

**FINDINGS OF THE GLASSCOCK COUNTY  
INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
ETC TEXAS PIPELINE LTD**



April 9, 2014

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**FINDINGS**  
**OF THE**  
**GLASSCOCK COUNTY INDEPENDENT**  
**SCHOOL DISTRICT BOARD OF TRUSTEES**  
**UNDER THE**  
**TEXAS ECONOMIC DEVELOPMENT ACT**  
**ON THE APPLICATION SUBMITTED BY**  
**ETC TEXAS PIPELINE LTD**

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**APRIL 9, 2014**

Board Findings of the Glasscock County Independent School District

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INDEPENDENT SCHOOL DISTRICT BOARD OF  
TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
ETC TEXAS PIPELINE, LTD

STATE OF TEXAS

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COUNTY OF GLASSCOCK

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On the 9<sup>th</sup> day of April, 2014, a public meeting of the Board of Trustees of the Glasscock County 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 ETC Texas Pipeline, LTD (ETC Texas Pipeline) 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 Glasscock County Independent School District makes the following findings with respect to the application of ETC Texas Pipeline, and the economic impact of that application:

On November 19, 2013, the Superintendent of Schools of the Glasscock County Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from ETC Texas Pipeline 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, ETC Texas Pipeline (Texas Taxpayer Id. 10505324664), 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**.



Board Findings of the Glasscock County Independent School District

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.

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 Glasscock 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 March 4, 2014. 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 Glasscock County 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 Glasscock County 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 ETC Texas Pipeline, 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**.



Board Findings of the Glasscock County Independent School District

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.**

With regard to Finding No. 1, the Comptroller's economic impact evaluation included the following information:

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 ETC Texas Pipeline, LTD 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 Garden City, Texas is in need of long-term improvement, based on the state's analysis of Glasscock County data.**

Based on information provided by the Comptroller's Office that focused on the county level, Glasscock County is the 245<sup>th</sup> largest county in the state in terms of population. Population growth in Glasscock County is up slightly, based on these data. The population of Glasscock County increased by 0.4 percent between 2009 and 2010, whereas the state population increased 1.8 percent during the same period.

September 2011 employment for Glasscock County was unchanged from September 2010, below the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Glasscock County was 5.7 percent in September 2011, lower than the state average of 8.5 percent.

### Board Findings of the Glasscock County Independent School District

Glasscock County continues to have a slightly lower per capita personal income than the state as a whole. In terms of per capita income, Glasscock County's \$38,371 in 2009 ranked 45<sup>th</sup> among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Glasscock County will benefit from economic activity like that associated with the ETC Texas Pipeline 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 \$50,186 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. ETC Texas Pipeline indicates that total employment will be approximately 10 new jobs, eight (8) of which all will be qualifying jobs.**

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

After construction, the project will create 10 new jobs when fully operational. Eight 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 Permian Basin Regional Planning Commission Council of Governments Region, where Glasscock County is located was \$45,624 in 2012. There is no available data for the annual average manufacturing wage for 2012 through 2013 for Glasscock County. From 2012 to 2013, the county annual average wage for all industries was \$32,019. In addition to an annual average salary of \$50,186 each qualifying position will receive benefits such as 401(k), medical, dental, vision, RX plan, flex spending account, life and AD&D insurance, paid vacation, sick and holidays, wellness program, employee assistance programs, extended sick leave, annual merit & bonus eligibility.

**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 \$38.75 million on the basis of the goal of 8 new qualifying positions for the entire ETC Texas Pipeline project.**

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

The project's total investment is \$221 million, resulting in a relative level of investment per qualifying job of \$27.6 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.**

Table 1 depicts ETC Texas Pipeline, LTD'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.



Board Findings of the Glasscock County Independent School District

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in ETC Texas Pipeline, LTD**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	110	140	250	\$6,550,000	\$9,450,000	\$16,000,000
2015	40	70	110	\$2,350,000	\$5,650,000	\$8,000,000
2016	110	140	250	\$6,550,000	\$11,450,000	\$18,000,000
2017	10	46	56	\$550,000	\$5,450,000	\$6,000,000
2018	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2019	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2020	10	37	47	\$550,000	\$4,450,000	\$5,000,000
2021	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2022	10	37	47	\$550,000	\$4,450,000	\$5,000,000
2023	10	43	53	\$550,000	\$4,450,000	\$5,000,000
2024	10	41	51	\$550,000	\$4,450,000	\$5,000,000
2025	10	47	57	\$550,000	\$4,450,000	\$5,000,000
2026	10	37	47	\$550,000	\$4,450,000	\$5,000,000
2027	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2028	10	33	43	\$550,000	\$4,450,000	\$5,000,000
2029	10	31	41	\$550,000	\$4,450,000	\$5,000,000

Source: CPA, REMI, ETC Texas Pipeline, LTD

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2012 to 2013. Glasscock County ISD's ad valorem tax base in 2012 to 2013 was \$1.4 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012 to 2013. During that same year, Glasscock County ISD's estimated wealth per WADA was \$2,674,856. 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, Glasscock County, and the Glasscock County Underground Water District with all property tax incentives sought being granted using estimated market value from ETC Texas Pipeline, LTD's application. ETC Texas Pipeline, LTD has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the ETC Texas Pipeline, LTD project on the region if all taxes are assessed.

Board Findings of the Glasscock County Independent School District

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Glasscock County ISD I&S Levy	Glasscock County ISD M&O Levy	Glasscock County ISD M&O and I&S Tax Levies (Before Credit Credited)	Glasscock County ISD M&O and I&S Tax Levies (After Credit Credited)	Glasscock County Tax Levy	Glasscock County Underground Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.0549	1.0371			0.2200	0.0062	
2015	\$127,140,800	\$127,140,800		\$69,800	\$1,318,577	\$1,388,378	\$1,388,378	\$111,884	\$7,909	\$1,508,171
2016	\$219,140,800	\$219,140,800		\$120,308	\$2,272,709	\$2,393,018	\$2,393,018	\$192,844	\$2,727	\$2,588,588
2017	\$212,570,800	\$30,000,000		\$116,701	\$311,130	\$427,831	\$427,831	\$187,062	\$2,645	\$617,538
2018	\$206,197,900	\$30,000,000		\$113,203	\$311,130	\$424,333	\$212,166	\$181,454	\$2,566	\$396,186
2019	\$200,016,187	\$30,000,000		\$109,809	\$311,130	\$420,939	\$210,469	\$176,014	\$2,489	\$388,972
2020	\$194,019,925	\$30,000,000		\$106,517	\$311,130	\$417,647	\$208,823	\$256,106	\$2,414	\$467,344
2021	\$188,203,552	\$30,000,000		\$103,324	\$311,130	\$414,454	\$207,227	\$248,429	\$2,342	\$457,997
2022	\$182,561,669	\$30,000,000		\$100,226	\$311,130	\$411,356	\$205,678	\$240,981	\$2,271	\$448,931
2023	\$177,089,043	\$30,000,000		\$97,222	\$311,130	\$408,352	\$204,176	\$233,758	\$2,203	\$440,137
2024	\$171,780,596	\$30,000,000		\$94,308	\$311,130	\$405,438	\$202,719	\$226,750	\$2,137	\$431,606
2025	\$166,631,402	\$166,631,402		\$91,481	\$1,728,134	\$1,819,615	\$301,847	\$366,589	\$2,073	\$670,510
2026	\$161,636,684	\$161,636,684		\$88,739	\$1,676,334	\$1,765,073	\$1,765,073	\$355,601	\$10,055	\$2,130,729
2027	\$156,791,807	\$156,791,807		\$86,079	\$1,626,088	\$1,712,167	\$1,712,167	\$344,942	\$9,754	\$2,066,863
2028	\$152,092,277	\$152,092,277		\$83,499	\$1,577,349	\$1,660,848	\$1,660,848	\$334,603	\$9,462	\$2,004,912
2029	\$147,533,733	\$147,533,733		\$80,996	\$1,530,072	\$1,611,068	\$1,611,068	\$324,574	\$9,178	\$1,944,821
						Total	\$12,711,488	\$3,781,592	\$70,225	\$16,563,305

Assumes School Value Limitation and Tax Abatement with the County and the Water Conservation District.

Source: CPA, ETC Texas Pipeline, LTD

<sup>1</sup>Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Glasscock County ISD I&S Levy	Glasscock County ISD M&O Levy		Glasscock County ISD M&O and I&S Tax Levies	Glasscock County Tax Levy	Glasscock County Underground Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.0549	1.0371			0.2200	0.0062	
2015	\$127,140,800	\$127,140,800		\$69,800	\$1,318,577		\$1,388,378	\$279,710	\$7,909	\$1,675,997
2016	\$219,140,800	\$219,140,800		\$120,308	\$2,272,709		\$2,393,018	\$482,110	\$13,633	\$2,888,760
2017	\$212,570,800	\$212,570,800		\$116,701	\$2,204,572		\$2,321,273	\$467,656	\$13,224	\$2,802,153
2018	\$206,197,900	\$206,197,900		\$113,203	\$2,138,478		\$2,251,681	\$453,635	\$12,828	\$2,718,144
2019	\$200,016,187	\$200,016,187		\$109,809	\$2,074,368		\$2,184,177	\$440,036	\$12,443	\$2,636,655
2020	\$194,019,925	\$194,019,925		\$106,517	\$2,012,181		\$2,118,698	\$426,844	\$12,070	\$2,557,611
2021	\$188,203,552	\$188,203,552		\$103,324	\$1,951,859		\$2,055,183	\$414,048	\$11,708	\$2,480,939
2022	\$182,561,669	\$182,561,669		\$100,226	\$1,893,347		\$1,993,573	\$401,636	\$11,357	\$2,406,566
2023	\$177,089,043	\$177,089,043		\$97,222	\$1,836,590		\$1,933,812	\$389,596	\$11,017	\$2,334,425
2024	\$171,780,596	\$171,780,596		\$94,308	\$1,781,537		\$1,875,844	\$377,917	\$10,686	\$2,264,448
2025	\$166,631,402	\$166,631,402		\$91,481	\$1,728,134		\$1,819,615	\$366,589	\$10,366	\$2,196,570
2026	\$161,636,684	\$161,636,684		\$88,739	\$1,676,334		\$1,765,073	\$355,601	\$10,055	\$2,130,729
2027	\$156,791,807	\$156,791,807		\$86,079	\$1,626,088		\$1,712,167	\$344,942	\$9,754	\$2,066,863
2028	\$152,092,277	\$152,092,277		\$83,499	\$1,577,349		\$1,660,848	\$334,603	\$9,462	\$2,004,912
2029	\$147,533,733	\$147,533,733		\$80,996	\$1,530,072		\$1,611,068	\$324,574	\$9,178	\$1,944,821
						Total	\$29,084,406	\$5,859,496	\$165,691	\$35,109,593

Source: CPA, ETC Texas Pipeline, LTD

<sup>1</sup>Tax 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 \$219 million to the tax base for debt service purposes at the peak investment level for the 2016-17 school year. The ETC Texas Pipeline project remains fully taxable for debt services taxes, with Glasscock County ISD recently adopting a \$0.0549 per \$100 I&S rate. While the value of the ETC Texas Pipeline 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.

**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 ETC Texas Pipeline 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. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Glasscock County 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 ETC Texas Pipeline, LTD's application, "Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states.



Board Findings of the Glasscock County Independent School District

Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants.” The application also states, “Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located.”

**Board Finding Number 9.**

**During the past two years, 15 projects in the Permian Basin Regional Planning Commission 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 ETC Texas Pipeline. 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 Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).**

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2013 Preliminary Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for Glasscock County ISD is \$448.4 million. Glasscock County 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. Glasscock County ISD is classified as a “rural” district due to its population characteristics. Given that the value of industrial property in Glasscock County ISD is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Findings of the Glasscock County Independent School District

**Board Finding Number 12.**

**The Applicant (Taxpayer Id. 10505324664) 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 in the first and subsequent years 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 hereby authorized to be executed and delivered by and on behalf of the Glasscock County 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 Glasscock County Independent School District.

Board Findings of the Glasscock County Independent School District

Dated the 9th day of April 2014.

GLASSCOCK COUNTY INDEPENDENT SCHOOL DISTRICT

By: Andrew Wheeler  
Andrew Wheeler, President, Board of Trustees

**ATTEST:**

By: Carl Hoelscher  
Carl Hoelscher, Secretary, Board of Trustees





LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

April 4, 2014

President and Members  
Board of Trustees  
Glasscock County Independent School District  
P.O. Box 9  
Garden City, Texas 79739

Re: *Recommendations and Findings of the firm Concerning Application of ETC Texas Pipeline LTD 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 Glasscock County Independent School District, with respect to the pending Application of ETC Texas Pipeline LTD for 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.

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

Sincerely,

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

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 ETC Texas Pipeline LTD for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Kevin O'Hanlon', with a stylized flourish at the end.

Kevin O'Hanlon  
For the Firm





Attachment A

Application

# 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**

November 21, 2013

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

RE: Application to the Glasscock County Independent School District from ETC Texas Pipeline, LTD

**(First Qualifying Year 2015)**

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Glasscock County Independent School District is notifying ETC Texas Pipeline, LTD of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted an Application to the school district on November 19, 2013. The Board voted to accept the application on November 19, 2013. The application has been determined complete as of November 21, 2013. Please prepare the economic impact report.

There is a related gathering pipeline that may be developed should this facility be built in the Glasscock County ISD. The pipeline is expressly excluded from this application.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

The applicant will supplement the application with a copy of the order designating the reinvestment zone upon its adoption by the Commissioner's Court of Glasscock County.

Letter to Local Government Assistance & Economic Analysis Division  
November 21, 2013  
Page 2 of 2

In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Glasscock County Appraisal District.

A hard copy and an electronic copy of the application will be hand delivered to your office tomorrow. Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', with a stylized flourish at the end.

Kevin O'Hanlon  
School District Consultant

Cc: Glasscock County Appraisal District

ETC Texas Pipeline, LTD





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

**Form 50-296**  
(Revised July 2013)

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

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

- notify the Comptroller that the school board has elected to consider the application.

This notice must include:

- the date on which the school district received the application;
- the date the school district determined that the application was complete;
- the date the school board decided to consider the application; and
- a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original 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 website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules 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 reasonably 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 website to find out more about the program at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/). 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 APPLICATION

<b>Authorized School District Representative</b>		<b>Date Application Received by District</b> 11-19-13	
<b>First Name</b> Thomas		<b>Last Name</b> Weeaks	
<b>Title</b> Superintendent			
<b>School District Name</b> Glasscock County Independent School District			
<b>Street Address</b>			
<b>Mailing Address</b> PO Box 9			
<b>City</b> Garden City		<b>State</b> TX	<b>ZIP</b> 79739
<b>Phone Number</b> 432-354-2230		<b>Fax Number</b> 432-354-2503	
<b>Mobile Number (optional)</b>		<b>Email Address</b> tweeaks@gckats.net	

I authorize the consultant to provide and obtain information related to this application. ☒ Yes ☐ No

Will consultant be primary contact? ☒ Yes ☐ No



Form 50-296

## Application for Appraised Value Limitation on Qualified Property

## SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION (CONTINUED)

## Authorized School District Consultant (If Applicable)

First Name <b>Bob</b>		Last Name <b>Popinski</b>	
Title <b>Consultant</b>			
Firm Name <b>Moak, Casey &amp; Associates</b>			
Street Address <b>400 W. 15th Street, Suite 1410</b>			
Mailing Address			
City <b>Austin</b>	State <b>TX</b>	ZIP <b>78701</b>	
Phone Number <b>512-485-7878</b>	Fax Number <b>512-485-7888</b>		
Mobile Number (Optional)	Email Address <b>bpopinski@moakcasey.com</b>		

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

Signature (Authorized School District Representative) <i>Tom Weeden</i>	Date <b>11/19/2013</b>
--	---------------------------

Has the district determined this application complete? ..... ☒ Yes ☐ No

If yes, date determined complete. .... **11-21-13**

Have you completed the school finance documents required by TAC 9.1054(c)(3)? ..... ☐ Yes ☒ No

will supplement

## SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	✓
2	Certification page signed and dated by authorized school district representative	2 of 16	✓
3	Date application deemed complete by ISD	2 of 16	✓
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5	Completed company checklist	12 of 16	✓
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	will supplement





## APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

## Authorized Business Representative (Applicant)

First Name <b>Megan</b>	Last Name <b>McKavanagh</b>	
Title <b>Property Tax Manager</b>		
Organization <b>Energy Transfer</b>		
Street Address <b>800 E. Sonterra Blvd</b>		
Mailing Address		
City <b>San Antonio</b>	State <b>TX</b>	ZIP <b>78258</b>
Phone Number <b>210-572-0457</b>	Fax Number	
Mobile Number (optional) <b>210-569-4378</b>	Business Email Address <b>Megan.McKavanagh@energytransfer.com</b>	

Will a company official other than the authorized business representative be responsible for responding to future information requests? ☐ Yes ☒ No

If yes, please fill out contact information for that person.

First Name <b>N/A</b>	Last Name	
Title		
Organization		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Mobile Number (optional)	Email Address	

I authorize the consultant to provide and obtain information related to this application. ☐ Yes ☒ No

Will consultant be primary contact? ☐ Yes ☒ No





Form 50-296

## Application for Appraised Value Limitation on Qualified Property

## APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

## Authorized Company Consultant (If Applicable)

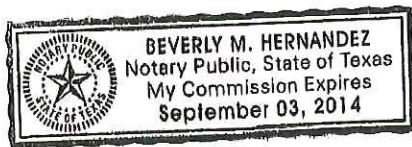
First Name N/A	Last Name	
Title		
Firm Name		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Business Email Address		

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.

Signature (Authorized Business Representative (Applicant)) Megan McKavanagh	Date Nov. 13, 2013
--	-----------------------

GIVEN under my hand and seal of office this 13 day of November, 2013



Beverly M. Hernandez  
Notary Public, State of Texas

(Notary Seal)

My commission expires 9.03.2014

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.

## 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 school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement 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(l)? ☐ Yes ☒ 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(l)? ☐ Yes ☒ No

## BUSINESS APPLICANT INFORMATION

Legal Name Under Which Application Is Made

ETC Texas Pipeline, LTD

Texas Taxpayer I.D. Number of Entity Subject to Tax Code, Chapter 171 (11 digits)

10505324664

NAICS Code

325110

Is the applicant a party to any other Chapter 313 agreements? ☒ Yes ☐ No

If yes, please list name of school district and year of agreement.

Ganado ISD - 2012 (first qualifying year 2013)

Kenedy ISD - 2012 (first qualifying year 2013)

## APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? ☒ Yes ☐ No

Identify Business Organization of Applicant (corporation, limited liability corporation, etc.)

Texas Limited Partnership

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? ☒ Yes ☐ No

If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ 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.)

