

Date **4/16/2019**  
 Applicant Name **MarkWest Energy West Texas Gas Company, L.L.C.**  
 ISD Name **Angeleton 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	2020-2021	2020	0	0	0			
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	0	0	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	0	0	\$ 350,000,000	\$ 350,000,000	\$ 350,000,000	\$ 350,000,000
Value Limitation Period	1	2023-2024	2023	0	0	\$ 400,000,000	\$ 380,000,000	\$ 380,000,000	\$ 30,000,000
	2	2024-2025	2024	0	0	\$ 380,000,000	\$ 361,000,000	\$ 361,000,000	\$ 30,000,000
	3	2025-2026	2025	0	0	\$ 361,000,000	\$ 342,950,000	\$ 342,950,000	\$ 30,000,000
	4	2026-2027	2026	0	0	\$ 342,950,000	\$ 325,803,000	\$ 325,803,000	\$ 30,000,000
	5	2027-2028	2027	0	0	\$ 325,802,500	\$ 309,512,000	\$ 309,512,000	\$ 30,000,000
	6	2028-2029	2028	0	0	\$ 309,512,000	\$ 294,036,000	\$ 294,036,000	\$ 30,000,000
	7	2029-2030	2029	0	0	\$ 294,036,000	\$ 279,334,000	\$ 279,334,000	\$ 30,000,000
	8	2030-2031	2030	0	0	\$ 279,334,000	\$ 265,367,000	\$ 265,367,000	\$ 30,000,000
	9	2031-2032	2031	0	0	\$ 265,367,000	\$ 252,099,000	\$ 252,099,000	\$ 30,000,000
	10	2032-2033	2032	0	0	\$ 252,099,000	\$ 239,494,000	\$ 239,494,000	\$ 30,000,000
Continue to maintain viable presence	11	2033-2034	2033	0	0	\$ 239,494,000	\$ 227,519,000	\$ 227,519,000	\$ 227,519,000
	12	2034-2035	2034	0	0	\$ 227,519,000	\$ 216,143,000	\$ 216,143,000	\$ 216,143,000
	13	2035-2036	2035	0	0	\$ 216,143,000	\$ 205,336,000	\$ 205,336,000	\$ 205,336,000
	14	2036-2037	2036	0	0	\$ 205,336,000	\$ 195,069,000	\$ 195,069,000	\$ 195,069,000
	15	2037-2038	2037	0	0	\$ 195,069,000	\$ 185,316,000	\$ 185,316,000	\$ 185,316,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2038-2039	2038	0	0	\$ 185,316,000	\$ 176,050,000	\$ 176,050,000	\$ 176,050,000
	17	2039-2040	2039	0	0	\$ 176,050,000	\$ 167,248,000	\$ 167,248,000	\$ 167,248,000
	18	2040-2041	2040	0	0	\$ 167,248,000	\$ 158,886,000	\$ 158,886,000	\$ 158,886,000
	19	2041-2042	2041	0	0	\$ 158,886,000	\$ 150,942,000	\$ 150,942,000	\$ 150,942,000
	20	2042-2043	2042	0	0	\$ 150,942,000	\$ 143,395,000	\$ 143,395,000	\$ 143,395,000
	21	2043-2044	2043	0	0	\$ 143,395,000	\$ 136,225,000	\$ 136,225,000	\$ 136,225,000
	22	2044-2045	2044	0	0	\$ 136,225,000	\$ 129,414,000	\$ 129,414,000	\$ 129,414,000
	23	2045-2046	2045	0	0	\$ 129,414,000	\$ 122,943,000	\$ 122,943,000	\$ 122,943,000
	24	2046-2047	2046	0	0	\$ 122,943,000	\$ 116,796,000	\$ 116,796,000	\$ 116,796,000
25	2047-2048	2047	0	0	\$ 116,796,000	\$ 110,956,000	\$ 110,956,000	\$ 110,956,000	

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 **4/16/2019**  
 Applicant Name **MarkWest Energy West Texas Gas Company, L.L.C**  
 ISD Name **Angleton ISD**

**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 Number of Construction FTE's or man-hours (specify)	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E 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	2021-2022	2021	100 FTE	66,500	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	500 FTE	66,500	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2023-2024	2023	100 FTE	66,500	0	0	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2024-2025	2024	N/A	N/A	0	10	66,500
	2	2025-2026	2025	N/A	N/A	0	10	66,500
	3	2026-2027	2026	N/A	N/A	0	10	66,500
	4	2027-2028	2027	N/A	N/A	0	10	66,500
	5	2028-2029	2028	N/A	N/A	0	10	66,500
	6	2029-2030	2029	N/A	N/A	0	10	66,500
	7	2030-2031	2030	N/A	N/A	0	10	66,500
	8	2031-2032	2031	N/A	N/A	0	10	66,500
	9	2032-2033	2032	N/A	N/A	0	10	66,500
Years Following Value Limitation Period	11 through 25	2034-2048	2034-2048	N/A	N/A	0	10	66,500

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

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

**Schedule D: Other Incentives (Estimated)**

Date  
 Applicant Name  
 ISD Name

4/16/2019

MarkWest Energy West Texas Gas Company, L.L.C.  
 Angleton 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: Brazoria	2023	7 Years	\$ 1,278,000	\$ 700,000	\$ 578,000
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
<b>TOTAL</b>						

Additional information on incentives for this project: Applicant is seeking a 7 Year 100% abatement from Brazoria County

# **MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## **TAB 15**

Economic Impact Analysis, other payments made in the state or other economic information  
*(if applicable)*

Not applicable to this project.

# **MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## **TAB 16**

### Description of Reinvestment or Enterprise Zone

#### Guidelines and Criteria

- Evidence that the area qualifies as an enterprise zone as defined by the Governor's office
- Legal description of reinvestment zone
- Order, resolution of ordinance establishing the reinvestment zone
- Guidelines and criteria for creating the zone

See Attached.

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT  
IN A REINVESTMENT ZONE CREATED IN BRAZORIA COUNTY**

**WHEREAS**, the creation, retention and diversification of job opportunities that bring new wealth are among the highest civic priority; and

**WHEREAS**, the purpose of tax abatement is to provide an incentive offered by the tax-payers, i.e. citizens of Brazoria County, to attract investments, that lead to better quality of life and better services. The wealth created by these enterprises leads to more service and retail businesses, which in addition to improving quality of life, increases the tax base. In summary, by giving incentive in terms of tax abatement, the citizens agree to give up short term tax benefits, for long term benefits; and

**WHEREAS**, new jobs, investment and industrial diversification will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

**WHEREAS**, the communities within Brazoria County must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects; and

**WHEREAS**, any tax incentives offered in Brazoria County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

**WHEREAS**, the abatement of property taxes, when offered to attract capital investment and primary jobs in industries which bring in money from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area of economy; and

**WHEREAS**, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatement agreements prior to granting of any future tax abatement, and said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-quarters vote;

Now, therefore, be it resolved that Brazoria County does hereby adopt these Guidelines and Criteria for granting tax abatement in reinvestment zones in Brazoria County.

**DEFINITIONS Section 1**

- (a) "Abatement" means the full or partial exemption from ad valorem taxes on certain property in a reinvestment zone designated by Brazoria County for economic development purposes.
- (b) "Abatement Period" means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.
- (c) "Abated Facility Site" (or "proposed abated facility site") means the tract(s) or area of land underlying the proposed improvements to be abated.
- (d) "Agreement" means a contractual agreement between a property owner and/or lessee and Brazoria County for the purpose of tax abatement.

- (e) "Base year value" means the assessed value of eligible property January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1 but before the execution of the agreement.
- (f) "Brazoria County Vendor and Services" means a company that employs Brazoria County residents and pays Brazoria County taxes.
- (g) "Deferred maintenance" means the improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (h) "Distribution Center Facility" means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service, or distribute goods or materials owned by the facility operator where seventy percent (70%) of the goods or services are distributed outside of Brazoria County.
- (i) "Economic Development" means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in Brazoria County, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Brazoria County.
- (j) "Eligible jurisdiction" means Brazoria County and any municipality or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in Brazoria County that levies ad valorem taxes upon and provides services to reinvestment zone designated by Brazoria County.
- (k) "Employee" for the purposes of the economic qualifications of Section 2(h)(2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.
- (l) "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (h) (2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.
- (m) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (n) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.

- (o) "Manufacturing Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (p) "Modernization" means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing.
- (q) "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (r) "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside Brazoria County.
- (s) "Productive Life" means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at County's election, on the date of cessation of production either upon (1) a determination by the County that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the "productive life" will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.
- (t) "Qualified Vendors and Services" means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.
- (u) "Regional Entertainment Facility" means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where seventy percent (70%) of users reside at least 50 miles from its location in Brazoria County.
- (v) "Research Facility" means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (w) "Regional Service Facility" means buildings and structures, including machinery and equipment, used or to be used to service goods where seventy percent (70%) of the goods being serviced originate outside of Brazoria County.
- (x) "Tangible personal property" means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the reinvestment zone at any time before the period covered by the agreement with the County.

## **ABATEMENT AUTHORIZED Section 2**

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Distribution Center or Regional Service Facility, Regional Entertainment Facility, Other Basic Industry, or a facility that Commissioners Court determines would enhance job creation and the economic future of Brazoria County.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Brazoria County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Brazoria County may require.
- (c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

**Tangible Personal Property:** Abatement may be granted with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the real property, (2) all or a portion of the value of the tangible personal property located on the real property, or (3) all or a portion of the value of both.

An abatement may be granted with the owner of tangible personal property or an improvement located on tax-exempt real property that is located in a designated reinvestment zone to exempt all or a portion of the value of the tangible personal property or improvement located on the real property.

- (e) **Ineligible Property.** The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Brazoria County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, convalescent homes, assisted living homes/centers, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, property already subject to real or personal property tax(es) moved from one location in Brazoria County to the reinvestment zone, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by State law.
- (f) **Leased Facilities. Leasehold Interest:** Abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property.

**Lessee Interest:** Abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation (1) all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to

the lease, (2) all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or (3) all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

Leasehold Interest/Lessee shall be required to submit with its application a copy of the executed lease agreement between lessor/lessee demonstrating a minimum lease term double the abatement term granted.

- (g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court Order granting the abatement and approving the abatement application. Commissioners Court shall consider the percent of value and the term of the abatement based upon the overall value of the project and the number of new jobs being created. The term of abatement may be up to 10 years or one-half (1/2) of the productive life of the improvement, whichever is less. The “productive life” will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1 following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years. However, in no event shall the abatement begin later than the January 1 following the commencement of construction.

If a modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

New eligible properties must be in active service and operation as part of a facility operating in a producing capacity for a period equal to double the abatement period (*i.e.* seven year abatement, then in producing capacity for 14 years) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions.

- (h) Economic Qualification. In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:
- (1) must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;
  - (2) must create employment for at least 10 people on a full-time (40 hours per week equivalent) basis in Brazoria County for the duration of the abatement period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of 10 employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:

a. "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 10 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that produces chlorine and 100 employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/reinvestment zone shall be considered "created" employment for purposes of this sub-section.

The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/Applicant seeking to qualify on the basis of retention or preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of Commissioners Court in accordance with the variance section of these Guidelines & Criteria.

(3) must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.

(4) must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

(5) must provide for and pay, at the time of filing an application for tax abatement, a non-refundable application fee of \$1,000. A part of the application fee will be dedicated by Brazoria County to economic development programs authorized by Local Government Code, Section 381.004.

(6) must file a plan statement with application demonstrating willingness and planned efforts to use qualified Brazoria County union and/or nonunion vendors and services where applicable in the

construction and operations of the facility. Brazoria County vendors and services must be competitive with non-county union and/or nonunion vendors and services regarding price, quality, safety, availability and ability to perform. It is preferred that applicant seek qualified workers who are United States citizens and veterans and also legal residents prior to seeking workers from other countries.

- (7) will annually, for the term of the abatement, contribute .000207 of the value reported in "Part IV Section F" of the abatement application (estimated value of abated improvements at the conclusion of the abatement period). Air carriers receiving abatement will contribute an amount equal to .000207 of the estimated value of the personal property of the air carrier indicated in its Application. Each project will contribute no more than \$25,000 for projects \$500 million or less in capital investment and no more than \$50,000 for project greater than \$500 million in capital investment nor less than \$2,000 annually to be used specifically to fund economic development in Brazoria County as authorized by Local Government Code, Section 381.004. The annual contribution shall be paid to Brazoria County through the County Auditor's Office on or before January 1 of each year of the tax abatement contract term.
- (8) must not file with the Brazoria County Appraisal District a valuation or taxpayer protest or notice of protest pursuant to the Texas Property Tax Code during the abatement period legally protesting the valuation of the abated improvements of a manufacturing facility pursuant to an appraisal method that produces a valuation of improvements based on each improvement's value as a separate item of personal property rather than the improvements' value as integral fixtures of a producing manufacturing facility. An owner's legal protest of the improvements' value pursuant to the Texas Property Tax Code must be based on and use accepted appraisal methods and techniques allowed by law (Texas Property Tax Code) and uniform standards of professional appraisal practice. The filing of a valuation protest or notice of protest contrary to this standard shall cause the tax abatement agreement to be subject to termination and recapture of all previously abated taxes.
- (9) must not be a defendant in any litigation by the County seeking recovery or recapture of previously abated taxes.
- (10) Will be wholly responsible for all County roads and right-of-way (including bridges, culverts, ditches, etc.) and damages caused thereto as a result of the construction of an on-going maintenance and operations of the Abated Facility Site as well as associated facilities to the Abated Facility Site, including but not limited to, the following:
  - Cost to maintain the roads, if needed, utilized for construction of the Abated Facility Site in an effort to keep the road safe for the traveling public will be tracked by the County and invoiced on a regular basis to the Abatee.
  - Cost to reconstruct the roadway, if needed, will be actual cost to repair the County roads and right-of way incurred by the County and invoiced to the Abatee. These costs will include all construction costs as well as all related professional services for the repair work.
  - Abatee shall coordinate with the County Engineering Department regarding any and all use of County roads and right-of-way for construction, maintenance and operation of Abated Facility Site in accordance with County regulations in place for use of County facilities.

- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Section 2(e) shall be fully taxable;
  - (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
  - (3) the additional value of new eligible property shall be taxable in the manner described in Section 2(g).

### **APPLICATION Section 3**

- (a) The Application for tax abatement may be obtained from the County Judge's Office or on the Brazoria County website at [www.brazoria-county.com](http://www.brazoria-county.com). Applicant may contact the Judge's Office at (979) 864-1200 or (281) 756-1200.
- (b) Any present or potential owner of taxable property in Brazoria County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Brazoria County. The application shall be filed with the County Judge by providing twelve (12) copies or an electronic version and five (5) copies. The additional copies provided will be furnished to each member of Commissioners Court and the Tax Abatement Review Committee (TARC). After filing the application, the Applicant shall provide an economic impact analysis report, in a format comparable to the Texas Governor's economic impact analysis report, to the County Judge's Office prior to the TARC meeting on the Applicant's tax abatement application.
- (c) The application shall consist of a completed application form accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernizing, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form shall require such financial and other information as Brazoria County deems appropriate for evaluating the financial capacity and other factors of the Applicant. Applicant should not submit confidential information as part of the application. If doing so cannot be avoided, a general description in non-confidential terms should be included on the application, along with a sealed document containing the confidential information as an attachment and clearly marked "CONFIDENTIAL".
- (d) Upon receipt of a completed application, the County Judge shall notify in writing the presiding officer of the governing body of each eligible jurisdiction. Before acting upon the application, Brazoria County Commissioners' Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on a Brazoria County notice to be posted at least 30 days prior to the hearing.

- (e) After receipt of an application for creation of a reinvestment zone and application for abatement, the Tax Abatement Review Committee (TARC) shall prepare a feasibility study setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall include, but not be limited to, an estimate of the economic effect of the creation of the zone and the abatement of taxes and the benefit to the eligible jurisdiction and the property to be included in the zone. The economic impact analysis report provided by the Applicant shall be attached to the feasibility study and included as part of the feasibility study report.
- (f) If upon written request for a legal opinion or interpretation from the Commissioners' Court or its members, the legal counsel for Brazoria County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed for a period of at least thirty days from the scheduled date of public hearing to allow time for further review by the Commissioners' Court or any duly appointed review committee, or if an initial setting has not been made, the hearing on such application shall be set on the Commissioners' Court agenda no sooner than sixty (60) days from the time the Court enters an order to set the public hearing date.

The Applicant shall file a supplement or addendum to its application to show cause why the application should be approved and shall present reasons at the public hearing on the same.

Provided that any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an application complies or does not comply with the guidelines and criteria; and any final decision as to whether to grant or deny tax abatement shall be made by the Commissioners' Court at its sole discretion.

- (g) Brazoria County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) (b) (e) (g), (h) (1), (h) (2) and/or (h) (3) of Section 2 may be made in written form to the County Judge with a copy forwarded to the TARC. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4/5) vote of the Commissioners Court.
- (i) Special Variance: Air Carriers. A special variance from all applicable provisions of these guidelines and criteria, with the exception of Section 2 (h) (5) and (h) (7) may be granted allowing abatement or partial abatement of ad valorem taxes on the personal property of a certificated or non-certificated air carrier that owns or leases taxable real property in Brazoria County provided that the personal property has a value of at least \$10,000,000. Approval of a request for this variance requires a three-fourth (3/4) vote of the Commissioners Court.

#### **APPROVAL - Section 4**

- (a) Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
  - (1) there would be a substantial adverse effect on the provision of government service or tax base;

- (2) the Applicant has insufficient financial capacity;
- (3) planned or potential use of the property would constitute hazard to public safety, health or morals; or,
- (4) violation of other codes or laws.

**AGREEMENT Section 5**

- (a) After approval, Brazoria County Commissioners' Court shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:
  - (1) estimated value to be abated and the base year value;
  - (2) percent of value to be abated each year as provided in Section 2(g);
  - (3) the commencement date and the termination date of abatement;
  - (4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provided in Application, Sections II and III;
  - (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections 2(a), 2(f), 2(g), 2(h) 6, 7, and 8;
  - (6) size of investment and average number of jobs involved for the period of abatement; and
  - (7) provision that Applicant shall annually furnish information necessary for Brazoria County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria (in the form of an annual report/statement of compliance), together with an additional provision that Brazoria County may, at its election, request and obtain information from Applicant as is necessary for the County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria. See Attachment A.
  - (8) provision that, upon expiration of the tax abatement agreement, Applicant shall begin annually reporting the status of the abated improvements regarding active service and operation as part of a facility operating in a producing capacity. Reporting will be for the same amount of years as the tax abatement period (*e.g.* seven year abatement, then follow-up reporting for seven more years). See Attachment B.
- (b) Such agreement shall be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to Brazoria County.

## **RECAPTURE Section 6**

- (a) In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the county may elect to: (1) Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes; (2) Declare a default, terminate the agreement and order a recapture of all or part of the previous years' abated taxes; or (3) Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.
- (b) Should Brazoria County determine that the company or individual is in default according to the terms and conditions of its agreement, Brazoria County shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement may be terminated.
- (c) In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.
- (d) Failure to provide any requested statement or information pursuant to the provisions described in Section 5(a)(7) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the County's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

## **ADMINISTRATION Section 7**

- (a) The Chief Appraiser of the County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which levy taxes on the amount of the assessment.
- (b) The agreement shall stipulate that TARC of Brazoria County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.

(c) Tax Abatement Review Committee:

The Commissioners' Court shall appoint a standing Tax Abatement Review Committee (TARC) for purposes of (i) reviewing the tax abatement application and preparing the feasibility study report required by Section 3(d) of these guidelines; (ii) conducting annual inspections and/or evaluations of the abated facilities to insure compliance with the terms/conditions of the tax abatement agreement.

(d) The Tax Abatement Review Committee shall be comprised of, but not limited to, a representative appointed by each Commissioners' Court member. The County Auditor, County Treasurer, District Attorney representative, and County Tax Assessor Collector shall serve as ex-officio members of the Committee to advise on abatement qualifications and procedures. The County Judge and the Commissioner of the Precinct in which a proposed abated facility will be located will serve on the Committee during the period when the Committee is preparing the feasibility study report and conducting the annual inspection and/or evaluation of the facility.

(e) Upon commencement of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Brazoria County Commissioners' Court and the Tax Abatement Review Committee clearly detailing the status of the facility and how it is complying with the abatement guidelines. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment A to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment A form.

(f) Upon expiration of the Tax Abatement term, the owner of the abated improvements must submit a written report/statement of compliance annually, beginning January 1 after the expiration of the tax abatement term, documenting that the abated improvements remain in active service and operation as part of a facility operating in a producing capacity for an additional period equal to the abatement period granted and completed (*e.g.* seven year abatement, then in producing capacity for an additional 7 years after expiration of the tax abatement agreement) in order to receive the full term of the abatement granted and not be subject to the term reduction and recapture/payment obligation provisions. The Report shall be delivered to the County Judge. The Committee shall annually evaluate each abated facility and report possible violations to the contract and agreement to the Brazoria County Commissioners' Court. A form of annual report that may be used by the owner is attached as Attachment B to these Guidelines & Criteria, and the owner's annual report shall, at a minimum, contain the information shown in the Attachment B form.

(g) The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

### **ASSIGNMENT Section 8**

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of Brazoria County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Brazoria County. No assignment or transfer shall be approved if the new parties to the existing agreement, the new owner or new lessee are liable to Brazoria County or any eligible jurisdiction for delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

## **PROVISIONS REGARDING CITY-INITIATED ABATEMENTS Section 9**

- (a) This section is applicable to tax abatement applications for property located in a reinvestment zone designated by a city and applications by Applicants who have previously entered into a tax abatement agreement with a city regarding that property.
- (b) All provisions of these Guidelines & Criteria are applicable to city-initiated reinvestment zones and abated areas within a city's territorial limits unless otherwise stated herein or provided by law.
- (c) An Applicant shall file a tax abatement application on the County's application form together with all attachments and statements described in the application instructions and in subsection (d) herein below.
- (d) Upon receipt of a tax abatement application applicable to property within a city-designated reinvestment zone subject to a city's tax abatement agreement, the application shall be reviewed for approval as to (a) correct application form, (b) represented compliance with economic value estimates and employment criteria of Section 2(h) of the Guidelines & Criteria, (c) legal description requirements, (d) attachment of a correct copy of the city's ordinance designating the area as a reinvestment zone and granting abatement and (e) attachment of a correct copy of the fully executed tax abatement agreement between the city and the Applicant.
- (e) After review (and subject to approval of the matters in (d) above) and meeting of the TARC, the application will be placed on the next Commissioners Court meeting for consideration. If there are any compliance problems with the application (including any problems to be resolved or amendments to the application to be made), the County Judge and Precinct Commissioners shall be advised of these compliance problems/matters to be resolved in a memo from the Civil Division-District Attorney's Office. No Application shall be placed on the Agenda if the application fails to attach both the ordinance designating reinvestment zone and the copy of the fully executed tax abatement agreement between the city and the Applicant, or which is deficient as to application form or legal description. In such case the Applicant shall be informed of the necessity of attaching those documents or making necessary corrections, and there will be no further processing of the application until the same are received.
- (f) The notice provisions of Section 3(d) are not applicable to an application under this section.
- (g) The percentage of property value abated and the term of abatement shall be the same as that stated in the city's tax abatement agreement unless otherwise specifically ordered in the Commissioners Court order granting abatement.

