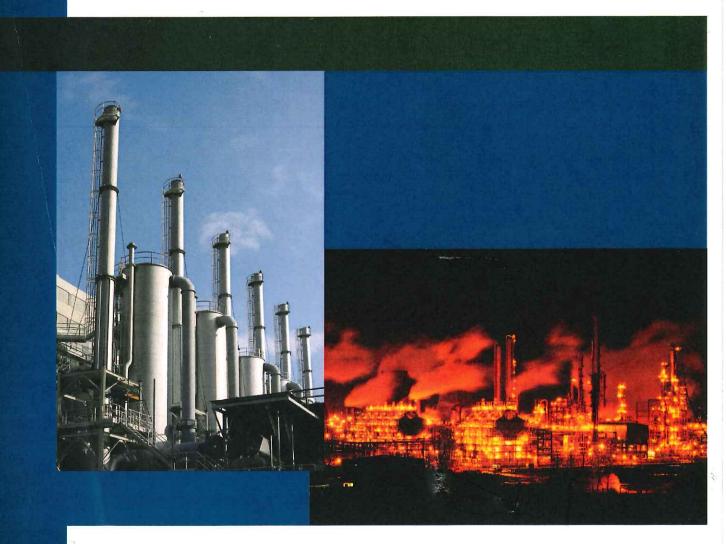
FINDINGS OF THE CALALLEN INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY TEXSTAR MIDSTREAM SERVICES, LP



December 20, 2013

FINDINGS

OF THE

CALALLEN INDEPENDENT

SCHOOL DISTRICT BOARD OF TRUSTEES

UNDER THE

TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY TEXSTAR MIDSTREAM SERVICES, LP

(APPLICATION #341)

DECEMBER 20, 2013

Board Findings of the Calallen Independent School District

FINDINGS OF THE CALALLEN INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY TEXSTAR MIDSTREAM SERVICES, LP (APPLICATION #341)

STATE OF TEXAS	ſ

COUNTY OF NUECES

On the 20th day of December, 2013, a public meeting of the Board of Trustees of the Calallen 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 TexStar Midstream Services, LP (Application #341) (TexStar) 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 consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Calallen Independent School District makes the following findings with respect to the application of TexStar, and the economic impact of that application:

6

On September 27, 2013, the Texas Comptroller of Public Accounts received an Application from TexStar for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, TexStar (Texas Taxpayer Id. 32034941958), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See Attachment B.

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

Board Findings of the Calallen Independent School District

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 Nueces County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on November 22, 2013. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation 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 **Attachment D**.

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 Calallen Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

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

After receipt of the Application, the District entered into negotiations with TexStar, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

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

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the TexStar Midstream Services, LP project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

The economic condition of Calallen ISD is in need of long-term improvement, based on the state's analysis of Nueces County data.

Based on information provided by the Comptroller's Office that focused on the county level, Nueces County is the 14th largest county in the state in terms of population. Population growth in Nueces County is up slightly; the population of Nueces County grew by 0.3 percent between 2009 and 2010, compared with the state average of 1.8 percent.

September 2011 employment for Nueces County was up 2.7 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period, based on information provided by the Comptroller's Office. The unemployment rate in Nueces County was 7.8 percent in September 2011, lower than the state average of 8.5 percent.

Board Findings of the Calallen Independent School District

Nueces County has a lower per capita personal income than the state as a whole. In terms of per capita income, Nueces County's \$37,162 in 2009 ranked 58th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Nueces County will benefit from economic activity like that associated with the TexStar project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$53,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. TexStar indicates that total employment will be approximately ten (10) new qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 10 new jobs when fully operational. All 10 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Coastal Bend Council of Governments Region, where Nueces County is located was \$47,786 in 2012. The annual average manufacturing wage for 2012-2013 for Nueces County is \$69,992. That same year, the county annual average wage for all industries was \$42,861. In addition to an annual average salary of \$53,000 each qualifying position will receive benefits such as medical, long-term disability insurance, 401(K) retirement, life insurance and paid vacation days. 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 \$15.2 million on the basis of the goal of 10 new qualifying positions for the TexStar project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$152.0 million, resulting in a relative level of investment per qualifying job of \$15.2 million.

Board Finding Number 5.

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 5, the economic impact evaluation states:

Table 1 depicts TexStar Midstream Services, LP'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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

1		Employment			Personal Income	
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	210	243	453	\$10,930,000	\$16,070,000	\$27,000,000
2014	10	39	49	\$530,000	\$4,470,000	\$5,000,000
2015	10	35	45	\$530,000	\$3,470,000	\$4,000,000
2016	10	26	36	\$530,000	\$3,470,000	\$4,000,000
2017	10	34	44	\$530,000	\$3,470,000	\$4,000,000
2018	10	33	43	\$530,000	\$3,470,000	\$4,000,000
2019	10	37	47	\$530,000	\$3,470,000	\$4,000,000
2020	10	35	45	\$530,000	\$3,470,000	\$4,000,000
2021	10	39	49	\$530,000	\$3,470,000	\$4,000,000
2022	10	37	47	\$530,000	\$4,470,000	\$5,000,000
2023	10	41	51	\$530,000	\$4,470,000	\$5,000,000
2024	10	39	49	\$530,000	\$4,470,000	\$5,000,000
2025	10	43	53	\$530,000	\$4,470,000	\$5,000,000
2026	10	37	47	\$530,000	\$3,470,000	\$4,000,000
2027	10	35	45	\$530,000	\$4,470,000	\$5,000,000
2028	10	37	47	\$530,000	\$5,470,000	\$6,000,000

Table 1: Estimated Statewide Economic Impact of Investment and Employment in TexStar Midstream Services, LP

Source: CPA, REMI, TexStar Midstream Services, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Calallen ISD's ad valorem tax base in 2012-2013 was \$1.1 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Calallen ISD's estimated wealth per WADA was \$225,858. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Nueces County, and Delmar College District with all property tax incentives sought being granted using estimated market value from TexStar Midstream Services, LP's application. TexStar Midstream Services, LP has applied for a value limitation under Chapter 313, Tax Code and no other property tax incentives. Table 3 illustrates the estimated tax impact of the TexStar Midstream Services, LP project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calallen ISD I&S Levy	Calallen ISD M&O Levy	Calallen ISD M&O and I&S Tax Levics (Before Credit Credited)	Calallen ISD M&O and I&S Tax Levies (After Credit Credited)	Nueces County Tax Levy	Delmar College Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.188500	1,170000			0.355259	0.258003	
2014	\$152,000,000	\$152,000,000		\$286,520	\$1,778,400	\$2,064,920	\$2,064,920	\$539,994	\$392,165	\$2,997,078
2015	\$141,360,000	\$141,360,000		\$266,464	\$1,653,912	\$1,920,376	\$1,920,376	\$502,194	\$364,713	\$2,787,283
2016	\$136,800,000	\$20,000,000		\$257,868	\$234,000	\$491,868	\$491,868	\$485,994	\$352,948	\$1,330,810
2017	\$129,200,000	\$20,000,000		\$243,542	\$234,000	\$477,542	\$238,771	\$458,995	\$333,340	\$1,031,100
2018	\$121,600,000	\$20,000,000		\$229,216	\$234,000	\$463,216	\$231,608	\$431,995	\$313,732	\$977,335
2019	\$114,000,000	\$20,000,000		\$214,890	\$234,000	\$448,890	\$224,445	\$404,995	\$294,123	\$923,564
2020	\$106,400,000	\$20,000,000		\$200,564	\$234,000	\$434,564	\$217,282	\$377,996	\$274,515	\$869,793
2021	\$98,800,000	\$20,000,000		\$186,238	\$234,000	\$420,238	\$210,119	\$350,996	\$254,907	\$816,022
2022	\$91,200,000	\$20,000,000		\$171,912	\$234,000	\$405,912	\$202,956	\$323,996	\$235,299	\$762,25
2023	\$83,600,000	\$20,000,000		\$157,586	\$234,000	\$391,586	\$195,793	\$296,997	\$215,691	\$708,480
2024	\$76,000,000	\$76,000,000		\$143,260	\$889,200	\$1,032,460	\$0	\$269,997	\$196,082	\$466,079
2025	\$68,400,000	\$68,400,000		\$128,934	\$800,280	\$929,214	\$518,336	\$242,997	\$176,474	\$937,803
2026	\$60,800,000	\$60,800,000		\$114,608	\$711,360	\$825,968	\$825,968	\$215,997	\$156,866	\$1,198,831
2027	\$53,200,000	\$53,200,000		\$100,282	\$622,440	\$722,722	\$722,722	\$188,998	\$137,258	\$1,048,97
2028	\$45,600,000	\$45,600,000		\$85,956	\$533,520	\$619,476	\$619,476	\$161,998	\$117,649	\$899,12
						Total	\$8,684,640	\$5,254,139	\$3,815,761	\$17,754,539

Board Findings of the Calallen Independent School District

Source: CPA, TexStar Midstream Services, LP

'Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Calallen ISD I&S Levy	Calallen ISD M&O Levy		Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Delmar College Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.188500	1.170000	\ /		0.355259	0.258003	
2014	\$152,000,000	\$152,000,000		\$286,520	\$1,778,400	$ \rangle /$	\$2,064,920	\$539,994	\$392,165	\$2,997,078
2015	\$141,360,000	\$141,360,000		\$266,464	\$1,653,912	$ \rangle = /$	\$1,920,376	\$502,194	\$364,713	\$2,787,283
2016	\$136,800,000	\$136,800,000		\$257,868	\$1,600,560		\$1,858,428	\$485,994	\$352,948	\$2,697,370
2017	\$129,200,000	\$129,200,000		\$243,542	\$1,511,640		\$1,755,182	\$458,995	\$333,340	\$2,547,517
2018	\$121,600,000	\$121,600,000		\$229,216	\$1,422,720	()	\$1,651,936	\$431,995	\$313,732	\$2,397,663
2019	\$114,000,000	\$114,000,000		\$214,890	\$1,333,800	\setminus /	\$1,548,690	\$404,995	\$294,123	\$2,247,809
2020	\$106,400,000	\$106,400,000		\$200,564	\$1,244,880	Y	\$1,445,444	\$377,996	\$274,515	\$2,097,955
2021	\$98,800,000	\$98,800,000		\$186,238	\$1,155,960	\wedge	\$1,342,198	\$350,996	\$254,907	\$1,948,101
2022	\$91,200,000	\$91,200,000		\$171,912	\$1,067,040	$/ \chi$	\$1,238,952	\$323,996	\$235,299	\$1,798,247
2023	\$83,600,000	\$83,600,000		\$157,586	\$978,120	/	\$1,135,706	\$296,997	\$215,691	\$1,648,393
2024	\$76,000,000	\$76,000,000		\$143,260	\$889,200	/	\$1,032,460	\$269,997	\$196,082	\$1,498,539
2025	\$68,400,000	\$68,400,000		\$128,934	\$800,280		\$929,214	\$242,997	\$176,474	\$1,348,685
2026	\$60,800,000	\$60,800,000		\$114,608	\$711,360	/	\$825,968	\$215,997	\$156,866	\$1,198,831
2027	\$53,200,000	\$53,200,000		\$100,282	\$622,440	$ $ \langle	\$722,722	\$188,998	\$137,258	\$1,048,977
2028	\$45,600,000	\$45,600,000		\$85,956	\$533,520	/	\$619,476	\$161,998	\$117,649	\$899,123
						Total	\$20,091,672	\$5,254,139	\$3,815,761	\$29,161,571

Source: CPA, TexStar Midstream Services, LP

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$152.0 million to the tax base for debt service purposes at the peak investment level for the 2014-15 school year. The TexStar project remains fully taxable for debt services taxes, with Calallen ISD currently levying a \$0.1885 per \$100 I&S rate. While the value of the TexStar project is expected to depreciate over the life of the agreement and beyond, full access to the additional value will add to the District's I&S tax base and assist it in meeting its debt service needs.

Board Finding Number 7.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the TexStar project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project and its 10 permanent jobs once it begins operations. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Calallen ISD as stated in **Attachment D**.

Board Finding Number 8.

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 Finding 8, the economic impact evaluation states:

According to TexStar Midstream Services, LP's application, "TexStar Midstream Services, LP has the unique ability to invest in various regions within Texas and surrounding states due to its expansive infrastructure and opportunities for capital investment, the overall economies can be a key determining factor. Therefore, areas that offer favorable locations and competitive are ideal for these projects to create the best economic return."

Board Finding Number 9.

During the past two years, 14 projects in the Coast Bend Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

Board Finding Number 11.

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

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Calallen ISD is \$170 million. Calallen ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Calallen ISD is classified as a "rural" district due to its demographic characteristics. It is classified as a Category II district which can offer a minimum value limitation of \$20 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32034941958) 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 13.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss under current law in the initial year that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and herby authorized to be executed and delivered by and on behalf of the Calallen 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 Calallen Independent School District. Board Findings of the Calallen Independent School District

Dated the 20th day of December 2013.

CALALLEN INDEPENDENT SCHOOL DISTRICT

By: Paul Peeler

President, Board of Trustees

ATTEST:

By:

Brent Burkhart Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 10, 2013

President and Members Board of Trustees Calallen Independent School District 4205 Wildcat Drive Corpus Christi, Texas 78410

Re: Recommendations and Findings of the firm Concerning Application of TexStar for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Calallen Independent School District, with respect to the pending Application of TexStar for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

- 1. All statements of current fact contained in the Application are true and correct.
- 2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
- 3. The Applicant has the current means and ability to complete the proposed project.
- 4. All applicable school finance implications arising from the contemplated Agreement have been explored.
- 5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of TexStar for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

KEVIN O'HANLON Certified, Civil Appellate, Certified, Civil Trial

LESLIE MCCOLLOM CERTIFIED, CIVIL APPELLATE CERTIFIED, LABOR AND EMPLOYMENT TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

December 10, 2013

President and Members Of the Board of Trustees Calallen Independent School District 4205 Wildcat Drive Corpus Christi, Texas 78410

> Re: Recommendations and Findings of the Firm Concerning Application of TexStar for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2014

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Calallen Independent School District, with respect to the pending Application of TexStar for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2014. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and TexStar. Based upon our review we have drawn the following conclusions:

- 1. All statements of current fact contained in the Application are true and correct.
- 2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
- 3. The Applicant has the current means and ability to complete the proposed project.

Letter to Calallen ISD December 10, 2013 Page 2 of 2

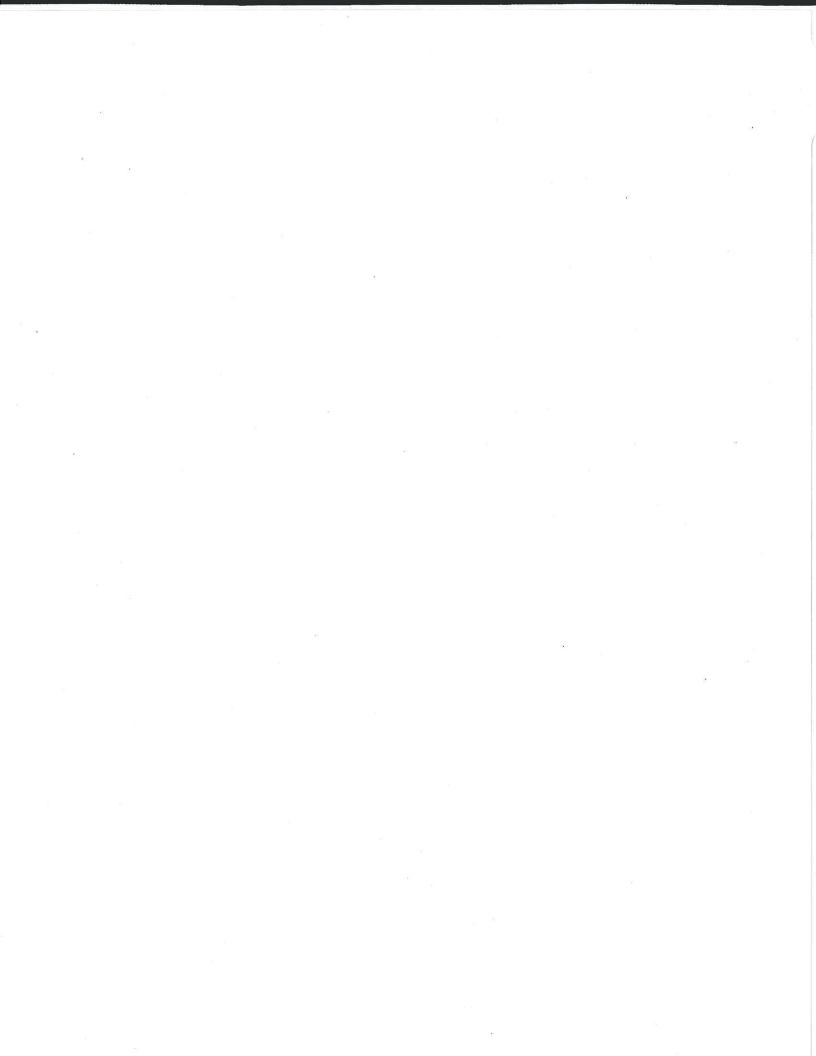
- 4. All applicable school finance implications arising from the contemplated Agreement have been explored.
- 5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of TexStar for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

U.S.

Kevin O'Hanlon For the Firm



Attachment A

Application



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Form 50-296 (Revised May 2010)

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

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

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

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

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is bionably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period

Please visit the Comptroller's Web site to find out more about the program at http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLIC	ATION	5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Authorized School District Representative		July 15, 2	
First Name	Last Name	, ha and " econolisis-	terite terite
Arturo	Almendarez		
Title		1999 0 LD	her, her an er
Superintendent			
School District Name	-	H	
Calallen Independent School District			
Street Address		Fi +475	
Mailing Address		en a fanda	- 10
4205 Wildcat Drive			
City	State	ZIP	
Corpus Christi	ТХ	78410	
Phone Number	Fax Number		82.0 M
361-242-5600	361-242-5620		
Mobile Number (optional)	E-mail Address		37 27
· · · · ·	AAlmendarez@cale	ellen.org	
r authorize the consultant to provide and obtain information related to this	application		🛛 Yes 🔲 No
Will consultant be primary contact?			🛛 Yes 🔲 No

CTO SHELL TO FINE	• <u>•</u>
A"A SEA AN	oplication for Appraised Value Limitation on Qualified Property
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1.4	

Bob	Popinski	5. ETTER En argeneration and annex t	te, and the second s
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Austin	State TX	² 78701	anner in a suit air an
^{6/10} 512-485-7878	Fax Marcher 512-485-78		an a
Ble Number (Opfional)	^{E-mail Address} bpopinski@	moakca	sey.cor
am the authorized representative for the school district to w ont record as defined in Chapter 37 of the Texas Penal Cod	nich this application is being submitted. Lundersta e.	nd that this applica	ation is a gover
nature (Authorized) School Detrict Representative)	anne an	Dale .	angan ang ang ang ang ang ang ang ang an
Outuro al mendar		7.15.13	
Control (VI work 1000	24	NUU	
is the district determined this application complete?	1997 - The second s		🛛 Yes 🗔
and a second	1997 - The second s	· · · · · · · · · · · · · · · · · · ·	🛛 Yes 💭
is the district determined this application complete?	redetermined complete 9	,18.13	
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is the district determined this application complete? ves, date determined complete. March 5, 2013 we you completed the school finance documents required b PROOPUBLISTIC CONTRACTOR STRATEGOUSSTED	redetermined complete 9 y lAC 9.1054(c)(3)?	.18.13	Ves 4
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Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION	N
Juthorized Business Representative (Applicant)	
First Name	Last Name
	Friedrichs
Vice President	
Organization	
TexStar Midstream Services LP	
18615 Tuscany Stone	• • • • • • • • • • • • • • • • • • •
Mailing Address 18615 Tuscany Stone	Á mi te kanalazó majamakapata a katan kapamakanapajia katan te pana 660 kana 680
San Antonio	Texas ZIP 78258
	Fax Number
210-568-1747 Mcbile Number (optional)	210-569-6738 Business e-mail Address
	Eric.Friedrichs@blackbrushenergy.com
Will a company official other than the authorized business representativ	and handle second
to future information requests?	
If yes, please fill out contact information for that person.	
First Name	Last Name
Tille	• d
Organization	
Street Address	
Mailing Address	n na sa san an anango <u>anna</u> annango ango ango ango ango ango ango a
Ĉių – – – – – – – – – – – – – – – – – – –	State
Phone Number	Fax Number
Mobile Number (optional)	E-mail Address
5 E. F	
I authorize the consultant to provide and obtain information related to th	his application Yes 🗖 No
Will consultant be primary contact?	

Form 50-296

Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION	OF APPLICATION	V (CONTINUED)	57 0. U U U U		
.uthorized Company Consultant (If Applicable)					
First Name		Last Name	a gant an order to be and	4000-0 64	
Monte		Moore			е в 100
Director					
Firm Name	ano , a		D Etheodoxyclasco-Waterro		
PricewaterhouseCoopers LLP					
Street Address	-				-
1100 Walnut Street			()jen		
Mailing Address 1100 Walnut Street					
City		State	The State	ZIP	Netter 6 6 1ml
Kansas City		MO		64106	
	an a 18	Fax Number	1 5 4 9 9	.	
816-218-1723 Business email Address	(165)2	813-741	1-5133		
monte.c.moore@us.pwc.com					
	~¥* <u>~</u> ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	965 8 9 A W	a serie and and	-05 ··· • • • • • • • • • • • • • • • • •	ัสเหล่ายแหละถูก การ การ

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas

Jnature (Authorized Busines entative (Applicant) GIVEN under my hand and seal of office this 13th day of AUCIUST 2013



10-1 5 Notary Public, State of Texa

(Notary Seal)

03/22 My commission expires

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

Application for Appraised Value Limitation on Qualified Property	50-296
FEES AND PAYMENTS	
Enclosed is proof of application fee paid to the school district.	
For the purpose of this question, "payments to the school district" include any and all 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, anticipatio consideration for the agreement for limitation on appraised value.	
Please answer only either A OR B:	
A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)?	🖌 No
B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? I Yes	🗋 No
BUSINESS APPLICANT INFORMATION	
Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)	
32034941958	
NAICS code 324120	
Is the applicant a party to any other Chapter 313 agreements?	🛛 No
Ges, please list name of school district and year of agreement.	e en l'estate
Texstar Midstream Services LP is in the process of completing a Chapter 313 Application for Appraised Value Limitation on Qualified Property with Pettus ISD. We anticipate the agreement will be si	gned in 2013
	*
	Non P
Registered to do business in Texas with the Texas Secretary of State?	🗋 No
Identify business organization of applicant (corporation, limited liability corporation, etc.)	
Limited Partnership	
 Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? If so, please attach documentation of the combined group membership and contact information. 	🛛 No
2 Is the applicant current on all tax payments due to the State of Texas?	🛛 No
3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? 🗋 NA 🛛 🖉 Yes	🛛 No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

Form FO	

Application for Appraised Value Limitation on Qualified Property

ELIGIBILTY UNDER TAX CODE CHAPTER 313.024	3 G 7 1
🤳 you an entity to which Tax Code, Chapter 171 applies? 🗹 Yes	🗋 No
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:	
(1) manufacturing	🗋 No
(2) research and development	🛛 No
(3) a clean coal project, as defined by Section 5.001, Water Code Yes	No No
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code	🛛 No
(5) renewable energy electric generation	🛛 No
(6) electric power generation using integrated gasification combined cycle technology	🛛 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)	🛛 No
Are you requesting that any of the land be classified as qualified investment?	🛛 No
Will any of the proposed qualified investment be leased under a capitalized lease? Yes	🛛 No
Will any of the proposed qualified investment be leased under an operating lease?	🛛 No
Are you including property that is owned by a person other than the applicant?	🛛 No
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

R AND N

PROJECT DESCRIPTION

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible prsonal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attach-

Please see attachment #4

Describe the ability of your company to locate or relocate in another state or another region of the state.