N/A





Form 50-296

## Application for Appraised Value Limitation on Qualified Property

## ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

Are 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 ☒ Yes ☐ No
- (2) research and development ☐ Yes ☒ No
- (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
- (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
- (5) renewable energy electric generation ☐ Yes ☒ No
- (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
- (7) nuclear electric power generation ☐ Yes ☒ No
- (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ NoAre you including property that is owned by a person other than the applicant? ☐ Yes ☒ NoWill 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

## 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 personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attachments as necessary)

See Attachment

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

See Attachment

## 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

Begin Construction November 2013\* Engineering & Initial site prep for Phase I began December 2013 Begin Hiring New EmployeesConstruction Complete June 2014 (Phase II 2016) Fully Operational August 2014Purchase Machinery & Equipment September 2013 Some long lead heavy equipment were orderedDo you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☒ Yes ☐ No

Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? August 2014 (Phase II 2016)



**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source

Amount

_____	_____
_____	_____
_____	_____
Total	_____

Will other incentives be offered by local units of government? ..... ☒ Yes ☐ No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

We are applying to the county and hope to obtain 60% for the first five years and 40% for the final five years.

**THE PROPERTY**Identify county or counties in which the proposed project will be located GlasscockCentral Appraisal District (CAD) that will be responsible for appraising the property GlasscockWill this CAD be acting on behalf of another CAD to appraise this property? ..... ☐ Yes ☒ No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Glasscock County - 100% City: \_\_\_\_\_  
(Name and percent of project) (Name and percent of project)Hospital District: \_\_\_\_\_ Water District: Glasscock Ground Water Conserv. Dist.-100%  
(Name and percent of project) (Name and percent of project)Other (describe): \_\_\_\_\_ Other (describe): \_\_\_\_\_  
(Name and percent of project) (Name and percent of project)Is the project located entirely within this ISD? ..... ☐ Yes ☒ No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

Phase 1 -The processing facility and compressor packages will be located in Glasscock County \$127M in investment. Phase 2 - will be confirmed with volume commitments and add an additional \$94M in investment in Glasscock County.

The other board approved portion of this project is gathering pipelines, systems and field compression. These will be located throughout Midland and Upton Counties with an estimated investment of \$39M and \$2.5M respectively. The approved gathering lines are located in Midland and Glasscock Counties with a total of \$114M in investment and the pipe allocated 85% in Midland and 15% in Glasscock. We will not be applying for any additional property tax incentives on the pipe or investments in Midland and Upton Counties.

**INVESTMENT**

**NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/).

At the time of application, what is the estimated minimum qualified investment required for this school district? ..... \$30,000,000

What is the amount of appraised value limitation for which you are applying? ..... \$30,000,000

What is your total estimated *qualified* investment? ..... phase 1 \$127,000,000

**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 complete tax year.

What is the anticipated date of application approval? ..... June 2014

What is the anticipated date of the beginning of the qualifying time period? ..... June 2014

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? ..... w/phase 2 \$221,000,000

Describe the qualified investment. [See 313.021(1).]

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
- (2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment 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? ..... ☒ Yes ☐ No

Except 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? ..... ☒ Yes ☐ 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? ..... ☒ Yes ☐ 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)? ..... ☒ Yes ☐ 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**

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? ..... ☐ Yes ☒ No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? .... June 2014

Will the applicant own the land by the date of agreement execution? ..... ☒ Yes ☐ No

Will the project be on leased land? ..... ☐ Yes ☒ No



**QUALIFIED PROPERTY (CONTINUED)**

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

**Miscellaneous**

Is the proposed project a building or new improvement to an existing facility? ☐ Yes ☒ No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. \$140,800 (land value) 2013  
(Market Value) (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ☐ Yes ☒ No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? ☒ Yes ☐ No

**WAGE AND EMPLOYMENT INFORMATION**

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? zero

The last complete calendar quarter before application review start date is the:

☐ First Quarter ☐ Second Quarter ☒ Third Quarter ☐ Fourth Quarter of 2013  
(year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC? zero

**Note:** For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application.

N/A

Total number of new jobs that will have been created when fully operational 10

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? ☒ Yes ☐ No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. **Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).**

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 8

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/))

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).



**WAGE AND EMPLOYMENT INFORMATION (CONTINUED)**

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is ..... 677.33

110% of the county average weekly wage for manufacturing jobs in the county is ..... no manufacturing wage

110% of the county average weekly wage for manufacturing jobs in the region is ..... 965.12

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

☐ §313.021(5)(A) or ☐ §313.021(5)(B) or ☐ §313.021(3)(E)(ii), or ☒ §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? ..... 50,186.40

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? ..... 50,186.40

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? ..... ☒ Yes ☐ No

Will each qualifying job require at least 1,600 of work a year? ..... ☒ Yes ☐ No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? ..... ☐ Yes ☒ 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

Will any required qualifying jobs be filled by employees of contractors? ..... ☒ Yes ☐ No

If yes, what percent? ..... 100%

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? ..... ☒ Yes ☐ No

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

Please see attached

**ECONOMIC IMPACT**

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

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

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.

**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:

- 1) 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 and 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.





COMPANY CHECKLIST AND REQUESTED ATTACHMENTS			
	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (If Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
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	N/A
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	✓
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	✓
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	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

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

**CHECKLIST ITEM # 2**

**Proof of Payment of Application Fee**



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)*

**CHECKLIST ITEM # 3**

**Texas Franchise Tax Extension Affiliate List**

## Texas Franchise Tax Extension Affiliate List

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

10505324730

2013

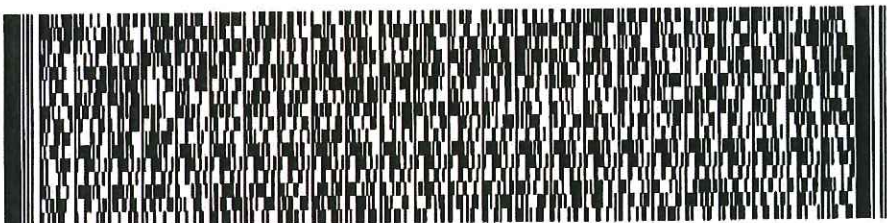
ETC MARKETING, LTD.

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. ENERGY TRANSFER EQUITY, LP	13001088205	<input type="checkbox"/>
2. ENERGY TRANSFER PARTNERS, LLC	32009602965	<input type="checkbox"/>
3. ENERGY TRANSFER PARTNERS GP, LP	32035928947	<input type="checkbox"/>
4. ENERGY TRANSFER PARTNERS, LP	17314939061	<input type="checkbox"/>
5. ETE GP ACQUIRER LLC	272663248	<input type="checkbox"/>
6. ETE SERVICES COMPANY LLC	273230732	<input checked="" type="checkbox"/>
7. ETE SIGMA HOLDCO, LLC	4611111404	<input checked="" type="checkbox"/>
8. REGENCY GP LLC	32018740400	<input type="checkbox"/>
9. REGENCY EMPLOYEES MGMT. HOLDINGS LLC	263818780	<input checked="" type="checkbox"/>
10. REGENCY EMPLOYEES MANAGEMENT LLC	32038474832	<input type="checkbox"/>
11. ETP HOLDCO CORPORATION	383880445	<input checked="" type="checkbox"/>
12. ENERGY TRANSFER EMPLOYEE MGMT COMPANY	32048668597	<input type="checkbox"/>
13. HERITAGE HOLDINGS INC	17313421426	<input checked="" type="checkbox"/>
14. ETE HOLDCO CORPORATION	461476872	<input checked="" type="checkbox"/>
15. SUNOCO PARTNERS LLC	12330968384	<input type="checkbox"/>
16. HERITAGE ETC GP, LLC	262124572	<input checked="" type="checkbox"/>
17. CITRUS ETP FINANCE, LLC		<input checked="" type="checkbox"/>
18. ETC INTRASTATE PROCUREMENT CO., LLC	32040816962	<input type="checkbox"/>
19. ETC LION PIPELINE LLC		<input checked="" type="checkbox"/>
20. ENERGY TRANSFER DUTCH HOLDINGS, LLC		<input checked="" type="checkbox"/>
21. LA GP, LLC	32008328398	<input type="checkbox"/>

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.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1062



## Texas Franchise Tax Extension Affiliate List

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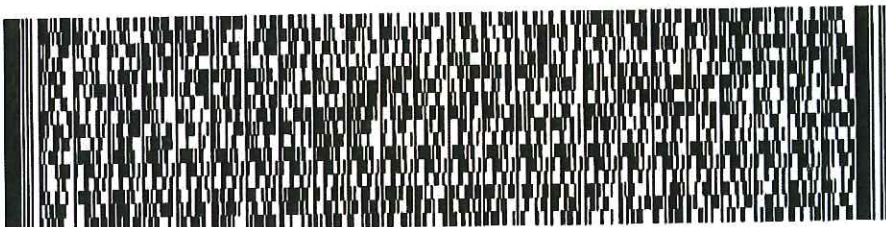
ETC MARKETING, LTD.

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. LA GRANGE ACQUISITION, LP	12700301844	<input type="checkbox"/>
2. FIVE DAWACO, LLC	17526696723	<input type="checkbox"/>
3. ETC CANYON PIPELINE, LLC	841588906	<input checked="" type="checkbox"/>
4. THUNDER RIVER VENTURE III, LLC		<input checked="" type="checkbox"/>
5. TETC, LLC	30119878707	<input type="checkbox"/>
6. TEXAS ENERGY TRANSFER COMPANY, LTD	17527147759	<input type="checkbox"/>
7. LG PL, LLC	32008328323	<input type="checkbox"/>
8. LGM, LLC	32008328273	<input type="checkbox"/>
9. ENERGY TRANSFER FUEL, LP	12010879950	<input type="checkbox"/>
10. ENERGY TRANSFER FUEL GP, LLC	12010879372	<input type="checkbox"/>
11. ET COMPANY I, LTD	32036355710	<input type="checkbox"/>
12. CHALKLEY GATHERING COMPANY, LLC	32036317132	<input type="checkbox"/>
13. WHISKEY BAY GATHERING COMPANY, LLC	17527494011	<input type="checkbox"/>
14. WHISKEY BAY GAS COMPANY, LTD	32036293242	<input type="checkbox"/>
15. ETC TEXAS PIPELINE, LTD	10505324664	<input type="checkbox"/>
16. ETC KATY PIPELINE, LTD	12005806695	<input type="checkbox"/>
17. ETC NEW MEXICO PIPELINE, LP	208345958	<input checked="" type="checkbox"/>
18. TEXAS ENERGY TRANSFER POWER, LLC	32039219558	<input type="checkbox"/>
19. ENERGY TRANSFER RETAIL POWER, LLC	32037649350	<input type="checkbox"/>
20. ETC HYDROCARBONS, LLC	32043825002	<input type="checkbox"/>
21. ETC GATHERING, LLC	32042275977	<input type="checkbox"/>

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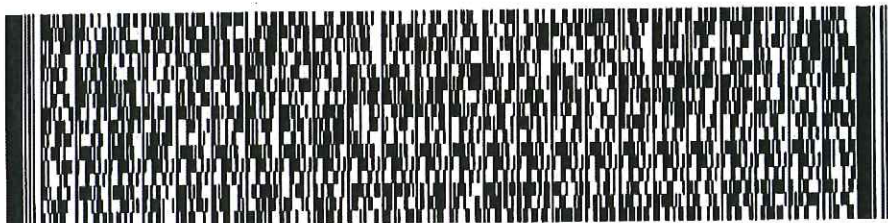
ETC MARKETING, LTD.

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. ETC NGL TRANSPORT, LLC	32043050544	■ <input type="checkbox"/>
2. ETC NGL MARKETING, LLC	32045171223	■ <input type="checkbox"/>
3. RICH EAGLEFORD MAINLINE, LLC	32045737890	■ <input type="checkbox"/>
4. ETC NORTHEAST PIPELINE, LLC	262863396	■ <input checked="" type="checkbox"/>
5. ETC WATER SOLUTIONS, LLC	271023172	■ <input checked="" type="checkbox"/>
6. ETC ENDURE ENERGY LLC	32039110427	■ <input type="checkbox"/>
7. ETC PAWNEE PIPELINE LLC	19008485096	■ <input type="checkbox"/>
8. ETC OASIS GP, LLC	32008328356	■ <input type="checkbox"/>
9. OASIS PIPE LINE, LP	32035638421	■ <input type="checkbox"/>
10. OASIS PIPE LINE COMPANY	741697911	■ <input checked="" type="checkbox"/>
11. OASIS PIPE LINE FINANCE COMPANY	17602901427	■ <input type="checkbox"/>
12. OASIS PARTNER COMPANY	742805537	■ <input checked="" type="checkbox"/>
13. OASIS PIPE LINE MANAGEMENT COMPANY	17605227754	■ <input type="checkbox"/>
14. OASIS PIPE LINE COMPANY TEXAS, LP	17605226418	■ <input type="checkbox"/>
15. HPL HOLDINGS GP, LLC	202218475	■ <input checked="" type="checkbox"/>
16. HPL HOUSTON PIPE LINE COMPANY, LLC	17109357339	■ <input type="checkbox"/>
17. HPL GP, LLC	32003574913	■ <input type="checkbox"/>
18. HPL STORAGE GP, LLC	32016552815	■ <input type="checkbox"/>
19. HPL ASSET HOLDINGS, LP	17317253676	■ <input type="checkbox"/>
20. HPL LEASECO, LP	32035468332	■ <input type="checkbox"/>
21. HOUSTON PIPE LINE COMPANY, LP	15223344779	■ <input type="checkbox"/>

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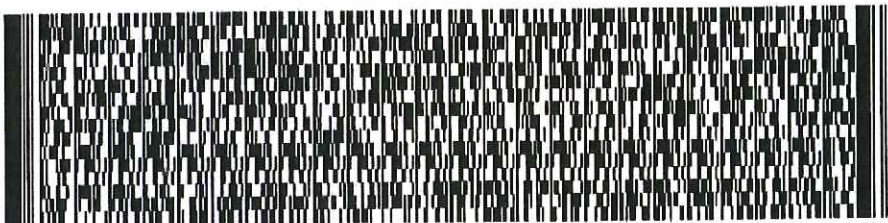
ETC MARKETING, LTD.

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. ENERGY TRANSFER INTL. HOLDINGS, LLC	12624625161	<input type="checkbox"/>
2. ENERGY TRANSFER PERU, LLC	12624628009	<input type="checkbox"/>
3. ENERGY TRANSFER MEXICANA, LLC	12087711433	<input type="checkbox"/>
4. ETC COMPRESSION, LLC	32040668116	<input type="checkbox"/>
5. SEC ENERGY PRODUCTS & SERVICES, LP	13836859648	<input type="checkbox"/>
6. SEC-EP REALTY, LTD	13201661884	<input type="checkbox"/>
7. SEC GENERAL HOLDINGS, LLC	13836859630	<input type="checkbox"/>
8. ENERGY TRANSFER GROUP, LLC	17526185495	<input type="checkbox"/>
9. ETC ENERGY TRANSFER LLC	32042539679	<input type="checkbox"/>
10. ENERGY TRANSFER TECHNOLOGIES, LTD	32035797276	<input type="checkbox"/>
11. SEC ENERGY REALTY GP, LLC	32016638887	<input type="checkbox"/>
12. ENERGY TRANSFER INTERSTATE HOLDINGS	12084575013	<input type="checkbox"/>
13. ETC MIDCONTINENT EXPR. PIPELINE, LLC	12084815997	<input type="checkbox"/>
14. TRANSWESTERN PIPELINE COMPANY, LLC	17412947958	<input type="checkbox"/>
15. ETC FAYETTEVILLE EXPR. PIPELINE, LLC	12628633435	<input type="checkbox"/>
16. ETC FAYETTEVILLE OPERATING CO., LLC	12644128402	<input type="checkbox"/>
17. ETC TIGER PIPELINE, LLC	32038207166	<input type="checkbox"/>
18. ETC INTERSTATE PROCUREMENT CO., LLC	32040285424	<input type="checkbox"/>
19. CROSSCOUNTRY ENERGY LLC	200410913	<input checked="" type="checkbox"/>
20. CROSSCOUNTRY ALASKA, LLC		<input checked="" type="checkbox"/>
21. CROSSCOUNTRY CITRUS, LLC	200273331	<input checked="" type="checkbox"/>

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## Texas Franchise Tax Extension Affiliate List

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

10505324730

2013

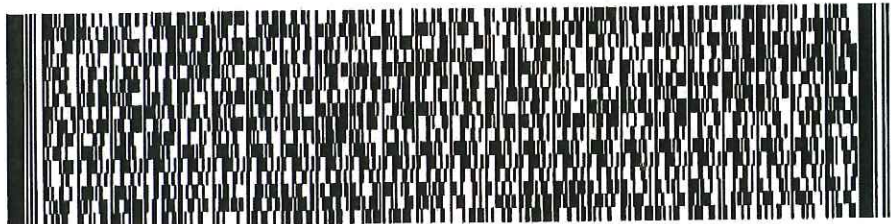
ETC MARKETING, LTD.

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. CROSSCOUNTRY ENERGY SERVICES, LLC	14120249041	■ <input type="checkbox"/>
2. LONE STAR NGL LLC	32043877136	■ <input type="checkbox"/>
3. LONE STAR NGL ASSET HOLDINGS LLC	32048292661	■ <input type="checkbox"/>
4. LONE STAR NGL ASSET HOLDINGS II LLC	32044534082	■ <input type="checkbox"/>
5. LONE STAR NGL ASSET GP LLC	32040707575	■ <input type="checkbox"/>
6. LONE STAR NGL DEVELOPMENT LP	12025792255	■ <input type="checkbox"/>
7. LONE STAR NGL PIPELINE LP	12004642067	■ <input type="checkbox"/>
8. LONE STAR NGL PRODUCT SERVICES LLC	32040502554	■ <input type="checkbox"/>
9. LONE STAR NGL HATTIESBURG LLC	200784022	■ <input checked="" type="checkbox"/>
10. LONE STAR NGL MONT BELVIEU GP LLC	32010287475	■ <input type="checkbox"/>
11. LONE STAR NGL MONT BELVIEU LP	15508151311	■ <input type="checkbox"/>
12. LONE STAR NGL HASTINGS LLC	32028042987	■ <input type="checkbox"/>
13. LONE STAR NGL REFINERY SERVICES LLC	32027489684	■ <input type="checkbox"/>
14. LONE STAR NGL SEA ROBIN LLC	12001184220	■ <input checked="" type="checkbox"/>
15. LONE STAR NGL FRACTIONATORS LLC	32044534058	■ <input type="checkbox"/>
16. LONE STAR NGL MARKETING LLC	19008502809	■ <input type="checkbox"/>
17. ETP NEWCO 1, LLC	452705110	■ <input checked="" type="checkbox"/>
18. ETP NEWCO 2, LLC	452705184	■ <input checked="" type="checkbox"/>
19. ETP NEWCO 3, LLC	452705253	■ <input checked="" type="checkbox"/>
20. ETP NEWCO 4, LLC	452705323	■ <input checked="" type="checkbox"/>
21. ETP NEWCO 5, LLC	452705382	■ <input checked="" type="checkbox"/>

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1062

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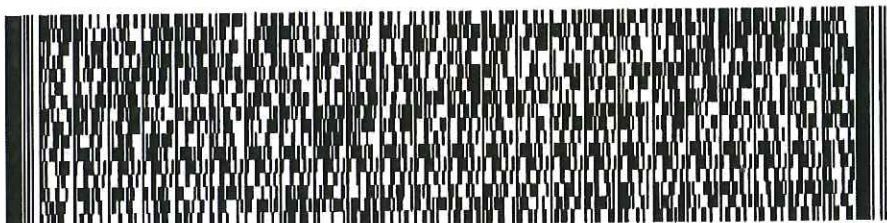
ETC MARKETING, LTD.

