
FINDINGS
OF THE
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
ETC TEXAS PIPELINE, LTD
(*Texas Taxpayer ID #10505324664*)
(Application #1160)

May 18, 2017

Board Findings of the Pecos-Barstow-Toyah Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Reeves County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on November 29, 2016. A copy of the Comptroller's completeness 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 on February 2, 2017 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 Pecos-Barstow-Toyah Independent School District. A copy of a report prepared by Region 12 Education Service Center is attached to these findings as **Attachment E**.

The Board of Trustees acted on April 20, 2017 to extend the time period to review the Application until June 30, 2017. A copy of the Resolution is attached as **Attachment F**.

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

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

The Texas Commissioner of Education has determined that the project will not impact school enrollment, as stated in **Attachment I**.

The District adopted a Resolution designating the ETC Reinvestment Zone on May 18, 2017.

A copy of the Resolution is attached at **Attachment J**.

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

Board Finding Number 1.

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

Board Finding Number 2.

The Applicant's entire proposed investment in the Pecos-Barstow-Toyah ISD is \$105,000,000, all of which is proposed to be Qualified Investment under Section 313.021, Texas Tax Code.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$57,620 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Section 313.021, Texas Tax Code.

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 \$10.5 million on the basis of the 10 new qualifying positions committed to by the Applicant for this project.

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

The project's total investment is \$105,000,000, resulting in a relative level of investment per qualifying job of \$10,500,000.

Board Finding Number 5.

The Applicant has not requested a waiver of the job creation requirement under Section 313.25(f-1), Texas Tax Code.

In support of Finding 5, the Board notes that the number of jobs proposed for this project (10 jobs) meets state job creation requirements.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

In support of Finding 6, the economic impact evaluation states:

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

Table 2: Estimated Statewide Economic Impact of ETC Texas Pipeline, LTD (modeled)						
Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$ 0	\$ 0	\$ 0
2017	160	188	348	\$ 9,219,232	\$ 15,902,268	\$ 25,121,500
2018	10	49	59	\$ 576,202	\$ 5,095,598	\$ 5,671,800
2019	10	42	52	\$ 576,202	\$ 4,702,898	\$ 5,279,100
2020	10	36	46	\$ 576,202	\$ 4,339,498	\$ 4,915,700
2021	10	33	43	\$ 576,202	\$ 4,150,598	\$ 4,726,800
2022	10	31	41	\$ 576,202	\$ 4,099,698	\$ 4,675,900
2023	10	31	41	\$ 576,202	\$ 4,166,598	\$ 4,742,800
2024	10	31	41	\$ 576,202	\$ 4,313,098	\$ 4,889,300
2025	10	32	42	\$ 576,202	\$ 4,540,398	\$ 5,116,600
2026	10	33	43	\$ 576,202	\$ 4,810,198	\$ 5,386,400
2027	10	34	44	\$ 576,202	\$ 5,116,598	\$ 5,692,800
2028	10	35	45	\$ 576,202	\$ 5,415,098	\$ 5,991,300
2029	10	36	46	\$ 576,202	\$ 5,758,898	\$ 6,335,100
2030	10	37	47	\$ 576,202	\$ 6,132,998	\$ 6,709,200
2031	10	38	48	\$ 576,202	\$ 6,486,498	\$ 7,062,700
2032	10	39	49	\$ 576,202	\$ 6,851,398	\$ 7,427,600

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Reeves County Hospital District, Reeves County Water Improvement District #2, and Reeves County, with all property tax incentives sought being granted using estimated market value from the Application. The Project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county. The difference noted in the last line is the difference between Table 3 and Table 4:

Board Findings of the Pecos-Barstow-Toyah Independent School District

Table 4: Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	PBTISD I&S Tax Levy	PBTISD M&O Tax Levy	PBTISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves Co. Hospital Dist. Tax Levy	Reeves Co. Water Improvement District #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate¹	0.0550	1.0400	0.4995	0.2700	0.1057	
2018	\$ 95,000,000	\$ 30,000,000	\$ 52,250	\$ 312,000	\$ 364,250	\$ 237,272	\$ 256,500	\$ 100,413	\$ 958,435
2019	\$ 91,200,000	\$ 30,000,000	\$ 50,160	\$ 312,000	\$ 362,160	\$ 227,781	\$ 246,240	\$ 96,397	\$ 932,578
2020	\$ 87,400,000	\$ 30,000,000	\$ 48,070	\$ 312,000	\$ 360,070	\$ 218,290	\$ 235,980	\$ 92,380	\$ 906,720
2021	\$ 83,600,000	\$ 30,000,000	\$ 45,980	\$ 312,000	\$ 357,980	\$ 208,799	\$ 225,720	\$ 88,364	\$ 880,863
2022	\$ 79,800,000	\$ 30,000,000	\$ 43,890	\$ 312,000	\$ 355,890	\$ 199,308	\$ 215,460	\$ 84,347	\$ 855,005
2023	\$ 76,000,000	\$ 30,000,000	\$ 41,800	\$ 312,000	\$ 353,800	\$ 379,635	\$ 205,200	\$ 80,330	\$ 1,018,966
2024	\$ 72,200,000	\$ 30,000,000	\$ 39,710	\$ 312,000	\$ 351,710	\$ 360,653	\$ 194,940	\$ 76,314	\$ 983,617
2025	\$ 68,400,000	\$ 30,000,000	\$ 37,620	\$ 312,000	\$ 349,620	\$ 341,672	\$ 184,680	\$ 72,297	\$ 948,269
2026	\$ 64,600,000	\$ 30,000,000	\$ 35,530	\$ 312,000	\$ 347,530	\$ 322,690	\$ 174,420	\$ 68,281	\$ 912,921
2027	\$ 60,800,000	\$ 30,000,000	\$ 33,440	\$ 312,000	\$ 345,440	\$ 303,708	\$ 164,160	\$ 64,264	\$ 877,573
2028	\$ 57,000,000	\$ 57,000,000	\$ 31,350	\$ 592,800	\$ 624,150	\$ 284,726	\$ 153,900	\$ 60,248	\$ 1,123,024
2029	\$ 53,200,000	\$ 53,200,000	\$ 29,260	\$ 553,280	\$ 582,540	\$ 265,745	\$ 143,640	\$ 56,231	\$ 1,048,156
2030	\$ 49,400,000	\$ 49,400,000	\$ 27,170	\$ 513,760	\$ 540,930	\$ 246,763	\$ 133,380	\$ 52,215	\$ 973,288
2031	\$ 45,600,000	\$ 45,600,000	\$ 25,080	\$ 474,240	\$ 499,320	\$ 227,781	\$ 123,120	\$ 48,198	\$ 898,419
2032	\$ 41,800,000	\$ 41,800,000	\$ 22,990	\$ 434,720	\$ 457,710	\$ 208,799	\$ 112,860	\$ 44,182	\$ 823,551
Total			\$ 564,300	\$ 5,688,800	\$ 6,253,100	\$ 4,033,624	\$ 2,770,200	\$ 1,084,461	\$ 14,141,385
Diff			\$ 0	\$ 4,981,600	\$ 4,981,600	\$ 873,407	\$ 0	\$ 0	\$ 5,855,007

¹Tax Rate per \$100 Valuation

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

Table 3: Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	PBTISD I&S Tax Levy	PBTISD M&O Tax Levy	PBTISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves Co. Hospital Dist. Tax Levy	Reeves Co. Water Improvement District #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate¹	0.0550	1.0400	0.4995	0.2700	0.1057	
2018	\$ 95,000,000	\$ 95,000,000	\$ 52,250	\$ 988,000	\$ 1,040,250	\$ 256,500	\$ 256,500	\$ 100,413	\$ 1,653,663
2019	\$ 91,200,000	\$ 91,200,000	\$ 50,160	\$ 948,480	\$ 998,640	\$ 455,562	\$ 246,240	\$ 96,397	\$ 1,796,839
2020	\$ 87,400,000	\$ 87,400,000	\$ 48,070	\$ 908,960	\$ 957,030	\$ 436,580	\$ 235,980	\$ 92,380	\$ 1,721,971
2021	\$ 83,600,000	\$ 83,600,000	\$ 45,980	\$ 869,440	\$ 915,420	\$ 417,599	\$ 225,720	\$ 88,364	\$ 1,647,102
2022	\$ 79,800,000	\$ 79,800,000	\$ 43,890	\$ 829,920	\$ 873,810	\$ 398,617	\$ 215,460	\$ 84,347	\$ 1,572,234
2023	\$ 76,000,000	\$ 76,000,000	\$ 41,800	\$ 790,400	\$ 832,200	\$ 379,635	\$ 205,200	\$ 80,330	\$ 1,497,366
2024	\$ 72,200,000	\$ 72,200,000	\$ 39,710	\$ 750,880	\$ 790,590	\$ 360,653	\$ 194,940	\$ 76,314	\$ 1,422,497
2025	\$ 68,400,000	\$ 68,400,000	\$ 37,620	\$ 711,360	\$ 748,980	\$ 341,672	\$ 184,680	\$ 72,297	\$ 1,347,629
2026	\$ 64,600,000	\$ 64,600,000	\$ 35,530	\$ 671,840	\$ 707,370	\$ 322,690	\$ 174,420	\$ 68,281	\$ 1,272,761
2027	\$ 60,800,000	\$ 60,800,000	\$ 33,440	\$ 632,320	\$ 665,760	\$ 303,708	\$ 164,160	\$ 64,264	\$ 1,197,893
2028	\$ 57,000,000	\$ 57,000,000	\$ 31,350	\$ 592,800	\$ 624,150	\$ 284,726	\$ 153,900	\$ 60,248	\$ 1,123,024
2029	\$ 53,200,000	\$ 53,200,000	\$ 29,260	\$ 553,280	\$ 582,540	\$ 265,745	\$ 143,640	\$ 56,231	\$ 1,048,156
2030	\$ 49,400,000	\$ 49,400,000	\$ 27,170	\$ 513,760	\$ 540,930	\$ 246,763	\$ 133,380	\$ 52,215	\$ 973,288
2031	\$ 45,600,000	\$ 45,600,000	\$ 25,080	\$ 474,240	\$ 499,320	\$ 227,781	\$ 123,120	\$ 48,198	\$ 898,419
2032	\$ 41,800,000	\$ 41,800,000	\$ 22,990	\$ 434,720	\$ 457,710	\$ 208,799	\$ 112,860	\$ 44,182	\$ 823,551
Total			\$ 564,300	\$ 10,670,400	\$ 11,234,700	\$ 4,907,031	\$ 2,770,200	\$ 1,084,461	\$ 19,996,393

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

Board Finding Number 8.

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

In support of Finding 8, the Board refers to the finding of the Texas Commissioner of Education at **Attachment I** to these findings.

Board Finding Number 9.

The Applicant's project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the Agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this Project, using estimated taxable values provided in the Application.

In support of finding No. 9, **Attachment B** of the economic impact study contains a year-by-year analysis as depicted in the following table:

Board Findings of the Pecos-Barstow-Toyah Independent School District

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre- Years	2015	\$ 0	\$ 0	\$ 0	\$ 0
	2016	\$ 0	\$ 0	\$ 0	\$ 0
	2017	\$ 0	\$ 0	\$ 0	\$ 0
Limitation Period (10 Years)	2018	\$ 312,000	\$ 312,000	\$ 676,000	\$ 676,000
	2019	\$ 312,000	\$ 624,000	\$ 636,480	\$ 1,312,480
	2020	\$ 312,000	\$ 936,000	\$ 596,960	\$ 1,909,440
	2021	\$ 312,000	\$ 1,248,000	\$ 557,440	\$ 2,466,880
	2022	\$ 312,000	\$ 1,560,000	\$ 517,920	\$ 2,984,800
	2023	\$ 312,000	\$ 1,872,000	\$ 478,400	\$ 3,463,200
	2024	\$ 312,000	\$ 2,184,000	\$ 438,880	\$ 3,902,080
	2025	\$ 312,000	\$ 2,496,000	\$ 399,360	\$ 4,301,440
	2026	\$ 312,000	\$ 2,808,000	\$ 359,840	\$ 4,661,280
	2027	\$ 312,000	\$ 3,120,000	\$ 320,320	\$ 4,981,600
Maintain Viable Presence (5 Years)	2028	\$ 592,800	\$ 3,712,800	\$ 0	\$ 4,981,600
	2029	\$ 553,280	\$ 4,266,080	\$ 0	\$ 4,981,600
	2030	\$ 513,760	\$ 4,779,840	\$ 0	\$ 4,981,600
	2031	\$ 474,240	\$ 5,254,080	\$ 0	\$ 4,981,600
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$ 434,720	\$ 5,688,800	\$ 0	\$ 4,981,600
	2033	\$ 395,200	\$ 6,084,000	\$ 0	\$ 4,981,600
	2034	\$ 355,680	\$ 6,439,680	\$ 0	\$ 4,981,600
	2035	\$ 316,160	\$ 6,755,840	\$ 0	\$ 4,981,600
	2036	\$ 276,640	\$ 7,032,480	\$ 0	\$ 4,981,600
	2037	\$ 247,000	\$ 7,279,480	\$ 0	\$ 4,981,600
	2038	\$ 247,000	\$ 7,526,480	\$ 0	\$ 4,981,600
	2039	\$ 247,000	\$ 7,773,480	\$ 0	\$ 4,981,600
	2040	\$ 247,000	\$ 8,020,480	\$ 0	\$ 4,981,600
	2041	\$ 247,000	\$ 8,267,480	\$ 0	\$ 4,981,600
	2042	\$ 247,000	\$ 8,514,480	\$ 0	\$ 4,981,600
		\$ 8,514,480	is greater than	\$ 4,981,600	

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Board Finding Number 10.

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

Board Finding Number 11.

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

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

The Comptroller has determined that the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the Project in this state. This is based on information available, including information provided by the Applicant. Specifically, the Comptroller notes the following:

- Per ETC Texas Pipeline LTD., in Tab 5 of their Application for a Limitation on Appraised Value:

A. “As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Arrowhead Plant economics just as the potential customer response will be. Both factors will be considered before any determination is made.”

B. “Multiple other potential projects are presently competing for the same capital expenditures by our company including possible plants in Louisiana ... and other competing projects are also under review, which could be located in Southern New Mexico.”

- “According to Reeves County Commissioners’ Court Agenda dated January 9, 2017 an Economic Development Issue regarding ETC Texas Pipeline was listed as an agenda item. Upon further examination, the County Clerk Dianne Florez reported the Commissioners discussed the company’s 312 tax abatement agreement application and declined to offer the abatement to the company.”

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Board Finding Number 12.

The Board of Trustees of the Pecos-Barstow-Toyah Independent School District hired consultants to review and verify the information in Application #1160. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

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

Board Finding Number 14.

The Applicant (Taxpayer Id. 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 15.

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

Board Finding Number 16.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment H** is approved and hereby authorized to be executed and delivered by and on behalf of the Pecos-Barstow-Toyah 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 Pecos-Barstow-Toyah Independent School District.

Dated the 18th day of May, 2017.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By: Gail Boy

President, Board of Trustees

ATTEST:

By: Bertha Natividad

Secretary, Board of Trustees

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT A
Application of
ETC Texas Pipeline, LTD

October 20th, 2016

Pecos, Barstow, Toyah ISD
Mr. Jim Haley
1302 South Park Street
Pecos, TX 79772

RE: Application for Section 313 – Value Limitation Agreement

ETC Texas Pipeline, LTD is considering plans to build a 200mmscf/d gas processing plant inside Pecos, Barstow, Toyah ISD which will allow us the ability to process raw natural gas into useable products. The estimated investment for this project will be approximately \$105mm, with estimated completion in the 3rd quarter of 2017.

The positive economic impact stretches beyond the investment by providing a number of jobs during the construction phase, and at least 10 full time local jobs once construction is complete.

ETC Texas Pipeline, LTD is committed to the growth and welfare of the community. We believe our investment in Reeves County affirms our dedication to maintaining a considerable presence in the area.

Attached is our application for property tax limitation. We respectfully request this 10 year limitation under The Appraised Value Limitation on Qualified Property (Chapter 313 of the Texas Tax Code).

Please feel free to contact me if you have any questions. I can be reached via telephone 469-298-1594 or by email mfry@keatax.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Fry", written in a cursive style.

Mike Fry

TAB 01

Application



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

Economic Development
and Analysis
Form 50-296-A

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 hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, 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. For more information, see guidelines on Comptroller's website.

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. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. 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, issue a certificate for a limitation on appraised value 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 not later than the 150th 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 issue a certificate, complete the 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/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

October 20, 2016

Date Application Received by District

Jim

First Name

Superintendent

Title

Pecos-Barstow-Toyah ISD

School District Name

1302 South Park Street

Street Address

1302 South Park Street

Mailing Address

Pecos

City

432-447-7201

Phone Number

Mobile Number (optional)

Haley

Last Name

TX

State

432-447-3076

Fax Number

jhaley@pbtisd.esc18.net

Email Address

79772

ZIP

2. Does the district authorize the consultant to provide and obtain information related to this application?

☒ Yes

☐ No

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Sara	Leon
First Name	Last Name
Attorney	
Title	
Powell & Leon, LLP	
Firm Name	
512-494-1177	512-494-1188
Phone Number	Fax Number
	sleon@powell-leon.com
Mobile Number (optional)	Email Address

4. On what date did the district determine this application complete? November 1, 2016
5. Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Megan	McKavanagh
First Name	Last Name
Assistant Controller	Energy Transfer Partners, L.P.
Title	Organization
800 E. Sonterra Blvd., Suite 400	
Street Address	
800 E. Sonterra Blvd., Suite 400	
Mailing Address	
San Antonio	Texas
City	State
210-572-0457	78258-3941
Phone Number	ZIP
	210-403-6664
Mobile Number (optional)	Fax Number
	megan.mckavanagh@energytransfer.com
	Business Email Address

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

2a. If yes, please fill out contact information for that person.

First Name	Last Name
Title	Organization
Street Address	
Mailing Address	
City	State
	ZIP
Phone Number	Fax Number
Mobile Number (optional)	Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

SECTION 2: Applicant Information (continued)**4. Authorized Company Consultant (If Applicable)**

Mike

Fry

First Name

Last Name

Authorized Agent

Title

K E Andrews 1900 Dalrock Road; Rowlett, Texas 75088

Firm Name

469-298-1594

469-298-1619

Phone Number

Fax Number

mfry@keatax.com

Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☒ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "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.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? ETC Texas Pipeline, LTD
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 10505324664
3. List the NAICS code 325110
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☒ Yes ☐ No
- 4a. If yes, please list application number, name of school district and year of agreement

GanadoISD#225, KenedyISD#234, GlasscockISD#379-#1032, Rankin ISD#1080, Crockett ISD #1044

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Texas Limited Partnership
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements
☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Land has existing improvements (*complete Section 13*)
☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☒ Yes ☐ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

1. Application approval by school board February 2017
2. Commencement of construction April 2017
3. Beginning of qualifying time period 2018
4. First year of limitation 2018
5. Begin hiring new employees June 2017
6. Commencement of commercial operations August 2017
7. Do 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.
8. When do you anticipate the new buildings or improvements will be placed in service? August 2017

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Reeves County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Reeves County CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 County: Reeves County, .499521- 100% City: N/A
(Name, tax rate and percent of project)
 Hospital District: Reeves County Hosp., .21435 - 100% Water District: Reeves County WCID #2 .12300 - 100%
(Name, tax rate and percent of project)
 Other (describe): N/A Other (describe): N/A
(Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☒ Yes ☐ No
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☒ No
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: 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 Subchapter B or Subchapter C, 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/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. 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 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

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 2016

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 cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. 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)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☐ Second Quarter ☒ Third Quarter ☐ Fourth Quarter of 2016
 (year)
3. 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 Texas Workforce Commission (TWC)? 0
- Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 10
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
- 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the 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(21) and (22).
- a. Average weekly wage for all jobs (all industries) in the county is 797.23
- b. 110% of the average weekly wage for manufacturing jobs in the county is 702.90
- c. 110% of the average weekly wage for manufacturing jobs in the region is 1,108.08
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☐ §313.021(5)(A) or ☒ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 57,620.20
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 57,620.20
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☒ No
- 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No
- 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (not required)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.