## **SUNSET PROVISION Section 10**

- (a) These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Brazoria County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the

expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.

- (b) This policy is mutually exclusive of existing Industrial District Contracts and owners of real property in areas deserving of special attention as agreed by the eligible jurisdictions.
- (c) These guidelines and policies for Tax Abatement shall be effective May 31, 2018, and shall remain in force until May 31, 2020, unless amended or superseded, modified, renewed, or eliminated by Commissioners Court prior to that date.

# ATTACHMENT A

(TO THE BRAZORIA COUNTY GUIDELINES & CRITERIA FOR GRANTING TAX  
ABATEMENT)

*(This form is located at [www.brazoria-county.com](http://www.brazoria-county.com) )*

ANNUAL REPORT FORM

**ANNUAL REPORT**  
PURSUANT TO SECTION 5(a)(7) AND 7(e) OF  
THE BRAZORIA COUNTY GUIDELINES &  
CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

\_\_\_\_\_ (Company/Owner Name)

REINVESTMENT ZONE (RZ) NO. \_\_\_\_\_ (Number of RZ, if applicable)

1. Commencement and/or completion date of the contemplated improvements described in the tax abatement agreement.

Date of commencement of construction: \_\_\_\_\_

Date of completion all contemplated improvements: \_\_\_\_\_

2. Number of permanent employees, contract employees and temporary contract employees currently employed by you at the tax abated facility location or construction site as of the date of this Report. (See definitions below).

Permanent Employees: \_\_\_\_\_

\*Permanent Contract Employees \_\_\_\_\_

(\* List contract employees employed on a full-time, 40 hours per week equivalency basis and who are expected to be employed on a full-time basis for the duration of the abatement period. Do not include temporary contract employees.)

\*\*Temporary Contract Employees \_\_\_\_\_

(\*\*List temporary contract employees who are employed for a temporary period ending prior to expiration of the tax abatement term)

3. Status of construction of the contemplated improvements, percentage of construction completed and Owner's estimate of taxable value of constructed improvements on the date of the Report.

Percentage of construction completed: \_\_\_\_\_

Estimated value of Improvements: \_\_\_\_\_

As of \_\_\_\_\_

4. Status of production of the completed facility and the productive service capacity of the improvements. (*only applicable to a completed facility that has previously commenced production*)

Is the abated facility currently producing the product or similar product described in the tax abatement agreement?

**Check One**  
( ) Yes or ( ) No

If the answer to the above question is "No", please state the date or time period when production ceased and attach a narrative explanation of the reason for cessation of production as Attachment B.

\_\_\_\_\_

If production at this abated facility is shut down, please state the expected date or time period, if any, at which/during which you expect the facility to resume production operations. If you do not expect to resume production at this abated facility, please state "plant closed" in the blank space.

\_\_\_\_\_

State your estimate of the expected productive life of the abated facility and its improvements as measured from the beginning date of production until the expected permanent cessation of production (*or in other words*, the total number of years, if any, that you expect the abated facility improvements to be in service as part of the operations of a producing facility, including in your total any previous years of production prior to the date of this report.)

\_\_\_\_\_

5. Include a narrative of your use of Brazoria County vendors and services and attach the same as Attachment A to this Report.

Is the narrative on use of Brazoria County vendors and Services attached?

**Check One**  
( ) Yes or ( ) No

To the best of my knowledge, the above information and estimates are true and correct.

Owner: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title/Position \_\_\_\_\_

Date: \_\_\_\_\_

# ATTACHMENT B

(TO THE BRAZORIA COUNTY GUIDELINES & CRITERIA FOR GRANTING TAX  
ABATEMENT)

*(This form is located at [www.brazoria-county.com](http://www.brazoria-county.com))*

REPORT FORM  
After the initial term of the  
Tax Abatement Agreement

**PRODUCTIVE LIFE REPORT**  
**TAX ABATEMENT TERM COMPLETED**  
PURSUANT TO SECTION 5(a)(8) AND 7(f) OF  
THE BRAZORIA COUNTY GUIDELINES &  
CRITERIA ON TAX ABATEMENT

RE: TAX ABATEMENT AGREEMENT

\_\_\_\_\_ (Company/Owner Name)

REINVESTMENT ZONE (RZ) NO. \_\_\_\_\_ (Number of RZ, if applicable)

Effective Date of Tax Abatement: \_\_\_\_\_

1. Status of production of the completed facility and the productive service capacity of the improvements.

Is the abated facility currently producing the product or similar product described in the tax abatement agreement? **Check One**  
( ) Yes or ( ) No

If the answer to the above question is "No", please state the date or time period when production ceased and attach a narrative explanation of the reason for cessation of production as Attachment A. \_\_\_\_\_

If production at this abated facility is shut down, please state the expected date or time period, if any, at which/during which you expect the facility to resume production operations. If you do not expect to resume production at this abated facility, please state "plant closed" in the blank space. \_\_\_\_\_

State your estimate of the expected productive life of the abated facility and its improvements as measured from the beginning date of production until the expected permanent cessation of production (*or in other words*, the total number of years, if any, that you expect the abated facility improvements to be in service as part of the operations of a producing facility, including in your total any previous years of production prior to the date of this report.) \_\_\_\_\_

To the best of my knowledge, the above information and estimates are true and correct.

Owner: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title/Position \_\_\_\_\_

Date: \_\_\_\_\_

# **MARKWEST**

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

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## **TAB 17**

Signature and Certification page signed and dated by Authorized School District Representative and Authorized Company Representative (*applicant*)

See Attached.

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** → Phil Edwards Phil Edwards Superintendent  
Print Name (Authorized School District Representative) Title

**sign here** → Regina Bieri Regina Bieri 4/16/2019  
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** → Nicole M. Busey Nicole M. Busey Assistant Secretary  
Print Name (Authorized Company Representative (Applicant)) Title

**sign here** → Nicole M. Busey Nicole M. Busey April 10, 2019  
Signature (Authorized Company Representative (Applicant)) Date



GIVEN under my hand and seal of office this, the  
10<sup>th</sup> day of April, 2019  
Rita A. Follas  
 Notary Public in and for the State of Texas- Ohio  
 My Commission Expires October 28, 2022 My Commission expires: 10-28-22

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

# O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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

May 21, 2019

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

RE: (1360) Amendment001 to the Angleton Independent School District from MarkWest Energy West Texas Gas Company, L.L.C.

To the Local Government Assistance & Economic Analysis Division:

Enclosed is Amendment001 to the Angleton Independent School District from MarkWest Energy West Texas Gas Company, L.L.C. The following changes have been made:

#### Section 9, Page 5 and Tab 14

- The timeline in Section 9 lists Jan. 1, 2022 as the beginning of QTP and the first year of the limitation as Jan. 1, 2024. When you compare the timeline to the schedules it doesn't always match up.

**Updated Section 9 to match the Schedules. QTP is 2021 & 2022. 1<sup>st</sup> year of limitation is 2023.**

- Schedule A1 lists QTP 1 as tax year 2021. The timeline lists tax year 2022. Please reconcile and submit a revised Section 9 or a revised Schedule A1

**Updated Section 9 to match the Schedules. QTP is 2021 & 2022. 1<sup>st</sup> year of limitation is 2023.**

- Schedules A2 & B lists 1<sup>st</sup> yr. of the limitation as 2023. The timeline lists tax year 2024. Please reconcile and submit a revised Section 9 or revised Schedules A2 and B.

**Updated Section 9 to match the Schedules. QTP is 2021 & 2022. 1<sup>st</sup> year of limitation is 2023.**

- According to the timeline the applicant will begin hiring employees in Dec. 2021 yet in Schedule C the first year the applicant begins hiring new qualifying jobs is tax year 2024 (first year of the limitation). Please reconcile and submit a revised Section 9 or a revised Schedule C.

**Updated Schedule C. Hiring 2 employees 2021 and 10 employees 2022.**

- Point of clarification – The timeline listed April 2022 as commencement of commercial operations. Schedule C indicates constructions will continue into tax year 2023. Are the timeline and Schedule C both correct? If not please reconcile and submit a revised Section 9 or a revised Schedule C.

**Updated Schedule C. Removed construction hours for 2023.**

#### Section 11, Page 5 and Schedule B

- The value limitation for this project is \$30 million. The Schedule B in the application does not list \$30 million; only in the excel spreadsheets. Please submit a revised Schedule B.

**Updated Schedule B to show \$30 million limitation.**

#### Section 14, Page 7 and Schedule C

- In response to question #3 zero jobs were reported. But my understanding is the company has other sites in Texas. Please re-visit this question and update accordingly.

**Mark West Energy West Texas Gas Company LLC is the applicant. The applicant does not currently have any employees in Texas. The applicant's parent company, Mark West Energy Partners LP, does have employees in Texas.**

- The committed annual wage for new qualifying jobs is listed at \$66,222 in Section 14. On Schedule C it is listed at \$66,500. Which one is correct? Please reconcile and submit a revised Section 14 or a revised Schedule C.

Updated Schedule C to \$66,222.

- FYI – Currently TWC/TRACER now has three quarters of 2018 and one quarter of 2017 wage data. During the month of May, 4<sup>th</sup> Quarter 2018 data will be released. Please be mindful if the data changes Section 14 and Tab 13 will need to be revised.

Updated TWC/TRACER to include the recently released 4<sup>th</sup> qtr 2018 data. Updated Section 14 of the application.

#### Tab 3

- While the form used is one provided by the Franchise Tax Division for purposes of our application we need an Affiliate List that shows all members of the combined group. Please resubmit using the correct form.

Updated Tab 3 to include the entire Texas Franchise Affiliate listing.

#### Tabs 4, 7 and 8

- One of the equipment items is listed as DCS. Please provide more detail for this? Included response in revised Tabs 4, 7 and 8.

Updated/Clarified the equipment list in Tabs 4, 7 & 8. DCS is an acronym for Distributed Control System.

- Please provide more detailed information regarding project feedstock and output. Included responses in revised Tabs 4, 7 and 8.

Updated the project description in Tabs 4, 7 and 8.

- Please provide information regarding possible interconnections with operations at or near the site that may impact the proposed project. Also please provide more detail about pipelines and/or other connecting infrastructure. Included responses in revised Tabs 4, 7 and 8.

Added a “logistics” section in Tabs 4, 7 & 8.

#### Tab 5

- Can you explain how the value limitation is a determining factor in applicant’s decision to locate to the project site?

Added additional clarification and justification in Tab 5.

#### Tab 11

- The vicinity map and the reinvestment zone map are items that cannot be kept confidential. Please pull these maps out the segregated materials and into the application amendment.

Removed the Confidentiality stamp on all of the maps.

- Please add a project boundary to the reinvestment zone map. A project boundary and the reinvestment zone boundary can be the same.

Updated the RZ map to include a project boundary and RZ boundary.

- Would it be possible to take QI/QP map and overlay it with a schematic of the equipment and label the equipment?

Overlaid the equipment on the QI/QP map. If you need additional detail of the schematic, please let me know and we will see what we can provide as a confidential document.

#### Signature Page

- There are two signatures listed for the Authorized School District Representative. We ask that there only be one signature listed.

Updated signature page to only include the AISD superintendent.

- Please include a new signature page. On an application amendment, we do not need an original copy.

Please see attached.

A copy of Amendment001 will be submitted to the Brazoria County Appraisal District.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written over a light blue horizontal line.

Kevin O'Hanlon  
School District Consultant

Cc: Brazoria County Appraisal District  
MarkWest Energy West Texas Gas  
Company, L.L.C.

**TAB 1**

Pages 1 through 9 of Application

See Attached

Texas Comptroller of Public Accounts

Data Analysis and Transparency Form 50-296-A

SECTION 9: Projected Timeline

- 1. Application approval by school board ..... 2nd Qtr 2019
- 2. Commencement of construction ..... 4th Qtr 2020
- 3. Beginning of qualifying time period ..... January 1, 2021
- 4. First year of limitation ..... January 1, 2023
- 5. Begin hiring new employees ..... December 2021
- 6. Commencement of commercial operations ..... April 2022
- 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? ..... 2nd Qtr 2022

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located ..... Brazoria County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Brazoria 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: Brazoris County, .367914, 100% ..... City: N/A  
(Name, tax rate and percent of project)  
 Hospital District: N/A ..... Water District: Alvin C&R Dist #3, .15000, 100%  
(Name, tax rate and percent of project)  
 Other (describe): Alvin CC, .187775, 100% ..... Other (describe): Brazoria County R&B .06, 100%  
(Name, tax rate and percent of project)
- 5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No  
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No  
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

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

## Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

## 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 2019  
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? ..... 10
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes  No
- 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
- a. Average weekly wage for all jobs (all industries) in the county is ..... 1,138.00
- b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 2,546.78
- c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,273.80
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? ..... 66,222.20
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 66,222.20
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 3**

Documentation of Combined Group Membership Under Texas Tax Code 171.0001(7),  
History of Tax Default, Delinquencies and/or Material Litigation *(if applicable)*

See Attached

TX233P01 F7.00.01

TX2018 05-166  
Ver. 9.0 (Rev. 9-16/7)

### Texas Franchise Tax Affiliate Schedule

Tcode 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MPLX LP		2. Affiliate taxpayer number (if none, use FEI number) 12700054666		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 120317	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 1737662 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Hardin Street Marine LLC		2. Affiliate taxpayer number (if none, use FEI number) 32055715430		3. Affiliate NAICS code 483000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 257254771 .00			
10. Gross receipts in Texas (before eliminations) 6040565 .00		11. Cost of goods sold or compensation (before eliminations) 90268210 .00			
1. Legal name of affiliate Hopedale Fractionation JV		2. Affiliate taxpayer number (if none, use FEI number) 364802333		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 102731 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 11873451 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at [www.comptroller.texas.gov/franchise/](http://www.comptroller.texas.gov/franchise/). An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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TX2018 05-166  
Ver. 9.0 (Rev. 9-16/7)

**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Jefferson Gas Gathering Company, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 474782379		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 42454456 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 3066742 .00			
1. Legal name of affiliate MarkWest Liberty NGL Pipeline LLC		2. Affiliate taxpayer number (if none, use FEI number) 821883261		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Marathon Pipe Line LLC		2. Affiliate taxpayer number (if none, use FEI number) 13115514401		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 536110789 .00			
10. Gross receipts in Texas (before eliminations) 15474979 .00		11. Cost of goods sold or compensation (before eliminations) 239068691 .00			

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**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number 12700054666  
Report year 2018  
Reporting entity taxpayer name MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Blackhawk, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 13001574717		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 186000 .00			
10. Gross receipts in Texas (before eliminations) 186000 .00		11. Cost of goods sold or compensation (before eliminations) 46321 .00			
1. Legal name of affiliate MarkWest Buffalo Creek Gas Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32050988065		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 56924414 .00			
10. Gross receipts in Texas (before eliminations) 1967143 .00		11. Cost of goods sold or compensation (before eliminations) 13717256 .00			
1. Legal name of affiliate MarkWest Bluestone Ethane Pipeline, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 464866522		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 124142 .00			

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. This information must be provided to satisfy franchise tax reporting requirements. Learn more at [www.comptroller.texas.gov/franchise/](http://www.comptroller.texas.gov/franchise/). An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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TX2018 05-166  
Ver. 9.0 (Rev. 9-16/7)

**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number 12700054666  
Report year 2018  
Reporting entity taxpayer name MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest EMG Jefferson Dry Gas Gathering Company,		2. Affiliate taxpayer number (if none, use FEI number) 474770219		3. Affiliate NAICS code 211110	
---	--	---	--	-----------------------------------	--

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 0 .00
---	---

10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 0 .00
--	---

1. Legal name of affiliate MarkWest Energy East Texas Gas Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 12013117069		3. Affiliate NAICS code	
--	--	---	--	-------------------------	--

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
---	---	--	--

8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 192651674 .00
---	---

10. Gross receipts in Texas (before eliminations) 192651674 .00	11. Cost of goods sold or compensation (before eliminations) 119006507 .00
--	---

1. Legal name of affiliate MarkWest Energy Appalachia, LLC (MEA)		2. Affiliate taxpayer number (if none, use FEI number) 470852385		3. Affiliate NAICS code	
---	--	---	--	-------------------------	--

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
---	--	--	--

8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 44395424 .00
---	--

10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 26463750 .00
--	--

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must submit common owner information. **This information must be provided to satisfy franchise tax reporting requirements.** Learn more at [www.comptroller.texas.gov/franchise/](http://www.comptroller.texas.gov/franchise/). An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

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VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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TX233P01 F7.00.01

TX2018 05-166  
Ver. 9.0 (Rev. 9-16/7)

**Texas Franchise Tax Affiliate Schedule**

**Tcode** 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Energy GP, LLC		2. Affiliate taxpayer number (if none, use FEI number) 10106362196		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MarkWest Energy Partners, LP		2. Affiliate taxpayer number (if none, use FEI number) 32061256767		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 50317672 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 71787238 .00			
1. Legal name of affiliate MarkWest Energy Operating Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 270005448		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 3676516 .00			

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**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number 12700054666  
Report year 2018  
Reporting entity taxpayer name MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Energy South Texas Gas Co, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 18009014160		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 7216319 .00			
10. Gross receipts in Texas (before eliminations) 7216320 .00		11. Cost of goods sold or compensation (before eliminations) 1950649 .00			
1. Legal name of affiliate MarkWest Energy West Texas Gas Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32057041306		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 16451962 .00			
10. Gross receipts in Texas (before eliminations) 16451962 .00		11. Cost of goods sold or compensation (before eliminations) 2454265 .00			
1. Legal name of affiliate MarkWest Gas Marketing, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 32037367136		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

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### Texas Franchise Tax Affiliate Schedule

Tcode 13253 Annual

Reporting entity taxpayer number 12700054666  
 Report year 2018  
 Reporting entity taxpayer name MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Gas Services, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 12617959270		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 21356276 .00			
10. Gross receipts in Texas (before eliminations) 21356273 .00		11. Cost of goods sold or compensation (before eliminations) 7582293 .00			

1. Legal name of affiliate MarkWest Hydrocarbon, LLC		2. Affiliate taxpayer number (if none, use FEI number) 18413522329		3. Affiliate NAICS code 339900	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 73786472 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 73604374 .00			

1. Legal name of affiliate MarkWestMarketing, LLC		2. Affiliate taxpayer number (if none, use FEI number) 262430225		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

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**Texas Franchise Tax Affiliate Schedule**

**Tcode** 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Javelina Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 17602637708		3. Affiliate NAICS code	
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4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 37975948 .00
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10. Gross receipts in Texas (before eliminations) 37943323 .00	11. Cost of goods sold or compensation (before eliminations) 20863683 .00
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1. Legal name of affiliate MarkWest Javelina Pipeline Company, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 32036512393		3. Affiliate NAICS code 211110	
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4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 0 .00
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10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 0 .00
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1. Legal name of affiliate MarkWest Liberty Bluestone, LLC		2. Affiliate taxpayer number (if none, use FEI number) 455100747		3. Affiliate NAICS code	
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4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 0 .00
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10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 25629783 .00
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**Texas Franchise Tax Affiliate Schedule**

**Tcode** 13253 Annual

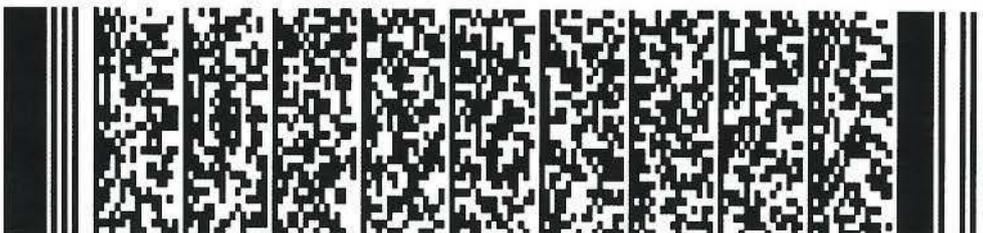
Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Liberty Ethane Pipeline, LLC		2. Affiliate taxpayer number (if none, use FEI number) 461374029		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 2043746 .00			
1. Legal name of affiliate MarkWest Liberty Gas Gathering, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 262368254		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 13911600 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MarkWest Liberty Midstream & Resources, LLC		2. Affiliate taxpayer number (if none, use FEI number) 300528059		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 175677789 .00			

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**Texas Franchise Tax Affiliate Schedule**

**Tcode** 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest McAlester, LLC		2. Affiliate taxpayer number (if none, use FEI number) 263195589		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 1030050 .00			
1. Legal name of affiliate MarkWest Mariner Pipeline, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 455147892		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 8153386 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MarkWest Michigan Pipeline Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 830375568		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 5083959 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 5207579 .00			

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**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Mountaineer Pipeline Company, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 453160452		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

1. Legal name of affiliate MarkWest New Mexico, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32036774365		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 1181904 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 202998 .00			

1. Legal name of affiliate MarkWest Ohio Fractionation Company, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 800792388		3. Affiliate NAICS code 211130	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 117129176 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 1413779 .00			

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**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number 12700054666  
 Report year 2018  
 Reporting entity taxpayer name MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Oklahoma Gas Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32037801142		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 706705361 .00			
10. Gross receipts in Texas (before eliminations) 114277093 .00		11. Cost of goods sold or compensation (before eliminations) 543681121 .00			
1. Legal name of affiliate MarkWest Panola Pipeline, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32049462305		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 3827486 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MarkWest Pinnacle, LLC		2. Affiliate taxpayer number (if none, use FEI number) 32036774357		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 6681842 .00			
10. Gross receipts in Texas (before eliminations) 6681643 .00		11. Cost of goods sold or compensation (before eliminations) 5718227 .00			