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. ENERGY TRANSFER CRUDE OIL CO., LLC	460990429	<input checked="" type="checkbox"/>
2. ENERGY TRANSFER LNG EXPORT, LLC	461486697	<input checked="" type="checkbox"/>
3. TRUNKLINE CRUDE OIL PIPELINE, LLC	462226331	<input checked="" type="checkbox"/>
4. ATLANTIC PETROLEUM (OUT) LLC	233102659	<input checked="" type="checkbox"/>
5. ATLANTIC PETROLEUM CORPORATION	232360187	<input checked="" type="checkbox"/>
6. ATLANTIC PETROLEUM DELAWARE CORP.	260006720	<input checked="" type="checkbox"/>
7. ATLANTIC PIPELINE (OUT) L.P.	32035944472	<input type="checkbox"/>
8. ATLANTIC REFINING & MARKETING CORP.	232360183	<input checked="" type="checkbox"/>
9. CRUDE ACQUISITION LLC	32044819814	<input type="checkbox"/>
10. EXCEL PIPELINE LLC	364664158	<input checked="" type="checkbox"/>
11. JALISCO CORPORATION	521996257	<input checked="" type="checkbox"/>
12. LESLEY CORPORATION	232269260	<input checked="" type="checkbox"/>
13. LIBRE INSURANCE COMPANY, LTD.	980390343	<input checked="" type="checkbox"/>
14. MASCOT, INC. (MA)	510414753	<input checked="" type="checkbox"/>
15. MID-CONTINENT PIPE LINE (OUT) LLC	12331026612	<input type="checkbox"/>
16. PUERTO RICO SUN OIL COMPANY LLC	986051882	<input checked="" type="checkbox"/>
17. SUN ALTERNATE ENERGY CORPORATION	232376903	<input checked="" type="checkbox"/>
18. SUN ATLANTIC REF. & MARKETING BV INC.	232817087	<input checked="" type="checkbox"/>
19. SUN ATLANTIC REFINING & MARKETING CO.	232523828	<input checked="" type="checkbox"/>
20. SUN CANADA, INC.	232321801	<input checked="" type="checkbox"/>
21. SUN COMPANY, INC.	231891622	<input checked="" type="checkbox"/>

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1062



## Texas Franchise Tax Extension Affiliate List

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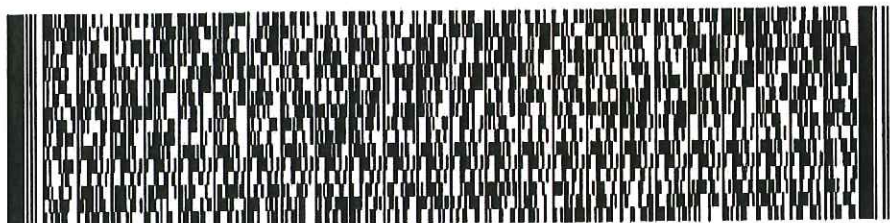
ETC MARKETING, LTD.

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. SUN COMPANY, INC.	510381984	■ <input checked="" type="checkbox"/>
2. SUN MEXICO ONE, INC.	232764968	■ <input checked="" type="checkbox"/>
3. SUN MEXICO TWO, INC.	232764967	■ <input checked="" type="checkbox"/>
4. SUN OIL COMPANY	12318682379	■ <input type="checkbox"/>
5. SUN OIL EXPORT COMPANY	231868238	■ <input checked="" type="checkbox"/>
6. SUN OIL INTERNATIONAL, INC.	231614311	■ <input checked="" type="checkbox"/>
7. SUN PETROCHEMICALS, INC.	12322759577	■ <input type="checkbox"/>
8. SUN PIPE LINE COMPANY	12331026539	■ <input type="checkbox"/>
9. SUN PIPE LINE COMPANY OF DELAWARE LLC	12053835893	■ <input checked="" type="checkbox"/>
10. SUN PIPE LINE DELAWARE (OUT) LLC	32026944572	■ <input type="checkbox"/>
11. SUN REFINING AND MARKETING COMPANY	232673653	■ <input checked="" type="checkbox"/>
12. SUN SERVICES CORPORATION	231983954	■ <input checked="" type="checkbox"/>
13. SUN TRANSPORT, LLC	330997959	■ <input checked="" type="checkbox"/>
14. SUN-DEL PIPELINE LLC	421707487	■ <input checked="" type="checkbox"/>
15. SUN-DEL SERVICES, INC.	232075538	■ <input checked="" type="checkbox"/>
16. SUNMARKS, LLC	232608837	■ <input checked="" type="checkbox"/>
17. SUNOCO LOGISTICS PARTNERS GP LLC	233102658	■ <input checked="" type="checkbox"/>
18. SUNOCO LOGISTICS PARTNERS L.P.	233096839	■ <input checked="" type="checkbox"/>
19. SUNOCO LOGISTICS PARTNERS OPER GP LLC	12331026604	■ <input type="checkbox"/>
20. SUNOCO LOGISTICS PARTNERS OPER. LP	233102657	■ <input checked="" type="checkbox"/>
21. SUNOCO OVERSEAS, INC.	231614275	■ <input checked="" type="checkbox"/>

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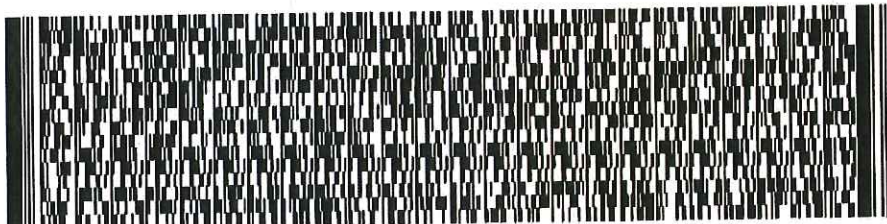
ETC MARKETING, LTD.

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. SUNOCO PARTNERS BUTANE BLENDING LLC	32040440029	<input type="checkbox"/>
2. SUNOCO PRTRNS LEASE ACQ. & MARKETING	12331026547	<input type="checkbox"/>
3. SUNOCO PRTRNS MARKETING & TERMINALS	12331026554	<input type="checkbox"/>
4. SUNOCO PRTRNS REAL ESTATE ACQ. LLC	454863906	<input checked="" type="checkbox"/>
5. SUNOCO PIPELINE ACQUISITION LLC	205036443	<input checked="" type="checkbox"/>
6. SUNOCO PIPELINE L.P.	12331026562	<input type="checkbox"/>
7. SUNOCO POWER GENERATION LLC	593776575	<input checked="" type="checkbox"/>
8. SUNOCO POWER MARKETING, LLC	12328740514	<input checked="" type="checkbox"/>
9. SUNOCO RECEIVABLES CORPORATION, INC.	233078207	<input checked="" type="checkbox"/>
10. SUNOCO, INC.	231743282	<input checked="" type="checkbox"/>
11. SUNOCO, INC. (REM)	12317432834	<input checked="" type="checkbox"/>
12. TEXON CRUDE OIL LLC	452906801	<input checked="" type="checkbox"/>
13. THE NEW CLAYMONT INVESTMENT COMPANY	364721891	<input checked="" type="checkbox"/>
14. SOUTHERN UNION COMPANY	17505715924	<input type="checkbox"/>
15. SUGAIR AVIATION COMPANY	30118251286	<input checked="" type="checkbox"/>
16. P.E.C.-S.O.C. MASSACHUSETTS ACQ.	10504975375	<input checked="" type="checkbox"/>
17. SOUTHERN UNION GAS COMPANY	30002759097	<input type="checkbox"/>
18. SOUTHERN UNION PANHANDLE, LLC	17427719418	<input checked="" type="checkbox"/>
19. SU PIPELINE MANAGEMENT, LP	32038446053	<input checked="" type="checkbox"/>
20. ENHANCED SERVICE SYSTEMS, INC.	15104010036	<input checked="" type="checkbox"/>
21. ENERGY TRANSFER DATA CENTER, LLC	32045827378	<input type="checkbox"/>

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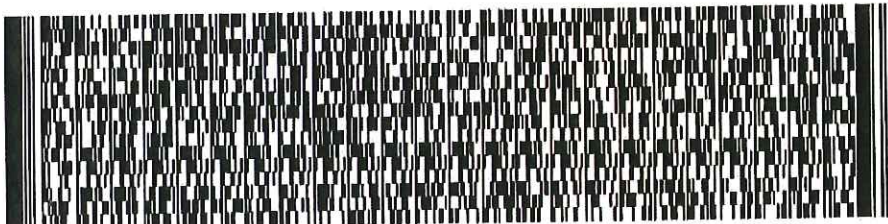
ETC MARKETING, LTD.

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. PEI POWER CORPORATION	12329335785	<input checked="" type="checkbox"/>
2. CCE ACQUISITION LLC	32038446061	<input checked="" type="checkbox"/>
3. PANHANDLE EASTERN PIPE LINE CO., LP	14403824700	<input type="checkbox"/>
4. PAN GAS STORAGE, LLC	14311734488	<input type="checkbox"/>
5. PANHANDLE ENERGY LNG SERVICES, LLC	12048999408	<input type="checkbox"/>
6. PANHANDLE STORAGE, LLC	17603185608	<input checked="" type="checkbox"/>
7. PANHANDLE HOLDINGS, LLC	32004413939	<input type="checkbox"/>
8. TRUNKLINE GAS COMPANY, LLC	17411038841	<input type="checkbox"/>
9. TRUNKLINE DEEPWATER PIPELINE, LLC	16305715936	<input checked="" type="checkbox"/>
10. TRUNKLINE OFFSHORE PIPELINE, LLC	16310345893	<input checked="" type="checkbox"/>
11. SEA ROBIN PIPELINE COMPANY, LLC	17206544011	<input checked="" type="checkbox"/>
12. TRUNKLINE LNG COMPANY, LLC	17417689613	<input type="checkbox"/>
13. TRUNKLINE FIELD SERVICES, LLC	17605961907	<input checked="" type="checkbox"/>
14. CCE HOLDINGS, LLC	12012750506	<input checked="" type="checkbox"/>
15. NEW ENGLAND GAS APPLIANCE COMPANY	10460444598	<input checked="" type="checkbox"/>
16. RGP WESTEX G&P I LTD	17524680836	<input type="checkbox"/>
17. LEAPARTNERS, LP	17523243248	<input type="checkbox"/>
18. WEST TEXAS GATHERING COMPANY	17509760942	<input type="checkbox"/>
19. RGP WESTEX GATHERING INC.	17524001447	<input type="checkbox"/>
20. MI VIDA GENPAR, LLC	17528264686	<input type="checkbox"/>
21. RGP WESTEX G&P II LTD	32036219262	<input type="checkbox"/>

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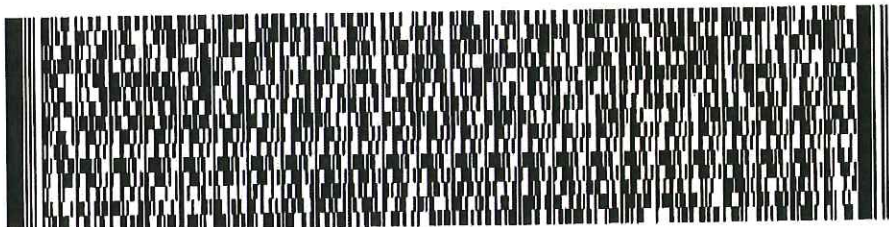
ETC MARKETING, LTD.

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1. RGU WEST LLC	12000684733	<input type="checkbox"/>
2. SU GAS SERVICES OPERATING CO., INC.	17429588449	<input type="checkbox"/>
3. RGP MARKETING LLC	32033247514	<input type="checkbox"/>
4. RGP HOLDCO II LLC	13202056050	<input checked="" type="checkbox"/>
5. RGP HOLDCO I LLC	17515185316	<input checked="" type="checkbox"/>
6. TRUNKLINE LNG EXPORT, LLC	32050904450	<input type="checkbox"/>
7. LAKE CHARLES LNG EXPORTS, LLC	462057292	<input checked="" type="checkbox"/>
8. MISSOURI GAS ENERGY, LLC	271255293	<input checked="" type="checkbox"/>
9. SU HOLDING COMPANY, INC	17429395225	<input checked="" type="checkbox"/>
10. PE ENERGY, INC	240717235	<input checked="" type="checkbox"/>
11. PEPL HOLDINGS, LLC	453343570	<input checked="" type="checkbox"/>
12. SUGS HOLDINGS, LLC		<input checked="" type="checkbox"/>
13. SU CO LLC		<input checked="" type="checkbox"/>
14. SU CO LP		<input checked="" type="checkbox"/>
15.		<input type="checkbox"/>
16.		<input type="checkbox"/>
17.		<input type="checkbox"/>
18.		<input type="checkbox"/>
19.		<input type="checkbox"/>
20.		<input type="checkbox"/>
21.		<input type="checkbox"/>

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.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1062



#### CHECKLIST ITEM # 4

#### Energy Transfer

#### REBEL CRYO PLANT & GATHERING SYSTEM PROJECT

(Glasscock County, Texas)

#### Project Overview

The Rebel Cyro Plant project is a new gas processing facility designed to process 180 MMSCFD of natural gas from various proposed gathering systems in the Midland, Texas area. The Plant will be constructed to handle an initial 130 MMSCFD based on current gas contracts and as more gas packages are signed up, Phase 2 of the plant will be construction to process an additional 50 MMSCFD of gas.

The process train will utilize a standard TH Russell Cryogenic Turbo-Expander (200 MMSCFD) Plant with auxiliary refrigeration using the Gas Subcooled Process (GSP) to extract the ethane and heavier hydrocarbons from the rich natural gas feed stream. This cryo plant is identical to those installed at ETC's Kenedy, Godley and Jackson plants. It should be noted that the plant is available from ETC's inventory and will be delivered to the proposed site in November 2013.

#### Phase I:

##### Project Detail (Base Case)

- 180,000 Mcf/d Cryo processing plant (Re-deploying from the Eagle Ford to Glasscock County)
- 77 mile high pressure pipeline system
- 60 mile low pressure pipeline system
- 27,000 HP of Compression (Two cat 3616 Units re-deploying from intrastate system)
- 200 GPM Amine Treater (Re-deploying the Ridge Plant)
- Capex: \$283 million

#### Phase II:

##### Project Detail (Base Case)

- 180,000 Mcf/d Cryo processing plant (Re-deploying from the Eagle Ford to Glasscock County)
- 111 mile high pressure pipeline system
- 60 mile low pressure pipeline system
- 2,550 HP of screw compressors
- 39,000 HP of Compression (Two cat 3616 Units re-deploying from intrastate system)
- 200 GPM Amine Treater (Re-deploying the Ridge Plant)
- Capex: \$375 million

---

### **Ability to Relocate**

Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations include Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas, and Louisiana.

Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and location based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. The proposed locations for this investment include the following Texas counties: Crockett, Glasscock, Irion, Reagan, Upton, and Midland. Along with the Texas locations, Energy Transfer evaluated opportunities in other states.

#### CHECKLIST ITEM # 5

##### Total Spend:

- Phase 1 - \$283,000,000
  - Glasscock County 53%
  - Midland County 47%
  
- Phase 2 - \$375,000,000
  - Glasscock County 65%
  - Midland County 35%

Phase 1 -The processing facility and compressor packages will be located in Glasscock County \$127M in investment. The other board approved portion of this project is gathering pipelines, systems and field compression. These will be located throughout Midland and Upton Counties with an estimated investment of \$39M and \$2.5M respectively. The approved gathering lines are located in Midland and Glasscock Counties with a total of \$114M in investment and the pipe allocated 85% in Midland and 15% in Glasscock.

We will not be applying for any additional property tax incentives on the pipe or investments in Midland and Upton Counties.