Application for Appraised Value Limitation on Qualified Property

Form 20-296A

NOTICE: Authorized Signatures and Application

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 18, 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

Jim Haley
Print Name (Authorized School District Representative)

Superintendent
Title

sign
here

Jim Haley
Signature (Authorized School District Representative)

11/1/16
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
Print Name (Authorized Company Representative (Applicant))

Sr. Manager Property Tax
Title

sign
here

Megan McKavanagh
Signature (Authorized Company Representative (Applicant))

10/11/16
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

11 day of October, 2016

Beverly M. Hernandez
Notary Public in and for the State of Texas

My Commission expires: 9.3.2019

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.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	Maps that clearly show: a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * To be submitted with application or before date of final application approval by school board
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

TAB 02

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)*

TAB 03

Documentation of Combined Group Membership

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

TAB 04

Detailed Description of Project

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

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, 7 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.

However, ETC could redirect its expenditures to build plants in other states outside of Texas.

Kansas
Louisiana
New Mexico
Oklahoma

Proposed Project Description

ETC Texas Pipeline, LTD proposes to build a new 200 mmscf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas. Projected timeline for ETC to start construction is April of 2017 and start hiring the new employees in June of 2017. This should allow for completion and commencement of commercial operations to start in August of 2017.

Cryogenic Natural Gas Processing Plant

The Arrowhead Plant would include the installation of a refrigerated cryogenic gas plant. If completed, the Arrowhead Gas Processing Plant will be designed to process 200mmcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H₂O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.

TAB 05

Limitation as Determining Factor

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

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, 7 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 Arrowhead 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). This and other competing projects are also under review, which could be located in Southern New Mexico due to offers of Industrial Revenue Bond (abatement) and Job Training incentive programs.

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

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, 7 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.

However, ETC could redirect its expenditures to build plants in other states outside of Texas.

Kansas
Louisiana
New Mexico
Oklahoma

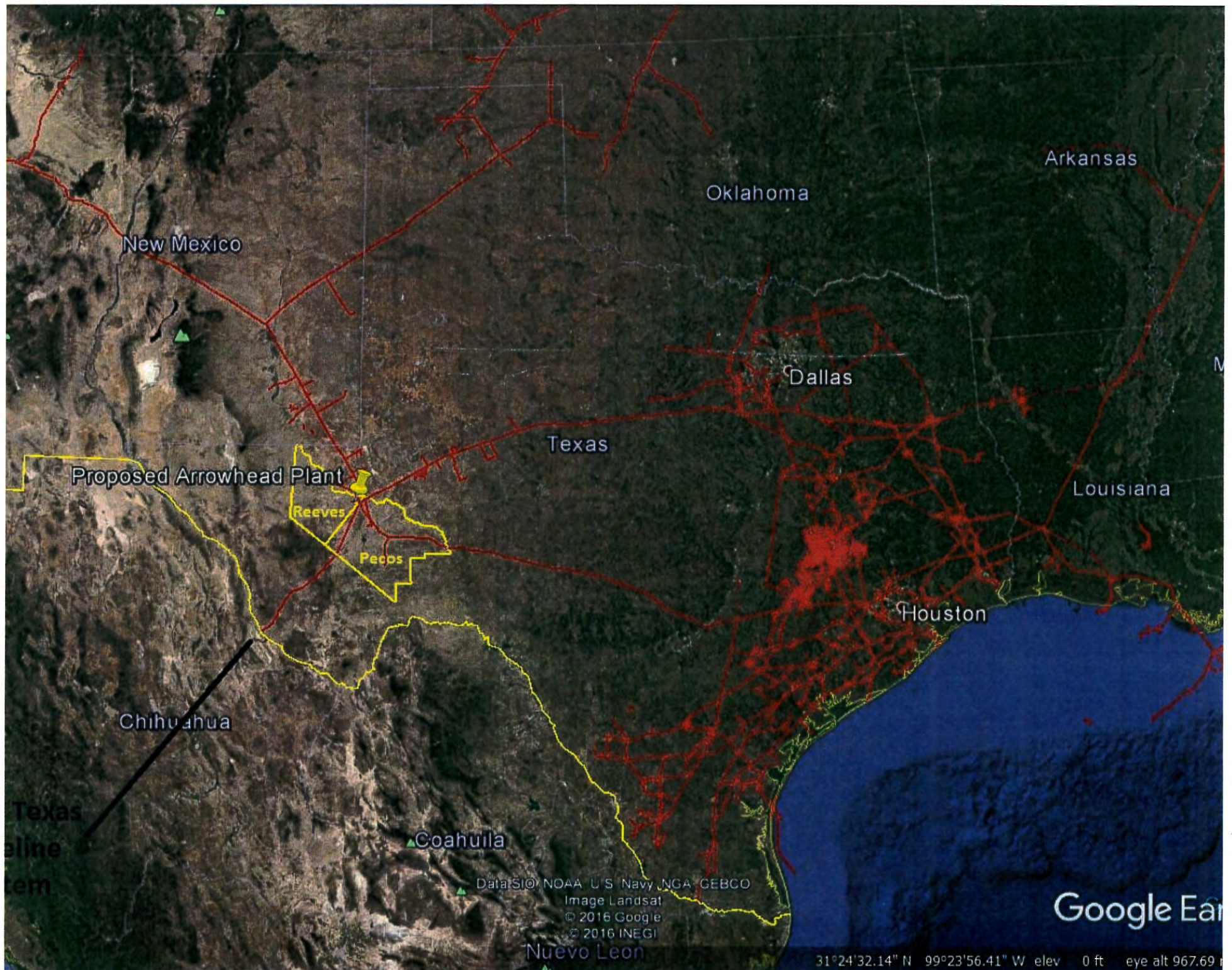
Proposed Project Description

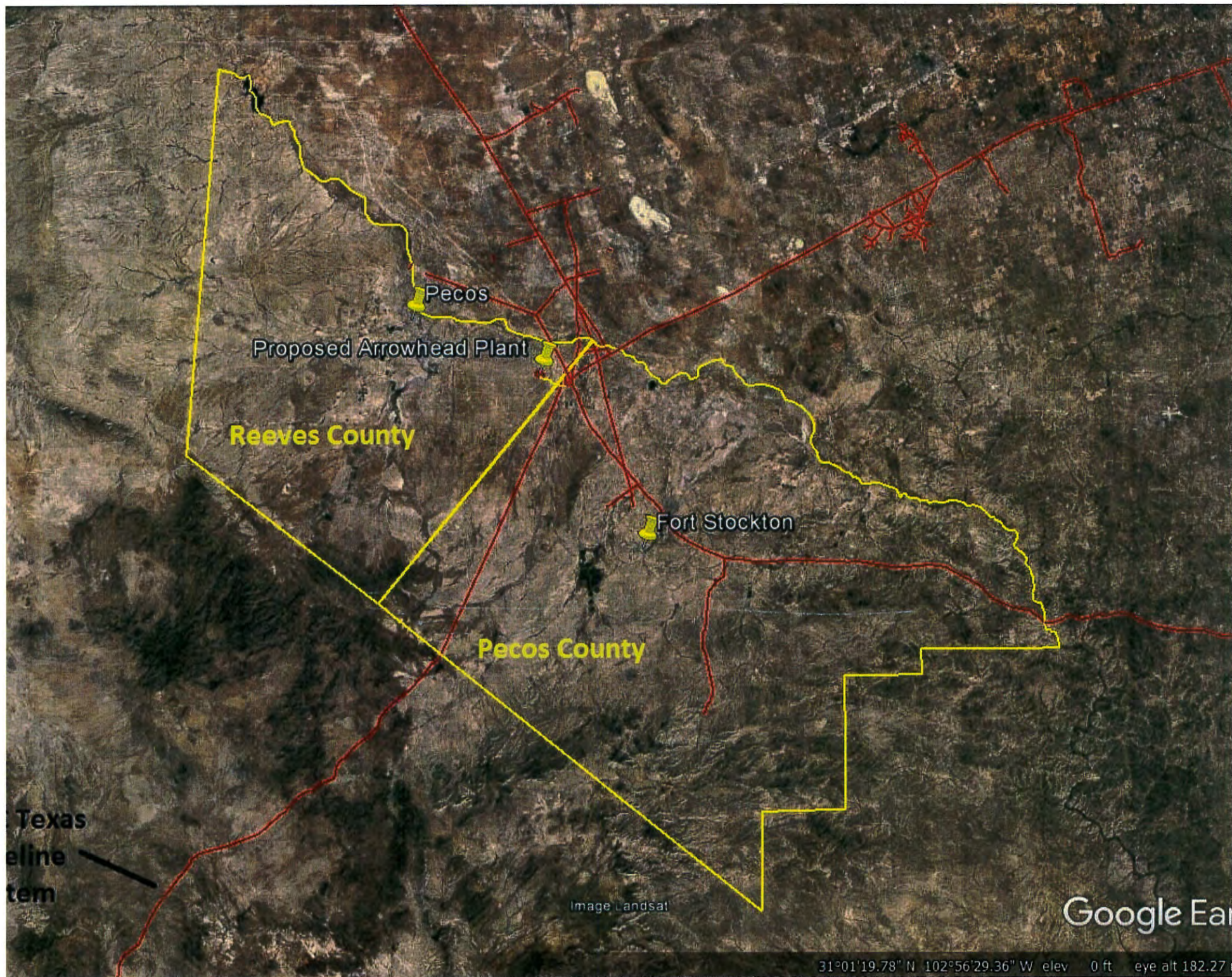
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- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.





TAB 06

N/A

TAB 07

Description of Qualified Investment

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

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However, ETC could redirect its expenditures to build plants in other states outside of Texas.

Kansas
Louisiana
New Mexico
Oklahoma

Proposed Project Description

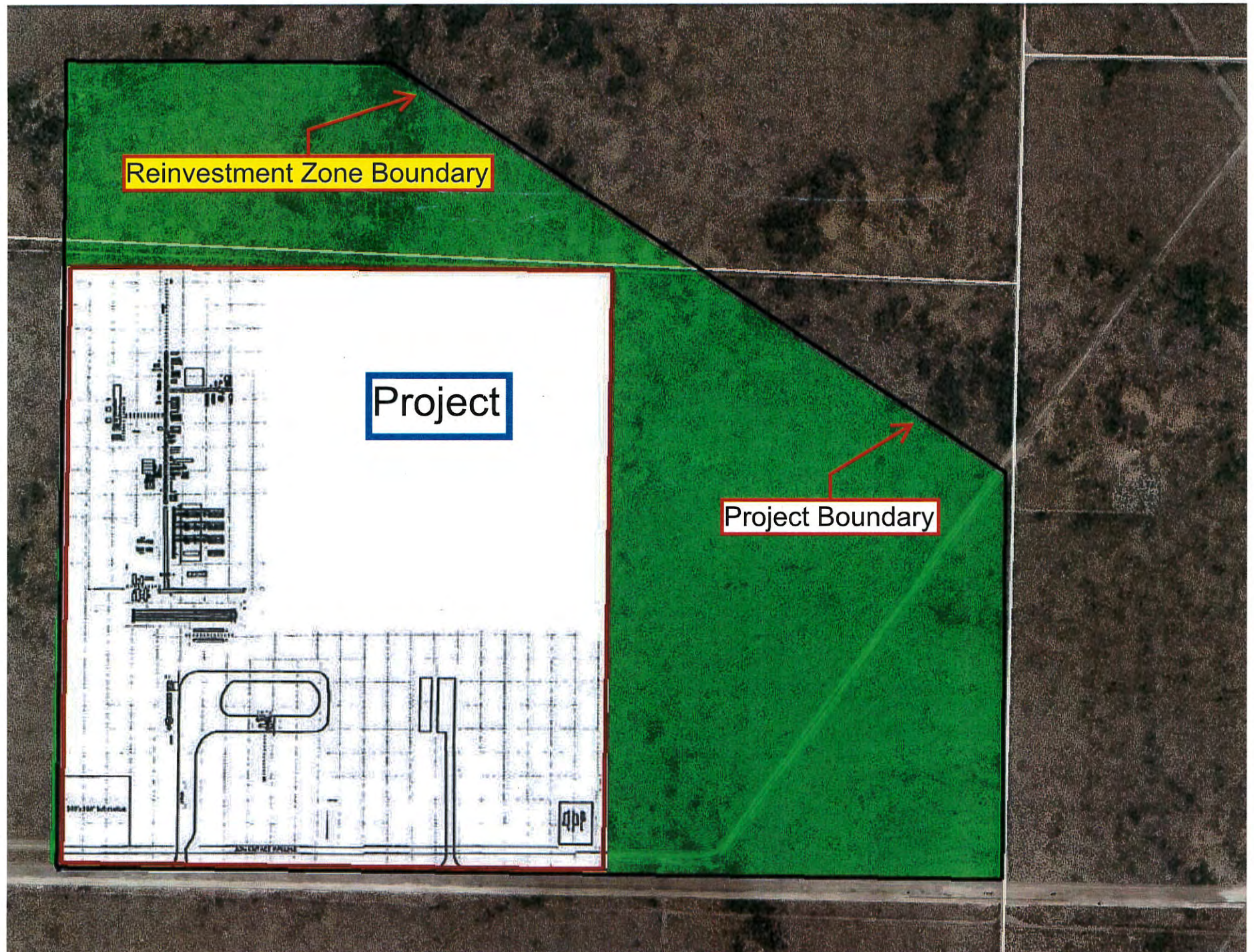
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- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.

Map of Qualified Property within Reinvestment Zone



Potential Plant Site

Arrowhead Plant

Legend

 Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Google Earth

© 2016 Google

1000 ft



Potential Plant Site

Arrowhead Plant

Legend

 Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

1450

1776

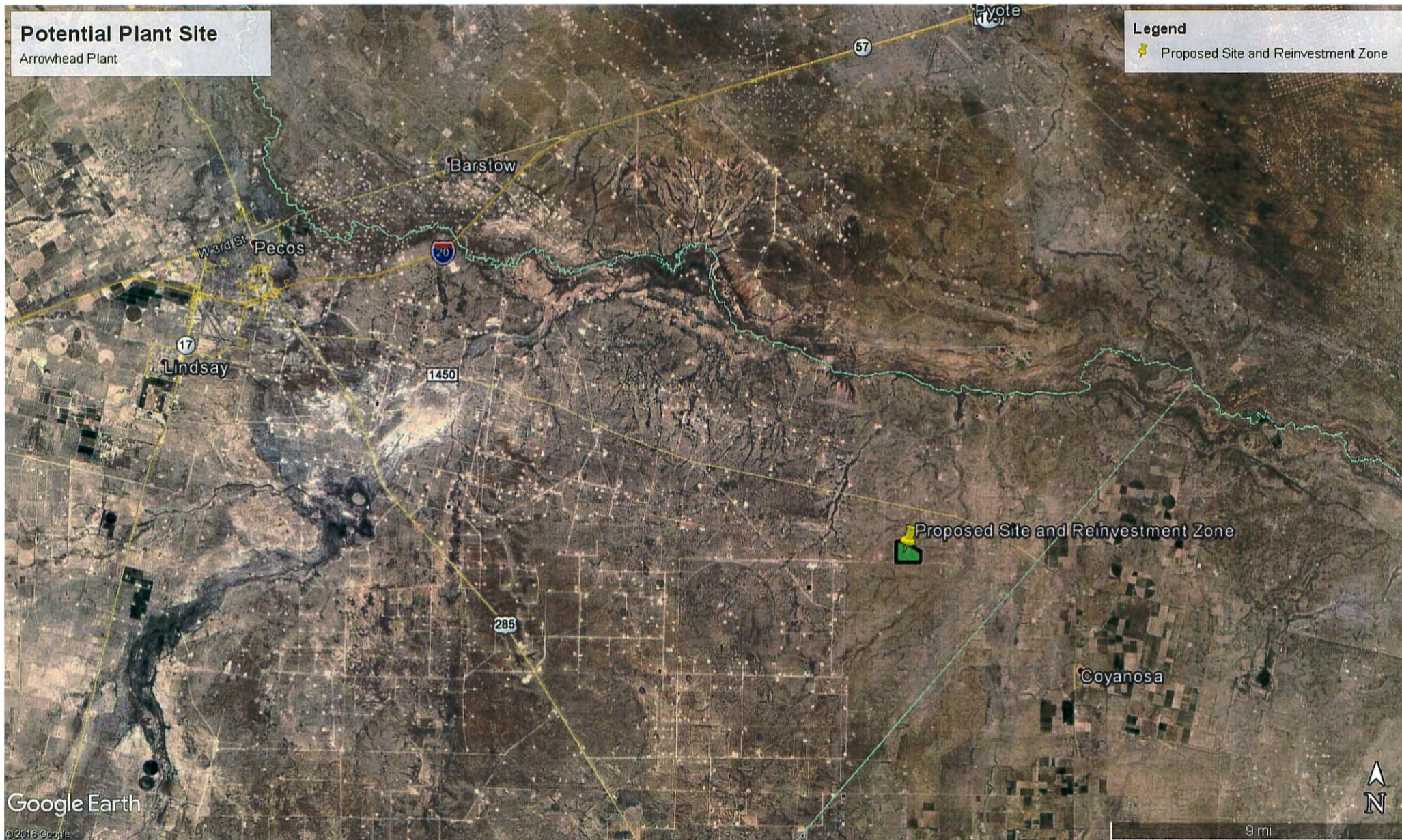
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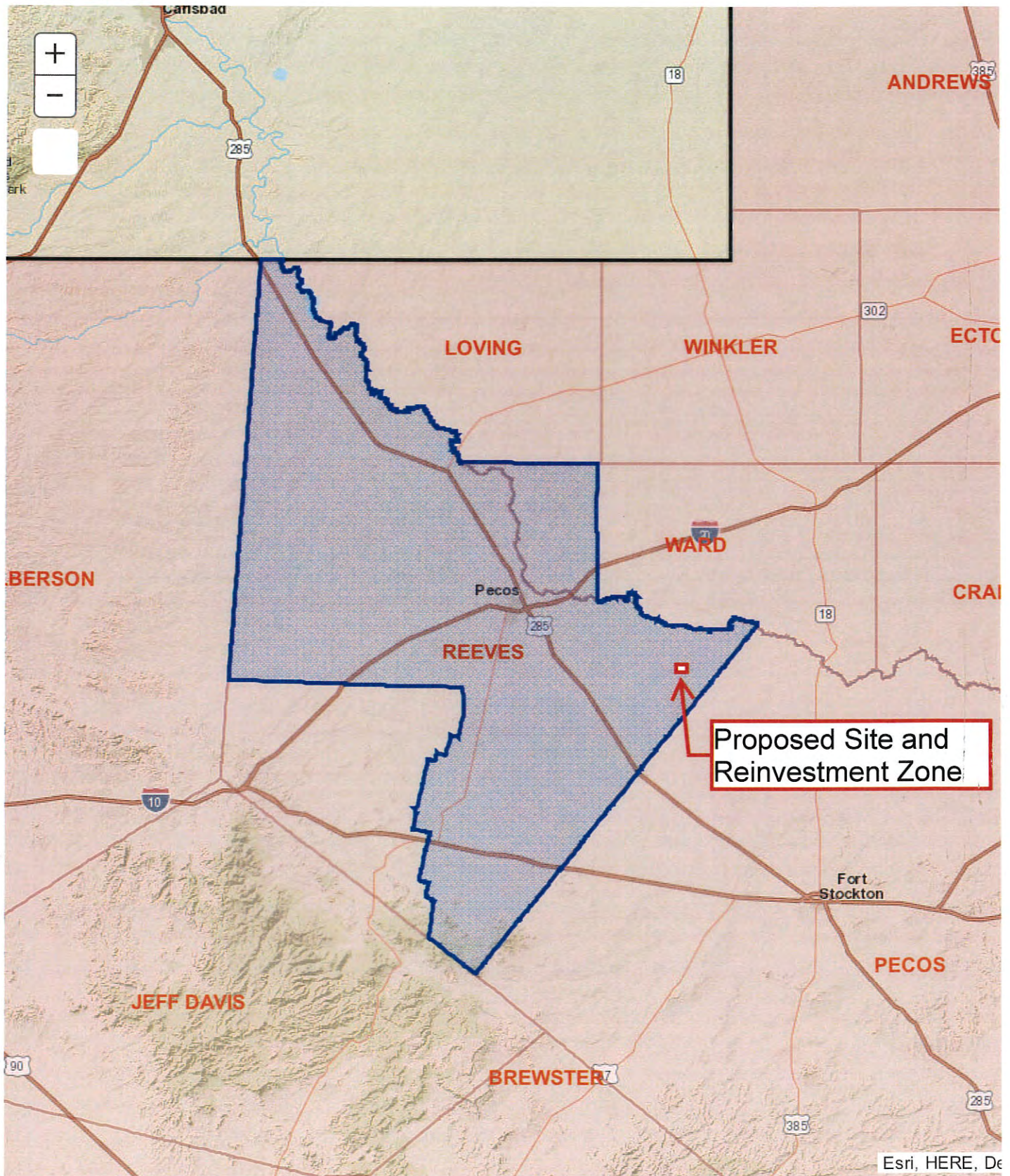
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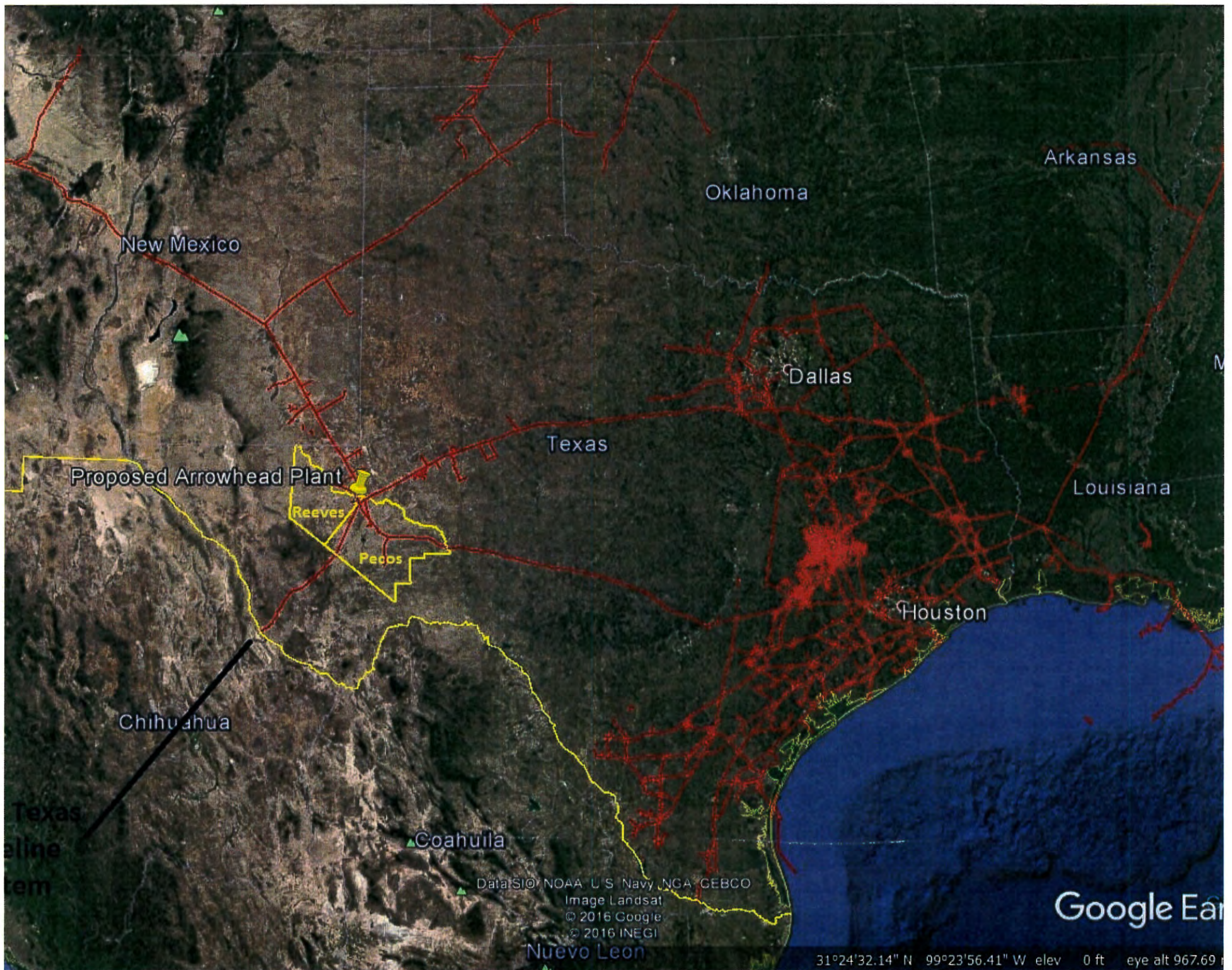
Coyanosa

