

July 7, 2020

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July 7, 2020

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

RE: (1421) Supplement001 Execution001 to the Pecos-Barstow-Toyah Independent School District from MarkWest Energy West Texas Gas Company, L.L.C.

To the Local Government Assistance & Economic Analysis Division:

Enclosed. Please find Supplement001 Execution001 to the Pecos-Barstow-Toyah Independent School District from MarkWest Energy West Texas Gas Company, L.L.C. The following changes have been made:

1. Supplemented pages onto old application
2. Show new interim Superintendent on old application
3. Updated timeline onto old application
4. Updated to old Schedules A1 – D

A copy of the Supplement will be submitted to the Reeves County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

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

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/. 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

August 15, 2019

Date Application Received by District

Earl

First Name

Jarrett

Last Name

Interim Superintendent

Title

Pecos-Barstow-Toyah ISD

School District Name

1301 S. Eddy St.

Street Address

P.O. Box 869

Mailing Address

Pecos

City

432-447-7201

Phone Number

Texas

State

432-447-2690

Fax Number

79772

ZIP

ejarrett@pbtisd.esc18.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 9: Projected Timeline

- 1. Application approval by school board 09/2019
- 2. Commencement of construction 4th Qtr 2023
- 3. Beginning of qualifying time period 01/01/2023
- 4. First year of limitation 01/01/2025
- 5. Begin hiring new employees 11/2024
- 6. Commencement of commercial operations 04/2025
- 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? 04/2025

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Reeves County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Reeves County Appraisal District
- 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: Reeves .49952 (100%) City: N/A
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Hospital District: Reeves County Hospital .24 (100%) Water District: RCGWCD .004 (100%)
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Other (describe): N/A Other (describe): N/A
(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/.

- 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

Date 6/12/2020
 Applicant Name MarkWest Energy West Texas Gas Company, L.L.C
 ISD Name Pecos-Barstow-Toyah I

PROPERTY INVESTMENT AMOUNTS									
(Estimated Investment in each year. Do not put cumulative totals.)									
				Column A	Column B	Column C	Column D	Column E	
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)	
Investment made before filing complete application with district				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	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2022	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				0	Qualified Investment	Qualified Investment	0	0	
Complete tax years of qualifying time period	QTP1	2023-2024	2023	40,000,000	Qualified Investment	Qualified Investment	0	40,000,000	
	QTP2	2024-2025	2024	70,000,000	Qualified Investment	Qualified Investment	0	70,000,000	
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				110,000,000	0	0	0	110,000,000	
				Enter amounts from TOTAL row above in Schedule A2					
Total Qualified Investment (sum of green cells)				110,000,000					

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)

Date 6/12/2020
Applicant Name MarkWest Energy West Texas Gas Company, L.L.C
ISD Name Pecos-Barstow-Toyah 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 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)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		110,000,000	0	0	0	110,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2023-2024	2023	40,000,000	0	0	0	
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2024-2025	2024	70,000,000	0	0	0	
Value limitation period***	1	2025-2026	2025		0	0	0	0
	2	2026-2027	2026	0	0	0	0	0
	3	2027-2028	2027	0	0	0	0	0
	4	2028-2029	2028	0	0	0	0	0
	5	2029-2030	2029	0	0	0	0	0
	6	2030-2031	2030	0	0	0	0	0
	7	2031-2032	2031	0	0	0	0	0
	8	2032-2033	2032	0	0	0	0	0
	9	2033-2034	2033	0	0	0	0	0
	10	2034-2035	2034	0	0	0	0	0
Total Investment made through limitation				110,000,000	0	0	0	110,000,000
Continue to maintain viable presence	11	2035-2036	2035			0		0
	12	2036-2037	2036			0		0
	13	2037-2038	2037			0		0
	14	2038-2039	2038			0		0
	15	2039-2040	2039			0		0
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2040-2041	2040			0		0
	17	2041-2042	2041			0		0
	18	2042-2043	2042			0		0
	19	2043-2044	2043			0		0
	20	2044-2045	2044			0		0
	21	2045-2046	2045			0		0
	22	2046-2047	2046			0		0
	23	2047-2048	2047			0		0
	24	2048-2049	2048			0		0
	25	2049-2050	2049			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)