**CHECKLIST ITEM # 6**

**Cryo Plant Equipment**

**Phase I – 130 MMCFD**

3300 BBL "Finger Style" Slug Catcher  
5000 BDP Stabilizer  
Inlet Glycol Dehydration (First Train = 100 MMCF/Day)  
Product Treating for 15,000 BPD  
Residue recompression (initially two (2) 3616 Cat units, 9470 HP)  
1500 BBL Condensate Storage  
1000 BPD Condensate Truck Loading  
Temporary Generators for initial start-up and service until permanent power is installed  
Permanent Power Supply (138 KVA) from Sharyland COOP

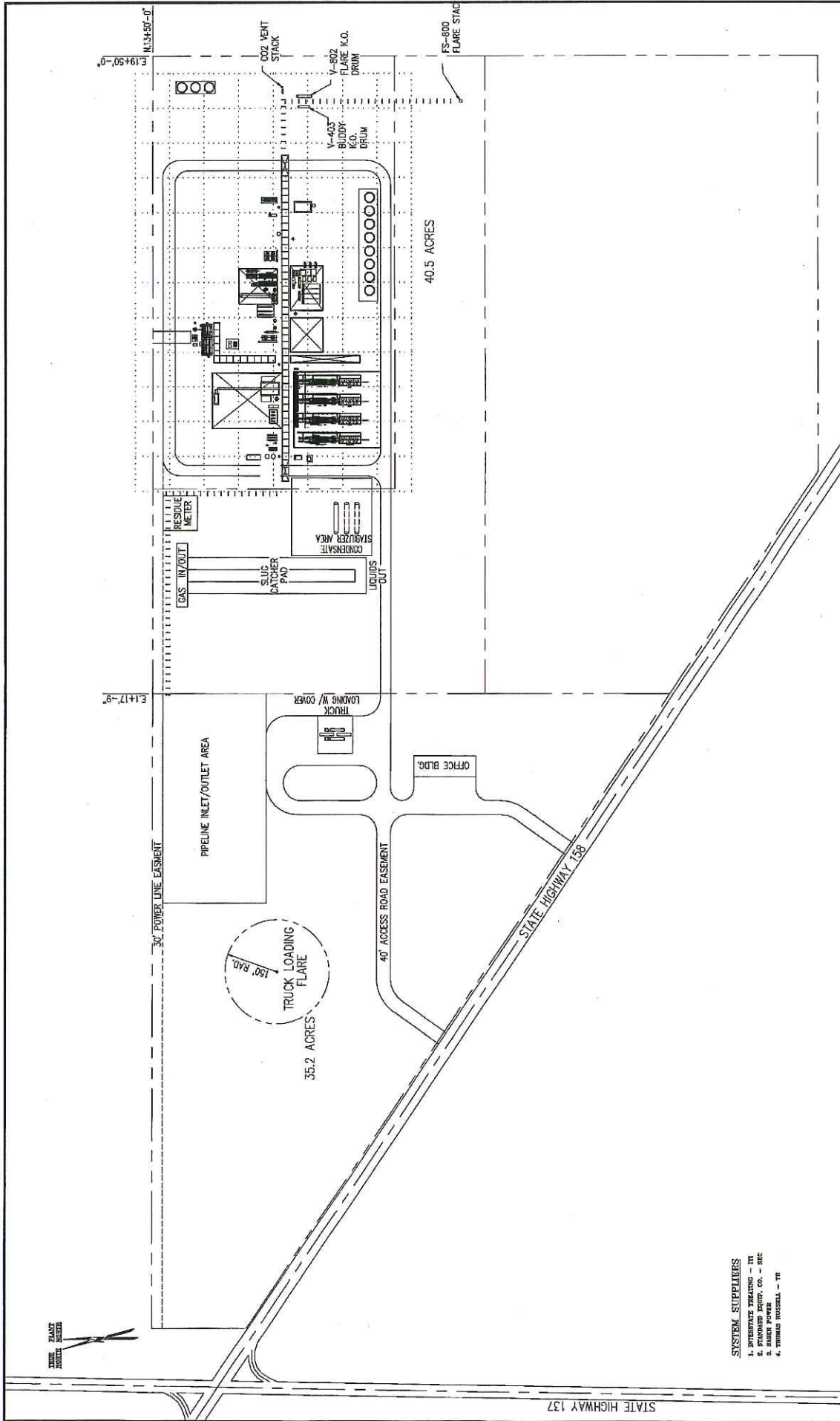
**Phase II – 50 MMCFD**

1700 BBL "Finger Style" Slug Catcher Expansion (Total build out = 5,000 BBL)  
5000 BDP Stabilizer (Total build out = 10,000 BBL)  
Inlet Glycol Dehydration (Second Train = 100 MMCF/Day) (Total build out = 30,000 BBL)  
Product Treating for an additional 15,000 BPD (Total build out = 30,000 BBL)  
Residue recompression (one (1) additional 3616 Cat unit, 4735 HP) (Total build out = 14,205 BBL)  
750 BBL Condensate Storage Expansion (Total build out = 2,250 BBL)  
500 BPD Condensate Truck Loading Expansion (Total build out = 1,500 BBL)

---

**CHECKLIST ITEM # 7**

**Map of Qualified Investment Showing Location of New Buildings or New Improvements with Vicinity Map**



**SYSTEM SUPPLIERS**

1. INTERSTATE TRADING - ITI
2. STANBARD EQUIP. CO. - SEC
3. SAKIN POWER
4. THOMAS HUSSELL - TH

DATE	REVISIONS	BY	CHK	APP
A	REVISED FOR REVIEW	DB	MF	DT
B	REVISED FOR APPROVAL	DB	MF	DT
C	12/1/11 FOR RECD	DB	MF	DT



**OPTIMIZED PROCESS DESIGNS**  
ENGINEERS AND CONSTRUCTORS  
KATY, TEXAS  
PH: 281-371-7500  
WWW.OPD-INC.COM

**PLOT PLAN**  
**REBEL GAS PLANT**

TEXAS

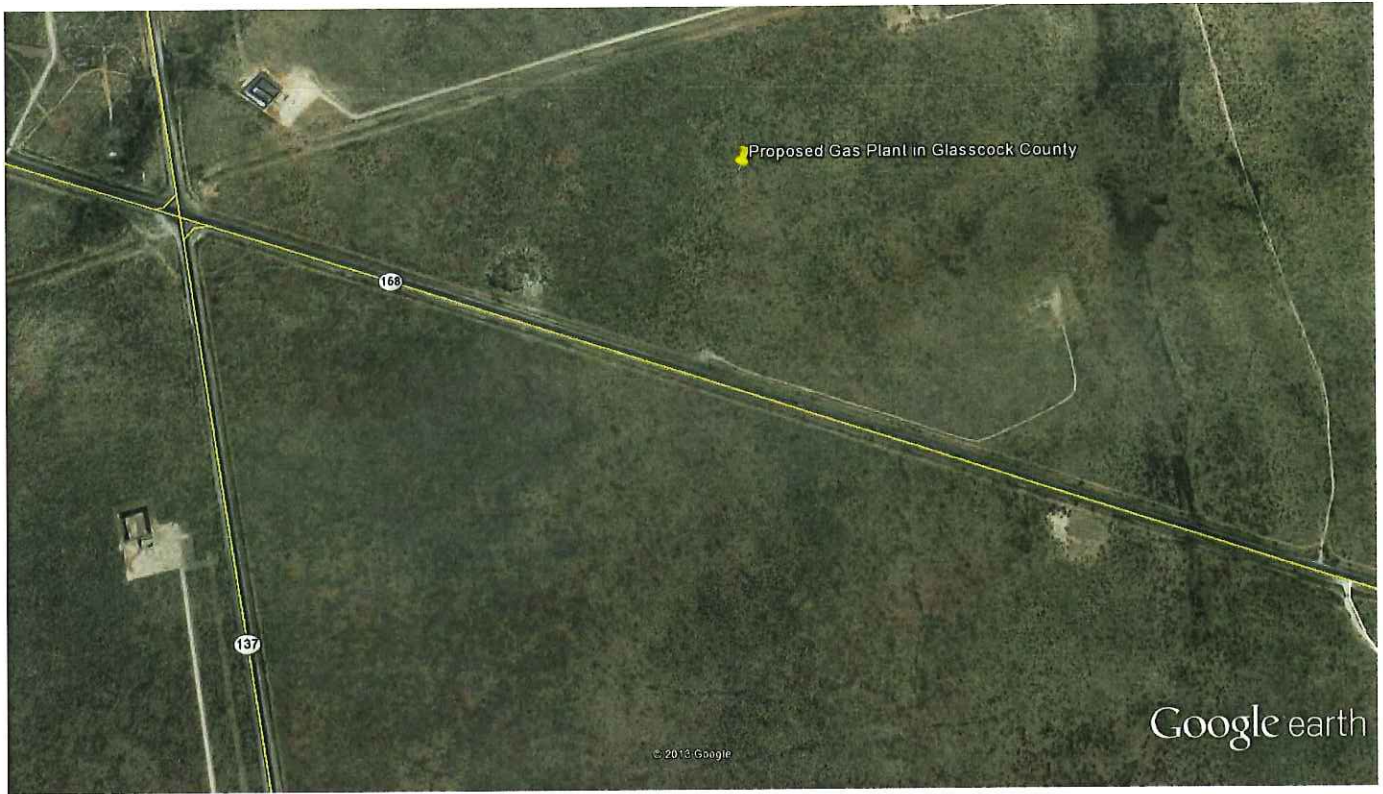








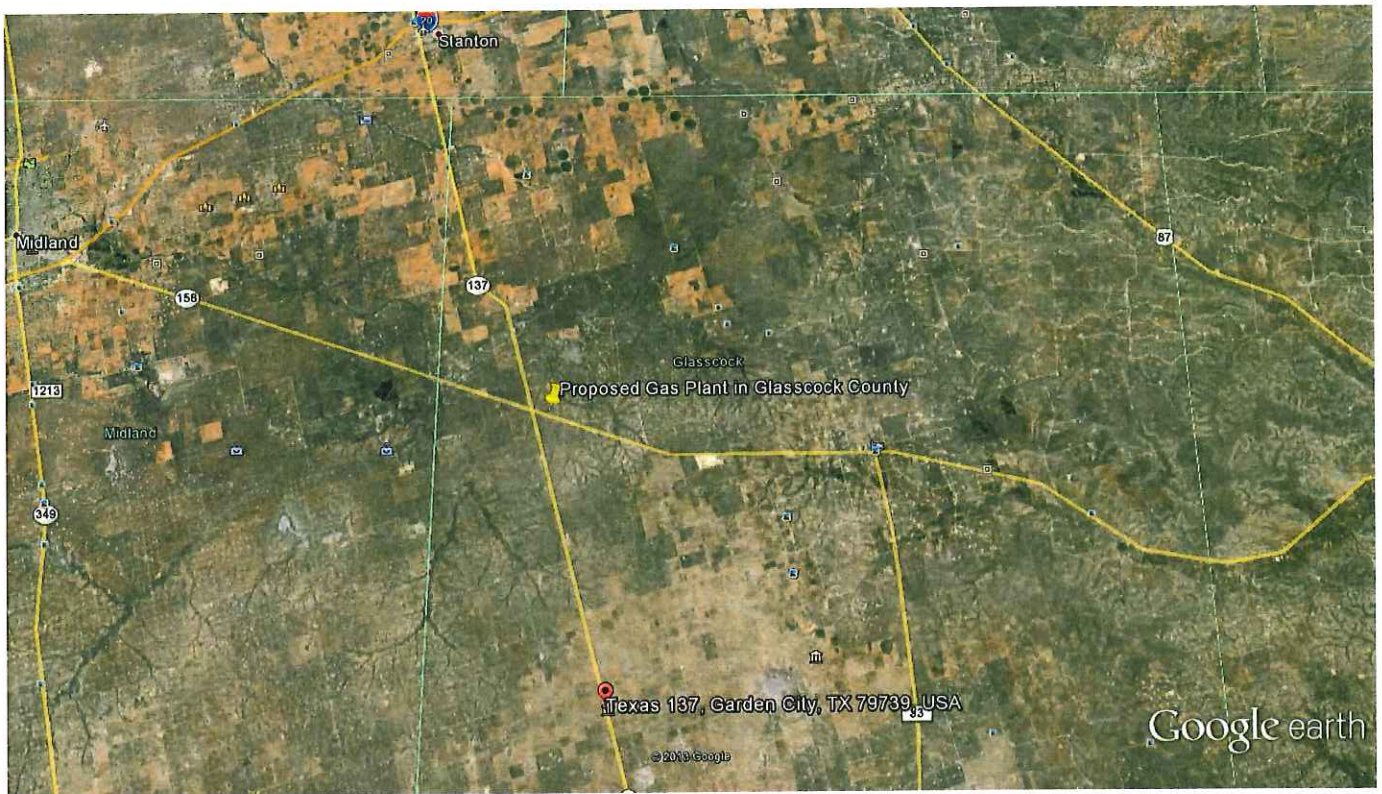




Google earth







Google earth

miles  
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## **CHECKLIST ITEM # 8**

### **Land**

113.30 acres out of the Northwest corner of Section 25, Township 3-South, Block 36, Abstract No. 403, Certificate No. 2770, State Patent No. 556, Volume No. 101, T&P Ry. Co. Survey.

### **Plant Equipment**

#### **Phase I – 130 MMCFD**

3300 BBL "Finger Style" Slug Catcher  
5000 BDP Stabilizer  
Inlet Glycol Dehydration (First Train = 100 MMCF/Day)  
Product Treating for 15,000 BPD  
Residue recompression (initially two (2) 3616 Cat units, 9470 HP)  
1500 BBL Condensate Storage  
1000 BPD Condensate Truck Loading  
Temporary Generators for initial start-up and service until permanent power is installed  
Permanent Power Supply (138 KVA) from Sharyland COOP

#### **Phase II – 50 MMCFD**

1700 BBL "Finger Style" Slug Catcher Expansion (Total build out = 5,000 BBL)  
5000 BDP Stabilizer (Total build out = 10,000 BBL)  
Inlet Glycol Dehydration (Second Train = 100 MMCF/Day) (Total build out = 30,000 BBL)  
Product Treating for an additional 15,000 BPD (Total build out = 30,000 BBL)  
Residue recompression (one (1) additional 3616 Cat unit, 4735 HP) (Total build out = 14,205 BBL)  
750 BBL Condensate Storage Expansion (Total build out = 2,250 BBL)  
500 BPD Condensate Truck Loading Expansion (Total build out = 1,500 BBL)

**CHECKLIST ITEM # 9**

**Map of Qualified Property Showing Location of New Buildings or New Improvements with Vicinity Map**





**CHECKLIST ITEM # 10**

**LEGAL DESCRIPTION OF LAND**

113.30 acres out of the Northwest corner of Section 25, Township 3-South, Block 36, Abstract No. 403, Certificate No. 2770, State Patent No. 556, Volume No. 101, T&P Ry. Co. Survey.

Attachments included Glasscock County Appraisal District description and special warranty deed.



TaxNetUSA &gt; Texas &gt; Glasscock County &gt; Detail Report

PIDN: 1525 Long Account Number: 0400-00015-00000-00

Owner Name TEXAS PACIFIC LAND TRUST

Mailing SUITE 2770  
 Address 1700 PACIFIC AVENUE  
 DALLAS, TX 75201-0000

Location 0  
 AB 403 SEC 25 BLK 66  
 T&P 3-8

Legal 640 ACRES

## Value Information

## 2013 Certified

Improvement Value	\$0
Land Value	\$140,800
Agri Prod Value	\$5,760
Timber Prod Value	\$0
Restricted Product Value	\$0
Total Market Value	\$140,800
Total Assessed Value	\$5,760

Data up to date as of Sep 17, 2013 including 2013 Certified values.

A Property Detail report appears to be available. You must have an account with TaxNetUSA to view Property Detail reports.

Sign in or sign up for free to access:

Property Details  
 Taxing Jurisdictions  
 Estimated Property Taxes  
 Improvement Details

View Sample Report



# Tax Receipt

Transaction Description		
Account	0400-00015-00000-00	(1996/13864)
Drawer	RP-1296 (TINA)	
Tender Type	CHEK	
Tender Memo		
Paid By	TEXAS PACIFIC LAND TRUST	
Tender Ref	2201	
Total Amount Tendered	3397.47	
Exemption		
Mortgage Company		

Legal Description
AB 403 SEC 25 BLK 36
T&P 3-S
640 ACRES

Miscellaneous	
Receipt No.	7421
	ORIGINAL
Tax Year	2012
Stmt. No.	33855
Owner No.	13664
Status	Current

## Tax Summary

Jurisdiction Name	Taxable	Rate/100	Tax Levy	Prior Paid	Unpaid Tax
GLASSCOCK COUNTY	7,680	.220000	16.90		16.90
GLASSCOCK CNTY ISD	7,680	1.092000	83.87		83.87
GLASSCOCK GCD	7,680	.006221	.48		.48
<b>Total</b>			<b>101.25</b>		<b>101.25</b>

## Tax Collected and Allocated

Jurisdiction Name	Due Before Payment			This Payment		
	Pen/Int/Disc	Atty Fees	Total Due	Amount Collected	Base Tax Applied	Base Tax Left
GLASSCOCK COUNTY			16.90	16.90	16.90	.00
GLASSCOCK CNTY ISD			83.87	83.87	83.87	.00
GLASSCOCK GCD			.48	.48	.48	.00
<b>Total</b>			<b>101.25</b>	<b>101.25</b>	<b>101.25</b>	<b>.00</b>

Payment Summary	
Base Tax Paid	101.25
Penalty Paid	
Interest Paid	
Attorney Fees Paid	
Discount Allowed	
Escrow Applied	
Payment Collected	101.25
Change Issued	
Escrow Accrued	
Payment Type	FULL
Effective Date	10-29-2012
Actual Date	10-29-2012

Month	Pay This Amount
Oct 2012	.00
Nov 2012	.00
Dec 2012	.00
Jan 2013	.00
Feb 2013	.00
Mar 2013	.00
Apr 2013	.00
May 2013	.00
Jun 2013	.00
Jul 2013	.00
Aug 2013	.00
Sep 2013	.00

Owner:

TEXAS PACIFIC LAND TRUST  
%TAX DEPT  
1700 PACIFIC AVENUE, SUITE 2770  
DALLAS TX 75201

Prepared By:

NANCY HILLGER, TAX ASSESSOR-COLLECT  
GLASSCOCK COUNTY  
PO BOX 89  
GARDEN CITY TX 79739  
PHONE: (432) 354-2489



## Special Warranty Deed No. 9062

THIS INDENTURE made and entered into this 20th day of September, 2013, by and between MAURICE MEYER III, of the County of Palm Beach, State of Florida, JOHN R. NORRIS III, of the County of Dallas, State of Texas, and JAMES K. NORWOOD, of the County of Tarrant, State of Texas, acting as the duly elected Trustees of Texas Pacific Land Trust, herein called Grantors, and ETC TEXAS PIPELINE, LTD., a Texas limited partnership, 1300 Main St., Houston, Texas 77002, of the County of Harris, State of Texas, Grantee,

WITNESSETH, that said Grantors, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration to them in hand paid by said Grantee, the receipt of which is hereby acknowledged, and subject to the reservation and exception hereinafter expressed, have granted, bargained and sold, and by these presents do GRANT, BARGAIN, SELL and CONVEY unto the said ETC TEXAS PIPELINE, LTD., a Texas limited partnership, and to its heirs, successors and assigns forever, all that certain tract or parcel of land, in which land The Texas and Pacific Railway Company is the original grantee, situated in the County of Glasscock, State of Texas, known and described as follows, to-wit:

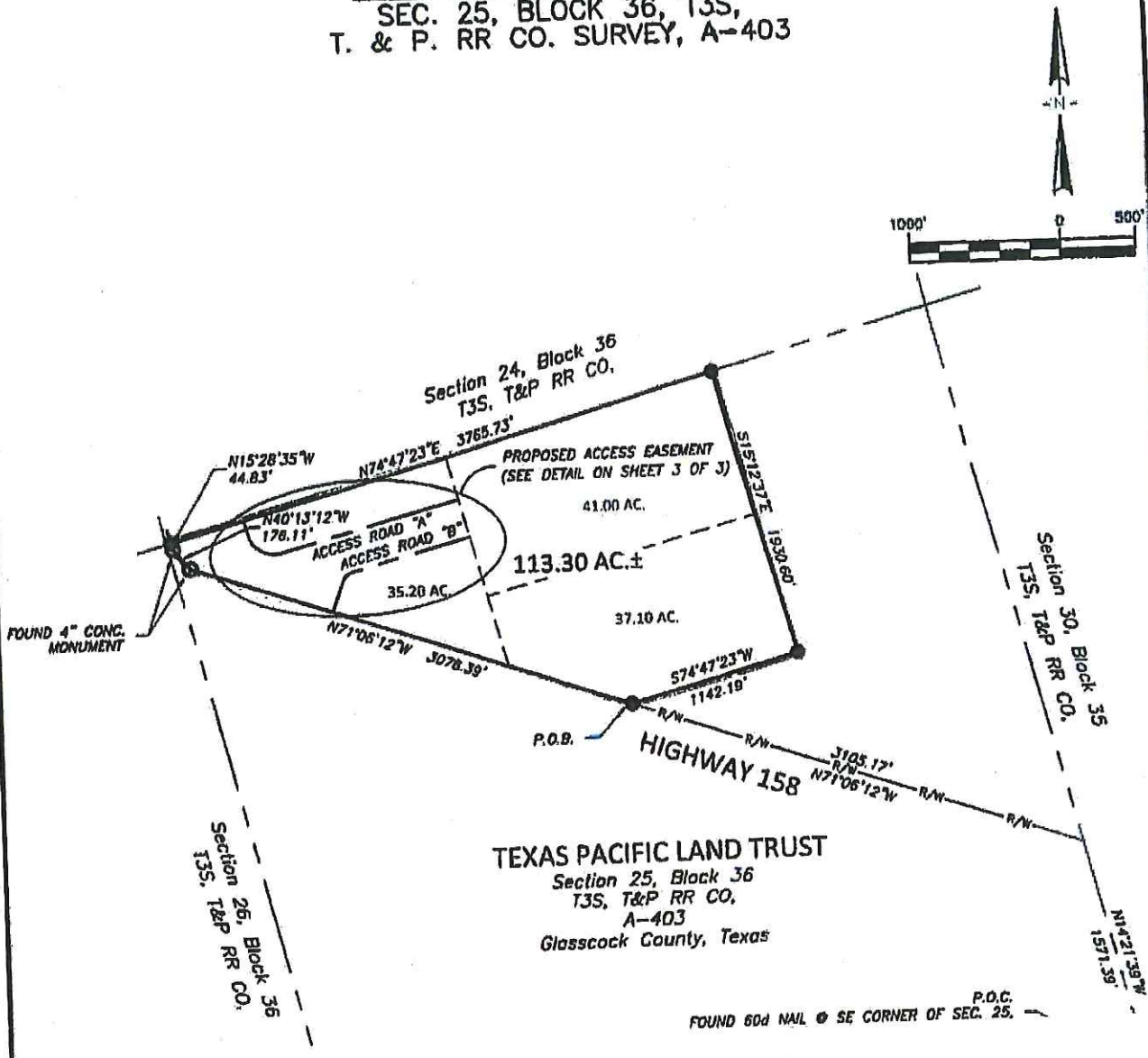
113.30 acres out of the Northwest corner of Section 25, Township 3-South, Block 36, Abstract No. 403, Certificate No. 2770, State Patent No. 556, Volume No. 101, T&P Ry. Co. Survey, more or less, and more particularly described on the attached survey.

**CHECKLIST ITEM # 11**

**Detailed Map Showing Location of Land with Vicinity Map**



**GLASSCOCK COUNTY, TEXAS**  
**SEC. 25, BLOCK 36, T3S,**  
**T. & P. RR CO. SURVEY, A-403**

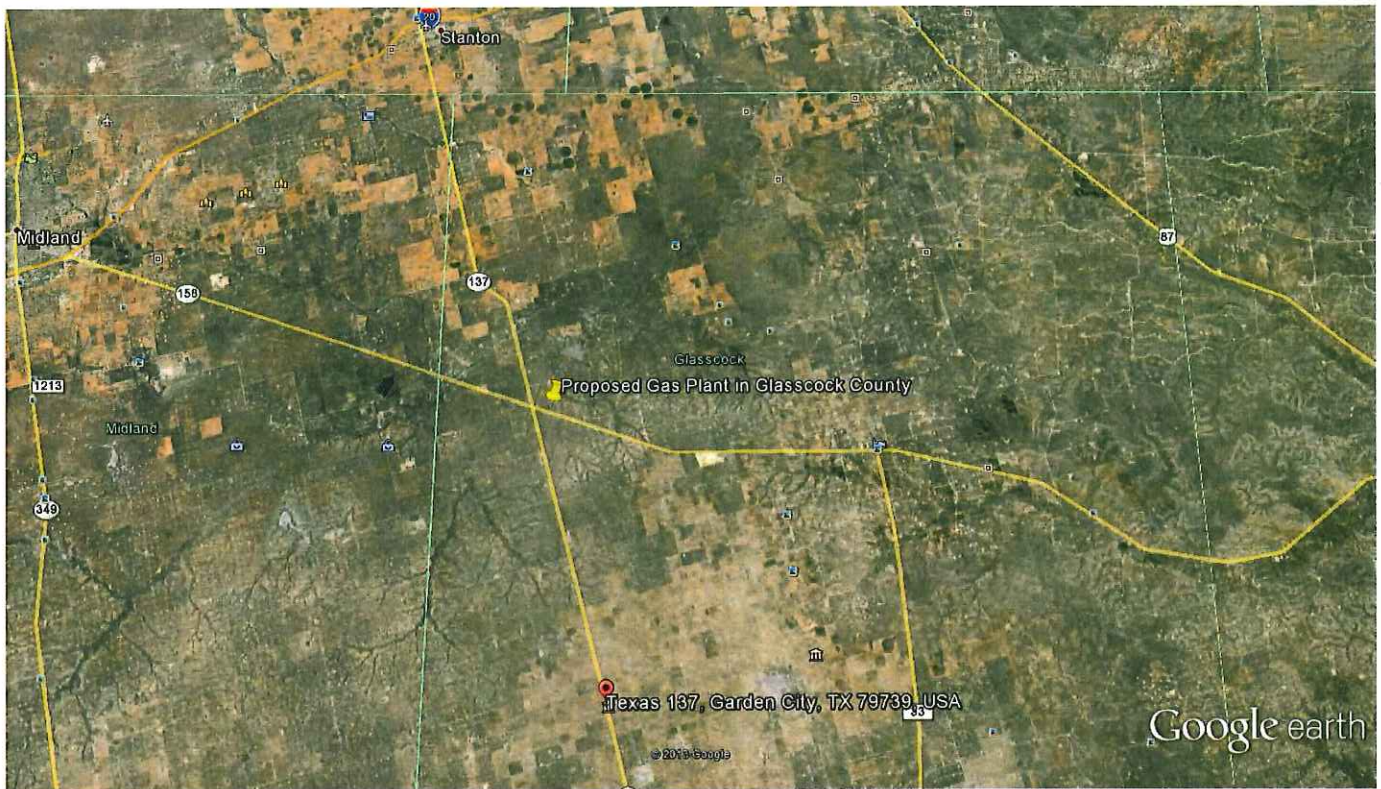




Google earth

feet 3000  
km 1





Google earth





**CHECKLIST ITEM # 12**

**N/A**

**CHECKLIST ITEM # 13**

**N/A**

**CHECKLIST ITEM # 14**

**Calculation of three possible wage requirements with TWC documentation. (Attachment)**



## Quarterly Employment and Wages (QCEW)

[Restart](#)
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[Help with Download](#)

D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$552
2013	2nd Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$564
2012	1st Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$607
2012	2nd Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$605
2012	3rd Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$607
2012	4th Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$740
2011	1st Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$553
2011	2nd Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$537
2011	3rd Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$568
2011	4th Qtr	Glasscock County	Total All	00	0	10	Total, All Industries	\$761

### County and Regional Wage Calculations

	Hourly	Weekly	Annual
Glasscock County Average Wage	\$ 15.39	\$ 615.75	\$ 32,019.00
110% of Glasscock County Average Wage	\$ 16.93	\$ 677.33	\$ 35,220.90
Glasscock County Avg. Mfg. Wage	No Data Available		
110% of Glasscock County Avg. Mfg. Wage	No Data Available		
Permian Basin RPC Avg. Mfg. Wage	\$ 21.93	\$ 877.20	\$ 45,624.00
110% of Permian Basin RPC Avg. Mfg. Wage	\$ 24.12	\$ 965.12	\$ 50,186.40

Glasscock County Average Weekly Wage Calc.	
2013 - 1st Quarter	\$ 552.00
2013 - 2nd Quarter	\$ 564.00
2012 - 3rd Quarter	\$ 607.00
2012 - 4th Quarter	\$ 740.00
Average	\$ 615.75

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

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$23.56</b>	<b>\$48,996</b>
<u>1. Panhandle Regional Planning Commission</u>	\$20.12	\$41,850
<u>2. South Plains Association of Governments</u>	\$16.18	\$33,662
<u>3. NORTEX Regional Planning Commission</u>	\$17.83	\$37,076
<u>4. North Central Texas Council of Governments</u>	\$24.68	\$51,333
<u>5. Ark-Tex Council of Governments</u>	\$16.84	\$35,032
<u>6. East Texas Council of Governments</u>	\$19.61	\$40,797
<u>7. West Central Texas Council of Governments</u>	\$18.24	\$37,941
<u>8. Rio Grande Council of Governments</u>	\$16.17	\$33,631
<u>9. Permian Basin Regional Planning Commission</u>	\$21.93	\$45,624
<u>10. Concho Valley Council of Governments</u>	\$16.33	\$33,956
<u>11. Heart of Texas Council of Governments</u>	\$19.07	\$39,670
<u>12. Capital Area Council of Governments</u>	\$26.03	\$54,146
<u>13. Brazos Valley Council of Governments</u>	\$16.55	\$34,424
<u>14. Deep East Texas Council of Governments</u>	\$16.20	\$33,698
<u>15. South East Texas Regional Planning Commission</u>	\$29.38	\$61,118
<u>16. Houston-Galveston Area Council</u>	\$26.59	\$55,317
<u>17. Golden Crescent Regional Planning Commission</u>	\$21.03	\$43,742
<u>18. Alamo Area Council of Governments</u>	\$18.40	\$38,280
<u>19. South Texas Development Council</u>	\$13.54	\$28,170
<u>20. Coastal Bend Council of Governments</u>	\$22.97	\$47,786
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.33	\$33,961
<u>22. Texoma Council of Governments</u>	\$22.57	\$46,949
<u>23. Central Texas Council of Governments</u>	\$17.16	\$35,689
<u>24. Middle Rio Grande Development Council</u>	\$18.93	\$39,380

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.

**CHECKLIST ITEM # 15**

**Description of Benefits**

Energy Transfer offers its employees the following benefits:

- 401k
- Medical
- Dental
- Vision
- RX Plan
- Flex Spending Account
- Life and AD&D insurance
- Paid Vacation, Sick, and Holidays
- Wellness Programs
- Employee Assistance Programs
- Extended Sick Leave
- Annual Merit & Bonus Eligibility



**CHECKLIST ITEM # 16**

**N/A**

**CHECKLIST ITEM # 17**

**SCHEDULE A (Completed, Signed and Attached)**

# Application for Appraised Value Limitation on Qualified Property



## Schedule A: Investment (Revised January 2010)

### PROPERTY INVESTMENT AMOUNTS

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

		Year	School Year (YYYY-YYYY)	Tax Year (if different tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or Nonmovable Component of Building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualify- ing time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+C)			
The year preceding the first complete tax year of the qualifying time period (assuming no deferral)	Investment made before filing complete appli- cation with district (either qualified property not eligible to become qualified investment)		2013-2014	2013	-	-	X	-	-			
	Investment made after filing complete ap- plication with district, but before final board approval of application (eligible to become qualified property)			2014	-	-		-				
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)		2014-2015	2014	15,351,315	-		15,351,315	15,351,315			
	Complete tax years of qualifying time period	1	2015-2016	2015	111,648,685	-	111,648,685	-	111,648,685			
		2	2016-2017	2016	92,000,000	-	92,000,000	-	92,000,000			
Tax Credit Period (with 10% cap on credit)	When Limitation Period	3	2017-2018	2017			X					
		4	2018-2019	2018								
		5	2019-2020	2019								
		6	2020-2021	2020								
		7	2021-2022	2021								
		8	2022-2023	2022								
		9	2023-2024	2023								
		10	2024-2025	2024								
		Credit Set-Back Period	Continue to Maintain Value Provisions	11	2025-2026	2025				X		
				12	2026-2027	2026						
13	2027-2028			2027								
Post-Set-Back Period		14	2028-2029	2028								
Post-Set-Back Period		15	2029-2030	2029								

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

**Column A:** This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment as defined in Tax Code §3(3.021)(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals. [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property]. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

**Column B:** The total dollar amount of planned investment each year in buildings or nonmovable component of buildings that the applicant considers qualified investment under Tax Code §3(3.021)(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonmovable components of buildings.

**Column D:** Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value -- for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

**Notes:** For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

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 years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Megan McKananagh  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-13-13  
DATE



**CHECKLIST ITEM # 18**

**SCHEDULE B (Completed, Signed and Attached)**



# Application for Appraised Value Limitation on Qualified Property

## Schedule B: Estimated Market and Taxable Value (Revised January 2010)

ETC Texas Pipeline, LTD

Glasscock County ISD

Applicant Name

ISD Name

					Qualified Property			Deductions From Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Y) (in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of existing permanent property in this area including the "one on the new improvements"	Exempted Value	First taxable value for 185 - after all deductions	First taxable value for 185O - after all deductions
		pre-year 1	2014-2015	2014	140,800	-	15,351,315	-	5,492,115	15,492,115
	Complete tax years of qualifying date period	1	2015-2016	2015	140,800	-	127,000,000	-	127,140,800	127,140,800
		2	2016-2017	2016	140,800	-	219,000,000	-	219,140,800	219,140,800
		3	2017-2018	2017	140,800	-	212,430,000	-	212,570,800	30,000,000
Tax Credit Period (only 50% exp. on credit)	Value Limitation Period	4	2018-2019	2018	140,800	-	206,057,100	-	206,197,900	30,000,000
		5	2019-2020	2019	140,800	-	199,875,387	-	200,016,187	30,000,000
		6	2020-2021	2020	140,800	-	193,879,123	-	194,019,923	30,000,000
		7	2021-2022	2021	140,800	-	188,062,752	-	188,203,552	30,000,000
		8	2022-2023	2022	140,800	-	182,420,869	-	182,561,669	30,000,000
		9	2023-2024	2023	140,800	-	176,948,243	-	177,089,043	30,000,000
		10	2024-2025	2024	140,800	-	171,639,796	-	171,780,596	30,000,000
		11	2025-2026	2025	140,800	-	166,490,602	-	166,631,402	166,631,402
Credit Set-As-Up period	Continue to Maintain Value Provision	12	2026-2027	2026	140,800	-	161,495,884	-	161,636,684	161,636,684
		13	2027-2028	2027	140,800	-	156,651,007	-	156,791,807	156,791,807
		Post- Set-As-Up Period		14	2028-2029	2028	140,800	-	151,951,477	-
Post- Set-As-Up Period		15	2029-2030	2029	140,800	-	147,392,933	-	147,533,733	147,533,733

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 years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

*Megan McKavanagh*  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-13-13  
DATE

**CHECKLIST ITEM # 19**

**SCHEDULE C (Completed, Signed and Attached)**



# Application for Appraised Value Limitation on Qualified Property



## Schedule C: Application: Employment Information

ETC Texas Pipeline LTD

Glasscock County ISD

Applicant Name

ISD Name

					Construction		New Jobs		Qualifying Jobs	
		Year	School Year: (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qual- ifying jobs appli- cant commits to create meeting all criteria of Sec. 312.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
		pre-year 1	2014-2015	2014	100 FTE	60,000	10	55,000	8	60,000
	Complete tax years of qualify- ing time period	1	2015-2016	2015	30 FTE	60,000	10	55,000	8	60,000
		2	2016-2017	2016	100 FTE	60,000	10	55,000	8	60,000
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017		10	55,000	8	60,000
			4	2018-2019	2018		10	55,000	8	60,000
			5	2019-2020	2019		10	55,000	8	60,000
			6	2020-2021	2020		10	55,000	8	60,000
			7	2021-2022	2021		10	55,000	8	60,000
			8	2022-2023	2022		10	55,000	8	60,000
			9	2023-2024	2023		10	55,000	8	60,000
			10	2024-2025	2024		10	55,000	8	60,000
Credit Settle-Up period	Continue to Maintain Viable Presence	11	2025-2026	2025		10	55,000	8	60,000	
		12	2026-2027	2026		10	55,000	8	60,000	
		13	2027-2028	2027		10	55,000	8	60,000	
Post- Settle-Up Period		14	2028-2029	2028		10	55,000	8	60,000	
Post- Settle-Up Period		15	2029-2030	2029		10	55,000	8	60,000	

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

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 years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

*Megan McKeanagh*  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-13-13  
DATE

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**CHECKLIST ITEM # 20**

**SCHEDULE D (Completed, Signed and Attached)**



# Application for Appraised Value Limitation on Qualified Property

## Schedule D: Other Tax Information (Revised January 2010)

ETC Texas Pipeline LTD

Applicant Name

Glasscock County ISD

ISD Name

		Year	School Year (YYYY)	Year/Calendar Year (YYYY)	Sales Tax Information		Franchise Tax	Other Property Tax Abatement Sought			
					Sales Taxable Expenditures	Column B: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2014-2015	2014		16,351,315					
Tax Credit Period (with 40% cap on credit)	Value Limitation Period	1	2015-2016	2015	15,000,000	96,648,886	200,000	60%			
		2	2016-2017	2016	7,000,000	85,000,000	400,000	60%			
		3	2017-2018	2017	200,000	400,000	600,000	60%			
		4	2018-2019	2018	200,000	400,000	750,000	60%			
		5	2019-2020	2019	200,000	400,000	825,000	60%			
		6	2020-2021	2020	200,000	400,000	860,000	40%			
		7	2021-2022	2021	200,000	400,000	875,000	40%			
		8	2022-2023	2022	200,000	400,000	900,000	40%			
		9	2023-2024	2023	200,000	400,000	900,000	40%			
		10	2024-2025	2024	200,000	400,000	900,000	40%			
Credit Settle-Up Period	Continue to Maintain Value Limitation	11	2025-2026	2025	200,000	400,000	925,000				
		12	2026-2027	2026	200,000	400,000	950,000				
		13	2027-2028	2027	200,000	400,000	930,000				
Post-Settle-Up Period		14	2028-2029	2028	200,000	400,000	975,000				
Post-Settle-Up Period		15	2029-2030	2029	200,000	400,000	1,000,000				

\* For planning, construction and operation of the facility.