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**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Pioneer, LLC		2. Affiliate taxpayer number (if none, use FEI number) 261797105		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 8415764 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 816790 .00			
1. Legal name of affiliate MarkWest Pipeline Co, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 32036774340		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MarkWest PNG Utility, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 13001574675		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 2430839 .00			
10. Gross receipts in Texas (before eliminations) 2430838 .00		11. Cost of goods sold or compensation (before eliminations) 625303 .00			

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**Texas Franchise Tax Affiliate Schedule**

**Tcode** 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Power Tex, LLC		2. Affiliate taxpayer number (if none, use FEI number) 14505378407		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 1282091 .00			
10. Gross receipts in Texas (before eliminations) 1292062 .00		11. Cost of goods sold or compensation (before eliminations) 282790 .00			
1. Legal name of affiliate MarkWest Ranger Pipeline Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 274613260		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 6030408 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 2684721 .00			
1. Legal name of affiliate MarkWest Texas LPG Pipeline, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 32049462255		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

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**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MarkWest Texas PNG Utility, LLC		2. Affiliate taxpayer number (if none, use FEI number) 13001574683		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 2077316 .00			
10. Gross receipts in Texas (before eliminations) 2077316 .00		11. Cost of goods sold or compensation (before eliminations) 502313 .00			
1. Legal name of affiliate MarkWest Utica Operating Co, LLC		2. Affiliate taxpayer number (if none, use FEI number) 800773356		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 6966389 .00			
1. Legal name of affiliate MarkWest Utica EMG Condensate, LLC		2. Affiliate taxpayer number (if none, use FEI number) 464133941		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

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1. Legal name of affiliate MarkWest Utica EMG (HOPEDALE)		2. Affiliate taxpayer number (if none, use FEI number) 000000001		3. Affiliate NAICS code	
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4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 70181 .00
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10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 6216692 .00
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1. Legal name of affiliate MarkWest Utica EMG (REVERSE HOPEDALE & SG&A)		2. Affiliate taxpayer number (if none, use FEI number) 000000002		3. Affiliate NAICS code	
--	--	---	--	-------------------------	--

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 167353926 .00
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10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 25060922 .00
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1. Legal name of affiliate Matrex, LLC		2. Affiliate taxpayer number (if none, use FEI number) 841349848		3. Affiliate NAICS code	
---	--	---	--	-------------------------	--

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 0 .00
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10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 0 .00
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Tcode 13253 Annual

Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate MPLX DAPLETCO Holdings LLC		2. Affiliate taxpayer number (if none, use FEI number) 371849391		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 65106 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MPLX Operations LLC		2. Affiliate taxpayer number (if none, use FEI number) 364729046		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 540873575 .00			
10. Gross receipts in Texas (before eliminations) 9335240 .00		11. Cost of goods sold or compensation (before eliminations) 213223874 .00			
1. Legal name of affiliate MPLX Ozark Pipe Line LLC		2. Affiliate taxpayer number (if none, use FEI number) 815331623		3. Affiliate NAICS code 486110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 57379874 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 26905155 .00			

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Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

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1. Legal name of affiliate MPLXIF LLC		2. Affiliate taxpayer number (if none, use FEI number) 320483879		3. Affiliate NAICS code 523900	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 14444644 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MPLX Pipe Line Holdings LLC		2. Affiliate taxpayer number (if none, use FEI number) 32047767481		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 55100180 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate MPLX Terminal and Storage LLC		2. Affiliate taxpayer number (if none, use FEI number) 611683447		3. Affiliate NAICS code 493100	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 15292704 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

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Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Mule Sidetracks, LLC		2. Affiliate taxpayer number (if none, use FEI number) 463619663		3. Affiliate NAICS code	
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4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 2210 .00
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10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 0 .00
--	---

1. Legal name of affiliate Mule Tracts, LLC		2. Affiliate taxpayer number (if none, use FEI number) 454488139		3. Affiliate NAICS code	
--	--	---	--	-------------------------	--

4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 8675 .00
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10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 2773 .00
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1. Legal name of affiliate MWE GP LLC		2. Affiliate taxpayer number (if none, use FEI number) 364823037		3. Affiliate NAICS code	
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4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117
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8. Gross receipts subject to throwback in other states (before eliminations) 0 .00	9. Gross receipts everywhere (before eliminations) 0 .00
---	---

10. Gross receipts in Texas (before eliminations) 0 .00	11. Cost of goods sold or compensation (before eliminations) 0 .00
--	---

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**Texas Franchise Tax Affiliate Schedule**

Tcode 13253 Annual

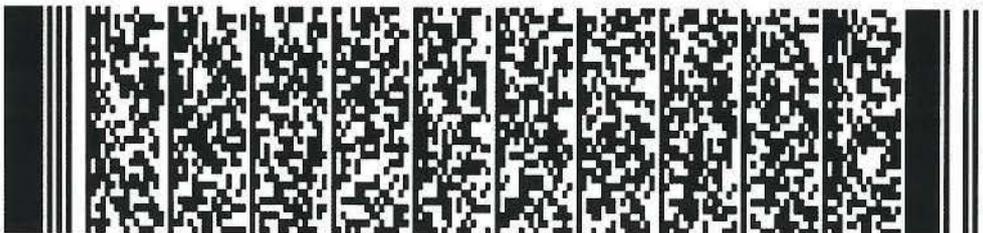
Reporting entity taxpayer number: 12700054666  
Report year: 2018  
Reporting entity taxpayer name: MarkWest Energy Partners LP

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Ohio Condensate Company, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 371744636		3. Affiliate NAICS code 211130	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 9564527 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 6201273 .00			
1. Legal name of affiliate Ohio Gathering Company, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 455446665		3. Affiliate NAICS code 211130	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 139552785 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 34061955 .00			
1. Legal name of affiliate Ohio River Pipe Line LLC		2. Affiliate taxpayer number (if none, use FEI number) 311563299		3. Affiliate NAICS code 486000	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117		7. Affiliate reporting end date m m d d y y 123117	
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 75323558 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 18816026 .00			

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Reporting entity taxpayer number: 12700054666  
Report year: 2018  
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Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

1. Legal name of affiliate Ohio Utica Jefferson Dry Gas Gathering Company, L.		2. Affiliate taxpayer number (if none, use FEI number) 474794057		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 31228145 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate Sherwood Midstream Holdings LLC		2. Affiliate taxpayer number (if none, use FEI number) 813604789		3. Affiliate NAICS code 211130	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			
1. Legal name of affiliate West Shore Processing Co, L.L.C.		2. Affiliate taxpayer number (if none, use FEI number) 760501616		3. Affiliate NAICS code 211110	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>	5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>	6. Affiliate reporting begin date m m d d y y 010117	7. Affiliate reporting end date m m d d y y 123117		
8. Gross receipts subject to throwback in other states (before eliminations) 0 .00		9. Gross receipts everywhere (before eliminations) 0 .00			
10. Gross receipts in Texas (before eliminations) 0 .00		11. Cost of goods sold or compensation (before eliminations) 0 .00			

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## TAB 4

### Detailed Description of the Project

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new "NGL" Fractionation Plant in Brazoria County, Texas on approximately 60 acres of land near an existing chemical plant.

#### Feedstock

The fractionation plant will receive a mixed Natural Gas Liquid stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline.

#### Products

Fractionation will be accomplished using heat, pressure and a series of distillation towers. The proposed fractionator will include a deethanizer, depropanizer, debutanizer and a deisobutanizer. The resulting purity products will be sold as products to others to use as raw materials in various downstream processes

#### Logistics

The fractionator will be connected via existing pipelines and new (to be built) pipelines to multiple storage caverns, plants, marine terminals, and other commercial markets located both in and outside of Brazoria County. The new (to be built) pipelines are not part of the application.

#### Equipment List

- Distillation Towers
- Heaters
- Coolers
- Pumps
- Compression Equipment
- Distributed Control System "DCS" (Computer Control)
- Valves
- Piping
- Heat Exchangers
- Flare System
- Fire Protection
- Electricity and Steam
- Waste Water Processing

## TAB 5

### Documentation to Assist in Determining if Limitation is a Determining Factor

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

NO

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

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

MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations.

The Appraised Value Limitation from AISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an example, Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana.

The project will receive natural gas via pipeline from multiple Domestic gas producers including production from West Texas and Oklahoma. The plant will produce products which are used as raw materials for other downstream products. The products will have the ability to be shipped via pipelines directly to downstream users as well as central marketing hubs. Due to the extensive existing pipeline and storage infrastructure in both Texas and Louisiana, this project could be located in either state and still have the necessary pipeline access.

The value limitation is a determining factor for several reasons, including but not limited to the following:

- a. Texas has high property tax rates when compared to Louisiana.
- b. Louisiana offers property tax exemptions for new manufacturing facilities.
- c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

**TAB 5 (continued)**

- d. There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.
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

## TAB 7

### Description of Qualified Investment

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new "NGL" Fractionation Plant in Brazoria County, Texas on approximately 60 acres of land near an existing chemical plant.

#### Feedstock

The fractionation plant will receive a mixed Natural Gas Liquid stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline.

#### Products

Fractionation will be accomplished using heat, pressure and a series of distillation towers. The proposed fractionator will include a deethanizer, depropanizer, debutanizer and a deisobutanizer. The resulting purity products will be sold as products to others to use as raw materials in various downstream processes

#### Logistics

The fractionator will be connected via existing pipelines and new (to be built) pipelines to multiple storage caverns, plants, marine terminals, and other commercial markets located both in and outside of Brazoria County. The new (to be built) pipelines are not part of the application.

#### Equipment List

- Distillation Towers
- Heaters
- Coolers
- Pumps
- Compression Equipment
- Distributed Control System "DCS" (Computer Control)
- Valves
- Piping
- Heat Exchangers
- Flare System
- Fire Protection
- Electricity and Steam
- Waste Water Processing

## TAB 8

### Description of Qualified Property

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new "NGL" Fractionation Plant in Brazoria County, Texas on approximately 60 acres of land near an existing chemical plant.

#### Feedstock

The fractionation plant will receive a mixed Natural Gas Liquid stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline.

#### Products

Fractionation will be accomplished using heat, pressure and a series of distillation towers. The proposed fractionator will include a deethanizer, depropanizer, debutanizer and a deisobutanizer. The resulting purity products will be sold as products to others to use as raw materials in various downstream processes

#### Logistics

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#### Equipment List

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- Piping
- Heat Exchangers
- Flare System
- Fire Protection
- Electricity and Steam
- Waste Water Processing

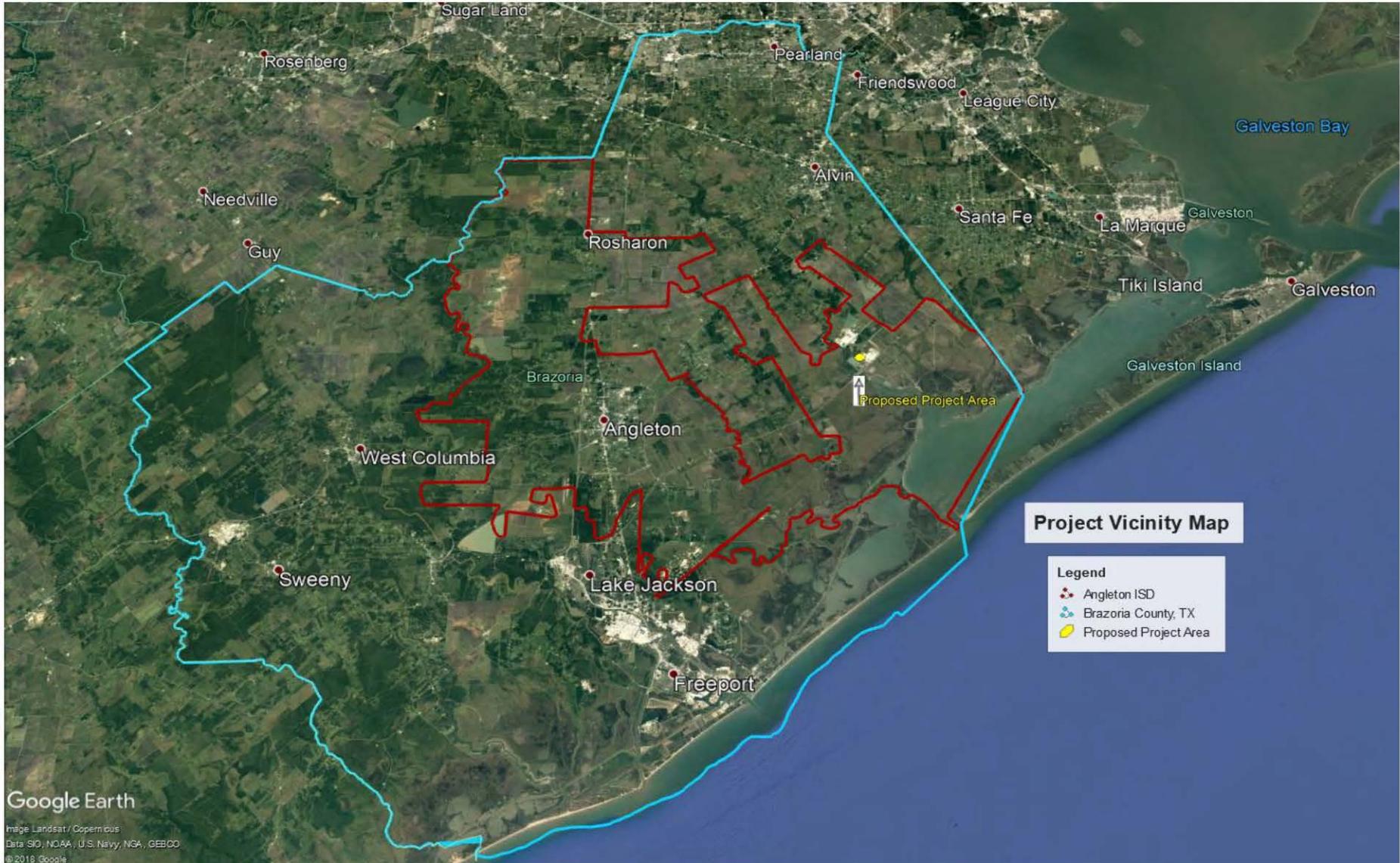
**TAB 11**  
Maps of Project

Maps that clearly show:

- a) Project vicinity
  - a. See the following attached map labeled **“Project Vicinity Map”**
- b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period
  - a. See the following attached map labeled **“Qualified Investment/Qualified Property Map”**
- c) Qualified property including location of new buildings or new improvements
  - a. See the following attached map labeled **“Qualified Investment/Qualified Property Map”**
- d) Existing property
  - a. No existing property. See Tab #10.
- e) Land location with vicinity map
  - a. See the following attached map labeled **“Project Vicinity Map”**
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size
  - a. See the following attached map labeled **“Reinvestment Zone Map”**

# MARKWEST

Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

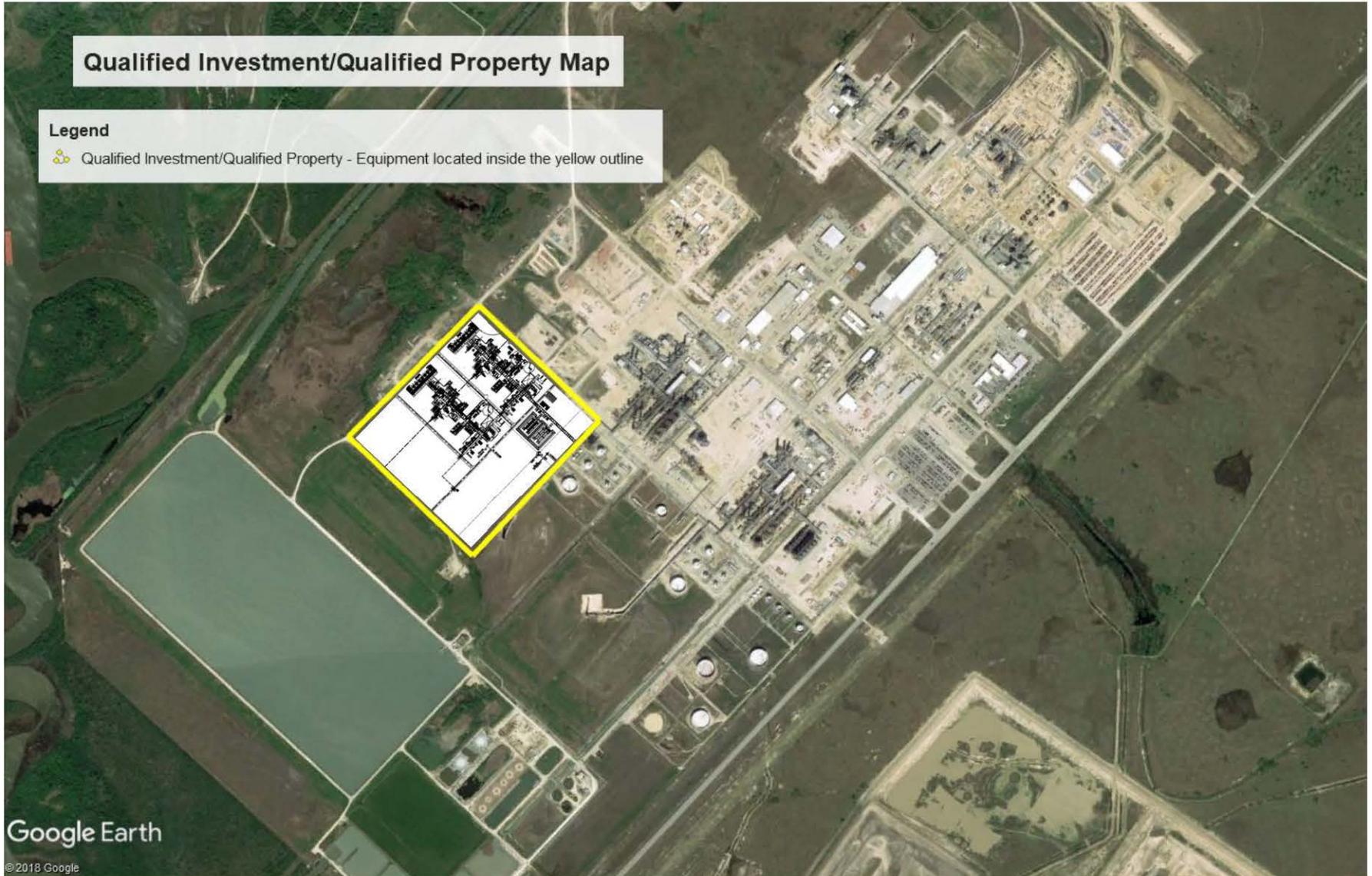


**MARKWEST**  
Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD

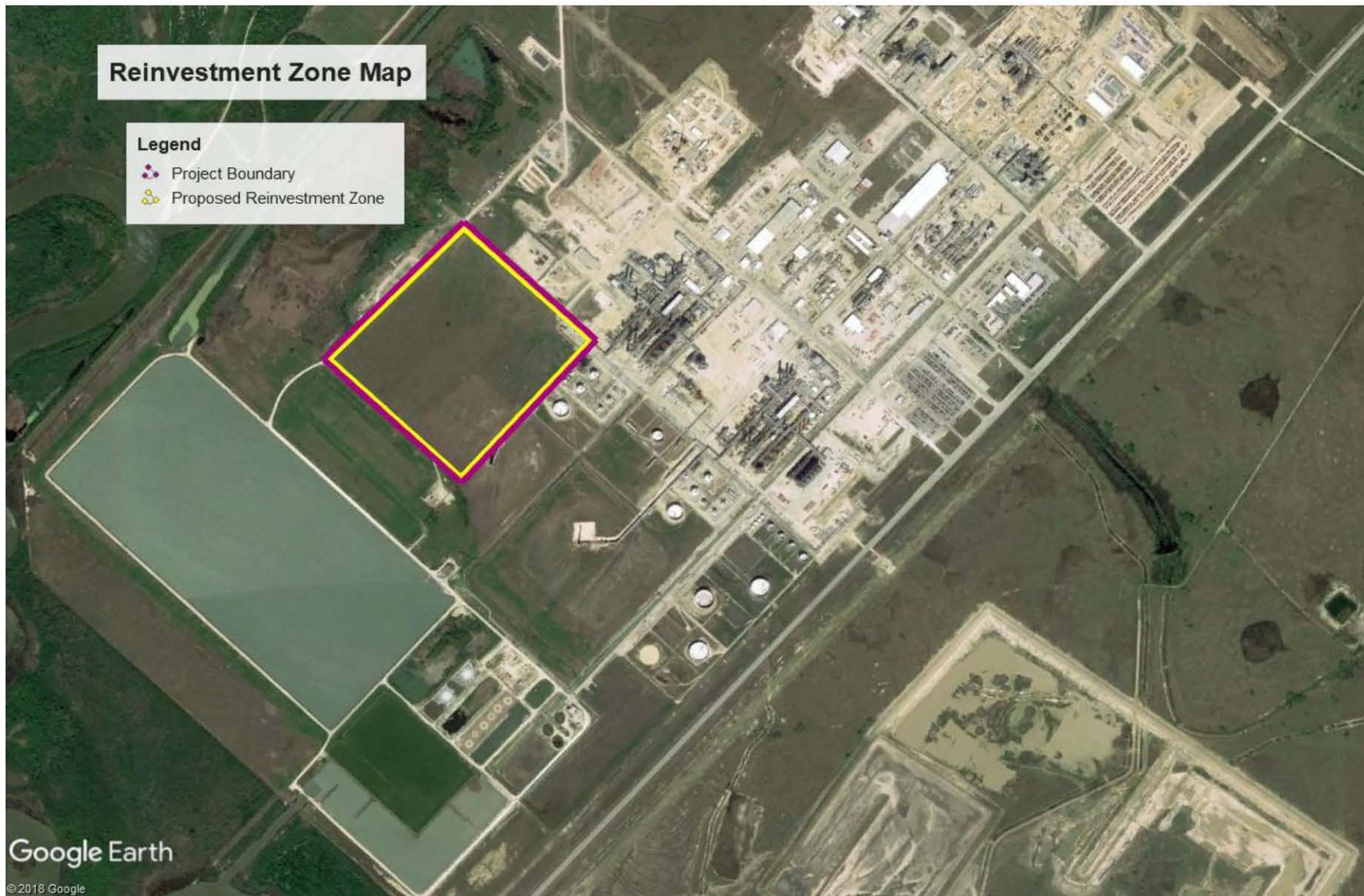
**Qualified Investment/Qualified Property Map**