Please see attachment #4

PROJECT CHARACTERISTICS	(CHECK ALL THAT APPLY)			
🗹 New Jobs	Construct New Facility	New Business / Start-up Expand Existing Facility		
Relocation from Out-of-State	Expansion	Purchase Machinery & Equipment		
Consolidation	Relocation within Texas			
PROJECTED TIMELINE	e a ser	a a a a a a a a a a a a a a a a a a a		
Begin Construction July 2013	3	Begin Hiring New Employees October 1, 2013		
Construction Complete November 30, 2013		Fully Operational December 31, 2013		
Purchase Machinery & Equipment	*February 1, 2013			
start date (date your application is t	building or to erect or affix a new imp inally determined to be complete)? hat time may not be considered quali	provement after your application review 		
When do you anticipate the new bu	ildings or improvements will be place	d in service? December 31, 2013		
∽≓Partial advance payments made	on ordered equipment with long le	ad time.		

Application for Appraised Value Limitation on Qualified Property

antify state programs the project will apply for:		
State Source	Amount	
	Anoohi	
	· · · · · · · · · · · · · · · · · · ·	
	Total	
ill other incentives be offered by local units of government?	•••••••••••••••••••••••••••••••••••••••	Yes 🛛
ease use the following box for additional details regarding inc	centives. (Use attachments if necessary.)	U and web load to be
The product of the second descent of the second sec	investment for Property Tax Abatement considerat	tion
herefore, TexStar is not applying at this tim	ne	uon.
iereiore, revolar is not applying at this th		
IE PROPERTY	ar an ar	
	Nueces County	
entify county or counties in which the proposed project will t	De located Nueces County	
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ntify county or counties in which the proposed project will t ntral Appraisal District (CAD) that will be responsible for ap	praising the property <u>Nueces County</u>	strict
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ntral Appraisal District (CAD) that will be responsible for ap I this CAD be acting on behalf of another CAD to appraise t all taxing entities that have jurisdiction for the property and	this property? uncertain the property? uncertain the portion of project within each entity	
ntral Appraisal District (CAD) that will be responsible for ap It this CAD be acting on behalf of another CAD to appraise t all taxing entities that have jurisdiction for the property and unty: <u>Nueces County (100%)</u>	this property Nueces County Appraisal Dis this property?	
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ntral Appraisal District (CAD) that will be responsible for ap I this CAD be acting on behalf of another CAD to appraise all taxing entities that have jurisdiction for the property and unty: Nueces County (100%) (Name and percent of project) spital District: N/A (Name and percent of project) er (describe): N/A (Name and percent of project)	Image: Previous of property Nueces County Appraisal District this property? Image: Property d the portion of project within each entity Image: Property d the portion of project within each entity Image: Property City: N/A Water District: N/A (Name and percent of project) Other (describe): Delmar College (100%)	res 🗹
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Porm 50-296 Application for Appraised Value Limitation on Qualified Property	
INVESTMENT SAN SET A SAN SAN SAN SAN SAN SAN SAN SAN SAN S	а а
TE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limit , ary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determ estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.	
At the time of application, what is the estimated minimum qualified investment required for this school district? \$20 Million	
What is the amount of appraised value limitation for which you are applying? \$20 Million	-
What is your total estimated <i>qualified</i> investment? \$152.0 Million	
NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second cc tax year.	omplete
What is the anticipated date of application approval? December 2013	
What is the anticipated date of the beginning of the qualifying time period? December 2013	
What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? <u>\$152.0 Million</u>	
Describe the qualified investment. [See 313.021(1).]	
Attach the following items to this application:	
 a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value lin as defined by Tax Code §313.021, 	nitation
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investm	ent and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.	
Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period?	🗖 No
()ept for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:	
(1) in or on the new building or other new improvement for which you are applying?	🔲 No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement?	🗖 No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? 🛛 Yes	🗋 No
("First placed in service" means the first use of the property by the taxpayer.)	
Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? 🗹 Yes	🗖 No
Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)?	🗖 No
If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? 🗹 Yes	🗖 No
QUALIFIED PROPERTY	2 20
Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)	
Attach the following items to this application:	
(1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021	
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and	
(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.	
Land Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?	🖌 No
If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a "provestment zone with boundaries encompassing the land on which you propose new construction or improvements? December 2013	
🖉 🗸 will the applicant own the land by the date of agreement execution?	🗖 No
	No No

Application	for Appraised	Value Limitation on Q	Jualified Property	Form 50-2

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he I	and upon which the new b	uilding or new improvement is to	be built is part of the qual	ified property describ	ed by §313.021(2)(A), p	lease attach con	nplete
	entation, including:	2004					
1.	Legal description of the I		n at - 1	a successful and an and		of the lend dee	author at the
Ζ.	the current parcel will be	arcel number of the land on whic come qualified property	n the improvements will be	constructed, regardi	ess of whether of hot all	of the land desi	cribed in
3.	Owner						
4.		of the land. Attach estimate if la					
5.		cinity map) showing the location		2 w 1000 i			
license	d surveyor. (With vicinity i					opraisal district,	or a
		dinance establishing the zone, an	d the guidelines and criteri	a for creating the zon	e, if applicable.		
ls the p		g or new improvement to an exist				🗖 Yes	🖌 No
Attach	a description of any existin	ng improvements and include exis	sting appraisal district acco	unt numbers.			
List cu	rrent market value of existi	ng property at site as of most re	cent tax year. N/A	(Market Value)		N/A (Tax Year)
le anv	of the existing property sul	bject to a value limitation agreem	ent under Tax Code 3132			🖸 Yes	🗹 No
Will all	of the property for which	you are requesting an appraised	value limitation be free of a	tax			_
abatem	ent agreement entered inte	b by a school district for the dura	tion of the limitation?			🗹 Yes	L No
WAG	AND EMPLOYMENT	INFORMATION		a free of the per-		A THE AND	10 una - 54
🖵 Firs	st Quarter	er before application review start Second Quarter nent jobs (more than 1,600 hours	Third Quarter		Quarter of <u>2013</u> nost recent quarter repor	_(year) ted to the TWC'	?
0				<u></u>			
		§9.1051(14) and Tax Code 313.0 of "new job" as used in this app		nds to apply a definiti	on for "new job" other t	han TAC §9.105	1(14)(C),
Total n	umber of new jobs that wi	I have been created when fully of	perational 10				
Do you with th	plan to create at least 25 e new building or other im	new jobs (at least 10 new jobs fo provement?	or rural school districts) on	the land and in conne	ection	🗹 Yes	🔲 No
Do you Tax Co	intend to request that the de §313.025(f-1)?	governing body walve the minim	um new job creation requi	rement, as provided u	ınder	🖵 Yes	🗹 No
sary fo		stion above, attach evidence doct to Industry standards. Note: Eve 3.024(d).					
What is	the maximum number of	qualifying jobs meeting all criter	ia of §313.021(3) you are o	committing to create?	10		
If this p		1,000 new jobs, the minimum red				for all jobs as d	escribed
If this p	project creates less than 1,	000 new jobs, does this district f ct characteristic at <i>http://www.w</i>				313.051(2)? (se	e table
If yes, I	he applicant must meet w	age standard described in 313.05	51(b) (110% of the regiona	l average weekly wag	e for manufacturing)		
If no, tl	ne applicant shall designat	e one of the wage standards set (out in §§313.021(5)(A) or 3	313.021(5)(B).			

WARE AND ENDLOYALENT INFORMATIO

Application for Appraised Value Limitation on Qualified Property

WAGE AND EMPEOTMENT INFORMATION (CONTINUED)		
the following three wage calculations please include on an attachment the four the 110% calculation. Include documentation from TWC Web site. The final actual job — which may differ slightly from this estimate — will be based on information application review start date (date of a completed application). See TAC §9.1051(7)	statutory minimum annual wage requirement for the applicant for each on the four quarterly periods for which data were available at the time	qualifying
110% of the county average weekly wage for all jobs (all industries) in the court	ity is \$906.68	
110% of the county average weekly wage for manufacturing jobs in the county i		
110% of the county average weekly wage for manufacturing jobs in the region is	\$1.010.86	
Please identify which Tax Code section you are using to estimate the wage standard	d required for this project:	
□§313.021(5)(A) or □§313.021(5)(B) or □§313.021(3)(E)(ii), or □§31	(3.051(b)?	
What is the estimated minimum required annual wage for each qualifying job based on the qualified property?	\$52,564.60	
What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property?	3,000	
Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313	.021(3)?	🗖 No
Will each qualifying job require at least 1,600 of work a year?	Ves	🔲 No
Will any of the qualifying jobs be jobs transferred from one area of the state to ano	ther? 🖵 Yes	No No
Will any of the qualifying jobs be retained jobs?	🖵 Yes	🗹 No
Will any of the qualifying jobs be created to replace a previous employee?	🖵 Yes	🛛 No
M/ill any required qualifying jobs be filled by employees of contractors? A yes, what percent?		🗹 No
Does the applicant or contractor of the applicant offer to pay at least 80% of the en premium for each qualifying job?	nployee's health insurance	🗖 No

5 . .

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

Please see attachment #15

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No Is Schedule A completed and signed for all years and attached? Yes No Is Schedule B completed and signed for all years and attached? Yes No Is Schedule C (Application) completed and signed for all years and attached? Yes No Is Schedule D completed and signed for all years and attached? Yes No Is Schedule D completed and signed for all years and attached? Yes No Is Schedule D completed and signed for all years and attached? Yes No Is Schedule D completed and signed for all years and attached? Yes No Is Schedule D completed and signed for all years and attached? Yes No Is Schedule D completed and signed for all years and attached? Yes No Is Schedule D completed and signed for all years and attached? Yes No Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below. No

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

Application for Appraised Value Limitation on Qualified Property

CONFIDENTIALITY NOTICE

Property Tax Limitation Agreement Applications Texas Government Code Chapter 313 Confidential Information Submitted to the Comptroller

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

))	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	1
2	Proof of Payment of Application Fee (Attachment)	5 of 16	\checkmark
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	\checkmark
4	Detailed description of the project	6 of 16	1
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	N/A
6	Description of Qualified Investment (Attachment)	8 of 16	\checkmark
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	\checkmark
8	Description of Qualified Property (Attachment)	8 of 16	1
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	\checkmark
10	Description of Land (Attachment)	9 of 16	1
11	A detailed map showing location of the land with vicinity map.	9 of 16	
12	A description of all existing (if any) improvements (Attachment)	9 of 16	1
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	N/A
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	1
15	Description of Benefits	10 of 16	
16	Economic Impact (if applicable)	10 of 16	N/A
17	Schedule A completed and signed	13 of 16	
18	Schedule B completed and signed	14 of 16	1
19	Schedule C (Application) completed and signed	15 of 16	
20	Schedule D completed and signed	16 of 16	
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	will supplement
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	will supplement

*To be submitted with application or before date of final application approval by school board.

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Attachment 01 – CERTIFICATION PAGES

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PLEASE REFER TO PAGE 4 OF APPLICATION

Attachment 02 – PROOF OF PAYMENT

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

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

Attachment 03 – COMBINED GROUP MEMBERSHIP

Attachment 03 - Combined Group Membership

TX2012	
Ver. 3.0	

05-165

Texas Franchise Tax Extension Affiliate List

(Rev.9-11/3) Tcode 13298		e	
Reporting entity taxpayer number	🖬 Report year	Reporting entity taxpayer name	
14115245517	2012	BLACKBRUSH OIL & GAS, I	LP
LEGAL NAME OF AFFILIATE		AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. BLACK CREEK WELL SERVICES,	L.P. R	32037421750	10
2. RANGER DRILLING, L.P.	B	32037421719	8
3. BLACK CREEK SERVICES GP, LL	iC 🗖	32037353375	
4. RANGER DRILLING GP, LLC		32037354092	n
5. TEXSTAR MIDSTREAM II GP, LL	C n	32037176578	•
6. TEXSTAR MIDSTREAM SERVICES,		32034941958	9
7. TEXSTAR MIDSTREAM OPERATING	and the second state of th	32034593189	8
8. TEXSTAR MIDSTREAM TRANSPORT	,I.P.	32034593148	8
9. TEXSTAR MIDSTREAM UTILITY,		32036945460	
10. TEXSTAR MIDSTREAM PRODUCTS,		32037203299	8
11. TEXSTAR MIDSTREAM PRODUCTS		32037175992	50
12. FRIO LASALLE PIPELINE, LP		32034733801	6
13. BBOG TI GUARANTOR GP, LLC		10207643569	
14. BBOG GP, LLC		16806094245	a
15. BLACKBRUSH O&G, LLC	ß	14115870413	•
16. TEXSTAR MIDSTREAM GP, LLC	2	32034279631	
17. FRIO LASALLE GP, LLC	Ø	32037690800	
18, BETS BORROWER GP LLC		32043819310	
19. BETS GUARANTOR GP LLC		32043819435	5
20. TEXSTAR CRUDE OTL SERVICES	T.P	32044842972	

21. TEXSTAR CRUDE OIL PIPELINE, LP Note: To file an extension request for a reporting entity and its affillates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

<u>32044843053</u>

Do not file this form when requesting a second extension.



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TX2012 05-165 Ver. 3.0 (Rev.9-11/3)

Texas Franchise Tax Extension Affiliate List

图 Tcode	13298	

Reporting entity taxpayer number	Report year	Reporting entity taxpayer name	
14115245517	2012	BLACKBRUSH OIL & GAS, LE	>
LEGAL NAME OF AFFILIATE		AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. BB-II BOARD GP LLC		32042143795	m
2. BLACKBRUSH TEXSTAR GP LLC		32043819567	
3.	10		
4.			
5.	P		8
6.	EI.		8 🗌
7.	B		e 🗌
8.	1		•
9.	m		2
10.	9		8
11.			
12.			
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14.	8		5 .
15.	5		a 🗌
16.	Ø		8
17.	Ð		
18.			
19.	ŝ		a
20.	6		B
21.			e

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Do not file this form when requesting a second extension.

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Attachment 04 – PROJECT DESCRIPTION

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ATTACHMENT 04 – PROJECT DESCRIPTION

Project Description:

TexStar Midstream Services, LP will construct a New Fractionator Unit that splits raw-mix Natural Gas Liquids (NGLs) into individual purity products using a sequence of towers whereby temperatures and pressures are regulated so that the boiling point will be reached by only one product in each tower. The estimated investment for this project is **\$120 Million dollars**. Texstar is also anticipating investments at this site for the addition of a Tank Farm estimated at **\$25 Million dollars** and Truck Loading Racks and Pipeline Interconnects estimated at **\$7 Million dollars**. The total project investment is currently estimated at **\$152 Million dollars**.

The project is anticipated to contain the following main processing units and ancillary equipment:

Treating Equipment	Tank Farm and Tanks for Storage (15 - 2,000 bbl Tanks)
DeEthanizer Towers	Product Loading Rack
DePropanizer Towers	Compression Equipment
DeButanizer Towers	Product Pipeline Interconnects
Gasoline Treaters	

Statement on Company's Ability to Relocate in Another State:

Texstar Midstream Services, LP has the unique ability to invest in various regions within Texas and surrounding states due to its expansive infrastructure and opportunities for capital investment. As with most projects with similar scope and investment, the overall economies can be a key determining factor. Therefore, areas that offer favorable locations and competitive incentives are ideal for these projects to create the best economic return.

The investments in this project have been delayed due to the previous Chapter 313 application not being recommended for approval by the Texas Comptroller's Office. The estimated investment amount of \$91.7 Million identified and described in the original application has now increased to an estimated amount of \$152 Million, as indicated above.

Attachment 05 – OTHER DISTRICTS CLAIMING JURISDICTION

NOT APPLICABLE

THIS PROJECT WILL BE LOCATED EXCLUSIVELY WITHIN THE BOUNDARIES OF CALALLEN INDEPENDENT SCHOOL DISTRICT.

Attachment 06 – DESCRIPTION OF QUALIFIED INVESTMENT

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ATTACHMENT 06 - DESCRIPTION OF QUALIFIED INVESTMENT

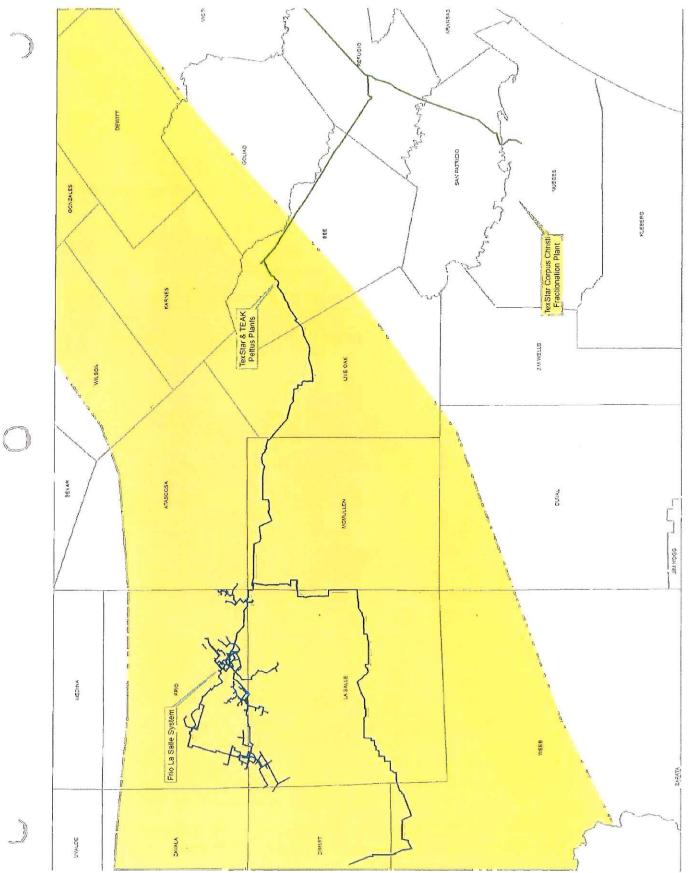
THE QUALIFIED INVESTMENT FOR THE FRACTIONATOR PLANT AND ANCILLARY STORAGE AND TRUCK LOADING EQUIPMENT IS ANTICIPATED TO CONTAIN THE FOLLOWING PROCESSING UNITS AND RELATED EQUIPMENT:

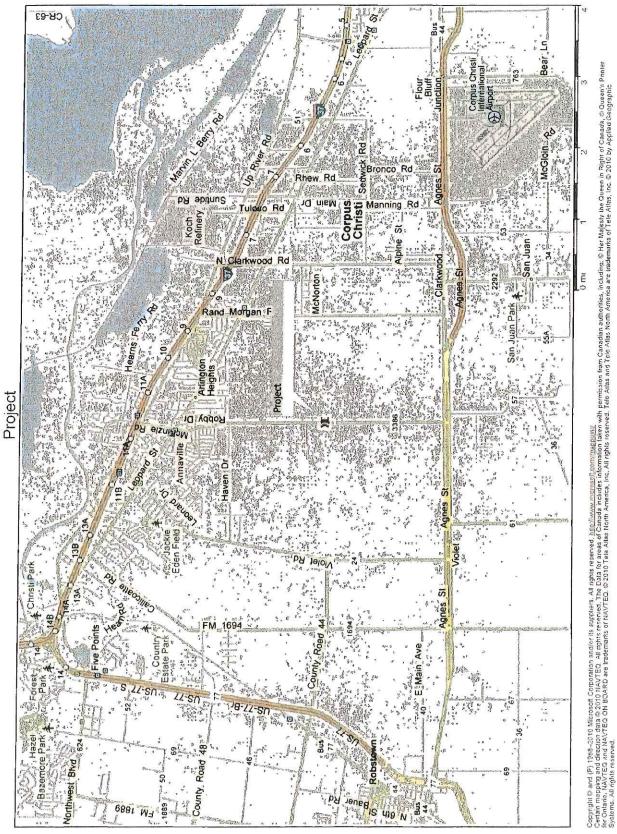
Treating Equipment	Tank Farm and Tanks for Storage (15 - 2,000 bbl Tanks)			
DeEthanizer Towers	Product Loading Rack			
DePropanizer Towers	Compression Equipment			
DeButanizer Towers	Product Pipeline Interconnects			