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New Mexico

Oklahoma

Arkansas

Dallas

Texas

Louisiana

Houston

Chihuahua

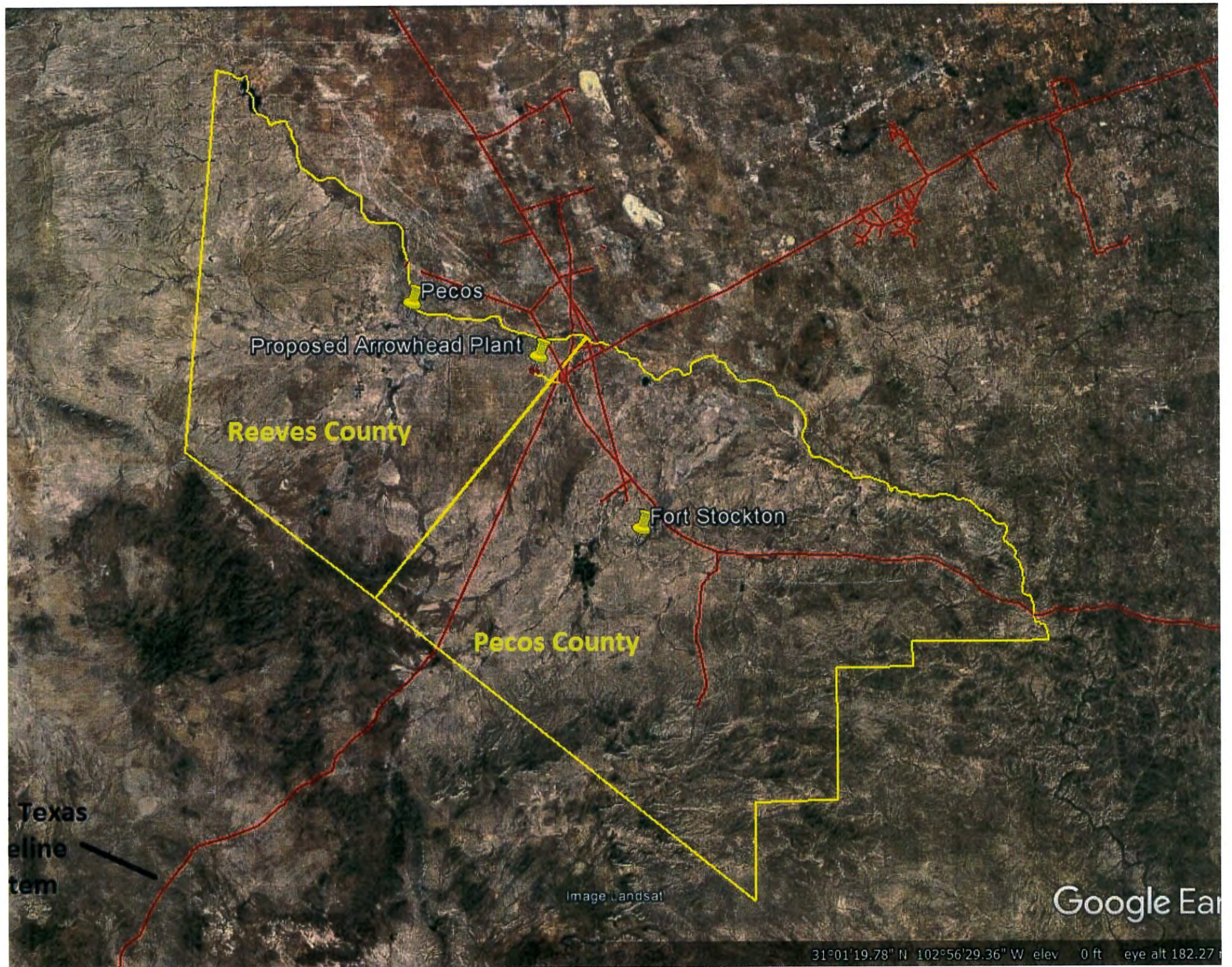
Coahuila

DataSIO NOAA U.S. Navy NGA GEBCO
Image Landsat
© 2016 Google
© 2016 INEGI

Nuevo Leon

Google Earth

31°24'32.14" N 99°23'56.41" W elev 0 ft eye alt 967.69 m



Reeves County

Pecos

Proposed Arrowhead Plant

Fort Stockton

Pecos County

Image Landsat

Google Earth

Texas
eline
tem

31°01'19.78" N 102°56'29.36" W elev 0 ft eye alt 182.27 ft

TAB 08

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

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, 7 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.

However, ETC could redirect its expenditures to build plants in other states outside of Texas.

Kansas
Louisiana
New Mexico
Oklahoma

Proposed Project Description

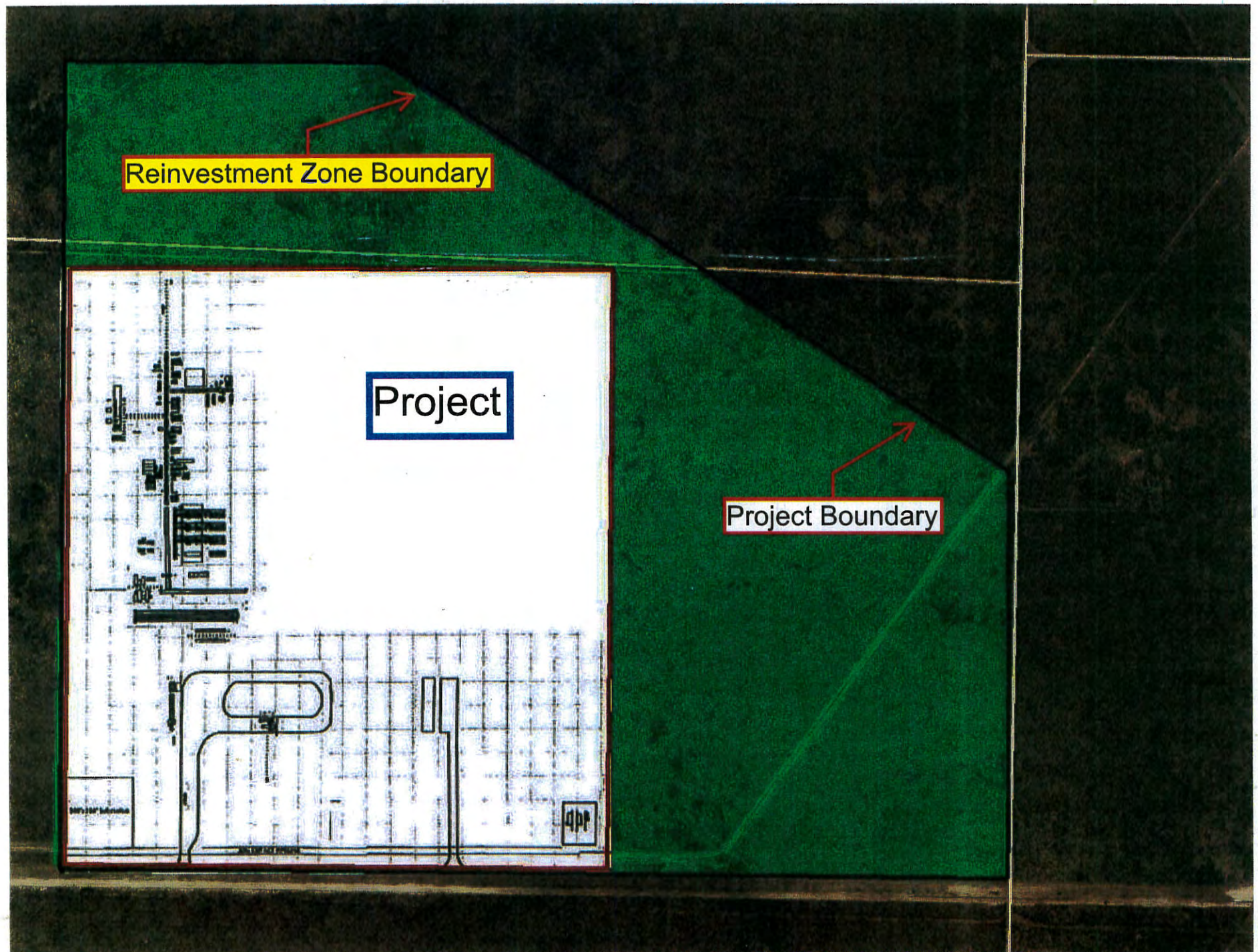
ETC Texas Pipeline, LTD proposes to build a new 200 mmscf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas. Projected timeline for ETC to start construction is April of 2017 and start hiring the new employees in June of 2017. This should allow for completion and commencement of commercial operations to start in August of 2017.

Cryogenic Natural Gas Processing Plant

The Arrowhead Plant would include the installation of a refrigerated cryogenic gas plant. If completed, the Arrowhead Gas Processing Plant will be designed to process 200mmcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H₂O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.