**Legend**

-  Qualified Investment/Qualified Property - Equipment located inside the yellow outline



**MARKWEST**  
Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD



**TAB 13**

Calculation of Three Possible Wage Requirements with TWC Documentation

- 1) Brazoria County average weekly wage for all jobs (All Industries)
- 2) Brazoria County average weekly wage for all jobs (Manufacturing)
- 3) Council of Government Regional Wage Calculation and Documentation

See Attached

**Brazoria County  
 Chapter 313 Wage Calculation – All Jobs, All Industries**

Year	Quarter	Average Weekly Wages*	Annualized
2018	First	\$1,206	\$62,712
2018	Second	\$1,097	\$57,044
2018	Third	\$1,100	\$57,200
2018	Fourth	\$1,149	\$59,748
<b>Average</b>		<b>\$1,138</b>	<b>\$59,176</b>

**Brazoria County  
 Chapter 313 Wage Calculation – Manufacturing Jobs**

Year	Quarter	Average Weekly Wages*	Annualized
2018	First	\$ 2,962	\$ 154,024
2018	Second	\$ 2,108	\$ 109,616
2018	Third	\$ 2,077	\$ 108,004
2018	Fourth	\$ 2,114	\$ 109,928
<b>Average</b>		<b>\$ 2,315.25</b>	<b>\$ 120,393</b>
X		110%	110%
		<b>\$ 2,546.78</b>	<b>\$ 132,432.30</b>

**Chapter 313 Wage Calculation – Regional Wage Rate**

Year	Average Weekly Wages*	Annualized
2017	\$ 1,158	\$ 60,202
X	110%	
	<b>\$ 1,273.80</b>	<b>\$ 66,222.20</b>

*\*Data published July 2018, next update will be July 31, 2019*

\*See attached TWC Documentation

# Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

<u>Year</u>	<u>Period</u>	<u>Area</u>	<u>Ownership</u>	<u>Industry Code</u>	<u>Industry</u>	<u>Level</u>	<u>Average Weekly Wage</u>
2018	01	Brazoria	Total All	10	Total, All Industries	0	1,206
2018	02	Brazoria	Total All	10	Total, All Industries	0	1,097
2018	03	Brazoria	Total All	10	Total, All Industries	0	1,100
2018	04	Brazoria	Total All	10	Total, All Industries	0	1,149

Showing 4 items

# Quarterly Census of Employment and Wages (QCEW) Report

[Customize the report/Help with Accessibility](#)

Reset

Export to Excel

Drag a column header and drop it here to group by that column

<u>Year</u>	<u>Period</u>	<u>Area</u>	<u>Ownership</u>	<u>Industry Code</u>	<u>Industry</u>	<u>Level</u>	<u>Average Weekly Wage</u>
2018	01	Brazoria	Total All	31-33	Manufacturing	2	2,962
2018	02	Brazoria	Total All	31-33	Manufacturing	2	2,108
2018	03	Brazoria	Total All	31-33	Manufacturing	2	2,077
2018	04	Brazoria	Total All	31-33	Manufacturing	2	2,114

Showing 4 items

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

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$26.24</b>	<b>\$54,587</b>
<a href="#"><u>1. Panhandle Regional Planning Commission</u></a>	\$23.65	\$49,190
<a href="#"><u>2. South Plains Association of Governments</u></a>	\$19.36	\$40,262
<a href="#"><u>3. NORTEX Regional Planning Commission</u></a>	\$23.46	\$48,789
<a href="#"><u>4. North Central Texas Council of Governments</u></a>	\$26.80	\$55,747
<a href="#"><u>5. Ark-Tex Council of Governments</u></a>	\$18.59	\$38,663
<a href="#"><u>6. East Texas Council of Governments</u></a>	\$21.07	\$43,827
<a href="#"><u>7. West Central Texas Council of Governments</u></a>	\$21.24	\$44,178
<a href="#"><u>8. Rio Grande Council of Governments</u></a>	\$18.44	\$38,351
<a href="#"><u>9. Permian Basin Regional Planning Commission</u></a>	\$26.24	\$54,576
<a href="#"><u>10. Concho Valley Council of Governments</u></a>	\$19.67	\$40,924
<a href="#"><u>11. Heart of Texas Council of Governments</u></a>	\$21.53	\$44,781
<a href="#"><u>12. Capital Area Council of Governments</u></a>	\$31.49	\$65,497
<a href="#"><u>13. Brazos Valley Council of Governments</u></a>	\$17.76	\$36,931
<a href="#"><u>14. Deep East Texas Council of Governments</u></a>	\$17.99	\$37,428
<a href="#"><u>15. South East Texas Regional Planning Commission</u></a>	\$34.98	\$72,755
<a href="#"><u>16. Houston-Galveston Area Council</u></a>	<b>\$28.94</b>	<b>\$60,202</b>
	<b>\$60,202 x 110% = \$66,222.20</b>	
<a href="#"><u>17. Golden Crescent Regional Planning Commission</u></a>	\$26.94	\$56,042
<a href="#"><u>18. Alamo Area Council of Governments</u></a>	\$22.05	\$45,869
<a href="#"><u>19. South Texas Development Council</u></a>	\$15.07	\$31,343
<a href="#"><u>20. Coastal Bend Council of Governments</u></a>	\$28.98	\$60,276
<a href="#"><u>21. Lower Rio Grande Valley Development Council</u></a>	\$17.86	\$37,152
<a href="#"><u>22. Texoma Council of Governments</u></a>	\$21.18	\$44,060
<a href="#"><u>23. Central Texas Council of Governments</u></a>	\$19.30	\$40,146
<a href="#"><u>24. Middle Rio Grande Development Council</u></a>	\$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**

Schedules A1, A2, B, C and D completed and signed Economic Impact *(if applicable)*

See Attached

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

Date **4/16/2019**

Applicant Name **MarkWest Energy West Texas Gas Company, L.L.C**

Form 50-296A

ISD Name **Angleton ISD**

Revised May 2014

PROPERTY INVESTMENT AMOUNTS									
(Estimated Investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	Column B New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Column C Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E <b>Total Investment</b> (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)	2020	Not eligible to become Qualified Property				[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application	--			0	0	0	0	0	
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				25,000,000	Qualified Investment	Qualified Investment	0	25,000,000	
Complete tax years of qualifying time period	QTP1	2021-2022	2021	375,000,000	Qualified Investment	Qualified Investment	0	375,000,000	
	QTP2	2022-2023	2022	60,000,000	Qualified Investment	Qualified Investment	0	60,000,000	
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				460,000,000	0	0	0	460,000,000	
<b>Total Qualified Investment (sum of green cells)</b>				460,000,000	Enter amounts from TOTAL row above in Schedule A2				

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

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

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

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)**

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year YYYY)	Column A New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	Column B New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Column C Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Column D Other investment made during this year that will become Qualified Property [SEE NOTE]	Column E Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	<b>TOTALS FROM SCHEDULE A1</b>		460,000,000	0	0	0	460,000,000
Enter amounts from TOTAL row in Schedule A1 in the row below								
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2021-2022	2021		0	0	0	
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2022-2023	2022		0	0	0	
Value limitation period***	1	2023-2024	2023	0	0	0	0	0
	2	2024-2025	2024	0	0	0	0	0
	3	2025-2026	2025	0	0	0	0	0
	4	2026-2027	2026	0	0	0	0	0
	5	2027-2028	2027	0	0	0	0	0
	6	2028-2029	2028	0	0	0	0	0
	7	2029-2030	2029	0	0	0	0	0
	8	2030-2031	2030	0	0	0	0	0
	9	2031-2032	2031	0	0	0	0	0
	10	2032-2033	2032	0	0	0	0	0
<b>Total Investment made through limitation</b>				460,000,000	0	0	0	460,000,000
Continue to maintain viable presence	11	2033-2034	2033			0		0
	12	2034-2035	2034			0		0
	13	2035-2036	2035			0		0
	14	2036-2037	2036			0		0
	15	2037-2038	2037			0		0
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2038-2039	2038			0		0
	17	2039-2040	2039			0		0
	18	2040-2041	2040			0		0
	19	2041-2042	2041			0		0
	20	2042-2043	2042			0		0
	21	2043-2044	2043			0		0
	22	2044-2045	2044			0		0
	23	2045-2046	2045			0		0
	24	2046-2047	2046			0		0
	25	2047-2048	2047			0		0

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

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

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

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

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

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

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

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

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

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

Date

**4/16/2019**

Applicant Name

**MarkWest Energy West Texas Gas Company, L.L.C.**

**Form 50-296A**

ISD Name

**Angleton 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>	0	2021-2022	2021	0	0	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	0	0	\$ 350,000,000	\$ 350,000,000	\$ 350,000,000	\$ 350,000,000
Value Limitation Period	1	2023-2024	2023	0	0	\$ 400,000,000	\$ 380,000,000	\$ 380,000,000	\$ 30,000,000
	2	2024-2025	2024	0	0	\$ 380,000,000	\$ 361,000,000	\$ 361,000,000	\$ 30,000,000
	3	2025-2026	2025	0	0	\$ 361,000,000	\$ 342,950,000	\$ 342,950,000	\$ 30,000,000
	4	2026-2027	2026	0	0	\$ 342,950,000	\$ 325,803,000	\$ 325,803,000	\$ 30,000,000
	5	2027-2028	2027	0	0	\$ 325,802,500	\$ 309,512,000	\$ 309,512,000	\$ 30,000,000
	6	2028-2029	2028	0	0	\$ 309,512,000	\$ 294,036,000	\$ 294,036,000	\$ 30,000,000
	7	2029-2030	2029	0	0	\$ 294,036,000	\$ 279,334,000	\$ 279,334,000	\$ 30,000,000
	8	2030-2031	2030	0	0	\$ 279,334,000	\$ 265,367,000	\$ 265,367,000	\$ 30,000,000
	9	2031-2032	2031	0	0	\$ 265,367,000	\$ 252,099,000	\$ 252,099,000	\$ 30,000,000
	10	2032-2033	2032	0	0	\$ 252,099,000	\$ 239,494,000	\$ 239,494,000	\$ 30,000,000
Continue to maintain viable presence	11	2033-2034	2033	0	0	\$ 239,494,000	\$ 227,519,000	\$ 227,519,000	\$ 227,519,000
	12	2034-2035	2034	0	0	\$ 227,519,000	\$ 216,143,000	\$ 216,143,000	\$ 216,143,000
	13	2035-2036	2035	0	0	\$ 216,143,000	\$ 205,336,000	\$ 205,336,000	\$ 205,336,000
	14	2036-2037	2036	0	0	\$ 205,336,000	\$ 195,069,000	\$ 195,069,000	\$ 195,069,000
	15	2037-2038	2037	0	0	\$ 195,069,000	\$ 185,316,000	\$ 185,316,000	\$ 185,316,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2038-2039	2038	0	0	\$ 185,316,000	\$ 176,050,000	\$ 176,050,000	\$ 176,050,000
	17	2039-2040	2039	0	0	\$ 176,050,000	\$ 167,248,000	\$ 167,248,000	\$ 167,248,000
	18	2040-2041	2040	0	0	\$ 167,248,000	\$ 158,886,000	\$ 158,886,000	\$ 158,886,000
	19	2041-2042	2041	0	0	\$ 158,886,000	\$ 150,942,000	\$ 150,942,000	\$ 150,942,000
	20	2042-2043	2042	0	0	\$ 150,942,000	\$ 143,395,000	\$ 143,395,000	\$ 143,395,000
	21	2043-2044	2043	0	0	\$ 143,395,000	\$ 136,225,000	\$ 136,225,000	\$ 136,225,000
	22	2044-2045	2044	0	0	\$ 136,225,000	\$ 129,414,000	\$ 129,414,000	\$ 129,414,000
	23	2045-2046	2045	0	0	\$ 129,414,000	\$ 122,943,000	\$ 122,943,000	\$ 122,943,000
	24	2046-2047	2046	0	0	\$ 122,943,000	\$ 116,796,000	\$ 116,796,000	\$ 116,796,000
	25	2047-2048	2047	0	0	\$ 116,796,000	\$ 110,956,000	\$ 110,956,000	\$ 110,956,000

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 **4/16/2019**  
 Applicant Name **MarkWest Energy West Texas Gas Company, L.L.C**  
 ISD Name **Angleton ISD**

**Form 50-296A**  
 Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Column A Number of Construction FTE's or man-hours (specify)	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E 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	2020-2021	2021	500 FTE	66,222	0	2	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	100 FTE	66,222	0	10	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2023-2024	2023	N/A	N/A	0	10	66,222
	2	2024-2025	2024	N/A	N/A	0	10	66,222
	3	2025-2026	2025	N/A	N/A	0	10	66,222
	4	2026-2027	2026	N/A	N/A	0	10	66,222
	5	2027-2028	2027	N/A	N/A	0	10	66,222
	6	2028-2029	2028	N/A	N/A	0	10	66,222
	7	2029-2030	2029	N/A	N/A	0	10	66,222
	8	2030-2031	2030	N/A	N/A	0	10	66,222
	9	2031-2032	2031	N/A	N/A	0	10	66,222
10	2032-2033	2032	N/A	N/A	0	10	66,222	
Years Following Value Limitation Period	11 through 25	2033-2047	2033-2047	N/A	N/A	0	10	66,222

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

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

**Schedule D: Other Incentives (Estimated)**

Date  
 Applicant Name  
 ISD Name

4/16/2019

MarkWest Energy West Texas Gas Company, L.L.C.  
 Angleton 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: Brazoria	2023	7 Years	\$ 1,278,000	\$ 700,000	\$ 578,000
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
<b>TOTAL</b>						

Additional information on incentives for this project: Applicant is seeking a 7 Year 100% abatement from Brazoria County

**TAB 17**

Signature and Certification page signed and dated by Authorized School District Representative and Authorized Company Representative (*applicant*)

See Attached.

Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

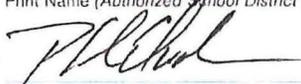
After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need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

1. Authorized School District Representative Signature

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

print here ▶ Phil Edwards  
Print Name (Authorized School District Representative)

Superintendent  
Title

sign here ▶   
Signature (Authorized School District Representative)

5/15/19  
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 ▶ Nicole M. Busey  
Print Name (Authorized Company Representative (Applicant))

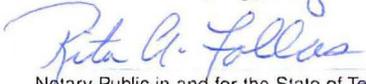
Assistant Secretary  
Title

sign here ▶   
Signature (Authorized Company Representative (Applicant))

5/20/2019  
Date



GIVEN under my hand and seal of office this, the

20th day of May, 2019  


Notary Public in and for the State of Texas Ohio

RITA A. FOLLAS  
Notary Public - State of Ohio My Commission expires: 10-28-22  
My Commission Expires October 28, 2022

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

## Attachment B

### Franchise Tax Account Status



## Franchise Tax Account Status

As of : 10/09/2019 15:35:49

**This page is valid for most business transactions but is not sufficient for filings with the Secretary of State**

<b>MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C.</b>	
<b>Texas Taxpayer Number</b>	32057041306
<b>Mailing Address</b>	1515 ARAPAHOE ST TOWE 1 DENVER, CO 80202-3150
<b>ⓧ Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	04/23/2015
<b>Texas SOS File Number</b>	0802201713
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

## Attachment C

### State Comptroller's Certification



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

---

P.O.Box 13528 • Austin, TX 78711-3528

August 16, 2019

Phil Edwards  
Superintendent  
Angleton Independent School District  
1900 N. Downing Road  
Angleton, Texas 77515

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Angleton Independent School District and MarkWest Energy West Texas Gas Company, L.L.C., Application 1360

Dear Superintendent Edwards:

On June 16, 2019, the Comptroller issued written notice that MarkWest Energy West Texas Gas Company, L.L.C. (applicant) submitted a completed application (Application 1360) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on April 1, 2019, to the Angleton 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.

---

<sup>1</sup> All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1360.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of June 16, 2019, 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](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L".

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of MarkWest Energy West Texas Gas Company, L.L.C. (project) applying to Angleton 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 MarkWest Energy West Texas Gas Company, L.L.C.

Applicant	MarkWest Energy West Texas Gas Company, L.L.C.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Angleton ISD
Estimated 2017-2018 Average Daily Attendance	6,320
County	Brazoria
Proposed Total Investment in District	\$950,000,000
Proposed Qualified Investment	\$460,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,274
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,274
Minimum annual wage committed to by applicant for qualified jobs	\$66,222
Minimum weekly wage required for non-qualifying jobs	\$1,138
Minimum annual wage required for non-qualifying jobs	\$59,177
Investment per Qualifying Job	\$95,000,000
Estimated M&O levy without any limit (15 years)	\$75,434,591
Estimated M&O levy with Limitation (15 years)	\$23,530,095
Estimated gross M&O tax benefit (15 years)	\$51,904,496

**Table 2** is the estimated statewide economic impact of MarkWest Energy West Texas Gas Company, L.L.C. (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	502	640	1,142	\$33,243,444	\$57,253,239	\$90,496,683
2022	110	239	349.019	\$7,284,420	\$25,954,092	\$33,238,512
2023	410	575	985	\$27,151,020	\$60,747,681	\$87,898,701
2024	210	354	564	\$13,906,620	\$43,720,542	\$57,627,162
2025	10	93	103	\$662,220	\$18,587,406	\$19,249,626
2026	10	34	44	\$662,220	\$12,172,475	\$12,834,695
2027	10	3	13	\$662,220	\$8,063,910	\$8,726,130
2028	10	(6)	4	\$662,220	\$5,993,613	\$6,655,833
2029	10	(1)	9	\$662,220	\$5,399,066	\$6,061,286
2030	10	10	20	\$662,220	\$5,826,523	\$6,488,743
2031	10	23	33	\$662,220	\$6,808,885	\$7,471,105
2032	10	37	47	\$662,220	\$8,085,848	\$8,748,068
2033	10	38	48	\$662,220	\$8,303,657	\$8,965,877
2034	10	44	54	\$662,220	\$9,064,645	\$9,726,865
2035	10	48	58	\$662,220	\$9,827,416	\$10,489,636
2036	10	52	62	\$662,220	\$10,532,785	\$11,195,005
2037	10	54	64	\$662,220	\$11,151,339	\$11,813,559

Source: CPA REMI, MarkWest Energy West Texas Gas Company, L.L.C.

**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*	Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community College District Tax Levy	Brazoria County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes
				0.4152	0.9700		0.4279	0.1878	0.1500	
2023	\$380,000,000	\$380,000,000		\$1,577,760	\$3,686,000	\$5,263,760	\$1,626,073	\$713,545	\$570,000	\$8,173,378
2024	\$503,500,000	\$503,500,000		\$2,090,532	\$4,883,950	\$6,974,482	\$2,154,547	\$945,447	\$755,250	\$10,829,726
2025	\$708,225,000	\$708,225,000		\$2,940,550	\$6,869,783	\$9,810,333	\$3,030,594	\$1,329,869	\$1,062,338	\$15,233,134
2026	\$672,814,000	\$672,814,000		\$2,793,524	\$6,526,296	\$9,319,820	\$2,879,065	\$1,263,376	\$1,009,221	\$14,471,482
2027	\$639,173,000	\$639,173,000		\$2,653,846	\$6,199,978	\$8,853,824	\$2,735,111	\$1,200,207	\$958,760	\$13,747,902
2028	\$607,214,000	\$607,214,000		\$2,521,153	\$5,889,976	\$8,411,128	\$2,598,354	\$1,140,196	\$910,821	\$13,060,499
2029	\$576,853,000	\$576,853,000		\$2,395,094	\$5,595,474	\$7,990,568	\$2,468,435	\$1,083,186	\$865,280	\$12,407,468
2030	\$548,010,000	\$548,010,000		\$2,275,338	\$5,315,697	\$7,591,035	\$2,345,012	\$1,029,026	\$822,015	\$11,787,087
2031	\$520,610,000	\$520,610,000		\$2,161,573	\$5,049,917	\$7,211,490	\$2,227,763	\$977,575	\$780,915	\$11,197,743
2032	\$494,580,000	\$494,580,000		\$2,053,496	\$4,797,426	\$6,850,922	\$2,116,377	\$928,698	\$741,870	\$10,637,867
2033	\$469,851,000	\$469,851,000		\$1,950,821	\$4,557,555	\$6,508,376	\$2,010,558	\$882,263	\$704,777	\$10,105,973
2034	\$446,358,000	\$446,358,000		\$1,853,278	\$4,329,673	\$6,182,951	\$1,910,028	\$838,149	\$669,537	\$9,600,665
2035	\$424,040,000	\$424,040,000		\$1,760,614	\$4,113,188	\$5,873,802	\$1,814,527	\$796,241	\$636,060	\$9,120,630
2036	\$402,838,000	\$402,838,000		\$1,672,583	\$3,907,529	\$5,580,112	\$1,723,800	\$756,429	\$604,257	\$8,664,598
2037	\$382,696,000	\$382,696,000		\$1,588,954	\$3,712,151	\$5,301,105	\$1,637,610	\$718,607	\$574,044	\$8,231,366
			<b>Total</b>	<b>\$32,289,116</b>	<b>\$75,434,591</b>	<b>\$107,723,707</b>	<b>\$33,277,853</b>	<b>\$14,602,815</b>	<b>\$11,665,143</b>	<b>\$167,269,518</b>