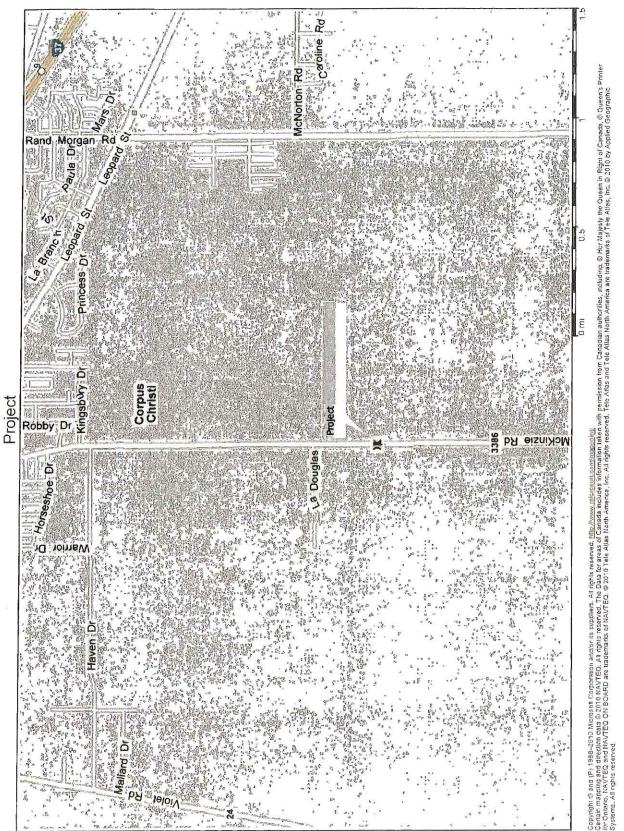
Gasoline Treaters

Attachment 07 – MAPS OF QUALIFIED INVESTMENT

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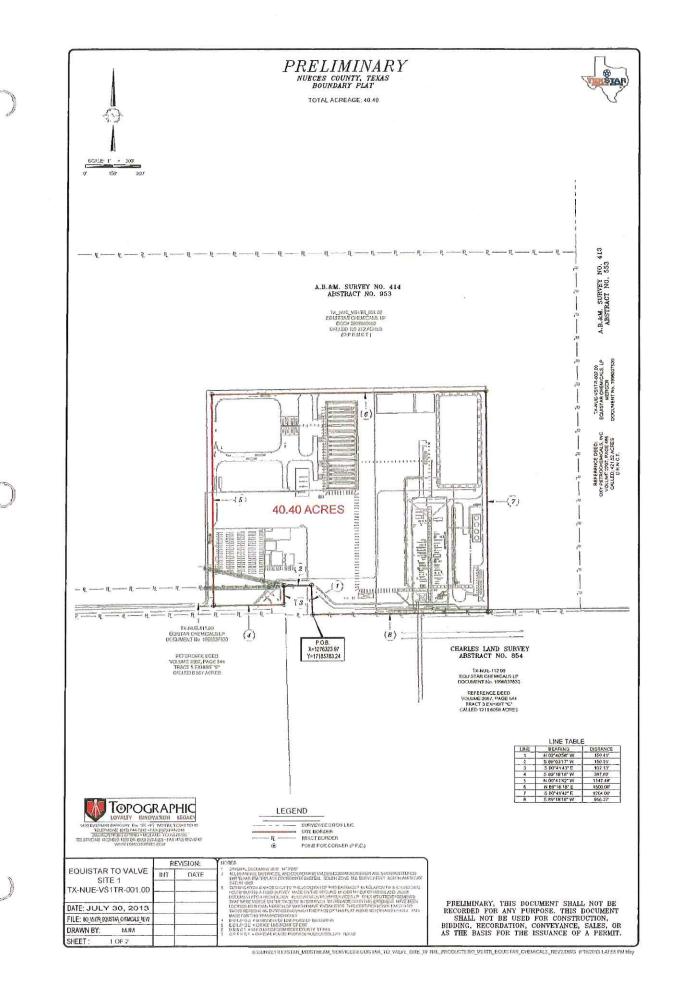






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Attachment 08 – DESCRIPTION OF QUALIFIED PROPERTY

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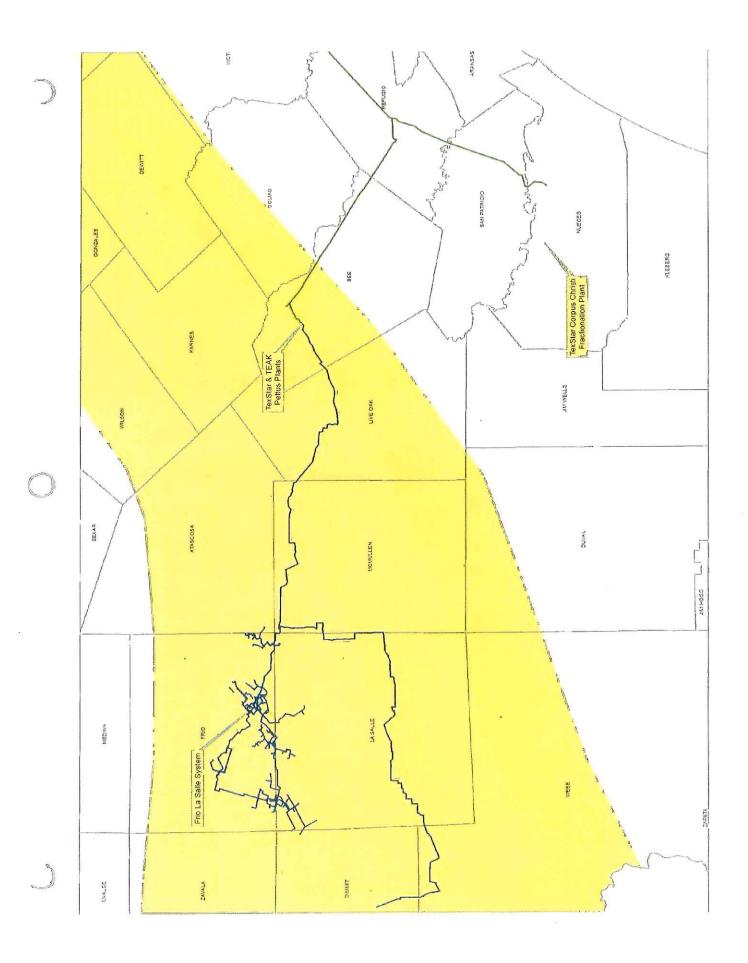
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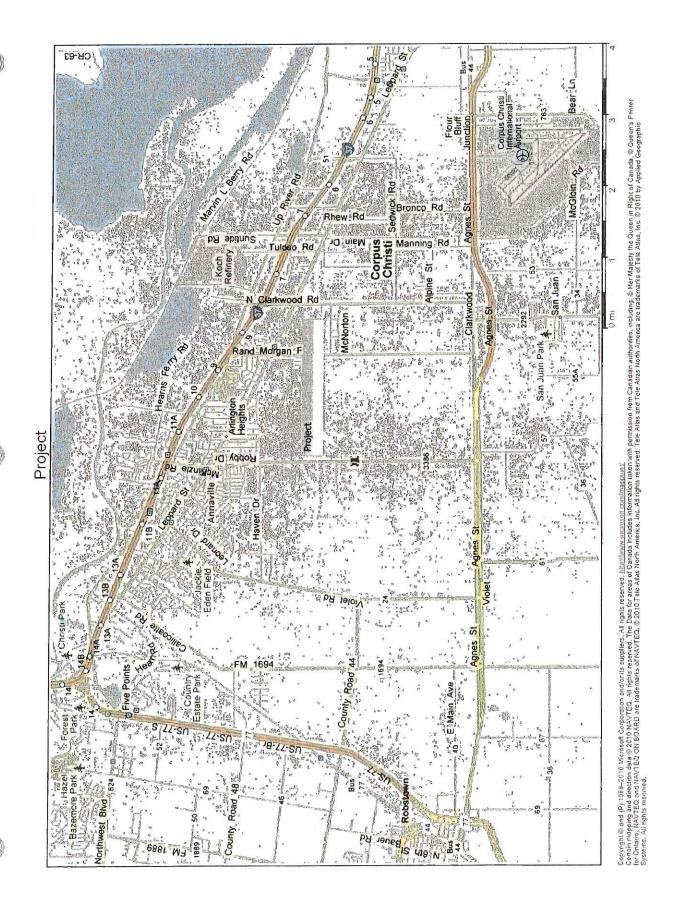
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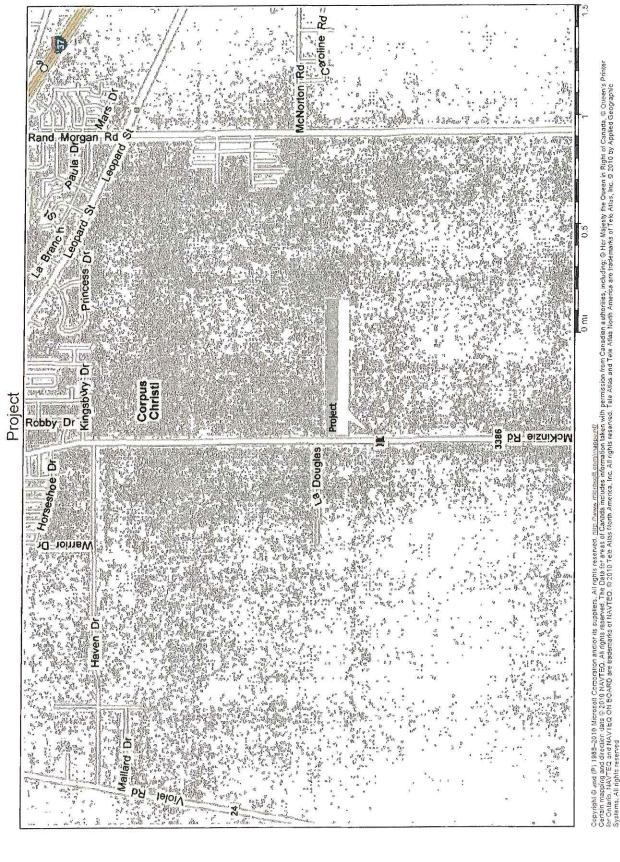
ATTACHMENT 08 - DESCRIPTION OF QUALIFIED PROPERTY

THE QUALIFIED PROPERTY FOR THE FRACTIONATOR PLANT AND ANCILLARY STORAGE AND TRUCK LOADING EQUIPMENT IS ANTICIPATED TO CONTAIN THE FOLLOWING PROCESSING UNITS AND RELATED EQUIPMENT:

Treating Equipment	Tank Farm and Tanks for Storage (15 - 2,000 bbl Tanks)
DeEthanizer Towers	Product Loading Rack
DePropanizer Towers	Compression Equipment
DeButanizer Towers	Product Pipeline Interconnects
Gasoline Treaters	

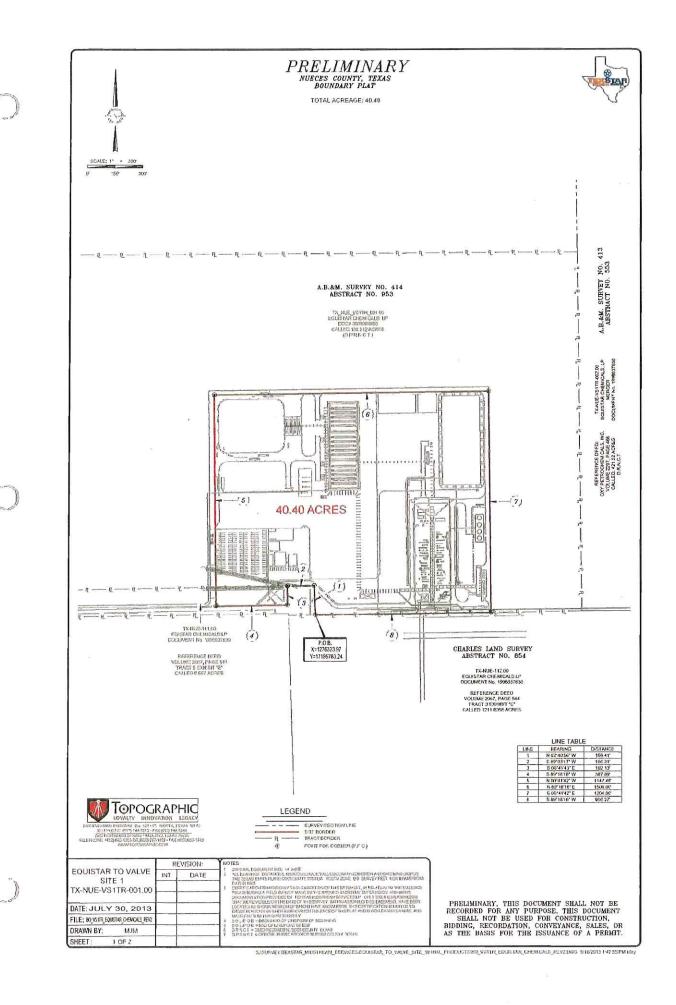


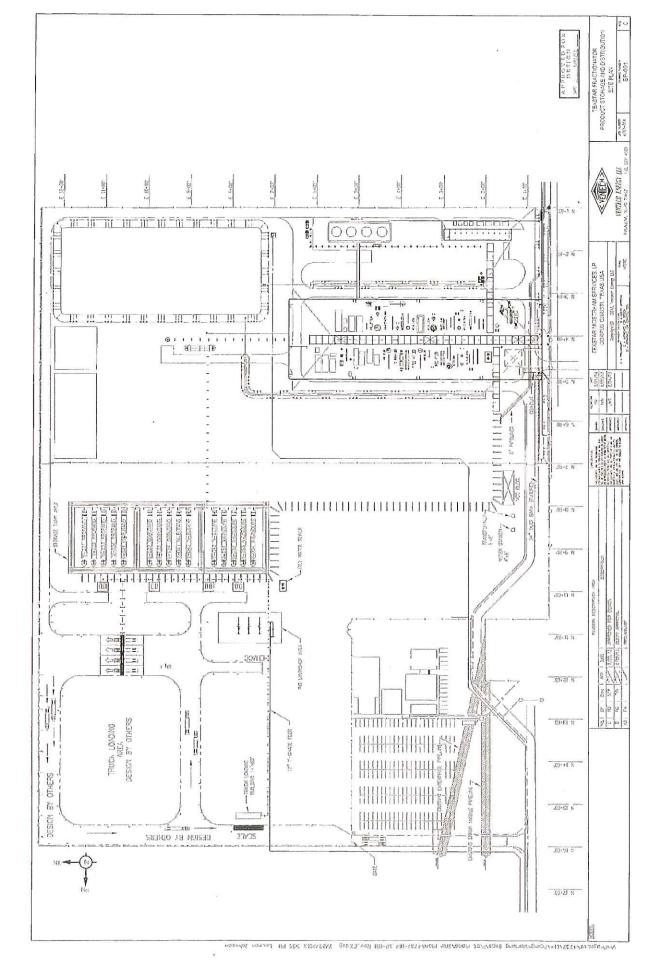




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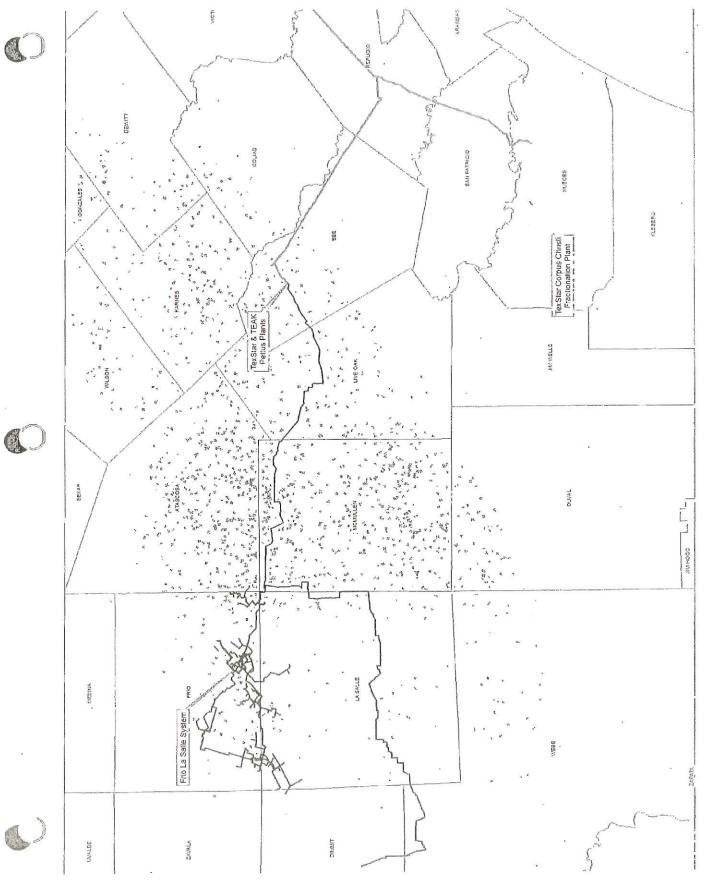
Attachment 10 – DESCRIPTION OF LAND

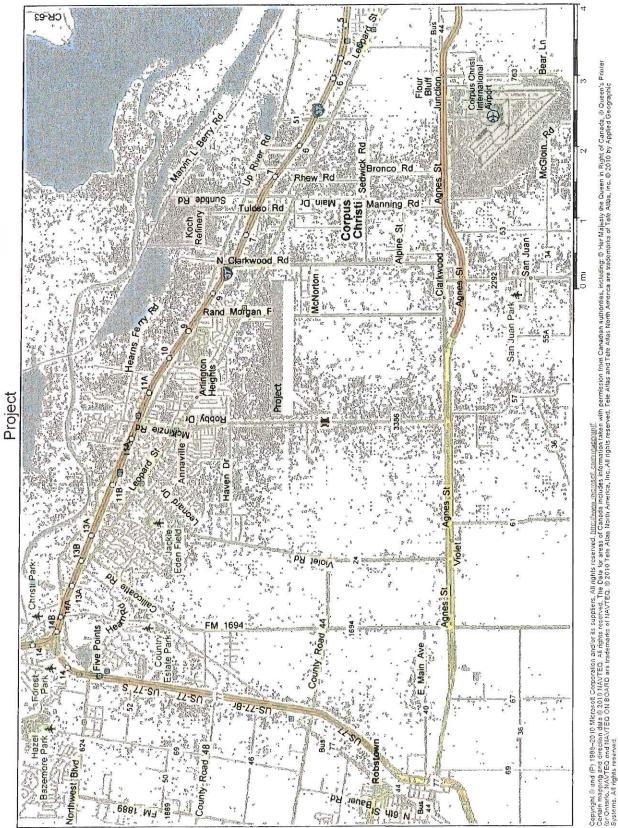
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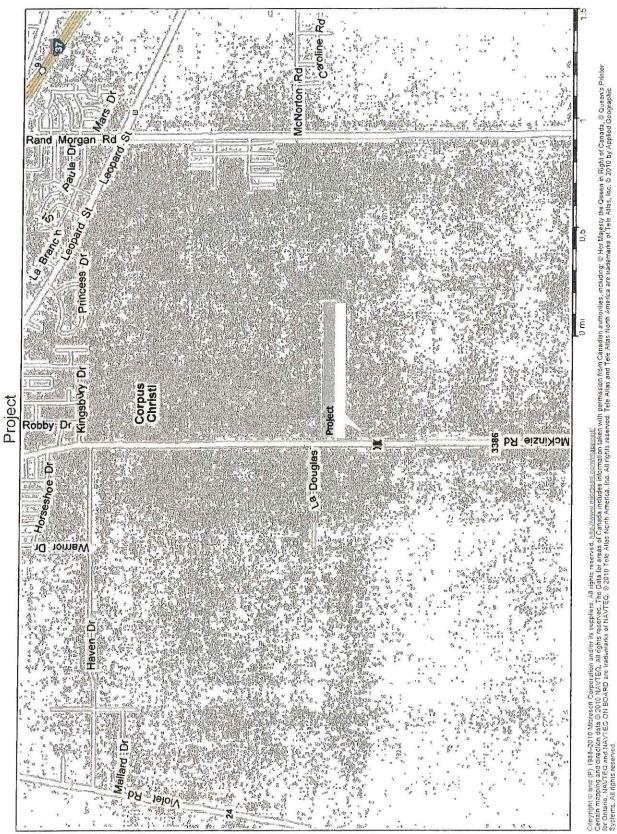
)

Texstar Midstream Services, LP.	
NUECES	CHIBIT "A" COUNTY, TEXAS ACRES OF LAND
METES AND	BOUNDS DESCRIPTION
	July 30, 2013 Sheet 2 of 2
Survey No. 414, Abstract No. 953 and in the A. F County, Texas, out of a called 135.212 acre tract recorded in Document No. 2003066980, Official and out of a called 6.567 acre tract of land (Tract	of 2 of this Exhibit "A", being situated in the A. B. & M. B. & M. Survey No. 413, Abstract No. 553, Nueces of land, described in a deed to Equistar Chemicals, I.P., Public Records, Nueces County, Texus (O.P.R.N.C.T.), 5), described in deed to Equistar Chemicals, I.P., N.C.T.), said 40.40 acres of land more particularly
BEGINNING (P.O.B.) at a point for corner at the tract, and a the Southeast corner of said 6.567 act	e most Easterly Southwest corner of said 135.212 acre re tract;
THENCE North 02°40'56" West, with the East li point for corner, at the Northeast corner of said 6	ine of said 6.567 acre tract a distance of 159.41 feet to a
THENCE South 89°03'17" West, with the comm tract, a distance of 150.31 feet to a point for corn	ion line of said 6.567 acre tract and said 135.212 acre er
THENCE South 00°41'43" East, a distance of 10.	2.13 feet to a point for corner;
THENCE South 89"18'18" West, a distance of 38	87.89 feet to a point for corner:
THENCE North 00°41'42" West, a distance of 11	147.48 feet to a point for corner.
THENCE North 89°18'18" East, a distance of 150	
	04,00 feet to a point for corner on the most Easterly
THENCE South 89°18'18" West, with the most I	Easterly South line of said 135,212 acre tract a distance P.O.B.) and containing a total of 40,40 acres of land:
All bearings contained herein are grid, based upo of the North American Datum 1983, in U.S. Surv	on the Texas State Plane Coordinate System, South Zone, ey Feet.
Plat of even date accompanies this field note desc	cription (Sheet 1 of 2).
x	
ppographic Land Surveyors 00 Exerman Parkway	PRELIMINARY, THIS DOCUMENT SHALL NOT RECORDED FOR ANY FURPOSE. THIS DOCUM
uite 197 ort Worth, TX 76140	SHALL NOT BE USED FOR CONSTRUCTION, BIDDING, RECORDATION, CONVEYANCE, SALES, AS THE BASIS FOR THE ISSUANCE OF A PER

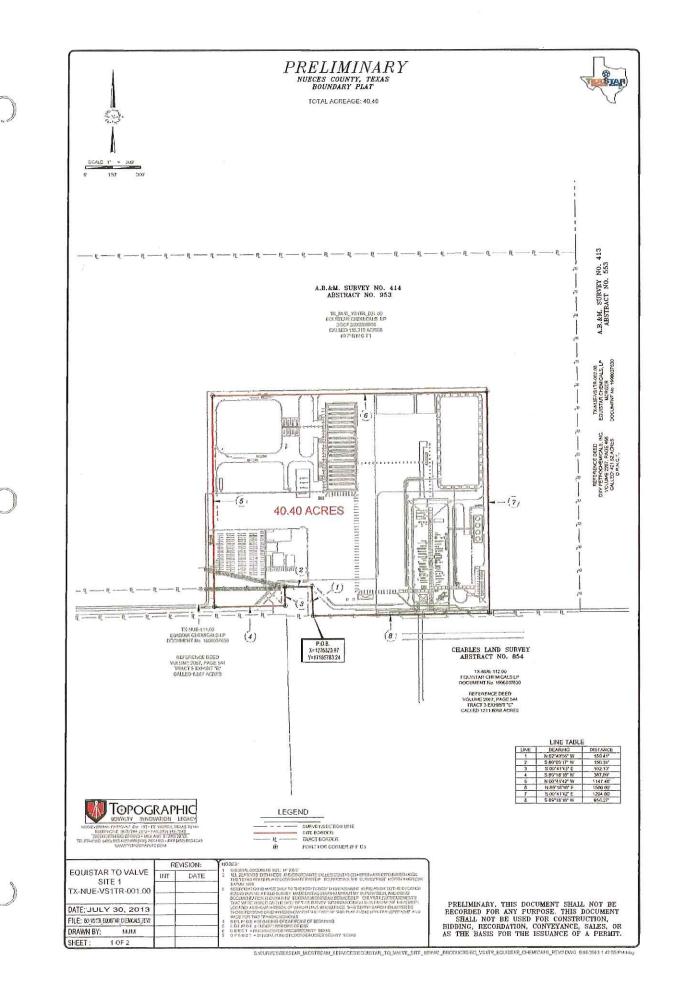
Attachment 11 – LAND AND VICINITY MAPS







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Attachment 12 – DESCRIPTION OF EXISTING IMPROVEMENTS

ATTACHMENT 12 - DESCRIPTION OF EXISTING IMPROVEMENTS

TexStar has begun construction of Pipe Racks on this site and have included this Construction in Progress as "Existing Improvement" for the purposes of the Chapter 313 Application. Construction on these Pipe Racks commenced in early July and is not yet complete. This Pipe Rack is show in the highlighted area of the map attached to this section (Attachment 12).

