SARA LEON
& ASSOCIATES, LLC

October 17, 2019

Via Hand Delivery and Electronic Mail: tabita.collazo@cpa.texas.gov
Tabita Collazo
Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Application #1362 from ETC Texas Pipeline, LTD to Rankin Independent School District – Amendment #004 Transmittal Letter

Dear Ms. Collazo:

Please review and consider the approval of the changes made by ETC Texas Pipeline, LTD to Application #1362.

Enumerated below are the changes contained in Amendment #004:

1. **Application Section 9 Projected Timeline:** Question 4, First Year of Limitation updated from January 2020 to January 1, 2021

2. **Tab 14 Schedules:** Schedules adjusted to reflect change in limitation

3. **Tab 17 Authorized Signatures and Application Certification**: New Signature page attached

Respectfully submitted,

Sara Hardner Leon
SARA LEON & ASSOCIATES, LLC

SHL/vr

Enclosed: Application Amendment 004

cc: *via Electronic Mail: mike@keatax.com*
Mike Fry, Director (Energy Services), KE Andrews

Via Electronic Mail: swyatt@rankinisd.net
Samuel Wyatt, Superintendent, Rankin ISD

Via Electronic Mail: megan.mckavanagh@energytransfer.com
Megan McKavanagh, Assistant Controller, Energy Transfer Partners, L.P.

KEANDREWS
VALUATION•TAX•SOLUTIONS

October 10, 2019

KE Andrews
1900 Dalrock Road
Rowlett, Texas 75088

Superintendent Wyatt

cc. Texas Comptroller of Public Accounts
Rankin ISD
511 W. 12th Street, Rankin, Texas 79778

Re: App#1362-Rankin ISD-ETC Texas Pipeline, LTD-Amendment Four

Dear Superintendent Wyatt:

Please find attached Amendment Four for Section 313 Value Limitation Application #1362 ETC Texas Pipeline, LTD. It is our request that you review the following changes and consider their approval:

- Section 9 Projected Timeline
    - Question 4: First Year of Limitation
        - updated from January 2020 to January 1, 2021
    - Tab 14:
        - Schedules adjusted to reflect change in limitation
    - Tab 17: Updated Signature Page

If you have any questions, please contact me at 469-298-1594 or mike@keatax.com. We look forward to working with you.

Sincerely,

Mike Fry

Mike Fry
Director—Energy Services

Tab 1

Pages 1-9 of the application

SECTION 9: Projected Timeline

1. Application approval by school board . . . . . March 20, 2019
2. Commencement of construction . . . . . August 2019
3. Beginning of qualifying time period . . . . . January 2, 2020
4. First year of limitation . . . . . January 1, 2021
5. Begin hiring new employees . . . . . January 2020
6. Commencement of commercial operations . . . . . March 2020
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? . . . . . March 2020

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located: Upton County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Upton 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: Upton County .2605 (100%) *(Name, tax rate and percent of project)*

   City: N/A *(Name, tax rate and percent of project)*

   Hospital District: Rankin Hospital .150499 (100%) *(Name, tax rate and percent of project)*

   Water District: Upton County WD .0038 (100%) *(Name, tax rate and percent of project)*

   Other *(describe)*: Rankin Fire District .0108 (100%) *(Name, tax rate and percent of project)*

   Other *(describe)*: N/A *(Name, tax rate and percent of project)*
5. Is the project located entirely within the ISD listed in Section 1? . . . . . ☑ Yes ☐ No

   5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? . . . . . ☐ Yes ☑ No

   6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

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

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00

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

Tab 14

Schedules A1-D

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

Date 10/8/2019
Applicant Name ETC Texas Pipeline, LTD
ISD Name Rankin ISD

App#1362-Rankin ISD-ETC Texas Pipeline, LTD-Amendment Four-10_15_2019

Form 50-296A
Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	Column B New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E **Total Investment** (Sum of Columns A+B+C+D)
Investment made before filing complete application with district		2019-2020	2019			$ -	[The only other investment made before filing complete application with district that may become Qualified Property is land.]	$ -
Investment made after filing complete application with district, but before final board approval of application	Years preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2020-2021	2020	$ 105,000,000.00	$ -	$ -	$ -	$ 105,000,000.00
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period								
Complete tax years of qualifying time period	QTP1	2021-2022	2021	$ -	$ -	$ -	$ -	$ -
	QTP2	2022-2023	2022	$ -	$ -	$ -	$ -	$ -
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				$ 105,000,000.00		$ -	$ -	$ 105,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				$ 105,000,000.00				

