SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
   - 1a. 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 (**Tab 8**);
   - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (**Tab 8**); and
   - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (**Tab 11**).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? . . . . . ☐ Yes ☑ No
   - 2a. If yes, attach complete documentation including:
     - a. legal description of the land (**Tab 9**);
     - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (**Tab 9**);
     - c. owner (**Tab 9**);
     - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (**Tab 9**); and
     - e. a detailed map showing the location of the land with vicinity map (**Tab 11**).
3. Is the land on which you propose new construction or new 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
   - 3a. If yes, attach the applicable supporting documentation:
     - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (**Tab 16**);
     - b. legal description of reinvestment zone (**Tab 16**);
     - c. order, resolution or ordinance establishing the reinvestment zone (**Tab 16**);
     - d. guidelines and criteria for creating the zone (**Tab 16**); and
     - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (**Tab 11**)
   - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? . . . . . December 2015

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In **Tab 10**, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In **Tab 10**, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in **Tab 10**:
   - a. maps and/or detailed site plan;
   - b. surveys;
   - c. appraisal district values and parcel numbers;
   - d. inventory lists;
   - e. existing and proposed property lists;
   - f. model and serial numbers of existing property; or
   - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): . . . . . $ 0.00
5. In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property *(that property described in response to question 2):* . . . . . $ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property <u>cannot</u> become qualified property on Schedule B.

From:	Mali Hanley
To:	Mike Fry
Subject:	Rankin ISD Reinvestment Zone
Date:	Monday, November 02, 2015 11:09:03 AM

Good morning. Currently the Rankin ISD plans to hold the public hearing and post action for adoption of the reinvestment zone at the same meeting the Board considers final approval of the application from ETC Pipeline. The next regular Board meeting is scheduled for November 18th. Because the public hearing requires advance publication notice in a newspaper of general circulation, we will post the reinvestment zone for action on the 18th if a positive certification package is received by the District on or before November 9. Since November 9 is before the Comptroller's deadline for action, it is not certain that we will receive a certification package by that date. Therefore, the District may take action at its December 16 meeting instead. Please let me know if you need anything else.

Thank you,

Amalia Hanley
for Kevin O'Hanlon
O'HANLON, McCOLLOM & DEMERATH
Attorneys-at-law
808 West Ave.
Austin, Texas 78701

512.494.9949
FAX: 512.494.9919

<u>Tab 5 Limitation as Determining Factor w/ability to locate or relocate:</u>

ETC Texas Pipeline, LTD (or "the Company") 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, 4 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Panther Plant economics just as potential customer response will be. Both factors will be considered before any determination is made. Moreover, multiple other potential projects are presently competing for the same capital expenditures by our company, including possible plants in Louisiana that would be eligible for a 10-year, 100% property tax abatement under that state's Industrial Tax Exemption program (and for state sales tax incentives). Other competing projects are also under review that would be located in Southern New Mexico or Oklahoma, the latter of which state has also offered manufacturing exemptions for a period of five (5) years.

App #1080 DCF Model(s) Information

The discounted cash flow models (DCFs) represent scenarios demonstrating the difference in total business enterprise value of the Panther Plant both with the 313 limitation and without the 313 limitation. For comparative purposes, both models follow the same assumptions (revenue growth, expense growth, mid-year cash flows, etc.) other than the discount rate. The discount rate for the “without” scenario was increased from 10% to 11% to account for the additional risk associated with the lower EBITDA margins.

The DCF models show that the total business enterprise value with the 313 limitation is $25,580,667 greater than the total business enterprise value without the 313 limitation. 27.84% of the total business enterprise value comes from the cash flows and 72.16% comes from the terminal value with the 313 limitation, while 24.22% of the total business enterprise value comes from the cash flows and 75.78% comes from the terminal value without the 313 limitation. The increased value of the cash flow and lower terminal value with the 313 limitation suggests that there is more value in the short-term under this scenario. When the terminal value is a higher percentage of the total business enterprise value (without the 313 limitation), future fluctuations due to pricing, supply and demand, and/or interest rate movements can increase or decrease risk and have a more significant impact on the total business enterprise value.

The information used to develop the DCF models was obtained from company management, and is not publicly available. The information may be considered proprietary and is forward looking and may include some speculation made by company management. Therefore any use or sharing of this information outside of K.E. Andrews or the TX PTAD is prohibited.

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17. NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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.

print here Keith Richardson — Superintendent

Print Name *(Authorized School District Representative)* — Title

sign here Keith Richardson — 11/10/15

Signature *(Authorized School District Representative)* — Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

print here Megan McKavanagh — Property Tax Manager

Print Name *(Authorized Company Representative (Applicant))* — Title

sign here Megan McKavanagh — 11/11/15

Signature *(Authorized Company Representative (Applicant))* — Date

BEVERLY M. HERNANDEZ
MY COMMISSION EXPIRES
September 3, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the

11 day of November, 2015

Beverly M. Hernandez

Notary Public in and for the State of Texas

My Commission expires: 9.3.2018

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 Section 37.10.