This existing improvement, which is currently Construction in Progress, has not been valued by the Nueces County Appraisal District and will not be fully completed until such time that the entire Fractionator Plant may be completed (current estimated completion date is December 2013).

The estimated investment/value of the construction that has been completed thus far is approximately \$250,000.

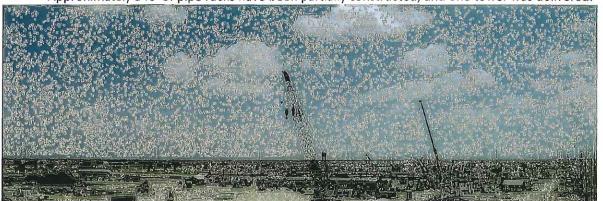
See Attachment 12A for additional information related to the Property Identification and Appraisal Plan.

Attachment ZA

Chapter 313 Property Identification and Appraisal Plan

Texstar Midstream Services, LP has submitted an application to Calallen Independent School District for a school district value limitation pursuant to Chapter 313 of the Texas Property Tax Code. For the purposes of appraising property at the site of the Corpus Christi Fractionator plant, certain delineations will need to be made between taxable property in existence prior to the determination of a complete application by the Comptroller and that property which is delivered, constructed and placed into service after such date through the end of the qualifying period of December 31, 2013.

For purposes of identification and appraisal, both the taxpayer and the appraisal district will note that the following equipment was installed and/or constructed prior the determination of a complete application by the Comptroller's office.



Approximately 540' of pipe racks have been partially constructed, and one tower was delivered.

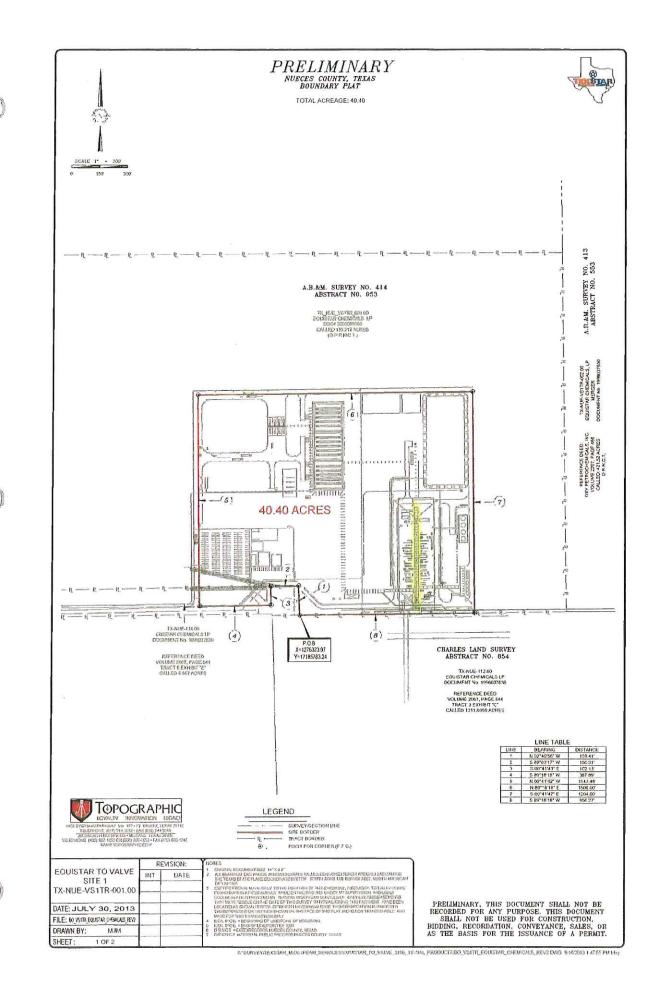
These tangible property constructed or delivered to the jobsite, will not be included as part of the new property installed, constructed or otherwise put into service and will not be eligible for any value limitation under the Chapter 313 program.

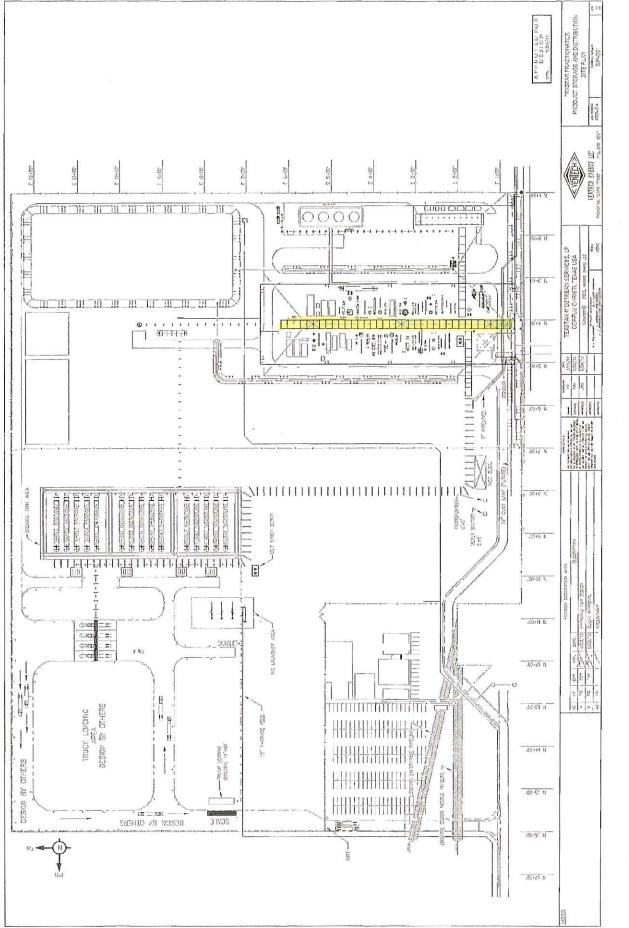
Beginning on January 1, 2014, new accounts will be created by the Nueces County Appraisal District chief appraiser to identify business personal property and real property improvements installed, constructed or otherwise put in service from the date of the completeness determination by the Comptroller's office. Texstar Midstream Services, LP will, together with the chief appraiser, establish an account for the pipe racks in place, so that the business personal property and real property improvements installed and constructed are not eligible for the Chapter 313 school district value limitation. All other accounts established by the chief appraiser will remain eligible for the value limitation.

All accounts associated with the Corpus Christi Fractionator plant, excluding the pipe rack account, will reflect the value according to the Chapter 313 school district value limitation agreement in each year that the Texstar Midsteam Services, LP remains eligible for the value limitation. This value will be utilized in determining the taxable value for the maintenance and operations portion of the School district's tax rate.

All accounts, including the pipe rack account, will be used to value the property according to the market value without the application of the Chapter 313 value limitation which will be derived by determining the replacement costs new, less depreciation and any other appropriate factors, but not limited to, economic or functional obsolesce and/or pollution control exemptions. This value will be utilized in determining the taxable value for the interest and sinking fund portion of the school district's tax rate.

All property, real and personal, existing and new, shall be listed under the legal ownership name of such property. The legal owner of the property is and will be Texstar Midstream Services, LP. All accounts shall list Texstar Midstream Services, LP as the owner until the ownership of the property is legally transferred to another entity evidenced by a written document filed at the Nueces County Courthouse.





ACCOUNT AN ONE ELECTRETT BAR NO. 42, SIG-TELEVIARI SALTARIA SALTARA COMPARTMENT AND TATAL

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Attachment 13 – WAIVER OF JOB CREATION REQUIREMENT

NOT APPLICABLE

Attachment 14 – CALCULATION OF WAGE REQUIREMENT

TWC DOCUMENTATION INCLUDED

ATTACHMENT 14 - CALCULATION OF WAGE REQUIREMENTS

110%

Employment and Wage Calculations

No.	Year	Quarter	County	Ownership	Industry	10 mil 10	Weekly Vaves
	2012	2nd	Nueces	Private	All Industries	\$	793
	2012	3rd	Nueces	Private	All Industries	\$	783
	2012	4th	Nueces	Private	All Industries	\$	889
	2013	1st	Nueces	Private	All Industries	\$	832
					(Mean Avg.)	\$	824.25

906.68 110% of County Average Weekly Wage for All Jobs

Year.	Quarter	County	Ownership	Industry	Av	g Weekly Waves
2012	2nd	Nueces	Private	Manufacturing	\$	1,201
2012	3rd	Nueces	Private	Manufacturing	\$	1,204
2012	4th	Nueces	Private	Manufacturing	\$	1,409
2013	1st	Nueces	Private	Manufacturing	\$	1,570
				(Mean Avg.)	\$	1,346.00

(Mean Avg.) \$ 1,346.00 110%

\$

\$ 1,480.60 110% of County Average Weekly Wage for Manufacturing Jobs

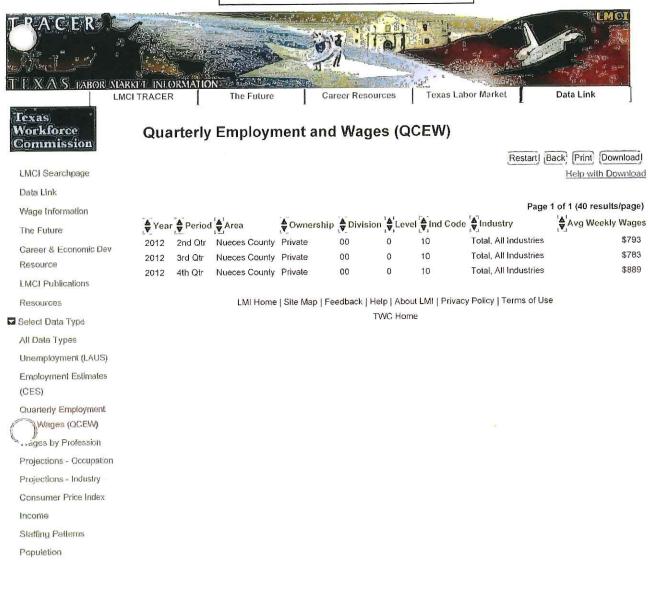
Coastel Bend Council of Governments Annual Wage (as of xxxx)

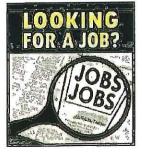
\$ 47,786 110%

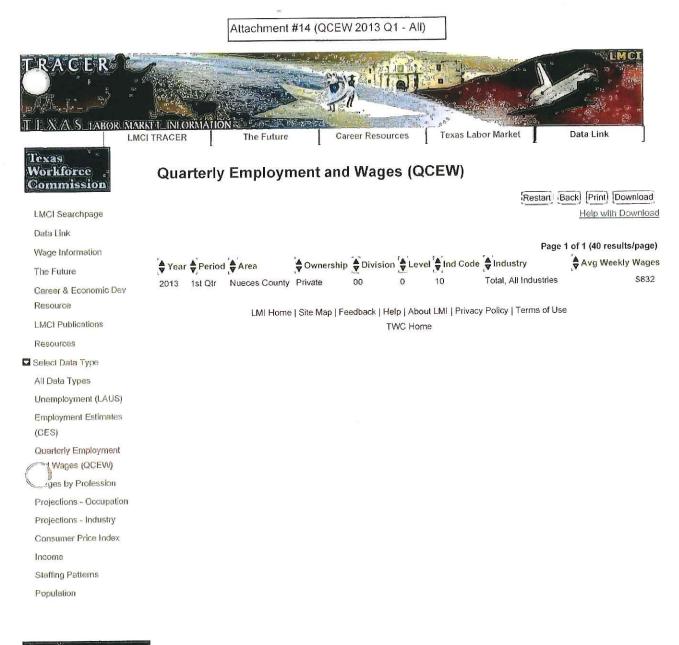
\$52,564.60 110% of County Average Annual Wage for Manufacturing Jobs \$ 1,010.86 110% of County Average Weekly Wage for Manufacturing Jobs

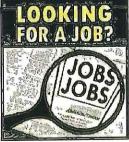
*Note: All data was taken from the Texas Workforce Commission TRACER database

Attachment #14 (QCEW 2012 Q2, Q3, Q4 - All)

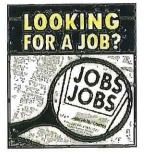






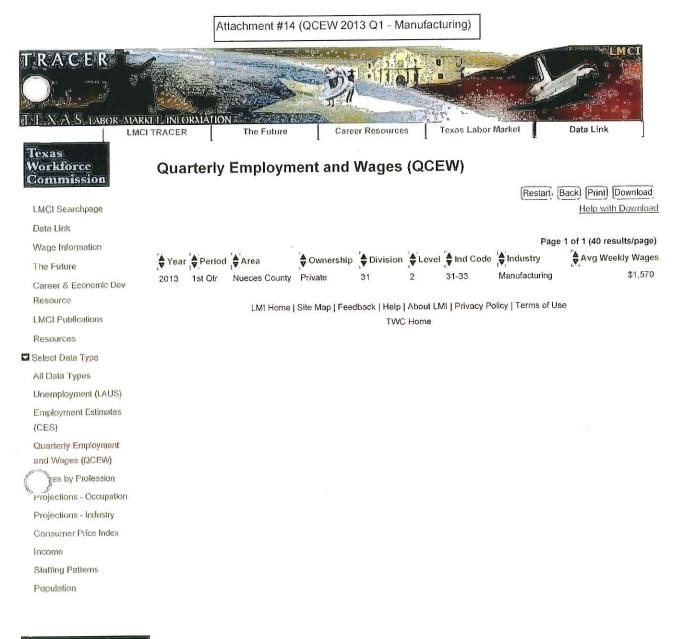


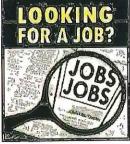
		1	Attachment #	#14 (QCEW	2012 Q2,	Q3, Q4	- Manufac	turing)	
TRACER TEXAS LABOR MARKI LMCI Texas Workforce Commission	TRACER		The Future Employm	L	er Resources Wages	I	rexas Labor	L	Data Link
LMCI Searchpage			10					(Restart) [Back Printi Download
Data Link Wage Information The Future	l ≜ 'Year	Period	Area	- ∯ Ownership	Division	Level	a Ind Code		1 of 1 (40 results/page) '♣'Avg Weekly Wages
Career & Economic Dev Resource	2012 2012 2012	2nd Qtr 3rd Qtr 4th Qtr	Nueces County Nueces County Nueces County	Private Private Private	31 31 31	2 2 2	31-33 31-33 31-33	Manufacturing Manufacturing Manufacturing	\$1,201 \$1,204 \$1,409
LMCI Publications Resources			LMI Home	Site Map Feed		About LN Home	1I Privacy Po	licy Terms of Us	e
Select Data Type All Data Types					1000	ribine			
Unemployment (LAUS) Employment Estimates (CES)				•					
Quarterly Employment Wages (QCEW)									
Projections - Occupation Projections - Industry									
Consumer Price Index Income									
Staffing Patterns Population									



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	Wag	es
COG	Hourly	Annual
Texas	\$23.56	\$48,996
1. Panhandle Regional Planning Commission	\$20.12	\$41,850
2. South Plains Association of Governments	\$16.18	\$33,662
3. NORTEX Regional Planning Commission	\$17.83	\$37,076
4. North Central Texas Council of Governments	\$24.68	\$51,333
5. Ark-Tex Council of Governments	\$16.84	\$35,032
6. East Texas Council of Governments	\$19.61	\$40,797
7. West Central Texas Council of Governments	\$18.24	\$37,941
8. Rio Grande Council of Governments	\$16.17	\$33,631
9. Permian Basin Regional Planning Commission	\$21.93	\$45,624
10. Concho Valley Council of Governments	\$16.33	\$33,950
11. Heart of Texas Council of Governments	\$19.07	\$39,670
12. Capital Area Council of Governments	\$26.03	\$54,140
13. Brazos Valley Council of Governments	\$16.55	\$34,424
14. Deep East Texas Council of Governments	\$16.20	\$33,698
15. South East Texas Regional Planning Commission	\$29.38	\$61,118
16. Houston-Galveston Area Council	\$26.59	\$55,311
17. Golden Crescent Regional Planning Commission	\$21.03	\$43,742
18. Alamo Area Council of Governments	\$18.40	\$38,280
19. South Texas Development Council	\$13.54	\$28,170
20. Coastal Bend Council of Governments	\$22.97	\$47,780
21. Lower Rio Grande Valley Development Council	\$16.33	\$33,96
22. Texoma Council of Governments	\$22.57	\$46,949
23. Central Texas Council of Governments	\$17.16	\$35,68
24. Middle Rio Grande Development Council	\$18.93	\$39,38

2012 Manufacturing Wages by Council of Government Region Wages for All Occupations

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

Note: Data is not supported by the Bureau of Labor Statistics (BLS). Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Attachment 15 – DESCRIPTION OF BENEFITS

DESCRIPTION OF BENEFITS

COMPANY OFFERS THE FOLLOWING PLANS AND BENEFITS:

-Medical

-Long-Term Disability Insurance

-401(K) Retirement

-Life Insurance

-Paid Vacation Days

Attachment 16 – ECONOMIC IMPACT

NOT APPLICABLE

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Attachment 17 - SCHEDULE A

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Auplican Ranue: TextannManream Services, LP 150 Name: Calatter INDEPENDENT SCHOOL DISTRICT

Schedule A (Rev. May 2010): Investment

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Form 50-195

	and the second sec	10000		PROPERTY INVESTMENT AMOUNTS	TAMOUNTS			
				(Estimated investment in each year. Go not out cumulative totals.)	a not put cumulative totals.)			
	, fear	School year (WYYYYYY)		Column A.T amount of n revolco durb	<pre>count of the cummunic constraint column 0; the building comparent of a monomousle comparent of building faminal showard only only comparent of</pre>	Column C: Column C: Sunt of A and 8 Qualitying Investment (Suring the nuclifying Time action)	Column D: Investmental that is not qualified investment and investment investment and investment affocut secondarils inspect and that volume	Cotumin E: Total trosscrewat: (A + 2
	Investment coade before filing consults application with district (weld) or qualified property nor slightle to be atme qualified investment)	with	5102	a	202101202	2329,000		
he year proceeding the first complete tax year of the qualifying time period (sourning no deferruls)	 Investment made altar films complete application with district, but before shall band approval of application (eliptics to become qualified property) 	odth Pen 2013-2014	2014 ZD13					5259,000
	Investment mode after final behad approval of app feation and before Jan. 1 of first complete the year of qualifying, time period (qualifyed lowerment and elg ble to become time period (qualifyed lowerment)	ation 2013-2014 Juny 2013-2014	2013	000 000 000 000				<u></u>
		1 2010-2014	2014 2014	2				2132/002/000
	Complete taxyears of gualifying time period	2 2015-2016	-	2.00				
		2016-2017	-	45	5			0
		3100-2102 5	2102 310	22	s			
2		5 2018-2019	2102 510	5	5			2
		6 2019-2	5102 2019	5	S			2
The Credit Period (with SOR	Visible Liceration Parisul	7 2020-2021	-	s	5			
cap on credit)		3 2021-2	1202 2203	5	5			2.2
		9 2022-3	_		6			
		10 2023-1	_	5	5			
a second provide		11 2024-2025		\$	5			
Creatic Rachard in Danian	Continues interactor (Saida Samana		_	5				
		13 2026-2027	2027 2026		5			2
	Post-Settle-Up Ponisd		-	5	5			
	Post-Settie-Up Period	2011-9016 21	2223	2	*			

Dusifying Trine Person results begins with the first board sprewal of the application and extends generally for the fallowing two concluents years.

Column R: (iii acoletens) the total dolar-meture of primed for strand property the aplican considers qualitied in extinant-un defined in Tark Code \$213,021(3)(4)(0). For the management preventime, posterimenta (another and a set year) and another parts. (For the game of a strandom of the quality for a set year) and another and another parts. Include attimates of herediment for "residencent" around single expression the schemed investment in another parts.

Coloren D. The road color answer of blaned investment and Year in buildings or nontemported composes of buildings that the applicant considers qualified investment urder. Tax Gode (\$122.024(2)(5))

For the years outdoe the qualifying time period, this mimber should simply represent the planted invertience, now buildings or noncencular semponents of buildings.

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Notes. For alwareed clean energy an<u>ipary matter</u> weights and weights une proved, and projects with length application review, news address inversa naseds. This address produces and the provest international more sameds. This address produces and any application review product, news address inversa naseds. The address produces and any application of the same sections inversa naseds. The address produces are address inversa naseds. The address are address are address inversa naseds. The address are address are address are address and address are address are address. The address are address are address are address are address are address. The address are address are address are address are address. The address are address are address are address.