Map of Qualified Property within Reinvestment Zone



nt Site

Legend
📌 Proposed Site and Reinvestment Zone



📌 Proposed Site and Reinvestment Zone

nt Site

Legend

 Proposed Site ar

1450



Proposed Site and Reinvestment Zone

177

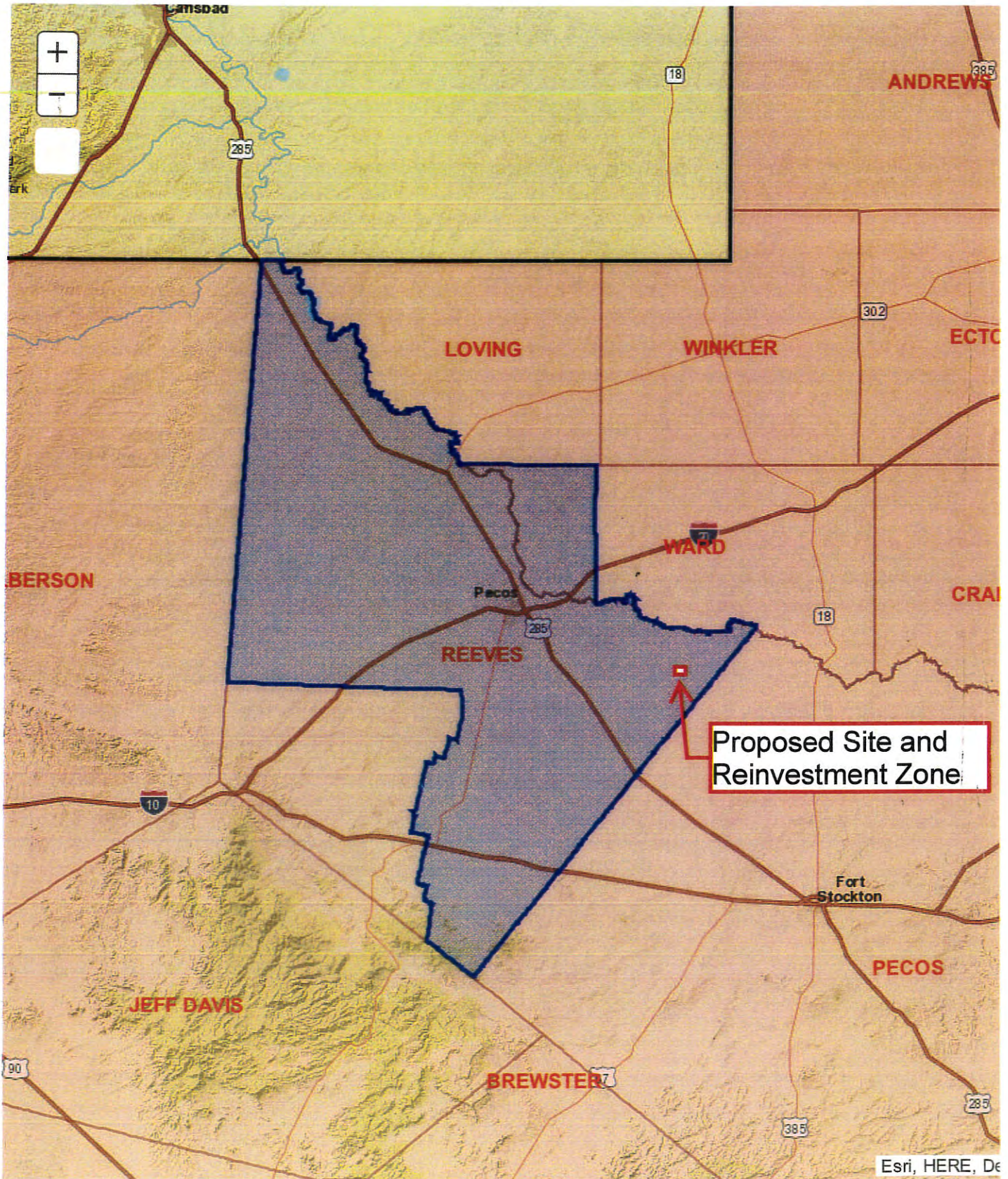
nt Site

Legend

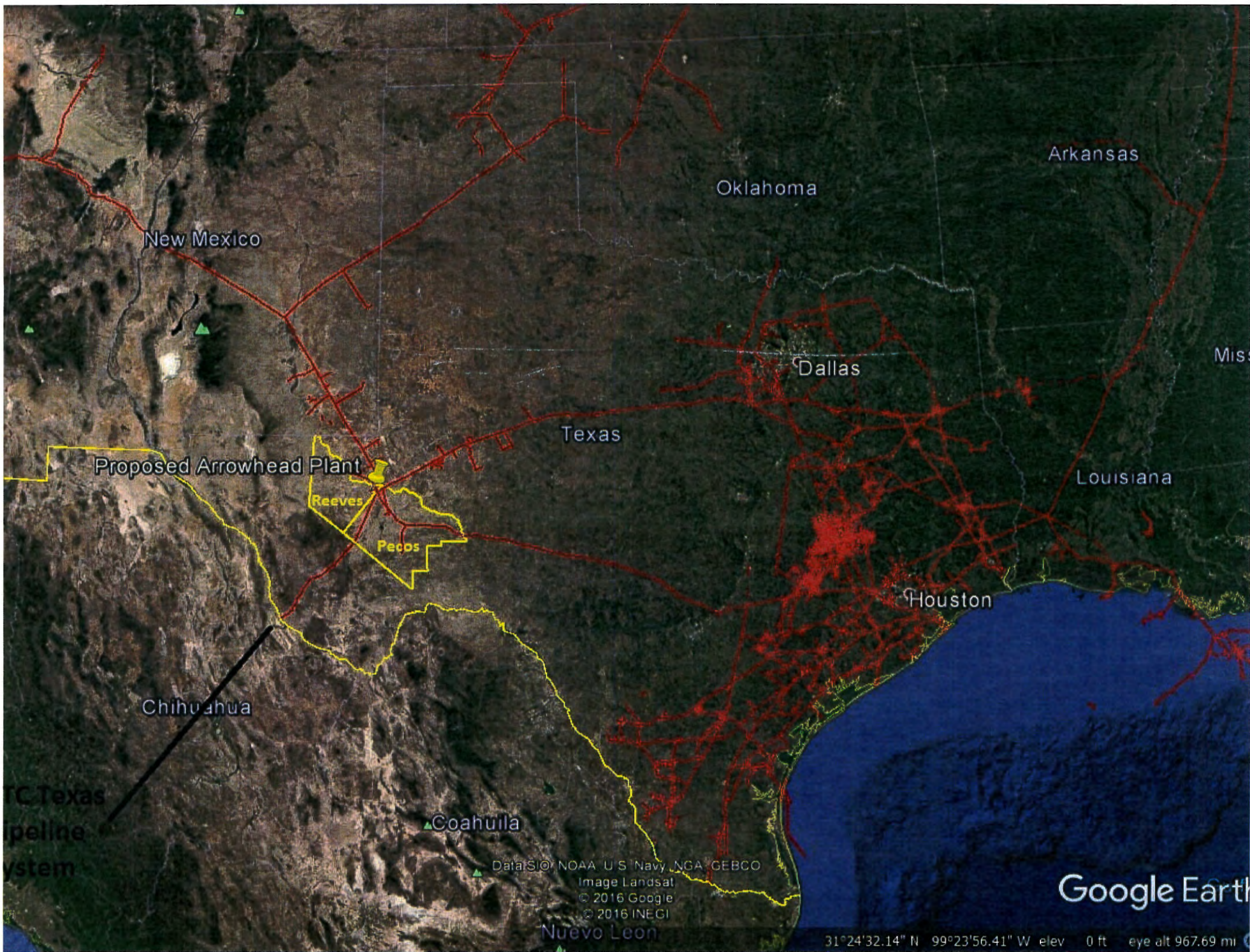
 Proposed Site ar



 Proposed Site and Reinvestment Zone



Esri, HERE, De



Proposed Arrowhead Plant

Reeves

Pecos

Chihuahua

Coahuila

Nuevo Leon

Arkansas

Oklahoma

New Mexico

Dallas

Texas

Louisiana

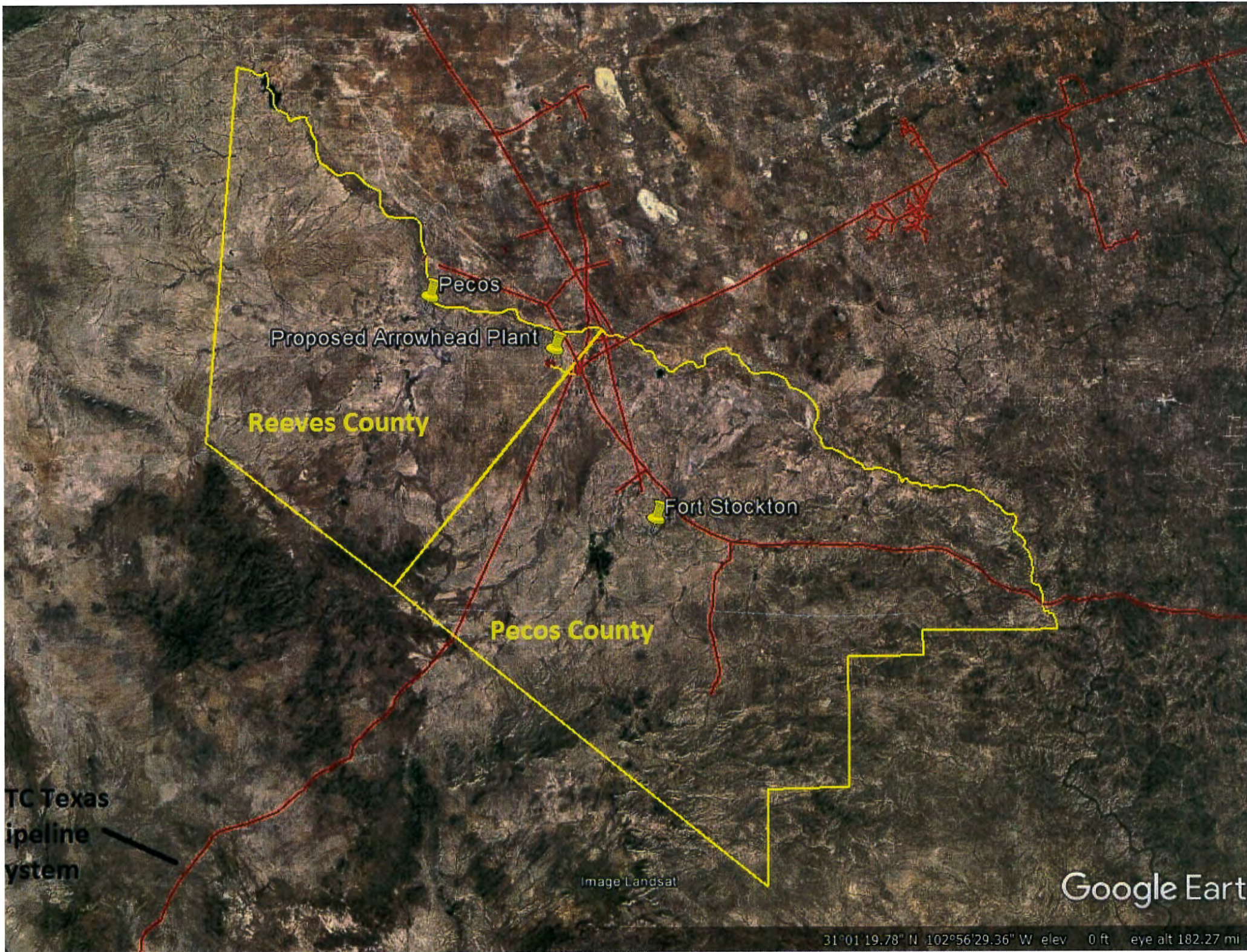
Houston

TC Texas
pipeline
system

DataSIO NOAA U.S. Navy NGA GEBCO
Image Landsat
© 2016 Google
© 2016 INEGI

Google Earth

31°24'32.14" N 99°23'56.41" W elev 0 ft eye alt 967.69 mi



Proposed Arrowhead Plant

Pecos

Reeves County

Fort Stockton

Pecos County

TC Texas
pipeline
system

Image Landsat

Google Earth

31°01'19.78" N 102°56'29.36" W elev 0 ft eye alt 182.27 mi

TAB 09

Description of Land

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

SPECIAL WARRANTY DEED

STATE OF TEXAS)
) KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF REEVES)

THAT, WOLF BONE RANCH PARTNERS LLC, (herein referred to as "Grantor"), whose address is 110 W. Louisiana, Suite 500, Midland, Texas 79701, for and in consideration of the sum of Ten and no/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD AND CONVEYED, and by these presents does GRANT, SELL AND CONVEY to ETC TEXAS PIPELINE, LTD (herein referred to as "Grantee"), whose address is 1300 Main, Houston, Texas 77002, the following described property:

The surface estate only of 260.778 acre tract of land located in Section(s) 13 and 14, Block C-3, Public School Lands Survey, Reeves County, Texas, which tract is more particularly described in Exhibit "A" attached hereto (the "Land") and made a part hereof by reference for all purposes, together with all of the rights, privileges and appurtenances related thereto (all of said property and interest being collectively referred to herein as the "Property");

Subject, however, to the exceptions to title (the "Permitted Exceptions") more particularly set forth in Exhibit "B" attached hereto and fully made a part hereof by reference for all purposes, and to the other qualifications described in this deed (the "Qualifications").

1. Qualifications. This conveyance is made and accepted subject to the following Qualifications:

a. Exceptions. Grantee assumes the obligations of Grantor under the Permitted Exceptions but only to the extent that they are still in effect and shown of record in Reeves County, Texas on the date hereof.

b. Easements. Visible and apparent, but unrecorded easements, if any.

c. Laws and Regulations. Application of all laws and regulations affecting the Property after the delivery of this deed, including environmental laws and municipal and governmental ordinances and regulations, relating to the Property.

d. Taxes. The liens for all governmental assessments, standby fees and ad valorem taxes for the year 2015; subsequent assessments for that and prior years due to the sale evidenced by this deed or by change in land usage by Grantee after the delivery of this deed; the payment of which is hereby assumed by Grantee.

e. Reserved Interests. For Grantor and Grantor's heirs, successors, and assigns, all rights, title and interest in all oil, gas and other minerals in, on and under the Property that are owned by Grantor and that may be produced from the Property, all of which are hereby reserved to Grantor. If the mineral estate is subject to existing production or an existing lease, this reservation includes the production, the lease, and all benefits from it.

The term "oil, gas and other minerals," as used herein, shall mean oil, gas, casinghead gas, and all other liquid or gaseous hydrocarbons, and any constituent elements or byproducts thereof, and all geothermal sources, helium, uranium, and other fissionable minerals and materials, coal, lignite, iron, silver, gold, vanadium, molybdenum, and other materials and ores, whether or not such minerals are or may be mined or extracted by methods which result in material damage to or destruction of the surface estate and shall include all working and royalty interests and any associated royalties, all easements and rights owned or held by any lessee or mineral owner on, over, or across the Property for the purposes of producing or transporting any of said oil, gas and other minerals thereon and there from.

There is also reserved from this Special Warranty Deed all rights of ingress and egress, either express or implied, across any lands GRANTOR may own, whether contiguous to the Land or otherwise, unless expressly granted by separate easement document. GRANTOR agrees to grant a renewable term easement across its lands, including the Land, to GRANTEE on GRANTOR'S standard road easement form, and for the consideration as set out in the most recently published Rate and Damage Schedule of the University of Texas System, University Lands.

Grantor hereby expressly reserves all retained rights of the Grantor concerning those certain agreements further described on Exhibit "C" attached hereto, including but not limited to the right to renew and extend the estates created thereby and receive payment for any such renewal and extension..

f. As Is, Where, Is. Grantee accepts the Property in its "AS IS", "WHERE IS" condition with all faults. Grantee agrees that Grantor shall not be liable for any latent or patent defects in the Property. Grantee acknowledges that neither Grantor nor any of the employees, agents or attorneys of Grantor ("Grantor Exculpated Parties") has made any verbal or written representations or warranties whatsoever to Grantee, whether express, implied, statutory, or by operation of law, and in particular, that no such representations and warranties have been made with respect to the physical or environmental condition or operation of the Property, environmental, and other laws, regulations and rules applicable to the Property, or the compliance of the Property therewith, other matter or thing affecting or relating to the Property or the transactions contemplated hereby. GRANTEE HEREBY WAIVES, RELINQUISHES, AND RELEASES GRANTOR AND GRANTOR'S EXCULPATED PARTIES FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION [INCLUDING, WITHOUT LIMITATION, CAUSES OF ACTION IN TORT, LOSSES, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND COURT COSTS)] OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, THAT GRANTEE MIGHT HAVE ASSERTED OR ALLEGED AGAINST GRANTOR AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT DEFECTS OR PHYSICAL CONDITIONS

(INCLUDING, WITHOUT LIMITATION, ADVERSE ENVIRONMENTAL CONDITIONS), VIOLATIONS OF ANY APPLICABLE LAWS (INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES, OR MATTERS REGARDING THE PROPERTY.

g. This Special Warranty Deed is expressly made subject to that certain Caliche Use Agreement dated October 21, 2015 between Grantor and Grantee. Said Caliche Use Agreement confers additional burdens on the Lands and Property. Copies of such Agreement are held at the offices of both Grantor and Grantee.

TO HAVE AND TO HOLD the above-described Property, subject to the Permitted Exceptions and Qualifications, together with all and singular the rights and appurtenances thereto in any wise belonging to Grantor, unto the said Grantee, its successors and assigns FOREVER, and Grantor does hereby bind itself and its successors and assigns to WARRANT AND FOREVER DEFEND all and singular the Property unto the said Grantee, its successors and assigns, against every person whomsoever, lawfully claiming or to claim the same or any part thereof, by, through or under Grantor but not otherwise.

IN WITNESS WHEREOF, the parties herein named have hereunto set their hands and seal to be effective this 16th day of October, 2015.

-----Signature and Acknowledgement Page to Follow-----

GRANTOR:

Wolf Bone Ranch Partners LLC

By: _____

Name: Benjamin A. Strickling, III

Title: President

ACKNOWLEDGEMENT

STATE OF TEXAS)

)

COUNTY OF MIDLAND)

This instrument was executed before me on the 21st day of October, 2015, by Benjamin A. Strickling, III, the President of Wolf Bone Ranch Partners LLC.



Jordan W. Davis
Notary for the State of Texas

My commission Expires: _____

Signature and acknowledgment page to that certain Special Warranty Deed, dated effective October 16, 2015, between Wolf Bone Ranch Partners LLC and ETC Pipeline, LTD.

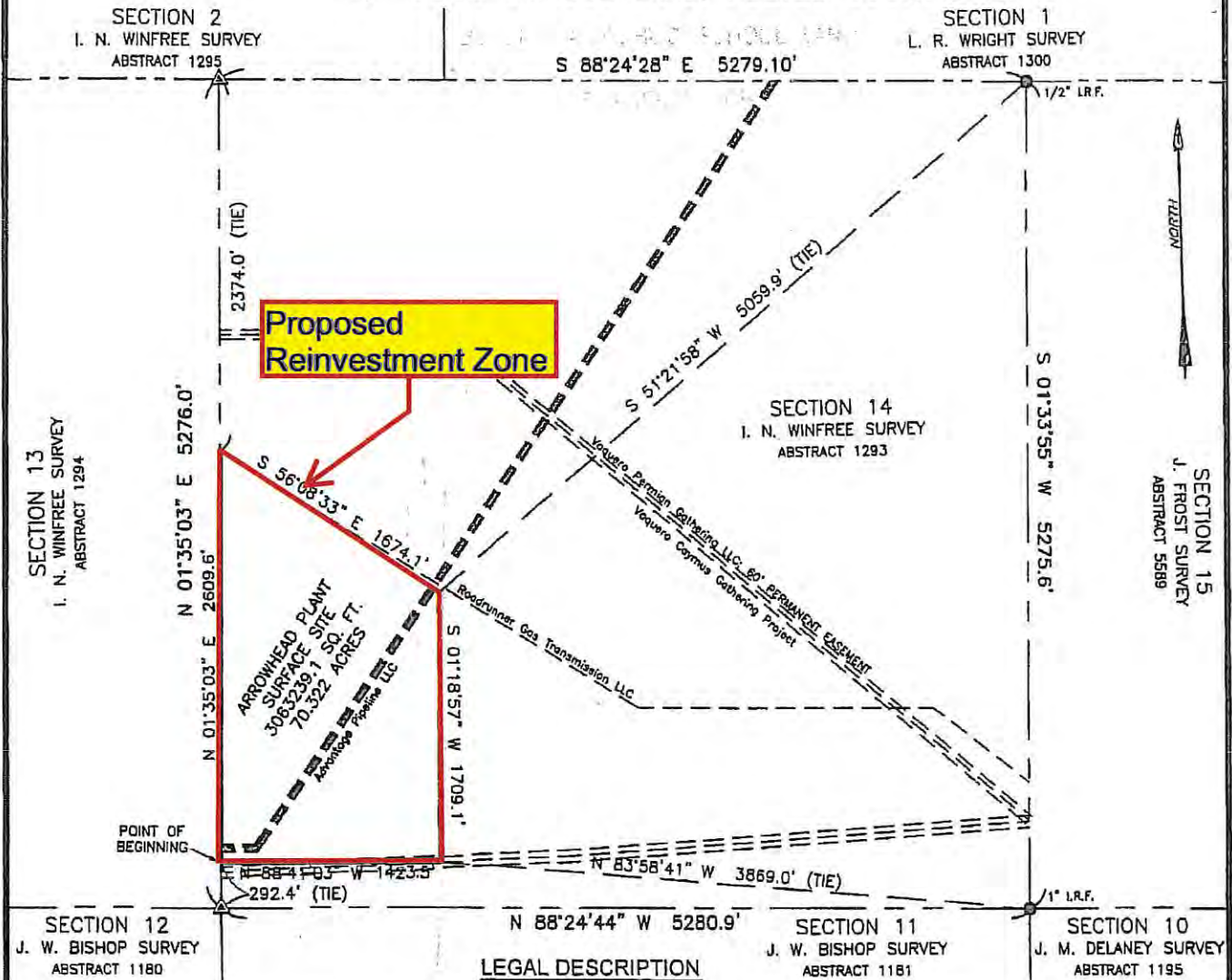
EXHIBIT "A"

Attached to and made a part of the Special Warranty Deed, Effective the 16th day of October, 2015, by and between Wolf Bone Ranch Partners LLC and ETC Texas Pipeline, LTD.

This is a two page exhibit consisting of a survey plat and metes and bounds description of the 260.778 acre tract.

EXHIBIT "A"

BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS



LEGAL DESCRIPTION

SURFACE SITE SURVEY LOCATED IN SECTION 14, BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SURFACE SITE, IN THE WEST LINE OF SECTION 14, WHICH BEARS NORTH 01° 35' 03" EAST, ALONG THE EAST LINE OF SECTION 14, A DISTANCE OF 292.4 FEET, FROM THE SOUTHWEST CORNER OF SECTION 14;

THENCE NORTH 01° 35' 03" EAST, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2609.6 FEET, TO THE NORTHWEST CORNER OF THE SURFACE SITE WHICH BEARS SOUTH 01° 35' 03" WEST, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2374.0 FEET FROM THE NORTHWEST CORNER OF SECTION 14, THENCE SOUTH 56° 08' 33" EAST, A DISTANCE OF 1674.1 FEET, TO NORTHEAST CORNER OF THE SURFACE SITE, WHICH BEARS SOUTH 51° 21' 58" WEST, A DISTANCE OF 5059.9 FEET FROM THE NORTHEAST CORNER OF SECTION 14; THENCE SOUTH 01° 18' 57" WEST, A DISTANCE OF 1709.1 FEET, TO SOUTHEAST CORNER OF THE SURFACE SITE, WHICH BEARS NORTH 83° 58' 41" WEST, A DISTANCE OF 3869.0 FEET FROM THE SOUTHEAST CORNER OF SECTION 14,

THENCE NORTH 88° 41' 03" WEST, A DISTANCE OF 1423.5 FEET TO THE POINT OF BEGINNING, AND THE END OF THIS SURVEY.

CAUTIONARY NOTE: LINE CROSSINGS AND OTHER FEATURES SHOWN HEREON WERE LOCATED BY VISUAL INSPECTION ONLY. NO MECHANICAL NOR ELECTRONIC METHODS WERE USED. OTHER UNDERGROUND OR SURFACE OBSTRUCTIONS MAY EXIST.

Bearings and Coordinates conform to the Texas State Plane Coordinate System, Central Zone (4203), NAD83, Derived from OPUS Solution. Distances and Stationing are horizontal (GRID) values in U.S. Survey Feet. To obtain surface values multiply distances by a factor of 1.00022613.