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Alvin Community College and Brazoria County and Conservation & Reclamation District #3 with all property tax incentives sought 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*	Angleton ISD I&S Tax Levy	Angleton ISD M&O Tax Levy	Angleton ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Alvin Community College District Tax Levy	Brazoria County Conservation & Reclamation District #3 Tax Levy	Estimated Total Property Taxes		
2023	\$380,000,000	\$30,000,000		0.4152	0.9700	\$1,577,760	\$291,000	\$1,868,760	\$0	\$713,545	\$570,000	\$3,152,305
2024	\$503,500,000	\$30,000,000		\$2,090,532	\$291,000	\$2,381,532	\$0	\$945,447	\$755,250	\$4,082,229		
2025	\$708,225,000	\$30,000,000		\$2,940,550	\$291,000	\$3,231,550	\$0	\$1,329,869	\$1,062,338	\$5,623,757		
2026	\$672,814,000	\$30,000,000		\$2,793,524	\$291,000	\$3,084,524	\$0	\$1,263,376	\$1,009,221	\$5,357,121		
2027	\$639,173,000	\$30,000,000		\$2,653,846	\$291,000	\$2,944,846	\$0	\$1,200,207	\$958,760	\$5,103,813		
2028	\$607,214,000	\$30,000,000		\$2,521,153	\$291,000	\$2,812,153	\$0	\$1,140,196	\$910,821	\$4,863,170		
2029	\$576,853,000	\$30,000,000		\$2,395,094	\$291,000	\$2,686,094	\$0	\$1,083,186	\$865,280	\$4,634,559		
2030	\$548,010,000	\$30,000,000		\$2,275,338	\$291,000	\$2,566,338	\$2,345,012	\$1,029,026	\$822,015	\$6,762,390		
2031	\$520,610,000	\$30,000,000		\$2,161,573	\$291,000	\$2,452,573	\$2,227,763	\$977,575	\$780,915	\$6,438,826		
2032	\$494,580,000	\$30,000,000		\$2,053,496	\$291,000	\$2,344,496	\$2,116,377	\$928,698	\$741,870	\$6,131,441		
2033	\$469,851,000	\$469,851,000		\$1,950,821	\$4,557,555	\$6,508,376	\$2,010,558	\$882,263	\$704,777	\$10,105,973		
2034	\$446,358,000	\$446,358,000		\$1,853,278	\$4,329,673	\$6,182,951	\$1,910,028	\$838,149	\$669,537	\$9,600,665		
2035	\$424,040,000	\$424,040,000		\$1,760,614	\$4,113,188	\$5,873,802	\$1,814,527	\$796,241	\$636,060	\$9,120,630		
2036	\$402,838,000	\$402,838,000		\$1,672,583	\$3,907,529	\$5,580,112	\$1,723,800	\$756,429	\$604,257	\$8,664,598		
2037	\$382,696,000	\$382,696,000		\$1,588,954	\$3,712,151	\$5,301,105	\$1,637,610	\$718,607	\$574,044	\$8,231,366		
			<b>Total</b>	<b>\$32,289,116</b>	<b>\$23,530,095</b>	<b>\$55,819,211</b>	<b>\$15,785,675</b>	<b>\$14,602,815</b>	<b>\$11,665,143</b>	<b>\$97,872,843</b>		
			<b>Diff</b>	<b>\$0</b>	<b>\$51,904,496</b>	<b>\$51,904,496</b>	<b>\$17,492,179</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,396,675</b>		

Assumes School Value Limitation and Tax Abatements with the County.  
 Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.  
 \*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 25<sup>th</sup> Anniversary of Limitation Start**

This represents the Comptroller’s determination that MarkWest Energy West Texas Gas Company, L.L.C. (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)
<b>Limitation Pre-Years</b>	2020	\$0	\$0	\$0	\$0
	2021	\$727,500	\$727,500	\$0	\$0
	2022	\$3,395,000	\$4,122,500	\$0	\$0
<b>Limitation Period (10 Years)</b>	2023	\$291,000	\$4,413,500	\$3,395,000	\$3,395,000
	2024	\$291,000	\$4,704,500	\$4,592,950	\$7,987,950
	2025	\$291,000	\$4,995,500	\$6,578,783	\$14,566,733
	2026	\$291,000	\$5,286,500	\$6,235,296	\$20,802,028
	2027	\$291,000	\$5,577,500	\$5,908,978	\$26,711,006
	2028	\$291,000	\$5,868,500	\$5,598,976	\$32,309,982
	2029	\$291,000	\$6,159,500	\$5,304,474	\$37,614,456
	2030	\$291,000	\$6,450,500	\$5,024,697	\$42,639,153
	2031	\$291,000	\$6,741,500	\$4,758,917	\$47,398,070
	2032	\$291,000	\$7,032,500	\$4,506,426	\$51,904,496
<b>Maintain Viable Presence (5 Years)</b>	2033	\$4,557,555	\$11,590,055	\$0	\$51,904,496
	2034	\$4,329,673	\$15,919,727	\$0	\$51,904,496
	2035	\$4,113,188	\$20,032,915	\$0	\$51,904,496
	2036	\$3,907,529	\$23,940,444	\$0	\$51,904,496
	2037	\$3,712,151	\$27,652,595	\$0	\$51,904,496
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2038	\$3,526,542	\$31,179,137	\$0	\$51,904,496
	2039	\$3,350,215	\$34,529,352	\$0	\$51,904,496
	2040	\$3,182,706	\$37,712,058	\$0	\$51,904,496
	2041	\$3,023,568	\$40,735,625	\$0	\$51,904,496
	2042	\$2,872,393	\$43,608,018	\$0	\$51,904,496
	2043	\$2,728,775	\$46,336,793	\$0	\$51,904,496
	2044	\$2,592,335	\$48,929,128	\$0	\$51,904,496
	2045	\$2,462,714	\$51,391,842	\$0	\$51,904,496
	2046	\$2,339,582	\$53,731,423	\$0	\$51,904,496
	2047	\$2,222,600	\$55,954,023	\$0	\$51,904,496

**\$55,954,023**
       is greater than      **\$51,904,496**

<b>Analysis Summary</b>	
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?	<b>Yes</b>

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, MarkWest Energy West Texas Gas Company, L.L.C.

**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 MarkWest Energy West Texas Gas Company, L.L.C.'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 MarkWest Energy West Texas Gas Company, L.L.C. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations.”
  - B. “The Appraised Value Limitation from AISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an example, Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana.”
  - C. “The project will receive natural gas via pipeline from multiple Domestic gas producers including production from West Texas and Oklahoma. The plant will produce products which are used as raw materials for other downstream products. The products will have the ability to be shipped via pipelines directly to downstream users as well as central marketing hubs. Due to the extensive existing pipeline and storage infrastructure in both Texas and Louisiana, this project could be located in either state and still have the necessary pipeline access.”
  - D. “The value limitation is a determining factor for several reasons, including but not limited to the following:
    - Texas has high property tax rates when compared to Louisiana.
    - Louisiana offers property tax exemptions for new manufacturing facilities
    - This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

- There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.”
- A February 11, 2019 *Natural Gas Intelligence* article reported the following:
  - A. “The midstream master limited partnership of refiner Marathon Petroleum Corp. has built a dominant position in the Northeast, primarily through its acquisition of MarkWest Energy Partners LP in 2015. Now it wants to mimic that growth in Oklahoma, in the Permian Basin’s Delaware sub-basin in Texas, elsewhere in that state and in Louisiana.”
  - B. “‘In the Delaware Basin, we are focused on developing a super system, very similar to what we have in the Northeast,’ said President Michael Hennigan, during a recent conference call to discuss quarterly results. ‘...We are also intently focused on building out our export capabilities. We’ve identified five locations along the Texas and Louisiana Gulf Coast that are expected to provide increased opportunities to connect growing domestic supply to global demand centers.’”
  - C. “MPLX plans to invest \$2.2 billion this year and \$2 billion next year on organic growth projects. Some of the keys to that plan include Permian long-haul crude oil, natural gas and natural gas liquids pipelines, and export facilities that would enhance the value of its logistics and storage segment. The company also expects to add 800 MMcf/d of gas processing capacity and 100,000 b/d of fractionation capacity this year to its gathering and processing segment in both the Northeast and Southwest.”
- According to a *Kallanish Energy* article dated March 12, 2019, “[MPLX] said it intends to spend about \$2.2 billion in 2019 on its capital budget. In 2019, the company is planning to add six additional plants to process 800 million cubic feet of natural gas per day and to fractionate an additional 100,000 barrels per day. That includes projects in the Appalachian Basin, the Permian Basin and the STACK play in Oklahoma. But most of the capital money will be budgeted for long-haul pipelines from the Permian Basin in West Texas and New Mexico to the Gulf Coast. [MPLX] is looking at several pipeline options, said president Mike Hennigan. The pipelines could move crude oil, natural gas and natural gas liquids. The company is also looking at five Gulf Coast sites in Texas and Louisiana for building out its export capabilities.”
- MPLX, LP, MarkWest Energy’s parent company acknowledged new fractionators along the Gulf Coast/Sweeny area in its presentation material – MPLX June Investor Presentation, June 2019.
- A July 24, 2019 *Engineering News-Record* article stated, “MarkWest Energy Partners, L.P. is considering constructing a natural gas liquids fractionator in Brazoria County. The project scope includes construction of equipment foundations; purchase and erection of structural steel; fabrication and erection of NGL storage tanks; and purchase and installation of fractionation towers, heat exchangers, and supporting equipment and systems. Construction is expected to begin in the fourth quarter of 2020, pending corporate approvals. MarkWest Energy Partners is a subsidiary of MPLX LP, based in Findlay, Ohio. The estimated EPC cost is \$460 million.”

### **Supporting Information**

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

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

# **Supporting Information**

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

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

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

**SECTION 7: Project Description**

- 1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
- 2. Check the project characteristics that apply to the proposed project:
  - Land has no existing improvements  Land has existing improvements (*complete Section 13*)
  - Expansion of existing operation on the land (*complete Section 13*)  Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

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

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

## **Supporting Information**

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

**TAB 5**

**Documentation to Assist in Determining if Limitation is a Determining Factor**

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

NO

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

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

MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations.

The Appraised Value Limitation from AISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an example, Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana.

The project will receive natural gas via pipeline from multiple Domestic gas producers including production from West Texas and Oklahoma. The plant will produce products which are used as raw materials for other downstream products. The products will have the ability to be shipped via pipelines directly to downstream users as well as central marketing hubs. Due to the extensive existing pipeline and storage infrastructure in both Texas and Louisiana, this project could be located in either state and still have the necessary pipeline access.

The value limitation is a determining factor for several reasons, including but not limited to the following:

- a. Texas has high property tax rates when compared to Louisiana.
- b. Louisiana offers property tax exemptions for new manufacturing facilities.
- c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

**TAB 5 (continued)**

- d. There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.
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

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

## MPLX Developing Permian 'Super System,' Gulf Coast Export Projects

MPLX LP plans to expand its operations in the Southwest to match growing activity in the Permian Basin and along the Gulf Coast as 2019 gets into high gear.

The midstream master limited partnership of refiner Marathon Petroleum Corp. has built a dominant position in the Northeast, primarily through its [acquisition](#) of MarkWest Energy Partners LP in 2015. Now it wants to mimic that growth in Oklahoma, in the Permian Basin's Delaware sub-basin in Texas, elsewhere in that state and in Louisiana.

"In the Delaware Basin, we are focused on developing a super system, very similar to what we have in the Northeast," said President Michael Hennigan, during a recent conference call to discuss quarterly results. "...We are also intently focused on building out our export capabilities. We've identified five locations along the Texas and Louisiana Gulf Coast that are expected to provide increased opportunities to connect growing domestic supply to global demand centers."

*U.S. Shale Coverage, Analysis, & Price Data at 15+ Key Unconventional Basins*



MPLX plans to invest \$2.2 billion this year and \$2 billion next year on organic growth projects. Some of the keys to that plan include Permian long-haul crude oil, natural gas and natural gas liquids pipelines, and export facilities that would enhance the value of its logistics and storage segment. The company also expects to add 800 MMcf/d of gas processing capacity and 100,000 b/d of fractionation capacity this year to its gathering and processing segment in both the Northeast and Southwest.

One expansion plan is the 40-inch diameter oil pipeline, the Capline reversal, expected to enter service next year. The pipeline would move crude from Pakota, IL, to St. James, LA. The system would connect to Plains All American LP's Diamond Pipeline, which originates in Cushing, OK, with a connection point to Capline in Tennessee.

Hennigan said once barrels make it to St. James, they would flow onto the 600,000 b/d [Swordfish Pipeline](#) now in the works. Swordfish would move oil from St. James to a storage hub in Clovelly, LA, providing shippers with more access to services, including vessel loading through the existing Louisiana Offshore Oil Port, or LOOP.

The plans come after another record year for the company in which management said it came away confident in the stable operations of its customers even as activity is poised to slow in both oil and gas basins on a variety of factors including commodity prices and demand.

Total pipeline throughput at MPLX was 3.36 million b/d last year, up 11% from 2017. Gathered volumes were 4.5 Bcf/d in 2018, or 26% higher than in the previous year. Processed volumes also increased 9% year/year to 7.0 Bcf/d, while fractionated volumes were up 16% over the same time to 459,000 b/d.

The gathering and processing segment was lifted primarily by operations in the Marcellus and Utica shales, but gathered volumes increased by 11% year/year in the Southwest. Processed volumes were also up by 8% over the same period.

For the the year, the company generated \$2.8 billion in net cash from operating activity and distributable cash flow of \$2.8 billion, returning \$2.1 billion to unitholders.

MPLX reported 2018 net income of \$1.8 billion (\$2.29/unit), compared with a profit of \$800 million (\$1.07) in 2017. Net income in the fourth quarter was \$434 million (52 cents/unit), compared with earnings of \$238 million (31 cents) in 4Q2017.

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## Mplx had 'extraordinary' year in 2018, adds 11 plants

March 12, 2019 Company News, Crude Oil, In Focus, Infrastructure, Natural Gas, News, North America, Pipeline, Unconventionals 0



Last year was a big-number year for Mplx LP.

In 2018, the midstreamer added 11 plants with an additional 1.5 billion cubic feet per day of natural gas processing capacity and an added 100,000 barrels per day of fractionation.

That included eight new natural gas-processing plants and three new fractionation facilities in the Marcellus and Utica shales in the Appalachian Basin, in the Delaware Basin of West Texas and New Mexico and in the Cana-Woodford formations in Oklahoma.

Mplx, a subsidiary of Ohio-based Marathon Petroleum, increased its processing capacity in 2018 by nearly 20%

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Shell's GoM assets

more than 9.3 billion cubic feet per day, **Kallanish Energy** reports.

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Those projects included the Sherwood 10 and 11 plants in West Virginia and Harmon Creek processing plant in southwest Pennsylvania. They all came online in 4Q 2018.

Texas drilling permits dropped 25.6% in April

The three new fractionation plants were in western Pennsylvania, West Virginia and Ohio.

Xom completes expansion of elastomer plant in Wales

It also plans to expand its operations even more in 2019 and 2020 as drilling is expected to grow in the Appalachian Basin.

One dies after Saipem vessel explosion

In the Delaware Basin, the company operates two processing plants (Hidalgo and Argo), has two additional plants under construction (Tornado and Apollo) and plans to move forward of a fifth plant (Preakness).

That gives the company 1 billion cubic per day of processing capacity and about 125,000 barrels per day of liquids production in the Delaware Basin, when those projects are completed.

Mplx reported record full-year 2018 net income of \$1.8 billion and adjusted EBITDA of \$3.5 billion. Those totals are \$1.0 billion and \$1.5 billion, respectively, higher than full-year 2017 totals.

Those results with lots of impressive numbers are "extraordinary," the company said proudly.

"2018 was a transformational year for Mplx," chairman and CEO Gary Heminger said in a statement last month when the company held its 4Q 2018 and full-year 2018 earnings call.

Last year also marked "the single largest increase in annual EBITDA since we became a public company," he said. "We reported 2018 adjusted EBITDA of \$3.5 billion, which increased \$1.5 billion over the prior year, and nearly \$400 million of this increase was driven by organic investments."

For full-year 2018, it generated \$2.8 billion in net cash provided by operations and distributable cash flow of \$2.8 billion, returning \$2.1 billion to shareholders.

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The increases in its Gathering and Processing operations was driven by record gathered, processed and fractionated volumes, the company said.

Gathered volumes averaged 4.5 billion cubic feet per day in 2018, a 26% increase over 2017.

Those volumes averaged 4.9 billion cubic feet per day in the 4Q 2018, representing a 17% increase over 4Q 2017.

Processed volumes averaged 7 billion cubic feet per day for the year, a 9% increase over 2017

That was primarily driven by volume increases from the Marcellus Shale in Pennsylvania and West Virginia.

Quarterly processed volumes in 4Q 2018 increased by 9% over 4Q 2017 to 7.4 billion cubic feet per day.

The volumes processed would have been 5% to 6% higher, except for the unplanned downtime at the company's Houston complex in southwest Pennsylvania. It has since resumed normal operations.

Fractionated volumes averaged 459,000 barrels per day for 2018, a 16% increase over 2017.

Those totals might have been higher, except for the problems with Sunoco's Mariner East 2 pipelines. As a result, Mplx was forced to curtail production at its Hopedale complex in Ohio in the 4Q 2018.

The company also reported major growth in the Appalachian Basin.

Gathered volumes averaged 3.0 billion cubic feet per day for the year, a 35% increase over 2017. That was driven primarily by higher Utica dry-gas and Marcellus wet-gas volumes.

Processed volumes in the basin averaged 5.3 billion cubic feet per day, a 10% increase over 2017.

Fractionated volumes averaged 426,000 barrels per day, an 18% increase over 2017.

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In Texas and Oklahoma, gathered volumes averaged 1.6 bcf per day in 2018, an 11% increase over 2017. Processed volumes averaged 1.4 bcf per day for the year, an 8% increase over 2017.

The company added 275 million cubic feet of processing capacity in the region in 2018.

The company reported 4Q 2018 record pipeline throughputs of 3.57 million barrels per day, an 11% increase over 4Q 2017.

That was driven largely by increased volumes on its expanded Ozark and Wood River-to-Patoka pipeline systems.

It also reported 4Q 2018 terminal throughputs of 1.52 million barrels per day.

In 2018, the company acquired an export terminal at Mt. Airy, Louisiana; expanded its Ozark and Wood River pipeline systems; added tankage at Texas City and Patoka, Illinois; and increased the size of its marine fleet

Mplx said it intends to spend about \$2.2 billion in 2019 on its capital budget.

In 2019, the company is planning to add six additional plants to process 800 million cubic feet of natural gas per day and to fractionate an additional 100,000 barrels per day.

That includes projects in the Appalachian Basin, the Permian Basin and the STACK play in Oklahoma.

But most of the capital money will be budgeted for long-haul pipelines from the Permian Basin in West Texas and New Mexico to the Gulf Coast.

Mplx is looking at several pipeline options, said president Mike Hennigan. The pipelines could move crude oil, natural gas and natural gas liquids.

The company is also looking at five Gulf Coast sites in Texas and Louisiana for building out its export capabilities.

It is also looking at adding butane to its Cornerstone pipeline system in the Midwest to move Utica NGLs.

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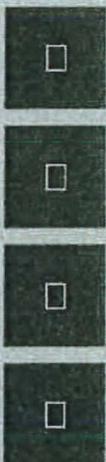
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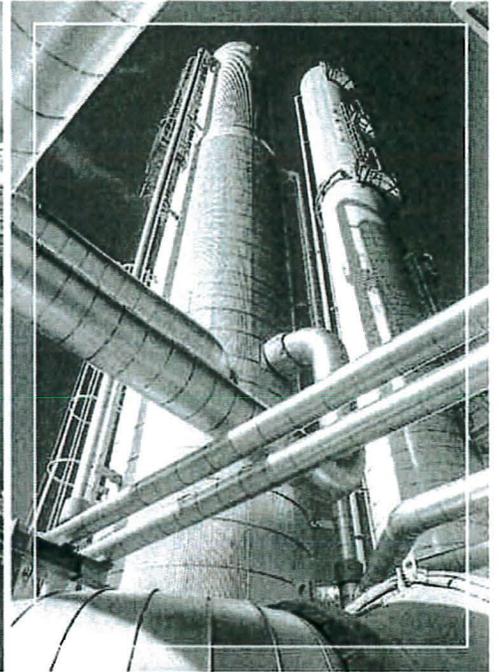
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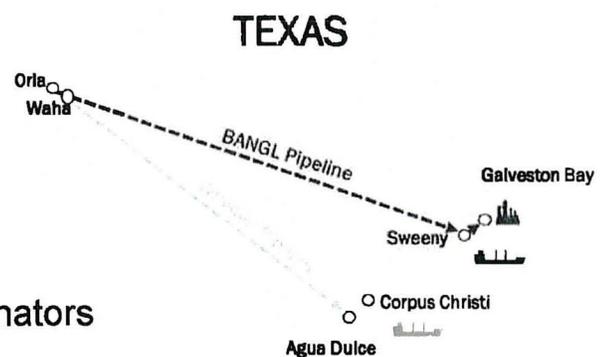
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June 2019

## 2 Permian Natural Gas and NGL Pipelines and 3 Fractionation

MPLX

- Whistler Residue Gas Pipeline
  - JV with White Water Midstream and Stonepeak/WTG
  - 42" pipeline with ~2.0 Bcf/d capacity
  - Anticipate in-service 3Q21
- BANGL Pipeline (Belvieu Alternative NGL)
  - JV with White Water Midstream and others
  - 24" pipeline with ~500 MBPD capacity
  - Anticipate in-service early 2021
- Gulf Coast fractionation – three potential fractionators with 150 MBPD C2+ capacity each



# Organic Growth Capital Projects

## Logistics & Storage Segment



Projects	Description	Est. Completion Date
Marine Fleet Expansion	Displaces MPC's third-party barges and supports increased demand	2019
Mt. Airy Terminal Expansion	Constructing 2 <sup>nd</sup> 120 MBPD dock and incremental storage	2020
Swordfish Pipeline <sup>(a)</sup>	Provide transport of up to 600 MBPD of crude from St. James, LA to the LOOP terminal facility in Clovelly, LA	2020
W2W Pipeline <sup>(a)</sup>	1.5 MMBPD crude pipeline from Permian Basin to Texas Gulf Coast	1H21
Whistler Pipeline <sup>(a)</sup>	2.0 Bcf/d natural gas pipeline from Waha, Texas, to Agua Dulce market hub	3Q21
BANGL Pipeline <sup>(a)</sup>	~500 MBPD NGL pipeline from Permian Basin to Texas Gulf Coast	2021
Gulf Coast C2+ Fractionation	450,000 BPD anticipated in the Sweeney area	2021 - 2024
Texas City Export Terminal	NGL storage and export facilities	2022

<sup>(a)</sup>Equity method investment

## Industry Leads for the Week of July 29, 2019

A graphic with a dark, textured background. It features the ENR logo in a white box on the left and the words 'INDUSTRY LEADS' in white capital letters on the right, all enclosed within a white rectangular border.