DRITED COMPANY REPRESENTATIVE SIGNATURE OF AUTH

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Attachment 18 - SCHEDULE B

Applican Name: TexStarMidstream Services, LP
 ISD Name: CALALLEN INDEPENDENT SCHOOL DISTRICT

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Schedule B (Rev. May 2010): Estimated Market and Taxable Value

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Form 50-296

					-	Qualified Property	erty	Reductions from Market Value	Estimated T	Estimated Taxable Value
		Year	School Year (YYY)	School Year (YYY) (Fill in actual tax year) Estimated Market (YYY) (Fill in actual tax year) Estimated Market	Estimated Market Value of Land	Estimated total market Value of new buildings or other new	Estimated Total Market Value of tangible personal property in the new building or "in or on the new introvement"	Poemore di Vistrio	Final taxable value for I&S - after all	S, En
		pre-year1	2013-2014	2013	1	v		2010 - 32101121	1000000	i eductions
	Complete tax years of	г	2014-2015	201.4	s		\$152,000,000		S152 000 000	5157 000 000
	qualifying time period	64	2015-2016	2015	S		\$141,360,000		\$141,360,000	\$141.360.000
		m	2016-2107	2016	01		\$136,800,000		\$136,500,000	\$136,800,000
		đ	2017-2018	2017	s		\$129,200,000		\$129,260,000	\$20,000,000
	1.	IJ	2018-2015	2018	\$		\$121,600,000		\$121,600,000	\$20,000,000
		ß	2019-2020	2019	s		\$114,000.000		\$114,000,000	\$20,000,000
Tax Credit Period (with	Value Limitaion Period	7	2020-2021	2020	S		\$106,400,000		\$106,400,000	\$20,000,000
ours cap on creatly		en en	2021-2022	2021	S		\$99,800,000		\$98,800,000	\$20,000,000
		6	2022-2023	2022	S		S91,200,000		\$91,200,000	\$20,000,000
		10	2023-2024	2023	S		\$33,600,000		\$83,600,000	\$20,000,000
	Continue to Maiotain Vionio	11	2024-2025	2024	S		\$76,000,000		\$76,000,000	\$76,000,000
Credit Settle-Up Period	Presence	12	2025-2026	2025	s s		\$68,400,000		\$68,400,000	\$68,400,000
		13	2026-2027	2026	\$ S		\$60,800,000		\$60,800,000	\$60,300,000
Past - Setti	Post - Settle - Up Period		2027-2028	2027	S		\$53,200,000		\$53,200,000	\$53,200,000
Post - Settl	Post - Settle - Up Period	51	2028-2029	2028	s		\$45,600,000		\$45,600,000	\$45,600,000

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past and update astimates for current and future years. If original cstimates have not changed, onter those amounts for future years. If original cstimates have not changed,

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

2 1 12 DATE

Attachment 19 - SCHEDULE C

Applican Name: TexStarMidstream Services.LP ISD Name: CaLaLLEN INDEPENDENT SCHOGL DISTRICT

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Schedule C. Application: Employment Information

Form 50-296

					Construction	uction	New Jobs	Jobs	Qualifying Jobs	ng Jobs
		Year	School Year (MTV-	School Year (YYYY (Fill in accual tax year) YYYY	Column A: Number of Construction FTE's or man-bours (specify)	Column B: Average annual viage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual vage rate for all new jobs	Column E: Number af qualifying jots applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
		pre-year1	2013-2014	2013	200 FTE	\$25/hr	10	553,000	10	\$53,000
		1	2014-2015	2014		s	10	\$53.000	10	\$53,000
	Complete tax vears of	2	2015-2016	2015		s	10	\$53,000	10	653,0C0
	qualifying time period	9	2015-2107	2015		s	10	\$53,000	10	253,000
		ų	2017-2018	1012		s	10	553,000	10	553,000
	1	s	2013-2019	2018		55	10	553,000	10	\$53,000
	Valua (feritado	9	2019-2020	2019		45	10	553,C00	10	553.000
Tax Credit Period (with	Period	2	2020-2021	2020		S	10	\$53,000	10	553,000
() page on credit		ø	2021-2022	2021		\$	10	\$53,000	10	000'ESS
		יני	2022-2023	2022		S	10	\$53,000	10	253,000
		10	2023-2024	2028		s	10	\$53,000	10	000/ESS
	Continue to Mariana	п	2024-2025	3024		\$	10	\$53,000	10	\$53,000
Credit Settle-Up Period Visole Presence	Visble Presence	더	2025-2026	2025		s	10	\$53,000	10	\$53,000
		đ	2025-2027	2026		\$	10	553,000	01	\$53,060
Post - Settle - Up Period	Up Period	14	2027-2028	2027		Ş	10	\$53,000	10	\$53,000
Post - Settle - Up Period	Up Perioa	15	2028-2029	2028		s	91	\$53,000	10	\$53.000

Notes: For job definitions see TAC \$9.1051(14) and Tax Code \$313.021(3).

This schedule must be submitted with the original <u>application</u> dary application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual <u>appraised district parts</u> for going active seases for current and future years. If original estimates have not changed, "enter those angunts for future years. If original estimates have not changed,"

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

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Attachment 20 - SCHEDULE D

Applican Name: TexStarMidstream Services, LP ISD Name: CALALLEN INDEPEMDENT SCHOOL DISTRICT

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Schedule D. (Rev May 2010): Other Tax Information

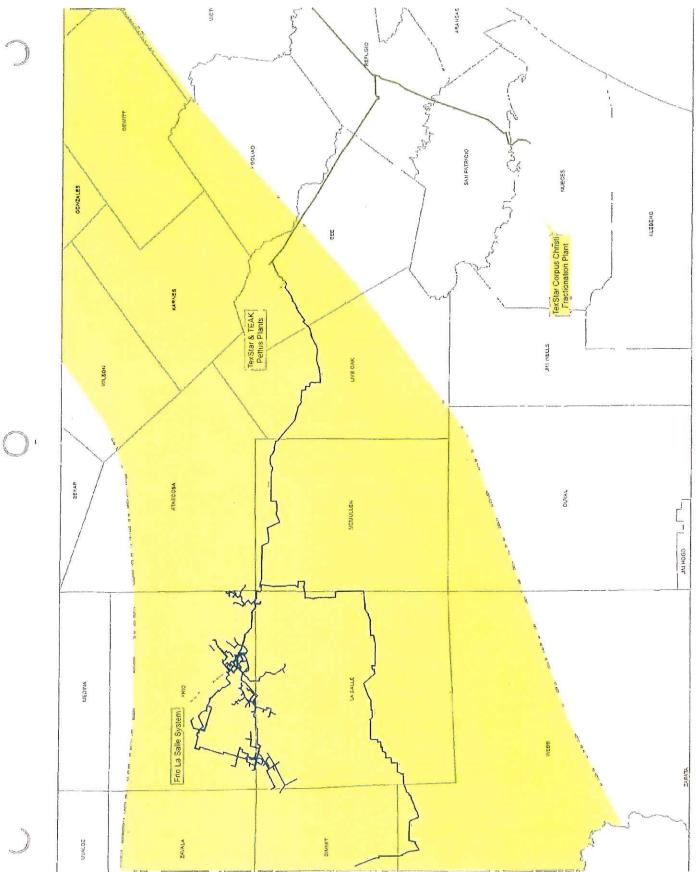
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					Sales Tax	Sales Tax Information	Franchise Tax	0	Other Property Tax Abatements South		Form 50-296
					Sales Taxab	Sales Taxable Expenditures	Franchise Tax	Cambre		110000000000000000000000000000000000000	0.11
		Y	School Year (YYYY)	To / Colored States	Column F: Estimate of total annual expenditures subject to state	Column G: Estimate of total annual expenditures made in Texas NOT subject to	000	in percentage ion requested or d in each year of	exent exent	Hospital Fill in percentage exemption requested or granted in each year of the	Other Fill in percentage exemption requested or granted in each year of the
The year proceding the first complete tax year of the qualifying time period			2013-2014	2013	5100,000	S151,000,000	to) the applicant S5.300.000	the Agreement	agreement	agreement	agreement
	Complete tax veace of	F	2014-2015	2014	\$100,000	\$	S5,300,000				
	qualifying time period	2	2015-2016	2015	\$100,000	s	55,300,000				
		m	2016-2107	2016	\$100,000	s	\$5,300,000				
		Ħ	2017-2018	2017	\$100,000	s	\$5.300.000				
		S	2018-2019	2013	\$100,000	Ş	\$5,300,000				
Tax Credit Poriod (with	Value Limitaion	w	2019-2020	2019	\$100,000	s	55,300,000				
50% cap on credit)	porer	7	2020-2021	2020	\$100,000	s	\$5,300,000				
		00	2021-2022	2021	\$100,000	S	\$5,200,000				
		6	2022-2023	2022	\$100,000	s	\$5,300,000				
		10	2023-2024	2023	\$100,000	\$	\$5,300,000				
	Continue to Maintain	п	2024-2025	2024	\$100,000	S	\$5,300,000				
Credit Settle-Up Period Viable Presence	Vlable Presence	12	2025-2026	2025	\$100,000	S	\$5,300,000				
		ព	2026-2027	2026	000'00IS	\$	55,300,000				
Post - Settle - Up Period	Up Period	14	2027-2028	2027	\$100,000	\$	\$5,300,000				
Post - Settle - Up Period	Up Period	15 IS	2028-2029	2028	\$100,000	s	\$5,300,000				
*For planning, construction and operation of the facility.	on and operation of the	radity.		U,	halls.		/ ×3				
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE	ZED COMPANY REPRES	ENTATIVE			DATE	I					

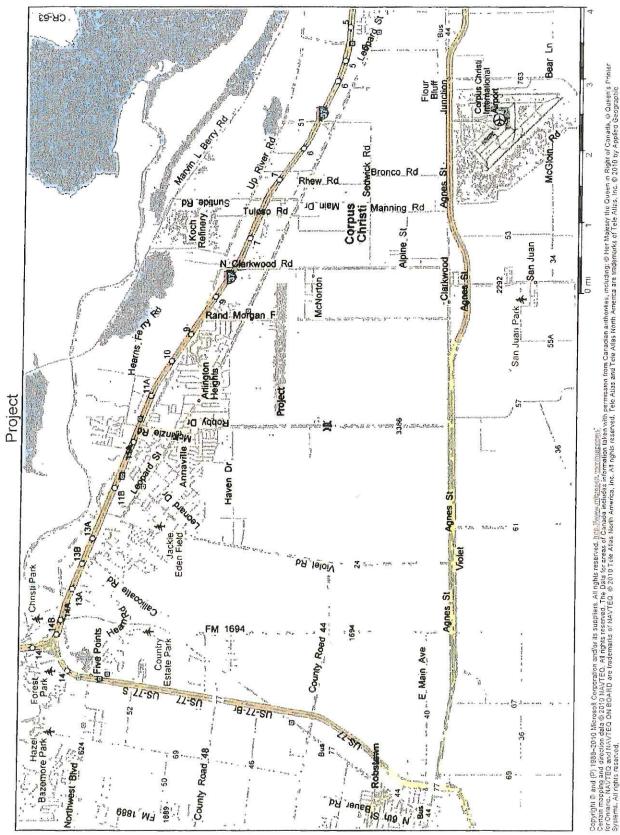
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

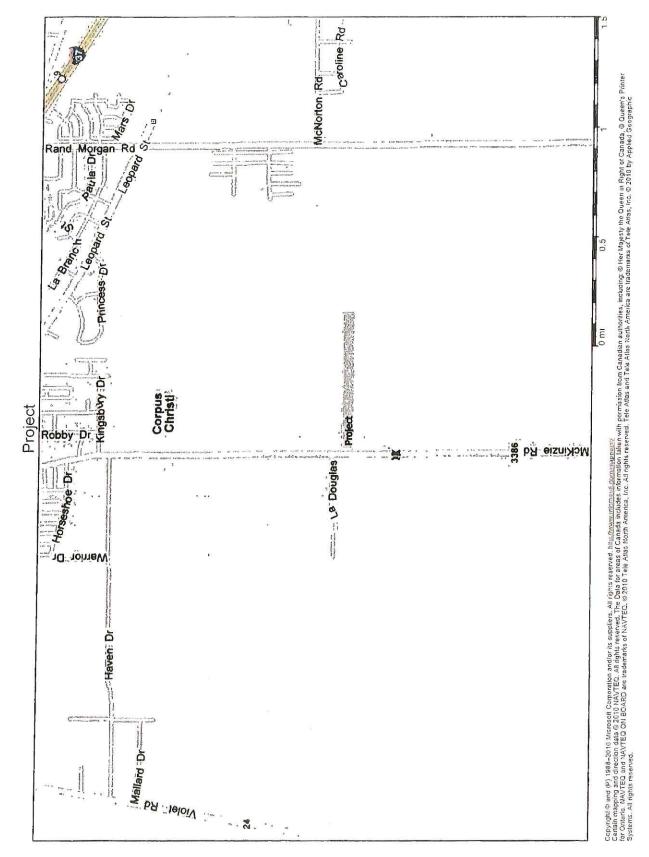
Attachment 21 - MAP OF REINVESTMENT ZONE

PROPOSED ZONE MAPS (WILL SUPPLEMENT WHEN FINAL ZONE ESTABLISHED)



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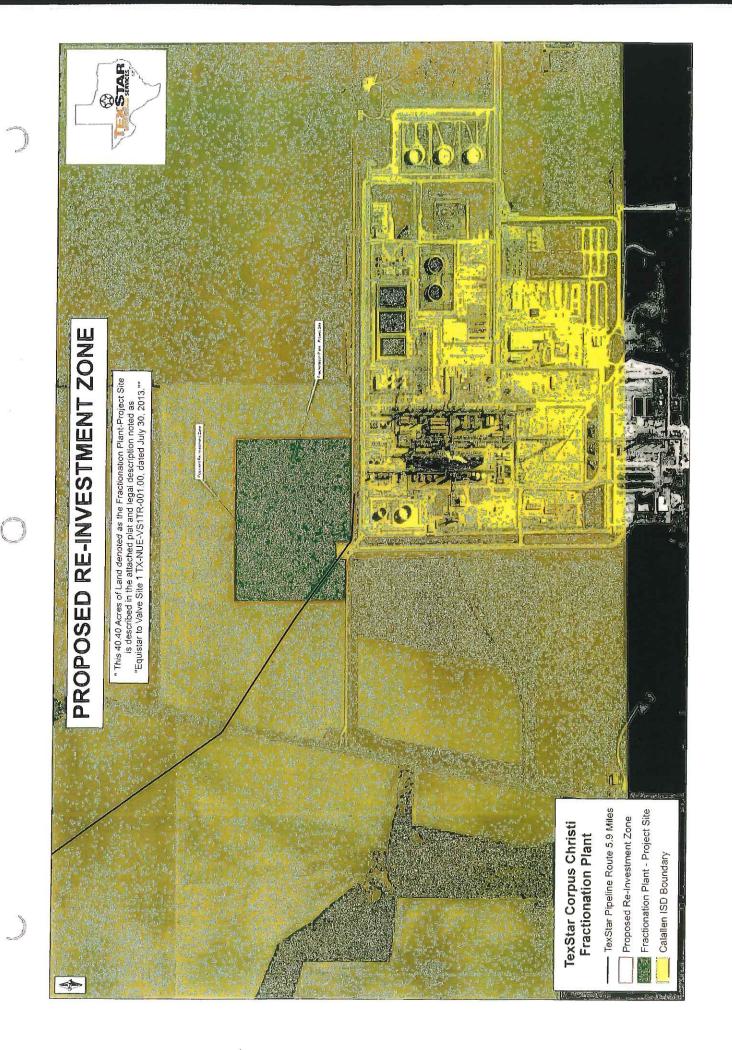


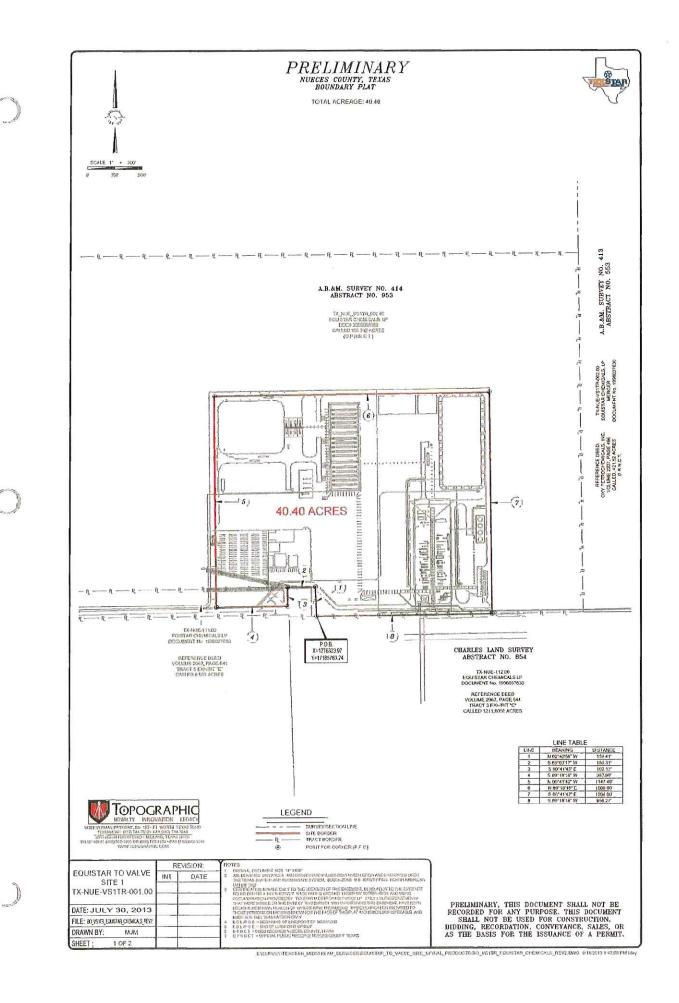


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СX	star Midstream Services, LP.
	Ϋ́.
	EXHIBIT "A" NUECES COUNTY, TEXAS 40.40 ACRES OF LAND
	METES AND BOUNDS DESCRIPTION
	July 30, 2013 Sheet 2 of 2
	Being 40.40 acres of land, as shown on Sheet 1 of 2 of this Exhibit "A", being situated in the A. B. & M. Survey No. 414, Abstract No. 953 and in the A. B. & M. Survey No. 413, Abstract No. 553, Nueces County, Texas, out of a called 135,212 acre tract of land, described in a deed to Equistar Chemicals, LP., recorded in Document No. 2003066980, Official Public Records, Nueces County, Texas (O.P.R.N.C.T.), and out of a called 6,567 acre tract of land (Tract 5), described in deed to Equistar Chemicals, LP., recorded in Document No. 1998037630 (O.P.R.N.C.T.), said 40,40 acres of land more particularly described as follows:
	BEGINNING (P.O.B.) at a point for corner at the most Easterly Southwest corner of said 135.212 acre tract, and a the Southeast corner of said 6.567 acre tract;
	THENCE North 02°40'56" West, with the East line of said 6.567 acre tract a distance of 159.41 feet to a point for corner, at the Northeast corner of said 6.567 acre tract;
	THENCE South 89°03'17" West, with the common line of said 6.567 acre tract and said 135.212 acre tract, a distance of 150.31 feet to a point for corner
	THENCE South 00°41'43" East, a distance of 102.13 feet to a point for corner:
	THENCE South 89°18'18" West, a distance of 387,89 feet to a point for corner;
	THENCE North 00°41'42" West, a distance of 1147.48 feet to a point for corner:
	THENCE North 89°18'18" East, a distance of 1500.00 feet to a point for corner.
	THENCE South 00°41'42" East, a distance of 1204.00 feet to a point for corner on the most Easterly South line of said 135.212 acre tract;
	THENCE South 89°18'18" West, with the most Easterly South line of said 135.212 acre tract a distance of 956.27 feet to the POINT OF BEGINNING (P.O.B.) and containing a total of 40,40 acres of land:
	All bearings contained herein are grid, based upon the Texas State Plane Coordinate System, South Zone, of the North American Datum 1983, in U.S. Survey Feet.
	Plat of even date accompanies this field note description (Sheet 1 of 2).
	÷
00	ographic Land Surveyors Evennan Parkway 2197 Preliminary, THIS DOCUMENT SHALL NOT RECORDED FOR ANY PURPOSE. THIS DOCUM SHALL NOT BE USED FOR CONSTRUCTION SHALL NOT BE USED FOR CONSTRUCTION BIDDING, RECORDERION, CONVEYANCE, SALES

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Attachment 22 - ORDER ESTABLISHING REINVESTMENT ZONE

(UNAVAILABLE) WILL SUPPLEMENT WHEN FINAL ZONE ESTABLISHED

Attachment 23 - LEGAL DESCRIPTION OF REINVESTMENT ZONE

PROPOSED ZONE MAPS (WILL SUPPLEMENT WHEN FINAL ZONE ESTABLISHED)

Texstar Midstream Services, LP.	
NUECES	XHIBIT "A" COUNTY, TEXAS ACRES OF LAND
	BOUNDS DESCRIPTION
	July 30, 2013 Sheet 2 of 2
Survey No. 414, Abstract No. 953 and in the A. County, Texas, out of a called 135,212 acre trac recorded in Document No. 2003066980. Officia and out of a called 6.567 acre tract of land (Trac	of 2 of this Exhibit "A", being situated in the A. B. & M. B. & M. Survey No. 413, Abstract No. 553, Nueces t of land, described in a deed to Equistar Chemicals, LP., I Public Records, Nueces County, Texas (O.P.R.N.C.T.), a 5), described in deed to Equistar Chemicals, LP., N.C.T.), said 40.40 acres of land more particularly
BEGINNING (P.O.B.) at a point for corner at th tract, and a the Southeast corner of said 6.567 ac	e most Easterly Southwest corner of said 135.212 acre
THENCE North 02°40'56" West, with the East I point for corner, at the Northeast corner of said (line of said 6.567 acre tract a distance of 159.41 fect to a 6.567 acre tract;
THENCE South 89°03'17" West, with the comm tract, a distance of 150.31 feet to a point for com	non line of said 6.567 acre tract and said 135.212 acre ner
THENCE South 00°41'43" East, a distance of 10	02.13 feet to a point for corner:
THENCE South 89°18'18" West, a distance of 3	87,89 feet to a point for corner;
THENCE North 00°41'42" West, a distance of 1	147.48 feet to a point for corner.
THENCE North 89°18'18" East, a distance of 1:	500.00 feet to a point for corner:
THENCE South 00°41'42" Hast, a distance of 12 South line of said 135.212 acre tract;	204.00 feet to a point for corner on the most Easterly
	Easterly South line of said 135.212 acre tract a distance P.O.B.) and containing a total of 40.40 acres of land:
All bearings contained herein are grid, based up of the North American Datum 1983, in U.S. Sur	on the Texas State Plane Coordinate System, South Zone, vey Feet.
Plat of even date accompanies this field note des	seription (Sheet 1 of 2).
Topographic Land Surveyors 1400 Everman Parkway Suite 197 Fort Worth, TX 76140	PRELIMINARY, THIS DOCUMENT SHALL NOT B RECORDED FOR ANY PURPOSE. THIS DOCUMEN SHALL NOT BE USED FOR CONSTRUCTION, BIDDING, RECORDATION, CONVEYANCE, SALES, AS THE BASIS FOR THE ISSUANCE OF A PERM

Attachment 24 - GUIDELINES & CRITERIA FOR REINVESTMENT ZONE

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UNAVAILABLE (WILL SUPPLEMENT WHEN FINAL ZONE ESTABLISHED)