SURVEYED ON THE GROUND, 13 AUGUST 2015

Robert W. Johnston
ROBERT W. JOHNSTON, TEXAS RPLS No. 5579
DRJ SURVEYING LLC P.O. BOX 501, THORNDALE TX 76777



BTJ SERVICES
BTJ Services, LLC
505 Sioux Trail
Leander, TX 78641
1-855-667-3816

ENERGY TRANSFER

ARROWHEAD PLANT SITE

SURFACE SITE SURVEY
SECTION 14, BLOCK C3, PUBLIC SCHOOL LAND
REEVES COUNTY, TEXAS

SCALE: 1" = 1000'	AFE: 100000001137
DRAFTED BY: WLJ	DATE: 19 AUGUST 2015
SHEET: 2 OF 2	QUAD: LIGON RANCH, TEXAS
W.O. NO.: 15-308	FILE: 120-2015-84

EXHIBIT "A"

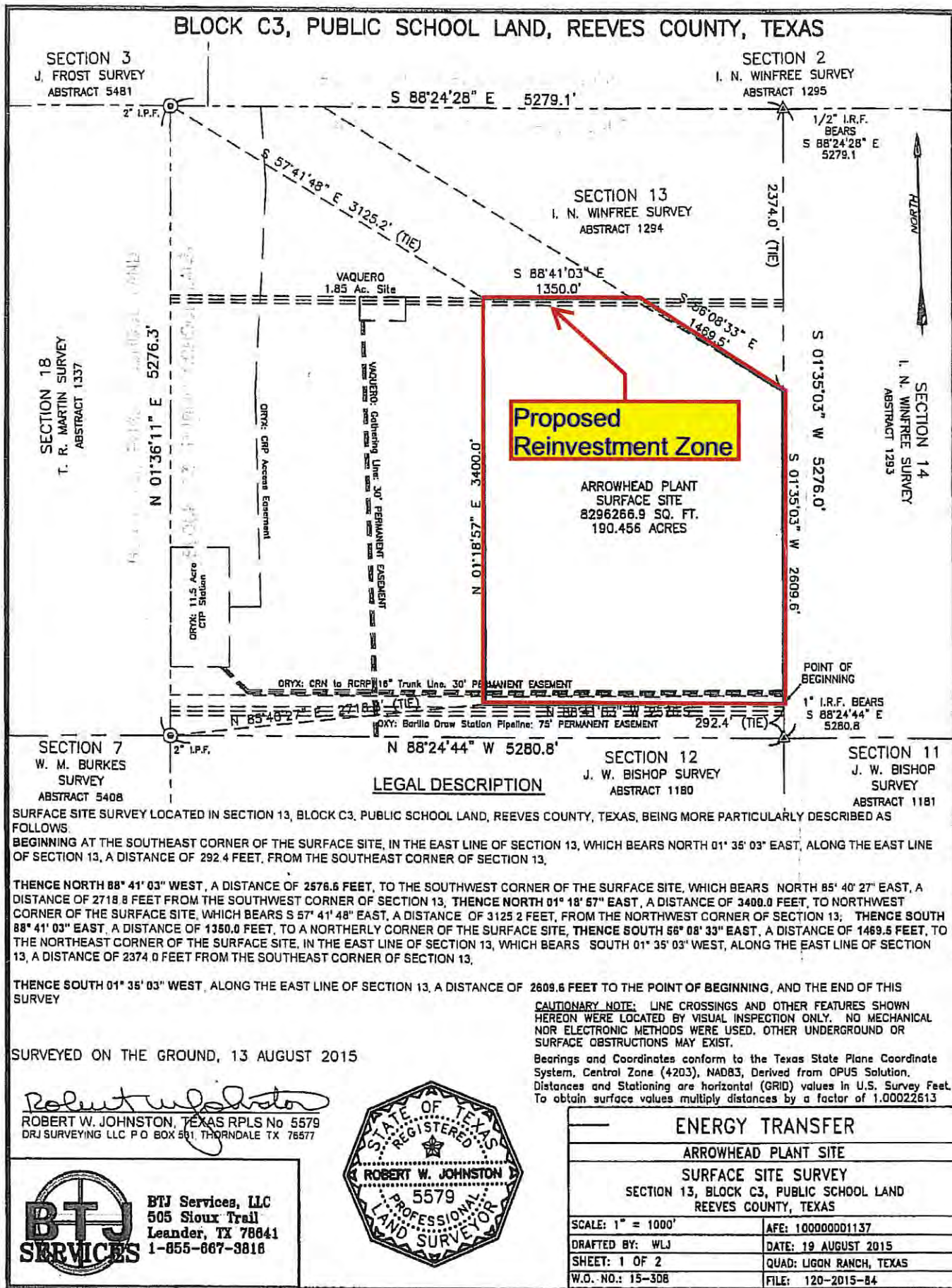


EXHIBIT "A"

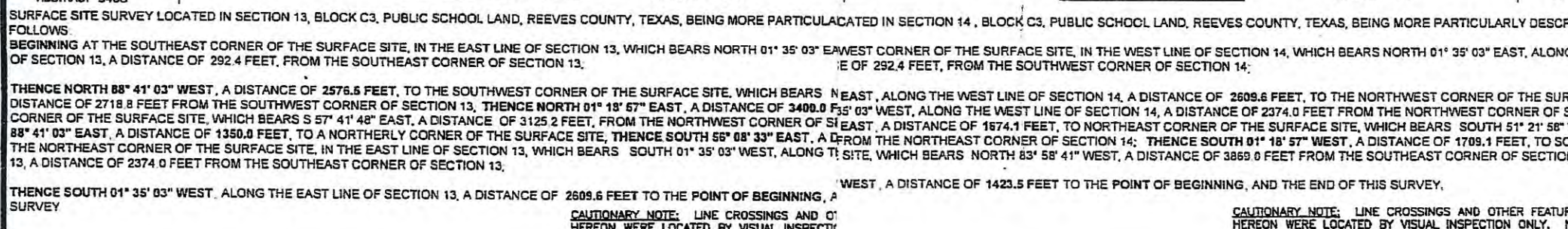


EXHIBIT "B"

Attached to and made a part of the Special Warranty Deed, Effective the 16th day of October, 2015, by and between Wolf Bone Ranch Partners LLC and ETC Texas Pipeline, LTD.

PERMITTED EXCEPTIONS

Any lease, grant, exception or reservation of minerals or mineral rights associated with the Property.

Any portion of the Property lying within the boundaries of dedicated or existing pipeline easements and roadways or any other visible easements.

Rights of parties in possession.

All matters reflected of record in Reeves County, Texas, affecting the Property.

EXHIBIT "C"

Attached to and made a part of the Special Warranty Deed, Effective the 16th day of October, 2015, by and between Wolf Bone Ranch Partners LLC and ETC Texas Pipeline, LTD.

1. Pipeline Easement Agreement from Wolf Bone Ranch Partners LLC to Advantage Pipeline, LLC dated February 13, 2013, recorded Volume 987, Page 606, Official Public Records of Real Property, Reeves County, Texas.
2. Pipeline Easement Agreement from Wolf Bone Ranch Partners LLC to Roadrunner Gas Transmission, LLC dated August 18, 2015, recorded Volume 1192, Page 573, Official Public Records of Real Property, Reeves County, Texas.
3. Pipeline Easement Agreement from Wolf Bone Ranch Partners LLC to Vaquero Permian Gathering, LLC dated August 19, 2015, recorded Volume 1196, Page 321, Official Public Records of Real Property, Reeves County, Texas.
4. Pipeline Easement Agreement from Wolf Bone Ranch Partners LLC to Vaquero Permian Gathering, LLC dated August 19, 2015, recorded Volume 1196, Page 333, Official Public Records of Real Property, Reeves County, Texas.
5. Pipeline Easement Agreement from Wolf Bone Ranch Partners LLC to Oxy Permian Gathering, LLC, said Agreement is unrecorded but reflected on Exhibit A attached hereto.
6. Pipeline Easement Agreement from Wolf Bone Ranch Partners LLC to Oryx Southern Delaware Oil Gathering and Transport LLC, said Agreement is unrecorded but reflected on Exhibit A attached hereto.

REEVES COUNTY

APPRAISAL DISTRICT

[Home](#) [Return to Search](#)  [Print](#)
Property Year 2016 [Tax Summary](#) [Map/Gis](#)

Information Updated 10/10/2016

Property ID: R000011828 Geo ID: 01150-00140-00000-000000

< Previous Property 66 / 105 Next Property >

Property Details

Ownership

WOLF BONE RANCH PARTNERS LLC

110 W LOUSIANA ST STE 500
MIDLAND, TX 79701

Ownership Interest: 1.0000000

Available Actions

Qualified Exemptions

Not Applicable

Legal Information

Legal: Acres: 640.000, Blk: C-3, Tract: 13, AB 1294 BLK C-3 SEC 13PSL

Situs: Not Applicable

Property Valuation History

Values by Year		2016	2015	2014	2013	2012	n/a
Improvements	+	\$0	\$0	\$0	\$0	\$0	\$0
Land	+	\$0	\$0	\$0	\$0	\$0	\$0
Production Market	+	\$28,800	\$28,800	\$28,800	\$28,800	\$28,800	\$0
Personal	+	\$0	\$0	\$0	\$0	\$0	\$0
Mineral	+	\$0	\$0	\$0	\$0	\$0	\$0
Total Market	=	\$28,800	\$28,800	\$28,800	\$28,800	\$28,800	\$0
Agricultural Loss	-	\$26,880	\$26,880	\$26,880	\$26,880	\$26,880	\$0
Homestead Cap Loss	-	\$0	\$0	\$0	\$0	\$0	\$0
Total Assessed	=	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$0

Group Sequence	Code	Building Description	Year Built	Square Footage	Perimeter Footage		
Land Details Market Value: \$0 Production Market Value: \$28,800 Production Value: \$1,920							
Land Code	Acres	Sq. Ft.	Front Ft.	Rear Ft.	Depth	Mkt. Value	Prd. Value
RG4	640.000	27,878,400	0	0		28,800	1,920

Deed History

Sold By	Volume	Page	Deed Date	Instrument
LA ESCALERA LTD PARTNERSHIP	861	583	12/22/2010	SWD #4945
LA ESCALERA LTD PARTNERSHIP	861	583	12/22/2010	SWD #4945
LA ESCALERA LTD PARTNERSHIP	587	790	4/30/1998	

Property Tax Estimation by Entity / Jurisdiction

Code	Description	Taxable Value	Tax Rate per \$100	Tax Factor applied to Taxable Value	Estimated Tax
01	REEVES COUNTY	1,920	\$0.49952	0.0049952	\$9.59
30	P-B-T I.S.D	1,920	\$1.091	0.01091	\$21.02
65	REEVES CO HOSP DIST	1,920	\$0.27	0.0027	\$4.12
Total Estimation			\$1.86052	0.0186052	\$34.73

The above property tax estimation is not a tax bill. Do not pay.
[Click here to view actual Property Tax Bill.](#)

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Southwest Data Solutions is not responsible for any errors or omissions.

REEVES COUNTY

APPRAISAL DISTRICT

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Property Year 2016[Tax Summary](#)[Map/Gis](#)

Information Updated 10/10/2016

Property ID: R000011829 Geo ID: 01150-00150-00000-000000

< Previous Property 67 / 105 Next Property >

Property Details**Ownership****Available Actions**

WOLF BONE RANCH PARTNERS LLC

110 W LOUISIANA ST STE 500
MIDLAND, TX 79701

Ownership Interest: 1.0000000

Qualified Exemptions

Not Applicable

Legal Information

Legal: Acres: 640.000, Blk: C-3, Tract: 14, AB 1293 BLK C-3 SEC 14PSL

Situs: Not Applicable

Property Valuation History

Values by Year		2016	2015	2014	2013	2012	n/a
Improvements	+	\$0	\$0	\$0	\$0	\$0	\$0
Land	+	\$0	\$0	\$0	\$0	\$0	\$0
Production Market	+	\$28,800	\$28,800	\$28,800	\$28,800	\$28,800	\$0
Personal	+	\$0	\$0	\$0	\$0	\$0	\$0
Mineral	+	\$0	\$0	\$0	\$0	\$0	\$0
Total Market	=	\$28,800	\$28,800	\$28,800	\$28,800	\$28,800	\$0
Agricultural Loss	-	\$26,880	\$26,880	\$26,880	\$26,880	\$26,880	\$0
Homestead Cap Loss	-	\$0	\$0	\$0	\$0	\$0	\$0
Total Assessed	=	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$0

[Improve Buildings](#)
[Improve Value](#)
[Distribution](#)
[Sq. Ft.](#)
[Tax Rate](#)
[Front](#)
[Rear](#)
[Tax Factor](#)
[Depth](#)
[Deed Value](#)
[Perimeter](#)
[Footage](#)

Group Sequence	Code	Building Description	Year Built	Square Footage	Perimeter Footage
----------------	------	----------------------	------------	----------------	-------------------

Land Details
 Market Value: \$0
 Production Market Value: \$28,800
 Production Value: \$1,920

Land Code	Acres	Sq. Ft.	Front Ft.	Rear Ft.	Depth	Mkt. Value	Prd. Value
RG4	640.000	27,878,400	0	0		28,800	1,920

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Sold By	Volume	Page	Deed Date	Instrument
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LA ESCALERA LTD PARTNERSHIP	587	790	4/30/1998	

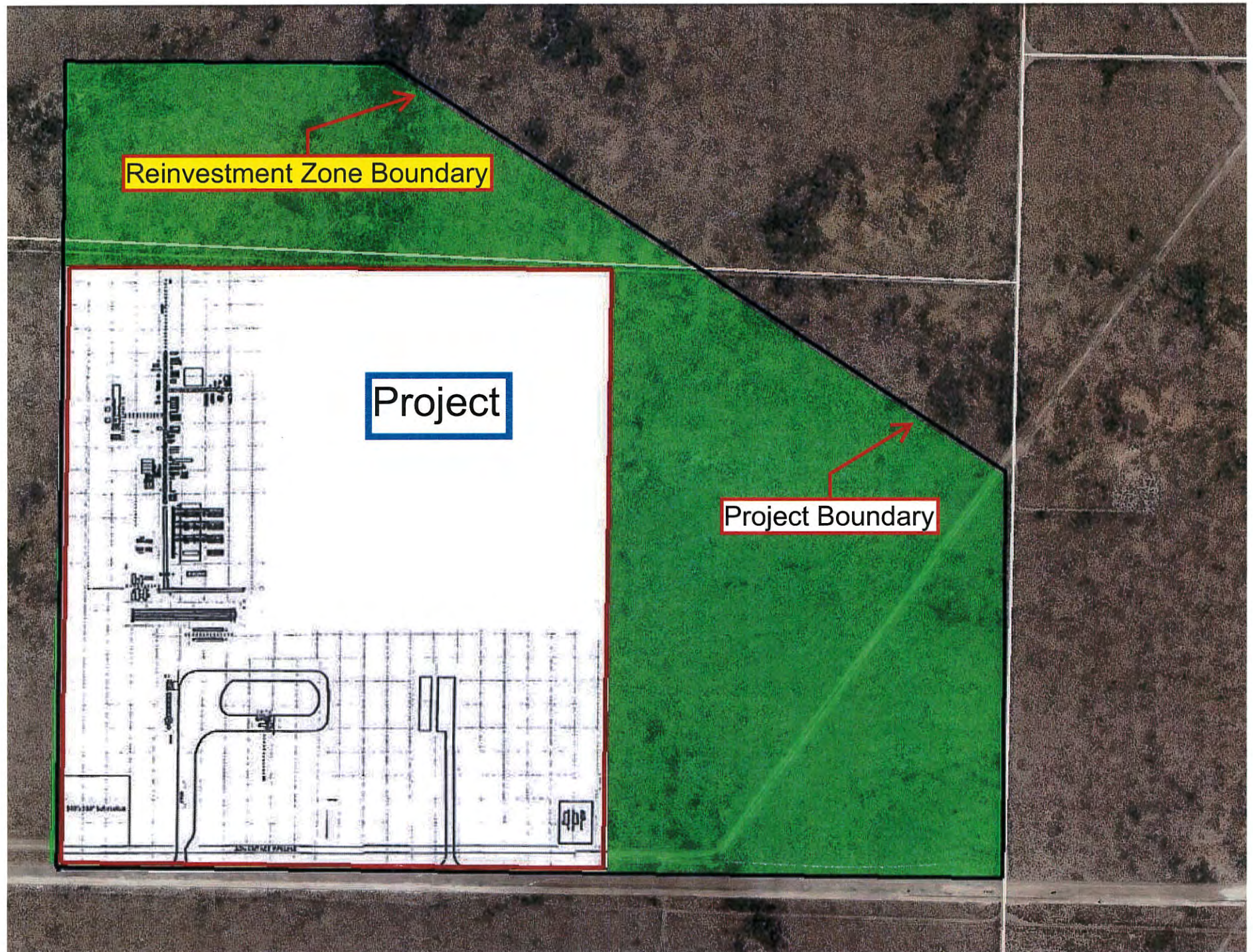
Property Tax Estimation by Entity / Jurisdiction

Code	Description	Taxable Value	Tax Rate per \$100	Tax Factor applied to Taxable Value	Estimated Tax
01	REEVES COUNTY	1,920	\$0.49952	0.0049952	\$9.59
30	P-B-T I.S.D	1,920	\$1.091	0.01091	\$21.02
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Total Estimation			\$1.86052	0.0186052	\$34.73

The above property tax estimation is not a tax bill. Do not pay.
[Click here to view actual Property Tax Bill.](#)

Southwest Data Solutions provides this information "as is" without warranty of any kind.
 Southwest Data Solutions is not responsible for any errors or omissions.