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)

Applicant Name ETC Texas Pipeline, LTD
ISD Name Rankin ISD

App#1362-Rankin ISD-ETC Texas Pipeline, LTD-Amendment Four-10_15_2019

Form 50-296A
Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	Column B New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Column C Other investment made during this year that will not 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)
				Enter amounts from TOTAL row in Schedule A1 in the row below				
Total Investment from Schedule A1*	--	**TOTALS FROM SCHEDULE A1**		$ 105,000,000.00				$ 105,000,000.00
Each year prior to start of value limitation period**	0	2019-2020	2019					
Each year prior to start of value limitation period**	0	2020-2021	2020	$ 105,000,000.00				$ 105,000,000.00
Value limitation period***	1	2021-2022	2021					
	2	2022-2023	2022					
	3	2023-2024	2023					
	4	2024-2025	2024					
	5	2025-2026	2025					
	6	2026-2027	2026					
	7	2027-2028	2027					
	8	2028-2029	2028					
	9	2029-2030	2029					
	10	2030-2031	2030					
Total Investment made through limitation				$ 105,000,000.00				$ 105,000,000.00
Continue to maintain viable presence	11	2031-2032	2031					
	12	2032-2033	2032					
	13	2033-2034	2033					
	14	2034-2035	2034					
	15	2035-2036	2035					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036					
	17	2037-2038	2037					
	18	2038-2039	2038					
	19	2039-2040	2039					
	20	2040-2041	2040					
	21	2041-2042	2041					
	22	2042-2043	2042					
	23	2043-2044	2043					
	24	2044-2045	2044					
	25	2045-2046	2045					

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

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

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

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

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

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

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

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

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

Applicant Name ETC Texas Pipeline, LTD

ISD Name Rankin ISD

App#1362-Rankin ISD-ETC Texas Pipeline, LTD-Amendment Four-10_15_2019

Form 50-296A

Revised Feb 2014

				Qualified Property			Estimated Taxable Value		
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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
	0	2019-2020	2019	$ -	$ -	$ -	$ -	$ -	$ -
	0	2020-2021	2020						
Value Limitation Period	1	2021-2022	2021	$ -	$ -	$ 105,000,000	$ 105,000,000	$ 105,000,000.00	$ 30,000,000.00
	2	2022-2023	2022	$ -	$ -	$ 102,900,000	$ 102,900,000	$ 102,900,000.00	$ 30,000,000.00
	3	2023-2024	2023	$ -	$ -	$ 100,800,000	$ 100,800,000	$ 100,800,000.00	$ 30,000,000.00
	4	2024-2025	2024	$ -	$ -	$ 98,700,000	$ 98,700,000	$ 98,700,000.00	$ 30,000,000.00
	5	2025-2026	2025	$ -	$ -	$ 96,600,000	$ 96,600,000	$ 96,600,000.00	$ 30,000,000.00
	6	2026-2027	2026	$ -	$ -	$ 94,500,000	$ 94,500,000	$ 94,500,000.00	$ 30,000,000.00
	7	2027-2028	2027	$ -	$ -	$ 92,400,000	$ 92,400,000	$ 92,400,000.00	$ 30,000,000.00
	8	2028-2029	2028	$ -	$ -	$ 90,300,000	$ 90,300,000	$ 90,300,000.00	$ 30,000,000.00
	9	2029-2030	2029	$ -	$ -	$ 88,200,000	$ 88,200,000	$ 88,200,000.00	$ 30,000,000.00
	10	2030-2031	2030	$ -	$ -	$ 86,100,000	$ 86,100,000	$ 86,100,000.00	$ 30,000,000.00
Continue to maintain viable presence	11	2031-2032	2031	$ -	$ -	$ 84,000,000	$ 84,000,000	$ 84,000,000.00	$ 84,000,000.00
	12	2032-2033	2032	$ -	$ -	$ 81,900,000	$ 81,900,000	$ 81,900,000.00	$ 81,900,000.00
	13	2033-2034	2033	$ -	$ -	$ 79,800,000	$ 79,800,000	$ 79,800,000.00	$ 79,800,000.00
	14	2034-2035	2034	$ -	$ -	$ 77,700,000	$ 77,700,000	$ 77,700,000.00	$ 77,700,000.00
	15	2035-2036	2035	$ -	$ -	$ 75,600,000	$ 75,600,000	$ 75,600,000.00	$ 75,600,000.00
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2036-2037	2036	$ -	$ -	$ 73,500,000	$ 73,500,000	$ 73,500,000.00	$ 73,500,000.00
	17	2037-2038	2037	$ -	$ -	$ 71,400,000	$ 71,400,000	$ 71,400,000.00	$ 71,400,000.00
	18	2038-2039	2038	$ -	$ -	$ 69,300,000	$ 69,300,000	$ 69,300,000.00	$ 69,300,000.00
	19	2039-2040	2039	$ -	$ -	$ 67,200,000	$ 67,200,000	$ 67,200,000.00	$ 67,200,000.00
	20	2040-2041	2040	$ -	$ -	$ 65,100,000	$ 65,100,000	$ 65,100,000.00	$ 65,100,000.00
	21	2041-2042	2041	$ -	$ -	$ 63,000,000	$ 63,000,000	$ 63,000,000.00	$ 63,000,000.00
	22	2042-2043	2042	$ -	$ -	$ 60,900,000	$ 60,900,000	$ 60,900,000.00	$ 60,900,000.00
	23	2043-2044	2043	$ -	$ -	$ 58,800,000	$ 58,800,000	$ 58,800,000.00	$ 58,800,000.00
	24	2044-2045	2044	$ -	$ -	$ 56,700,000	$ 56,700,000	$ 56,700,000.00	$ 56,700,000.00
	25	2045-2046	2045	$ -	$ -	$ 54,600,000	$ 54,600,000	$ 54,600,000.00	$ 54,600,000.00