Attachment B

Certificate of Account Status

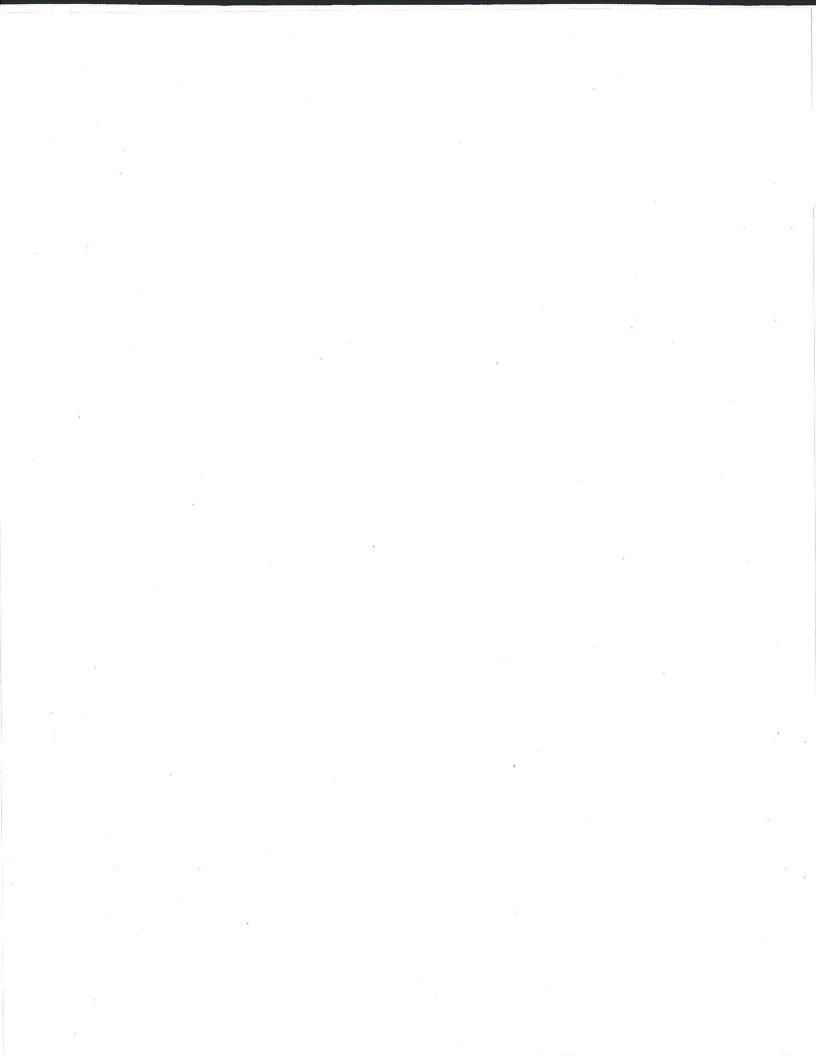


Franchise Tax Account Status

As of: 12/11/2013 10:31:09 AM

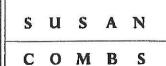
This Page is Not Sufficient for Filings with the Secretary of State

TE	XSTAR MIDSTREAM SERVICES, LP
Texas Taxpayer Number	32034941958
Mailing Address	18615 TUSCANY STONE STE 300 SAN ANTONIO, TX 78258-3505
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	12/07/2007
Texas SOS File Number	0800907830
Registered Agent Name	SCOTT MARTIN
-	18615 TUSCANY STONE STE 300 DALLAS, TX 75258



Attachment C

State Comptroller's Recommendation



TEXAS COMPTROLLER of PUBLIC ACCOUNTS

P.O. Box 13528 . AUSTIN, TX 78711-3528



November 22, 2013

Arturo Almendarez Superintendent Calallen Independent School District 4205 Wildcat Drive Corpus Christi, TX 78410

Dear Superintendent Almendarez:

On September 27, 2013, the Comptroller received the completed application (Application # 341) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in July 2013 to the Calallen Independent School District (the school district) by TexStar Midstream Services, LP (the applicant). This letter presents the results of the Comptroller's review of the application:

- 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
- under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 2 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$152 million) is consistent with the proposed appraised value limitation sought (\$20 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Nueces County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of September 27, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

Martin/A. Hubert Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	TexStar Midstream Services, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Calallen ISD
2011-2012 Enrollment in School District	3940
County	Nueces
Total Investment in District	\$152,000,000
Qualified Investment	\$152,000,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	10
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,019
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,011
Minimum Annual Wage committed to by applicant for qualified jobs	\$53,000
Investment per Qualifying Job	\$15,200,000
Estimated 15 year M&O levy without any limit or credit:	\$17,303,832
Estimated gross 15 year M&O tax benefit	\$11,407,032
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protectionbut not including any deduction for supplemental payments or extraordinary educational expenses):	\$9,928,808
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,964,312
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$7,375,024
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	57.4%
Percentage of tax benefit due to the limitation	74.0%
Percentage of tax benefit due to the credit.	26.0%

This presents the Comptroller's economic impact evaluation of TexStar Midstream Services, LP (the project) applying to Calallen Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the 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 with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 10 new jobs when fully operational. All 10 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Coastal Bend Council of Governments Region, where Nueces County is located was \$47,786 in 2012. The annual average manufacturing wage for 2012-2013 for Nueces County is \$69,992. That same year, the county annual average wage for all industries was \$42,861. In addition to an annual average salary of \$53,000 each qualifying position will receive benefits such as medical, long-term disability insurance, 401(K) retirement, life insurance and paid vacation days. The project's total investment is \$152 million, resulting in a relative level of investment per qualifying job of \$15.2 million.

Ability of applicant to locate to another state and [313.026(9)]

According to TexStar Midstream Services, LP's application, "TexStar Midstream Services, LP has the unique ability to invest in various regions within Texas and surrounding states due to its expansive infrastructure and opportunities for capital investment, the overall economies can be a key determining factor. Therefore, areas that offer favorable locations and competitive are ideal for these projects to create the best economic return."

Number of new facilities in region [313.026(12)]

During the past two years, 14 projects in the Coastal Bend Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the TexStar Midstream Services, LP project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts TexStar Midstream Services, LP'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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

		Employment		Personal Income			
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	
2013	210	243	453	\$10,930,000	\$16,070,000	\$27,000,000	
2014	10	39	49	\$530,000	\$4,470,000	\$5,000,000	
2015	10	35	45	\$530,000	\$3,470,000	\$4,000,000	
2016	10	26	36	\$530,000	\$3,470,000	\$4,000,000	
2017	10	34	44	\$530,000	\$3,470,000	\$4,000,000	
2018	10	33	43	\$530,000	\$3,470,000	\$4,000,000	
2019	10	37	47	\$530,000	\$3,470,000	\$4,000,000	
2020	10	35	45	\$530,000	\$3,470,000	\$4,000,000	
2021	10	39	49	\$530,000	\$3,470,000	\$4,000,000	
2022	10	37	47	\$530,000	\$4,470,000	\$5,000,000	
2023	10	41	51	\$530,000	\$4,470,000	\$5,000,000	
2024	10	39	49	\$530,000	\$4,470,000	\$5,000,000	
2025	10	43.	53	\$530,000	\$4,470,000	\$5,000,000	
2026	10	37	47	\$530,000	\$3,470,000	\$4,000,000	
2027	10	35	45	\$530,000	\$4,470,000	\$5,000,00	
2028	10	37	47	\$530,000	\$5,470,000	\$6,000,00	

 Table 1: Estimated Statewide Economic Impact of Investment and Employment in TexStar Midstream

 Services, LP

Source: CPA, REMI, TexStar Midstream Services, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Calallen ISD's ad valorem tax base in 2012-2013 was \$1.1 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Calallen ISD's estimated wealth per WADA was \$225,858. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Nueces County, and Delmar College District with all property tax incentives sought being granted using estimated market value from TexStar Midstream Services, LP's application. TexStar Midstream Services, LP has applied for a value limitation under Chapter 313, Tax Code and no other property tax incentives. Table 3 illustrates the estimated tax impact of the TexStar Midstream Services, LP project on the region if all taxes are assessed.

Table 2	Estimated Dire	ct Ad Valorem T	axes with a	ll property tax	incentives so	ught				
Year	Estimated Taxable Value for 1&S	Estimated Taxable Value for M&O		Calallen ISD I&S Levy	Culallen ISD M&O Levy	Calallen ISD M&O and I&S Tax Levies (Before Credit Credited)	Calallen ISD M&O and I&S Tax Levies (After Credit Credited)	Nueces County Tax Levy	Delmar College Tax Levy	Estímate d Total Propert Taxes
			Tax Rate	0.188500	1.170000			0.355259	0.258003	
2014	\$152.000.000	\$152.000.000		\$286,520	\$1.778,400	\$2.064.920	\$2,064,920	\$539,994	\$392,165	\$2,997,078
2015	\$141,360,000	\$141,360.000		\$266,464	\$1,653.912	\$1,920,376	\$1,920,376	\$502,194	\$364,713	\$2,787,283
2016	\$136,800,000	\$20,000,000		\$257,868	\$234,000	\$491,868	\$491,868	\$485.994	\$352,948	\$1,330,810
2017	\$129,200,000	\$20,000,000		\$243.542	\$234,000	\$477.542	\$238,771	\$458,995	\$333.340	\$1,031,100
2018	\$121.600.000	\$20,000,000		\$229,216	\$234,000	\$463,216	\$231,608	\$431,995	\$313,732	\$977,335
2019	\$114,000,000	\$20,000,000		\$214,890	\$234,000	\$-148.890	\$224,445	\$404,995	\$294,123	\$923.56-
2020	\$106,400,000	\$20,000,000		\$200,564	\$234,000	\$434.564	\$217.282	\$377,996	\$274,515	\$869,793
2021	\$98.800,000	\$20,000,000		\$186,238	\$234,000	\$420,238	\$210.119	\$350,996	\$254,907	\$816.023
2022	\$91,200,000	\$20,000.000		\$171,912	\$234,000	\$405,912	\$202.956	\$323,996	\$235,299	\$762,25
2023	\$83.600,000	\$20,000,000		\$157,586	\$234,000	\$391,586	\$195,793	\$296,997	\$215.691	\$708,480
2024	\$76,000,000	\$76,000,000		\$143,260	\$889,200	\$1.032,460	\$0	\$269,997	\$196,082	\$466.079
2025	\$68,400,000	\$68,400.000		\$128,934	\$800,280	\$929,214	\$518.336	\$242,997	\$176.474	\$937.80
2026	\$60,800,000	\$60,800,000	1	\$114,608	\$711,360	\$825,968	\$825,968	\$215,997	\$156,866	\$1,198.83
2027	\$53,200,000	\$53,200,000	1	\$100.282	\$622,440	\$722.722	\$722,722	\$188.998	\$137,258	\$1.048.97
2028	\$45,600,000	\$45,600,000		\$85,956	\$533,520	\$619.476	\$619,476	\$161.998	\$117,649	\$899.12
						Total	\$8,684,640	\$5,254,139	\$3,815,761	\$17,754,53
Assume	s School Value Li	mitation and no ot	ter property	tax incentives					<u></u>	

Source: CPA, TexStar Midstream Services, LP 'Tax Rate per \$100 Valuation

Year	Estimated Dire Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	axes without		Calallen ISD M&O Levy		Calallen ISD M&O and I&S Tax Levies	Nueces County Tax Levy	Delmar College Tax Levy	Estimated Total Property Taxes
			Tax Rate	0.188500	1.170000	1		0.355259	0.258003	
2014	\$152,000,000	\$152,000,000		\$286.520	\$1,778,400	\langle / \rangle	\$2,064,920	\$539,994	\$392,165	\$2,997,078
2015	\$141,360.000	\$141.360,000	_	\$266,464	\$1,653,912	\setminus /	\$1,920,376	\$502.194	\$364,713	\$2,787,283
2016	\$136,800,000	\$136,800,000		\$257,868	\$1.600,560	χ	\$1,858,428	\$485,994	\$352,948	\$2.697.370
2017	\$129,200.000	\$129,200,000		\$243.542	\$1.511,640	() /)	\$1,755,182	\$458.995	\$333,340	\$2,547,517
2018	\$121.600,000	\$121,600,000		\$229,216	\$1,422,720	()	\$1,651,936	\$431,995	\$313.732	\$2,397,663
2019	\$114.000.000	\$114,000,000		\$214,890	\$1,333,800	λ	\$1,548,690	\$404,995	\$294,123	\$2.247,809
2020	\$106,400,000	\$106,400,000		\$200,564	\$1,244,880	Y	\$1,445,444	\$377,996	\$274.515	\$2,097.955
2021	\$98,800,000	\$98.800.000		\$186,238	\$1,155,960	\wedge	\$1,342,198	\$350.996	\$254,907	\$1,948,101
2022	\$91,200,000	\$91,200,000		\$171,912	\$1,067,040	$/ \lambda$	\$1.238,952	\$323.996	\$235,299	\$1,798,247
2023	\$83.600.000	\$83,600,000		\$157,586	\$978.120	/	\$1,135,706	\$296.997	\$215,691	\$1,648,393
2024	\$76.000.000	\$76,000,000		\$143,260	\$889,200	$ / \rangle$	\$1.032,460	\$269,997	\$196,082	\$1,498.539
2025	\$68,400,000	\$68,400,000		\$128,934	\$800,280	$ / \rangle$	\$929,214	\$242.997	\$176,474	\$1,348.685
2026	\$60,800,000	\$60,800,000		\$114.608	\$711,360		\$825,968	\$215,997	\$156,866	\$1,198.831
2027	\$53,200,000	\$53,200,000		\$100,282	\$622.440	$ / \rangle$	\$722,722	\$188.998	\$137.258	\$1,048,977
2028	\$45,600.000	\$45,600,000		\$85,956	\$533.520	1	\$619.476	\$161,998	\$117.649	\$899.123
								45-1		
						Total	\$20,091,672	\$5,254,139	\$3,815,761	\$29,161,571

Source: CPA, TexStar Midstream Services, LP Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$17,303,832. The estimated gross 15 year M&O tax benefit, or levy loss, is \$11,407,032.

Attachment 3 is an economic overview of Nueces County.

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.



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Vichael Williams Commissioner

November 19, 2013

Mr. Robert Wood Director, Economic Development and Analysis Texas Comptroller of Public Accounts Lyndon B. Johnson State Office Building 111 East 17th Street Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed TexStar Midstream Service LP project on the number and size of school facilities in Calallen Independent School District (CISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the CISD superintendent, Edith George, the TEA has found that the TexStar Midstream Service LP project would not have a significant impact on the number or size of school facilities in CISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at <u>al.mckenzie@tea.state.tx.us</u> if you need further information about this issue.

Sincerely,

Inta (

Al McKenzie, Manager Foundation School Program Support

AM/rk



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Michael Williams Commissioner

November 19, 2013

Mr. Robert Wood Director, Economic Development and Analysis Texas Comptroller of Public Accounts Lyndon B. Johnson State Office Building 111 East 17th Street Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed TexStar Midstream Service LP project for the Calallen Independent School District (CISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the TexStar Midstream Service LP project on CISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at <u>al.mckenzie@tea.state.tx.us</u> if you need further information about this issue.

Sincerely,

Clubi

Al McKenzie, Manager Foundation School Program Support

AM/rk

Population

- Total county population in 2010 for Nueces County: 323,196, up 0.3 percent from 2009. State population increased 1.8 percent in the same time period.
- Nucces County was the state's 14th largest county in population in 2010 and the 174th fastest growing county from 2009 to 2010.
- Nueces County's population in 2009 was 33.8 percent Anglo (below the state average of 46.7 percent), 3.7 percent African-American (below the state average of 11.3 percent) and 60.0 percent Hispanic (above the state average of 36.9 percent). 2009 population of the largest cities and places in Nueces County:

anon or me wadest runes an	a histes in Maeres contin	·y ·	
Corpus Christi:	287,439	Robstown:	12,169
Port Aransas:	3,905	Bishop:	3,127
Driscoll:	805	Agua Dulce:	715
Petronlia:	79		

Economy and Income

Employment

September 2011 total employment in Nueces County: 159,610, up 2.7 percent from September 2010. State total employment increased 0.9 percent during the same period.

(October 2011 employment data will be available November 18, 2011).

- September 2011 Nueces County unemployment rate: 7.8 percent, up from 7.6 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Corpus Christi: 7.6 percent, up from 7.3 percent in September 2010.

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

Nueces County's ranking in per capita personal income in 2009: 58th with an average per capita income of \$37,162, down 2.4 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Nueces County averaged \$80.34 million annually from 2007 to 2010. County total agricultural values in 2010 were up 755.7 percent from 2009. Major agriculture related commodities in Nueces County during 2010 included:
 - Sesame - Nursery Other Beef Sorghum - Cotton
- 2011 oil and gas production in Nueces County: 320,277.0 barrels of oil and 19.1 million Mcf of gas. In September 2011, there were 189 producing oil wells and 718 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011). Quarterly (September 2010 through December 2010)

- Taxable sales in Nueces County during the fourth quarter 2010: \$1.04 billion, up 15.0 percent from the same quarter in 2009.
- Taxable sales during the fourth guarter 2010 in the city of:

Corpus Christi:	\$938.09 million, up 10.8 percent from the same quarter in 2009.
Robstown:	\$57.65 million, up 113.2 percent from the same quarter in 2009.
Port Aransas:	\$11.99 million, up 11.1 percent from the same quarter in 2009.
Bishop:	\$1.44 million, down 2.2 percent from the same quarter in 2009.
Driscoll:	\$420,248.00, up 11.6 percent from the same quarter in 2009.
Agua Dulce:	\$296,518.00, down 2.7 percent from the same quarter in 2009.
Petronila:	\$72,807.00, up 184.8 percent from the same quarter in 2009.

Taxable Sales through the end of 4th guarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Nueces County through the fourth quarter of 2010: \$3.83 billion, up 9.8 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Corpus Christi:	\$3.46 billion, up 7.2 percent from the same period in 2009.
Robstown:	\$200.33 million, up 69.6 percent from the same period in 2009.
Port Aransas:	\$70.69 million, down 1.1 percent from the same period in 2009.
Bishop:	\$5.79 million, up 1.1 percent from the same period in 2009.

Driscoll: Agua Duice: Petronila: \$1.56 million, down 0.2 percent from the same period in 2009, \$1.13 million, up 5.6 percent from the same period in 2009.

\$211,186.00, up 54.0 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Nueces County during 2010: \$3.83 billion, up 9.8 percent from 2009.
- Nueces County sent an estimated \$239.49 million (or 1.40 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Corpus Christi:	\$3.46 billion, up 7.2 percent from 2009.
Robstown:	\$200.33 million, up 69.6 percent from 2009.
Port Aransas:	\$70.69 million, down 1.1 percent from 2009.
Bishop:	\$5.79 million, up 1.1 percent from 2009.
Driscoll:	\$1.56 million, down 0.2 percent from 2009.
Agua Dulce:	\$1.13 million, up 5.6 percent from 2009.
Petronila:	\$211,186.00, up 54.0 percent from 2009.

Sales Tax - Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Nueces County based on the sales activity month of August 2011: \$6.22 million, up 24.4 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Corpus Christi:	\$5.77 million, up 25.5 percent from August 2010.
Robstown:	\$274,860.33, up 8.9 percent from August 2010.
Port Aransas:	\$159,780.24, up 19.7 percent from August 2010.
Bishop:	\$15,632.42, up 3.1 percent from August 2010.
Driscoli:	\$4,054.43, up 3.6 percent from August 2010.
Agua Dulce:	\$2,541.27, up 18.0 percent from August 2010.
Petronila:	\$128.85, down 80.3 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Nueces County based on sales activity months from September 2010 through August 2011: \$67.37 million, up 13.5 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Corpus Christi:	\$62.23 million, up 12.6 percent from fiscal 2010.
Robstown:	\$3.41 million, up 32.1 percent from fiscal 2010.
Port Aransas:	\$1.47 million, up 16.5 percent from fiscal 2010.
Bishop:	\$181,403.13, up 3.8 percent from fiscal 2010.
Driscoll:	\$46,574.81, up 20.7 percent from fiscal 2010.
Agua Dulce:	\$27,564.94, up 12.4 percent from fiscal 2010.
Petronila:	\$4,487.91, down 7.8 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Nueces County based on sales activity months through August 2011: \$44.88 million, up 13.9 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Corpus Christi:	\$41.38 million, up 13.8 percent from the same period in 2010.
Robstown:	\$2.20 million, up 13.5 percent from the same period in 2010.
Port Aransas:	\$1.12 million, up 20.4 percent from the same period in 2010.
Bishop:	\$118,773.55, up 1.0 percent from the same period in 2010.
Driscoll:	\$32,410.79, up 24.2 percent from the same period in 2010.
Agua Duice:	\$17,822.83, up 4.8 percent from the same period in 2010.
Petronila:	\$2,064.77, down 39.5 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Nueces County based on sales activity in the 12 months ending in August 2011: \$67.37 million, up 13.5 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Corpus Christi:	\$62.23 million, up 12.6 percent from the previous 12-month period.
Robstown:	\$3.41 million, up 32.1 percent from the previous 12-month period.
Port Aransas:	\$1.47 million, up 16.5 percent from the previous 12-month period.
Bishop:	\$181,403.13, up 3.8 percent from the previous 12-month period.
Driscoll:	\$46,574.81, up 20.7 percent from the previous 12-month period.
Agua Dulce:	\$27,564.94, up 12.4 percent from the previous 12-month period.
Petronila:	\$4,487.91, down 7.8 percent from the previous 12-month period.

City Calendar Year-To-Date (RJ 2011)

Payment to the cities from January 2011 through October 2011:

Corpus Christi:	\$52.50 million, up 13.5 percent from the same period in 2010.
Robstown:	\$2.82 million, up 23.8 percent from the same period in 2010.
Port Aransas:	\$1.27 million, up 17.3 percent from the same period in 2010.
Bishop:	\$151,640.26, up 5.2 percent from the same period in 2010.
Driscoli:	\$39,572.43, up 21.4 percent from the same period in 2010.
Agua Dulce:	\$22,637.66, up 9.1 percent from the same period in 2010.
Petronila:	\$3,017.84, down 24.5 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Nueces County based on sales activity months in 2010: \$61.89 million, up 4.6 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Corpus Christi:	\$57.20 million, up 2.9 percent from 2009.
Robstown:	\$3.15 million, up 60.8 percent from 2009.
Port Aransas:	\$1.28 million, down 3.6 percent from 2009.
Bishop:	\$180,187.04, up 2.9 percent from 2009.
Driscoll:	\$40,265.82, up 1.3 percent from 2009.
Agua Dulce:	\$26,741.96, up 10.2 percent from 2009.
Petroniia:	\$5,834.13, up 11.9 percent from 2009.

Property Tax

As of January 2009, property values in Nueces County: \$23.73 billion, up 3.6 percent from January 2008 values. The property tax base per person in Nueces County is \$73,450, below the statewide average of \$85,809. About 2.3 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Nueces County's ranking in state expenditures by county in fiscal year 2010: 11th. State expenditures in the county for FY2010: \$1.67 billion, up 0.2 percent from FY2009.
- In Nueces County, 36 state agencies provide a total of 5,862 jobs and \$44.13 million in annualized wages (as of 1st quarter 2011).