Map of Qualified Property within Reinvestment Zone



TAB 10

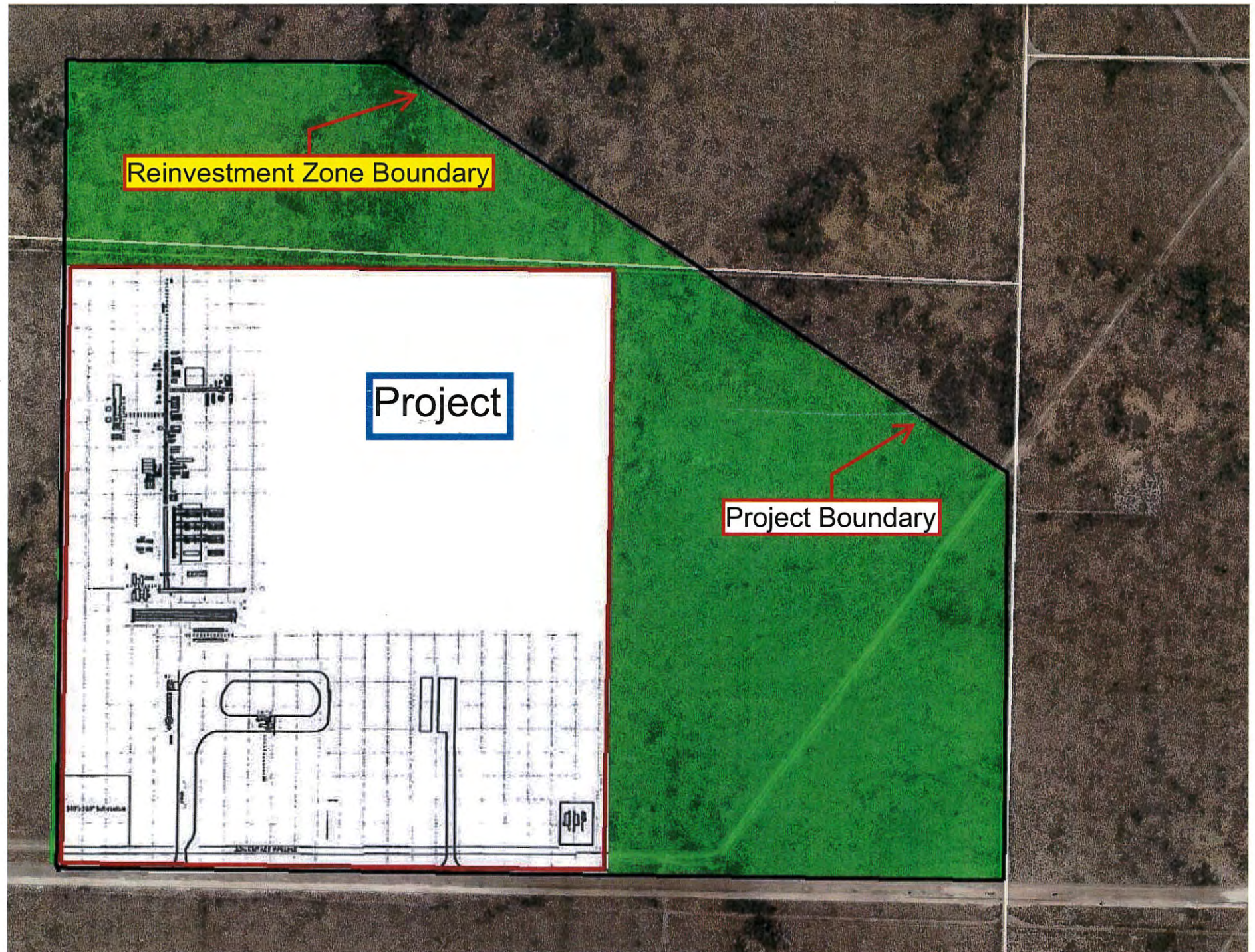
Description of Existing Improvements

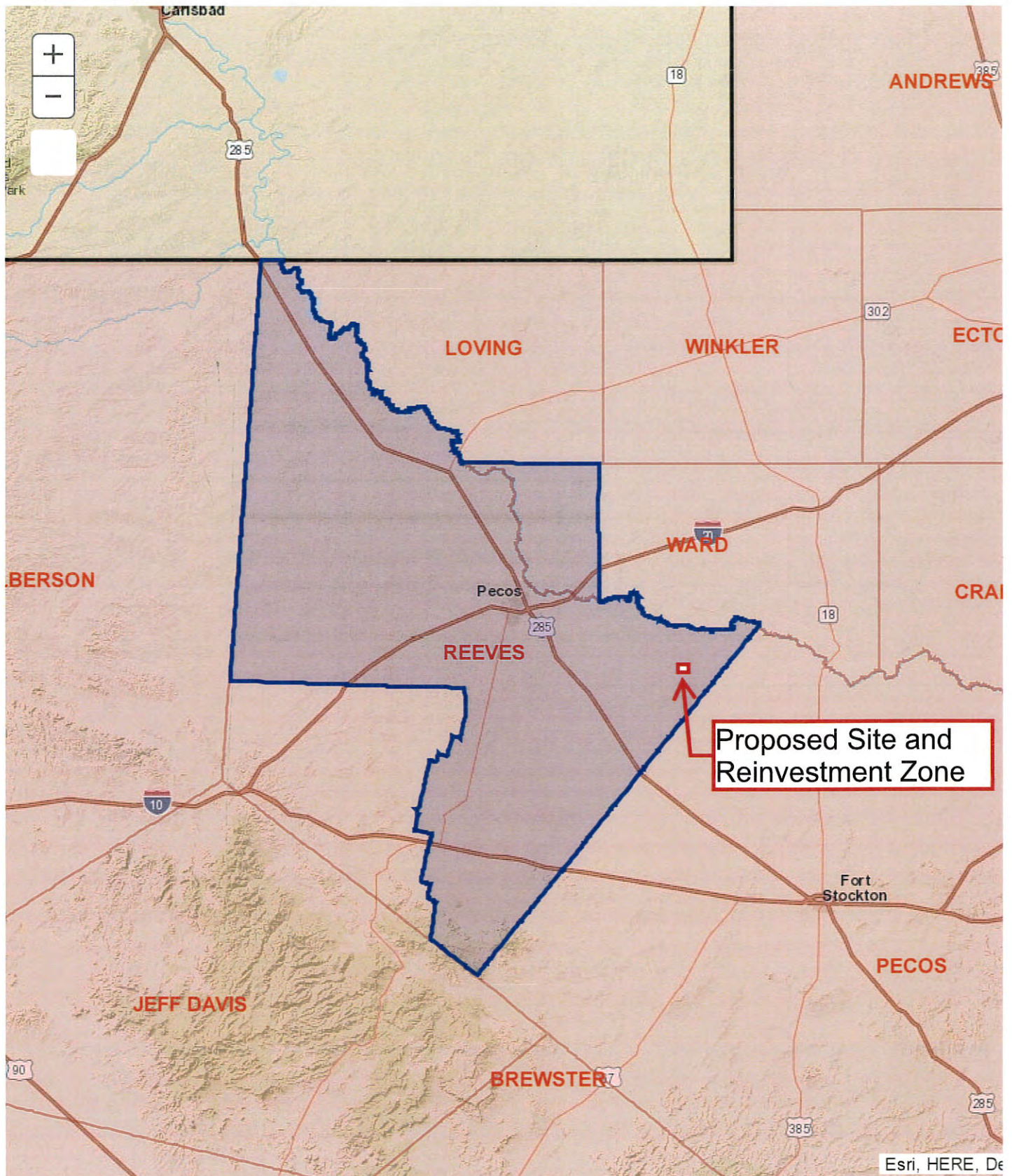
There are no existing improvements related to the proposed project at this site.

TAB 11

Maps

Map of Qualified Property within Reinvestment Zone





Potential Plant Site

Arrowhead Plant

Legend

 Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Google Earth

© 2016 Google

1000 ft

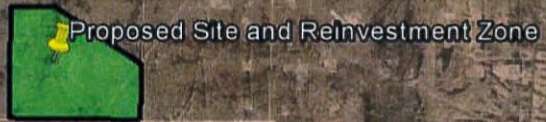


Potential Plant Site

Arrowhead Plant

Legend

 Proposed Site and Reinvestment Zone



Google Earth

© 2016 Google

Coyanosa



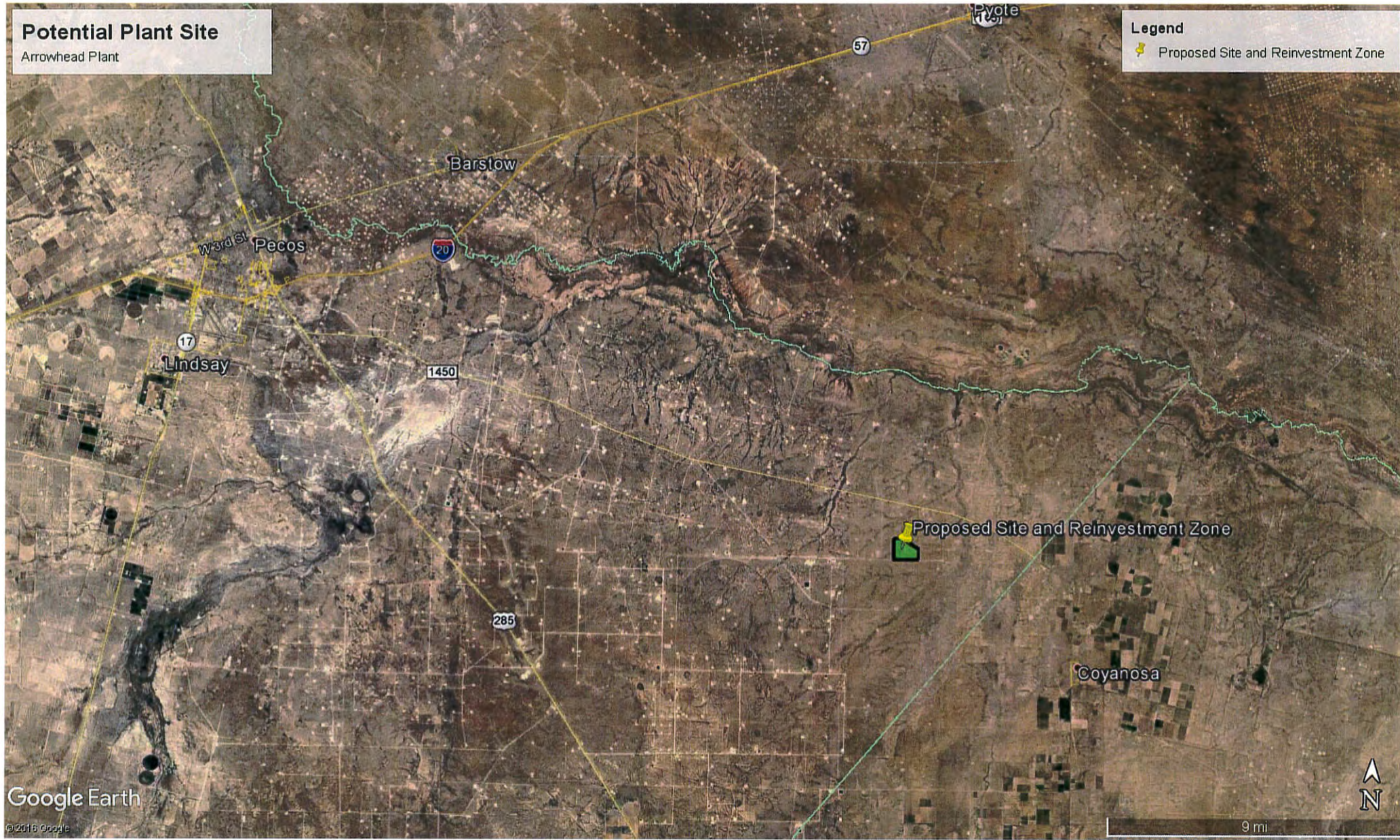
2 mi

Potential Plant Site

Arrowhead Plant

Legend

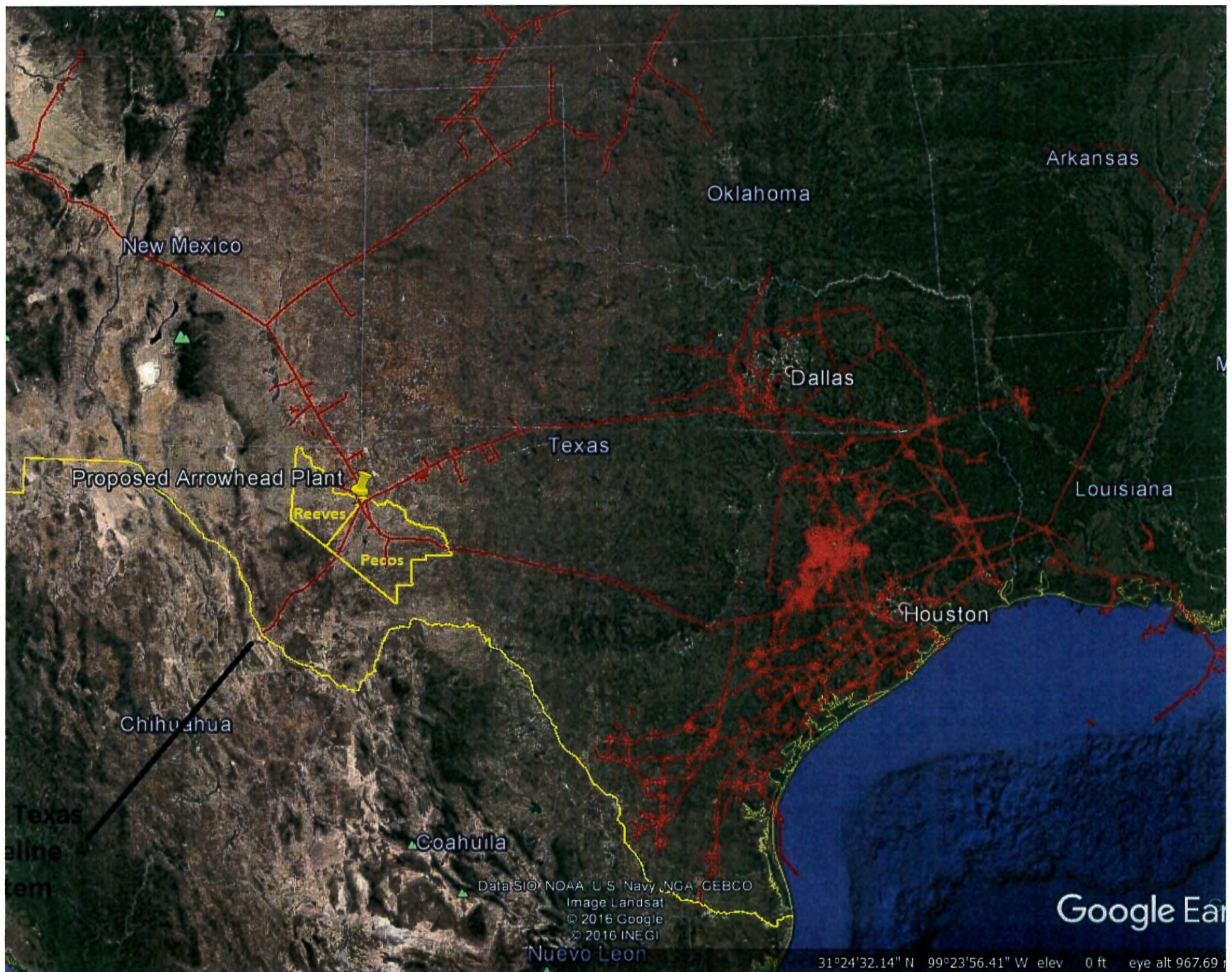
★ Proposed Site and Reinvestment Zone



Google Earth

© 2016 Google

9 mi



Proposed Arrowhead Plant

Reeves

Pecos

Chihuahua

Coahuila

DataSIO NOAA U.S. Navy NGA GEBCO
Image Landsat
© 2016 Google
© 2016 INEGI

Nuevo Leon

Arkansas

Oklahoma

New Mexico

Dallas

Texas

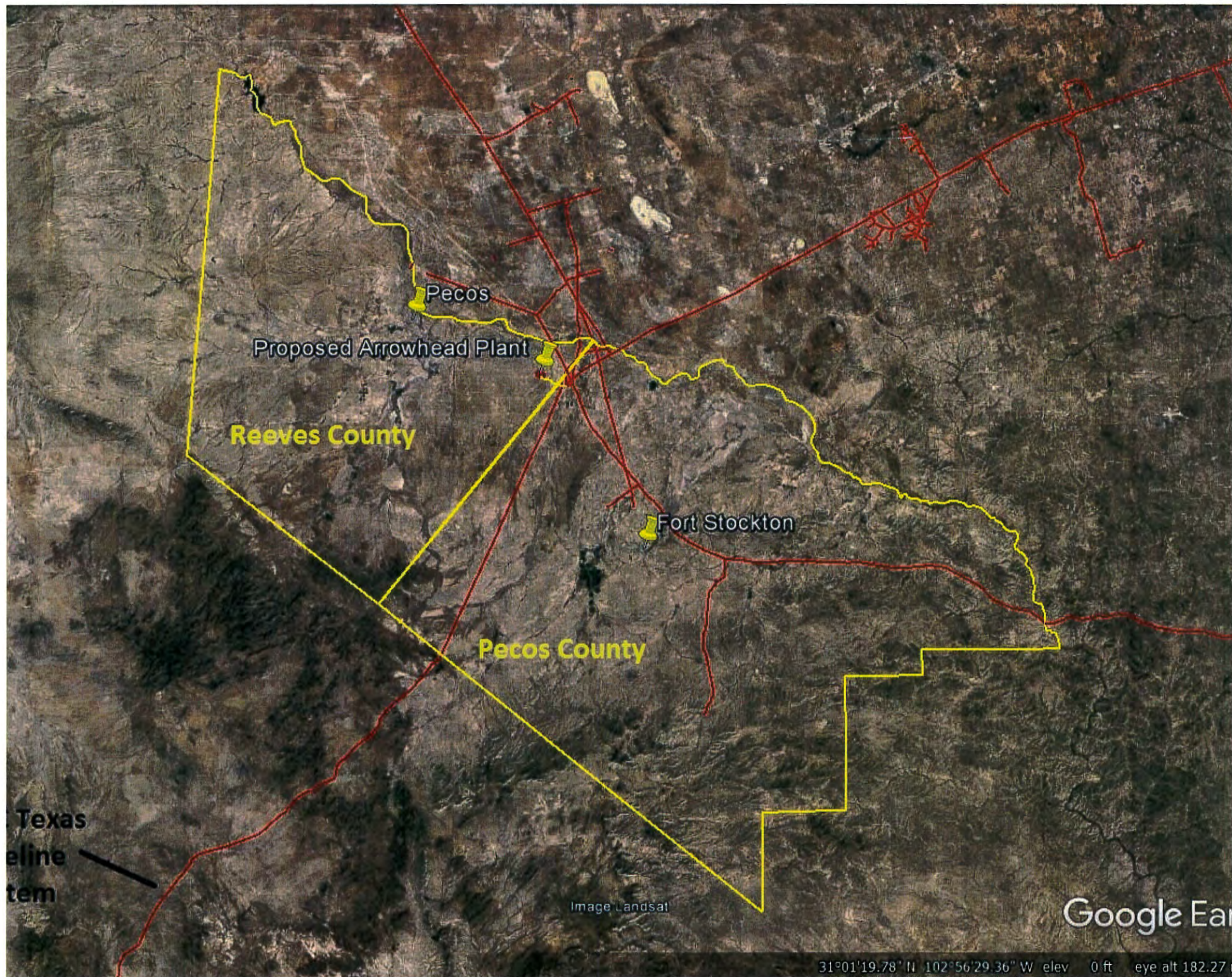
Louisiana

Houston

Texas
line

Google Earth

31°24'32.14" N 99°23'56.41" W elev 0 ft eye alt 967.69 m



Texas
eline
tem

Image Landsat

Google Earth

31°01'19.78" N 102°56'29.36" W elev 0 ft eye alt 182.27 ft

EXHIBIT "A"