### ENR INDUSTRY LEADS

*July 24, 2019*

**Kentucky** Log Still Distilling, LLC is planning to establish a **bourbon distillery** at the 220-acre former Gethsemane Distillery site in New Haven. The project scope includes renovation and construction of building space for distilling, bottling and barrel warehouses; and purchase and installation of stainless-steel piping, fermentation tanks, and distilling, blending, filling, flow-control, packaging and stillage-processing equipment. Doss and Horky Inc. has been selected as the prime contractor for the project. Construction is expected to begin in December 2019. Log Still Distilling will use the facility to produce bourbon, rye whiskey, gin and vodka. The estimated EPC cost is \$12 million. **Log Still Distilling, LLC, 3010 Old Hillsboro Rd., Franklin, Tenn., 37604. IR#KY190610.**

**Texas** MarkWest Energy Partners, L.P. is considering constructing a **natural gas liquids fractionator** in Brazoria County. The project scope includes construction of equipment foundations; purchase and erection of structural steel; fabrication and erection of NGL storage tanks; and purchase and installation of fractionation towers, heat exchangers, and supporting equipment and systems. Construction is expected to begin in the fourth quarter of 2020, pending corporate approvals. MarkWest Energy Partners is a subsidiary of MPLX LP, based in Findlay, Ohio. The estimated EPC cost is \$460 million. **MarkWest Energy Partners, L.P., 2448 East 81st St., Tulsa, Okla., 74137. IR#TX190627.**

**Washington** Selkirk Pharma is planning to construct a **pharmaceutical manufacturing facility** at the Pacific Northwest Technology Park in Spokane. The project scope includes construction of a 65,000-sq-ft building with cleanrooms and sterile formulation and fill suites; and purchase and installation of wet laboratory and packaging equipment and systems. Bernardo-Wills Architects and BCA Architects have been selected to provide design services for the building. Coffman Engineers has been selected to provide engineering services for the project. Construction is expected to begin late in the third quarter of 2019. Selkirk Pharma will use the facility to provide contract sterile filling and packaging services for the pharmaceutical industry. The estimated EPC cost is \$30 million. **Selkirk Pharma, 827 West First Ave., Spokane, 99201. IR#WA190605.**

*Information is derived from Industrial Reports, a market intelligence firm specializing in industrial construction. To receive the full report with details and contacts for any of the above projects, call 800-235-2330 x2002 or email [ENRprojects@industrialreports.com](mailto:ENRprojects@industrialreports.com). To see all recent projects or to receive new project alerts, go to: <http://www.industrialreports.com/enr>.*

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## Attachment D

### Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED MARKWEST  
ENERGY WEST TEXAS GAS COMPANY, LLC  
PROJECT IN THE ANGLETON INDEPENDENT SCHOOL  
DISTRICT  
(PROJECT # 1360)**

**PREPARED BY**



**OCTOBER 14, 2019  
REVISED**

## Executive Summary

MarkWest Energy West Texas Gas Company, LLC (Company) has requested that the Angleton Independent School District (AISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In a revised application submitted to AISD, the Company plans to invest \$708.2 million in additional taxable value to construct a manufacturing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The MarkWest Energy project is consistent with the state’s goal to “encourage large scale capital investments in this state.” When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, AISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2023-24 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA’s initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to AISD	\$4.55 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$46.6 million

## Application Process

After the school district has submitted an application to the Comptroller’s Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for this project was issued on June 16, 2019.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Certificate for this project was sent to the District on August 16, 2019. After the certificate is received, the district has until

the 150<sup>th</sup> day from the receipt of the Completeness Letter to adopt an agreement, although extensions may be requested by the Company and granted by the District

After the Comptroller's certificate was received, O'Hanlon, Demerath & Castillo (ODC) contacted the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

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

### **How the 313 Agreement Interacts with Texas School Finance**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA or WADA and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of House Bill 3. Rather than being tied to exceeding an equalized wealth level per WADA, recapture is now defined as the amount collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.)

The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. Based on the analysis shown below, these recapture changes are not an immediate issue for AISD.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional approach for the last 30 years has been to rely on prior-year state property values as determined annually under the Comptroller's State Property Value Study under Section 403 of the Government Code. The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. **A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year [emphasis added].**

Given the directive to use preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first determined under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.254(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal in 2021 and any changes made may impact these calculations moving forward.

For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

### Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny

yield is \$49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	6,450
Local M&O Tax Base	\$3.08 billion
2019-20 M&O Tax Rate:	\$0.9700 per \$100 of Taxable Value
2020-21 Projected M&O Tax Rate:	\$0.9565 per \$100 of Taxable Value
I&S Tax Rate:	\$0.4152 per \$100 of Taxable Value

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

**Table 1 – Base District Information with MarkWest Energy Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d) District Revenue Protection District Property Value with Project	Sec. 48.256(d) District Revenue Protection District Property Value with Limitation	DPV Value with Project per WADA	DPV Value with Limitation per WADA
QTP0	2020-21	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,002,189,506	\$3,002,189,506	\$354,348	\$354,348
QTP1	2021-22	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,032,189,506	\$3,032,189,506	\$357,889	\$357,889
QTP2	2022-23	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,107,189,506	\$3,107,189,506	\$366,742	\$366,742
VL1	2023-24	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,382,189,506	\$3,382,189,506	\$399,200	\$399,200
VL2	2024-25	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,442,189,506	\$3,092,189,506	\$406,282	\$364,971
VL3	2025-26	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,565,689,506	\$3,092,189,506	\$420,858	\$364,971
VL4	2026-27	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,770,414,506	\$3,092,189,506	\$445,022	\$364,971
VL5	2027-28	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,735,003,506	\$3,092,189,506	\$440,842	\$364,971
VL6	2028-29	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,701,362,506	\$3,092,189,506	\$436,872	\$364,971
VL7	2029-30	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,669,403,506	\$3,092,189,506	\$433,100	\$364,971
VL8	2030-31	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,903,454,506	\$3,356,601,506	\$460,725	\$396,180
VL9	2031-32	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,920,150,906	\$3,402,140,906	\$462,695	\$401,555
VL10	2032-33	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,877,158,206	\$3,386,548,206	\$457,621	\$399,714
VP1	2033-34	6,450.00	8,472.42	\$0.9565	\$0.4152	\$3,836,200,706	\$3,371,620,706	\$452,787	\$397,952
VP2	2034-35	6,450.00	8,472.42	\$0.9565	\$0.4152	\$4,436,090,956	\$4,436,090,956	\$523,592	\$523,592
VP3	2035-36	6,450.00	8,472.42	\$0.9565	\$0.4152	\$4,365,469,475	\$4,365,469,475	\$515,256	\$515,256
VP4	2036-37	6,450.00	8,472.42	\$0.9565	\$0.4152	\$4,298,277,846	\$4,298,277,846	\$507,326	\$507,326
VP5	2037-38	6,450.00	8,472.42	\$0.9565	\$0.4152	\$4,234,347,485	\$4,234,347,485	\$499,780	\$499,780

\*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

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

### M&O Impact of the MarkWest Energy Project on AISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$30 million to the model. The difference between

the two models (Table 4) indicates there will be a total revenue loss of \$4.55 million over the course of the Agreement, with all the loss reflected in the first limitation year (2023-24).

**Table 2- “Baseline Revenue Model” --Project Value Added to DPV with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2020-21	\$28,063,090	\$25,994,448	\$0	\$1,224,796	\$2,148,565	\$0	-\$6,946	\$57,423,953
QTP1	2021-22	\$30,533,053	\$25,307,074	\$0	\$1,332,596	\$2,249,347	\$0	-\$7,516	\$59,414,554
QTP2	2022-23	\$31,136,108	\$22,786,704	\$0	\$1,358,916	\$1,997,229	\$0	-\$8,329	\$57,270,628
VL1	2023-24	\$32,267,984	\$22,236,805	\$0	\$1,408,316	\$2,007,466	\$0	-\$8,542	\$57,912,029
VL2	2024-25	\$34,144,285	\$21,104,930	\$0	\$1,490,206	\$2,000,018	\$0	-\$8,930	\$58,730,509
VL3	2025-26	\$33,819,744	\$19,228,629	\$0	\$1,476,042	\$1,790,783	\$0	-\$8,810	\$56,306,388
VL4	2026-27	\$33,511,424	\$19,553,170	\$0	\$1,462,585	\$1,809,244	\$0	-\$8,696	\$56,327,727
VL5	2027-28	\$33,218,521	\$19,861,489	\$0	\$1,449,802	\$1,822,431	\$0	-\$8,587	\$56,343,656
VL6	2028-29	\$35,315,128	\$20,154,393	\$0	\$1,541,307	\$1,966,028	\$0	-\$8,876	\$58,967,980
VL7	2029-30	\$35,459,802	\$18,009,319	\$0	\$1,547,621	\$1,760,999	\$0	-\$8,845	\$56,768,896
VL8	2030-31	\$35,068,633	\$17,856,297	\$0	\$1,530,549	\$1,727,805	\$0	-\$8,729	\$56,174,555
VL9	2031-32	\$34,695,995	\$18,250,325	\$0	\$1,514,285	\$1,749,046	\$0	-\$8,618	\$56,201,033
VL10	2032-33	\$39,998,861	\$18,625,699	\$0	\$1,745,726	\$2,053,971	\$0	-\$9,460	\$62,414,797
VP1	2033-34	\$39,364,562	\$13,127,716	\$0	\$1,718,042	\$1,514,846	\$0	-\$9,309	\$55,715,857
VP2	2034-35	\$38,761,068	\$13,774,960	\$0	\$1,691,703	\$1,546,161	\$0	-\$9,167	\$55,764,725
VP3	2035-36	\$38,186,865	\$14,390,770	\$0	\$1,666,642	\$1,572,231	\$0	-\$9,031	\$55,807,477
VP4	2036-37	\$37,640,520	\$14,976,691	\$0	\$1,642,797	\$1,597,036	\$0	-\$8,901	\$55,848,143
VP5	2037-38	\$28,063,090	\$25,994,448	\$0	\$1,224,796	\$2,148,565	\$0	-\$6,946	\$57,423,953

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

**Table 3- “Value Limitation Revenue Model” --Project Value Added to DPV with Value Limitation in Effect**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2020-21	\$28,063,090	\$25,994,448	\$0	\$1,224,796	\$2,148,565	\$0	-\$6,946	\$57,423,953
QTP1	2021-22	\$30,533,053	\$25,307,074	\$0	\$1,332,596	\$2,249,347	\$0	-\$7,516	\$59,414,554
QTP2	2022-23	\$27,928,365	\$22,786,704	\$0	\$1,218,916	\$1,788,564	\$0	\$2,326,498	\$56,049,047
VL1	2023-24	\$27,928,365	\$25,444,549	\$0	\$1,218,916	\$2,071,743	\$0	-\$7,840	\$56,655,733
VL2	2024-25	\$27,928,365	\$25,444,549	\$0	\$1,218,916	\$2,071,743	\$0	-\$7,925	\$56,655,648
VL3	2025-26	\$27,928,365	\$25,444,549	\$0	\$1,218,916	\$2,071,743	\$0	-\$7,857	\$56,655,716
VL4	2026-27	\$27,928,365	\$25,444,549	\$0	\$1,218,916	\$2,071,743	\$0	-\$7,793	\$56,655,780
VL5	2027-28	\$27,928,365	\$25,444,549	\$0	\$1,218,916	\$2,071,743	\$0	-\$7,731	\$56,655,842
VL6	2028-29	\$30,303,229	\$25,444,549	\$0	\$1,322,566	\$2,250,523	\$0	-\$8,065	\$59,312,802
VL7	2029-30	\$30,712,250	\$23,021,218	\$0	\$1,340,417	\$1,992,534	\$0	-\$8,077	\$57,058,342
VL8	2030-31	\$30,572,201	\$22,603,850	\$0	\$1,334,305	\$1,939,726	\$0	-\$8,001	\$56,442,081
VL9	2031-32	\$30,438,127	\$22,746,757	\$0	\$1,328,453	\$1,945,838	\$0	-\$7,929	\$56,451,246
VL10	2032-33	\$39,998,861	\$22,883,567	\$0	\$1,745,726	\$2,579,018	\$0	-\$9,460	\$67,197,712
VP1	2033-34	\$39,364,562	\$13,127,716	\$0	\$1,718,042	\$1,514,846	\$0	-\$9,309	\$55,715,857
VP2	2034-35	\$38,761,068	\$13,774,960	\$0	\$1,691,703	\$1,546,161	\$0	-\$9,167	\$55,764,725
VP3	2035-36	\$38,186,865	\$14,390,770	\$0	\$1,666,642	\$1,572,231	\$0	-\$9,031	\$55,807,477
VP4	2036-37	\$37,640,520	\$14,976,691	\$0	\$1,642,797	\$1,597,036	\$0	-\$8,901	\$55,848,143
VP5	2037-38	\$28,063,090	\$25,994,448	\$0	\$1,224,796	\$2,148,565	\$0	-\$6,946	\$57,423,953

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

**Table 4 – Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
<b>QTP0</b>	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>QTP1</b>	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>QTP2</b>	2022-23	-\$3,207,743	\$0	\$0	-\$140,000	-\$208,665	\$0	\$2,334,827	-\$1,221,581
VL1	2023-24	-\$4,339,619	\$3,207,744	\$0	-\$189,400	\$64,277	\$0	\$702	-\$1,256,296
VL2	2024-25	-\$6,215,920	\$4,339,619	\$0	-\$271,290	\$71,725	\$0	\$1,005	-\$2,074,861
VL3	2025-26	-\$5,891,379	\$6,215,920	\$0	-\$257,126	\$280,960	\$0	\$953	\$349,328
VL4	2026-27	-\$5,583,059	\$5,891,379	\$0	-\$243,669	\$262,499	\$0	\$903	\$328,053
VL5	2027-28	-\$5,290,156	\$5,583,060	\$0	-\$230,886	\$249,312	\$0	\$856	\$312,186
VL6	2028-29	-\$5,011,899	\$5,290,156	\$0	-\$218,741	\$284,495	\$0	\$811	\$344,822
VL7	2029-30	-\$4,747,552	\$5,011,899	\$0	-\$207,204	\$231,535	\$0	\$768	\$289,446
VL8	2030-31	-\$4,496,432	\$4,747,553	\$0	-\$196,244	\$211,921	\$0	\$728	\$267,526
VL9	2031-32	-\$4,257,868	\$4,496,432	\$0	-\$185,832	\$196,792	\$0	\$689	\$250,213
VL10	2032-33	\$0	\$4,257,868	\$0	\$0	\$525,047	\$0	\$0	\$4,782,915
<b>VP1</b>	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>VP2</b>	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>VP3</b>	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>VP4</b>	2036-37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>VP5</b>	2037-38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

***M&O Impact on the Taxpayer***

Under the assumptions used here, the potential gross tax savings from the value limitation total \$51.2 million over the life of the agreement. The AISD revenue losses are expected to total approximately \$4.55 million. The potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$46.6 million, prior to any negotiations with MarkWest Energy on supplemental payments. (See Table 5.)

**I&S Funding Impact on School District**

The project remains fully taxable for debt services taxes, with AISD currently levying a \$0.4152 per \$100 I&S rate. As shown in the Table 6 below, local taxpayers should benefit from the addition of the MarkWest Energy project to the local I&S tax roll, given that AISD is at a wealth level per ADA that makes it unlikely to be eligible for state facilities funding. Potential I&S tax rate reductions are reflected in Table 6.

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

**Table 5 - Estimated Financial Impact of the MarkWest Energy Project Property Value Limitation Request Submitted to AISD at \$0.9565 per \$100 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP0	2020-21	\$0	\$0		\$0.95650			\$0	\$0	\$0
QTP1	2021-22	\$75,000,000	\$75,000,000	\$0	\$0.95650	\$717,374	\$717,374	\$0	\$0	\$0
QTP2	2022-23	\$350,000,000	\$350,000,000	\$0	\$0.95650	\$3,347,744	\$3,347,744	\$0	\$0	\$0
VL1	2023-24	\$380,000,000	\$30,000,000	\$350,000,000	\$0.95650	\$3,634,693	\$286,949	\$3,347,744	-\$1,221,581	\$2,126,163
VL2	2024-25	\$503,500,000	\$30,000,000	\$473,500,000	\$0.95650	\$4,815,969	\$286,949	\$4,529,019	-\$1,256,296	\$2,818,886
VL3	2025-26	\$708,225,000	\$30,000,000	\$678,225,000	\$0.95650	\$6,774,160	\$286,949	\$6,487,210	-\$2,074,861	\$4,412,349
VL4	2026-27	\$672,814,000	\$30,000,000	\$642,814,000	\$0.95650	\$6,435,454	\$286,949	\$6,148,505	\$0	\$6,148,505
VL5	2027-28	\$639,173,000	\$30,000,000	\$609,173,000	\$0.95650	\$6,113,679	\$286,949	\$5,826,729	\$0	\$5,826,729
VL6	2028-29	\$607,214,000	\$30,000,000	\$577,214,000	\$0.95650	\$5,807,991	\$286,949	\$5,521,042	\$0	\$5,521,042
VL7	2029-30	\$576,853,000	\$30,000,000	\$546,853,000	\$0.95650	\$5,517,589	\$286,949	\$5,230,639	\$0	\$5,230,639
VL8	2030-31	\$548,010,000	\$30,000,000	\$518,010,000	\$0.95650	\$5,241,706	\$286,949	\$4,954,757	\$0	\$4,954,757
VL9	2031-32	\$520,610,000	\$30,000,000	\$490,610,000	\$0.95650	\$4,979,626	\$286,949	\$4,692,676	\$0	\$4,692,676
VL10	2032-33	\$494,580,000	\$30,000,000	\$464,580,000	\$0.95650	\$4,730,649	\$286,949	\$4,443,700	\$0	\$4,443,700
VP1	2033-34	\$469,851,000	\$469,851,000	\$0	\$0.95650	\$4,494,117	\$4,494,117	\$0	\$0	\$0
VP2	2034-35	\$446,358,000	\$446,358,000	\$0	\$0.95650	\$4,269,407	\$4,269,407	\$0	\$0	\$0
VP3	2035-36	\$424,040,000	\$424,040,000	\$0	\$0.95650	\$4,055,935	\$4,055,935	\$0	\$0	\$0
VP4	2036-37	\$402,838,000	\$402,838,000	\$0	\$0.95650	\$3,853,138	\$3,853,138	\$0	\$0	\$0
VP5	2037-38	\$382,696,000	\$382,696,000	\$0	\$0.95650	\$3,660,481	\$3,660,481	\$0	\$0	\$0
						<b>\$77,732,337</b>	<b>\$26,550,316</b>	<b>\$51,182,021</b>	<b>-\$4,552,738</b>	<b>\$46,629,283</b>

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

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

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

**Table 6 - Estimated Impact of the MarkWest Energy Project Property Value Limitation Request on AISD I&S Tax Rate**

Year of Agreement	School Year	I&S Rate w/out Project	Local Value w/out Project	I&S Taxes w/out Project	Project Full Taxable Value	I&S Rate with Project Value	Change in I&S Rate
<b>QTP0</b>	2020-21	\$0.4152	\$3,619,213,627	\$15,026,975	\$0	\$0.415200	\$0.0000
<b>QTP1</b>	2021-22	\$0.4152	\$3,602,349,027	\$14,956,953	\$75,000,000	\$0.406732	-\$0.0085
<b>QTP2</b>	2022-23	\$0.4152	\$3,579,235,627	\$14,860,986	\$350,000,000	\$0.378216	-\$0.0370
<b>VL1</b>	2023-24	\$0.4152	\$4,674,313,327	\$19,407,749	\$380,000,000	\$0.383984	-\$0.0312
<b>VL2</b>	2024-25	\$0.4152	\$4,597,279,627	\$19,087,905	\$503,500,000	\$0.374215	-\$0.0410
<b>VL3</b>	2025-26	\$0.4152	\$4,523,945,627	\$18,783,422	\$708,225,000	\$0.358999	-\$0.0562
<b>VL4</b>	2026-27	\$0.4152	\$4,454,133,177	\$18,493,561	\$672,814,000	\$0.360713	-\$0.0545
<b>VL5</b>	2027-28	\$0.4152	\$4,387,671,277	\$18,217,611	\$639,173,000	\$0.362407	-\$0.0528
<b>VL6</b>	2028-29	\$0.4152	\$4,324,398,627	\$17,954,903	\$607,214,000	\$0.364078	-\$0.0511
<b>VL7</b>	2029-30	\$0.4152	\$4,264,160,727	\$17,704,795	\$576,853,000	\$0.365725	-\$0.0495
<b>VL8</b>	2030-31	\$0.4152	\$4,206,811,277	\$17,466,680	\$548,010,000	\$0.367347	-\$0.0479
<b>VL9</b>	2031-32	\$0.4152	\$4,152,209,677	\$17,239,975	\$520,610,000	\$0.368942	-\$0.0463
<b>VL10</b>	2032-33	\$0.4152	\$4,100,223,627	\$17,024,128	\$494,580,000	\$0.370508	-\$0.0447
<b>VP1</b>	2033-34	\$0.4152	\$4,050,727,577	\$16,818,621	\$469,851,000	\$0.372046	-\$0.0432
<b>VP2</b>	2034-35	\$0.4152	\$4,003,599,096	\$16,622,943	\$446,358,000	\$0.373553	-\$0.0416
<b>VP3</b>	2035-36	\$0.4152	\$3,958,725,467	\$16,436,628	\$424,040,000	\$0.375029	-\$0.0402
<b>VP4</b>	2036-37	\$0.4152	\$3,915,997,106	\$16,259,220	\$402,838,000	\$0.376472	-\$0.0387
<b>VP5</b>	2037-38	\$0.4152	\$3,875,310,268	\$16,090,288	\$382,696,000	\$0.377883	-\$0.0373

Any IFA or EDA state aid is now based on current year values which could affect the tax rate needed pay for bond payments.