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

Applicant Name ETC Texas Pipeline, LTD
ISD Name Rankin ISD

Form 50-296A
Revised Feb 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	**Column B**	**Column C**	**Column D**	**Column E**
	Year	**School Year** (YYYY-YYYY)	**Tax Year** (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	**Average** annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	**Average** annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period	0	2019-2020	2019					
Each year prior to start of Value Limitation Period	0	2020-2021	2020	151 FTE	$ 59,270.20			
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2021-2022	2021			N/A	10	$ 59,270.20
	2	2022-2023	2022			N/A	10	$ 59,270.20
	3	2023-2024	2023			N/A	10	$ 59,270.20
	4	2024-2025	2024			N/A	10	$ 59,270.20
	5	2025-2026	2025			N/A	10	$ 59,270.20
	6	2026-2027	2026			N/A	10	$ 59,270.20
	7	2027-2028	2027			N/A	10	$ 59,270.20
	8	2028-2029	2028			N/A	10	$ 59,270.20
	9	2029-2030	2029			N/A	10	$ 59,270.20
	10	2030-2031	2030			N/A	10	$ 59,270.20
Years Following Value Limitation Period	11 through 26	2031-2046	2031-2046			N/A	10	$ 59,270.20

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 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) ☐ Yes ☒ No
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)

Applicant Name ETC Texas Pipeline, LTD

ISD Name Rankin ISD

Form 50-296A

Revised Feb 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:Upton County	2020	2024	$ 395,000.00	50% Abatement	$ 197,500.00
	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:						
			TOTAL	$ 395,000.00		$ 197,500.00

Additional information on incentives for this project:

Tab 17

Signatures and Certification

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 Samuel S. Wyatt
Print Name *(Authorized School District Representative)*

Superintendent
Title

sign here
Signature *(Authorized School District Representative)*

10 - 17 - 2019
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 Megan McKavanagh
Print Name *(Authorized Company Representative (Applicant))*

Sr Manager Property Tax
Title

sign here Megan McKavanagh
Signature *(Authorized Company Representative (Applicant))*

Oct 11, 2019
Date

BEVERLY M HERNANDEZ
My Notary ID # 4894172
Expires September 3, 2022

GIVEN under my hand and seal of office this, the

11 day of October, 2019

Beverly M Hernandez
Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires: 9.3.2022

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.