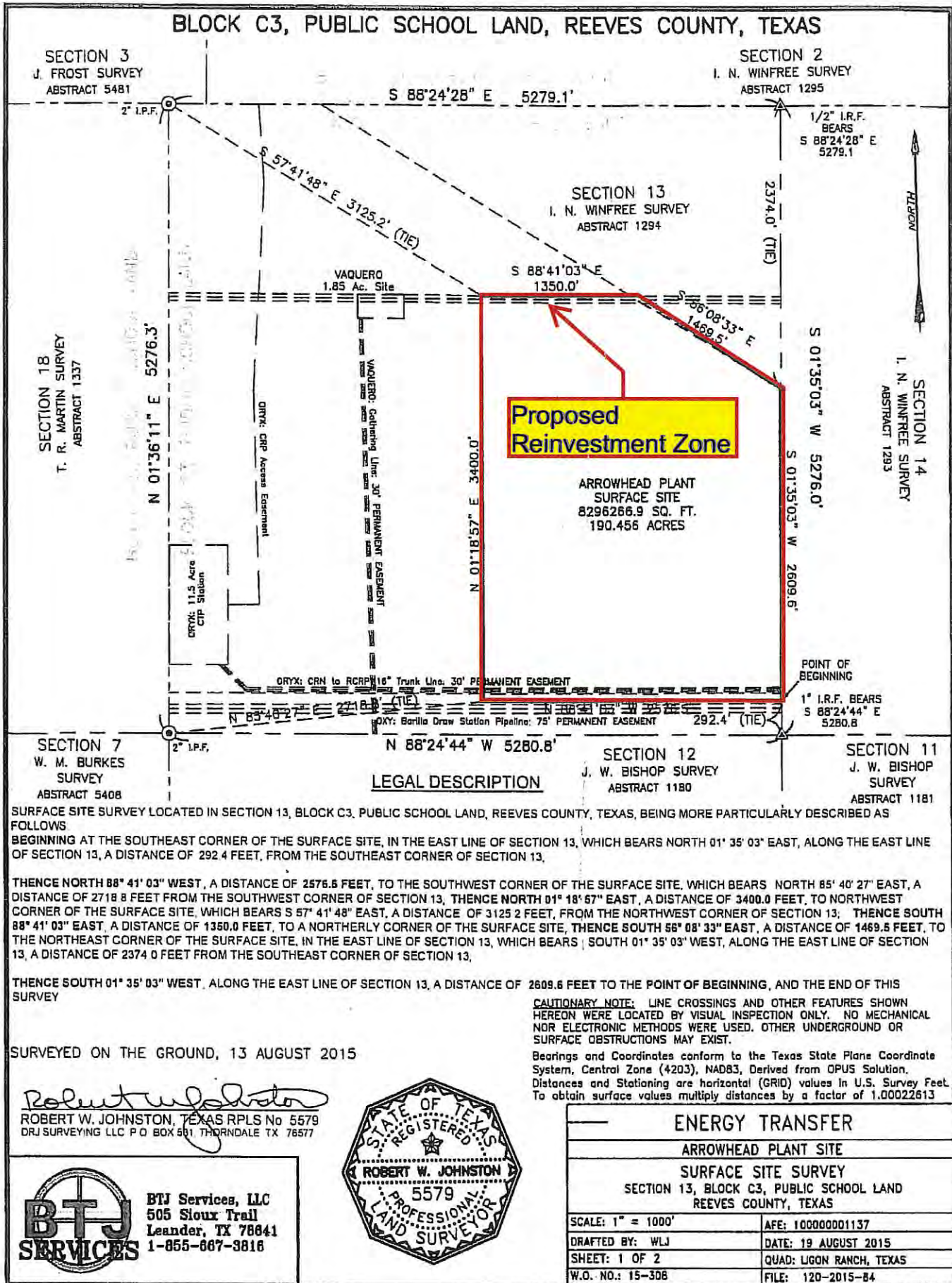
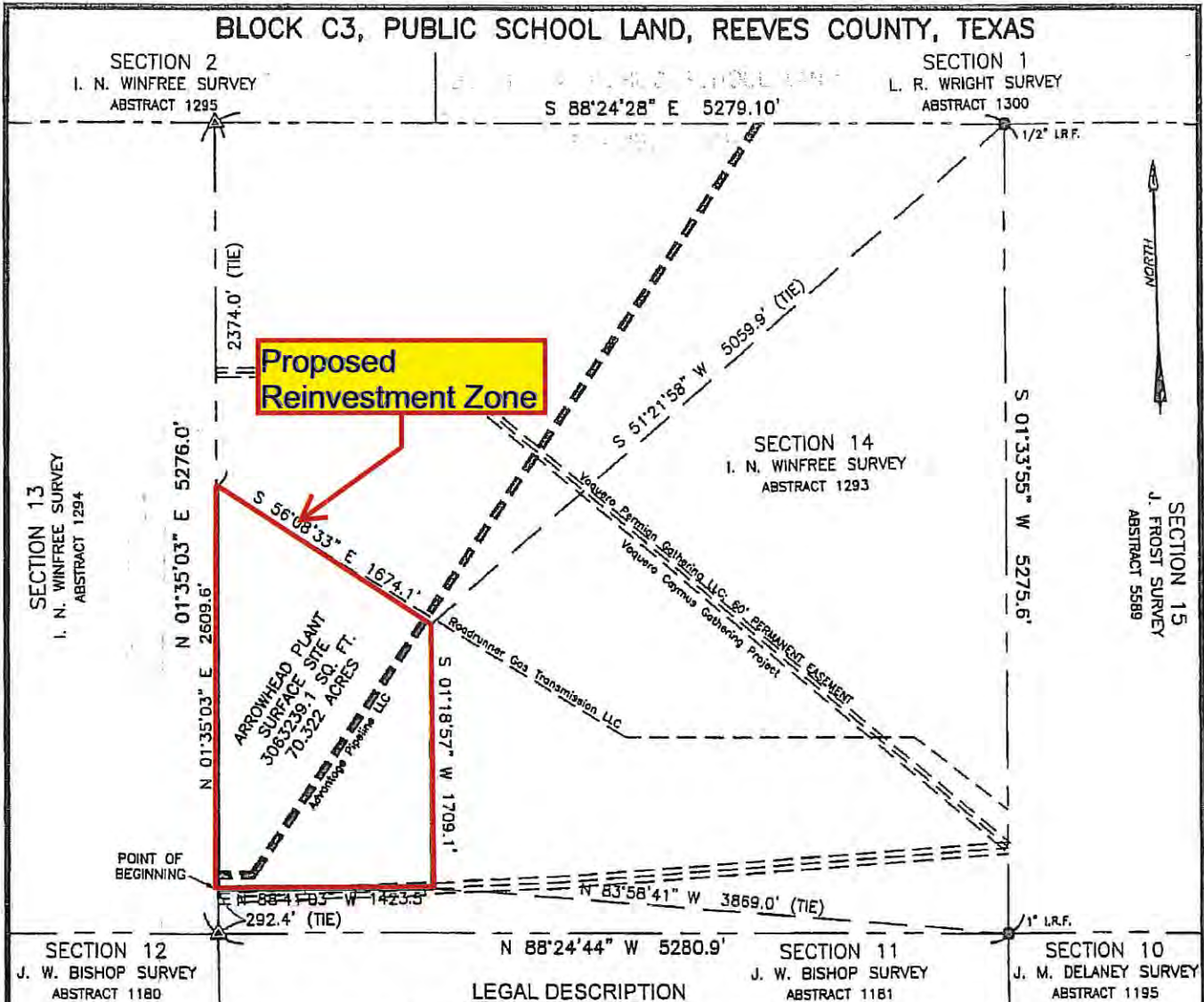


EXHIBIT "A"



LEGAL DESCRIPTION

SURFACE SITE SURVEY LOCATED IN SECTION 14, BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SURFACE SITE, IN THE WEST LINE OF SECTION 14, WHICH BEARS NORTH 01° 35' 03" EAST, ALONG THE EAST LINE OF SECTION 14, A DISTANCE OF 292.4 FEET, FROM THE SOUTHWEST CORNER OF SECTION 14;

THENCE NORTH 01° 35' 03" EAST, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2609.6 FEET, TO THE NORTHWEST CORNER OF THE SURFACE SITE WHICH BEARS SOUTH 01° 35' 03" WEST, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2374.0 FEET FROM THE NORTHWEST CORNER OF SECTION 14, THENCE SOUTH 56° 08' 33" EAST, A DISTANCE OF 1674.1 FEET, TO NORTHEAST CORNER OF THE SURFACE SITE, WHICH BEARS SOUTH 51° 21' 58" WEST, A DISTANCE OF 5059.9 FEET FROM THE NORTHEAST CORNER OF SECTION 14; THENCE SOUTH 01° 18' 57" WEST, A DISTANCE OF 1709.1 FEET, TO SOUTHEAST CORNER OF THE SURFACE SITE, WHICH BEARS NORTH 83° 58' 41" WEST, A DISTANCE OF 3869.0 FEET FROM THE SOUTHEAST CORNER OF SECTION 14.

THENCE NORTH 88° 41' 03" WEST, A DISTANCE OF 1423.5 FEET TO THE POINT OF BEGINNING, AND THE END OF THIS SURVEY.

CAUTIONARY NOTE: LINE CROSSINGS AND OTHER FEATURES SHOWN HEREON WERE LOCATED BY VISUAL INSPECTION ONLY. NO MECHANICAL NOR ELECTRONIC METHODS WERE USED. OTHER UNDERGROUND OR SURFACE OBSTRUCTIONS MAY EXIST.

Bearings and Coordinates conform to the Texas State Plane Coordinate System, Central Zone (4203), NAD83, Derived from OPUS Solution. Distances and Stationing are horizontal (GRID) values in U.S. Survey Feet. To obtain surface values multiply distances by a factor of 1.00022613.

SURVEYED ON THE GROUND, 13 AUGUST 2015

Robert W. Johnston
ROBERT W. JOHNSTON, TEXAS RPLS No. 5579
DRJ SURVEYING LLC P.O. BOX 511, THORNDALE, TX 76777



BTJ Services, LLC
505 Sioux Trail
Leander, TX 78641
1-855-667-3816

ENERGY TRANSFER

ARROWHEAD PLANT SITE

SURFACE SITE SURVEY
SECTION 14, BLOCK C3, PUBLIC SCHOOL LAND
REEVES COUNTY, TEXAS

SCALE: 1" = 1000'

AFE: 100000001137

DRAFTED BY: WLJ

DATE: 19 AUGUST 2015

SHEET: 2 OF 2

QUAD: UGON RANCH, TEXAS

W.O. NO.: 15-308

FILE: 120-2015-84

TAB 12

Request for Job Waiver

N/A

TAB 13

Calculation of Wage Requirements

Calculation of Wage Information - Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

2015	3Q	\$	715
2015	4Q	\$	751
2016	1Q	\$	722
2016	2Q	\$	711

$$\begin{array}{rcl} \$ 2,899 & /4 = & \$725 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 797.23 \end{array}$$

110% of County Average Weekly Wage for Manufacturing Jobs in County

2015	3Q	\$	607
2015	4Q	\$	783
2016	1Q	\$	648
2016	2Q	\$	518

$$\begin{array}{rcl} \$ 2,556 & /4 = & \$639 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 702.90 \end{array}$$

110% of County Average Weekly Wage for Manufacturing Jobs in Region

\$52,382.00 per year in Permian Basin

X1.10 (110%)

\$57,620.20

2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
<u>1. Panhandle Regional Planning Commission</u>	\$20.64	\$42,941
<u>2. South Plains Association of Governments</u>	\$17.50	\$36,408
<u>3. NORTEX Regional Planning Commission</u>	\$23.28	\$48,413
<u>4. North Central Texas Council of Governments</u>	\$25.03	\$52,068
<u>5. Ark-Tex Council of Governments</u>	\$18.46	\$38,398
<u>6. East Texas Council of Governments</u>	\$19.84	\$41,270
<u>7. West Central Texas Council of Governments</u>	\$19.84	\$41,257
<u>8. Rio Grande Council of Governments</u>	\$18.32	\$38,109
<u>9. Permian Basin Regional Planning Commission</u>	\$25.18	\$52,382
<u>10. Concho Valley Council of Governments</u>	\$18.80	\$39,106
<u>11. Heart of Texas Council of Governments</u>	\$21.41	\$44,526
<u>12. Capital Area Council of Governments</u>	\$29.98	\$62,363
<u>13. Brazos Valley Council of Governments</u>	\$18.78	\$39,057
<u>14. Deep East Texas Council of Governments</u>	\$17.30	\$35,993
<u>15. South East Texas Regional Planning Commission</u>	\$30.41	\$63,247
<u>16. Houston-Galveston Area Council</u>	\$26.44	\$54,985
<u>17. Golden Crescent Regional Planning Commission</u>	\$23.73	\$49,361
<u>18. Alamo Area Council of Governments</u>	\$19.96	\$41,516
<u>19. South Texas Development Council</u>	\$15.87	\$33,016
<u>20. Coastal Bend Council of Governments</u>	\$25.97	\$54,008
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.17	\$33,634
<u>22. Texoma Council of Governments</u>	\$19.04	\$39,595
<u>23. Central Texas Council of Governments</u>	\$18.04	\$37,533
<u>24. Middle Rio Grande Development Council</u>	\$22.24	\$46,263

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

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.

Quarterly Employment and Wages (QCEW)

[Back](#)

D.PERIODYEAR

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2016	1st Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$722
2016	2nd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$711
2015	1st Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$789
2015	2nd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$700
2015	3rd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$715
2015	4th Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$751

Quarterly Employment and Wages (QCEW)

[Back](#)

D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$648
2016	2nd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$518
2015	1st Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$306
2015	2nd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$393
2015	3rd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$607
2015	4th Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$783

TAB 14

Schedules A1 - D

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Applicant Name ETC Texas Pipeline, LTD
 ISD Name Pecos - Barstow - Toyah ISD

Form 50-296A
 Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2016-2017	2016	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application								
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			2017-2018	2017	\$ 105,000,000.00	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	QTP1	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -
	QTP2	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ 105,000,000.00	\$ -	\$ -	\$ -	\$ 105,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$ 105,000,000.00				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
 Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Applicant Name ETC Texas Pipeline, LTD
 ISD Name Pecos - Barstow - Toyah ISD

Form 50-296A

Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other investment made during this year that will not become Qualified Property (SEE NOTE)	Column D Other investment made during this year that will become Qualified Property (SEE NOTE)	Column E Total Investment (A+B+C+D)
Total Investment from Schedule A1*	—	TOTALS FROM SCHEDULE A1		\$ 105,000,000.00				\$ 105,000,000.00
Each year prior to start of value limitation period**	0	2016-2017	2016					
Each year prior to start of value limitation period**	0	2017-2018	2017	\$ 105,000,000.00				\$ 105,000,000.00
Value limitation period***	1	2018-2019	2018					
	2	2019-2020	2019					
	3	2020-2021	2020					
	4	2021-2022	2021					
	5	2022-2023	2022					
	6	2023-2024	2023					
	7	2024-2025	2024					
	8	2025-2026	2025					
	9	2026-2027	2026					
	10	2027-2028	2027					
Total Investment made through limitation				\$ 105,000,000.00				\$ 105,000,000.00
Continue to maintain viable presence	11	2028-2029	2028					
	12	2029-2030	2029					
	13	2030-2031	2030					
	14	2031-2032	2031					
	15	2032-2033	2032					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2033-2034	2033					
	17	2034-2035	2034					
	18	2035-2036	2035					
	19	2036-2037	2036					
	20	2037-2038	2037					
	21	2038-2039	2038					
	22	2039-2040	2039					
	23	2040-2041	2040					
	24	2041-2042	2041					
	25	2042-2043	2042					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the first row.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Applicant Name

ETC Texas Pipeline, LTD

Form 50-296A

ISD Name

Pecos - Barstow - Toyah ISD

Revised Feb 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period	0	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period	0	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Limitation Period	1	2018-2019	2018	\$ -	\$ -	\$ 95,000,000.00	\$ 95,000,000.00	\$ 95,000,000.00	\$ 30,000,000.00
	2	2019-2020	2019	\$ -	\$ -	\$ 91,200,000.00	\$ 91,200,000.00	\$ 91,200,000.00	\$ 30,000,000.00
	3	2020-2021	2020	\$ -	\$ -	\$ 87,400,000.00	\$ 87,400,000.00	\$ 87,400,000.00	\$ 30,000,000.00
	4	2021-2022	2021	\$ -	\$ -	\$ 83,600,000.00	\$ 83,600,000.00	\$ 83,600,000.00	\$ 30,000,000.00
	5	2022-2023	2022	\$ -	\$ -	\$ 79,800,000.00	\$ 79,800,000.00	\$ 79,800,000.00	\$ 30,000,000.00
	6	2023-2024	2023	\$ -	\$ -	\$ 76,000,000.00	\$ 76,000,000.00	\$ 76,000,000.00	\$ 30,000,000.00
	7	2024-2025	2024	\$ -	\$ -	\$ 72,200,000.00	\$ 72,200,000.00	\$ 72,200,000.00	\$ 30,000,000.00
	8	2025-2026	2025	\$ -	\$ -	\$ 68,400,000.00	\$ 68,400,000.00	\$ 68,400,000.00	\$ 30,000,000.00
	9	2026-2027	2026	\$ -	\$ -	\$ 64,600,000.00	\$ 64,600,000.00	\$ 64,600,000.00	\$ 30,000,000.00
	10	2027-2028	2027	\$ -	\$ -	\$ 60,800,000.00	\$ 60,800,000.00	\$ 60,800,000.00	\$ 30,000,000.00
Continue to maintain viable presence	11	2028-2029	2028	\$ -	\$ -	\$ 57,000,000.00	\$ 57,000,000.00	\$ 57,000,000.00	\$ 57,000,000.00
	12	2029-2030	2029	\$ -	\$ -	\$ 53,200,000.00	\$ 53,200,000.00	\$ 53,200,000.00	\$ 53,200,000.00
	13	2030-2031	2030	\$ -	\$ -	\$ 49,400,000.00	\$ 49,400,000.00	\$ 49,400,000.00	\$ 49,400,000.00
	14	2031-2032	2031	\$ -	\$ -	\$ 45,600,000.00	\$ 45,600,000.00	\$ 45,600,000.00	\$ 45,600,000.00
	15	2032-2033	2032	\$ -	\$ -	\$ 41,800,000.00	\$ 41,800,000.00	\$ 41,800,000.00	\$ 41,800,000.00
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2033-2034	2033	\$ -	\$ -	\$ 38,000,000.00	\$ 38,000,000.00	\$ 38,000,000.00	\$ 38,000,000.00
	17	2034-2035	2034	\$ -	\$ -	\$ 34,200,000.00	\$ 34,200,000.00	\$ 34,200,000.00	\$ 34,200,000.00
	18	2035-2036	2035	\$ -	\$ -	\$ 30,400,000.00	\$ 30,400,000.00	\$ 30,400,000.00	\$ 30,400,000.00
	19	2036-2037	2036	\$ -	\$ -	\$ 26,600,000.00	\$ 26,600,000.00	\$ 26,600,000.00	\$ 26,600,000.00
	20	2037-2038	2037	\$ -	\$ -	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00
	21	2038-2039	2038	\$ -	\$ -	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00
	22	2039-2040	2039	\$ -	\$ -	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00
	23	2040-2041	2040	\$ -	\$ -	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00
	24	2041-2042	2041	\$ -	\$ -	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00
	25	2042-2043	2042	\$ -	\$ -	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00	\$ 23,750,000.00

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

Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Applicant Name ETC Texas Pipeline, LTD
ISD Name Pecos - Barstow - Toyah ISD

Form 50-296A
Revised Feb 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2016-2017	2016	0	\$ -	N/A	0	N/A
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	150 FTE	\$ 57,620.20	N/A	10	\$ 57,620.20
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2018-2019	2018			N/A	10	\$ 57,620.20
	2	2019-2020	2019			N/A	10	\$ 57,620.20
	3	2020-2021	2020			N/A	10	\$ 57,620.20
	4	2021-2022	2021			N/A	10	\$ 57,620.20
	5	2022-2023	2022			N/A	10	\$ 57,620.20
	6	2023-2024	2023			N/A	10	\$ 57,620.20
	7	2024-2025	2024			N/A	10	\$ 57,620.20
	8	2025-2026	2025			N/A	10	\$ 57,620.20
	9	2026-2027	2026			N/A	10	\$ 57,620.20
	10	2027-2028	2027			N/A	10	\$ 57,620.20
Years Following Value Limitation Period	11 through 26	2028-2043	2028-2043			N/A	10	\$ 57,620.20

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

- C1.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:

☐ Yes ☒ No
- C1a.

Will the applicant request a job waiver, as provided under 313.025(f-1)?

☐ Yes ☒ No
- C1b.

Will the applicant avail itself of the provision in 313.021(3)(F)?

☐ Yes ☒ No

Schedule D: Other Incentives (Estimated)

Applicant Name ETC Texas Pipeline, LTD
ISD Name Pecos - Barstow - Toyah ISD

Form 50-296A
Revised Feb 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Reeves County	2018	2018 - 2022	\$ 436,581.00	Avg 50% Per Yr	\$ 218,291.00
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$ 436,581.00		\$ 218,291.00

Additional information on incentives for this project:

TAB 15

Economic Impact Study

N/A

TAB 16

Description of Reinvestment Zone

Re-Investment Zone to be created by ISD

TAB 17

Signature and Certification Page



Application for Appraised Value Limitation on Qualified Property

Form 20-296A

NOTICE: Authorized Signatures and Application

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 18, 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

Jim Haley
Print Name (Authorized School District Representative)

Superintendent
Title

sign
here

Jim Haley
Signature (Authorized School District Representative)

11/1/16
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 McKenagh
Print Name (Authorized Company Representative (Applicant))

Sr. Manager Property Tax
Title

sign
here

Megan McKenagh
Signature (Authorized Company Representative (Applicant))

10/11/16
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

11 day of October, 2016

Beverly M. Hernandez
Notary Public in and for the State of Texas

My Commission expires: 9.3.2019

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.