Attachment E

Taxable Value of Property

# 020-Brazoria

## 020-902/Angleton ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	1,205,163,975	0.9523	1,265,529,744	1,205,163,975
B. MULTIFAMILY RESIDENCES	55,612,980	N/A	55,612,980	55,612,980
C1. VACANT LOTS	76,892,586	N/A	76,892,586	76,892,586
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	17,938,363	1.0861	16,516,519	17,938,363
D2. REAL PROP:FARM & RANCH	2,652,265	N/A	2,652,265	2,652,265
E. REAL PROP NONQUAL ACREAGE	144,740,517	1.0397	139,213,732	144,740,517
F1. COMMERCIAL REAL	259,511,204	0.9074	285,994,274	259,511,204
F2. INDUSTRIAL REAL	807,460,430	N/A	807,460,430	807,460,430
G. OIL,GAS,MINERALS	21,008,290	N/A	21,008,290	21,008,290
J. UTILITIES	172,994,960	0.9621	179,809,750	172,994,960
L1. COMMERCIAL PERSONAL	139,661,980	0.9796	142,570,416	139,661,980
L2. INDUSTRIAL PERSONAL	275,960,200	N/A	275,960,200	275,960,200
M. MOBILE HOMES	20,264,410	N/A	20,264,410	20,264,410
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	8,773,860	N/A	8,773,860	8,773,860
S. SPECIAL INVENTORY	16,810,760	N/A	16,810,760	16,810,760
Subtotal	3,225,446,780	0	3,315,070,216	3,225,446,780
Less Total Deductions	440,899,579	0	457,377,558	440,899,579
Total Taxable Value	2,784,547,201	0	2,857,692,658	2,784,547,201

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

## Value Taxable For M & O Purposes

T1	T2	T3	T4
2,850,276,734	2,784,547,201	2,850,276,734	2,784,547,201

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
65,729,533	0

T1 = School district taxable value for M & O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

## Value Taxable For I & S Purposes

T7	T8	T9	T10
2,850,276,734	2,784,547,201	2,850,276,734	2,784,547,201

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

# 020-902-02/Angleton ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	1,205,163,975	0.9523	1,265,529,744	1,205,163,975
B. MULTIFAMILY RESIDENCES	55,612,980	N/A	55,612,980	55,612,980
C1. VACANT LOTS	76,892,586	N/A	76,892,586	76,892,586
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	17,938,363	1.0861	16,516,519	17,938,363
D2. REAL PROP:FARM & RANCH	2,652,265	N/A	2,652,265	2,652,265
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F1. COMMERCIAL REAL	259,511,204	0.9074	285,994,274	259,511,204
F2. INDUSTRIAL REAL	807,460,430	N/A	807,460,430	807,460,430
G. OIL,GAS,MINERALS	21,008,290	N/A	21,008,290	21,008,290
J. UTILITIES	172,994,960	0.9621	179,809,750	172,994,960
L1. COMMERCIAL PERSONAL	139,661,980	0.9796	142,570,416	139,661,980
L2. INDUSTRIAL PERSONAL	275,960,200	N/A	275,960,200	275,960,200
M. MOBILE HOMES	20,264,410	N/A	20,264,410	20,264,410
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	8,773,860	N/A	8,773,860	8,773,860
S. SPECIAL INVENTORY	16,810,760	N/A	16,810,760	16,810,760
Subtotal	3,225,446,780		3,315,070,216	3,225,446,780
Less Total Deductions	440,899,579		457,377,558	440,899,579
Total Taxable Value	2,784,547,201		2,857,692,658	2,784,547,201

The taxable values shown here will not match the values reported by your appraisal district  
See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

## Value Taxable For M & O Purposes

T1	T2	T3	T4
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T1 = School district taxable value for M & O purposes before the loss to the additional \$10, 000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50 % of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50 % of the loss to the local optional percentage homestead exemption

## Value Taxable For I & S Purposes

T7	T8	T9	T10
2,850,276,734	2,784,547,201	2,850,276,734	2,784,547,201

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

# Attachment F

## TEA's Facilities Value

Attachment G

Participation Agreement

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

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by and between

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

and

**MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C.**

*(Texas Taxpayer ID # 32057041306)*

Comptroller Application # 1360

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Dated

October 21, 2019

*Texas Economic Development Act Agreement  
Comptroller Form 50-826 (Jan 2016)*

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

*STATE OF TEXAS* §

*COUNTY OF BRAZORIA* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **ANGLETON INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C.**, *Texas Taxpayer Identification Number 32057041306* hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

**RECITALS**

**WHEREAS**, on April 1, 2019, the Superintendent of Schools of the ANGLETON INDEPENDENT SCHOOL DISTRICT, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

**WHEREAS**, on April 16, 2019, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

**WHEREAS**, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, the District and the Texas Comptroller’s Office have determined that the Application is complete and June 16, 2019, is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

**WHEREAS**, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Brazoria County Appraisal District established in Brazoria County, Texas (the “Brazoria County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

**WHEREAS**, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on August 16, 2019, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

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

**WHEREAS**, on October 21, 2019, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

**WHEREAS**, on October 21, 2019, 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 October 08, 2019, 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 October 21, 2019, 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, including any statutory amendments that are applicable to Applicant.

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

**"Applicant"** means MarkWest Energy West Texas Gas Company, L.L.C. (Texas

*Taxpayer ID # 32057041306*) 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 April 1, 2019. 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 Brazoria County Appraisal District.

“*Board of Trustees*” means the Board of Trustees of the ANGLETON INDEPENDENT SCHOOL DISTRICT.

“*Commercial Operation*” means the date on which the project becomes commercially operational, has installed or constructed Qualified Property on the Land, and is able to deliver pipeline-quality dry natural gas that can be used as fuel by residential, commercial and industrial consumers.

“*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 Brazoria County, Texas.

“District” or “School District” means the ANGLETON 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.

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

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, and as further provided in Sections 6.2A and 6.2D, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying the District’s Average Daily Attendance for the school year immediately preceding the year for which the calculation is being made, as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, times \$100, or any larger amount in Texas Tax Code

§313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2020, the start of the Qualifying Time Period set forth in Section 2.3(C)(i), below.

“Applicable School Finance Law” means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

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

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

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

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

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

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

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

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

“*Supplemental Payments*” has the meaning given such term in Section 6.1(a).

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

## ARTICLE II AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

**Section 2.1. AUTHORITY.** This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

**Section 2.2. PURPOSE.** In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraiser for the District’s maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

**Section 2.3. TERM OF THE AGREEMENT.**

- A. The Application Review Start Date for this Agreement is June 16, 2019, 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 October 21, 2019.
- C. The Qualifying Time Period for this Agreement:
  - i. Starts on December 31, 2020, a date not later than January 1 of the fourth Tax Year following the Application approval Date for deferrals, as authorized by §313.027(h) of the Texas Tax Code;

- ii. Ends on December 31, 2022, 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, 2023, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
- ii. Ends on December 31, 2032 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, 2037, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii. plus 5 years.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

**Section 2.4. TAX LIMITATION.** So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Thirty Million Dollars (\$30,000,000), based on Section 313.054 of the TEXAS TAX CODE.

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

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

- A. have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$1,138.00 for all New Non-Qualifying Jobs created by the Applicant.

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

- A. provide payments to the District sufficient to protect future District

revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;

C. provide such Supplemental Payments as more fully specified in Article VI;

D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and,

E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

### **ARTICLE III QUALIFIED PROPERTY**

**Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.** At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

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

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

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.** In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent,

nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

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

#### **ARTICLE IV PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF THE PARTIES.** Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a producing cause, or which resulted, at least in part, because of, or on account of, the execution of 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 Articles V and VI of this Agreement. Subject to the limitations contained in this Agreement (including Sections 7.1 and 4.10), it is the intent of the Parties that the risk of any negative financial consequence to the District's Maintenance and Operations Revenue, to which the execution of this Agreement contributed in any manner, will be borne solely by the Applicant and not by the District.

The Parties expressly understand and agree that, for all Tax Years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may periodically change in accordance with changes in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: (i) for illustrative purposes only, and are not intended to be relied upon, and have not been relied upon, by the Parties as a prediction of future consequences to either Party; (ii) based upon the current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and (iii) may change in future years to reflect changes in the Applicable School Finance Law.

**Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT.** Subject to the provisions of Sections 4.10, 7.1, and 7.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year, starting in the year of the Application Review Start Date and ending on the Final Termination Date (the "M&O Amount"), shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

- A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions, where:
- i. “Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that the District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s ad valorem maintenance and operations tax at the District-adopted rate for the applicable Tax Year. For purposes of this calculation, the Third Party (as defined in Section 4.3) will base its calculations upon (1) the total Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District’s maintenance and operations ad valorem tax purposes, save and except for the Applicant’s Qualified Property subject to this Agreement, *plus* (2) the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant’s Qualified Property subject to this Agreement for the District’s debt service (interest and sinking fund) ad valorem tax purposes (which total Taxable Values for the Applicant’s Qualified Property subject to this Agreement shall be used in lieu of the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant’s Qualified Property subject to this Agreement for the District’s maintenance and operations ad valorem tax purposes).
  - ii. “New M&O Revenue” means the total State and local Maintenance and Operations Revenue that the District actually received or is accrued to the District in accordance with the provisions of the Applicable School Finance Law for such school year.
- B. In making the calculations required by this Section 4.2:
- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for the year for which the calculation is made.
  - ii. For purposes of this calculation, the tax collection rate on the Applicant’s Qualified Property will be presumed to be one hundred percent (100%).
  - iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2, results in a negative number, the negative number will be considered to be zero.
  - iv. All calculations made for any year during the Tax Limitation Period under

Subsection *ii* of Section 4.2.A will reflect the Tax Limitation Amount for such year.

- v. All calculations made under this Section 4.2 shall be made using a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factor not contained in this Agreement.

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

**Section 4.4. DATA USED FOR CALCULATIONS.** The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to 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. DELIVERY OF CALCULATIONS.** On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, and/or Article VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculations until the Final Termination Date. The Applicant shall not be liable for any of the Third Party's costs resulting from a review or audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

or the fee paid by the Applicant to the Third Party pursuant to Section 4.6, if such fee is timely paid.

**Section 4.6. PAYMENT BY APPLICANT.** The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.5, above, plus any reasonable and necessary 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 which are, or may be required under the terms or because of the execution of this Agreement. Notwithstanding the foregoing, for no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 and Section 4.5 which exceeds Fifteen Thousand Dollars (\$15,000.00).

**Section 4.7. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.** If at the time the Third Party selected and appointed under Section 4.3 makes its calculations under this Agreement the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property and/or the Applicant's Qualified Investment and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Investment, respectively, by the Appraisal District. If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations required by this Agreement for the applicable year or years using the new Taxable Value. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

**Section 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE.** Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Sections 7.1 and 4.10, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, the Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, 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 District, up to but not to exceed the amount of the limits set forth in this Agreement (including Sections 7.1 and 4.10), that are necessary to offset any such negative impact on the District as a result of its participation in this Agreement. The calculation of any such payments to the District shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

**Section 4.9 RESOLUTION OF DISPUTES.** Should the Applicant disagree with the certification

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

**Section 4.10. CUMULATIVE PAYMENT LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i (i.e. the Tax Year 2020), and ending with the Tax Year 2030, which is the last Tax Year of the Tax Limitation Period exceed an amount equal to One Hundred Percent (100%) of the Applicant's Cumulative Unadjusted Tax Benefit for such Tax Year. 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 Cumulative Payments which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period (i.e. the Tax Year 2030) because such payment would exceed the Applicant's Cumulative Unadjusted 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. EXTRAORDINARY EXPENSES.** In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, the Applicant on an annual basis shall also indemnify and reimburse the District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project described in the Application that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to such project. The Applicant shall have the right to contest the findings of the District's external auditor in accordance with the procedures set forth in Section 4.9.

**ARTICLE VI  
SUPPLEMENTAL PAYMENTS**

**Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.**

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V and this Article VI are subject to the limitations contained in Sections 7.1 and 4.10, and that all payments under this Article VI are subject to the separate limitations contained in Sections 6.2 and 6.3.

(b) Adherence to Statutory Limits on Supplemental Payments

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

**Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.** Notwithstanding the foregoing:

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

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

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V

of this Agreement; and

D. for purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

**Section 6.3. STIPULATED SUPPLEMENTAL AMOUNT-SUBJECT TO SUPPLEMENTAL PAYMENT LIMITATION.**

A. During the entire term of this Agreement, District shall, subject to the limitations set forth in Sections 6.3(B) and Section 7.1, below, be entitled to receive supplemental payments equal to the Annual Limit, as defined in Section 6.2(D), above.

B. Beginning with the first year of the Tax Limitation Period, as defined in Section 2.3(D)(1), above, and continuing thereafter until December 31 of the third year following the end of the Tax Limitation Period, Applicant's Supplemental Payment Obligation, set forth in Subsection 6.3.(A) shall be further limited to an amount not to exceed Forty-Five Percent (45%) of Applicant's Net Tax Benefit, as the term is defined in Section 1.2, above.

**Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT LIMIT.**

The Stipulated Supplemental Payment Limit during the Tax Limitation Period will be calculated annually using the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Minus,*

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Multiplied by,*

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas,-for such Tax

Year;

*Minus,*

Any amounts previously paid to the District under Article IV for such Tax Year;

*Multiplied by,*

The number 0.45;

*Minus,*

Any amounts previously paid to the District under Sections 6.2 and 6.3, above, with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party selected pursuant to Section 4.4, above, shall adjust the Stipulated Supplemental Payment Amount calculation to reflect any changes in the data.

**Section 6.5. 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 4.4.

- (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 4.7.

**Section 6.6. APPLICATION OF AGGREGATE LIMIT.** For each Tax Year during the term of this Agreement beginning with the Tax Year 2020, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with Tax Year 2035, which is the third Tax Year following the end of the Tax Limitation Period, the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under Sections 6.2 and 6.3 above for such

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

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

**Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.** At any time during the term of this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by action of the Board of Trustees, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in this Article IV, including Sections 6.2 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 the Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

## **ARTICLE VII ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**Section 7.1. ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and

operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

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

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

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

### **Section 9.3. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Brazoria 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 Brazoria County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the

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

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

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

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

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

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

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

shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

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

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

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

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

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

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

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

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

## ARTICLE X MISCELLANEOUS PROVISIONS

### Section 10.1. INFORMATION AND NOTICES.

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

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

Phillip Edwards  
Superintendent  
Angleton ISD  
1900 N Downing Rd  
Angleton, Texas 77515  
Phone: (979) 864-8025  
Facsimile: (979) 864-8070  
Email: egardner@angletonisd.net

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

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

Nicole Busey  
Assistant Secretary  
MarkWest Energy West Texas Gas Company, L.L.C.  
539 South Main Street  
Findlay OH, 45840  
Phone: (419) 421-2687

Facsimile: (419) 420-1443  
Email: [nmbusey@marathonpetroleum.com](mailto:nmbusey@marathonpetroleum.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; and
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement.

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

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

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and

ii. If the Comptroller provides its certificate for a limitation with conditions different from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised Application, the District shall terminate this Agreement.

### **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

Brazoria County.

**Section 10.6. AUTHORITY TO EXECUTE AGREEMENT.** Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

**Section 10.7. SEVERABILITY.** If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

**Section 10.8. PAYMENT OF EXPENSES.** Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

**Section 10.9. INTERPRETATION.**

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

**Section 10.10. EXECUTION OF COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

**Section 10.11. PUBLICATION OF DOCUMENTS.** The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

**Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.** The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

**Section 10.13. DUTY TO DISCLOSE.** If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

**Section 10.14. CONFLICTS OF INTEREST.**

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any

future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

**Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.** Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

**Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.**

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

- B. Delivery is deemed complete as follows:
- i. When delivered if delivered personally or sent by express courier service;
  - ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
  - iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
  - iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic “read receipt” does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 21 day of October, 2019.

**MARKWEST ENERGY WEST TEXAS  
GAS COMPANY, L.L.C.**

By: Nicole M. Busey  
Name: Nicole Busey  
Title: Assistant Secretary

**ANGLETON INDEPENDENT SCHOOL  
DISTRICT**

By: Regina Berr  
President  
Board of Trustees

ATTEST: Anna Delbert  
Secretary  
Board of Trustees

## EXHIBIT 1

### DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

On September 24, 2019, at a duly-called meeting of the Brazoria County Commissioners' Court, and after a properly conducted Public Hearing concerning the matter, the Commissioner's Court of Brazoria County adopted an Order creating *Markwest Energy West Texas Gas Company, L.L.C Reinvestment Zone No. 1*, in Brazoria County consisting of all land contained within the boundaries described below:

**September 24, 2019**  
**THE COMMISSIONERS' COURT OF BRAZORIA COUNTY**  
**SPECIAL MEETING**

**ORDER NO. 7.P.3**

**RE:** The MarkWest Energy West Texas Gas Company, L.L.C. Tax Abatement  
Application: Order Creating Reinvestment Zone and Granting Tax Abatement

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***Designation of Reinvestment Zone:***

Whereas, a public hearing was held on the Designation of MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C. Reinvestment Zone No. 1 and the public was given an opportunity to speak and present evidence for or against such designation; and

Whereas, notice of the hearing was given in the manner as provided by law;

Therefore, based upon the information presented to the Court and the public hearing, the Court finds that the designation of this zone would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property included in the zone and would contribute to the economic development of the County.

Further that approximately 51.16 acres-that will be specifically described in the approved agreement-be designated The MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C. Reinvestment Zone No. 1 for tax abatement purposes in accordance with the guidelines and criteria of Brazoria County and applicable law.

***Granting of Tax Abatement***

It is Ordered that the application for tax abatement of MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C. attached hereto be granted in accordance with the Guidelines and Criteria for Granting Tax Abatement in The MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C. Reinvestment Zone No. 1 created in Brazoria County for a term of seven (7) years, and at 100% abatement of eligible real and personal properties; Said Company will be investing \$460,000,000.00 dollars and creating 10 or more new jobs in Brazoria County. Said project will bring in 100 construction jobs at the start of construction, 500 construction jobs at the peak of construction and finish with 100 construction jobs. Additionally, the Company will install pipelines not subject to the abatement.

The Tax Abatement Review Committee met on September 9, 2019 to review the application and voted unanimously to recommend the granting of said application.

Further that the County Judge is authorized to execute a tax abatement agreement with MARKWEST ENERGY WEST TEXAS GAS COMPANY, L.L.C. in accordance with the same guidelines and criteria.



## Doyle & Wachtstetter, Inc.

Surveying and Mapping • GPS/GIS • Pipeline Integrity  
High Density 3D Laser Scanning • Robotic Imaging HD  
Aerial Topographic Surveying • RTK/UAV Imagery

**INEOS USA, LLC 51.16 ACRE TRACT  
PERRY AND AUSTIN SURVEY, ABSTRACT 106  
BRAZORIA COUNTY, TEXAS  
PAGE 1 OF 2**

**ALL THAT CERTAIN 51.16 ACRE TRACT**, situated in the Perry and Austin Survey, Abstract 106, Brazoria County, Texas, being a portion of all that certain called 2381.247 acre tract of land, described by deed recorded on October 10, 2005 from BP Amoco Chemical Company to O&D USA LLC (Innovene USA LLC), as recorded under Clerk's File No. 2005057909 of the Brazoria County Official Records (B.C.O.R.), the herein described 51.16 acre tract being more particularly described by metes and bounds, using survey terminology which refers to the Texas State Plane Coordinate System, South Central Zone (NAD83), in which the directions are Lambert grid bearings and distances are grid level horizontal lengths, all area calculations shown hereon are surface measurements (C.S.F. = 0.99986825474) as follows:

**BEGINNING** at an unmarked point for the lower east corner of the herein described 51.16 acre tract, from which point a 4" x 4" concrete monument found for reference at the east corner of said O&D USA LLC called 2381.247 acre tract bears North 55°21'39" East a distance of 11379.84 feet, said **POINT OF BEGINNING** being located at Texas State Plane Coordinate System position X = 3180122.41 and Y = 13651234.27;

**THENCE** South 40°55'20" West, a distance of 1452.90 feet to an unmarked point for the south corner of the herein described 51.16 acre tract;

**THENCE** North 48°45'39" West, a distance of 1445.65 feet to an unmarked point for the west corner of the herein described 51.16 acre tract;

**THENCE** North 43°22'45" East, a distance of 618.44 feet to an unmarked point for an interior corner of the herein described 51.16 acre tract;

**THENCE** North 41°31'08" East, a distance of 970.31 feet to an unmarked point for the north corner of the herein described 51.16 acre tract;

**THENCE** South 49°04'40" East, a distance of 1137.52 feet to an unmarked point for the upper east corner of the herein described 51.16 acre tract;

**THENCE** South 40°55'20" West, a distance of 123.81 feet to an unmarked point for an interior corner of the herein described 51.16 acre tract;

**THENCE** South 49°04'40" East, a distance of 229.91 feet to an unmarked point for an exterior corner of the herein described 51.16 acre tract;

**THENCE** South 40°55'20" West, a distance of 19.40 feet to an unmarked point for an interior corner of the herein described 51.16 acre tract;

---

131 Commerce Street • Clute, Texas 77531-5601

Phone: 979-265-3622 • Fax: 979-265-9940 • Email: [DW-Surveyor.com](mailto:DW-Surveyor.com) • Firm # 10024500

**INEOS USA, LLC 51.16 ACRE TRACT  
PERRY AND AUSTIN SURVEY, ABSTRACT 106  
BRAZORIA COUNTY, TEXAS  
PAGE 2 OF 2**

**THENCE** South 49°04'40" East, a distance of 41.58 feet to the **POINT OF BEGINNING** containing 51.16 acres of land, more or less.

This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.



*Kim T. Doyle*  
\_\_\_\_\_  
**Kim T. Doyle**  
**Registered Professional Land Surveyor**  
**Texas Registration Number 6526**  
**July 3, 2019**

*This description is based on a plat dated June 1, 2019 and is on file in the office of Doyle & Wachtstetter, Inc.*  
Legal\Kim\Ineos\1685-19-04\1685-19-04 51.16 Acre Tax Abatement Tract.doc

**BRAZORIA COUNTY  
TEXAS**

**JAMES F. PERRY & EMILY M. AUSTIN SURVEY  
ABSTRACT 106**

**NOTES:**

1. ALL COORDINATES AND BEARINGS ARE RELATIVE TO THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE (NAD 83). EPSG CODE: 5204. NORTH ARROW SHOWN IS A GRAPHIC REPRESENTATION OF TEXAS STATE PLANE GRID NORTH.
2. ALL DISTANCES ARE HORIZONTAL GRID LEVEL LENGTHS. ALL CALCULATED ACREAGES ARE SCALED SURFACE LEVEL AREAS. (C.S.F. = 0.9996625474)
3. THIS SURVEY DID NOT RELY ON A CURRENT TITLE COMMITMENT. THE INFORMATION CONTAINED ON THIS SURVEY WAS COMPILED FROM DATA BOTH PRIVATE AND PUBLIC FROM THE BRAZORIA COUNTY COURTHOUSE. RESEARCHED BY AUTHOR. IT DOES NOT REPRESENT A COMPLETE DEED RESEARCH AND THIS PROPERTY MAY BE SUBJECT TO ADDITIONAL EASEMENTS, ENCUMBRANCES, RESTRICTIVE COVENANTS OR OWNERSHIP TITLE EVIDENCE THAT AN ACCURATE AND CURRENT TITLE SEARCH MAY DISCLOSE.
4. THIS SURVEY WAS PREPARED TO MEET THE GUIDELINES DOCUMENTED UNDER 22 TAC 663.21 OF THE TEXAS ADMINISTRATIVE CODE FOR DESCRIPTIONS PREPARED FOR POLITICAL SUBDIVISIONS. THE SCOPE OF THIS SURVEY IS LIMITED TO THE LOCATION AND DIMENSIONS OF THE LEASE TRACT BOUNDARY ONLY AND SHOULD NOT BE USED FOR OTHER PURPOSES.