Major state agencies in the county (as of first quarter 2011):

Texas A & M University

 Department of Aging and Disability Services (Corpus Christi State School)

Department of Transportation

Department of Family and Protective Services

Higher Education

Community colleges in Nueces County fall 2010 enrollment:

Del Mar College, a Public Community College, had 12,236 students.

Nueces County is in the service area of the following:

Del Mar College with a fall 2010 enrollment of 12,236. Counties in the service area include:

Aransas County Kenedy County Kleberg County Nueces County San Patricio County

Institutions of higher education in Nueces County fall 2010 enrollment:

 Texas A&M University-Corpus Christi, a Public University (part of Texas A&M University System), had 10,033 students.

School Districts

Nueces County had 12 school districts with 108 schools and 59,713 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

- Agua Dulce ISD had 341 students in the 2009-10 school year. The average teacher salary was \$41,075. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.
- Banquete ISD had 831 students in the 2009-10 school year. The average teacher salary was \$45,570. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 77 percent.
- Bishop CISD had 1,224 students in the 2009-10 school year. The average teacher salary was \$44,028. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.
- Calallen ISD had 3,797 students in the 2009-10 school year. The average teacher salary was \$47,321. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.
- Corpus Christi ISD had 38,041 students in the 2009-10 school year. The average teacher salary was \$50,380.
 The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.
- Driscoll ISD had 263 students in the 2009-10 school year. The average teacher salary was \$41,729. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 89 percent.
- Flour Bluff ISD had 5,440 students in the 2009-10 school year. The average teacher salary was \$46,636. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- London ISD had 352 students in the 2009-10 school year. The average teacher salary was \$46,308. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 93 percent.
- Port Aransas ISD had 548 students in the 2009-10 school year. The average teacher salary was \$47,343. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.
- Robstown ISD had 3,385 students in the 2009-10 school year. The average teacher salary was \$43,354. The
 percentage of students meeting the 2010 TAKS passing standard for all tests was 55 percent.
- Tuloso-Midway ISD had 3,408 students in the 2009-10 school year. The average teacher salary was \$45,404.
 The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- West Oso ISD had 2,083 students in the 2009-10 school year. The average teacher salary was \$45,631. The percentage of students meeting the 2010 TAKS passing standard for all tests was 63 percent.

Attachment E

Summary of Financial Impact

SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED TEXSTAR MIDSTREAM SERVICE, LP PROJECT (#341) ON THE FINANCES OF THE CALALLEN INDEPENDENT SCHOOL DISTRICT INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION

September 30, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed TexStar Midstream Service, LP Project (#341) on the Finances of the Calallen Independent School District Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

TexStar Midstream Service, LP (TexStar) has requested that the Calallen Independent School District Independent School District (CISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to CISD on September 17, 2013, TexStar proposes to invest \$152 million to construct a new natural gas fractionator project in CISD. This report reflects the impact of a revised investment schedule for the project.

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

Under the provisions of Chapter 313, CISD may offer a minimum value limitation of \$20 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning in the 2016-17 school year, the project would go on the local tax roll at \$20 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with CISD currently levying an \$0.1885 per \$100 I&S tax rate. The full value of the investment is expected to reach \$152 million in the 2014-15 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the TexStar project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. CISD would experience a revenue loss of \$1.5 million as a result of the implementation of the value limitation in the 2016-17 school year.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$9.9 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.



School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and the audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation periods (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but requires some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted during the First Called Session in 2011 made \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operated directly on the state formulas. For the 2012-13 school year, the changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83rd Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the six cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.



While the manner in which the Legislature addresses the ASATR issue is important, CISD had a target level below the state average and has been a formula district in recent years. Under the analysis presented below, CISD is classified as a formula district with or without the value limitation in place. ASATR is not a factor in these calculations.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the TexStar project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment and Tier II increases are reflected in the underlying models. The projected taxable values of the TexStar Midstream Service, LP project are factored into the base model used here in order to simulate the financial impact of the project being constructed in the absence of a value limitation agreement. The impact of the limitation value for the proposed TexStar project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 3,737 students in average daily attendance (ADA) in analyzing the effects of the TexStar project on the finances of CISD. The District's local tax base reached \$1.2 billion for the 2013 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.17 per \$100 is used throughout this analysis. CISD has estimated state property wealth per weighted ADA or WADA of approximately \$224,668 for the 2013-14 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for CISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property

value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed TexStar facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the TexStar value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, CISD would experience a revenue loss of \$1.5 million as a result of the implementation of the value limitation in the 2016-17 school year. The revenue reduction results largely from the mechanics of the state formula system, where offsetting state aid is delayed by a year due to the one-year lag in the state property value study.

For the 2016-17 school year, it is estimated here that TexStar would receive \$1,366,560 in M&O tax savings when the \$20 million value limitation takes effect. CISD would experience reduced M&O tax collections in this amount for the 2016-17 school year, as well as a reduction of \$111,664 in Tier II state aid that is generated by local M&O tax effort. Once the 2016 property value study—used to calculate state aid in the 2017-18 school year—recognizes the \$20 million value limitation, increased state aid offsets the reduction in M&O tax collections for the remainder of the value limitation period. These differences are summarized in Table 4.

The Comptroller's state property value study clearly influences these calculations. At the schooldistrict level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Two state value determinations are also made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.17 per \$100 of taxable value M&O rate is assumed in 2013-14 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$8.4 million over the life of the agreement. In addition, TexStar would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$3.0 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

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The key CISD revenue losses are expected to total approximately \$1.5 million in the initial year of the agreement. In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$9.9 million over the life of the agreement.

Facilities Funding Impact

The TexStar project remains fully taxable for debt services taxes, with CISD currently levying a \$0.1885 per \$100 I&S rate. While the value of the TexStar project is expected to depreciate over the life of the agreement and beyond, full access to the additional value is expected to provide CISD with a modest boost in I&S tax revenue as a result of the project.

The TexStar project is not expected to affect CISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a standalone basis.

Conclusion

The proposed TexStar manufacturing project enhances the tax base of CISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$9.9 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of CISD in meeting its future debt service obligations.



Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2013-14	3,737.46	4,905.43	\$1.1700	\$0.1885	\$1,213,951,123	\$1,213,951,123	\$1,102,090,075	\$1,102,090,075	\$224,668	\$224,668
1	2014-15	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,365,951,123	\$1,365,951,123	\$1,199,234,978	\$1,199,234,978	\$244,464	\$244,464
2	2015-16	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,355,311,123	\$1,355,311,123	\$1,351,234,978	\$1,351,234,978	\$275,449	\$275,449
3	2016-17	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,350,751,123	\$1,233,951,123	\$1,340,594,978	\$1,340,594,978	\$273,280	\$273,280
4	2017-18	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,343,151,123	\$1,233,951,123	\$1,336,034,978	\$1,219,234,978	\$272,351	\$248,541
5	2018-19	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,335,551,123	\$1,233,951,123	\$1,328,434,978	\$1,219,234,978	\$270,801	\$248,541
6	2019-20	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,327,951,123	\$1,233,951,123	\$1,320,834,978	\$1,219,234,978	\$269,252	\$248,541
7	2020-21	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,320,351,123	\$1,233,951,123	\$1,313,234,978	\$1,219,234,978	\$267,703	\$248,541
8	2021-22	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,312,751,123	\$1,233,951,123	\$1,305,634,978	\$1,219,234,978	\$266,154	\$248,541
9	2022-23	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,305,151,123	\$1,233,951,123	\$1,298,034,978	\$1,219,234,978	\$264,604	\$248,541
10	2023-24	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,297,551,123	\$1,233,951,123	\$1,290,434,978	\$1,219,234,978	\$263,055	\$248,541
11	2024-25	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,289,951,123	\$1,289,951,123	\$1,282,834,978	\$1,219,234,978	\$261,506	\$248,541
12	2025-26	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,282,351,123	\$1,282,351,123	\$1,275,234,978	\$1,275,234,978	\$259,957	\$259,957
13	2026-27	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,274,751,123	\$1,274,751,123	\$1,267,634,978	\$1,267,634,978	\$258,407	\$258,407
14	2027-28	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,267,151,123	\$1,267,151,123	\$1,260,034,978	\$1,260,034,978	\$256,858	\$256,858
15	2028-29	3,737.46	4,905.57	\$1.1700	\$0.1885	\$1,259,551,123	\$1,259,551,123	\$1,252,434,978	\$1,252,434,978	\$255,309	\$255,309

Table 1 – Base District Information with TexStar Midstream Service, LP Project Value and Limitation Values

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

Table 2- "Baseline Revenue Model"--Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$11,915,848	\$14,742,573	\$0	\$0	\$2,025,694	\$1,747,077	\$0	\$30,431,192
1	2014-15	\$13,405,448	\$14,229,891	\$0	\$0	\$2,278,926	\$1,684,276	\$0	\$31,598,541
2	2015-16	\$13,301,176	\$12,709,891	\$0	\$0	\$2,261,200	\$1,249,475	\$0	\$29,521,742
3	2016-17	\$13,279,848	\$12,816,291	\$0	\$0	\$2,257,574	\$1,274,060	\$0	\$29,627,773
4	2017-18	\$13,203,848	\$12,861,891	\$0	\$0	\$2,244,654	\$1,279,311	\$0	\$29,589,704
5	2018-19	\$13,127,848	\$12,937,891	\$0	\$0	\$2,231,734	\$1,292,079	\$0	\$29,589,552
6	2019-20	\$13,051,848	\$13,013,891	\$0	\$0	\$2,218,814	\$1,304,847	\$0	\$29,589,400
7	2020-21	\$12,975,848	\$13,089,891	\$0	\$0	\$2,205,894	\$1,317,616	\$0	\$29,589,249
8	2021-22	\$12,899,848	\$13,165,891	\$0	\$0	\$2,192,974	\$1,330,383	\$0	\$29,589,096
9	2022-23	\$12,823,848	\$13,241,891	\$0	\$0	\$2,180,054	\$1,343,151	\$0	\$29,588,944
10	2023-24	\$12,747,848	\$13,317,891	\$0	\$0	\$2,167,134	\$1,355,919	\$0	\$29,588,792
11	2024-25	\$12,660,648	\$13,393,891	\$0	\$0	\$2,152,310	\$1,366,617	\$0	\$29,573,466
12	2025-26	\$12,586,168	\$13,469,891	\$0	\$0	\$2,139,648	\$1,379,370	\$0	\$29,575,077
13	2026-27	\$12,511,688	\$13,545,891	\$0	\$0	\$2,126,987	\$1,392,122	\$0	\$29,576,688
14	2027-28	\$12,437,208	\$13,621,891	\$0	\$0	\$2,114,325	\$1,404,875	\$0	\$29,578,299
15	2028-29	\$12,362,728	\$13,697,891	\$0	\$0	\$2,101,664	\$1,417,628	\$0	\$29,579,911



Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$11,915,848	\$14,742,573	\$0	\$0	\$2,025,694	\$1,747,077	\$0	\$30,431,192
1	2014-15	\$13,405,448	\$14,229,891	\$0	\$0	\$2,278,926	\$1,684,276	\$0	\$31,598,541
2	2015-16	\$13,301,176	\$12,709,891	\$0	\$0	\$2,261,200	\$1,249,475	\$0	\$29,521,742
3	2016-17	\$12,111,848	\$12,816,291	\$0	\$0	\$2,059,014	\$1,162,396	\$0	\$28,149,549
4	2017-18	\$12,111,848	\$14,029,891	\$0	\$0	\$2,059,014	\$1,483,174	\$0	\$29,683,927
5	2018-19	\$12,111,848	\$14,029,891	\$0	\$0	\$2,059,014	\$1,483,174	\$0	\$29,683,927
6	2019-20	\$12,111,848	\$14,029,891	\$0	\$0	\$2,059,014	\$1,483,174	\$0	\$29,683,927
7	2020-21	\$12,111,848	\$14,029,891	\$0	\$0	\$2,059,014	\$1,483,174	\$0	\$29,683,927
8	2021-22	\$12,111,848	\$14,029,891	\$0	\$0	\$2,059,014	\$1,483,174	\$0	\$29,683,927
9	2022-23	\$12,111,848	\$14,029,891	\$0	\$0	\$2,059,014	\$1,483,174	\$0	\$29,683,927
10	2023-24	\$12,111,848	\$14,029,891	\$0	\$0	\$2,059,014	\$1,483,174	\$0	\$29,683,927
11	2024-25	\$12,660,648	\$14,029,891	\$0	\$0	\$2,152,310	\$1,550,187	\$0	\$30,393,036
12	2025-26	\$12,586,168	\$13,469,891	\$0	\$0	\$2,139,648	\$1,379,370	\$0	\$29,575,077
13	2026-27	\$12,511,688	\$13,545,891	\$0	\$0	\$2,126,987	\$1,392,122	\$0	\$29,576,688
14	2027-28	\$12,437,208	\$13,621,891	\$0	\$0	\$2,114,325	\$1,404,875	\$0	\$29,578,299
15	2028-29	\$12,362,728	\$13,697,891	\$0	\$0	\$2,101,664	\$1,417,628	\$0	\$29,579,911

Table 3- "Value Limitation Revenue Model"--Project Value Added with Value Limit

Table 4 - Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$1,168,000	\$0	\$0	\$0	-\$198,560	-\$111,664	\$0	-\$1,478,224
4	2017-18	-\$1,092,000	\$1,168,000	\$0	\$0	-\$185,640	\$203,863	\$0	\$94,223
5	2018-19	-\$1,016,000	\$1,092,000	\$0	\$0	-\$172,720	\$191,095	\$0	\$94,375
6	2019-20	-\$940,000	\$1,016,000	\$0	\$0	-\$159,800	\$178,327	\$0	\$94,527
7	2020-21	-\$864,000	\$940,000	\$0	\$0	-\$146,880	\$165,558	\$0	\$94,678
8	2021-22	-\$788,000	\$864,000	\$0	\$0	-\$133,960	\$152,791	\$0	\$94,831
9	2022-23	-\$712,000	\$788,000	\$0	\$0	-\$121,040	\$140,023	\$0	\$94,983
10	2023-24	-\$636,000	\$712,000	\$0	\$0	-\$108,120	\$127,255	\$0	\$95,135
11	2024-25	\$0	\$636,000	\$0	\$0	\$0	\$183,570	\$0	\$819,570
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0



Table 5 - Estimated Financial Impact of the TexStar Midstream Service, LP Project Property Value Limitation Request Submitted to CISD at \$1.17 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$152,000,000	\$152,000,000	\$0	\$1.170	\$1,778,400	\$1,778,400	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$141,360,000	\$141,360,000	\$0	\$1.170	\$1,653,912	\$1,653,912	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$136,800,000	\$20,000,000	\$116,800,000	\$1.170	\$1,600,560	\$234,000	\$1,366,560	\$0	\$1,366,560	-\$1,478,224	-\$111,664
4	2017-18	\$129,200,000	\$20,000,000	\$109,200,000	\$1.170	\$1,511,640	\$234,000	\$1,277,640	\$238,771	\$1,516,411	\$0	\$1,516,411
5	2018-19	\$121,600,000	\$20,000,000	\$101,600,000	\$1.170	\$1,422,720	\$234,000	\$1,188,720	\$231,608	\$1,420,328	\$0	\$1,420,328
6	2019-20	\$114,000,000	\$20,000,000	\$94,000,000	\$1.170	\$1,333,800	\$234,000	\$1,099,800	\$224,445	\$1,324,245	\$0	\$1,324,245
7	2020-21	\$106,400,000	\$20,000,000	\$86,400,000	\$1.170	\$1,244,880	\$234,000	\$1,010,880	\$217,282	\$1,228,162	\$0	\$1,228,162
8	2021-22	\$98,800,000	\$20,000,000	\$78,800,000	\$1.170	\$1,155,960	\$234,000	\$921,960	\$210,119	\$1,132,079	\$0	\$1,132,079
9	2022-23	\$91,200,000	\$20,000,000	\$71,200,000	\$1.170	\$1,067,040	\$234,000	\$833,040	\$202,956	\$1,035,996	\$0	\$1,035,996
10	2023-24	\$83,600,000	\$20,000,000	\$63,600,000	\$1.170	\$978,120	\$234,000	\$744,120	\$195,793	\$939,913	\$0	\$939,913
11	2024-25	\$76,000,000	\$76,000,000	\$0	\$1.170	\$889,200	\$889,200	\$0	\$1,032,460	\$1,032,460	\$0	\$1,032,460
12	2025-26	\$68,400,000	\$68,400,000	\$0	\$1.170	\$800,280	\$800,280	\$0	\$410,878	\$410,878	\$0	\$410,878
13	2026-27	\$60,800,000	\$60,800,000	\$0	\$1.170	\$711,360	\$711,360	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$53,200,000	\$53,200,000	\$0	\$1.170	\$622,440	\$622,440	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$45,600,000	\$45,600,000	\$0	\$1.170	\$533,520	\$533,520	\$0	\$0	\$0	\$0	\$0
						\$17,303,832	\$8,861,112	\$8,442,720	\$2,964,312	\$11,407,032	-\$1,478,224	\$9,928,808
				Tax Credit for	Value Over L	imit in First 2 Y	ears	Year 1	Year 2	Max Credits	a)	
								\$1,544,400	\$1,419,912	\$2,964,312		
								Credits Earn	ed	\$2,964,312		
								Credits Paid		\$2,964,312		
								Excess Cred	its Unpaid	\$0	■2	

*<u>Note:</u> School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.



Attachment F

Taxable Value of Property



2012 ISD Summary Worksheet

178/Nueces

178-903/Calallen ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	758,407,628	.9730	779,452,855	758,407,628
B. Multi-Family Residences	25,057,641	N/A	25,057,641	25,057,641
C. Vacant Lots	19,184,003	N/A	19,184,003	19,184,003
D. Rural Real(Taxable)	17,203,974	.9787	17,578,589	17,203,974
F1. Commercial Real	151,638,117	.9813	154,527,787	151,638,117
F2. Industrial Real	114,990,589	N/A	114,990,589	114,990,589
G. Oil, Gas, Minerals	1,889,140	N/A	1,889,140	1,889,140
J. Utilities	38,486,017	N/A	38,486,017	38,486,017
L1. Commercial Personal	89,478,435	1.0111	88,496,128	89,478,435
L2. Industrial Personal	56,554,579	N/A	56,554,579	56,554,579
M. Other Personal	5,665,584	N/A	5,665,584	5,665,584
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	4,671,590	N/A	4,671,590	4,671,590
Pers/Uncert O. Residential				4,671

www.window.state.tx.us/propertytax/administration/pvs/findings/2012f/1781789031D.html

12/11/13	School and Appraisal Districts Property Value Study 2012 Report					
S. Special Inventory	7,672,844	N/A	7,672,844	7,672,844		
Subtotal	1,290,900,141		1,314,227,346	1,290,900,141		
Less Total Deductions	188,810,066		193,943,504	188,810,066		
Total Taxable Value	1,102,090,075		1,120,283,842	1,102,090,075 T2		

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch	14,238,235	N/A	14,238,235
Prod Value Qualified Acres	2,965,739	.8879	3,340,354
Taxable Value	17,203,974		17,578,589

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 T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	Т3	T4	T5	T6
1,149,109,636	1,102,090,075	1,149,109,636	1,102,090,075	1,102,090,075	1,102,090,075

Loss To	50% of the loss
the Additional	to the Local Optional
\$10,000 Homestead	Percentage Homestead
Exemption	Exemption
47,019,561	0

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

12/11/13

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

centing 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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	Т8	Т9	T10	T11	T12
1,149,109,636	1,102,090,075	1,149,109,636	1,102,090,075	1,102,090,075	1,102,090,075

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 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



Attachment G

Participation Agreement

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

by and between

CALALLEN INDEPENDENT SCHOOL DISTRICT

and

TEXSTAR MIDSTREAM SERVICES, LP

(*Texas Taxpayer ID* # 32034941958)

TEXAS COMPTROLLER APPLICATION NUMBER 341

Dated

December 20, 2013

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

STATE OF TEXAS §

COUNTY OF NUECES COUNTY §

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 CALALLEN 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 TEXSTAR MIDSTREAM SERVICES, LP, limited partnership (Texas Taxpayer Identification Number 32034941958), hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on July 15, 2013, the Superintendent of Schools of the Calallen Independent School District (the "Superintendent"), acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property (the "Application"), pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on August 16, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from TexStar Midstream Services, LP; and,

WHEREAS, on September 18, 2013, the Superintendent, acting as agent of the Board of Trustees, acknowledged receipt of the Application and the requisite application fee, pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local) and determined the Application to be complete; and,

WHEREAS, the Application was delivered to the office of the Texas Comptroller of Public Accounts (the "Comptroller") for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, on or about September 18, 2013, the Superintendent, acting as agent of the Board of Trustees, received supplemental Application materials from the Applicant concerning the previously submitted Application, and the supplemental materials, were delivered to the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller established September 27, 2013 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Appraisal District established in Nueces County, Texas (the "Appraisal District"), pursuant to Texas Tax Code §6.01; and,

WHEREAS, the Comptroller, pursuant to Texas Tax Code §313.025(d), reviewed the Application, and on November 22, 2013, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Texas Tax Code §313.026, which was presented to the Board of Trustees at the December 20, 2013 public hearing held in connection with the Board of Trustees' consideration of the Application; and,

WHEREAS, the Board of Trustees carefully reviewed the economic impact evaluation and carefully considered the Comptroller's positive recommendation for the project; and,

WHEREAS, on December 20, 2013, 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; and,

WHEREAS, on December 20, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to, findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, the Calallen Independent School District qualifies as a rural school district under the provisions of Texas Tax Code §313.051(a)(2); and,

WHEREAS, on December 20, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code, §313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement and reaffirmed the recommendation previously made on December 20, 2013 that the Application be approved; and,

WHEREAS, on December 20, 2013, the Board of Trustees approved the form of this Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

NOW, *THEREFORE*, for and in consideration of the stated premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. 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 Texas Tax Code §313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that the Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2016, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of December 20, 2013 and ending on December 31, 2015 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). The Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2023. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year is the corresponding year in the term of this Agreement, the date of the appraised value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing December 20, 2013)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning on Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 20 Million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021-22	2021	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2022	2022-23	2022	\$ 20 Million property value limitation. Possible tax credit

Agreement for Limitation on Appraised Value Between Calallen Independent School District and TexStar Midstream Services, LP TEXAS COMPTROLLER APPLICATION NUMBER 341 December 20, 2013

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				due to Applicant.
10	January 1, 2023	2023-24	2023	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

"<u>Act</u>" means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

"<u>Affiliate</u>" means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, greater than fifty percent (50%) of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

"<u>Affiliated Group</u>" means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities. "<u>Aggregate Limit</u>" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement.

