FINDINGS
OF THE

WINK-LOVING INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

MARKWEST TORNADO GP, L.L.C.
TEXAS TAXPAYER ID # 32066738967
APPLICATION #1433

September 28, 2020

FINDINGS OF THE WINK-LOVING INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY MARKWEST TORNADO GP, L.L.C.

STATE OF TEXAS §
§
COUNTY OF LOVING §

On the 28th day of September, 2020, a public meeting of the Board of Trustees of the Wink-Loving 1433 Independent School 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 Tornado GP, L.L.C. (Application #1433) 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. After hearing presentations from the District's administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Wink-Loving Independent School District makes the following findings with respect to the Application of Markwest Tornado GP, L.L.C.#1433, and the economic impact of that Application:

On September 16, 2019, the Superintendent of Schools of the Wink-Loving Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Markwest Tornado GP, L.L.C.#1433 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is posted on the Texas Comptroller's website at:

https://comptroller.texas.gov/economy/local/ch313/agreement-docs-details.php?id=1433.

The Applicant, Markwest Tornado GP, L.L.C. (Taxpayer ID 32066738967) ("Applicant"), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. The Board of Trustees acknowledges receipt of the Application, along with the required Application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Loving County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054. The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on November 21, 2019.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on January 23, 2020 pursuant to Texas Tax Code § 313.026, and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Exhibit A**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Wink-Loving Independent School

District. A copy of a report prepared by Jigsaw School Finance Solutions, LLC is attached to these findings as **Exhibit B**. The Texas Commissioner of Education has determined that the project will not impact school enrollment.

The Board of Trustees has confirmed that the taxable value of property in the Wink-Loving Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2018 ISD Summary Worksheet posted on the Texas Comptroller's website at:

https://comptroller.texas.gov/data/property-tax/pvs/2018p/1512489021D.php.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Exhibit C**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Texas Tax Code § 313.024 in the eligibility category of manufacturing.

Board Finding Number 2.

The Applicant's entire proposed investment in the Wink-Loving Independent School District is $110,000,000—all of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least $59,270.20 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Texas Tax Code § 313.021.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately $36,666,667 on the basis of the three (3) new qualifying positions committed to by the Applicant for this project. The project's total investment is $110,000,000, resulting in a relative level of investment per qualifying job of $36,666,667.

Board Finding Number 5.

> **The Applicant has requested a waiver of the job creation requirement under Texas Tax Code § 313.25(f-1), and the Board finds such waiver request should be granted. The Board notes that the number of jobs proposed for this project (three (3) jobs) is consistent with industry standards in the manufacturing industry.**

Board Finding Number 6.

> **Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region. In support of Finding 6, the economic impact evaluation states:**

Table 2 depicts this project's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels.

Table 2—Estimated Statewide Economic Impact of MarkWest Tornado GP, L.L.C (modeled)

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	128	165	293	$7,586,586	$14,358,706	$21,945,291
2021	28	63	90.5955	$1,659,566	$6,527,308	$8,186,874
2022	3	26	29	$177,811	$3,467,896	$3,645,707
2023	3	13	16	$177,811	$2,424,372	$2,602,182
2024	3	6	9	$177,811	$1,694,256	$1,872,066
2025	3	3	6	$177,811	$1,276,766	$1,454,576
2026	3	2	5	$177,811	$1,089,047	$1,266,858
2027	3	3	6	$177,811	$1,073,600	$1,251,410
2028	3	5	8	$177,811	$1,168,971	$1,346,782
2029	3	7	10	$177,811	$1,331,261	$1,509,072
2030	3	9	12	$177,811	$1,527,757	$1,705,567
2031	3	10	13	$177,811	$1,729,438	$1,907,249
2032	3	11	14	$177,811	$1,863,089	$2,040,900
2033	3	12	15	$177,811	$2,015,638	$2,193,448
2034	3	12	15	$177,811	$2,156,749	$2,334,559

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Loving County and Loving County Water Improvement District #1, with all property tax incentives sought being granted 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 Table 3 and Table 4:

Table 4—Estimated Direct Ad Valorem Taxes with All Property Tax Incentives Sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Wink-Loving ISD I&S Tax Levy	Wink-Loving ISD M&O Tax Levy	Wink -Loving ISD M&O and I&S Tax Levies	Loving County Tax Levy	Loving County Water Improvement District #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.3500	0.9700		0.4700	0.4900	
2022	$90,250,000	$30,000,000		$315,875	$291,000	$606,875	$212,088	$442,225	$1,261,188
2023	$85,738,000	$30,000,000		$300,083	$291,000	$591,083	$201,484	$420,116	$1,212,684
2024	$81,451,000	$30,000,000		$285,079	$291,000	$576,079	$191,410	$399,110	$1,166,598
2025	$77,378,000	$30,000,000		$270,823	$291,000	$561,823	$181,838	$379,152	$1,122,814

2026	$73,509,000	$30,000,000		$257,282	$291,000	$548,282	$172,746	$360,194	$1,081,222
2027	$69,834,000	$30,000,000		$244,419	$291,000	$535,419	$328,220	$342,187	$1,205,825
2028	$66,342,000	$30,000,000		$232,197	$291,000	$523,197	$311,807	$325,076	$1,160,080
2029	$63,025,000	$30,000,000		$220,588	$291,000	$511,588	$296,218	$308,823	$1,116,628
2030	$59,874,000	$30,000,000		$209,559	$291,000	$500,559	$281,408	$293,383	$1,075,349
2031	$56,880,000	$30,000,000		$199,080	$291,000	$490,080	$267,336	$278,712	$1,036,128
2032	$54,036,000	$54,036,000		$189,126	$524,149	$713,275	$253,969	$264,776	$1,232,021
2033	$51,334,000	$51,334,000		$179,669	$497,940	$677,609	$241,270	$251,537	$1,170,415
2034	$48,767,000	$48,767,000		$170,685	$473,040	$643,724	$229,205	$238,958	$1,111,888
2035	$46,329,000	$46,329,000		$162,152	$449,391	$611,543	$217,746	$227,012	$1,056,301
2036	$44,013,000	$44,013,000		$154,046	$426,926	$580,972	$206,861	$215,664	$1,003,496
			Total	**$3,390,660**	**$5,281,446**	**$8,672,106**	**$3,593,606**	**$4,746,924**	**$17,012,636**
			Diff	**$0**	**$4,115,526**	**$4,115,526**	**$959,566**	**$0**	**$5,075,092**

[1]Tax Rate per $100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant's project on the region if all taxes are assessed.

Table 3—Estimated Direct Ad Valorem Taxes without Property Tax Incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Wink-Loving ISD I&S Tax Levy	Wink-Loving ISD M&O Tax Levy	Wink -Loving ISD M&O and I&S Tax Levies	Loving County Tax Levy	Loving County Water Improvement District #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	**0.3500**	**0.9700**		**0.4700**	**0.4900**	
2022	$90,250,000	$90,250,000		$315,875	$875,425	$1,191,300	$424,175	$442,225	$2,057,700
2023	$85,738,000	$85,738,000		$300,083	$831,659	$1,131,742	$402,969	$420,116	$1,954,826
2024	$81,451,000	$81,451,000		$285,079	$790,075	$1,075,153	$382,820	$399,110	$1,857,083
2025	$77,378,000	$77,378,000		$270,823	$750,567	$1,021,390	$363,677	$379,152	$1,764,218
2026	$73,509,000	$73,509,000		$257,282	$713,037	$970,319	$345,492	$360,194	$1,676,005
2027	$69,834,000	$69,834,000		$244,419	$677,390	$921,809	$328,220	$342,187	$1,592,215
2028	$66,342,000	$66,342,000		$232,197	$643,517	$875,714	$311,807	$325,076	$1,512,598
2029	$63,025,000	$63,025,000		$220,588	$611,343	$831,930	$296,218	$308,823	$1,436,970
2030	$59,874,000	$59,874,000		$209,559	$580,778	$790,337	$281,408	$293,383	$1,365,127
2031	$56,880,000	$56,880,000		$199,080	$551,736	$750,816	$267,336	$278,712	$1,296,864
2032	$54,036,000	$54,036,000		$189,126	$524,149	$713,275	$253,969	$264,776	$1,232,021
2033	$51,334,000	$51,334,000		$179,669	$497,940	$677,609	$241,270	$251,537	$1,170,415
2034	$48,767,000	$48,767,000		$170,685	$473,040	$643,724	$229,205	$238,958	$1,111,888
2035	$46,329,000	$46,329,000		$162,152	$449,391	$611,543	$217,746	$227,012	$1,056,301
2036	$44,013,000	$44,013,000		$154,046	$426,926	$580,972	$206,861	$215,664	$1,003,496
			Total	**$3,390,660**	**$9,396,972**	**$12,787,632**	**$4,553,172**	**$4,746,924**	**$22,087,728**

[1]Tax Rate per $100 Valuation

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.

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 suggesting little underlying enrollment growth based on the impact of the project.

Board Finding Number 9.

The Applicant's 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. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

	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)
Limitation Pre-Years	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
	2021	$485,000	$485,000	$0	$0
Limitation Period (10 Years)	2022	$291,000	$776,000	$584,425	$584,425
	2023	$291,000	$1,067,000	$540,659	$1,125,084
	2024	$291,000	$1,358,000	$499,075	$1,624,158
	2025	$291,000	$1,649,000	$459,567	$2,083,725
	2026	$291,000	$1,940,000	$422,037	$2,505,762
	2027	$291,000	$2,231,000	$386,390	$2,892,152
	2028	$291,000	$2,522,000	$352,517	$3,244,669
	2029	$291,000	$2,813,000	$320,343	$3,565,012
	2030	$291,000	$3,104,000	$289,778	$3,854,790
	2031	$291,000	$3,395,000	$260,736	$4,115,526
Maintain Viable Presence (5 Years)	2032	$524,149	$3,919,149	$0	$4,115,526
	2033	$497,940	$4,417,089	$0	$4,115,526
	2034	$473,040	$4,890,129	$0	$4,115,526
	2035	$449,391	$5,339,520	$0	$4,115,526
	2036	$426,926	$5,766,446	$0	$4,115,526
Additional Years as Required by § 313.026(c)(1) (10 Years)	2037	$405,576	$6,172,023	$0	$4,115,526
	2038	$385,294	$6,557,316	$0	$4,115,526
	2039	$366,030	$6,923,346	$0	$4,115,526
	2040	$347,726	$7,271,072	$0	$4,115,526
	2041	$330,343	$7,601,415	$0	$4,115,526
	2042	$313,824	$7,915,239	$0	$4,115,526
	2043	$298,130	$8,213,368	$0	$4,115,526
	2044	$283,221	$8,496,589	$0	$4,115,526
	2045	$269,059	$8,765,648	$0	$4,115,526
	2046	$255,605	$9,021,252	$0	$4,115,526
		$9,021,252	is greater than	$4,115,526	

Analysis Summary 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?	Yes

Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant's decision to invest capital and construct the project in this state.

Board Finding Number 11.

The ability of the Applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Findings 10 and 11, **Attachment C** of the economic impact study states:

The Comptroller has determined that the limitation on appraised value is a determining factor in the MarkWest Tornado GP, 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 Tornado GP, L.L.C., in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "MPLX LP, the parent company of MarkWest Tornado GP, 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 Wink-Loving ISO 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 New Mexico. 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 New Mexico, 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
    - i. Texas has high property tax rates when compared to New Mexico.
    - ii. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs.
    - iii. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.
    - iv. 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."
  - E. "Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in Wink-Loving ISD."

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

Board Finding Number 12.

The Board of Trustees of the Wink-Loving Independent School District hired consultants to review and verify the information in Application #1433. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently Thirty Million Dollars ($30,000,000), which is consistent with the minimum values currently set out by Texas Tax Code § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer ID 32066738967) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

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 Exhibit C, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16.

Considering the purpose and effect of the law and the terms of the Agreement, 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 **Exhibit C** is approved and herby authorized to be executed and delivered by and on behalf of the Wink-Loving Independent School 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 Wink-Loving Independent School District.

Dated the 28th day of September, 2020.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

By: _____

Brad White
President, Board of Trustees

ATTEST:

By: _____

Eddie Brewer
Vice President, Board of Trustees

EXHIBIT A

Comptroller's Economic Impact Analysis

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

January 23, 2020

Scotty Carman
Superintendent
Wink-Loving Independent School District
P.O. Box 637
Wink, Texas 79789

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Wink-Loving Independent School District and MarkWest Tornado GP, L.L.C., Application 1433

Dear Superintendent Carman:

On November 21, 2019, the Comptroller issued written notice that MarkWest Tornado GP, L.L.C. (applicant) submitted a completed application (Application 1433) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on September 16, 2019, to the Wink-Loving 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.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d)	Applicant has requested a waiver 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 1433.

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 by December 31, 2020.

Note that any building or improvement existing as of the application review start date of November 21, 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

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 Tornado GP, L.L.C. (project) applying to Wink-Loving 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 Tornado GP, L.L.C.

Applicant	MarkWest Tornado GP, L.L.C.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Wink-Loving ISD
2018-2019 Average Daily Attendance	412
County	Loving
Proposed Total Investment in District	$110,000,000
Proposed Qualified Investment	$110,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,139.81
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,139.81
Minimum annual wage committed to by applicant for qualified jobs	$59,270.20
Minimum weekly wage required for non-qualifying jobs	$1,015.50
Minimum annual wage required for non-qualifying jobs	$52,806
Investment per Qualifying Job	$36,666,667
Estimated M&O levy without any limit (15 years)	$9,396,972
Estimated M&O levy with Limitation (15 years)	$5,281,446
Estimated gross M&O tax benefit (15 years)	$4,115,526

** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*

Table 2 is the estimated statewide economic impact of MarkWest Tornado GP, L.L.C. (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	128	165	293	$7,586,586	$14,358,706	$21,945,291
2021	28	63	90.5955	$1,659,566	$6,527,308	$8,186,874
2022	3	26	29	$177,811	$3,467,896	$3,645,707
2023	3	13	16	$177,811	$2,424,372	$2,602,182
2024	3	6	9	$177,811	$1,694,256	$1,872,066
2025	3	3	6	$177,811	$1,276,766	$1,454,576
2026	3	2	5	$177,811	$1,089,047	$1,266,858
2027	3	3	6	$177,811	$1,073,600	$1,251,410
2028	3	5	8	$177,811	$1,168,971	$1,346,782
2029	3	7	10	$177,811	$1,331,261	$1,509,072
2030	3	9	12	$177,811	$1,527,757	$1,705,567
2031	3	10	13	$177,811	$1,729,438	$1,907,249
2032	3	11	14	$177,811	$1,863,089	$2,040,900
2033	3	12	15	$177,811	$2,015,638	$2,193,448
2034	3	12	15	$177,811	$2,156,749	$2,334,559
2035	3	12	15	$177,811	$2,288,021	$2,465,831
2036	3	13	16	$177,811	$2,397,735	$2,575,545

Source: CPA REMI, MarkWest Tornado GP, 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		Wink-Loving ISD I&S Tax Levy	Wink-Loving ISD M&O Tax Levy	Wink-Loving ISD M&O and I&S Tax Levies	Loving County Tax Levy	Loving County Water Improvement District #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3500	0.9700		0.4700	0.4900	
2022	$90,250,000	$90,250,000		$315,875	$875,425	$1,191,300	$424,175	$442,225	$2,057,700
2023	$85,738,000	$85,738,000		$300,083	$831,659	$1,131,742	$402,969	$420,116	$1,954,826
2024	$81,451,000	$81,451,000		$285,079	$790,075	$1,075,153	$382,820	$399,110	$1,857,083
2025	$77,378,000	$77,378,000		$270,823	$750,567	$1,021,390	$363,677	$379,152	$1,764,218
2026	$73,509,000	$73,509,000		$257,282	$713,037	$970,319	$345,492	$360,194	$1,676,005
2027	$69,834,000	$69,834,000		$244,419	$677,390	$921,809	$328,220	$342,187	$1,592,215
2028	$66,342,000	$66,342,000		$232,197	$643,517	$875,714	$311,807	$325,076	$1,512,598
2029	$63,025,000	$63,025,000		$220,588	$611,343	$831,930	$296,218	$308,823	$1,436,970
2030	$59,874,000	$59,874,000		$209,559	$580,778	$790,337	$281,408	$293,383	$1,365,127
2031	$56,880,000	$56,880,000		$199,080	$551,736	$750,816	$267,336	$278,712	$1,296,864
2032	$54,036,000	$54,036,000		$189,126	$524,149	$713,275	$253,969	$264,776	$1,232,021
2033	$51,334,000	$51,334,000		$179,669	$497,940	$677,609	$241,270	$251,537	$1,170,415
2034	$48,767,000	$48,767,000		$170,685	$473,040	$643,724	$229,205	$238,958	$1,111,888
2035	$46,329,000	$46,329,000		$162,152	$449,391	$611,543	$217,746	$227,012	$1,056,301
2036	$44,013,000	$44,013,000		$154,046	$426,926	$580,972	$206,861	$215,664	$1,003,496
			Total	$3,390,660	$9,396,972	$12,787,632	$4,553,172	$4,746,924	$22,087,728

Source: CPA, MarkWest Tornado GP, L.L.C.
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Loving County and Loving County Water Improvement District #1, with all property tax incentives sought being granted 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		Wink-Loving ISD I&S Tax Levy	Wink-Loving ISD M&O Tax Levy	Wink-Loving ISD M&O and I&S Tax Levies	Loving County Tax Levy	Loving County Water Improvement District #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3500	0.9700		0.4700	0.4900	
2022	$90,250,000	$30,000,000		$315,875	$291,000	$606,875	$212,088	$442,225	$1,261,188
2023	$85,738,000	$30,000,000		$300,083	$291,000	$591,083	$201,484	$420,116	$1,212,684
2024	$81,451,000	$30,000,000		$285,079	$291,000	$576,079	$191,410	$399,110	$1,166,598
2025	$77,378,000	$30,000,000		$270,823	$291,000	$561,823	$181,838	$379,152	$1,122,814
2026	$73,509,000	$30,000,000		$257,282	$291,000	$548,282	$172,746	$360,194	$1,081,222
2027	$69,834,000	$30,000,000		$244,419	$291,000	$535,419	$328,220	$342,187	$1,205,825
2028	$66,342,000	$30,000,000		$232,197	$291,000	$523,197	$311,807	$325,076	$1,160,080
2029	$63,025,000	$30,000,000		$220,588	$291,000	$511,588	$296,218	$308,823	$1,116,628
2030	$59,874,000	$30,000,000		$209,559	$291,000	$500,559	$281,408	$293,383	$1,075,349
2031	$56,880,000	$30,000,000		$199,080	$291,000	$490,080	$267,336	$278,712	$1,036,128
2032	$54,036,000	$54,036,000		$189,126	$524,149	$713,275	$253,969	$264,776	$1,232,021
2033	$51,334,000	$51,334,000		$179,669	$497,940	$677,609	$241,270	$251,537	$1,170,415
2034	$48,767,000	$48,767,000		$170,685	$473,040	$643,724	$229,205	$238,958	$1,111,888
2035	$46,329,000	$46,329,000		$162,152	$449,391	$611,543	$217,746	$227,012	$1,056,301
2036	$44,013,000	$44,013,000		$154,046	$426,926	$580,972	$206,861	$215,664	$1,003,496
			Total	$3,390,660	$5,281,446	$8,672,106	$3,593,606	$4,746,924	$17,012,636
			Diff	$0	$4,115,526	$4,115,526	$959,566	$0	$5,075,092

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, MarkWest Tornado GP, 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 25th Anniversary of Limitation Start

This represents the Comptroller's determination that MarkWest Torndado GP, 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)
Limitation Pre-Years	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
	2021	$485,000	$485,000	$0	$0
Limitation Period (10 Years)	2022	$291,000	$776,000	$584,425	$584,425
	2023	$291,000	$1,067,000	$540,659	$1,125,084
	2024	$291,000	$1,358,000	$499,075	$1,624,158
	2025	$291,000	$1,649,000	$459,567	$2,083,725
	2026	$291,000	$1,940,000	$422,037	$2,505,762
	2027	$291,000	$2,231,000	$386,390	$2,892,152
	2028	$291,000	$2,522,000	$352,517	$3,244,669
	2029	$291,000	$2,813,000	$320,343	$3,565,012
	2030	$291,000	$3,104,000	$289,778	$3,854,790
	2031	$291,000	$3,395,000	$260,736	$4,115,526
Maintain Viable Presence (5 Years)	2032	$524,149	$3,919,149	$0	$4,115,526
	2033	$497,940	$4,417,089	$0	$4,115,526
	2034	$473,040	$4,890,129	$0	$4,115,526
	2035	$449,391	$5,339,520	$0	$4,115,526
	2036	$426,926	$5,766,446	$0	$4,115,526
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$405,576	$6,172,023	$0	$4,115,526
	2038	$385,294	$6,557,316	$0	$4,115,526
	2039	$366,030	$6,923,346	$0	$4,115,526
	2040	$347,726	$7,271,072	$0	$4,115,526
	2041	$330,343	$7,601,415	$0	$4,115,526
	2042	$313,824	$7,915,239	$0	$4,115,526
	2043	$298,130	$8,213,368	$0	$4,115,526
	2044	$283,221	$8,496,589	$0	$4,115,526
	2045	$269,059	$8,765,648	$0	$4,115,526
	2046	$255,605	$9,021,252	$0	$4,115,526

$9,021,252	is greater than	**$4,115,526**

Analysis Summary	
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?	**Yes**

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 Torndado GP, 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 Tornado GP, 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 Tornado GP, L.L.C., in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "MPLX LP, the parent company of MarkWest Tornado GP, 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 Wink-Loving ISD 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 New Mexico. 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 New Mexico, 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
    - i. Texas has high property tax rates when compared to New Mexico.
    - ii. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs.
    - iii. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

iv. 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."

E. "Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in Wink-Loving ISD."

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

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?

   YES

   The applicant is currently constructing a gas plant named Tornado on the same leased land identified in this application. See Tab 10 for additional details.

4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

   NO

5. Has the applicant received any local or state permits for activities on the proposed project site?

   NO

6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?

   NO

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

   YES

   MPLX LP, the parent company of MarkWest Tornado GP, 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 Wink-Loving ISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an

TAB 5 Continued

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 New Mexico. 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 New Mexico, 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 New Mexico.

b. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs.

c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

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.

Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in Wink-Loving ISD.

MarkWest is currently completing the Tornado I gas plant project which is located at the same location that Tornado II will be located. The applicant was recently acquired by MPLX which majority is owned by Marathon Petroleum. During the integration phase of the companies, the MarkWest property tax manager left the company. Due to the change in the property tax team, the Tornado I plant was started prior to the company doing a full analysis of available tax incentives. All current and future projects will have an incentives component included in the financial analysis of the project and will be used as one of the metrics for choosing the best location.

In addition, new pipeline loops in the Permian Basin, including in New Mexico, have been, or are currently being constructed which allow for additional flexibility when choosing a site to build future plants.

TAB 5 Continued

8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

   NO

9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?

   YES

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

    The Appraised Value Limitation from Wink-Loving ISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project location in Texas in comparison to a project location in New Mexico. Due to the extensive existing pipeline and storage infrastructure in both Texas and New Mexico, 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 New Mexico.

    b. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs.

    c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

    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.

    Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in Wink-Loving ISD.

EXHIBIT B

**Summary of Financial Impact on
Wink-Loving Independent School District Prepared by
Jigsaw School Finance Solutions, LLC**

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED

MARK WEST TORNADO GP, LLC

(APPLICATION #1433)
ON THE FINANCES OF

WINK LOVING INDEPENDENT SCHOOL DISTRICT

UNDER A REQUESTED

CHAPTER 313 APPRAISED VALUE LIMITATION

PREPARED BY
JIGSAW SCHOOL FINANCE SOLUTIONS, LLC

Introduction

Mark West Tornado GP, LLC, ("Company") has submitted an application to the Wink Loving Independent School District ("District") requesting a property value limitation on a proposed project located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed gas precessing plant located in its entirety in Loving County, TX. The company estimates that the total investment in this project will be approximately $110 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus, the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009 and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories or a Texas Priority Project. Under the provisions of this law, the Wink Loving Independent School District may grant a value limitation for maintenance and operation taxes in the amount of $30 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both M&O (maintenance and operation) and I&S (interest and sinking) during the 2021-22 school year. Beginning with the 2022-23 school year, the value of the project would be limited to $30 million for maintenance and operation (M&O) tax purposes and remain limited through the 2031-32 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

Revenue Protection Payment to Wink Loving ISD -	$584,425
Supplemental Payments to Wink Loving ISD -	$700,000
Total Revenue to Wink Loving ISD Resulting From Tax Code Chapter 313 Agreement -	$1,284,425
Total Tax Savings to Company after all Payments -	$2,831,101

School Finance Mechanics

The Texas system of public-school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. As a result of House Bill 3, as passed by the 86th Texas Legislature, signed into law and effective in relevant part on September 1, 2019, State funding is calculated using current year property value which is a significant change from prior law which since 1993 has relied on prior year values as certified by the Comptroller's Property Tax Division (CPTD). However, for the purposes of districts with Tax Code Chapter 313 agreements and in accordance with Sec. 48.256 – LOCAL SHARE OF PROGRAM COST (TIER I), Subsection d - *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. During any school year where there would have been a loss of property tax revenue from the prior year as a result of the Tax Code Chapter 313 agreement, a revenue protection payment equal to that reduction will be required.

Texas school districts are funded by a combination of local ad valorem property taxes and state aid. Most of the funds that a school district generates through the funding formulas is generated in Tier 1. Local M&O collections at the compressed tax rate generate Tier I funding. In 2019-20, a school district's Tier I revenue is the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. The Tier 1 formulas start with a Basic Allotment per student of $6,160. Funding calculations use the number of students in average daily attendance, the number of students who participate in categorical/special programs and adjustments for size, sparsity and location determine a Total Cost of Tier 1. A Local Fund Assignment is determined by multiplying the district's compressed tax rate by the current year property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. School districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes, while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on Wink Loving ISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2022-23 through the 2036-37 school years.

The Revenue Protection Clause of the proposed agreement and Tax Code Chapter 313 Section 48.256 Subsection D calls for the school district to be held harmless against any potential losses as a result of the value limitation agreement. Revenue protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 16 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections, current year (CAD) values and prior year (CPTD) values for each year of the agreement. For the purposes of this analysis, final 2018 CPTD values were used as well as 2019 CAD values from Loving CAD. Wink Loving ISD currently has other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

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Table 1 Base District Information

Wink Loving ISD, Mark West Tornado Gas Plant, LLC, #1433

Year of Agreement	School Year	ADA	WADA	Assumed M&O Tax Rate	Assumed I&S Tax Rate	Property Value Without Project	Project Values	Property Value No Limit	Property Value With Limit	Property Value with Project per WADA	Propert Value with Limitation per WADA
0	2019-20	416	745	$0.9700	$0.3500	$9,389,196,314	$0	$9,389,196,314	$9,389,196,314	$12,602,948	$12,602,948
0	2020-21	416	745	$0.9700	$0.3500	$9,389,196,314	$0	$9,389,196,314	$9,389,196,314	$12,602,948	$12,602,948
QTP 1	2021-22	416	745	$0.9700	$0.3500	$9,389,196,314	$0	$9,389,196,314	$9,389,196,314	$12,602,948	$12,602,948
QTP 2/L1	2022-23	416	745	$0.9700	$0.3500	$9,389,196,314	$63,308,147	$9,452,504,461	$9,399,196,314	$12,687,925	$12,616,371
L2	2023-24	416	745	$0.9700	$0.3500	$9,389,196,314	$61,560,291	$9,450,756,605	$9,399,196,314	$12,685,579	$12,616,371
L3	2024-25	416	745	$0.9700	$0.3500	$9,389,196,314	$56,795,665	$9,445,991,979	$9,399,196,314	$12,679,184	$12,616,371
L4	2025-26	416	745	$0.9700	$0.3500	$9,389,196,314	$49,654,919	$9,438,851,233	$9,399,196,314	$12,669,599	$12,616,371
L5	2026-27	416	745	$0.9700	$0.3500	$9,389,196,314	$43,383,972	$9,432,580,286	$9,399,196,314	$12,661,182	$12,616,371
L6	2027-28	416	745	$0.9700	$0.3500	$9,389,196,314	$37,124,035	$9,426,320,349	$9,399,196,314	$12,652,779	$12,616,371
L7	2028-29	416	745	$0.9700	$0.3500	$9,389,196,314	$29,789,235	$9,418,985,549	$9,399,196,314	$12,642,934	$12,616,371
L8	2029-30	416	745	$0.9700	$0.3500	$9,389,196,314	$23,575,403	$9,412,771,717	$9,399,196,314	$12,634,593	$12,616,371
L9	2030-31	416	745	$0.9700	$0.3500	$9,389,196,314	$19,454,869	$9,408,651,183	$9,399,196,314	$12,629,062	$12,616,371
L10	2031-32	416	745	$0.9700	$0.3500	$9,389,196,314	$16,892,953	$9,406,089,267	$9,399,196,314	$12,625,623	$12,616,371
MVP1	2032-33	416	745	$0.9700	$0.3500	$9,389,196,314	$16,542,694	$9,405,739,008	$9,405,739,008	$12,625,153	$12,625,153
MVP2	2033-34	416	745	$0.9700	$0.3500	$9,389,196,314	$13,762,641	$9,402,958,955	$9,402,958,955	$12,621,421	$12,621,421
MVP3	2034-35	416	745	$0.9700	$0.3500	$9,389,196,314	$13,762,641	$9,402,958,955	$9,402,958,955	$12,621,421	$12,621,421
MVP4	2035-36	416	745	$0.9700	$0.3500	$9,389,196,314	$13,762,641	$9,402,958,955	$9,389,196,314	$12,621,421	$12,602,948
MVP5	2036-37	416	745	$0.9700	$0.3500	$9,389,196,314	$13,762,641	$9,402,958,955	$9,389,196,314	$12,621,421	$12,602,948

To isolate the impact of the value limitation on the District's finances over the term of the agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2019-20 school year. An ADA of 416, a WADA of 745 and an M&O tax rate of $.97 were used for each year of the of the initial forecast. Due to HB 3, however, the M&O tax rate will be compressed again in 20-21 and the following year. A tax collection rate of 100% is assumed in all the calculations used in this analysis. The Loving CAD certified value for 2019 was used as the 2019 CAD value. This value was used as the basis for subsequent current year (CAD) values in this report. The final 2018 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values certified to school districts in late July, 2018 were used as a basis for predicting future year (CPTD) values for each of the agreement years.

The proposed agreement and Tax Code Chapter 313 Section 48.256 Subsection D calls for Wink Loving ISD to be held harmless against potential state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these tax revenue losses may occur, a state and local revenue projection for the 2019-2020 school year was completed to serve as baseline data and is displayed in **Table 2**. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 3**.

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Table 2

District:	Wink Loving ISD	
Applicant:	Mark West Tornado GP LLC #1433	
Project #	1433	
	Summary of Finances 2019-20 School Year	
	Basic Information:	
	Total Refined ADA (adj. for decline, if applicable)	415.61
	CPTD Property Value	4,442,518,759
	Total M&O Tax Collections	97,647,642
	HB 3 WADA	

	2019-20 Old Law	2019-20 HB 3
Total Cost of Tier I	4,268,320	4,634,666
LESS: Local Fund Assignment	93,891,963	86,051,835
State Share of Tier I	(89,623,643)	(81,417,170)
	0	0
TIER I STATE AID:	0	0
Greater of State Share of Tier I or Current Law ASF+HS NIFA; or HB3 ASF	198,485	166,244
	0	0
Gross Recapture - Tier 1	0	Not known yet
Adjustments to Gross Recapture in Order to Maintain Revenue, if applicable	0	81,583,414
Adjusted Gross Recapture - Tier 1	0	0
CAD credit	0	81,583,414
Net Recapture - Tier I	0	0
	0	81,583,414
Tier II State Aid for "Golden" Level	0	0
Tier II State Aid for "Copper" Level	0	0
TOTAL TIER II STATE AID	0	0
	0	0
Gross Recapture - Copper Penny Level	0	0
CAD credit	0	0
Net Recapture - Copper Penny Level	0	0
	0	0
Other Programs:	0	0
Supplemental TIF Payment	0	3,223,037
State Aid Reduction for WADA Sold	0	0
Ch 313 Tax Credits	0	0
Staff Allotment	0	0
TSD Charge	14,000	0
TSB Charge	0	0
TOTAL OTHER PROGRAMS	0	0
	14,000	0
Less: Available School Fund (estimated)	0	0
	(166,244)	(166,244)
	0	0
SUMMARY OF TOTAL STATE/LOCAL M&O REVENUE:	0	0
	0	0
M&O Revenue From State (not including Fund 599)	0	0
M&O Revenue From Local Taxes Before Recapture	0	0
Recapture, if any	0	0
	212,485	166,244
STATE/LOCAL M&O REVENUE (prior to Formula Transition & Equalized Wealth Transition Grants)	97,647,642	90,746,582
Formula Transition Grant	87,129,291	81,583,414
Equalized Wealth Transition Grant	0	0
	10,730,835	9,329,413
HB 3 NET TOTAL STATE/LOCAL M&O REVENUE	N/A	0

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Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation tax revenue was estimated for each year of the agreement. **Table 3** indicates that there will be a tax revenue loss to the district of $584 thousand over the course of the agreement. The revenue loss by the district due to the agreement and Tax Code Chapter 313 Section 48.256 Subsection D is estimated to be mostly in the first year of the value limitation period.

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to $30 million starting in school year 2022-23 and remaining limited through school year 2031-32. The potential gross and net tax savings to Mark West Tornado GP, LLC, are shown in **Table 3.** As stated earlier, an M&O tax rate of $.97 and a collection rate of 100% is used throughout the calculations in this report. **Table 3** shows gross tax savings due to the limitation of $4.1 million over the length of the contract. Net tax savings are estimated to be $3.5 million. To estimate supplemental payments to the school district of $100 per ADA, a model of ADA was applied to the base ADA of 416, which was the ADA for Wink Loving ISD through the end of the third six-weeks of the 2019-20 school year. However, the minimum value for Supplemental Payments is $50,000 per year for districts with an ADA of less than 500 students.

Facilities Funding Impact on the District

Reports submitted by Mark West Tornado GP, LLC, show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S taxes and will enhance the district's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of $35 per ADA per penny of tax effort. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Conclusion

The Mark West Tornado GP, LLC, project proposed in this application will benefit the community, the district, Wink Loving ISD and the taxpayer, Mark West Tornado GP, LLC. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement and Tax Code Chapter 313 Section 48.256 Subsection D. The district will also enjoy an increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Note, the Texas Legislature could take action that could potentially change the impact of this 313 valuation limitation agreement on the finances of Wink Loving ISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes made by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. The changes could contain modifications to the school finance formulas, property value appraisals, tax exemptions or tax code. Other factors that could impact the estimates of this agreement could also include changes to property values, district tax rates and student enrollment.

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Table 3 Estimated Financial Impact

Wink Loving ISD, Mark West Tornado GP LLC, #1433

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 Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit $100 per ADA	Company Tax Benefit
0	2019-20	$0	$0	$0	0.9700	$0	$0	$0	$0	$0	$0	$0
0	2020-21	$0	$0	$0	0.9700	$0	$0	$0	$0	$0	$0	$0
QTP 1	2021-22	$0	$0	$0	0.9700	$0	$0	$0	$0	$0	$50,000	-$50,000
QTP 2/L1	2022-23	$90,250,000	$30,000,000	$60,250,000	0.9700	$875,425	$291,000	$584,425	-$584,425	$0	$50,000	-$50,000
L2	2023-24	$85,738,000	$30,000,000	$55,738,000	0.9700	$831,659	$291,000	$540,659	$0	$540,659	$50,000	$490,659
L3	2024-25	$81,451,000	$30,000,000	$51,451,000	0.9700	$790,075	$291,000	$499,075	$0	$499,075	$50,000	$449,075
L4	2025-26	$77,378,000	$30,000,000	$47,378,000	0.9700	$750,567	$291,000	$459,567	$0	$459,567	$50,000	$409,567
L5	2026-27	$73,509,000	$30,000,000	$43,509,000	0.9700	$713,037	$291,000	$422,037	$0	$422,037	$50,000	$372,037
L6	2027-28	$69,834,000	$30,000,000	$39,834,000	0.9700	$677,390	$291,000	$386,390	$0	$386,390	$50,000	$336,390
L7	2028-29	$66,342,000	$30,000,000	$36,342,000	0.9700	$643,517	$291,000	$352,517	$0	$352,517	$50,000	$302,517
L8	2029-30	$63,025,000	$30,000,000	$33,025,000	0.9700	$611,343	$291,000	$320,343	$0	$320,343	$50,000	$270,343
L9	2030-31	$59,874,000	$30,000,000	$29,874,000	0.9700	$580,778	$291,000	$289,778	$0	$289,778	$50,000	$239,778
L10	2031-32	$56,880,000	$30,000,000	$26,880,000	0.9700	$551,736	$291,000	$260,736	$0	$260,736	$50,000	$210,736
MVP1	2032-33	$54,036,000	$54,036,000	$0	0.9700	$524,149	$524,149	$0	$0	$0	$50,000	-$50,000
MVP2	2033-34	$51,334,000	$51,334,000	$0	0.9700	$497,940	$497,940	$0	$0	$0	$50,000	-$50,000
MVP3	2034-35	$48,767,000	$48,767,000	$0	0.9700	$473,040	$473,040	$0	$0	$0	$50,000	-$50,000
MVP4	2035-36	$46,329,000	$46,329,000	$0	0.9700	$449,391	$449,391	$0	$0	$0	$0	$0
MVP5	2036-37	$44,013,000	$44,013,000	$0	0.9700	$426,926	$426,926	$0	$0	$0	$0	$0
TOTALS						$9,396,972	$5,281,446	$4,115,526	-$584,425	$3,531,101	$700,000	$2,831,101

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

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EXHIBIT C

Proposed Agreement between
Wink-Loving Independent School District
and Markwest Tornado GP, L.L.C.

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

by and between

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

and

MARKWEST TORNADO GP, L.L.C.

(Texas Taxpayer ID # 32066738967)

Comptroller Application #1433

Dated

September 28, 2020

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

STATE OF TEXAS §

COUNTY OF LOVING §

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 **WINK-LOVING 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 TORNADO GP, L.L.C.**, Texas Taxpayer Identification Number 32066738967 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 September 16, 2019, the Superintendent of Schools of the Wink-Loving 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 September 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 November 21, 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 Loving County Appraisal District established in Loving County, Texas (the "Loving 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 January 23, 2020, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the

District;

WHEREAS, the District's Board of Trustees, acting through its Superintendent of Schools, by letter dated April 16, 2020, extended the statutory deadline by which the District must consider the Application until December 31, 2020, and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);

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 September 21, 2020, 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 September 28, 2020, 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 September 28, 2020, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on September 24, 2020, 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 September 28, 2020, 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, as amended.

"*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 Tornado GP, L.L.C., (Texas Taxpayer ID #32066738967), 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 September 16, 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 Loving County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Wink-Loving Independent School District.

"*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 Loving County, Texas.

"*District*" *or* "*School District*" means the Wink-Loving 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 acts of God, war, fires, explosions, hurricanes, floods, pandemics, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each Party must inform the other in writing with proof of receipt within 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 Limitation Period of this Agreement, an amount

equal to the Net Tax Benefit to the Applicant.

"*Applicable School Finance Law*" means the State constitution and laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools and school districts generally and the District specifically, in accordance with all provisions thereof applicable to any terms of this Agreement at the time any computation, calculation or obligation of either Party under this Agreement is required to be performed or for the period to which such computation, calculation or obligation relates, as applicable. The term includes any amendments or successor statutes that may be adopted in the future which affect the calculation of the District's Maintenance and Operations Revenue or the Applicant's ad valorem tax obligation to the District, in each case, either with or without the limitation on appraised value of property pursuant to this Agreement.

"Commercial Operation" shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing products from natural gas liquids."

"Cumulative Payments" means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

"*Lost M&O Revenue*" means the reduction in Maintenance and Operations *ad valorem* Tax Revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Approval Date and ending on the Final Termination Date of this Agreement.

"Maintenance and Operations Tax 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 48 of the TEXAS EDUCATION CODE, or any other statutory provision as well as any amendment or successor statute to these provisions, minus (iii) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 49 of the TEXAS EDUCATION CODE, in each case, as any of the items in clauses (i), (ii), and (iii) above may be amended by Applicable School Finance Law from time to time. Maintenance and Operations Revenue shall be the net amount of all such revenues, payments or other amounts which the District is entitled to receive and retain from State and local funding for maintenance and operations purposes under Applicable School Finance Law.

"New M&O Revenue" means the total State and local Maintenance and Operations Tax Revenue that the District actually received for such school year attributable to the Qualified Property that is the subject of this Agreement.

"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 and all payments due to the District under Articles IV, V, and VI of this Agreement.

"Option to Terminate" means, in the event that the Applicant shall fail to make the Qualified Investment during the Qualifying Time Period, the Applicant may Terminate this Agreement without penalty or further liability consistent with Section 7.1.

"*Original M&O Revenue*" means the total State and local Maintenance and Operations Tax Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the *ad valorem* maintenance and operations tax at the then-current tax rate. For purposes of this calculation, the Third Party will base its calculations upon the District's taxable value of property for the preceding tax year as certified by the Appraisal District for all taxable accounts in the District, *less* the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District's tax levy for debt service (interest and sinking fund) ad valorem tax purposes.

"*Third Party*" shall have the meaning set forth in Section 4.3.

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 November 21, 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 September 28, 2020.

C. The Qualifying Time Period for this Agreement:

i. Starts on September 28, 2020, the Application Approval Date; and
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, 2022, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
ii. Ends on January 1, 2031; 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, 2036; which is the last year of the 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. $30 Million Dollars ($30,000,000.00)

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 $1,015.50 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, Applicant shall:

A. provide payments to 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 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 manufacturing.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF PARTIES.

It is the intent of the Parties in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE and Section 48.256 (d) of the TEXAS EDUCATION CODE that the District shall be compensated by the Applicant as provided in this Article IV for any Lost M&O Revenue as a result of, or on account of, entering into 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 Article V and Article VI of this Agreement. **It is the intent of the Parties that the risk of any and all Lost M&O Revenue as a result of, or on account of, entering into this Agreement, will be borne by the Applicant and not by the District.**

Subject to the limitations contained in this Agreement, the calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time in the first complete Tax Year following the Application Approval Date and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the Application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are:

i. For illustrative purposes only, 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 to the Agreement;

ii. Are based upon 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 LOST M&O REVENUE.

Subject to the limitations contained in this Agreement, the amount to be paid by the Applicant to compensate the District for loss of M&O Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Approval Date and ending on Final Termination Date (the "Lost M&O Revenue") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

Subject to the limitations contained in this Agreement, the Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue.

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.

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 of this Agreement, results in a negative number, the negative number will be considered to be zero.

iv. For all calculations made for years during the Tax Limitation Period under this Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax Limitation Amount for such year.

v. All calculations made under this Section 4.2 shall be made by a methodology which isolates only the full Maintenance and Operation 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 on account of or otherwise arising out of any other factors 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") selected and appointed each year by the District, subject to approval by Applicant in writing, which approval shall not unreasonably be withheld.

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 Property, by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year 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. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

If the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District. The calculations shall be readjusted, if necessary, based on the outcome of the appeal as set forth below.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment 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 for the applicable year or years using the new Taxable Value. 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 amount to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.6. 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 of this Agreement shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, Article VI, and/or Section 7.1 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 4.8, 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, 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 calculation until four (4) years after the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.7. STATUTORY CHANGES AFFECTING MAINTENANCE & OPERATION REVENUE.

Notwithstanding any other provision in this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the 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 the District that are necessary to fully reimburse and hold the District harmless from any actual negative impact on the District's Maintenance and Operation Revenue as a result of its participation in this Agreement. Such calculation 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 the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this Article IV, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 4.9.

Section 4.8. PAYMENT BY APPLICANT.

Subject to Section 4.9 below, the Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. Subject to the limitation set forth in this Section 4.8 below, by such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.4, 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, for any audits conducted by the State Auditor's Office, or for other legal expenses which are, or may be required under the terms of, or because of, the execution of this Agreement. The Applicant shall only be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 not to exceed Fifteen Thousand Dollars ($15,000.00).

Section 4.9. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to this Article IV of this Agreement, 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 4.4 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees within thirty (30) days after receipt of the final determination of the calculations. Any appeal by the Applicant of the final determination of calculations shall in no way limit Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. PAYMENT LIMITATION; AGGREGATE LIMIT

In the event that the Revenue Protection Amount for any Tax Year during the Limitation Period of this Agreement shall exceed the Applicant's Net Tax Benefit for that Tax Year, the Revenue Protection Amount owed for that year shall be limited to the Applicant's Net Tax Benefit for that Tax Year. Amounts otherwise due and owing by the Applicant to the District which, by virtue of this payment limitation, are not paid in that Tax Year shall be carried forward from year to year into subsequent Tax Years until paid in full.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES.

In addition to the amounts determined pursuant to Articles IV and VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse 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 directly and solely related to the project 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 caused directly by such project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 above.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of this Article VI, the Parties agree that, 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 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 of the TEXAS TAX CODE, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article VI are separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V, and that all payments under Article VI are subject to the separate limitations contained in Section 6.2 and Section 6.3. Each Supplemental Payment shall be due and payable on January 31st of the year following that in which such Supplemental Payment accrued.

Section 6.2. SUPPLEMENTAL PAYMENT. Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article 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 Application.

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.

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.

Failure to pay such Supplemental Payments shall constitute Material Breach of this Agreement, as set forth more fully herein at Article IX.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT.

For each Tax Year beginning with the period starting the first full or partial year of the Qualifying Time Period (2020) and ending December 31 of the third year following the end of the Tax Limitation Period (2034), Supplemental Payments shall be owed. The Supplemental Payment owed for Tax Year 2020 will be paid at the same time the Supplement Payment is paid for Tax Year 2021. During the Qualifying Time Period and for the three years following the end of the Tax Limitation Period, the supplemental payment amount shall not be subject to the Aggregate Limit.

If, for any Tax Year during the Limitation Period of this Agreement the Cumulative Payment Amount, calculated under Sections IV, V and VI of this Agreement, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year until paid to the District. The Aggregate Limit shall not apply nor limit Supplemental Payment amounts due to the District during the Qualified Time Period or in the three years following the end of the Tax Limitation Period.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Cumulative 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 Cumulative 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 4.3.

(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 4.8.

(c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.9, above.

Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.

At any time during this Agreement, the Board of Trustees may, in its sole discretion, 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.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. EFFECT OF OPTIONAL TERMINATION.

Upon the exercise of the option to terminate, 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 ninety-six (96) 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;
iv. whether or not any such breach has been cured; and

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 ninety (90) 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 ninety (90) 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 Loving 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 Loving 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 ninety (90) 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 7.1 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 ninety (90) 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:

To the District		**With Copy to**
Name:	Wink-Loving Independent School District	Sara Leon & Associates, LLC
Attn:	Superintendent Scotty Carman or his successor	Sara Hardner Leon
Address:	200 Rosey Dodd Ave P O Box 637	2901 Via Fortuna, Suite 475
City/Zip:	Wink, Texas 79789-0637	Austin, Texas 78746
Phone :	(432) 527-3880 ext:7002	(512) 637-4244
Fax :	(432) 527-3505	(512) 637-4245
Email:	scarman@wlisd.net	sleon@saraleonlaw.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

To the Applicant		**With Copy to**
Name:	MarkWest Tornado GP, L.L.C.	Ryan, LLC
Attn:	Nicole Busey, Assistant Secretary	Trey Novosad, Principal
Address:	539 Main Street	
City/Zip:	Findlay, Ohio 45840	
Phone :	(419) 421.2687	512.960.1129
Fax:	(419) 420.1443	512.476.0033
Email:	nmbusey@marathonpetroleum.com	trey.novosad@ryan.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.

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

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;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

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.

Section10.3. 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 Loving 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 and Comptroller's office 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 28th day of September, 2020.

MARKWEST TORNADO GP, L.L.C.,

By: _____
Authorized Representative

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

By: _____
President, Board of Trustees

ATTEST:

By: _____
Secretary, Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

RESOLUTION OF THE BOARD OF TRUSTEES OF THE WINK-LOVING INDEPENDENT SCHOOL DISTRICT

A resolution designating a certain area as a reinvestment zone in connection with an economic development Agreement under Chapter 313 of the Texas Tax Code, such reinvestment zone located within the geographic boundaries of the Wink-Loving Independent School District, in Loving County, Texas, to be known as the "MarkWest Tornado Reinvestment Zone"; establishing the boundaries thereof in connection with an application for value limitation agreement for school district maintenance and operations taxes under Chapter 313 of the Texas Tax Code submitted by MarkWest Tornado GP, L.L.C. (Taxpayer I.D. 32066738967), Comptroller's Application No. 1433:

WHEREAS, the Property Redevelopment and Tax Abatement Act, as amended (TEXAS TAX CODE § 312.0025) permits a school district to designate a reinvestment zone if that designation is reasonably likely to contribute to the expansion of primary employment in the reinvestment zone, or attract major investment in the reinvestment zone that would be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of the state in which the school district is located; and,

WHEREAS, the Wink-Loving Independent School District (the "District") desires to promote the development of primary employment and to attract major investment in the District and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, on September 28, 2020, the District's Board of Trustees held a public hearing regarding the property proposed to be designated as the reinvestment zone, described in the attached Exhibits A and B; and,

WHEREAS, at such public hearing all interested members of the public were given an opportunity to appear and speak for or against the designation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone, and approval of an Agreement for Value Limitation on Appraised Value of Qualified Property for School District Maintenance and Operations Taxes, as authorized by Chapter 313 of the TEXAS TAX CODE with MarkWest Tornado GP, L.L.C. (Taxpayer I.D. 32066738967); and,

WHEREAS, the District wishes to designate a reinvestment zone within the boundaries of the school district in Loving County, Texas to be known as the "MarkWest Tornado Reinvestment Zone" as shown on the attached Exhibit B.

NOW THEREFORE, BE IT RESOLVED BY THE WINK-LOVING INDEPENDENT SCHOOL DISTRICT:

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

SECTION 2. That the Board of Trustees of the District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

(a) That the public hearing on the adoption of the "MarkWest Tornado Reinvestment Zone" has been properly called, held, and conducted;

(b) That the boundaries of the "MarkWest Tornado Reinvestment Zone" be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the legal description attached hereto as Exhibit A;

(c) That creation of the boundaries as described in Exhibit A will result in economic benefits to the District and to land included in the zone, and that the improvements sought are feasible and practical; and,

(d) That the "MarkWest Tornado Reinvestment Zone" described in Exhibit A meets the criteria set forth in TEXAS TAX CODE §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of the District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the District hereby designates a reinvestment zone under the provisions of TEXAS TAX CODE §312.0025, encompassing the area described by the descriptions in Exhibit A, and such reinvestment zone is hereby designated and shall hereafter be referred to as the "MarkWest Tornado Reinvestment Zone."

SECTION 4. That the "MarkWest Tornado Reinvestment Zone" shall take effect upon adoption of this Resolution by the District Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the District's Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, TEXAS GOVERNMENT CODE, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone.

PASSED, APPROVED, AND ADOPTED on this 28th day of September, 2020.

WINK-LOVING INDEPENDENT SCHOOL DISTRICT

By: _____

Brad White, President
Board of Trustees

ATTEST:

By: _____

Grace Harrison, Secretary
Board of Trustees

EXHIBIT A
LEGAL DESCRIPTION OF THE
"MARKWEST TORNADO REINVESTMENT ZONE"

LOVING COUNTY, TEXAS
T. & P. R.R. CO. SURVEY NO. 12, BLOCK 55, ABSTRACT NO. 1273

MARKWEST
ENERGY PARTNERS, L.P.
BELL LAKE 20
Z & T CATTLE COMPANY

PROPOSED 80.012 ACRE SITE

Being a description of a proposed 80.012 acre site being situated in the T. & P. R.R. CO. Survey No. 12, Block 55, Abstract No. 1273, Loving County, Texas; being part of a tract of land described in Deed to Z & T Cattle Company as recorded in Volume 98, Page 429, Official Public Records, Loving County, Texas; said site being more particularly described by metes and bounds as follows:

BEGINNING at a point for the Northeast corner of this herein described site in said Z & T Cattle Company tract, from which a 60d nail found at the Northeast corner of said Z & T Cattle Company tract bears North 09°36'10" East, a distance of 369.28 feet;

THENCE South 02°27'40" West, a distance of 1,696.89 feet to a point for corner;

THENCE North 87°32'20" West, a distance of 2,047.56 feet to a point for corner;

THENCE North 23°27'47" West, a distance of 15.26 feet to a point for corner;

THENCE North 02°28'43" East, a distance of 1,683.16 feet to a point for corner;

THENCE South 87°32'20" East, a distance of 2,053.72 feet to the **POINT OF BEGINNING**; said site containing 3,485,325 square feet or 80.012 acres of land, more or less.

I, Matthew Tomerlin, Registered Professional Land Surveyor No. 6503 of the State of Texas, do hereby certify this plat shows the results of an on the ground survey made under my direction.
Original signed and stamped in red ink.

Date of Signature: August 8, 2018

MATTHEW TOMERLIN
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 6503
FIRM REGISTRATION/LICENSE NO. 10129300
FOR PIPELINE LAND SERVICES, INC.
1200 S. WOODROW LN, STE 200
DENTON, TX. 76205
(940) 808-1191 OFFICE
(940) 808-1195 FAX

MARKWEST
Energy Partners, L.P.

EXHIBIT B
SURVEY MAP OF THE
"MARKWEST TORNADO REINVESTMENT ZONE"

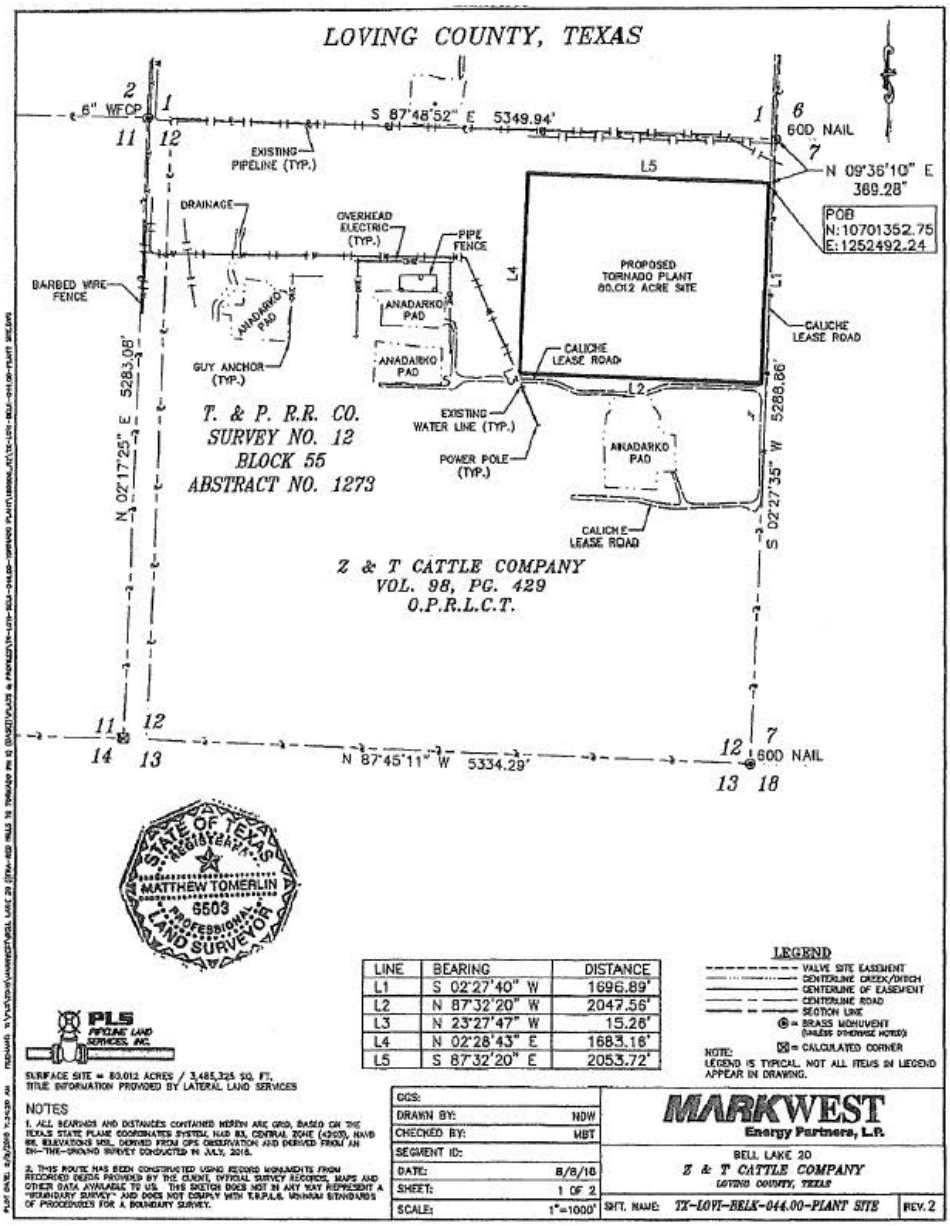

LOVING COUNTY, TEXAS
6" WFCP
S 87°48'52" E 5349.94'
6 GOD NAIL
N 09°36'10" E 369.28'
POB N:10701352.75 E:1252492.24
EXISTING PIPELINE (TYP.)
DRAINAGE
OVERHEAD ELECTRIC (TYP.)
PIPE FENCE
BARBED WIRE FENCE
ANADARKO PAD
GUY ANCHOR (TYP.)
PROPOSED TORNADO PLANT 80.012 ACRE SITE
CALICHE LEASE ROAD
T. & P. R.R. CO. SURVEY NO. 12 BLOCK 55 ABSTRACT NO. 1273
EXISTING WATER LINE (TYP.)
POWER POLE (TYP.)
N 02°17'25" E 5283.08'
S 02°27'35" W 5288.86'
Z & T CATTLE COMPANY VOL. 98, PG. 429 O.P.R.L.C.T.
N 87°45'11" W 5334.29'
7 GOD NAIL
MATTHEW TOMERLIN 6503 PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS REGISTERED
PLS PIPELINE LAND SERVICES, INC.
SURFACE SITE = 80.012 ACRES / 3,485,325 SQ. FT.
TITLE INFORMATION PROVIDED BY LATERAL LAND SERVICES
NOTES
1. ALL BEARINGS AND DISTANCES CONTAINED HEREIN ARE GRID, BASED ON THE TEXAS STATE PLANE COORDINATES SYSTEM, NAD 83, CENTRAL ZONE (4203), NAVD 88. ELEVATIONS MSL, DERIVED FROM GPS OBSERVATION AND DERIVED FROM AN ON-THE-GROUND SURVEY CONDUCTED IN JULY, 2018.
2. THIS ROUTE HAS BEEN CONSTRUCTED USING RECORD MONUMENTS FROM RECORDED DEEDS PROVIDED BY THE CLIENT, OFFICIAL SURVEY RECORDS, MAPS AND OTHER DATA AVAILABLE TO US. THIS SKETCH DOES NOT IN ANY WAY REPRESENT A "BOUNDARY SURVEY" AND DOES NOT COMPLY WITH T.R.P.L.S. MINIMUM STANDARDS OF PROCEDURES FOR A BOUNDARY SURVEY.
LINE | BEARING | DISTANCE
L1 | S 02°27'40" W | 1696.89'
L2 | N 87°32'20" W | 2047.56'
L3 | N 23°27'47" W | 15.26'
L4 | N 02°28'43" E | 1683.18'
L5 | S 87°32'20" E | 2053.72'
LEGEND
VALVE SITE EASEMENT
CENTERLINE CREEK/DITCH
CENTERLINE OF EASEMENT
CENTERLINE ROAD
SECTION LINE
BRASS MONUMENT (UNLESS OTHERWISE NOTED)
CALCULATED CORNER
NOTE: LEGEND IS TYPICAL, NOT ALL ITEMS IN LEGEND APPEAR IN DRAWING.
DGS:
DRAWN BY: NDW
CHECKED BY: MBT
SEGMENT ID:
DATE: 8/8/18
SHEET: 1 OF 2
SCALE: 1"=1000'
MARKWEST Energy Partners, L.P.
BELL LAKE 20
Z & T CATTLE COMPANY
LOVING COUNTY, TEXAS
SHT. NAME: TX-LOVI-BELK-044.00-PLANT SITE
REV. 2

EXHIBIT 1

MARKWEST
MarkWest Tornado GP, L.L.C.
CHAPTER 313 APPLICATION TO WINK-LOVING ISD
Reinvestment Zone Map
Legend
Proposed Project Boundary
Proposed Reinvestment Zone Boundary
652
Google Earth

EXHIBIT 1

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

MKW TORNADO PLANT SITE
TX-MKW-TOPS-001

MEMORANDUM OF PRODUCTION FACILITY SITE LEASE AND RIGHT OF WAY EASEMENT AGREEMENT

THIS Memorandum of Production Facility Site Lease and Right of Way Easement Agreement is filed of record to give constructive notice of a surface lease and right of way agreement ("Agreement") dated 8-9-2018 by and between **Z&T Cattle Company, LLC** ("Lessor") and **MarkWest Tornado GP, LLC**, whose address is 1515 Arapahoe Street, Tower 1, Suite 1600, Denver, Colorado 80202 ("Lessee"). The Agreement contains covenants and conditions with respect to the surface lease and right of way located in **Section 12, Block 55, T-1, T&P RR Company Survey, A-1273, Loving County, Texas,** as more particularly described in **Exhibit "A"** attached to and made a part hereof. The original executed Agreement shall be maintained in the offices of Lessor and Lessee. Any third persons requesting to view the document must have a material and relevant interest in the gas plant, and provided, further, that neither Lessor nor Lessee objects to such request.

LESSOR:

Z&T CATTLE COMPANY, LLC

By: _____
Zane Kiehne
President of Z&T Cattle Company, LLC

LESSEE:

MARKWEST TORNADO GP, LLC

By: _____
Greg Floerke, Executive Vice President,
Gathering & Processing

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF LOVING §

On this 2nd day of August, 2018, before me, a Notary Public in and for said County and State, personally appeared Zane Kiehne, as President of Z&T Cattle Company, LLC, a Texas limited liability company in the capacity therein stated, to me known to be the identical person(s) who executed the foregoing instrument.

WITNESS my hand and official seal the day and year first above written.

My commission expires: 9-27-19

Notary Public, State of Texas

ROSS THOMAS SNOW
Notary Public, State of Texas
My Commission Expires
September 27, 2019

ACKNOWLEDGEMENT

STATE OF ~~TEXAS~~ Colorado §
§
COUNTY OF Denver §

On this 16th day of August 2018, before me, a Notary Public in and for said County and State, personally appeared Greg Floerke, Executive Vice President, Gathering & Processing, MarkWest Tornado GP, LLC a Delaware limited liability company in the capacity therein stated, to me known to be the identical person(s) who executed the foregoing instrument.

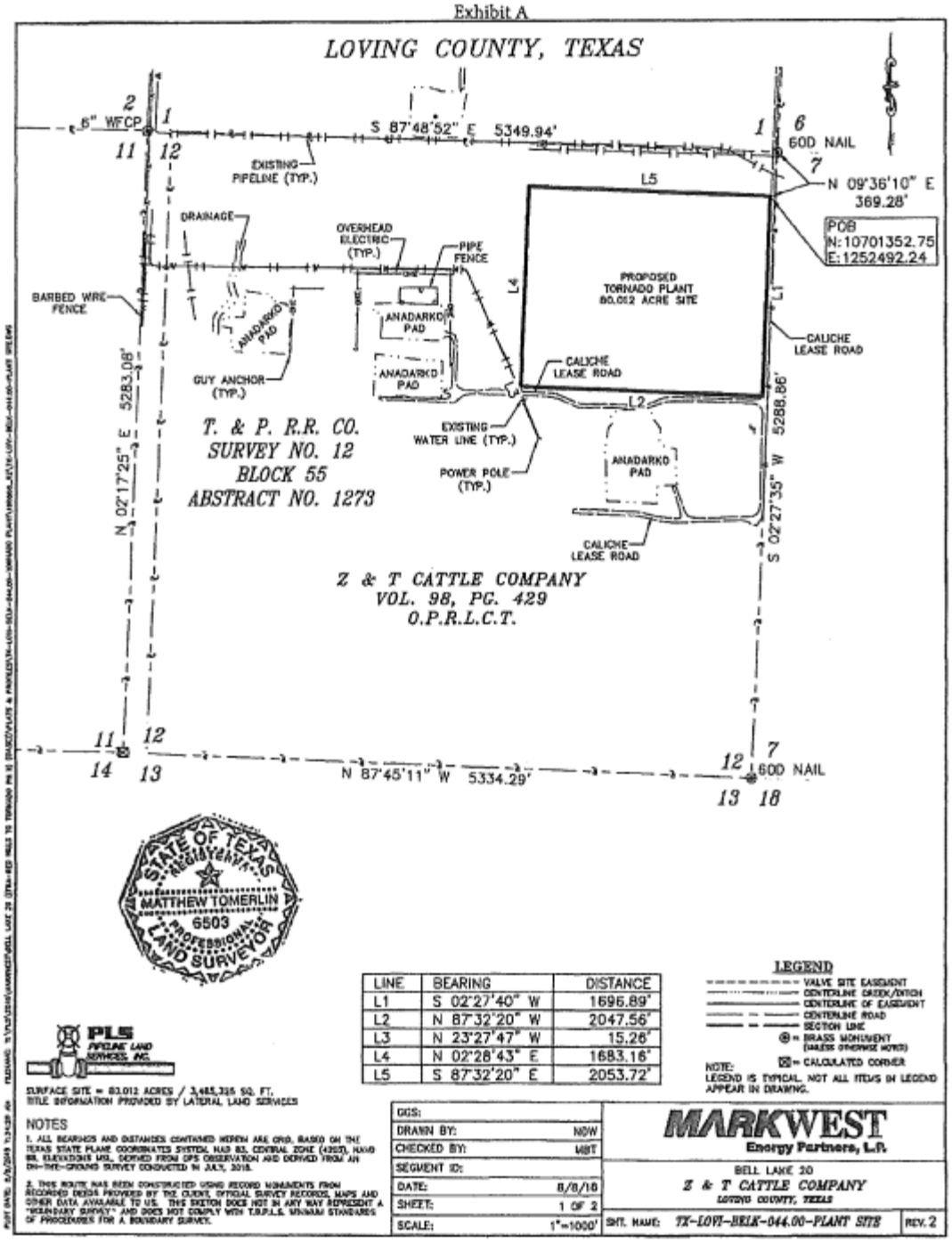
WITNESS my hand and official seal the day and year first above written.

My commission expires: 12-18-2018

Notary Public, State of Colorado

CHERYL HERTEL
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20064050660
My Commission Expires Dec. 18, 2018

Exhibit A



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L5	S 87°32'20" E	2053.72'

EXHIBIT
LOVING COUNTY, TEXAS
T. & P. R.R. CO. SURVEY NO. 12, BLOCK 55, ABSTRACT NO. 1273

MARKWEST
ENERGY PARTNERS, L.P.
BELL LAKE 20
Z & T CATTLE COMPANY

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MARKWEST
Energy Partners, L.P.

SHEET NO. 2 OF 2

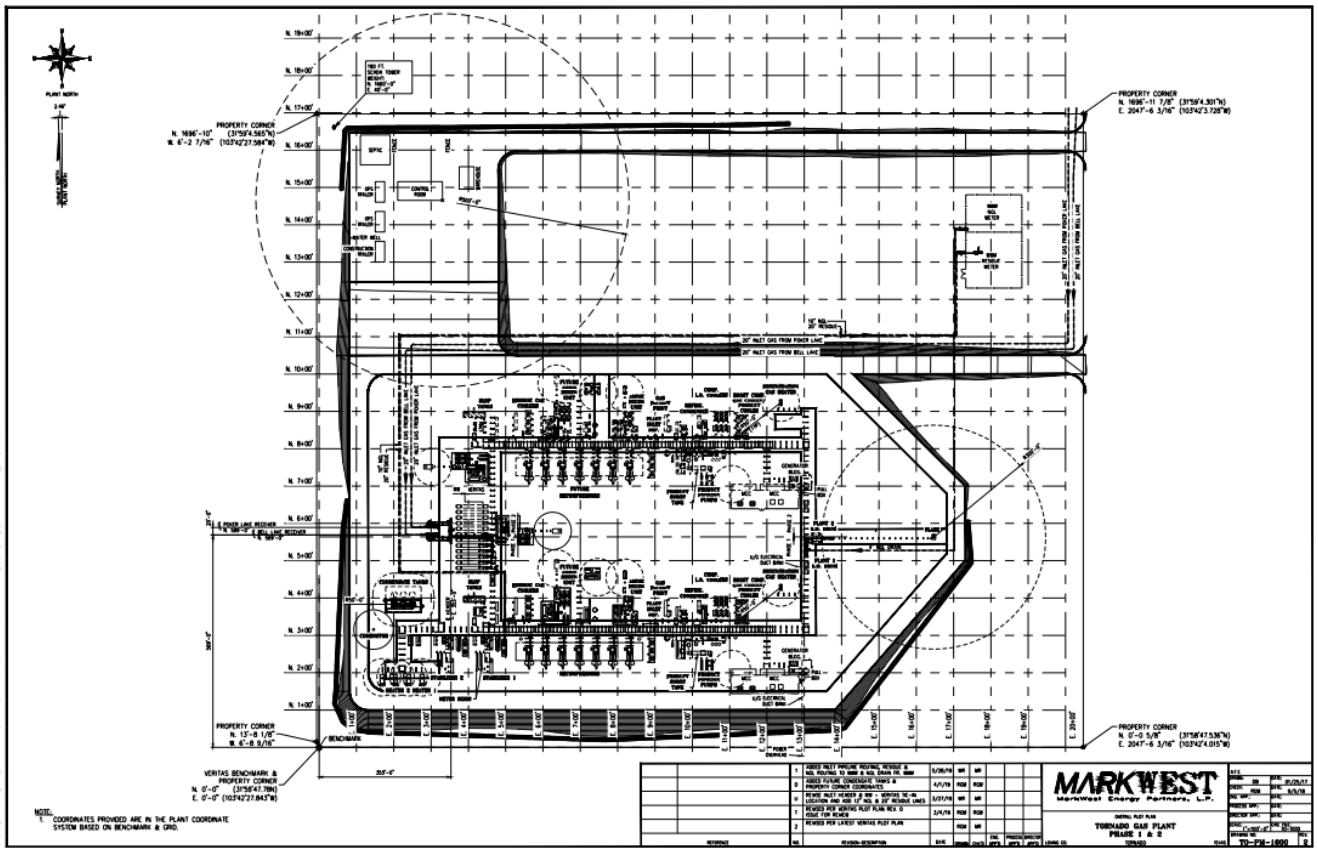

MARKWEST
MarkWest Energy Partners, L.P.
TORNADO GAS PLANT
PHASE 1 & 2
PROPERTY CORNER
N. 1696'-11 7/8" (31°59'4.301"N)
E. 2047'-6 3/16" (103°42'3.728"W)
PROPERTY CORNER
N. 1696'-10" (31°59'4.565"N)
N. 6'-2 7/16" (103°42'27.584"W)
PROPERTY CORNER
N. 13'-8 1/16"
W. 6'-8 9/16"
VERITAS BENCHMARK &
PROPERTY CORNER
N. 0'-0" (31°58'47.78N)
E. 0'-0" (103°42'27.843"W)
PROPERTY CORNER
N. 0'-0 5/8" (31°58'47.536"N)
E. 2047'-6 3/16" (103°42'4.015"W)
BENCHMARK
NOTE:
1. COORDINATES PROVIDED ARE IN THE PLANT COORDINATE SYSTEM BASED ON BENCHMARK & GRID.

EXHIBIT 6

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Proposed Project Description

MarkWest Tornado GP, L.L.C. is considering building a new 200 million standard cubic feet per day gas processing plant in Loving County, Texas on approximately 80 acres of land located in the northwestern part of the County. The proposed project is internally named Tornado II and will be located adjacent to Tornado I, a 200 million standard cubic feet per day gas processing plant, which is currently under construction but is not part of this application or any other application.

Feedstock & Logistics

Tornado II will receive raw Natural Gas via a to-be-built and/or a currently being constructed high-pressure gas pipelines. Existing and new Gathering lines located throughout the Permian Basin will be used to collect the natural gas produced at the well-head. The gas in the gathering lines will connect to the high-pressure lines that will feed the plants.

Some of the inlet feed and gathering pipelines are already being constructed to feed Tornado I. Should the Tornado II project proceed, additional gathering lines, compression and inlet metering systems will be needed. The identified shared inlet pipelines are highlighted pink on the attached plot plan. Depending on customers' needs and the location of the raw gas, additional lines that are not yet identified may be needed and built.

The applicant is not requesting a value limitation on any of the existing or to-be-built gathering or inlet lines or inlet metering station. The applicant is only requesting a value limitation for the equipment that is required after the gas leaves the inlet pipeline usually starting with the inlet compressors. The assets are delineated on the plot plan by the location of the pink highlighted pipelines meeting the yellow highlighted compression at the beginning of Tornado II.

Products & Logistics

Tornado II will process the raw natural gas gathered in the field into pipeline grade natural gas by removing impurities, water, and heavier liquid hydrocarbons such that the natural gas meets the shipping pipeline's purity requirements. The products leaving the plant via pipeline will be pipeline grade natural gas and a natural gas liquid "NGL" stream. The composition of the NGL product stream will vary depending on the quality and mix of the raw gas being captured from the field but will typically include hydrocarbon molecules heavier than C2 (Ethane).

Tornado II will have its own condensate product storage tanks as shown on the plot plan.

Tornado I and Tornado II will be connected by new to-be-built and/or currently being constructed connector pipelines that will connect to existing long-haul pipeline grade natural gas and natural gas liquid "NGL" pipelines. These pipelines will deliver the products to the Gulf Coast markets.

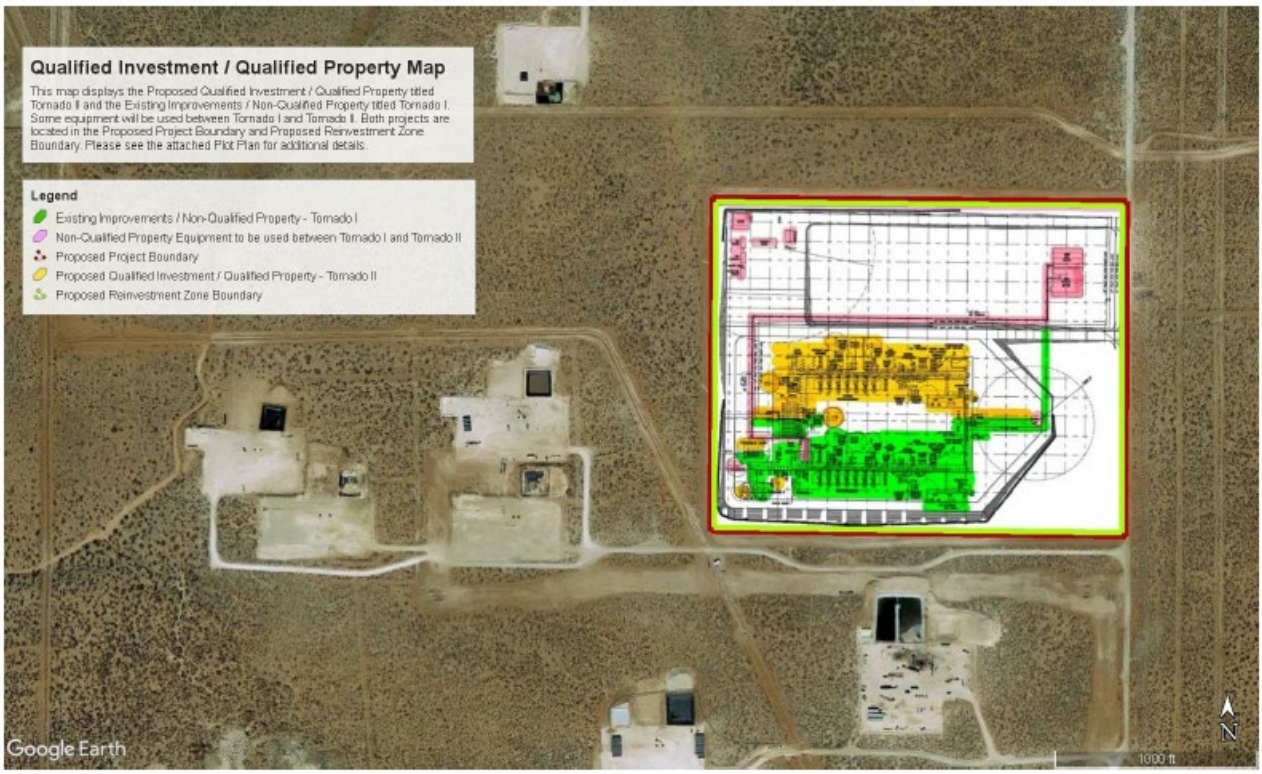
The applicant is not requesting a value limitation on any of the existing or to-be-built product connecting pipelines or existing long-haul product pipelines. The applicant is only requesting a value limitation for the equipment that is required to deliver the pipeline grade natural gas and natural gas liquids to the respective

pipelines. The assets are delineated on the plot plan by the location of the end of the yellow highlighted equipment for Tornado II connects to the pink product pipelines on the plot plan.

In addition, the applicant is not requesting a value limitation for any of the shared equipment that may be used by Tornado I and Tornado II.

Tornado II Major Equipment List

- o Amine Unit
- o Inlet Slug Catcher
- o Condensate Stabilizer
- o Distillation Towers
- o Heaters
- o Coolers
- o Pumps
- o Distributed Control System "DCS" (Computer Control)
- o Valves
- o Piping
- o Heat Exchangers
- o Flare System
- o Fire Protection
- o Electricity and Steam
- o Waste Water Processing
- o Compression Equipment
- o Condensate Tanks


Qualified Investment / Qualified Property Map
This map displays the Proposed Qualified Investment / Qualified Property titled Tornado II and the Existing Improvements / Non-Qualified Property titled Tornado I. Some equipment will be used between Tornado I and Tornado II. Both projects are located in the Proposed Project Boundary and Proposed Reinvestment Zone Boundary. Please see the attached Plot Plan for additional details.
Legend
Existing Improvements / Non-Qualified Property - Tornado I
Non-Qualified Property Equipment to be used between Tornado I and Tornado II
Proposed Project Boundary
Proposed Qualified Investment / Qualified Property - Tornado II
Proposed Reinvestment Zone Boundary
Google Earth
1000 ft
N

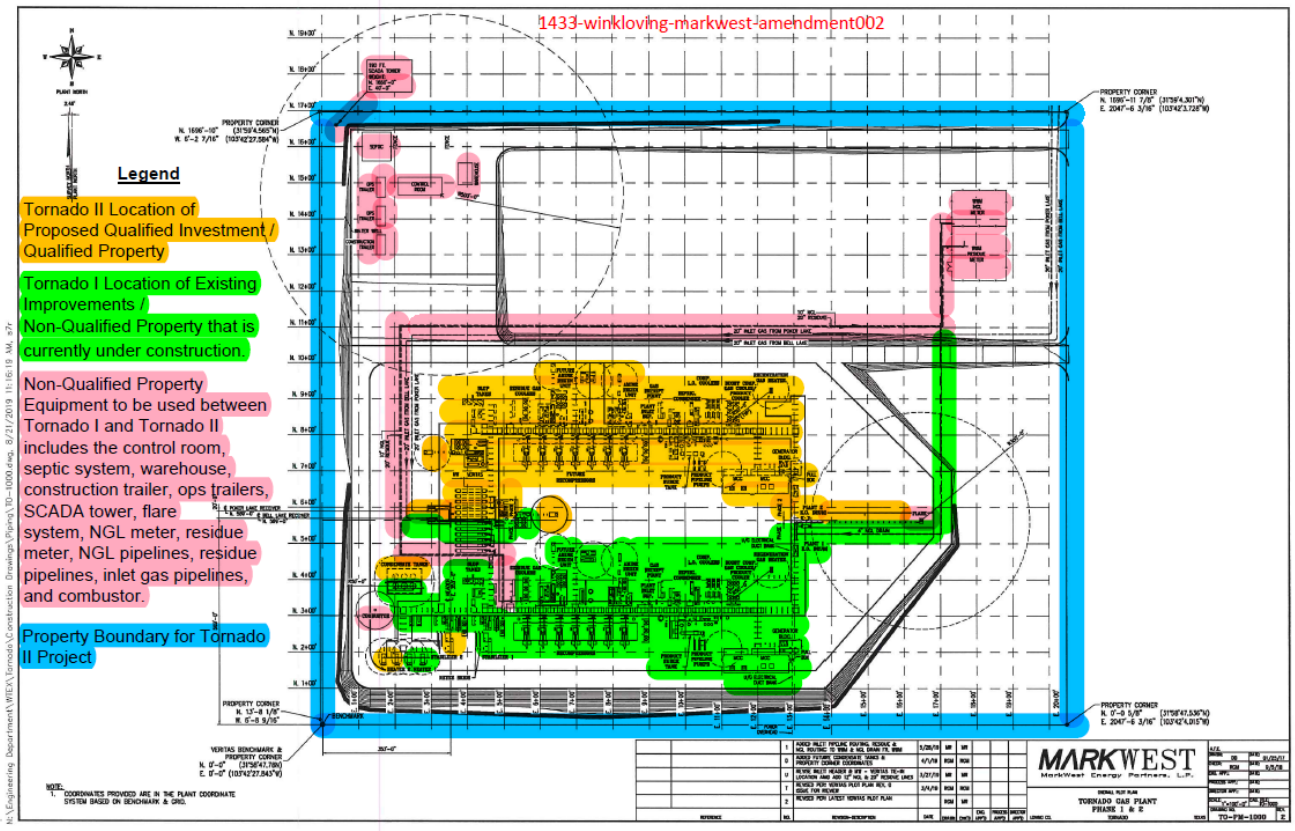

1433-winkloving-markwest-amendment002
Legend
Tornado II Location of Proposed Qualified Investment / Qualified Property
Tornado I Location of Existing Improvements / Non-Qualified Property that is currently under construction.
Non-Qualified Property Equipment to be used between Tornado I and Tornado II includes the control room, septic system, warehouse, construction trailer, ops trailers, SCADA tower, flare system, NGL meter, residue meter, NGL pipelines, residue pipelines, inlet gas pipelines, and combustor.
Property Boundary for Tornado II Project
MARKWEST
MarkWest Energy Partners, L.P.
TORNADO GAS PLANT
PHASE I & II

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

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- Valves
- Piping
- Heat Exchangers
- Flare System
- Fire Protection
- Electricity and Steam
- Waste Water Processing
- Compression Equipment
- Condensate Tanks