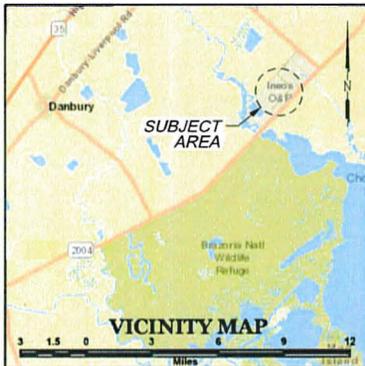
**LEGEND**

\* SOME ELEMENTS MAY NOT BE USED ON SURVEY

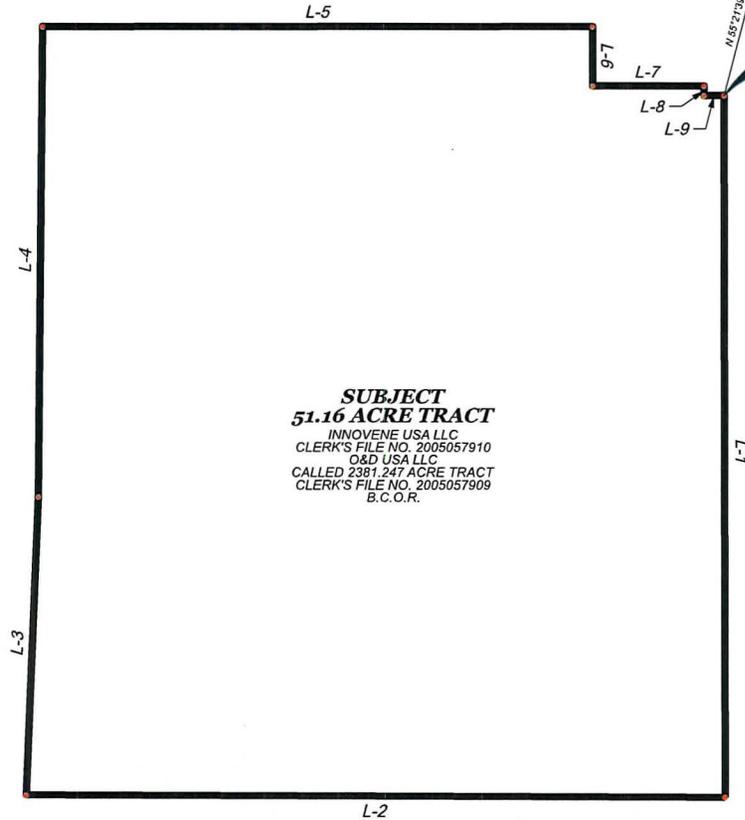
● FOUND IRON PIPE/ROD	— SUBJECT TRACT
○ SET 5/8" IRON ROD W/ SURVEY CAP "KTD #556"	— ADJACENT TRACT
⊙ CONTROLLING MONUMENT	— EASEMENT LINE
⊙ MON. OF RECORD DIGNITY	— PROP. LOT LINE
□ CONCRETE MONUMENT	— COMMENCEMENT
● UNMARKED POINT	— FENCE
⊙ SEPTIC LID	— CHAINLINK
D.A.L. = DISTANCE ALONG LINE	
C.C.D.R. = CALHOUN COUNTY DEED RECORDS	
C.C.O.R. = CALHOUN COUNTY OFFICIAL RECORDS	
C.C.P.R. = CALHOUN COUNTY PLAT RECORDS	



0 125 250  
SCALE: 1" = 250' (11" X 17")



INNOVENE USA LLC  
CLERK'S FILE NO. 2005057910  
O&D USA LLC  
CALLED 2381.247 ACRE TRACT  
CLERK'S FILE NO. 2005057909  
B.C.O.R.



**SUBJECT  
51.16 ACRE TRACT**  
INNOVENE USA LLC  
CLERK'S FILE NO. 2005057910  
O&D USA LLC  
CALLED 2381.247 ACRE TRACT  
CLERK'S FILE NO. 2005057909  
B.C.O.R.

FOUND 4" X 4" CONCRETE MONUMENT  
FOR THE EAST CORNER OF O&D USA LLC  
CALLED 2381.247 ACRE TRACT

**POINT OF BEGINNING**  
UNMARKED POINT FROM WHICH A  
FOUND 4" X 4" CONCRETE MONUMENT  
BEARS N 55° 21' 39" E 11379.84'  
X = 3180122.41  
Y = 13651234.27

**LINE DATA TABLE**

LINE NO.	BEARING	DISTANCE
L-1	S 40° 55' 20" W	1452.90'
L-2	N 48° 45' 39" W	1445.65'
L-3	N 43° 22' 45" E	618.44'
L-4	N 41° 31' 08" E	970.31'
L-5	S 49° 04' 40" E	1137.52'
L-6	S 40° 55' 20" W	123.81'
L-7	S 49° 04' 40" E	229.91'
L-8	S 40° 55' 20" W	19.40'
L-9	S 49° 04' 40" E	41.58'

**EXHIBIT OF A**

**51.16 ACRE TRACT**

BEING A PORTION OF ALL THAT CERTAIN  
O&D USA LLC  
CALLED 2381.247 ACRE TRACT  
AS RECORDED UNDER  
CLERK'S FILE NO. 2005057909

OF THE  
BRAZORIA COUNTY OFFICIAL RECORDS  
IN THE  
JAMES F. PERRY & EMILY M. AUSTIN SURVEY  
ABSTRACT 106  
BRAZORIA COUNTY, TEXAS  
FOR

**INEOS OLEFINS & POLYMERS USA**

**Doyle & Wachtstetter, Inc.**  
Surveying and Mapping GPS/GIS  
131 COMMERCE STREET, CLUTE, TEXAS 77531  
OFFICE: 979.265.3622 FAX: 979.265.9940 FIRM NO.: 10024500

SURVEYED: AMC 05-30-19 | BOOK: AMC VOL. 1 | PROJECT #: 1685-19-04  
DRAWN BY: JDD 07-01-19 | CHECKED: KTD 07-01-19 | REVISED: NONE

**BRAZORIA COUNTY  
TEXAS**

**JAMES F. PERRY & EMILY M. AUSTIN SURVEY  
ABSTRACT 106**

**NOTES:**

1. ALL COORDINATES AND BEARINGS ARE RELATIVE TO THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE (NAD 83), EPSG CODE 4204. NORTH ARROW SHOWN IS A GRAPHIC REPRESENTATION OF TEXAS STATE PLANE GRID NORTH.
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**LEGEND**

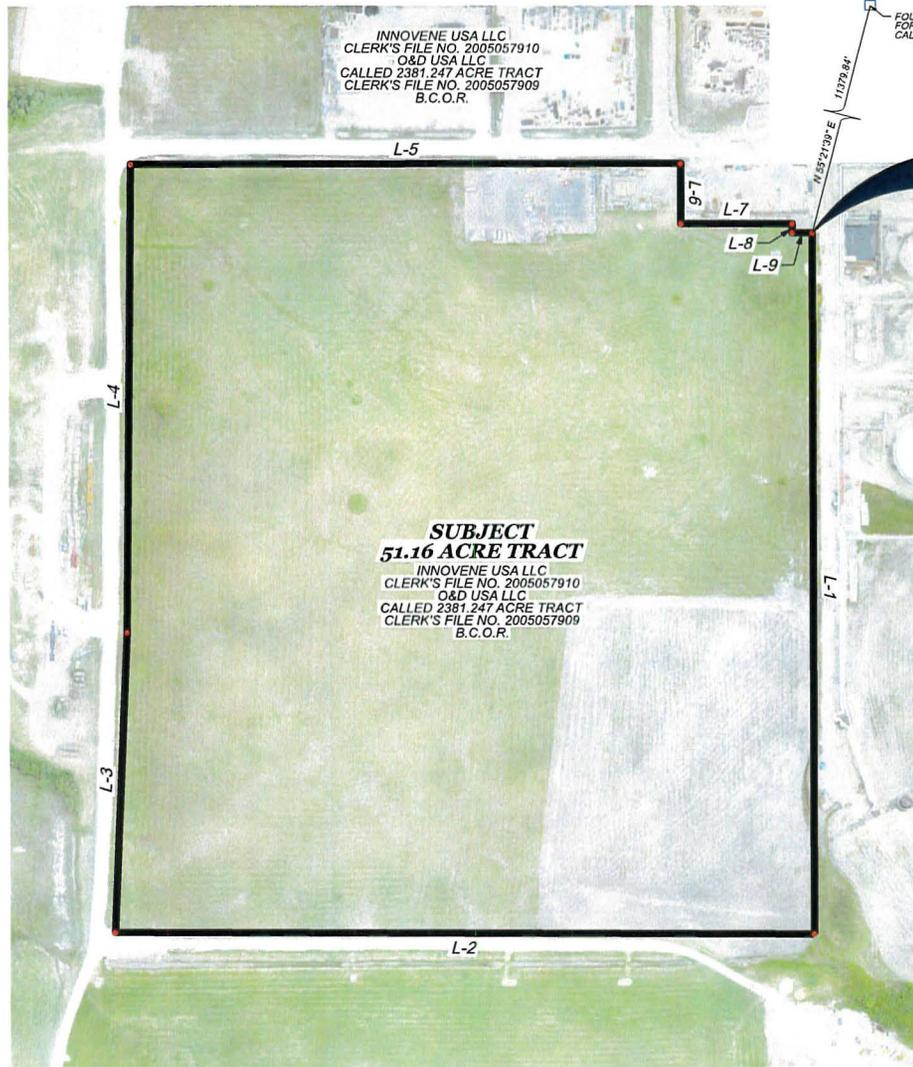
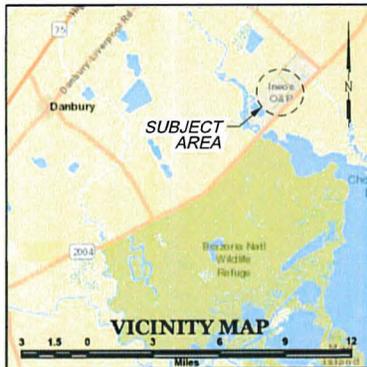
\* SOME ELEMENTS MAY NOT BE USED ON SURVEY

	FOUND IRON PIPE/ROD		SUBJECT TRACT
	SET 1/2" IRON ROD W/ SURVEY CAP "KTD 6526"		ADJACENT TRACT
	CONTROLLING MONUMENT		EASEMENT LINE
	MON. OF RECORD DIGNITY		PROP. LOT LINE
	CONCRETE MONUMENT		COMMENCEMENT
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C.C.D.R. = CALHOUN COUNTY DEED RECORDS  
C.C.O.R. = CALHOUN COUNTY OFFICIAL RECORDS  
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0 125 250  
SCALE: 1" = 250' (11" X 17')



**LINE DATA TABLE**

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**EXHIBIT OF A**

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BRAZORIA COUNTY, TEXAS  
FOR  
**INEOS OLEFINS & POLYMERS USA**

**Doyle & Wachtstetter, Inc.**  
Surveying and Mapping GPS/GIS  
151 COMMERCE STREET, CLUTE, TEXAS 77531  
OFFICE: 979.265.3632 FAX: 979.265.9940 FIRM NO.: 10024500  
SURVEYED: AMC 05-20-18 | BOOK: AMC VOL. 11 | PROJECT #: 1805-19-04  
DRAWN BY: JDD 07-01-19 | CHECKED: KTD 07-01-19 | REVISED: NONE

DATE: 7/17/2019 TIME: 10:51:17 AM  
C:\PROGRAMS\SW\SWCADD\Projects\Browns\Browns\Tracts\2018\1805-19-04-1.dwg

# MARKWEST

Energy West Texas Gas Company, L.L.C.  
APPLICATION FOR TAX ABATEMENT IN BRAZORIA COUNTY



**EXHIBIT 2**  
**DESCRIPTION AND LOCATION OF LAND**

**DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE**

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

### EXHIBIT 3

#### APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment that is subject to this Agreement shall be all tangible personal property first placed in service after October 21, 2019, that is owned by the Applicant, as more fully described in Tab #7 of the Application. All the qualified investment will be located within the Angleton ISD and will be within the reinvestment zone and project boundary depicted on the map attached to **EXHIBIT 4**.

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new 300,000 barrel per day NGL Fractionation plant in Brazoria County, Texas on approximately 52 acres of land near an existing chemical plant. The plant will consist of 2 trains each having the capability of processing 150,000 barrels per day.

#### Feedstock

The fractionation plant will receive a mixed Natural Gas Liquid "NGL" stream via pipeline and process that stream into NGL purity components including ethane, propane, n-butane, i-butane, and natural gasoline.

#### Products

Fractionation will be accomplished using heat, pressure and a series of distillation towers. The proposed fractionator will include a deethanizer, depropanizer, debutanizer and a deisobutanizer. The resulting purity products will be sold as products to others to use as raw materials in various downstream chemical process.

#### Logistics

The fractionator will be connected via existing pipelines and new (to be built) pipelines that will connect the plant to storage caverns, other chemical and refining plants, marine terminals, and other commercial markets located both in and outside of Brazoria County. The new to-be-built pipelines are not part of this application.

#### Equipment List

- Distillation Towers
- Heaters
- Coolers
- Pumps
- Compression Equipment
- Distributed Control Systems "DCS"
- Valves
- Piping

- Heat Exchangers
- Flare System
- Fire Protection
- Electrical and Steam Systems
- Waste Water Processing

## EXHIBIT 4

This Agreement covers all qualified property within Angleton ISD necessary for the commercial operations of the fractionation plant described in Attachment #8 to the Application. All the Qualified Property for this Project will be located within the Reinvestment Zone and project boundary within the Angleton Independent School District and depicted on the map attached to **Exhibit 4**.

### Description of Qualified Property

#### Proposed Project Description

MarkWest Energy West Texas Gas Company, L.L.C is considering building a new 300,000 barrel per day NGL Fractionation plant in Brazoria County, Texas on approximately 52 acres of land near an existing chemical plant. The plant will consist of 2 trains each having the capability of processing 150,000 barrels per day.

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#### Logistics

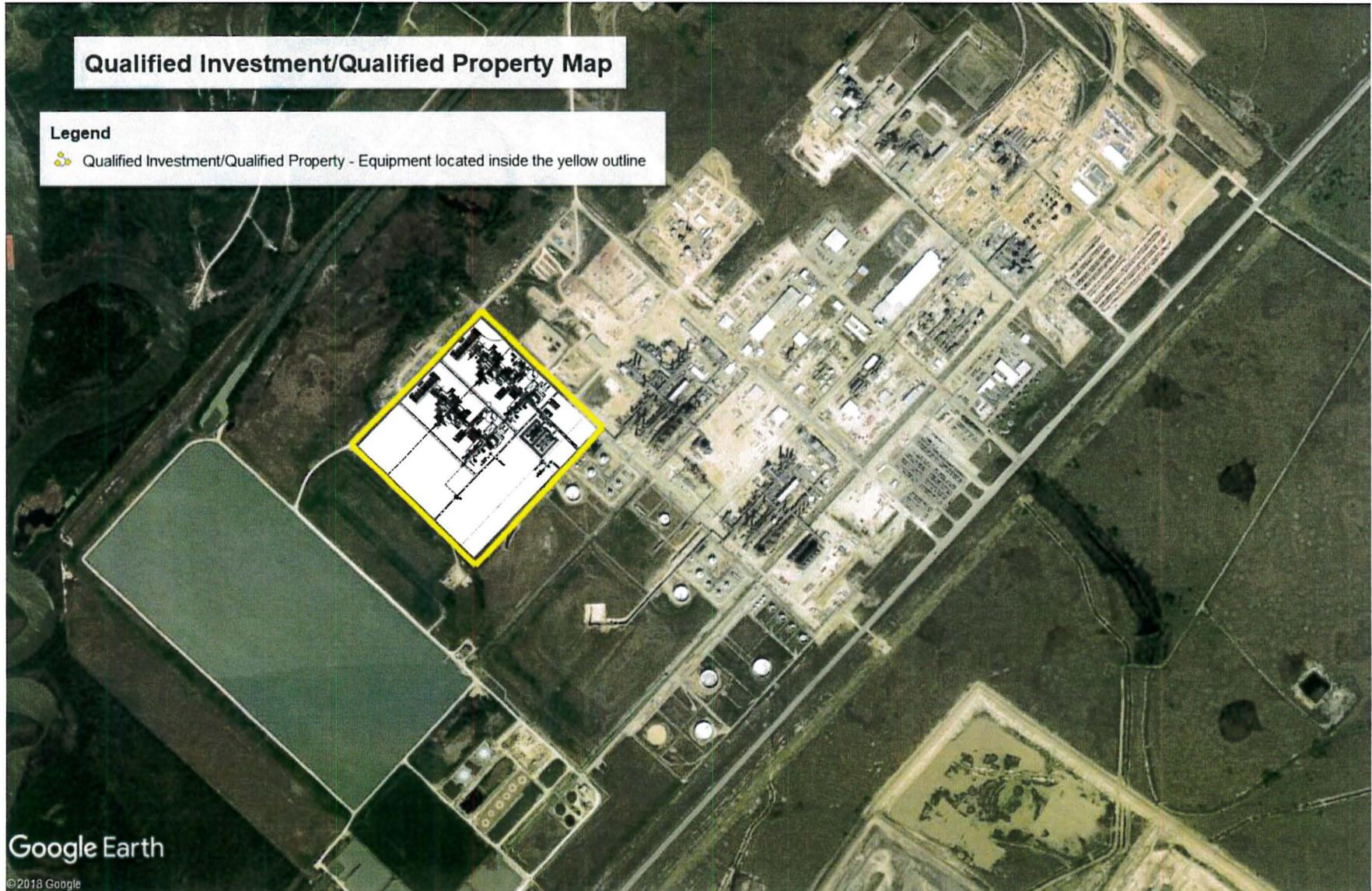
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#### Equipment List

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- Heaters
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- Valves
- Piping
- Heat Exchangers

- Flare System
- Fire Protection
- Electrical and Steam Systems
- Waste Water Processing

**MARKWEST**  
Energy West Texas Gas Company, L.L.C.  
CHAPTER 313 APPLICATION TO ANGLETON ISD



**EXHIBIT 5**  
**AGREEMENT SCHEDULE**

	<b>Year</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description</b>
<b>Pre-Limitation Period</b>	Partial Year Beginning on the Date Agreement Signed (10/21/2019)	January 1, 2019	2019-2020	2019	Agreement Signed (10/21/2019). No limitation on appraised value. Qualifying Time Period Deferred until December 31, 2020
	1	December 31, 2020	2020-2021	2020	Partial Year Qualifying Time Period. No limitation on appraised value.
	2	January 1, 2021	2021-2022	2021	Qualifying Time Period. No limitation on appraised value.
	3	January 1, 2022	2022-2023	2022	Qualifying Time Period. No limitation on appraised value.
<b>Limitation Period (10 Years)</b>	1	January 1, 2023	2023-2024	2023	\$30 million appraised value limitation.
	2	January 1, 2024	2024-2025	2024	\$30 million appraised value limitation.
	3	January 1, 2025	2025-2026	2025	\$30 million appraised value limitation.
	4	January 1, 2026	2026-2027	2026	\$30 million appraised value limitation.
	5	January 1, 2027	2027-2028	2027	\$30 million appraised value limitation.
	6	January 1, 2028	2028-2029	2028	\$30 million appraised value limitation.
	7	January 1, 2029	2029-2030	2029	\$30 million appraised value limitation.
	8	January 1, 2030	2030-2031	2030	\$30 million appraised value limitation.
	9	January 1, 2031	2031-2032	2031	\$30 million appraised value limitation.
	10	January 1, 2032	2032-2033	2032	\$30 million appraised value limitation.
<b>Maintain Viable Presence</b>	11	January 1, 2033	2033-2034	2033	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

	<b>Year</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description</b>
(5 Years)	12	January 1, 2034	2034-2035	2034	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	13	January 1, 2035	2035-2036	2035	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	14	January 1, 2036	2036-2037	2036	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.
	15	January 1, 2037	2037-2038	2037	No limitation on appraised value. Applicant obligated to Maintain Viable Presence.

# Attachment H

## Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

October 21, 2019

President and Members  
Board of Trustees  
Angleton Independent School District  
1900 N. Downing Rd.  
Angleton, Texas 77515

*Re: Recommendations and Findings of the Firm Concerning the Application of MarkWest Energy West Texas Gas Company, LLC (#1360) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Angleton Independent School District, with respect to the pending Application of MarkWest Energy West Texas Gas Company, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

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

Because of the foregoing, it is our recommendation that the Board of Trustees approve the Application of MarkWest Energy West Texas Gas Company, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey".

Daniel T. Casey  
Partner

[www.moakcasey.com](http://www.moakcasey.com)

# O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

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

**JUSTIN DEMERATH**

**BENJAMIN CASTILLO**

October 21, 2019

President and Members  
Board of Trustees  
Angleton Independent School District  
1900 N. Downing Road  
Angleton, Texas 77515

*Re: Recommendations and Findings of the Firm Concerning the Application of MarkWest Energy West Texas Gas Company, LLC (#1360) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

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

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

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

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of MarkWest Energy West Texas Gas Company, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

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

Kevin O'Hanlon  
For the Firm

# Attachment I

## Agreement Review Letter



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

---

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

October 8, 2019

Phil Edwards  
Superintendent  
Angleton Independent School District  
1900 N. Downing Road  
Angleton, Texas 77515

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Angleton Independent School District and MarkWest Energy West Texas Gas Company, L.L.C., Application 1360

Dear Superintendent Edwards:

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 Angleton Independent School District and MarkWest Energy West Texas Gas Company, L.L.C. (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 Michelle Luera with our office. She can be reached by email at [michelle.luera@cpa.texas.gov](mailto:michelle.luera@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 3-6053, or at 512-463-6053.

Sincerely,

A handwritten signature in black ink, reading "Will Counihan", is positioned above the typed name.

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Dan Casey, Moak, Casey & Associates LLP  
Nicole Busey, MarkWest Energy West Texas Gas Company, L.L.C.  
Kyle Benschoter, MarkWest Energy West Texas Gas Company, L.L.C.  
Trey Novosad, Ryan, LLC

## Attachment J

# Conflict Of Interest Disclosure

### **Conflicts of Interest Disclosure Procedure**

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

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

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

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

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

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