"<u>Agreement</u>" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

"<u>Annual Limit</u>" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be Three Hundred Seventy-Three Thousand Six Hundred Sixty Dollars and Eighty Cents (\$373,660.80), based upon the District's 2012-2013 Avaerage Daily Attendance of 3,736.608. The Annual Limit shall first be computed for tax year 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"<u>Applicant</u>" means TexStar Midstream Services, LP, (*Texas Taxpayer ID* #32034941958), the company listed in the Preamble of this Agreement who, on July 15, 2013, filed with the District the Application, together with the September 18, 2013 supplemental Application materials. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest, and their direct and indirect subsidiaries.

"<u>Applicable School Finance Law</u>" means Chapters 41 and 42 of the Texas Education Code; the Act (Chapter 313 of the Texas Tax Code); the provisions of Chapter 403, Subchapter M, of the Texas Government Code applicable to the District; the Constitution and general laws of the State applicable to the independent school districts of the State; applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State; and judicial decisions construing or interpreting any or all of the above. The term also includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"<u>Application</u>" 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 July 15, 2013, together with the September 18, 2013 supplemental Application materials which has been certified by the Comptroller to collectively constitute a complete final Application as of the date of September 27, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant to the District or the Comptroller for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

"<u>Appraised Value</u>" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"Appraisal District" means the Nueces County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Calallen Independent School District.

"<u>Commencement Date</u>" means December 20, 2013, the date upon which this Agreement was approved by the District's Board of Trustees.

"<u>Comptroller</u>" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

"<u>Comptroller's Rules</u>" means the applicable rules and regulations of the Comptroller set forth at Title 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Nueces County, Texas.

"<u>Determination of Breach</u>" shall have the meaning assigned to such term in Section 7.8 of the Agreement

"<u>District</u>" or "<u>School District</u>" means the Calallen Independent School District, being a duly authorized and operating independent 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 December 31, 2026. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents Applicant's performance of its obligations under this Agreement.

"Land" shall have the meaning assigned to such term in Section 2.2.

"<u>Maintain Viable Presence</u>" means, after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least the number of New Jobs required by Chapter 313 of the Texas Tax Code from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Termination Date; and the time they are created until the Final Termination Date; and the time they are created until the Final Termination Date; and the time they are created until the Final Termination Date; and the time they are created until the Final Termination Date; and (iii) the time they are created until the Final Termination Date; and (iii) the time they are created until the Final Termination Date.

"<u>M&O Amount</u>" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

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

"<u>Market Value</u>" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"<u>Net Aggregate Limit</u>" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement, less all amounts previously paid by the Applicant to or on behalf of the District under Article IV, below.

"<u>Net Tax Benefit</u>" means, (i) the amount of maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Texas Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) 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 all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"<u>New Jobs</u>" means the total number of jobs, defined by 34 Texas Administrative Code §9.1051, which the Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Texas Tax Code §313.024(d), Eighty Percent (80%), of all New Jobs created by the Applicant on the project shall also be Qualifying Jobs, as defined below.

"*Qualified Investment*" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"<u>Oualifying Jobs</u>" means the number of New Jobs the Applicant will create in connection with the project that is the subject of its Application, which meet the requirements of Texas Tax Code §313.021(3).

"<u>*Qualified Property*</u>" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"<u>Qualifying Time Period</u>" means the period that begins on the Commencement Date of December 20, 2013 and ends on December 31, 2015.

"<u>Revenue Protection Amount</u>" means the amount calculated pursuant to Section 3.2 of this Agreement.

"<u>State</u>" means the State of Texas.

"<u>Substantive Document</u>" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to the Application, the evaluation or consideration of the Application, or this Agreement or implementation of this Agreement for Limitation of Appraised Value pursuant to Chapter 313 of the Texas Tax Code. The term includes, but is not limited to, the Application and any amendments or supplements, any economic impact evaluation made in connection with the Application, this Agreement between the Applicant and the District and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required by Comptroller's Rule, and any application requesting school tax credits under Texas Tax Code, §313.103.

"<u>Tax Credit</u>" means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code §313.103 and the duly adopted administrative rules.

"<u>Tax Limitation Amount</u>" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

(a) the Market Value of the Applicant's Qualified Investment; or

(b) Twenty Million Dollars (\$20,000,000.00).

The Tax Limitation Amount set forth in the immediately preceding Subsection (b) is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.022(b) or §313.052.

" $\underline{Tax \ Year}$ " shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"<u>Taxable Value</u>" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"<u>Texas Education Agency Rules</u>" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313 of the Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT ZONE

The Applicant's Qualified Property and the Applicant's Qualified Investment will be located within an area designated as a reinvestment zone under Chapter 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property is described in the legal description which is attached to this Agreement as **EXHIBIT 2**, and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from the configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment").

Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2 above, and the definition of Qualifying Time Period set forth in Section 1.3, above.

Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is leased by the Applicant; 2) was first placed in service after September 27, 2013, the completed Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment and/or Qualified Property for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the Applicant requests that the limitation apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**, upon a reasonable request of the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the 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 described property within the boundaries of the real property which is subject to the Agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code §313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount Twenty Million Dollars (\$20,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, 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 Investment; or
- (b) Twenty Million Dollars (\$20,000,000.00).

The Tax Limitation Amount set forth in the immediately preceding Subsection(b) is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code §313.022 (b) or §313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code \$313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations 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, all such other payments as are set forth in Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the applicable provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

i.

- "Original M&O Revenue" means the total State and local Maintenance & Operations 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 Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax at the tax rate actually adopted by the District for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to Maintenance and Operations Revenue because of any portion of this agreement.

In making the calculations required by this Section 3.2:

- 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 and/or the Applicant's Qualified Investment 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 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates the full M & O 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 any other factors not contained in this Agreement.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) All non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute.
- (b) All non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.
- (c) All non-reimbursed increases in District costs paid to the Appraisal District caused by increased appraised values arising solely from the project described in the Application. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.
- (d) Any other loss of District revenues which are, or may be attributable to the payment by the Applicant to or on behalf of any other third party beneficiary, as set forth in Section 4.6.

Agreement for Limitation on Appraised Value

Between Calallen Independent School District and TexStar Midstream Services, LP TEXAS COMPTROLLER APPLICATION NUMBER 341 December 20, 2013 Page 14

Section 3.4. CALCULATIONS TO BE MAFDE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator pursuant to Section 7.9 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

The calculations under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. 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 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party selected pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, or under Section 5.1 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. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of 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 or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, 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 tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of 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 certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values initially placed upon the Oualified Property by the Appraisal District.

In the event that the result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the party from whom the adjustment is payable shall remit such amounts to the counter-party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, 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, or to other governmental entities including the Appraisal District, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District 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.

ARTICLE IV

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of Article IV, the Parties agree as follows:

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, 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 IV. 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 IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to such limitations as are contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date., in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO NET AGGREGATE LIMIT

In any year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the Applicant's Stipulated Supplemental Payment Amount, defined as Forty Percent (40%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above; or,
- (b) the Net Aggregate Limit, as the term is defined in Section 1.3, above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2016), the Stipulated Supplemental Payment amount described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III for such Tax Year;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF NET AGGREGATE LIMIT

For each year of this Agreement, beginning with year three (Tax Year 2016) and continuing thereafter through year thirteen (Tax Year 2026), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Net Aggregate Limit, defined in Section 1.3, above.

If, for any year of this Agreement, the payment of the Applicant's Stipulated Supplemental Payment amount, calculated under sections 4.2 and 4.3, above, exceeds the Net Aggregate Limit for that year, the difference between the Stipulated Supplemental Payment amount and the Net Aggregate Limit, shall be carried forward from year-to-year into subsequent years of this Agreement, and to the extent not limited by the Net Aggregate Limit in any subsequent year of this Agreement, shall be paid to the District. If there are changes in Chapter 313 Tax Laws, higher or lower payments that first became due prior to the effective date of any statutory change will not be adjusted.

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2026), because such payment would exceed the Net Aggregate Limit, will be deemed to have been cancelled by operation of law.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

(a) All calculations required by this Article, including but not limited to: (i) the calculation of the Stipulated Supplemental Payment amount; (ii) the determination of both the Annual Limit, the Aggregate Limit, and the Net Aggregate Limit; and (iii) the effect, if any, of the Net Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the

Applicant; and, (iv) the carry forward and accumulation of any Stipulated Supplemental Payment amounts unpaid by the Applicant due to the Net Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.

- (b) 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 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 6.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit or the Net Aggregate Limit on the Supplemental Payments described in Section 4.4, above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement beginning after the 2016 Tax Year and ending on the Final Termination Date, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such current Tax Year and all preceding Tax Years of this Agreement, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4 and Section 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the June 30 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that 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.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed tax credit application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either Comptroller and/or Texas Education Agency Rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If, after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons

other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code §22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. All inspections will be made at a mutually agreeable time after the giving of not less than five (5) business days 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. 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 private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

Agreement for Limitation on Appraised Value Between Calallen Independent School District and TexStar Midstream Services, LP TEXAS COMPTROLLER APPLICATION NUMBER 341 December 20, 2013 Page 22 By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District 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 this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence, to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Texas Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4. 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 5.2, or in the event that the Applicant or its successorin-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District pursuant to Article IV, as of the date upon which such payments were made to the District.

Notwithstanding Section 7.4(a), in the event that the District determines that the (b)Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. 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 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV, as of the date upon which such payments were made to the District. 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.

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Section 7.5. CALCULATION OF PENALTY AND INTEREST

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 owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date 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 7.4 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 Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

Section 7.6 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:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to make any payment required by this Agreement, or by the State or its agencies where such payment is required by the Act or by rules adopted thereunder.
- (e) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.
- (f) Applicant fails to create and maintain at least the number of Qualifying Jobs it committed to create and maintain as set forth on Schedule C, Column E of its Application.
- (g) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by the Applicant on the project as Qualifying Jobs.

Between Calallen Independent School District and TexStar Midstream Services, LP TEXAS COMPTROLLER APPLICATION NUMBER 341 December 20, 2013 Page 24

- (h) Applicant makes 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, Texas Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (i) Applicant fails to comply with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full tax year which commences after the project has become operational, the Applicant may cure the Material Breaches of this Agreement, defined in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(e) and 7.6(f) or 7.6(g) for the particular Tax Year of non-compliance only, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a Material Breach of this Agreement as defined in Section 7.6, above, the District shall provide the Applicant with a written notice of the facts that it believes have caused the Material 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 Material Breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/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 whether or not a Material Breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a Breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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.").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, 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's receipt of notice of the Board of Trustee's Determination of Breach under Section 7.8, 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 Nueces County, Texas. The Parties agree to sign a document that provides that 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.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, 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 and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, 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 covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. 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 greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. 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 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

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.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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 transmission, with "answer back" or other "advice 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 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.

Notices to the District shall be addressed to the District's Authorized Representative as follows:

Dr. Arturo Almendarez, Superintendent CALALLEN INDEPENDENT SCHOOL DISTRICT 4205 Wildcat Drive Corpus Christi, Texas 78410 Fax: (361) 242-5620 Email: aalmendarez@calallen.org

Agreement for Limitation on Appraised Value Between Calallen Independent School District and TexStar Midstream Services, LP TEXAS COMPTROLLER APPLICATION NUMBER 341 December 20, 2013 Page 27 With a copy to:

Kevin O'Hanlon O'HANLON, MCCOLLOM & DEMERATH 808 West Avenue Austin, Texas 78701

or at such other address or to such other facsimile and/or electronic mail transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed to:

Eric Friedrichs Vice President **TEXSTAR MIDSTREAM SERVICES, LP** 18615 Tuscany Stone San Antonio, Texas 78258 Fax: (210) 569-6738 Email: eric.friedrichs@blackbrushenergy.com

With a copy to:

Tom Weber MCELROY, SULLIVAN, MILLER, WEBER & OLMSTEAD, LLP 1201 Spyglass Drive, Suite 200 Austin, TX 78746 Fax: 512.327.6566

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.

(c) In the event that the Applicant fails to make a Qualified Investment in the amount of Twenty Million Dollars (\$20,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in EXHIBIT 3, prior to such approval, Applicant shall meet all requirements of 34 Tex. Admin Code §9.1053(f)(2)(O), or any successor rule adopted by the Comptroller, and report to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

Unless otherwise prohibited by law, Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. 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 8.6. MAINTENANCE OF APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. 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 Nueces County, Texas.

Section 8.8. 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 8.9. 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 to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, 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 8.10. 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 8.11. INTERPRETATION

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. 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. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. 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 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all information, facts, and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Texas Administrative Code \$9.1053(f)(2)(K).

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish all Substantive Documents including the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Texas Tax Code §313.103, as follows:

a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.

- b. 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 Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 20th day of December, 2013.

TEXSTAR MIDSTREAM SERVICES LP By: Authorized Representative ic Friedrichs Name: U Title: U

CALALLEN INDEPENDENT SCHOOL DISTRICT

By: PAUL PEELER President Board of Trustees

Attest:

By:

SH

BRENT BURKHART Secretary Board of Trustees

Agreement for Limitation on Appraised Value Between Calallen Independent School District and TexStar Midstream Services, LP TEXAS COMPTROLLER APPLICATION NUMBER 341 December 20, 2013 Page 32

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

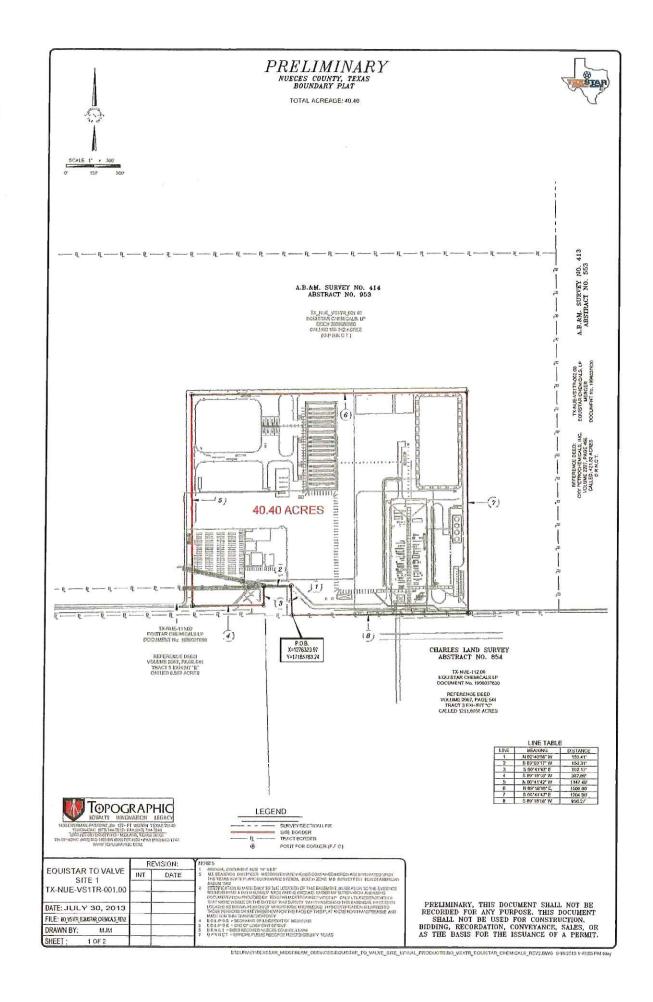
The *TexStar Reinvestment Zone* was originally created on December 20, 2013 by action of the Calallen Independent School District's Board of Trustees. A map of the Reinvestment Zone is attached, below to this **EXHIBIT 1**.

As a result of the action of the Board of Trustees, the *TexStar Reinvestment Zone* includes all real property within the boundaries of Nueces County County, Texas, more specifically described by the legal description and map also attached to this **EXHIBIT 1**.

Agreement for Limitation on Appraised Value Between Calallen Independent School District and TexStar Midstream Services, LP TEXAS COMPTROLLER APPLICATION NUMBER 341 December 20, 2013

		,
	Texstar Midstream Services. LP.	
	EXHIBIT "A" NUECES COUNTY, TEXAS 40.40 ACRES OF LAND	
	METES AND BOUNDS DESCRIPTION	
	July 30, 2013 Sheet 2 of 2	
	Being 40.40 acres of land, as shown on Sheet 1 of 2 of this Exhibit "A", being situated in the A. B. & M. Survey No. 414, Abstract No. 953 and in the A. B. & M. Survey No. 413, Abstract No. 553, Nucces County, Texas, out of a called 135.212 acre tract of land, described in a deed to Equistar Chemicals, LP., recorded in Document No. 2003066980, Official Public Records, Nucces County, Texas (O.P.R.N.C.T.), and out of a called 6.567 acre tract of land (Tract 5), described in deed to Equistar Chemicals, LP., recorded in Document No. 1998037630 (O.P.R.N.C.T.), said 40.40 acres of land more particularly described as follows:	8
	BEGINNING (P.O.B.) at a point for corner at the most Easterly Southwest corner of said 135,212 acre tract, and a the Southeast corner of said 6,567 acre tract;	3
	THENCE North 02°40'56" West, with the East line of said 6.567 acre tract a distance of 159.41 feet to a point for corner, at the Northeast corner of said 6.567 acre tract;	
	THENCE South 89°03'17" West, with the common line of suid 6.567 acre tract and said 135.212 acre tract, a distance of 150.31 feet to a point for corner	
	THENCE South 00°41'43" East, a distance of 102.13 feet to a point for corner;	
	THENCE South 89°18'18" West, a distance of 387.89 feet to a point for corner;	
	THENCE North 00°41'42" West, a distance of 1147.48 feet to a point for corner:	
	THENCE North 89°18'18" East, a distance of 1500.00 feet to a point for corner,	
	THENCE South 00°41'42" East, a distance of 1204.00 feet to a point for corner on the most Easterly South line of said 135.212 acre tract;	
	THENCE South 89°18'18" West, with the most Easterly South line of said 135,212 acre tract a distance of 956,27 feet to the POINT OF BEGINNING (P.O.B.) and containing a total of 40,40 acres of land:	
	All bearings contained herein are grid, based upon the Texas State Plane Coordinate System, South Zone, of the North American Datum 1983, in U.S. Survey Feet.	
9	Plat of even date accompanies this field note description (Sheet 1 of 2).	
		15
	Topographic Land Surveyors PRELIMINARY, THIS DOCUMENT SHALL NOT BE 1400 Evennan Parkway RECORDED FOR ANY PURPOSE. THIS DOCUMENT Suite 197 SHALL NOT BE USED FOR CONSTRUCTION,	
£	Suite 197 Fort Worth, TX 76140 BIDDING, RECORDATION, CONVEYANCE, SALES, OR AS THE BASIS FOR THE ISSUANCE OF A PERMIT.	5

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EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Calallen Independent School District and the *TexStar Reinvestment Zone* originally created on December 20, 2013 by action of the Board of Trustees is intended to be included in this Agreement.

A map of the *TexStar Reinvestment Zone* created by the Board of Trustees is attached to **EXHIBIT 1**. Specifically, all Qualified Property of the Applicant located within the boundaries on the map first placed in service after August 26, 2013 used in connection with manufacturing facility will be subject to this Agreement.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

TexStar Midstream Services, LP will construct a New Fractionator Unit that splits rawmix Natural Gas Liquids (NGLs) into individual purity products using a sequence of towers whereby temperatures and pressures are regulated so that the boiling point will be reached by only one product in each tower. The estimated investment for this project is **\$120 Million dollars**. Texstar is also anticipating investments at this site for the addition of a Tank Farm estimated at **\$25 Million dollars** and Truck Loading Racks and Pipeline Interconnects estimated at **\$7 Million dollars**. The total project investment is currently estimated at **\$152 Million dollars**.

The Qualified Property for the fractionator plant and ancillary storage and turck loading equipment is anticipated to contain the Following processing units and related equipment:

- Treating Equipment
- Tank Farm and Tanks for Storage (15- 2,000 bbl Tanks)
- DeEthanizer Towers
- Product Loading Rack
- DePropanizer Towers
- Compression Equipment
- DeButanizer Towers
- Product Pipeline Interconnects
- Gasoline Treaters

DESCRIPTION OF THE EXISTING PROPERTY

TexStar has begun construction of Pipe Racks on this site and have included this Construction in Progress as "Existing Improvement" for the purposes of the Chapter 313 Application. Construction on these Pipe Racks commenced in early July and is not yet complete. This Pipe Rack is show in the highlighted area of the map attached to Exhibit 3.

This existing improvement, which is currently Construction in Progress, has not been valued by the Nueces County Appraisal District and will not be fully completed until such time that the entire Fractionator Plant may be completed (current estimated completion date is December 2013).

The estimated investment/value of the construction that has been completed thus far is approximately \$250,000.

For the purposes of appraising property at the site of the Corpus Christi Fractionator plant, certain delineations will need to be made between taxable property in existence prior to the determination of a complete application by the Comptroller and that property which is delivered, constructed and placed into service after September 27, 2013 through the end of the qualifying period of December 31, 2013.

For purposes of identification and appraisal, both the taxpayer and the appraisal district will note that the following equipment was installed and/or constructed prior the determination of a complete application by the Comptroller's office.

Approximately 540' of pipe racks have been partially constructed, and one tower was delivered. These tangible property constructed or delivered to the jobsite, will not be included as part of the new property installed, constructed or otherwise put into service and will not be eligible for any value limitation under the Chapter 313 program.

Beginning on January 1, 2014, new accounts will be created by the Nueces County Appraisal District chief appraiser to identify business personal property and real property improvements installed, constructed or otherwise put in service from the date of the completeness determination by the Comptroller's office. Texstar Midstream Services, LP will, together with the chief appraiser, establish an account for the pipe racks in place, so that the business personal property and real property improvements installed and constructed are not eligible for the Chapter 313 school district value limitation. All other accounts established by the chief appraiser will remain eligible for the value limitation.

All accounts associated with the Corpus Christi Fractionator plant, excluding the pipe rack account, will reflect the value according to the Chapter 313 school district value limitation agreement in each year that the Texstar Midsteam Services, LP remains eligible for the value limitation. This value will be utilized in determining the taxable value for the maintenance and operations portion of the School district's tax rate.

All accounts, including the pipe rack account, will be used to value the property according to the market value without the application of the Chapter 313 value limitation which will be derived by determining the replacement costs new, less depreciation and any other appropriate factors, but not limited *to*, economic or functional obsolesce and/or pollution control exemptions. This value will be utilized in determining the taxable value for the interest and sinking fund portion of the school district's tax rate.

All property, real and personal, existing and new, shall be listed under the legal ownership name of such property. The legal owner of the property is and will be Texstar Midstream Services, LP. All accounts shall list Texstar Midstream Services, LP as the owner until the ownership of the property is legally transferred to another entity evidenced by a written document filed at the Nueces County Courthouse.