Megan McKavanagh  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-13-13  
DATE



**CHECKLIST ITEM # 21.**

**Map of Reinvestment Zone, Proposed Boundaries**

SEC. 25, BLOCK 35, T3S,  
T. & P. RR CO. SURVEY, A-403



- FOUND 4" CONCRETE  
HIGHWAY R/W  
CONCRETE MONUMENT
- SET 1/2" REBAR WITH  
SHOVEL STAMPED  
"APLS 1210"

**Notes:**

1 This plot was prepared without the benefit of a current Title Report. All deeds were provided by the client and may not reflect current ownership. No record of encumbrances or sight of ways were provided except as shown. No other research was performed by the undersigned surveyor.

2. All bearings and distances contained herein are grid, based on the Texas State Plane Coordinate System, Central Zone (4203), US Survey feet. North American Datum of 1983, (NAD83) are derived from an on-the-ground survey conducted in September, 2013.



3. If this plot and accompanying instructions are not sealed, it should be considered as a copy and not the original.

Exhibit "B"

Surface site Area: 113.30 Ac.±  
Access Road "A" Length: 1,613.90 ft. (97.81 Rods)  
Access Road "B" Length: 1,119.77 ft. (67.87 Rods)

9/22/2008 9/22/08  
LARRY J. JAMES, Esq. Date  
Registered Professional Land Surveyor  
Texas Registration No. 1740

Golden Field Services  
19105 810-2014

PIPELINE, STATION, OR ACCOUNT NUMBER		SCALE 1"=1000'		CONST. YR.		ETC TEXAS PIPELINE, LTD. HOUSTON, TEXAS		PROJECT NO.	
FILE NUMBER		CADD FILENAME		GRAPH MM		DATE 9/19/13			
REV. NO. - DESCRIPTION		BY	DATE	APP	 ETC TEXAS PIPELINE			PREVIOUS DWG. NO.	
1								SHT. OF	
2								DWG NO	
3								GLS_PLNT_1	
4								SHT. 1 OF 3	
					PROPOSED SURFACE SITE & ACCESS ROAD ACROSS TEXAS PACIFIC LAND TRUST GLASSCOCK COUNTY, TEXAS				

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**CHECKLIST ITEM # 22**

**WILL SUPPLY AT A LATER DATE**



**CHECKLIST ITEM # 23**

**LEGAL DESCRIPTION OF REINVESTMENT ZONE**

113.30 acres out of the Northwest corner of Section 25, Township 3-South, Block 36, Abstract No. 403, Certificate No. 2770, State Patent No. 556, Volume No. 101, T&P Ry. Co. Survey.

Checklist Item #24

080

**Glasscock County  
State of Texas**

**Tax Abatement Guidelines and Criteria**

The following Guidelines and Criteria have been adopted by the Glasscock County Commissioners Court establish a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long-term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property, except as otherwise provided. These Guidelines and Criteria are effective as of the date adopted.

In order to be eligible for designation as a Reinvestment Zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Glasscock County of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Glasscock County to another.

In addition to the criteria set forth above, the Glasscock County Commissioners Court reserves the right to negotiate a Tax Abatement Agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the Reinvestment Zone.

All abatement contracts will be no longer than allowed by law.

It is the goal of Glasscock County to grant tax abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Glasscock County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of the date adopted by the Glasscock County Commissioners Court and shall at all times be kept current with regard to the needs of Glasscock County and reflective of the official views of the County Commissioners Court. These Guidelines and Criteria shall be reviewed every two (2) years.

The adoption of these guidelines and criteria by the Glasscock County Commissioners Court does not:

1. Limit the discretion of the governing body to decide whether to enter into a specific Tax Abatement Agreement;
2. Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or
3. Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement;

#### Section 1 Definitions

- A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Glasscock County or the City of Garden City for economic development purposes.
- B. "Agreement" means a contractual agreement between a property owner and/or lessee and Glasscock County.
- C. "Base year value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement.
- D. "Deferred maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology.
- E. "Eligible facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Glasscock County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Glasscock County, such as, but not limited to, restaurants and retail sales establishments, eligible facilities may include, but shall not be limited to hotels and office buildings.
- F. "Expansion" means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.
- G. "Facility" means property improvement(s) completed or in the process of construction which together comprise an interregional whole.
- H. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production



capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.

- I. "New facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- J. "Productive life" means the number of years a property improvement is expected to be in service in a facility.

## Section 2 Abatement Authorized

- A. Eligible facilities. Upon application, eligible facilities shall be considered for tax abatement as hereinafter provided.
- B. Creation of New Values. Abatement may only be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an abatement agreement between Glasscock County and the property owner or lessee, subject to such limitations as Glasscock County may require.
- C. New and existing facilities. Abatement may be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an abatement agreement between Glasscock County and the property owner or lessee, subject to such limitations as Glasscock County may require.
- D. Eligible property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility.
- E. Ineligible Property. The following types of property shall be fully taxable and ineligible for tax abatement: Land; supplies; tools; furnishings, and other forms of movable personal property; housing; deferred maintenance; property to be rented or leased, except as provided in Section 2 F, property which has a productive life of less than ten (10) years.
- F. Owned/leased facilities. If a leased facility is granted abatement, the agreement shall be executed with the lessor and the lessee.
- G. Economic Qualifications. In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:
  - 1. Must be reasonably expected to have an increase in positive net benefit to Glasscock County of at least \$1,000,000.00 over the life of the abatement agreement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and

2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Glasscock County to another.

H. Standards for Tax Abatement. The following factors, among others, shall be considered in determining whether to grant tax abatement:

1. Value of existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number and type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;
7. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
8. Amount which property tax base valuation will be increased during the term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000.00;
9. The costs to be incurred by Glasscock County to provide facilities directly resulting from the new improvements;
10. The amount of ad valorem taxes to be paid to Glasscock County during the abatement period considering:
  - a. the existing values;
  - b. the percentage of new value abated;
  - c. the abatement period; and
  - d. the value after expiration of the abatement period.
11. The population growth of Glasscock County that occurs directly as a result of new improvements;
12. The types and values of public improvements, if any, to be made by applicant seeking abatement;
13. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
14. The impact on the business opportunities of existing businesses;
15. The attraction of other new businesses to the area;
16. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
17. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Denial of Abatement. Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:



1. There would be substantial adverse effect on the provision of government services or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public safety, health, or morals;
4. Violation of other codes or laws; or
5. Any other reason deemed appropriate by Glasscock County.

J. Taxability. From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:

1. The value of ineligible property as provided in Section 2 E shall be fully taxable; and
2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

### Section 3 Application

- A. Any present or potential Owner ("Owner or "Applicant" herein) of taxable property in Glasscock County may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge.
- B. The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to this application. The completed application must be accompanied by the payment of a non-refundable application fee for administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee shall be made payable to Glasscock County. For abatement requests for improvements with a planned value equal to or in excess of \$1,000,000.00 the fee shall be one thousand and no/100 dollars (\$1,000.00), accompanied by the agreement that the Applicant shall pay costs of publishing the statutorily required notices and reasonable attorney and consulting fees as may be incurred by Glasscock County in the examination of the application as well as the preparation and negotiation of any tax abatement agreement.



- C. Glasscock County shall give notice as provided by the Property Tax Code, including written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located not later than seven (7) days before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing before acting upon application. Glasscock County shall, through public hearing, afford the applicant and the designated representative of any governing body referenced herein above, and the public the opportunity to show cause why the abatement should or should not be granted.
- D. If a city within Glasscock County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into or proposes to enter into an abatement agreement with a present or potential owner of a taxable property, such present or potential owner of taxable property may request tax abatement by Glasscock County by following the same application process described in Section 3 A hereof. No other notice of hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners Court deems them necessary in a particular case.

#### Section 4 Agreement

- A. After approval, the Commissioners Court of Glasscock County shall formally pass a resolution and execute an agreement with the Owner which shall:
  - 1. Include a list of the kind, number, and location of all proposed improvements to the property;
  - 2. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;
  - 3. Limit the use of the property consistent with the taxing unit's development goals;
  - 4. Provide for recapturing property tax revenues that are lost if the Owner fails to make improvements as provided by the agreement;
  - 5. Include each term that was agreed upon with the property owner and require the Owner to annually certify compliance with the terms of the agreement to each taxing unit; and
  - 6. Allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement
- B. The Owner shall also agree to the following:
  - 1. A specified number of permanent full time jobs at facility shall be created, and the Owner and Lessee shall make reasonable efforts to employ persons who are residents of Glasscock County in such jobs, provided, however, that there shall be no obligation to employ residents who are not:
    - a. equally or more qualified than nonresident applicants;
    - b. available for employment on terms and/or salaries comparable to those required by nonresident applicants; or
    - c. able to become qualified with 72 hours training provided by Owner.

2. Each person employed in such job shall perform a portion, if not all, of their work in Glasscock County.
3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Glasscock County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Glasscock County residents that are not:
  - a. of similar quality to those provided by nonresidents; or
  - b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.
4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individual who are interested in obtaining information about providing goods or services related to the construction of the project. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Glasscock County for local contractors to perform work on the construction project.
5. Owner shall agree to maintain a viable presence (as below defined) within the Reinvestment Zone for a period of time, as set by the Glasscock County Commissioners Court, not to exceed twenty (20) years from the date that the abatement agreement first takes effect. For purposes hereof, "Maintain a Viable Presence" means the operation of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or reengineered.
5. On May 1<sup>st</sup> of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Glasscock County, and to the governing body of each taxing unit, that Owner is in compliance with each applicable term set forth above.

Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the Commissioners Court.

#### Section 5 Recapture

##### A. In the event that the Owner or its assignee:

1. Allows its ad valorem taxes owed Glasscock County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or
2. Violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.



- B. Should Glasscock County determine that the applicant or its assignee is in default according to the terms and conditions of its agreement, Glasscock County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within the time set forth in such notice ("Cure Period") then the agreement may be terminated.

#### Section 6 Administration

- A. The Chief Appraiser of the Glasscock County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Glasscock County of the amount of the assessment.
- B. Glasscock County may execute a contract with any other jurisdiction(s) to inspect the facility to determine if the terms and conditions of the abatement agreement are being met. The abatement agreement shall stipulate that employees and/or designated representatives of Glasscock County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.
- C. Upon completion of construction, the designated representative of Glasscock County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners Court.

#### Section 7 Assignment

The abatement agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners Court of Glasscock County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement and/or assumption agreement with Glasscock County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably delayed or withheld.

#### Section 8 Sunset Provision



088

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years unless amended by three-quarters vote of the Commissioners Court of Glasscock County, at which time all reinvestment zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the Guidelines and Criteria will be modified, renewed, or eliminated.

ADOPTED the 10<sup>th</sup> day of June, 2013.

GLASSCOCK COUNTY COMMISSIONERS' COURT

  
JUDGE KIM HALFMANN

COMM. MARK HALFMANN

  
COMM. JIMMY STRUBE

  
COMM. GARY JONES

  
COMM. MICHAEL HOCH



## Attachment B

### Certificate of Account Status





## Franchise Tax Account Status

As of: 03/12/2014 01:20:49 PM

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

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ETC TEXAS PIPELINE, LTD.	
Texas Taxpayer Number	10505324664
Mailing Address	800 E SONTERRA BLVD STE 400 SAN ANTONIO, TX 78258-3941
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	09/24/2002
Texas SOS File Number	0800126082
Registered Agent Name	CORPORATION SERVICE COMPANY D/B/A CSC- LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701



## Attachment C

### State Comptroller's Recommendation



<div style="text-align: center;"> <b>S U S A N</b>  <b>C O M B S</b> </div>	<div style="text-align: center;"> <b>TEXAS COMPTROLLER <i>of</i> PUBLIC ACCOUNTS</b>  P.O. Box 13528 • AUSTIN, TX 78711-3528 </div>
	

March 4, 2014

Thomas Weeaks  
Superintendent  
Glasscock County Independent School District  
P.O. Box 9  
Garden City, Texas 79739

Dear Superintendent Weeaks:

On Dec. 6, 2013, the Comptroller received the completed application (Application # 379) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in November 2013 to the Glasscock County Independent School District (the school district) by ETC Texas Pipeline, LTD (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
- 2) 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 non-rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to non-rural school districts. The amount of proposed qualified investment (\$127 million) is consistent with the proposed appraised value limitation sought (\$30 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 Glasscock 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

<sup>1</sup> 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.

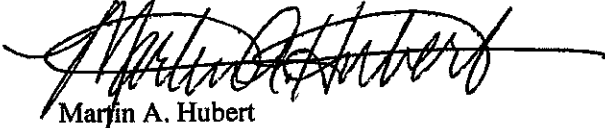
Note that any new building or other improvement existing as of the application review start date of Dec. 6, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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:

- 1) 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
- 4) 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](mailto: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	ETC Texas Pipeline, LTD
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Glasscock County ISD
2011-2012 Enrollment in School District	289
County	Glasscock
Total Investment in District	\$221,000,000
Qualified Investment	\$127,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	8
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$965
Minimum Weekly Wage Required Tax Code, 313.021(5)(B)	\$965
Minimum Annual Wage committed to by applicant for qualified jobs	\$50,186
Investment per Qualifying Job	\$27,625,000
Estimated 15 year M&O levy without any limit or credit:	\$27,622,196
Estimated gross 15 year M&O tax benefit	\$16,372,918
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$15,356,199
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,969,026
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$12,265,997
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	55.6%
Percentage of tax benefit due to the limitation	81.9%
Percentage of tax benefit due to the credit.	18.1%

This presents the Comptroller's economic impact evaluation of ETC Texas Pipeline, LTD (the project) applying to Glasscock County 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. Eight 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 Permian Basin Regional Planning Commission Council of Governments Region, where Glasscock County is located was \$45,624 in 2012. There is no available data for the annual average manufacturing wage for 2012 through 2013 for Glasscock County. From 2012 to 2013, the county annual average wage for all industries was \$32,019. In addition to an annual average salary of \$50,186 each qualifying position will receive benefits such as 401(k), medical, dental, vision, RX plan, flex spending account, life and AD&D insurance, paid vacation, sick and holidays, wellness program, employee assistance programs, extended sick leave, annual merit & bonus eligibility. The project's total investment is \$221 million, resulting in a relative level of investment per qualifying job of \$27.6 million.

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

According to ETC Texas Pipeline, LTD's application, "Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants." The application also states, "Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located."

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

During the past two years, 15 projects in the Permian Basin Regional Planning Commission 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 ETC Texas Pipeline, LTD 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 ETC Texas Pipeline, LTD'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.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in ETC Texas Pipeline, LTD**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	110	140	250	\$6,550,000	\$9,450,000	\$16,000,000
2015	40	70	110	\$2,350,000	\$5,650,000	\$8,000,000
2016	110	140	250	\$6,550,000	\$11,450,000	\$18,000,000
2017	10	46	56	\$550,000	\$5,450,000	\$6,000,000
2018	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2019	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2020	10	37	47	\$550,000	\$4,450,000	\$5,000,000
2021	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2022	10	37	47	\$550,000	\$4,450,000	\$5,000,000
2023	10	43	53	\$550,000	\$4,450,000	\$5,000,000
2024	10	41	51	\$550,000	\$4,450,000	\$5,000,000
2025	10	47	57	\$550,000	\$4,450,000	\$5,000,000
2026	10	37	47	\$550,000	\$4,450,000	\$5,000,000
2027	10	39	49	\$550,000	\$4,450,000	\$5,000,000
2028	10	33	43	\$550,000	\$4,450,000	\$5,000,000
2029	10	31	41	\$550,000	\$4,450,000	\$5,000,000

Source: CPA, REMI, ETC Texas Pipeline, LTD

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2012 to 2013. Glasscock County ISD's ad valorem tax base in 2012 to 2013 was \$1.4 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012 to 2013. During that same year, Glasscock County ISD's estimated wealth per WADA was \$2,674,856. 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, Glasscock County, and the Glasscock County Underground Water District with all property tax incentives sought being granted using estimated market value from ETC Texas Pipeline, LTD's application. ETC Texas Pipeline, LTD has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the ETC Texas Pipeline, LTD project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Glasscock County ISD I&S Levy	Glasscock County ISD M&O Levy	Glasscock County ISD M&O and I&S Tax Levies (Before Credit Credited)	Glasscock County ISD M&O and I&S Tax Levies (After Credit Credited)	Glasscock County Tax Levy	Glasscock County Underground Water District Tax Levy	Estimated Total Property Taxes
				0.0549	1.0371			0.2200	0.0062	
2015	\$127,140,800	\$127,140,800		\$69,800	\$1,318,577	\$1,388,378	\$1,388,378	\$111,884	\$7,909	\$1,508,171
2016	\$219,140,800	\$219,140,800		\$120,308	\$2,272,709	\$2,393,018	\$2,393,018	\$192,844	\$2,727	\$2,588,588
2017	\$212,570,800	\$30,000,000		\$116,701	\$311,130	\$427,831	\$427,831	\$187,062	\$2,645	\$617,538
2018	\$206,197,900	\$30,000,000		\$113,203	\$311,130	\$424,333	\$212,166	\$181,454	\$2,566	\$396,186
2019	\$200,016,187	\$30,000,000		\$109,809	\$311,130	\$420,939	\$210,469	\$176,014	\$2,489	\$388,972
2020	\$194,019,925	\$30,000,000		\$106,517	\$311,130	\$417,647	\$208,823	\$256,106	\$2,414	\$467,344
2021	\$188,203,552	\$30,000,000		\$103,324	\$311,130	\$414,454	\$207,227	\$248,429	\$2,342	\$457,997
2022	\$182,561,669	\$30,000,000		\$100,226	\$311,130	\$411,356	\$205,678	\$240,981	\$2,271	\$448,931
2023	\$177,089,043	\$30,000,000		\$97,222	\$311,130	\$408,352	\$204,176	\$233,758	\$2,203	\$440,137
2024	\$171,780,596	\$30,000,000		\$94,308	\$311,130	\$405,438	\$202,719	\$226,750	\$2,137	\$431,606
2025	\$166,631,402	\$166,631,402		\$91,481	\$1,728,134	\$1,819,615	\$301,847	\$366,589	\$2,073	\$670,510
2026	\$161,636,684	\$161,636,684		\$88,739	\$1,676,334	\$1,765,073	\$1,765,073	\$355,601	\$10,055	\$2,130,729
2027	\$156,791,807	\$156,791,807		\$86,079	\$1,626,088	\$1,712,167	\$1,712,167	\$344,942	\$9,754	\$2,066,863
2028	\$152,092,277	\$152,092,277		\$83,499	\$1,577,349	\$1,660,848	\$1,660,848	\$334,603	\$9,462	\$2,004,912
2029	\$147,533,733	\$147,533,733		\$80,996	\$1,530,072	\$1,611,068	\$1,611,068	\$324,574	\$9,178	\$1,944,821
						Total	\$12,711,488	\$3,781,592	\$70,225	\$16,563,305

Assumes School Value Limitation and Tax Abatement with the County and the Water Conservation District.

Source: CPA, ETC Texas Pipeline, LTD

<sup>1</sup>Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Glasscock County ISD I&S Levy	Glasscock County ISD M&O Levy		Glasscock County ISD M&O and I&S Tax Levies	Glasscock County Tax Levy	Glasscock County Underground Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.0549	1.0371			0.2200	0.0062	
2015	\$127,140,800	\$127,140,800		\$69,800	\$1,318,577		\$1,388,378	\$279,710	\$7,909	\$1,675,997
2016	\$219,140,800	\$219,140,800		\$120,308	\$2,272,709		\$2,393,018	\$482,110	\$13,633	\$2,888,760
2017	\$212,570,800	\$212,570,800		\$116,701	\$2,204,572		\$2,321,273	\$467,656	\$13,224	\$2,802,153
2018	\$206,197,900	\$206,197,900		\$113,203	\$2,138,478		\$2,251,681	\$453,635	\$12,828	\$2,718,144
2019	\$200,016,187	\$200,016,187		\$109,809	\$2,074,368		\$2,184,177	\$440,036	\$12,443	\$2,636,655
2020	\$194,019,925	\$194,019,925		\$106,517	\$2,012,181		\$2,118,698	\$426,844	\$12,070	\$2,557,611
2021	\$188,203,552	\$188,203,552		\$103,324	\$1,951,859		\$2,055,183	\$414,048	\$11,708	\$2,480,939
2022	\$182,561,669	\$182,561,669		\$100,226	\$1,893,347		\$1,993,573	\$401,636	\$11,357	\$2,406,566
2023	\$177,089,043	\$177,089,043		\$97,222	\$1,836,590		\$1,933,812	\$389,596	\$11,017	\$2,334,425
2024	\$171,780,596	\$171,780,596		\$94,308	\$1,781,537		\$1,875,844	\$377,917	\$10,686	\$2,264,448
2025	\$166,631,402	\$166,631,402		\$91,481	\$1,728,134		\$1,819,615	\$366,589	\$10,366	\$2,196,570
2026	\$161,636,684	\$161,636,684		\$88,739	\$1,676,334		\$1,765,073	\$355,601	\$10,055	\$2,130,729
2027	\$156,791,807	\$156,791,807		\$86,079	\$1,626,088		\$1,712,167	\$344,942	\$9,754	\$2,066,863
2028	\$152,092,277	\$152,092,277		\$83,499	\$1,577,349		\$1,660,848	\$334,603	\$9,462	\$2,004,912
2029	\$147,533,733	\$147,533,733		\$80,996	\$1,530,072		\$1,611,068	\$324,574	\$9,178	\$1,944,821
						Total	\$29,084,406	\$5,859,496	\$165,691	\$35,109,593

Source: CPA, ETC Texas Pipeline, LTD

<sup>1</sup>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 \$ 27,622,196. The estimated gross 15 year M&O tax benefit, or levy loss, is \$ 16,372,918.

Attachment 3 is an economic overview of Glasscock 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.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

February 14, 2014

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 ETC Texas Pipeline LTD project on the number and size of school facilities in Glasscock County Independent School District (GCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the GCISD business manager, Kathy Wheat, the TEA has found that the ETC Texas Pipeline LTD project would not have a significant impact on the number or size of school facilities in GCISD.

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

Sincerely,

Al McKenzie, Manager  
Foundation School Program Support

AM/rk



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

February 14, 2014

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 ETC Texas Pipeline LTD project for the Glasscock County Independent School District (GCISD). 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 ETC Texas Pipeline LTD project on GCISD are correct.

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

Sincerely,

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

## Glasscock County

### Population

- Total county population in 2010 for Glasscock County: 1,236 , up 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Glasscock County was the state's 245th largest county in population in 2010 and the 158 th fastest growing county from 2009 to 2010.
- Glasscock County's population in 2009 was 64.9 percent Anglo (above the state average of 46.7 percent), 0.7 percent African-American (below the state average of 11.3 percent) and 34.1 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Glasscock County:

### Economy and Income

#### Employment

- September 2011 total employment in Glasscock County: 601 , unchanged 0.0 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 Glasscock County unemployment rate: 5.7 percent, up from 5.4 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:

(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

- Glasscock County's ranking in per capita personal income in 2009: 45th with an average per capita income of \$38,371, up 1.3 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 Glasscock County averaged \$39.39 million annually from 2007 to 2010. County total agricultural values in 2010 were up 62.0 percent from 2009. Major agriculture related commodities in Glasscock County during 2010 included:
  - Pecans                      • Other Beef                      • Hunting                      • Cottonseed                      • Cotton
- 2011 oil and gas production in Glasscock County: 3.7 million barrels of oil and 12.1 million Mcf of gas. In September 2011, there were 1338 producing oil wells and 113 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 Glasscock County during the fourth quarter 2010: \$1.26 million, up 107.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

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

- Taxable sales in Glasscock County through the fourth quarter of 2010: \$3.03 million, up 49.0 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

##### Annual (2010)

- Taxable sales in Glasscock County during 2010: \$3.03 million, up 49.0 percent from 2009.
- Glasscock County sent an estimated \$189,309.13 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:



**Sales Tax – Local Sales Tax Allocations**

(The release date for sales tax allocations to cities for the sales activity month of November 2011 is currently scheduled for December 7, 2011.)

**Monthly**

- Statewide payments based on the sales activity month of September 2011: \$580.11 million, up 7.1 percent from September 2010.
- Payments to all cities in Glasscock County based on the sales activity month of September 2011:
- Payment based on the sales activity month of September 2011 to the city of:

**Fiscal Year**

- Statewide payments based on sales activity months from September 2011 through September 2011: \$580.11 million, up 7.1 percent from the same period in 2011.
- Payments to all cities in Glasscock County based on sales activity months from September 2011 through September 2011:
- Payments based on sales activity months from September 2011 through September 2011 to the city of:

**January 2011 through September 2011 (Sales Activity Year-To-Date)**

- Statewide payments based on sales activity months through September 2011: \$4.57 billion, up 8.1 percent from the same period in 2010.
- Payments to all cities in Glasscock County based on sales activity months through September 2011:
- Payments based on sales activity months through September 2011 to the city of:

**12 months ending in September 2011**

- Statewide payments based on sales activity in the 12 months ending in September 2011: \$6.11 billion, up 7.9 percent from the previous 12-month period.
- Payments to all cities in Glasscock County based on sales activity in the 12 months ending in September 2011:
- Payments based on sales activity in the 12 months ending in September 2011 to the city of:

**City Calendar Year-To-Date (RJ 2011)**

- Payment to the cities from January 2011 through November 2011:

**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 Glasscock County based on sales activity months in 2010:
- Payment based on sales activity months in 2010 to the city of:

**Property Tax**

- As of January 2009, property values in Glasscock County: \$1.23 billion, down 2.0 percent from January 2008 values. The property tax base per person in Glasscock County is \$1,009,745, above the statewide average of \$85,809. About 75.2 percent of the property tax base is derived from oil, gas and minerals.

**State Expenditures**

- Glasscock County's ranking in state expenditures by county in fiscal year 2010: 252nd. State expenditures in the county for FY2010: \$1.53 million, down 0.5 percent from FY2009.
- In Glasscock County, 5 state agencies provide a total of 12 jobs and \$98,486.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - AgriLife Extension Service
  - Department of Transportation
  - Department of State Health Services
  - Texas A & M University

## **Higher Education**

- Community colleges in Glasscock County preliminary fall 2011 enrollment:
  - None.
  
- Glasscock County is in the service area of the following:
  - Howard County Junior College with a preliminary fall 2011 enrollment of 4,680 . Counties in the service area include:
    - Coke County
    - Concho County
    - Dawson County
    - Glasscock County
    - Howard County
    - Irion County
    - Kimble County
    - Martin County
    - Menard County
    - Schleicher County
    - Sterling County
    - Sutton County
    - Tom Green County
  
- Institutions of higher education in Glasscock County preliminary fall 2011 enrollment:
  - None.

## **School Districts**

- Glasscock County had 1 school districts with 2 schools and 274 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.)
- Glasscock County ISD had 274 students in the 2009-10 school year. The average teacher salary was \$47,905. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.

## Attachment E

### Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED ETC  
TEXAS PIPELINE, LTD PROJECT ON THE FINANCES OF THE  
GLASSCOCK COUNTY INDEPENDENT SCHOOL DISTRICT UNDER  
A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

**December 11, 2013**

**Final Report**

**PREPARED BY**





## **Estimated Impact of the Proposed ETC Texas Pipeline, LTD Project on the Finances of the Glasscock County Independent School District under a Requested Chapter 313 Property Value Limitation**

### **Introduction**

ETC Texas Pipeline, LTD (ETC Texas) has requested that the Glasscock County Independent School District (GCISD) 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 GCISD on November 19, 2013, ETC Texas proposes to invest \$221 million to construct a natural gas processing project in GCISD.

The ETC Texas 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, GCISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2015-16 and 2016-17 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 2015-16 and 2016-17 school years. Beginning in 2017-18, the project would go on the local tax roll at \$30 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 GCISD currently levying a \$0.0549 I&S tax rate. The full value of the investment is expected to reach \$219 million in the 2016-17 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement. This increase in I&S taxable value should assist the District in meeting its future debt service needs.

In the case of the ETC Texas 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. GCISD would experience a revenue loss under current law as a result of the implementation of the value limitation in the 2017-18 school year (-\$255,954), with smaller revenue losses expected in the out-years under the agreement.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$15.4 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 period (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 require 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 83<sup>rd</sup> 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 6 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.

GCISD is classified as a formula district under the estimates presented below. It is not expected to receive ASATR funds during the forecast period. As a formula district, the finances of GCISD

are more susceptible to changes in property values and M&O tax collections like those associated with the implementation of property value limitations.

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 ETC Texas 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 increases are reflected in the underlying models. The projected taxable values of the ETC Texas Pipeline, LTD project are factored into the base model used here in order to simulate the financial effects of constructing the project in the absence of a value limitation agreement. The impact of the limitation value for the proposed ETC Texas project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 276 students in average daily attendance (ADA) in analyzing the effects of the ETC Texas project on the finances of GCISD. The District's local tax base reached \$3.2 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. Previously-approved Chapter 313 value limitation agreements are factored into the base models presented here. An M&O tax rate of \$1.0371 per \$100 is used throughout this analysis. GCISD has estimated state property wealth per weighted ADA or WADA of approximately \$5.7 million 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 GCISD under the assumptions outlined above through the 2029-30 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88<sup>th</sup> 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 ETC Texas 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 ETC Texas value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 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, GCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$255,954). The revenue reduction results chiefly from the mechanics of the state property value study and the up to six cents of tax effort that are not subject to recapture. Smaller annual losses are expected in the remaining limitation years, chiefly as a function of the reduced value for the six cents of tax effort not subject to recapture.

Table 4 highlights the fact that, based on current law, nearly all the M&O tax savings for the ETC Texas project are the result of reduced recapture costs for GCISD. A comparison of the reduced recapture costs in Table 4 and the potential tax savings to the Company in Table 5 represent a close match.

The Comptroller’s state property value study has a significant influence on these calculations, as noted previously. At the school-district 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 property 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 \$1.0371 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 \$13.4 million over the life of the agreement. In addition, ETC Texas 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 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.



The key GCISD revenue losses are expected to total approximately \$1.0 million over the course of the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$15.4 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to ETC Texas under the value limitation agreement for the remaining years that the limitation is in effect.

### **Facilities Funding Impact**

The ETC Texas project remains fully taxable for debt services taxes, with GCISD currently levying a \$0.0549 per \$100 I&S rate. The value of the ETC Texas project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to enhance the District's ability to meet its debt service needs.

The ETC Texas project is not expected to affect GCISD 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 stand-alone basis.

### **Conclusion**

The proposed ETC Texas natural gas project enhances the tax base of GCISD. 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 \$15.4 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of GCISD in meeting its future debt service obligations.

Table 1 – Base District Information with ETC Texas Pipeline, LTD Project Value and Limitation Values

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	2014-15	275.57	537.06	\$1.0371	\$0.0549	\$3,284,444,742	\$3,284,444,742	\$3,018,169,660	\$3,018,169,660	\$5,619,758	\$5,619,758
1	2015-16	275.57	537.06	\$1.0371	\$0.0549	\$3,696,045,542	\$3,696,045,542	\$3,091,123,641	\$3,091,123,641	\$5,755,596	\$5,755,596
2	2016-17	275.57	537.06	\$1.0371	\$0.0549	\$3,508,045,542	\$3,508,045,542	\$3,502,724,441	\$3,502,724,441	\$6,521,987	\$6,521,987
3	2017-18	275.57	537.06	\$1.0371	\$0.0549	\$3,501,475,542	\$3,318,904,742	\$3,314,724,441	\$3,314,724,441	\$6,171,936	\$6,171,936
4	2018-19	275.57	537.06	\$1.0371	\$0.0549	\$3,495,102,642	\$3,318,904,742	\$3,308,154,441	\$3,125,583,641	\$6,159,702	\$5,819,760
5	2019-20	275.57	537.06	\$1.0371	\$0.0549	\$3,673,500,853	\$3,503,484,666	\$3,301,781,541	\$3,125,583,641	\$6,147,836	\$5,819,760
6	2020-21	275.57	537.06	\$1.0371	\$0.0549	\$3,663,612,993	\$3,499,593,068	\$3,480,179,752	\$3,310,163,565	\$6,480,099	\$6,163,443
7	2021-22	275.57	537.06	\$1.0371	\$0.0549	\$3,653,982,853	\$3,495,779,301	\$3,470,291,891	\$3,306,271,966	\$6,461,598	\$6,156,197
8	2022-23	275.57	537.06	\$1.0371	\$0.0549	\$3,660,558,479	\$3,507,996,810	\$3,460,661,752	\$3,302,458,200	\$6,443,667	\$6,149,096
9	2023-24	275.57	537.06	\$1.0371	\$0.0549	\$3,661,524,112	\$3,514,435,069	\$3,467,237,378	\$3,314,675,709	\$6,455,911	\$6,171,845
10	2024-25	275.57	537.06	\$1.0371	\$0.0549	\$3,791,404,798	\$3,649,624,202	\$3,468,203,010	\$3,321,113,967	\$6,457,709	\$6,183,833
11	2025-26	275.57	537.06	\$1.0371	\$0.0549	\$3,765,553,019	\$3,765,553,019	\$3,598,083,697	\$3,456,303,101	\$6,699,544	\$6,435,552
12	2026-27	275.57	537.06	\$1.0371	\$0.0549	\$3,739,961,466	\$3,739,961,466	\$3,572,231,917	\$3,572,231,917	\$6,651,408	\$6,651,408
13	2027-28	275.57	537.06	\$1.0371	\$0.0549	\$3,714,628,774	\$3,714,628,774	\$3,546,640,364	\$3,546,640,364	\$6,603,757	\$6,603,757
14	2028-29	275.57	537.06	\$1.0371	\$0.0549	\$3,689,547,922	\$3,689,547,922	\$3,521,307,673	\$3,521,307,673	\$6,556,589	\$6,556,589
15	2029-30	275.57	537.06	\$1.0371	\$0.0549	\$3,666,649,636	\$3,666,649,636	\$3,496,226,821	\$3,496,226,821	\$6,509,889	\$6,509,889

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	2014-15	\$32,077,528	\$96,379	\$0	\$28,488,427	\$1,969,759	\$0	\$0	\$5,655,238
1	2015-16	\$36,018,844	\$96,379	\$0	\$32,140,289	\$2,211,780	\$0	\$0	\$6,186,714
2	2016-17	\$34,218,635	\$96,379	\$0	\$30,781,369	\$2,101,236	\$0	\$0	\$5,634,881
3	2017-18	\$34,196,562	\$96,379	\$0	\$30,642,293	\$2,099,881	\$0	\$0	\$5,750,529
4	2018-19	\$34,129,132	\$96,379	\$0	\$30,575,926	\$2,095,740	\$0	\$0	\$5,745,325
5	2019-20	\$35,836,189	\$96,379	\$0	\$32,138,708	\$2,200,564	\$0	\$0	\$5,994,424
6	2020-21	\$35,740,336	\$96,379	\$0	\$32,171,316	\$2,194,678	\$0	\$0	\$5,860,077
7	2021-22	\$35,646,985	\$96,379	\$0	\$32,078,963	\$2,188,946	\$0	\$0	\$5,853,347
8	2022-23	\$35,708,848	\$96,379	\$0	\$32,129,844	\$2,192,745	\$0	\$0	\$5,868,128
9	2023-24	\$35,717,025	\$96,379	\$0	\$32,141,591	\$2,193,247	\$0	\$0	\$5,865,060
10	2024-25	\$36,959,671	\$96,379	\$0	\$33,287,870	\$2,269,553	\$0	\$0	\$6,037,733
11	2025-26	\$36,684,418	\$96,379	\$0	\$33,115,978	\$2,252,651	\$0	\$0	\$5,917,470
12	2026-27	\$36,439,364	\$96,379	\$0	\$32,873,789	\$2,237,603	\$0	\$0	\$5,899,557
13	2027-28	\$36,196,789	\$96,379	\$0	\$32,634,032	\$2,222,707	\$0	\$0	\$5,881,843
14	2028-29	\$35,956,625	\$96,379	\$0	\$32,396,643	\$2,207,960	\$0	\$0	\$5,864,321
15	2029-30	\$35,737,361	\$96,379	\$0	\$32,178,675	\$2,194,496	\$0	\$0	\$5,849,561

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

Table 3— "Value Limitation Revenue Model"—Project Value Added with Value 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	2014-15	\$32,077,528	\$96,379	\$0	-\$28,488,427	\$1,969,759	\$0	\$0	\$5,655,238
1	2015-16	\$36,018,844	\$96,379	\$0	-\$32,140,289	\$2,211,780	\$0	\$0	\$6,186,714
2	2016-17	\$34,218,635	\$96,379	\$0	-\$30,781,369	\$2,101,236	\$0	\$0	\$5,634,881
3	2017-18	\$32,407,502	\$96,379	\$0	-\$28,999,327	\$1,990,022	\$0	\$0	\$5,494,575
4	2018-19	\$32,407,502	\$96,379	\$0	-\$28,870,705	\$1,990,022	\$0	\$0	\$5,623,197
5	2019-20	\$34,174,962	\$96,379	\$0	-\$30,485,101	\$2,098,555	\$0	\$0	\$5,884,795
6	2020-21	\$34,137,698	\$96,379	\$0	-\$30,585,153	\$2,096,266	\$0	\$0	\$5,745,190
7	2021-22	\$34,101,179	\$96,379	\$0	-\$30,548,985	\$2,094,024	\$0	\$0	\$5,742,597
8	2022-23	\$34,218,168	\$96,379	\$0	-\$30,653,795	\$2,101,208	\$0	\$0	\$5,761,960
9	2023-24	\$34,279,818	\$96,379	\$0	-\$30,718,717	\$2,104,993	\$0	\$0	\$5,762,473
10	2024-25	\$35,574,333	\$96,379	\$0	-\$31,912,082	\$2,184,485	\$0	\$0	\$5,943,115
11	2025-26	\$36,684,418	\$96,379	\$0	-\$33,026,212	\$2,252,651	\$0	\$0	\$6,007,236
12	2026-27	\$36,439,364	\$96,379	\$0	-\$32,873,789	\$2,237,603	\$0	\$0	\$5,899,557
13	2027-28	\$36,196,789	\$96,379	\$0	-\$32,634,032	\$2,222,707	\$0	\$0	\$5,881,843
14	2028-29	\$35,956,625	\$96,379	\$0	-\$32,396,643	\$2,207,960	\$0	\$0	\$5,864,321
15	2029-30	\$35,737,361	\$96,379	\$0	-\$32,178,675	\$2,194,496	\$0	\$0	\$5,849,561

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

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	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2017-18	-\$1,789,060	\$0	\$0	\$1,642,965	-\$109,859	\$0	\$0	-\$255,954
4	2018-19	-\$1,721,630	\$0	\$0	\$1,705,221	-\$105,718	\$0	\$0	-\$122,127
5	2019-20	-\$1,661,227	\$0	\$0	\$1,653,607	-\$102,009	\$0	\$0	-\$109,629
6	2020-21	-\$1,602,638	\$0	\$0	\$1,586,163	-\$98,412	\$0	\$0	-\$114,887
7	2021-22	-\$1,545,806	\$0	\$0	\$1,529,978	-\$94,922	\$0	\$0	-\$110,750
8	2022-23	-\$1,490,680	\$0	\$0	\$1,476,049	-\$91,537	\$0	\$0	-\$106,168
9	2023-24	-\$1,437,207	\$0	\$0	\$1,422,874	-\$88,254	\$0	\$0	-\$102,587
10	2024-25	-\$1,385,338	\$0	\$0	\$1,375,788	-\$85,068	\$0	\$0	-\$94,618
11	2025-26	\$0	\$0	\$0	\$89,766	\$0	\$0	\$0	\$89,766
12	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial Impact of the ETC Texas Pipeline, LTD Project Property Value Limitation Request Submitted to GCISD at \$1.0371 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	2014-15	\$0	\$0	\$0	\$1.037	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$127,140,800	\$127,140,800	\$0	\$1.037	\$1,318,577	\$1,318,577	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$219,140,800	\$219,140,800	\$0	\$1.037	\$2,272,709	\$2,272,709	\$0	\$0	\$0	\$0	\$0
3	2017-18	\$212,570,800	\$30,000,000	\$182,570,800	\$1.037	\$2,204,572	\$311,130	\$1,893,442	\$0	\$1,893,442	-\$255,954	\$1,637,488
4	2018-19	\$206,197,900	\$30,000,000	\$176,197,900	\$1.037	\$2,138,478	\$311,130	\$1,827,348	\$212,166	\$2,039,515	-\$122,127	\$1,917,387
5	2019-20	\$200,016,187	\$30,000,000	\$170,016,187	\$1.037	\$2,074,368	\$311,130	\$1,763,238	\$210,469	\$1,973,707	-\$109,629	\$1,864,079
6	2020-21	\$194,019,925	\$30,000,000	\$164,019,925	\$1.037	\$2,012,181	\$311,130	\$1,701,051	\$208,823	\$1,909,874	-\$114,887	\$1,794,988
7	2021-22	\$188,203,552	\$30,000,000	\$158,203,552	\$1.037	\$1,951,859	\$311,130	\$1,640,729	\$207,227	\$1,847,956	-\$110,750	\$1,737,206
8	2022-23	\$182,561,669	\$30,000,000	\$152,561,669	\$1.037	\$1,893,347	\$311,130	\$1,582,217	\$205,678	\$1,787,895	-\$106,168	\$1,681,728
9	2023-24	\$177,089,043	\$30,000,000	\$147,089,043	\$1.037	\$1,836,590	\$311,130	\$1,525,460	\$204,176	\$1,729,636	-\$102,587	\$1,627,049
10	2024-25	\$171,780,596	\$30,000,000	\$141,780,596	\$1.037	\$1,781,537	\$311,130	\$1,470,407	\$202,719	\$1,673,125	-\$94,618	\$1,578,507
11	2025-26	\$166,631,402	\$166,631,402	\$0	\$1.037	\$1,728,134	\$1,728,134	\$0	\$1,517,767	\$1,517,767	\$0	\$1,517,767
12	2026-27	\$161,636,684	\$161,636,684	\$0	\$1.037	\$1,676,334	\$1,676,334	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$156,791,807	\$156,791,807	\$0	\$1.037	\$1,626,088	\$1,626,088	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$152,092,277	\$152,092,277	\$0	\$1.037	\$1,577,349	\$1,577,349	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$147,533,733	\$147,533,733	\$0	\$1.037	\$1,530,072	\$1,530,072	\$0	\$0	\$0	\$0	\$0
						\$27,622,196	\$14,218,304	\$13,403,892	\$2,969,026	\$16,372,918	-\$1,016,719	\$15,356,199

**Tax Credit for Value Over Limit in First 2 Years**

Year 1	Year 2	Max Credits
\$1,007,447	\$1,961,579	\$2,969,026
Credits Earned		\$2,969,026
Credits Paid		\$2,969,026
Excess Credits Unpaid		\$0

**\*Note:** 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, the same year that the value limitation would take effect under this application. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.





## Attachment F

### Taxable Value of Property



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2013 ISD Summary Worksheet

### 087/Glasscock

### 087-901/Glasscock County ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	4,391,221	N/A	4,391,221	4,391,221
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	105,836	N/A	105,836	105,836
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	32,515,268	N/A	32,515,268	32,515,268
D2. Real Prop Farm & Ranch	2,790,427	N/A	2,790,427	2,790,427
E. Real Prop NonQual Acres	27,691,975	N/A	27,691,975	27,691,975
F1. Commercial Real	3,793,998	N/A	3,793,998	3,793,998
F2. Industrial Real	294,881,116	N/A	294,881,116	294,881,116
G. Oil, Gas, Minerals	2,532,445,393	N/A	2,532,445,393	2,532,445,393
J. Utilities	116,300,748	N/A	116,300,748	116,300,748
L1. Commercial Personal	852,375	N/A	852,375	852,375
L2. Industrial Personal	153,562,196	N/A	153,562,196	153,562,196

M. Other Personal	650,008	N/A	650,008	650,008
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	3,169,980,561		3,169,980,561	3,169,980,561
Less Total Deductions	200,549,665		200,549,665	200,549,665
Total Taxable Value	2,969,430,896		2,969,430,896	2,969,430,896 T2

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	T3	T4	T5	T6
2,971,920,180	2,969,430,896	2,970,041,078	2,967,551,794	2,969,519,632	2,967,640,530

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
2,489,284	1,879,102

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

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



exemption and the tax  
ceiling reduction

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

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

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	T8	T9	T10	T11	T12
3,163,173,831	3,160,684,547	3,161,294,729	3,158,805,445	3,160,773,283	3,158,894,181

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

**GLASSCOCK COUNTY  
INDEPENDENT SCHOOL DISTRICT**

and

**ETC TEXAS PIPELINE, LTD**

*(Texas Taxpayer ID # 10505324664)*

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TEXAS COMPTROLLER APPLICATION NUMBER 379

Dated

April 9, 2014





**WHEREAS**, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at a public hearing held in connection with the Board's consideration of the Application; and,

**WHEREAS**, the Board of Trustees has carefully reviewed the Comptroller's economic impact evaluation pursuant to Texas Tax Code § 313.026 and has carefully considered the Comptroller's positive recommendation for the project; and,

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

**WHEREAS**, on April 9, 2014, 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 April 9, 2014, 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) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; (iii) granting the Application is in the best interest of the District and the State of Texas; and, (iv) each criterion referred to in Texas Tax Code § 313.025(e) has been met ; and,

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

**WHEREAS**, on April 9, 2014, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective 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 March 4, 2014 that the Application be approved; and,

**WHEREAS**, on April 9, 2014, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

**NOW, THEREFORE**, for and in consideration of the 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 as defined by Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, the Applicant is entitled to the Tax Limitation Amount defined in Section 1.3, below for the following Tax Years: 2017 through 2024. 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, 2017, the appraisal date for the third full Tax Year following the Commencement Date.

For the first two full Tax Years that begin after the Commencement Date (*i.e.*, the 2015 and 2016 Tax Years), which together with the period from the date of approval until January 1, 2015 are collectively referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4), Applicant shall not be entitled to a tax limitation.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2024. 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 are 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):

<b>Full Tax Year of Agreement</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year	January 1, 2014	2014-2015	2014	Start of Qualifying Time Period – Commencement Date. First year for Annual Limit computation
1	January 1, 2015	2015-2016	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2016	2016-2017	2016	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2017	2017-2018	2017	\$30 million property value limitation.
4	January 1, 2018	2018-2019	2018	\$30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2019	2019-2020	2019	\$30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2020	2020-2021	2020	\$30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2021	2021-2022	2021	\$30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2022	2022-2023	2022	\$30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2023	2023-2024	2023	\$30 million property value limitation. Possible tax credit due

**Agreement for Limitation on Appraised Value**

Between Glasscock County Independent School District and ETC Texas Pipeline, LTD  
Texas Comptroller Chapter 313 Application No. 379

April 9, 2014

Page 4



Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				to Applicant.
10	January 1, 2024	2024-2025	2024	\$30 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2025	2025-2026	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2026	2026-2027	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2027	2027-2028	2027	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:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” 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, of fifty (50) percent or more 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.

"Affiliated Group" 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.

"Aggregate Limit" 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.

"Agreement" 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.

"Annual Limit" 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 calculated for each year by multiplying the District's Average Daily Attendance for the applicable school year, as calculated pursuant to Texas Education Code § 42.005, times \$100, or any larger amount in Texas Tax Code § 313.027(i), if such limit amount is increased for any future year the value of this Agreement. The Annual Limit shall first be computed for tax year 2014, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means ETC Texas Pipeline, LTD (Texas Taxpayer ID # 10505324664), the company listed in the Preamble of this Agreement who, on November 19, 2013, filed the Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors in interest.

"Applicable School Finance Law" means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the 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 of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could 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.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on November 19, 2013, which has been certified by the Comptroller's office to constitute a complete final Application as of December 6, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

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

"Appraisal District" means the Glasscock County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Glasscock County Independent School District.

"Commencement Date" means \_\_\_\_\_, 2014, the date upon which this Agreement was approved by the District's Board of Trustees.

"Comptroller" means the Texas Comptroller of Public Accounts, or any designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

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

"County" means Glasscock County, Texas.

"Determination of Breach" shall have the meaning assigned to such term in Section 7.8 of the Agreement.

"District" or "School District" means the Glasscock County 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, 2027. 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.

"Maintain Viable Presence" 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 Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date.

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

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which 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.



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

"Net Aggregate Limit" 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.

"Net Tax Benefit" shall be calculated in accord with Section 4.3 below and means, (i) the amount of maintenance and operations *ad valorem* taxes which 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.

"New Jobs" means the total number of new jobs, as defined by 34 Texas Administrative Code § 9.1051, which Applicant will create in connection with the project that is the subject of its Application. In accordance with the requirements of Tex. Tax Code § 313.024(d), at least eighty percent (80%) of all New Jobs created by 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.

"Qualifying Jobs" means the number of New Jobs Applicant will create in connection with the project which is the subject of its Application, which meet the requirements of Texas Tax Code 313.021(3).

"Qualified Property" 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 exist 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.

"Qualifying Time Period" means the period that begins on the Commencement Date and ends on December 31, 2016.

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

"State" means the State of Texas.

"Substantive Document" 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.

"Tax Credit" means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the school 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 Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on the 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 2017 through 2024, 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) Thirty Million Dollars (\$30,000,000.00)

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

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

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

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas

Tax Code, which are set forth at Title 19, Part 2 of the Texas Administrative Code, together with any court or administrative decisions interpreting the same.

## **ARTICLE II**

### **PROPERTY DESCRIPTION**

#### **Section 2.1. LOCATION WITHIN QUALIFIED REINVESTMENT ZONES**

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

#### **Section 2.2. LOCATION OF QUALIFIED PROPERTY**

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located within is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes ("Land"). The Parties expressly agree that the boundaries of the Land may not be materially changed from its 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. 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 Section 1.2, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** that: (1) is owned by the Applicant; (2) was first placed in service after December 6, 2013, the completed Application date established by the Comptroller; and (3) and 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, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment 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; at any other time when there is a material change in the Qualified Property located on the land described in Exhibit 2; or, upon a reasonable request of the District, the Comptroller, or the Appraisal District, 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) on the Qualified 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)(5) as a manufacturing facility.

#### **Section 2.6. LIMITATION ON APPRAISED VALUE**

So long as Applicant makes a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), 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 2017 through 2024, the Appraised Value of the Applicant's Qualified Investment 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) Thirty Million Dollars (\$30,000,000.00).



This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the 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 such other payments as set forth in Article IV. Subject 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 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 for such year 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. 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 of New M&O Revenue made for years three (3) through ten (10) 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 only the 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 Applicant, any applicable tax credit to which 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.
- 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.
- d. Any other loss of District revenues which is attributable to the payment by the Applicant to or on behalf of any other third party beneficiary.

#### **Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY**

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") approved each year by the District.

#### **Section 3.5. DATA USED FOR CALCULATIONS**

The calculations for payments under this Agreement shall be initially based upon the valuations which 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 appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing any calculations required under Section 3.2, Section 3.3, Article IV, or Section 5.1 of this Agreement. Such calculations shall be 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 three (3) 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**

Should the Applicant disagree with the certification containing the calculations pursuant to Section 3.4 and Section 3.6, 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 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 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, Applicant has appealed the taxable values placed by the Appraisal District on the Qualified Property and/or Qualified Investment and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property and/or Qualified Investment 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 2017), 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, that may be applicable to the Qualified Property 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 2017) and continuing thereafter through year thirteen (Tax Year 2027), 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.

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2027), 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 the Annual Limit, the Aggregate Limit, and the Net Aggregate Limit; (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 or 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 2017 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 Article IV 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 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 or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. 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**

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, 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 defined in Section 1.3), 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 successor-in-interest is in Material Breach of this Agreement, as defined in Section 7.6, 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. 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.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the 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.

#### **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 authorized or 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 set forth it committed to create and maintain 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.
- (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, including but not limited to the filing of all required reports.

#### **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(e), 7.6(f), or 7.6(g), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(e), 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 (as defined in Section 7.6 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, or failing to make any payment required under this Agreement when due, the District shall provide the Applicant with a written notice of the facts which 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 Glasscock County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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:

SUPERINTENDENT THOMAS WEEAKS  
GLASSCOCK COUNTY INDEPENDENT SCHOOL DISTRICT  
P.O. Box 9  
GARDEN CITY, TEXAS 79739  
FAX: 432-354-2503  
E-MAIL: TWEEAKS@GCKATS.NET

or at such other address or to such other facsimile 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:

MEGAN MCKAVANAGH  
PROPERTY TAX MANAGER  
ENERGY TRANSFER  
800 E. SONTERRA BOULEVARD  
SAN ANTONIO, TEXAS 78258  
EMAIL: MEGAN.MCKAVANAGH@ENERGYTRANSFER.COM

or at such other address or to such other email address 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 Final Termination Date of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2017.

#### **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**, provided that 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 reports 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 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**

The 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, 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 contract 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 COUNTY 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 Glasscock 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 SUBSTANTIVE DOCUMENTS**

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; 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 \_\_\_\_ day of \_\_\_\_\_, 2014.

**ETC TEXAS PIPELINE, LTD**

**GLASSCOCK COUNTY INDEPENDENT SCHOOL  
DISTRICT**

By: Megan McKawagh  
**AUTHORIZED BUSINESS  
REPRESENTATIVE**

By: Andrew Wheeler  
**ANDREW WHEELER**  
President  
Board of Trustees

**ATTEST:**

Carl D. Hoelscher  
**CARL HOELSCHER**  
Vice President  
Board of Trustees

## **EXHIBIT 1**

### **DESCRIPTION OF QUALIFIED REINVESTMENT ZONES**

The *ETC Pipeline Reinvestment Zone Reinvestment Zone* was originally created on April 9, 2014 by action of the Glasscock County Commissioner's Court. A map of the *ETC Pipeline Reinvestment Zone Reinvestment Zone* is attached, below to this **Exhibit 1**.

As a result of the action of the Glasscock County Commissioner's Court, all the following real property within Borden County, Texas is located within the boundaries of the *Reinvestment Zone #1*. A map of the *ETC Pipeline Reinvestment Zone Reinvestment Zone* is attached as the next page of this **Exhibit 1**.



## **EXHIBIT 2**

### **LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

All Qualified Property owned by Applicant and located within the boundaries of both the Glasscock County Independent School District and *ETC Pipeline Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant that is first placed in service after December 6, 2013 and is used in connection with the Rebel Cryo Plant project.

### **EXHIBIT 3**

#### **DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

The proposed project will consist of a two phases of construction gas processing facility designed to process 180 MMSCFD of natural gas from gathering systems.

##### **Phase I**

130 MMCFD

3300 BBL "Finger Style" Slug Catcher

5000 BDP Stabilizer

Inlet Glycol Dehydration (First Train = 100 MMCF/Day)

Product Treating for 15,000 BPD

Residue recompression (initially two (2) 3616 Cat units, 9470 HP)

1500 BBL Condensate Storage

1000 BPD Condensate Truck Loading

Temporary Generators for initial start-up and service until permanent power is installed

Permanent Power Supply (138 KVA) from Sharyland COOP

##### **Phase II**

50 MMCFD

1700 BBL "Finger Style" Slug Catcher Expansion (Total build out= 5,000 BBL)

5000 BDP Stabilizer (Total build out= 10,000 BBL)

Inlet Glycol Dehydration (Second Train = 100 MMCF/Day) (Total build out= 30,000 BBL)

Product Treating for an additional 15,000 BPD (Total build out= 30,000 BBL)

Residue recompression (one (1) additional 3616 Cat unit, 4735 HP) (Total build out= 14,205 BBL)

750 BBL Condensate Storage Expansion (Total build out= 2,250 BBL)

500 BPD Condensate Truck Loading Expansion (Total build out= 1,500 BBL)

The facility will also require a relatively insubstantial amount of personal property.

##### **Agreement for Limitation on Appraised Value**

Between Glasscock County Independent School District and ETC Texas Pipeline, LTD

Texas Comptroller Chapter 313 Application No. 379

April 9, 2014