1481-PSTIGD-MarkWest-Supplement001Execution001
July 7, 2020

Date **6/12/2020**
 Applicant Name **MarkWest Energy West Texas Gas Company, L.L.C.**
 ISD Name **Pecos-Barstow-Toyah 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	2023-2024	2023	0	0	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2024-2025	2024	0	0	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Value Limitation Period	1	2025-2026	2025	0	0	\$ 95,000,000	\$ 90,250,000	\$ 90,250,000	\$ 30,000,000
	2	2026-2027	2026	0	0	\$ 90,250,000	\$ 85,738,000	\$ 85,738,000	\$ 30,000,000
	3	2027-2028	2027	0	0	\$ 85,737,500	\$ 81,451,000	\$ 81,451,000	\$ 30,000,000
	4	2028-2029	2028	0	0	\$ 81,450,625	\$ 77,378,000	\$ 77,378,000	\$ 30,000,000
	5	2029-2030	2029	0	0	\$ 77,378,094	\$ 73,509,000	\$ 73,509,000	\$ 30,000,000
	6	2030-2031	2030	0	0	\$ 73,509,000	\$ 69,834,000	\$ 69,834,000	\$ 30,000,000
	7	2031-2032	2031	0	0	\$ 69,834,000	\$ 66,342,000	\$ 66,342,000	\$ 30,000,000
	8	2032-2033	2032	0	0	\$ 66,342,000	\$ 63,025,000	\$ 63,025,000	\$ 30,000,000
	9	2033-2034	2033	0	0	\$ 63,025,000	\$ 59,874,000	\$ 59,874,000	\$ 30,000,000
	10	2034-2035	2034	0	0	\$ 59,874,000	\$ 56,880,000	\$ 56,880,000	\$ 30,000,000
Continue to maintain viable presence	11	2035-2036	2035	0	0	\$ 56,880,000	\$ 54,036,000	\$ 54,036,000	\$ 54,036,000
	12	2036-2037	2036	0	0	\$ 54,036,000	\$ 51,334,000	\$ 51,334,000	\$ 51,334,000
	13	2037-2038	2037	0	0	\$ 51,334,000	\$ 48,767,000	\$ 48,767,000	\$ 48,767,000
	14	2038-2039	2038	0	0	\$ 48,767,000	\$ 46,329,000	\$ 46,329,000	\$ 46,329,000
	15	2039-2040	2039	0	0	\$ 46,329,000	\$ 44,013,000	\$ 44,013,000	\$ 44,013,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2040-2041	2040	0	0	\$ 44,013,000	\$ 41,812,000	\$ 41,812,000	\$ 41,812,000
	17	2041-2042	2041	0	0	\$ 41,812,000	\$ 39,721,000	\$ 39,721,000	\$ 39,721,000
	18	2042-2043	2042	0	0	\$ 39,721,000	\$ 37,735,000	\$ 37,735,000	\$ 37,735,000
	19	2043-2044	2043	0	0	\$ 37,735,000	\$ 35,848,000	\$ 35,848,000	\$ 35,848,000
	20	2044-2045	2044	0	0	\$ 35,848,000	\$ 34,056,000	\$ 34,056,000	\$ 34,056,000
	21	2045-2046	2045	0	0	\$ 34,056,000	\$ 32,353,000	\$ 32,353,000	\$ 32,353,000
	22	2046-2047	2046	0	0	\$ 32,353,000	\$ 30,735,000	\$ 30,735,000	\$ 30,735,000
	23	2047-2048	2047	0	0	\$ 30,735,000	\$ 29,198,000	\$ 29,198,000	\$ 29,198,000
	24	2048-2049	2048	0	0	\$ 29,198,000	\$ 27,738,000	\$ 27,738,000	\$ 27,738,000
	25	2049-2050	2049	0	0	\$ 27,738,000	\$ 26,351,000	\$ 26,351,000	\$ 26,351,000

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 **6/12/2020**
Applicant Name **MarkWest Energy West Texas Gas Company, L.L.C**
ISD Name **Pecos-Barstow-Toyah 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	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2023-2024	2023	100 FTE	59,270.20	0	0	59,270.20
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2024-2025	2024	50 FTE	59,270.20	0	10	59,270.20
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2025-2026	2025	N/A	N/A	0	10	59,270.20
	2	2026-2027	2026	N/A	N/A	0	10	59,270.20
	3	2027-2028	2027	N/A	N/A	0	10	59,270.20
	4	2028-2029	2028	N/A	N/A	0	10	59,270.20
	5	2029-2030	2029	N/A	N/A	0	10	59,270.20
	6	2030-2031	2030	N/A	N/A	0	10	59,270.20
	7	2031-2032	2031	N/A	N/A	0	10	59,270.20
	8	2032-2033	2032	N/A	N/A	0	10	59,270.20
	9	2033-2034	2033	N/A	N/A	0	10	59,270.20
Years Following Value Limitation Period	11 through 25	2035-2049	2035-2049	N/A	N/A	0	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) 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)

Date **6/12/2020**

Applicant Name
ISD Name

MarkWest Energy West Texas Gas Company, L.L.C.
Pecos-Barstow-Toyah 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: Reeves	2025	2025-2029	\$ 310,067	Average 50% per Year	\$ 155,034
	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				\$ 310,067		\$ 155,034

Additional information on incentives for this project: