

FINDINGS
of the
ECTOR COUNTY INDEPENDENT
SCHOOL DISTRICT
BOARD OF TRUSTEES

Under Chapter 313 of the
Texas Tax Code

ON THE APPLICATION FOR
APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY

SUBMITTED BY

1POINTFIVE P1, LLC

Comptroller Application Number 1570

September 21, 2021

RESOLUTION AND FINDINGS OF FACT
of the
ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY
SUBMITTED BY 1POINTFIVE P1, LLC

STATE OF TEXAS §
COUNTY OF ECTOR §
ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT §

PREAMBLE

On the 21st day of September, 2021, a public meeting of the Board of Trustees of the Ector County Independent School District (the “Board”) was held to solicit input from interested parties on the application by 1PointFive P1, LLC (“1PointFive” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. 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 considered the application by 1PointFive for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026, the Board of Trustees of the Ector County Independent School District, in accordance with Texas Tax Code §313.025(e) and (f) and 34 T.A.C. §9.1054, makes the following Findings regarding the Application:

On or about the 16th day of February, 2021, the Board of Trustees for the Ector County Independent School District received an Application for Appraised Value Limitation on Qualified Property from 1PointFive, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for a new manufacturing plant, and specifically a direct air capture facility that will produce industrial grade carbon dioxide (CO₂) (the “Property”). *See* Application, §6.2.5, and Tab 4, attached hereto as Attachment A; *see also* Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District and signed it on March 4, 2021, which was delivered to the Texas Comptroller of Public Accounts immediately upon the District’s determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about March 4, 2021. The District on behalf of the Applicant, submitted revised applications pages for Amendment No. 01, dated March 30, 2021 (revised §§10 and 14; Tabs 2, 7, 8, 11, 13 and Schedule C), and the Comptroller issued its notice of completeness and determined the Application complete as of April 12, 2021, the Application Review Start Date. Thereafter, Applicant submitted Supplement No. 1, dated April 16, 2021 (Schedule B). The Application, Amendment No. 1 and Supplement No. 1 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of April 12, 2021, are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for 1PointFive P1, LLC is 32076631608. 1PointFive is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, as represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §§313.025(a)(1) and 313.031(b) of the Texas Tax Code, 34 T.A.C. §9.1054(a), and Local District Policy. *See* Attachment A at Tab 2.

The Application was delivered to the Texas Comptroller's Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Ector 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 §§313.024, 313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on June 21, 2021 (the "Certificate Decision"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Ector County Independent School District. A copy of the Financial Impact Study prepared by Culwell Consulting and dated May 21, 2021, is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the 1PointFive Application in the Ector County Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category 1 of §313.022 of the Texas Tax Code at the time the Certificate Decision was issued. *See* the 2020 Preliminary Property Value Study Report, "2020 ISD Summary Worksheet" attached hereto as Attachment G; *see also* Attachment D.

The District's Board of Trustees, by resolution dated August 17, 2021, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until December 31, 2021. The Comptroller was provided notice of this extension, as set out under 34 Texas Administrative Code §9.1054(d). *See* Resolution authorizing extension of consideration period and notice to Applicant, collectively attached hereto as Attachment J.

After receipt of the completed Application, the District entered into negotiations with 1PointFive regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue

protection provisions for the District pursuant to Section 48.256(d) of the Texas Education Code. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted (Form 50-826, revised October 2020). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex. Admin. Code §9.1051 and adopted by §9.1052(a)(6)) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). See copy of August 30, 2021, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller's Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of 1PointFive's Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

Board Finding Number 1.

Based on the Application and the Comptroller's Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(1) as a manufacturing facility.

In support of Finding Number 1, the Comptroller's Certificate Decision states:

Determination required by 313.025(h)

* * *

Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

* * *

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.

See Attachment C. See also Attachment A (Tab 1, §6.2(1) and Tabs 4, 7 and 8) and Attachment D.

Board Finding Number 2.

The project proposed by Applicant is reasonably likely to generate sufficient tax revenue 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.

In support of Finding Number 2, the Certificate Decision states:

Certification 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.

See Attachment C.

Also in support of Finding Number 2, the Comptroller's Economic Impact Analysis states:

Attachment B - Tax Revenue before 25th Anniversary of Limitation Start

This [table] represents the Comptroller's determination that 1PointFive P1, LLC (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	2022	\$2,494,207	\$2,494,207	\$0	\$0
	2023	\$6,279,172	\$8,773,379	\$0	\$0
	2024	\$7,821,929	\$16,595,308	\$0	\$0
Limitation Period (10 Years)	2025	\$1,054,700	\$17,650,008	\$6,454,352	\$6,454,352
	2026	\$1,054,700	\$18,704,708	\$6,141,475	\$12,595,827
	2027	\$1,054,700	\$19,759,408	\$5,828,598	\$18,424,425
	2028	\$1,054,700	\$20,814,108	\$5,515,721	\$23,940,145
	2029	\$1,054,700	\$21,868,808	\$5,202,843	\$29,142,988
	2030	\$1,054,700	\$22,923,508	\$4,889,966	\$34,032,955
	2031	\$1,054,700	\$23,978,208	\$4,577,089	\$38,610,044
	2032	\$1,054,700	\$25,032,908	\$4,264,212	\$42,874,255
	2033	\$1,054,700	\$26,087,608	\$3,951,335	\$46,825,590
	2034	\$1,054,700	\$27,142,308	\$3,638,458	\$50,464,048
Maintain Viable Presence (5 Years)	2035	\$4,380,280	\$31,522,588	\$0	\$50,464,048
	2036	\$4,067,403	\$35,589,992	\$0	\$50,464,048
	2037	\$3,754,526	\$39,344,518	\$0	\$50,464,048
	2038	\$3,441,649	\$42,786,167	\$0	\$50,464,048
	2039	\$3,128,772	\$45,914,938	\$0	\$50,464,048
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$2,815,895	\$48,730,833	\$0	\$50,464,048
	2041	\$2,503,017	\$51,233,850	\$0	\$50,464,048
	2042	\$2,190,140	\$53,423,991	\$0	\$50,464,048
	2043	\$1,877,263	\$55,301,254	\$0	\$50,464,048
	2044	\$1,564,386	\$56,865,640	\$0	\$50,464,048
	2045	\$1,564,386	\$58,430,026	\$0	\$50,464,048
	2046	\$1,564,386	\$59,994,412	\$0	\$50,464,048
	2047	\$1,564,386	\$61,558,797	\$0	\$50,464,048
	2048	\$1,564,386	\$63,123,183	\$0	\$50,464,048
	2049	\$1,564,386	\$64,687,569	\$0	\$50,464,048
		\$64,687,569	is greater than	\$50,464,048	
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

Source: CPA, 1PointFive P1, LLC

See Attachment D (at Attachment B thereof).

Board Finding Number 3.

The Applicant will create twenty-five (25) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$50,049 (\$962 per week)¹, an amount equal to at least 110% of the County average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.

See Attachments A, D and J.

Board Finding Number 4.

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

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$1,188.75 per week, which exceeds the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). See Attachments A and D.

Board Finding Number 5.

Applicant has viable options to locate the proposed manufacturing facility in locations other than Ector County ISD because Applicant's ability to negotiate, sell and process CO₂, utilize Federal Section 45Q tax credits, and generate and sell negative emissions credits are not limited to any particular state. Therefore, the tax savings realized by the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and Ector County ISD.

See Attachment C.

In support of Finding Number 5, the Comptroller's Certificate states, "[t]he 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." The Economic Impact Analysis further states:

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the 1PointFive P1, LLC's decision to invest capital and construct the project in this state. This is based on information available, including

¹ The annual and weekly wages recited in the Comptroller's Economic Impact Analysis at Attachment D are rounded from the figures in §14 of the Application (\$50,048.90 annual wage and \$962.48 weekly wage).

information provided by the applicant. Specifically, the comptroller notes the following:

- Per 1PointFive P1, LLC in Tab 4 of their Application for a Limitation on Appraised Value:
 - A. “Occidental Petroleum (Oxy), a leading producer of traditional energy resources, and its subsidiary Oxy Low Carbon Ventures (OLCV) have recently formed a joint venture with private equity firm Rusheen Capital Management to finance and deploy large-scale Direct Air Capture (DAC) technology licensed from Carbon Engineering, a clean energy company focused on the commercialization of DAC technology, which captures carbon dioxide directly from the atmosphere.”
 - B. “The DAC facility will be built in or near one of several United States energy basins in which Oxy operates, within reasonable proximity to its existing enhanced oil recovery (EOR) operations, accessible pipeline infrastructure, and sufficient electric, natural gas, and water utilities.”
- Per 1PointFive P1, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “At this time, Oxy would be the primary recipient of CO2 offtake for sequestration. Because the Section 45Q and negative emissions credits are not specific to geographic location, the Project could be located anywhere in the United States and secure the necessary savings resulting from these programs.”
 - B. “Oxy and Oxy Low Carbon Ventures have a traditional energy production and carbon solutions footprint throughout the United States and the majority of their domestic assets are concentrated in the energy basins of Texas, New Mexico, Colorado, Wyoming, and Utah.”
 - C. “1PointFive is actively evaluating target sites in each of these jurisdictions and plans to site the proposed facility in the location that offers the best support for profitability and sustainability over the lifetime of the Project costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.”
 - D. “Property tax is one of the highest annual operating expenses and would be a significant ongoing liability throughout the life of the Project. A Chapter 313 value limitation from Ector County ISD would be critical to reducing up-front operating costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.”

See Attachment D, at Attachment C thereof.

Board Finding Number 6.

The proposed limitation on appraised value for the qualified property is \$100,000,000.

The Comptroller’s Minimum School District Limitation Values Report, effective as of January 1, 2021, provides that the District is a Subchapter B, Category 1 District under Texas Tax Code §313.022, with a minimum limitation of \$100,000,000. See Attachments A and D.

Board Finding Number 7.

The revenue gains that will be realized by the school district, if the Application is approved and the Project is built and operational, will be significant in the long term, with specific reference to revenues used for supporting school district debt.

In support of this Finding, the analysis prepared by Culwell Consulting indicates that the Project would add an estimated \$741,625,975 to the tax base at the peak investment level for the 2024-25 school year (tax year 2024). See Attachment E at page 3. The Project remains fully taxable for debt services taxes during and after the Limitation Period, starting January 1, 2025 and ending December 31, 2034. As a result, local taxpayers should see some benefit from the addition of the project to the local I&S tax roll. In addition, the estimated potential revenue gains from Supplemental Payments as provided for in the proposed Agreement are estimated to be \$10,971,129. See Table of Estimated Effects of the Ch. 313 Application, Column 12, dated September 9, 2021 (“Estimated Effects Table”), at the last page of Attachment E, and Attachment H (Article VI).

Board Finding Number 8.

The effect of the Applicant’s proposed project is not expected to increase the District’s instructional facility needs. Ector County ISD can accommodate the student growth anticipated from Applicant’s project with its existing facilities.

See TEA’s Facilities Impact Review Letter at Attachment F.

Board Finding Number 9.

Based on the District’s current tax rate, the projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does receive a limitation on appraised value, based on the further estimated depreciation of value provided by Applicant, is shown in Estimated Effects Table at last page of Attachment E (column No. 8, labeled “M&O Taxes Paid After Limitation”), and the total amount of M&O taxes that would be imposed on the qualified property with the limitation on appraised value is estimated to be \$45,784,337. Id.

See also Attachment D.

Board Finding Number 10.

Based on the District’s current tax rate, the projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further estimated depreciation of value provided by Applicant, is shown in Estimated Effects Table at last page of Attachment E (column

No. 7, labeled “M&O Taxes Paid Before Limitation”), and the total amount of M&O taxes that would be imposed on the qualified property without the limitation on appraised value is estimated to be \$96,104,845. Id.

See also Attachment D.

Board Finding Number 11.

Based upon the Applicant’s certification that the Application is true and correct, the Comptroller’s Economic Impact Analysis, the Comptroller’s Certificate Decision, and the consultants’ review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when submitted.

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant’s representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. A Chapter 313 application is a governmental record under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an “official proceeding,” a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32076631608) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller’s acknowledgment that Applicant’s right to transact business in Texas is active as a franchise-tax paying entity subject to taxes imposed by Chapter 171 of the Texas Tax Code.

See Attachments A, B and C.

Board Finding Number 13.

The project will be located within an area that is currently designated as an enterprise zone. Pursuant to Texas Tax Code §312.2011, designation of an area as an enterprise zone under Chapter 2303 of the Texas Government Code constitutes designation of the area as a reinvestment zone under Chapter 312 of the Texas Tax Code. Portions of Ector County are designated as an enterprise zone based on poverty level. See Tex. Gov't Code §2303.109.

See Attachment A (Tab 16).

Board Finding Number 14.

Per Applicant's certification in its Application, there are no existing improvements located on the land for the project and no construction of Qualified Property has occurred. Construction is scheduled to begin in the second quarter of 2022.

See Attachment A (§§7.2, 9 and 13 of Tab 1 and Tab 10).

Board Finding Number 15.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.

In support of this Finding, and based on the information provided and certified by Applicant in its Application, the District's Financial Impact Study demonstrates, pursuant to current school finance law (including Texas Education Code §48.256(d)), that the District is projected to incur a revenue protection payment in tax year 2025 (school year 2025-26) in the estimated amount of \$7,233,442. See Attachment E, Estimated Effects Table (Column 10) at last page of Attachment E. Therefore, any potential negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See proposed Agreement, Article IV, at Attachment H, and Estimated Effects Table at last page of Attachment E.

Board Finding Number 16.

The Board finds that there are no conflicts of interest at the time of its consideration of the Agreement.

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it has taken appropriate action to ensure that all other applicable District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it is unaware that any conflict exists as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 17.

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 approve 1PointFive's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

See Attachment D.

Board Finding Number 18.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the October, 2020 template Texas Economic Development Act Agreement adopted by the Comptroller, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.

See Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Ector County Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and (f) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,


IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the Ector County Independent School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Ector County Independent School District Board of Trustees.

Dated this 21st day of September, 2021.

Ector County Independent School District

By


Signature
Tammy Hawkins President
Printed Name and Title

Attest:

By


Signature
Carol Gregg, Board Secretary
Printed Name and Title

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Applicant's Franchise Tax Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Study
F	TEA's Facilities Impact Letter
G	Comptroller's 2020 Property Value Study Report, "2020 ISD Summary Worksheet"
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's June 10, 2021 Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 12, 2021

Scott Muri
Superintendent
Ector County Independent School District
PO Box 3912
Odessa, TX 79760

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and 1Pointfive P1, LLC, Application 1570

Dear Superintendent Muri:

On March 4, 2021, the Comptroller's office received 1Pointfive P1, LLC's (applicant) application for a limitation on appraised value (Application 1570) from Ector County Independent School District (school district).


The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on April 12, 2021.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5- 5626 or at 512-475- 5626.

Sincerely,

DocuSigned by:

8FDFC70F5753487...
Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Derek Willis, 1PointFive P1, LLC
Josh Barvin, Oxy Low Carbon Ventures, LLC
Michael Lateur, Duff & Phelps

See Application documents
(Comptroller No. 1570)
posted on Comptroller Website:
Application (posted 3/19/21);
Amendment No. 1 (posted 4/7/21); and
Supplement No. 1 (posted 4/21/21)

**Franchise Tax Account Status**

As of : 09/08/2021 12:50:22

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

1POINTFIVE P1, LLC	
Texas Taxpayer Number	32076631608
Mailing Address	PO BOX 300 TULSA, OK 74102-0300
? Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	11/10/2020
Texas SOS File Number	0803827489
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

See Certification Packet
(Comptroller No. 1570)
posted on Comptroller Website
(posted on 6/22/21)

See Certification Packet
(Comptroller No. 1570)
posted on Comptroller Website
(posted on 6/22/21)

Chapter 313 Financial Impact Study

*A financial analysis of the potential Chapter 313 Agreement
between 1PointFive P1 LLC and the Ector County Independent
School District*



Prepared May 21, 2021

Overview

On February 23, 2021, 1PointFive P1 LLC (Applicant) submitted an application for appraised value limitation on qualified property to the Ector County Independent School District (ECISD). The Applicant is seeking to develop a manufacturing project and is requesting ECISD agree to limit the maintenance and operations (M&O) taxable value of the project to \$100,000,000 for a ten-year period. As put forth in the application, the first year of the value limitation period would be the 2025 tax year.

Culwell Consulting was engaged by ECISD to analyze the impact of the potential value limitation agreement upon the overall M&O revenue of ECISD. A value limitation agreement entered into by the parties provides ECISD protection against any loss in M&O revenue due to the granting of the \$100 million value limitation. This report provides the programmatic details, pertinent aspects of the Texas school finance system, and in-depth analysis needed to understand the long-term impact of such an agreement upon the ECISD M&O general fund.

This analysis concludes a value limitation agreement would result in ECISD foregoing \$7,255,369 in M&O revenue in the first year of the value limitation period, the 2025-2026 school year. After payout of these losses, the Applicant's tax savings are estimated to be \$43,208,679. This estimate of the Applicant's tax savings does not account for any supplemental payments made to ECISD. Any potential Ch. 313 agreement will not affect the Applicant's taxable value for Interest and Sinking (I&S) tax rate purposes.

Background

In 2001, the 77th Texas Legislature passed HB 1200 enacting the Texas Economic Development Act with the intent to attract qualified economic development to Texas by limiting the M&O taxes paid by the company. Established under Ch. 313 of the Texas Tax Code, the program has become more commonly referred to as Ch. 313.

The Ch. 313 program enables school districts to limit the M&O taxable value of qualified economic development projects for a ten-year period. The State of Texas Comptroller sets the value limitation amount for each school district. At the time the application was deemed complete by the Texas Comptroller, ECISD is permitted to grant a value limitation of \$100 million.

Several types of projects are eligible to receive value limitations under Chapter 313 of the Tax Code. Behind Tab 4 of the Application, the Applicant provides a detailed description of the proposed project as the, "development of a DAC [Direct Air Capture] facility that would produce industrial-grade carbon dioxide gas (CO₂) for its own use, as well as the use of other potential off-takers with similar commercial applications." This type of project qualifies under Texas Tax Code 313.024(b)(1).

1PointFive P1 LLC Application

The application from 1PointFive P1 LLC was presented to and accepted by the ECISD School Board on February 23, 2021. In their application, the Applicant requested a \$100 million value limitation be applied to their manufacturing project beginning in the 2025 tax year. Within the Application, Schedule B behind Tab 14 outlines the estimated taxable value schedule of the project for a 25-year period.

Texas Tax Code 313.027(f)(3) requires an agreement holder to maintain a viable presence within the school district for five years after the value limitation expires; therefore, this analysis concludes after the last year of this viable presence period, the 2039-2040 school year. Below is a modified version of Schedule B displaying the estimated taxable values of the project beginning with each year prior to limitation period and concluding five years after the value limitation expires.

1PointFive P1 LLC Taxable Values, Schedule B of Application

	Year	School Year (YYYY-YYYY)	Tax Year YYYY	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Qualifying Time Period	1	2022-2023	2022	\$236,484,995	\$236,484,995
Qualifying Time Period	2	2023-2024	2023	\$595,351,446	\$595,351,446
Gap Year	-	2024-2025	2024	\$741,625,975	\$741,625,975
Value Limitation Period	1	2025-2026	2025	\$711,960,937	\$100,000,000
	2	2026-2027	2026	\$682,295,898	\$100,000,000
	3	2027-2028	2027	\$652,630,859	\$100,000,000
	4	2028-2029	2028	\$622,965,821	\$100,000,000
	5	2029-2030	2029	\$593,300,782	\$100,000,000
	6	2030-2031	2030	\$563,635,744	\$100,000,000
	7	2031-2032	2031	\$533,970,705	\$100,000,000
	8	2032-2033	2032	\$504,305,667	\$100,000,000
	9	2033-2034	2033	\$474,640,628	\$100,000,000
	10	2034-2035	2034	\$444,975,590	\$100,000,000
Continue to maintain viable presence	11	2035-2036	2035	\$415,310,551	\$415,310,551
	12	2036-2037	2036	\$385,645,513	\$385,645,513
	13	2037-2038	2037	\$355,980,474	\$355,980,474
	14	2038-2039	2038	\$326,315,435	\$326,315,435
	15	2039-2040	2039	\$296,650,397	\$296,650,397

As a result of such limitation being granted, the project will receive two taxable values beginning in the 2025 tax year: one, a valuation of \$100 million for M&O tax purposes, and the second, a full taxable valuation assessed the local appraisal district for ECISD's I&S tax purposes. This duality will continue for the ten-year limitation period after which, starting with the 2035-2036 school year, the project will receive a single taxable value for M&O and I&S tax purposes. Any taxable value of the project outside the ten-year limitation period is fully taxable for M&O tax purposes.

Calculation of Revenue Loss

The Ch. 313 Agreement (Agreement) prepared by the Underwood Law Firm P.C. ensures that ECISD is protected against any loss in revenue incurred by the district's M&O general fund. During each year of the limitation period, the Agreement calls for the annual calculation of loss in M&O revenue. If and when a revenue loss occurs, the Agreement requires the Applicant to hold the school district harmless and pay the school district this calculated amount.

To identify a loss in revenue, two school finance models are established and the outputs compared. One model serves as the control utilizing the full M&O taxable value of the project; the second model substitutes the limited value of \$100 million for the full taxable value. Any revenue loss is accounted for by deducting the resulting M&O revenue of the control model from that of the limited value model.

Note on School Finance

To fund the maintenance and operation of Texas public schools, the state's school finance system relies on local tax collections and state aid. The method of determining state aid is a complex system that further breaks funding into two major components referred to as Tier I and Tier II. Tier I funding is based on the M&O taxes at the compressed rate, program allotments, and ADA and special student populations. Tier II is the enrichment tier based on the tax effort above the school district's compressed rate. State aid works to fill the gap between local revenue and the total funding the school district is entitled to through the state finance system.

In the Spring of 2019, the 86th Texas Legislature passed House Bill 3 which made significant changes to the school finance system in Texas. In passing HB 3, the Legislature sought to equalize funding across school districts, increase teacher compensation, improve learning outcomes, and reduce property taxes.

Of particular note to this analysis, HB 3 now requires the use of current-year local taxable values as opposed to prior-year taxable values when determining state aid. The 2019-20 school year, the first in which this method of calculating state aid was used, differs from the prior school finance system under which state aid was based on the prior year's Comptroller certified property values. However, in specifically addressing the Ch. 313 program, HB 3 states that calculations determining the school districts' revenue loss must continue to use the prior year local taxable values when determining the state aid allotted to the school district.

Due in part to this reliance on prior year values when determining state aid, the first year of the limitation period often results in a loss in revenue for the school district. Under the terms of the agreement, the Applicant is required to hold the district harmless from any such losses. Estimates of revenue losses are based on the current school finance system and the taxable values provided by the Applicant. **Any future changes in the school finances system or in the project's taxable value as**

compared to those put forth in the application, may result in different levels of revenue loss than described in this report.

Data

The project's taxable values are pulled from Schedule B, behind Tab 14 of the Application. School district level data was obtained from the Texas Education Agency 2020-2021 Summary of Finances, April 9, 2021 Update, and includes the ECISD 2020-2021 adopted M&O tax rate of \$1.0547. In developing the comparison scenarios, all variables and funding factors were held constant as of the 2020-2021 school year with the exception of the project's taxable value and the district's resulting tax collections.

Future calculations will utilize the concurrent statewide school funding system, school district data and tax rates, as well as the appraised value of the Applicant's project as determined by the Ector County Appraisal District.

Results

Table 1 displays ECISD total M&O revenue after including the full taxable value of the project. Table 2 shows the total M&O revenue after substituting the \$100 million limitation value. The highlighted rows outline the ten-year value limitation period.

Table 1 – M&O Revenue at Full Project Taxable Value

	School Year	M&O Revenue from Local Taxes	M&O Revenue from State	Total Recapture	Total M&O General Fund
Qualifying Year 1	2022-2023	\$165,237,092	\$127,426,165	\$0	\$292,663,257
Qualifying Year 2	2023-2024	\$169,022,056	\$125,086,158	\$0	\$294,108,214
Gap Year	2024-2025	\$170,564,814	\$121,002,367	\$0	\$291,567,180
Value Limitation Period	2025-2026	\$170,251,936	\$119,249,989	\$0	\$289,501,925
	2026-2027	\$169,939,059	\$119,562,806	\$0	\$289,501,866
	2027-2028	\$169,626,182	\$119,875,625	\$0	\$289,501,807
	2028-2029	\$169,313,305	\$120,188,442	\$0	\$289,501,747
	2029-2030	\$169,000,428	\$120,501,261	\$0	\$289,501,688
	2030-2031	\$168,687,551	\$120,814,078	\$0	\$289,501,629
	2031-2032	\$168,374,673	\$121,126,895	\$0	\$289,501,569
	2032-2033	\$168,061,796	\$121,439,714	\$0	\$289,501,510
	2033-2034	\$167,748,919	\$121,752,531	\$0	\$289,501,450
	2034-2035	\$167,436,042	\$122,065,349	\$0	\$289,501,391
	2035-2036	\$167,123,165	\$122,378,167	\$0	\$289,501,332
Maintain Viable Presence	2036-2037	\$166,810,288	\$122,690,985	\$0	\$289,501,272
	2037-2038	\$166,497,410	\$122,980,139	\$0	\$289,477,549
	2038-2039	\$166,184,533	\$123,292,927	\$0	\$289,477,461
	2039-2040	\$165,871,656	\$123,605,717	\$0	\$289,477,373

Table 2 – M&O Revenue at Limited Project Taxable Value

	School Year	M&O Revenue from Local Taxes	M&O Revenue from State	Total Recapture	Total M&O General Fund
Qualifying Year 1	2022-2023	\$165,237,092	\$127,426,165	\$0	\$292,663,257
Qualifying Year 2	2023-2024	\$169,022,056	\$125,086,158	\$0	\$294,108,214
Gap Year	2024-2025	\$170,564,814	\$121,002,367	\$0	\$291,567,180
Value Limitation Period	2025-2026	\$163,797,584	\$118,448,972	\$0	\$282,246,556
	2026-2027	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2027-2028	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2028-2029	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2029-2030	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2030-2031	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2031-2032	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2032-2033	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2033-2034	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2034-2035	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2035-2036	\$167,123,165	\$126,477,788	\$0	\$293,600,953
Maintain Viable Presence	2036-2037	\$166,810,288	\$122,690,985	\$0	\$289,501,272
	2037-2038	\$166,497,410	\$122,980,139	\$0	\$289,477,549
	2038-2039	\$166,184,533	\$123,292,927	\$0	\$289,477,461
	2039-2040	\$165,871,656	\$123,605,717	\$0	\$289,477,373

Table 3 displays the outcome of comparing the M&O general fund totals within these two models. The column entitled, “School District Revenue Loss,” displays instances in which the projected M&O revenue in Table 2 is less than in Table 1. In doing, Table 3 captures each instance in which ECISD’s M&O general fund is negatively impacted by ECISD having granted a value limitation agreement. As shown below, it is estimated that ECISD will forego \$7,255,369 in M&O revenue during the 2025-2026 school year. At this time, no revenue loss is anticipated beyond the first year of the limitation period.

The project is estimated to reach a peak taxable value of \$741 million during the 2024-2025 school year, the year prior to the start of the limitation period, followed by steady depreciation in value. Any change in the project’s taxable value schedule, school district data or tax rates, or legislative changes to the school finance system may result in additional revenue losses. Of note, it is typically the case that any appreciation of taxable value within the limitation period will result in additional revenue losses for the school district.

The final column, “Company Tax Savings,” displays the tax savings in each year of the limitation with the Applicant’s total savings over the ten-year period totaling \$43,208,679.

Table 3 - Projected School District Revenue Loss & Company Tax Savings

School Year	Project Full Taxable Value (I&S Value)	Project Limited Tax Value (M&O Value)	M&O Tax Rate	M&O Taxes Paid Before Limitation	M&O Taxes Paid After Limitation	Tax Savings Before District Calculations	School District Revenue Loss	Company Tax Savings Before Supplemental Payment
2022-2023	\$236,484,995	\$236,484,995	\$1.0547	\$2,494,207	\$2,494,207	\$0	\$0	\$0
2023-2024	\$595,351,446	\$595,351,446	\$1.0547	\$6,279,172	\$6,279,172	\$0	\$0	\$0
2024-2025	\$741,625,975	\$741,625,975	\$1.0547	\$7,821,929	\$7,821,929	\$0	\$0	\$0
2025-2026	\$711,960,937	\$100,000,000	\$1.0547	\$7,509,052	\$1,054,700	\$6,454,352	-\$7,255,369	-\$801,017
2026-2027	\$682,295,898	\$100,000,000	\$1.0547	\$7,196,175	\$1,054,700	\$6,141,475	\$0	\$6,141,475
2027-2028	\$652,630,859	\$100,000,000	\$1.0547	\$6,883,298	\$1,054,700	\$5,828,598	\$0	\$5,828,598
2028-2029	\$622,965,821	\$100,000,000	\$1.0547	\$6,570,421	\$1,054,700	\$5,515,721	\$0	\$5,515,721
2029-2030	\$593,300,782	\$100,000,000	\$1.0547	\$6,257,543	\$1,054,700	\$5,202,843	\$0	\$5,202,843
2030-2031	\$563,635,744	\$100,000,000	\$1.0547	\$5,944,666	\$1,054,700	\$4,889,966	\$0	\$4,889,966
2031-2032	\$533,970,705	\$100,000,000	\$1.0547	\$5,631,789	\$1,054,700	\$4,577,089	\$0	\$4,577,089
2032-2033	\$504,305,667	\$100,000,000	\$1.0547	\$5,318,912	\$1,054,700	\$4,264,212	\$0	\$4,264,212
2033-2034	\$474,640,628	\$100,000,000	\$1.0547	\$5,006,035	\$1,054,700	\$3,951,335	\$0	\$3,951,335
2034-2035	\$444,975,590	\$100,000,000	\$1.0547	\$4,693,158	\$1,054,700	\$3,638,458	\$0	\$3,638,458
2035-2036	\$415,310,551	\$415,310,551	\$1.0547	\$4,380,280	\$4,380,280	\$0	\$0	\$0
2036-2037	\$385,645,513	\$385,645,513	\$1.0547	\$4,067,403	\$4,067,403	\$0	\$0	\$0
2037-2038	\$355,980,474	\$355,980,474	\$1.0547	\$3,754,526	\$3,754,526	\$0	\$0	\$0
2038-2039	\$326,315,435	\$326,315,435	\$1.0547	\$3,441,649	\$3,441,649	\$0	\$0	\$0
2039-2040	\$296,650,397	\$296,650,397	\$1.0547	\$3,128,772	\$3,128,772	\$0	\$0	\$0
Totals				\$87,605,607	\$37,141,559	\$50,464,048	-\$7,255,369	\$43,208,679

Supplemental Payment

The two parties are able to negotiate a supplemental payment, which allows for a partial sharing of the Applicant's tax savings with the school district. Under Texas Tax Code 313.027(i), these payments may not exceed \$100 per average daily attendance (ADA) and may only occur from the first year of the qualifying time period through the third year after the value limitation expires. In the case of school districts with an ADA below 500, the tax code allows for a maximum annual payment of \$50,000. The exact terms of the supplemental payment are set in the final Ch. 313 Agreement.

Facilities Impact

The project remains fully taxable for I&S tax purposes over the course of the taxable life of the project and should have significant positive impact on ECISD's debt service. The Applicant intends to invest a total of \$670 million resulting in a peak taxable value of \$741 million in the 2024-2025 school year. If applied to ECISD's 2020 tax base, this taxable value would increase the district's I&S tax base by roughly 4.7%.

After this estimated taxable value is observed in the 2024-2025 school year, the project's taxable value is assumed to depreciate with an average annual reduction in value of \$29.67 million through the value limitation period. Although this represents a significant annual reduction, the project's taxable value is estimated to be \$415 million in the 2035-2036 school year, the first year the project is fully taxable for M&O tax purposes. This addition of long-term value combined with the overall increase to the tax base should provide ECISD the ability to service existing debt through a reduced I&S tax rate and offer a more diverse tax base for future debt issuances.

Conclusion

The total estimated ECISD revenue losses of \$7,255,369 and Applicant tax savings of \$43,208,679 are based on the assumptions used in this report. The terms of these calculations are set in the Ch. 313 Agreement and will require the use of the concurrent year's school finance system, assessed taxable value of the project, school district level taxable values and tax rates, and school district student population data. Changes to any of these factors may result in revenue losses and company tax savings in different amounts than estimated in this report.

The Ch. 313 Agreement prepared by the Underwood Law Firm P.C. ensures that ECISD is protected against any loss in revenue and defines the supplemental payment allowing the district to share in the applicant's long-term tax savings. With the Ch. 313 Agreement in place, the proposed project is financially beneficial for both the Ector County Independent School District and the applicant 1PointFive P1 LLC.

Estimated Effects of the Ch. 313 Application from 1PointFive P1 LLC Project upon the Finances of the Ector County Independent School District

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	School Year	Tax Year	Project Full Taxable Value (I&S Value)*	Project Limited Tax Value (M&O Value)	M&O Tax Rate#	M&O Taxes Paid Before Limitation	M&O Taxes Paid After Limitation	Tax Savings Before Calculations	School District Revenue Loss	Net Tax Benefit	Supplemental Payments\$	Total Company Tax Savings
Qualifying Year 1 Qualifying Year 2 Gap Year	2022-2023	2022	\$236,484,995	\$236,484,995	\$1.0517	\$2,487,113	\$2,487,113	\$0	\$0	\$0	\$0	\$0
	2023-2024	2023	\$595,351,446	\$595,351,446	\$1.0517	\$6,261,311	\$6,261,311	\$0	\$0	\$0	\$0	\$0
	2024-2025	2024	\$741,625,975	\$741,625,975	\$1.0517	\$7,799,680	\$7,799,680	\$0	\$0	\$0	\$0	\$0
	2025-2026	2025	\$711,960,937	\$100,000,000	\$1.0517	\$7,487,693	\$1,051,700	\$6,435,993	-\$7,233,442	-\$797,449	\$0	-\$797,449
Value Limitation Period	2026-2027	2026	\$682,295,898	\$100,000,000	\$1.0517	\$7,175,706	\$1,051,700	\$6,124,006	\$0	\$6,124,006	\$1,531,001	\$4,593,004
	2027-2028	2027	\$652,630,859	\$100,000,000	\$1.0517	\$6,863,719	\$1,051,700	\$5,812,019	\$0	\$5,812,019	\$1,453,005	\$4,359,014
	2028-2029	2028	\$622,965,821	\$100,000,000	\$1.0517	\$6,551,732	\$1,051,700	\$5,500,032	\$0	\$5,500,032	\$1,375,008	\$4,125,024
	2029-2030	2029	\$593,300,782	\$100,000,000	\$1.0517	\$6,239,744	\$1,051,700	\$5,188,044	\$0	\$5,188,044	\$1,297,011	\$3,891,033
	2030-2031	2030	\$563,635,744	\$100,000,000	\$1.0517	\$5,927,757	\$1,051,700	\$4,876,057	\$0	\$4,876,057	\$1,219,014	\$3,657,043
	2031-2032	2031	\$533,970,705	\$100,000,000	\$1.0517	\$5,615,770	\$1,051,700	\$4,564,070	\$0	\$4,564,070	\$1,141,017	\$3,423,052
	2032-2033	2032	\$504,305,667	\$100,000,000	\$1.0517	\$5,303,783	\$1,051,700	\$4,252,083	\$0	\$4,252,083	\$1,063,021	\$3,189,062
	2033-2034	2033	\$474,640,628	\$100,000,000	\$1.0517	\$4,991,795	\$1,051,700	\$3,940,095	\$0	\$3,940,095	\$985,024	\$2,955,072
	2034-2035	2034	\$444,975,590	\$100,000,000	\$1.0517	\$4,679,808	\$1,051,700	\$3,628,108	\$0	\$3,628,108	\$907,027	\$2,721,081
	2035-2036	2035	\$415,310,551	\$415,310,551	\$1.0517	\$4,367,821	\$4,367,821	\$0	\$0	\$0	\$0	\$0
	2036-2037	2036	\$385,645,513	\$385,645,513	\$1.0517	\$4,055,834	\$4,055,834	\$0	\$0	\$0	\$0	\$0
	2037-2038	2037	\$355,980,474	\$355,980,474	\$1.0517	\$3,743,847	\$3,743,847	\$0	\$0	\$0	\$0	\$0
Maintain Viable Presence	2038-2039	2038	\$326,315,435	\$326,315,435	\$1.0517	\$3,431,859	\$3,431,859	\$0	\$0	\$0	\$0	\$0
	2039-2040	2039	\$296,650,397	\$296,650,397	\$1.0517	\$3,119,872	\$3,119,872	\$0	\$0	\$0	\$0	\$0
Totals						\$96,104,845	\$45,784,337	\$50,320,507	-\$7,233,442	\$43,087,065	\$10,971,129	\$32,115,937

NOTE: The terms of these calculations are set in the Ch. 313 Agreement; however, each year's calculation during the limitation period requires the use of the concurrent year's school finance system, assessed taxable value of the project, school district level taxable values and tax rates, school district student population data and other relevant data. These calculations are based upon the current school finance system as of the date of preparation below. Changes to any of these factors may result in revenue losses and company tax savings in different amounts than estimated in this document.

*The project taxable values utilized here are based on those provided in the application submitted by the Applicant. Calculations made for active agreements during the value limitation period will be based upon the assessed value as determined by the county central appraisal district.

#The M&O tax rate used is based on the district's assumed 2021-2022 M&O tax rate. All future calculations will use the corresponding year's adopted M&O tax rate.
\$Per the Ch. 313 Agreement, the supplemental payment shown represents 25% of the Net Tax Benefit.

Summary of Estimated Financial Impact

Total Estimated School District Revenue Loss	Total Supplemental Payments	Total Company Tax Savings
\$7,233,442	\$10,971,129	\$32,115,937



Commissioner Mike Morath

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IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.

April 12, 2021

Delma Abalos, President
Board of Trustees
Ector County Independent School District
P O BOX 3912
Odessa, Texas 79760-3912

Dear President Abalos:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the 1PointFive P1, LLC, project #1570 on the number and size of school facilities in Ector County Independent School District (ECISD). Based on the email communication with the ECISD superintendent, Scott R Muri, the TEA has determined that the 1PointFive P1, LLC, project should not have a significant impact on the number or size of school facilities in ECISD.

Please feel free to contact me by phone at (512) 463-8732 or by email at amy.copeland@tea.texas.gov if you have any questions.

Sincerely,

Amy Copeland
Director of State Funding

Cc: Scott R Muri, Superintendent



Taxes

Property Tax Assistance

2020 ISD Summary Worksheet

068-Ector

068-901/Ector County ISD

Category	Local Tax Roll Value	2020 WTD Median Ratio	2020 PTAD Value Estimate	2020 Value Assigned
A - SINGLE-FAMILY	7,099,373,352	0.9590	7,402,891,921	7,099,373,352
B - MULTIFAMILY	712,079,510	0.9121	780,703,333	712,079,510
C1 - VACANT LOTS	199,037,068	N/A	199,037,068	199,037,068
C2 - COLONIAL LOTS	0	N/A	0	0
D1 ACRES - QUALIFIED OPEN-SPACE LAND	3,187,791	0.5562	5,731,251	3,187,791
D2 - FARM & RANCH IMP	8,460,319	N/A	8,460,319	8,460,319
E - NON-AG LAND AND IMPROVEMENTS	81,355,719	N/A	81,355,719	81,355,719
F1 - COMMERCIAL REAL	2,526,550,223	0.8937	2,827,067,498	2,526,550,223
F2 - INDUSTRIAL REAL	658,569,269	N/A	658,569,269	658,569,269
G - ALL MINERALS	1,442,600,517	1.0089	1,429,874,633	1,442,600,517
J - ALL UTILITIES	518,864,830	0.7968	651,185,781	518,864,830

L1 - COMMERCIAL PERSONAL	3,262,161,645	1.0140	3,217,121,938	3,262,161,645
L2 - INDUSTRIAL PERSONAL	138,326,247	N/A	138,326,247	138,326,247
M1 - MOBILE HOMES	480,906,911	N/A	480,906,911	480,906,911
N - INTANGIBLE PERSONAL PROPERTY	0	N/A	0	0
O - RESIDENTIAL INVENTORY	5,315,854	N/A	5,315,854	5,315,854
S - SPECIAL INVENTORY	105,009,538	N/A	105,009,538	105,009,538
Subtotal	17,241,798,793	0	17,991,557,280	17,241,798,793
Less Total Deductions	1,811,545,221	0	1,872,432,595	1,811,545,221
Total Taxable Value	15,430,253,572	0	16,119,124,685	15,430,253,572

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M & O Purposes

T1	T2	T3	T4
15,691,223,115	15,430,253,572	15,199,514,638	14,938,545,095

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
260,969,543	491,708,477

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

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

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

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

Value Taxable For I & S Purposes

T7	T8	T9	T10
15,753,224,271	15,492,254,728	15,261,515,794	15,000,546,251

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

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

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

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

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

068-901-02/Ector County ISD

Category	Local Tax Roll Value	2020 WTD Mean Ratio	2020 PTAD Value Estimate	2020 Value Assigned
A - SINGLE-FAMILY	7,099,373,352	0.9590	7,402,891,921	7,099,373,352
B - MULTIFAMILY	712,079,510	0.9121	780,703,333	712,079,510
C1 - VACANT LOTS	199,037,068	N/A	199,037,068	199,037,068
C2 - COLONIAL LOTS	0	N/A	0	0
D1 ACRES - QUALIFIED OPEN-SPACE LAND	3,187,791	0.5562	5,731,251	3,187,791
D2 - FARM & RANCH IMP	8,460,319	N/A	8,460,319	8,460,319
E - NON-AG LAND AND IMPROVEMENTS	81,355,719	N/A	81,355,719	81,355,719
F1 - COMMERCIAL REAL	2,526,550,223	0.8937	2,827,067,498	2,526,550,223
F2 - INDUSTRIAL REAL	658,569,269	N/A	658,569,269	658,569,269
G - ALL MINERALS	1,442,600,517	1.0089	1,429,874,633	1,442,600,517
J - ALL UTILITIES	518,864,830	0.7968	651,185,781	518,864,830
L1 - COMMERCIAL PERSONAL	3,262,161,645	1.0140	3,217,121,938	3,262,161,645
L2 - INDUSTRIAL PERSONAL	138,326,247	N/A	138,326,247	138,326,247
M1 - MOBILE HOMES	480,906,911	N/A	480,906,911	480,906,911
N - INTANGIBLE PERSONAL PROPERTY	0	N/A	0	0

O - RESIDENTIAL INVENTORY	5,315,854	N/A	5,315,854	5,315,854
S - SPECIAL INVENTORY	105,009,538	N/A	105,009,538	105,009,538
Subtotal	17,241,798,793		17,991,557,280	17,241,798,793
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See Agreement
(Comptroller No. 1570)
posted on Comptroller Website



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 30, 2021

Scott Muri
Superintendent
Ector County Independent School District
P.O. Box 3912
Odessa, TX 79760

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and 1PointFive P1, LLC, Application 1570

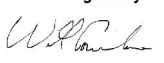
Dear Superintendent Muri:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and 1PointFive P1, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-5626, or at 512-475-5626.

Sincerely,

DocuSigned by:

8FDFC70F5753487...
William Counihan

Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Derek Willis, 1PointFive P1, LLC
Josh Barvin, Oxy Low Carbon Ventures, LLC
Michael Lateur, Duff & Phelps



Scott Muri, Ed. D.

Superintendent of Schools

432-456-9879

802 N. Sam Houston, Odessa, TX 79761

Superintendent@ectorcountyisd.org

August 18, 2021

1PointFive P1, LLC

c/o Stephen Kuntz

Norton Rose Fulbright US LLP

1301 McKinney, Suite 5100

Houston, TX 77010

via email: stephen.kuntz@nortonrosefulbright.com

Re: Request for Extension on Application of 1Pointfive P1, LLC
For an Appraised Value Limitation Agreement
Comptroller App. No. 1570

Dear Mr. Kuntz:

Please be advised that at a properly called meeting of the Ector County Independent School District Board of Trustees on August 17, 2021, the Board took action on the request for an extension to consider the application of 1Pointfive P1, LLC for an Appraised Value Limitation Agreement with Ector County ISD. The District approved the request and has granted the extension on the application until December 31, 2021. Enclosed is copy of the Resolution granting the extension. The Board's action will be reflected in the Minutes of this meeting.

If you have any questions concerning your extension, please do not hesitate to contact Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Sincerely,

Scott Muri, Ed.D., Superintendent

OUR students...THE future

**RESOLUTION OF THE BOARD OF TRUSTEES OF
ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**

The Board of Trustees of Ector County Independent School District (“the District”) does hereby make the following resolution regarding a pending application by 1PointFive P1, LLC (“1P51”) for an appraised value limitation agreement under Texas Tax Code, Chapter 313:

WHEREAS, on or about February 16, 2021, 1P51 submitted to the District an application under Texas Tax Code, Chapter 313 (the “Application”) for an appraised value limitation agreement (“Agreement”) and the application was deemed complete by the District on March 4, 2021;

WHEREAS, on or about March 4, 2021, the Application was received by the Texas Comptroller of Public Accounts (the “Texas Comptroller”) and the Texas Comptroller issued a letter deeming the Application complete, dated April 12, 2021, advising that it would move forward with its economic impact evaluation, and triggering the Application Review Start Date;

WHEREAS, Texas Tax Code §313.025(b) requires that the Board approve or disapprove an application before the 151st day after the date the application is deemed complete by the Texas Comptroller (the “Deadline”), unless the Texas Comptroller’s economic impact evaluation has not been received or an extension is agreed to by the Board and 1P51;

WHEREAS, due to ongoing negotiations between the District and 1P51, it is likely that the Agreement will not be approved by the Comptroller in time for the Board to issue its Findings of Fact and approve the Application and an Agreement before the Deadline; and

WHEREAS, on or about July 26, 2021, 1P51 submitted a request to the District to extend the Deadline in order to continue negotiations, a copy of which is attached here to as Exhibit “A.”

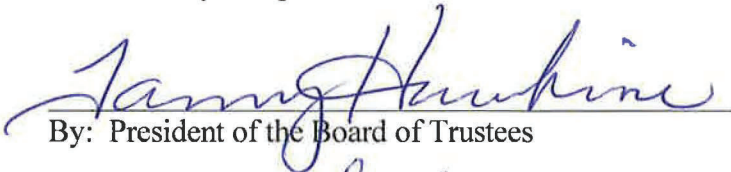
NOW BE IT THEREFORE RESOLVED, that the statements contained in the preamble of this Resolution are true and correct and adopted as findings of fact and operative provisions hereof, and that it is in the District’s best interest to extend the Deadline as requested;

BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant 1P51’s request, and extend the Deadline until December 31, 2021; and

BE IT FURTHER RESOLVED, the Superintendent, or his designee, is directed to provide notice to 1P51 and the Comptroller's Office of the Board's decision to grant 1P51's request, and extend the Deadline until December 31, 2021.

Passed and approved by the Ector County Independent School District Board of Trustees on this 17th day of August, 2021.

Ector County Independent School District


By: President of the Board of Trustees


By: Secretary of the Board of Trustees

EXHIBIT A

NORTON ROSE FULBRIGHT

Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, Texas 77010-3095
United States

Stephen A. Kuntz
Partner
Direct line +1 713 651 5241
stephen.kuntz@nortonrosefulbright.com

Tel +1 713 651 5151
Fax +1 713 651 5246
nortonrosefulbright.com

VIA E-MAIL TO: Fred.Stormer@nwlaw.com
James.Wester@nwlaw.com

July 26, 2021

Dr. Scott Muri
Superintendent
Ector County Independent School District
802 N. Sam Houston
Odessa, Texas 79761

Re: Ector County ISD Chapter 313 Application No. (the "Application")
Applicant: IPointFive P1, LLC

Request for Extension of Time until December 31, 2021, for Required Action on the Application

Dear Dr. Muri:

By letter dated April 12, 2021 (the "Completeness Letter"), the Texas Comptroller of Public Accounts (the "Comptroller") determined that the Application was complete, and on June 21, 2021, the Comptroller issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to Ector County ISD.

The remaining steps to be completed are for Ector County ISD and IPointFive P1, LLC to prepare and negotiate the Chapter 313 agreement and submit it to the Comptroller for review and approval, and then the Application and Comptroller-approved agreement can be placed on a meeting agenda of the Ector County ISD Board of Trustees for approval or disapproval.

As the Comptroller issued the Completeness Letter with respect to the Application on April 12, 2021, the last day of the 151-day period for the Ector County ISD Board of Trustees to approve or disapprove the Application and the agreement is Friday, September 10, 2021.

We believe it is prudent for Ector County ISD and IPointFive P1, LLC to extend the 151-day period until December 31, 2021, to allow sufficient time for the remaining steps to be completed.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

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Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP, Norton Rose Fulbright South Africa (incorporated as Deneys Reitz, Inc.), each of which is a separate legal entity, are members of Norton Rose Fulbright Verein, a Swiss Verein. Details of each entity, with certain regulatory information, are at nortonrosefulbright.com. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients.

Dr. Scott Muri
Superintendent
Ector County Independent School District
July 26, 2021
Page 2

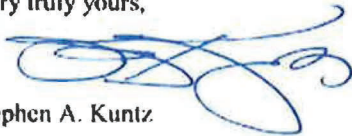
NORTON ROSE FULBRIGHT

Accordingly, and pursuant to Section 313.025(b) of the Texas Tax Code and Comptroller Rule §9.1054(d), 1PointFive P1, LLC respectfully requests that Ector County ISD approve an extension of the 151-day period for approving or disapproving the Application until Friday, December 31, 2021, such extension to be by agreement between Ector County ISD and 1PointFive P1, LLC.

If you have any questions, please do not hesitate to call me at (713) 651-5241.

Thank you for your consideration and assistance.

Very truly yours,



Stephen A. Kuntz

cc: Mr. Fred Stormer
Via e-mail to: Fred.Stormer@uwlaw.com
Mr. James Wester
Via e-mail to: James.Wester@uwlaw.com
Mr. Michael R. Horne
Via e-mail to: Michael.Horne@oxy.com
Mr. Kevin Buffington
Via e-mail to: Kevin.Buffington@duffandphelps.com
Mr. Michael Lateur
Via e-mail to: Michael.Lateur@duffandphelps.com
Mr. Doug Heinz
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Mr. Anthony Schum
Via e-mail to: Anthony.Schum@duffandphelps.com