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT B
Franchise Account Status of
ETC Texas Pipeline, LTD



Franchise Tax Account Status

As of : 05/08/2017 14:47:42

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

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

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT C
Comptroller Letter Certifying
Application as Complete



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 29, 2016

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Application for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah
Independent School District and ETC Texas Pipeline, LTD, Application 1160

Dear Superintendent Haley:

On November 2, 2016, the Comptroller's office received from Pecos-Barstow-Toyah Independent School District (ISD) an application from ETC Texas Pipeline, LTD (applicant) for a limitation on appraised value (Application 1160).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on November 29, 2016.

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

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

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 3- 6053 or at 512-463-6053.

Sincerely,


Will Counihan

Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Megan McKavanagh, Energy Transfer Partners, L.P.
Mike Fry, KE Andrews

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT D
Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

February 2, 2017

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and ETC Texas Pipeline, LTD, Application 1160

Dear Superintendent Haley:

On November 29, 2016, the Comptroller issued written notice that ETC Texas Pipeline, LTD (applicant) submitted a completed application (Application 1160) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on October 20, 2016, to the Pecos-Barstow-Toyah Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1160

Based on the information provided by the applicant, the Comptroller has that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem* tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller does issue a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

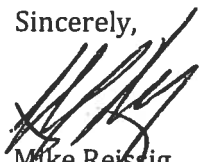
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2017.

Note that any building or improvement existing as of the application review start date of November 29, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of ETC Texas Pipeline, LTD (project) applying to Pecos-Barstow-Toyah Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of ETC Texas Pipeline, LTD.

Applicant	ETC Texas Pipeline LTD
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Pecos-Barstow-Toyah ISD
2015-2016 Average Daily Attendance	2,270
County	Reeves
Proposed Total Investment in District	\$105,000,000
Proposed Qualified Investment	\$105,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,108
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,108
Minimum annual wage committed to by applicant for qualified jobs	\$57,620
Minimum weekly wage required for non-qualifying jobs	\$725
Minimum annual wage required for non-qualifying jobs	\$37,688
Investment per Qualifying Job	\$10,500,000
Estimated M&O levy without any limit (15 years)	\$10,670,400
Estimated M&O levy with Limitation (15 years)	\$5,688,800
Estimated gross M&O tax benefit (15 years)	\$4,981,600

Table 2 is the estimated statewide economic impact of ETC Texas Pipeline, LTD (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$0	\$0	\$0
2017	160	188	348.28	\$9,219,232	\$15,902,268	\$25,121,500
2018	10	49	59	\$576,202	\$5,095,598	\$5,671,800
2019	10	42	52	\$576,202	\$4,702,898	\$5,279,100
2020	10	36	46	\$576,202	\$4,339,498	\$4,915,700
2021	10	33	43	\$576,202	\$4,150,598	\$4,726,800
2022	10	31	41	\$576,202	\$4,099,698	\$4,675,900
2023	10	31	41	\$576,202	\$4,166,598	\$4,742,800
2024	10	31	41	\$576,202	\$4,313,098	\$4,889,300
2025	10	32	42	\$576,202	\$4,540,398	\$5,116,600
2026	10	33	43	\$576,202	\$4,810,198	\$5,386,400
2027	10	34	44	\$576,202	\$5,116,598	\$5,692,800
2028	10	35	45	\$576,202	\$5,415,098	\$5,991,300
2029	10	36	46	\$576,202	\$5,758,898	\$6,335,100
2030	10	37	47	\$576,202	\$6,132,998	\$6,709,200
2031	10	38	48	\$576,202	\$6,486,498	\$7,062,700
2032	10	39	49	\$576,202	\$6,851,398	\$7,427,600

Source: CPA REMI, ETC Texas Pipeline, LTD

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies		Reeves County Hospital District Tax Levy	Reeves County Water Improvement District #2 Tax Levy	
Year			Tax Rate	0.0550	1.0400		Reeves County Tax Levy	0.4995	0.2700	0.1057
2018	\$95,000,000	\$95,000,000		\$52,250	\$988,000	\$1,040,250	\$256,500	\$256,500	\$100,413	\$1,653,663
2019	\$91,200,000	\$91,200,000		\$50,160	\$948,480	\$998,640	\$455,562	\$246,240	\$96,397	\$1,796,839
2020	\$87,400,000	\$87,400,000		\$48,070	\$908,960	\$957,030	\$436,580	\$235,980	\$92,380	\$1,721,971
2021	\$83,600,000	\$83,600,000		\$45,980	\$869,440	\$915,420	\$417,599	\$225,720	\$88,364	\$1,647,102
2022	\$79,800,000	\$79,800,000		\$43,890	\$829,920	\$873,810	\$398,617	\$215,460	\$84,347	\$1,572,234
2023	\$76,000,000	\$76,000,000		\$41,800	\$790,400	\$832,200	\$379,635	\$205,200	\$80,330	\$1,497,366
2024	\$72,200,000	\$72,200,000		\$39,710	\$750,880	\$790,590	\$360,653	\$194,940	\$76,314	\$1,422,497
2025	\$68,400,000	\$68,400,000		\$37,620	\$711,360	\$748,980	\$341,672	\$184,680	\$72,297	\$1,347,629
2026	\$64,600,000	\$64,600,000		\$35,530	\$671,840	\$707,370	\$322,690	\$174,420	\$68,281	\$1,272,761
2027	\$60,800,000	\$60,800,000		\$33,440	\$632,320	\$665,760	\$303,708	\$164,160	\$64,264	\$1,197,893
2028	\$57,000,000	\$57,000,000		\$31,350	\$592,800	\$624,150	\$284,726	\$153,900	\$60,248	\$1,123,024
2029	\$53,200,000	\$53,200,000		\$29,260	\$553,280	\$582,540	\$265,745	\$143,640	\$56,231	\$1,048,156
2030	\$49,400,000	\$49,400,000		\$27,170	\$513,760	\$540,930	\$246,763	\$133,380	\$52,215	\$973,288
2031	\$45,600,000	\$45,600,000		\$25,080	\$474,240	\$499,320	\$227,781	\$123,120	\$48,198	\$898,419
2032	\$41,800,000	\$41,800,000		\$22,990	\$434,720	\$457,710	\$208,799	\$112,860	\$44,182	\$823,551
			Total	\$564,300	\$10,670,400	\$11,234,700	\$4,907,031	\$2,770,200	\$1,084,461	\$19,996,393

Source: CPA, ETC Texas Pipeline, LTD

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Reeves County Hospital District, Reeves County Water Improvement District #2 and Reeves County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Reeves County Water Improvement District #2 Tax Levy	Estimated Total Property Taxes
2018	\$95,000,000	\$30,000,000		0.0550	1.0400		0.4995	0.2700	0.1057	
2019	\$91,200,000	\$30,000,000		\$52,250	\$312,000	\$364,250	\$237,272	\$256,500	\$100,413	\$958,435
2020	\$87,400,000	\$30,000,000		\$50,160	\$312,000	\$362,160	\$227,781	\$246,240	\$96,397	\$932,578
2021	\$83,600,000	\$30,000,000		\$48,070	\$312,000	\$360,070	\$218,290	\$235,980	\$92,380	\$906,720
2022	\$79,800,000	\$30,000,000		\$45,980	\$312,000	\$357,980	\$208,799	\$225,720	\$88,364	\$880,863
2023	\$76,000,000	\$30,000,000		\$43,890	\$312,000	\$355,890	\$199,308	\$215,460	\$84,347	\$855,005
2024	\$72,200,000	\$30,000,000		\$41,800	\$312,000	\$353,800	\$379,635	\$205,200	\$80,330	\$1,018,966
2025	\$68,400,000	\$30,000,000		\$39,710	\$312,000	\$351,710	\$360,653	\$194,940	\$76,314	\$983,617
2026	\$64,600,000	\$30,000,000		\$37,620	\$312,000	\$349,620	\$341,672	\$184,680	\$72,297	\$948,269
2027	\$60,800,000	\$30,000,000		\$35,530	\$312,000	\$347,530	\$322,690	\$174,420	\$68,281	\$912,921
2028	\$57,000,000	\$30,000,000		\$33,440	\$312,000	\$345,440	\$303,708	\$164,160	\$64,264	\$877,573
2029	\$53,200,000	\$30,000,000		\$31,350	\$312,000	\$342,350	\$284,726	\$153,900	\$60,248	\$812,974
2030	\$49,400,000	\$30,000,000		\$29,260	\$312,000	\$341,260	\$265,745	\$143,640	\$56,231	\$775,876
2031	\$45,600,000	\$30,000,000		\$27,170	\$312,000	\$339,170	\$246,763	\$133,380	\$52,215	\$732,558
2032	\$41,800,000	\$30,000,000		\$25,080	\$312,000	\$337,080	\$227,781	\$123,120	\$48,198	\$699,099
				\$22,990	\$434,720	\$457,710	\$208,799	\$112,860	\$44,182	\$823,551
			Total	\$564,300	\$5,688,800	\$6,253,100	\$4,033,624	\$2,770,200	\$1,084,461	\$14,141,385
			Diff	\$0	\$4,981,600	\$4,981,600	\$873,407	\$0	\$0	\$5,855,007

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, ETC Texas Pipeline, LTD

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

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

This represents the Comptroller's determination that ETC Texas Pipeline, LTD (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2018	\$312,000	\$312,000	\$676,000	\$676,000
	2019	\$312,000	\$624,000	\$636,480	\$1,312,480
	2020	\$312,000	\$936,000	\$596,960	\$1,909,440
	2021	\$312,000	\$1,248,000	\$557,440	\$2,466,880
	2022	\$312,000	\$1,560,000	\$517,920	\$2,984,800
	2023	\$312,000	\$1,872,000	\$478,400	\$3,463,200
	2024	\$312,000	\$2,184,000	\$438,880	\$3,902,080
	2025	\$312,000	\$2,496,000	\$399,360	\$4,301,440
	2026	\$312,000	\$2,808,000	\$359,840	\$4,661,280
	2027	\$312,000	\$3,120,000	\$320,320	\$4,981,600
Maintain Viable Presence (5 Years)	2028	\$592,800	\$3,712,800	\$0	\$4,981,600
	2029	\$553,280	\$4,266,080	\$0	\$4,981,600
	2030	\$513,760	\$4,779,840	\$0	\$4,981,600
	2031	\$474,240	\$5,254,080	\$0	\$4,981,600
	2032	\$434,720	\$5,688,800	\$0	\$4,981,600
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$395,200	\$6,084,000	\$0	\$4,981,600
	2034	\$355,680	\$6,439,680	\$0	\$4,981,600
	2035	\$316,160	\$6,755,840	\$0	\$4,981,600
	2036	\$276,640	\$7,032,480	\$0	\$4,981,600
	2037	\$247,000	\$7,279,480	\$0	\$4,981,600
	2038	\$247,000	\$7,526,480	\$0	\$4,981,600
	2039	\$247,000	\$7,773,480	\$0	\$4,981,600
	2040	\$247,000	\$8,020,480	\$0	\$4,981,600
	2041	\$247,000	\$8,267,480	\$0	\$4,981,600
	2042	\$247,000	\$8,514,480	\$0	\$4,981,600
		\$8,514,480	is greater than	\$4,981,600	

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, ETC Texas Pipeline, LTD

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the ETC Texas Pipeline, LTD.’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per ETC Texas Pipeline LTD., in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Arrowhead Plant economics just as the potential customer response will be. Both factors will be considered before any determination is made.”
 - B. “Multiple other potential projects are presently competing for the same capital expenditures by our company including possible plants in Louisiana ... and other competing projects are also under review, which could be located in Southern New Mexico.”
- According to Reeves County Commissioner’s Court Agenda dated January 9, 2017 an Economic Development Issue regarding ETC Texas Pipeline was listed as an agenda item. Upon further examination, the County Clerk Dianne Florez reported the Commissioners discussed the company’s 312 tax abatement agreement application and declined to offer the abatement to the company.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☒ Yes ☐ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☐ Yes ☒ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements
☐ Expansion of existing operation on the land (complete Section 13)

☐ Land has existing improvements (complete Section 13)
☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☒ Yes ☐ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☒ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☒ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☒ Yes ☐ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☒ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

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

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, 7 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 Arrowhead 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). This and other competing projects are also under review, which could be located in Southern New Mexico due to offers of Industrial Revenue Bond (abatement) and Job Training incentive programs.

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

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, 7 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.

However, ETC could redirect its expenditures to build plants in other states outside of Texas.

Kansas
Louisiana
New Mexico
Oklahoma

Proposed Project Description

ETC Texas Pipeline, LTD proposes to build a new 200 mmscf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas. Projected timeline for ETC to start construction is April of 2017 and start hiring the new employees in June of 2017. This should allow for completion and commencement of commercial operations to start in August of 2017.

Cryogenic Natural Gas Processing Plant

The Arrowhead Plant would include the installation of a refrigerated cryogenic gas plant. If completed, the Arrowhead Gas Processing Plant will be designed to process 200mmcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H₂O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.



Arkansas

Oklahoma

New Mexico

Dallas

Texas

Louisiana

Proposed Arrowhead Plant

Reeves

Pecos

Houston

Chihuahua

Coahuila

DATA: NOAA, U.S. Navy, NGA, GEBCO

Image: Landsat

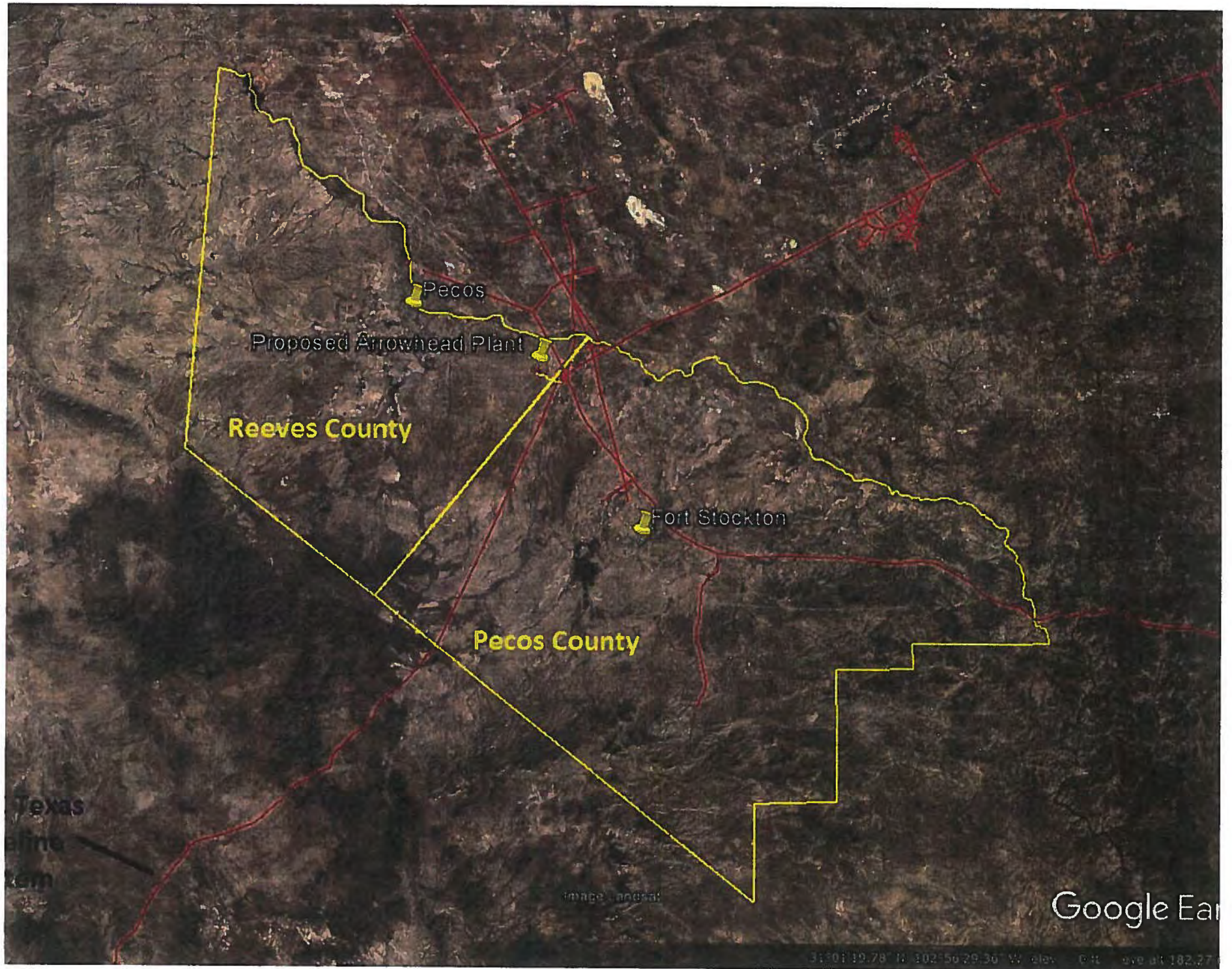
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Nuevo Leon

Google Earth

31°24'32.14" N 95°23'50.41" W elev. 0 ft eye alt 967.00 ft



Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

AGENDA
Regular Meeting of the Reeves County Commissioner's Court
Date: Monday, January 9, 2017
Time: 10:00 a.m.
3rd Floor Courtroom, Reeves County Courthouse

Regular Meeting

Agenda Topics:

Invocation

1. Discuss/Action to approve personnel and salary changes RCDC, Sheriff's Office and Road & Bridge Dept.
2. Discuss/Action to approve Departmental Reports including advertisement for County Road Engineer/Road Administrator Position.
3. Discuss/Action to approve Budget Amendments and Line-Item Transfers.
4. Discuss/Action to approve Semi-Monthly Bills.
5. Discuss/Action to approve Minutes from previous Commissioners' Court Meeting(s).
6. Discuss/Action to Ratify Road & Bridge Permits on Exhibit A.
7. Discuss/Action on window repair/replacement at Reeves County Courthouse.
8. Discuss/Action to approve Emergency repair Sheriff's Jail plumbing in Food Service Dept.
9. Discuss/Action to reschedule next Commissioners' Court date and set a Special Meeting date to Award on Golf Course Project Bids.
10. Discuss/Action to Ratify on approval of Golf Course Change Order Request to install Sprinkler System at the Driving Range.
11. Discuss/Action to approve Utility Line Easement Request submitted by ETC Pipeline, in Section 43, H&TC RR Co. Survey Abstract 166, Ward County, Texas.
12. Discuss/Action to approve Administrative Services Agreement with Blue Cross Blue Shield.
13. Executive Session, under Govt. Code 551.071, 552.11
 - Consult with Attorney Greg Hudson
 - Economic Development Issue ETC Texas Pipeline

Open Session, under Govt. Code 551.071, 552.11

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT E
Summary of Financial Impact on
Pecos-Barstow-Toyah ISD Prepared by
Region 12 Education Service Center

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
ETC TEXAS PIPELINE, LTD PROJECT (APP # 1160) ON THE
FINANCES OF PECOS-BARSTOW-TOYAH ISD UNDER A
REQUESTED CHAPTER 313 APPRAISED VALUE LIMITATION

MARCH 23, 2017

PREPARED BY
EDUCATION SERVICE CENTER, REGION 12
WACO, TX



Introduction

ETC Texas Pipeline, LTD (“ETC”) has submitted an application to the Pecos-Barstow-Toyah Independent School District (“PBTISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Tax Code. ETC has proposed a potential 200mmscf/d gas processing plant to process raw natural gas into useable products. The company estimates that the investment in this project will be approximately \$105 million.

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

The application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2016-17 and 2017-18 school years. Beginning with the 2018-19 school year, the value of the project would be limited to \$30 million for M&O tax purposes and remain limited through the 2027-28 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

School Finance Mechanics

The Texas system of public school funding is based on an ad valorem property tax. Schools levy a tax rate for M&O and I&S against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller’s Property Tax Division (CPTD). Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. The Tier 1 formulas start with a Basic Allotment per student of \$5,140. Calculations that use the number of students in average daily attendance, the number of students who participate in special programs, and adjustments for size, sparsity and location determine a Total Cost of Tier 1. A local fund assignment is determined by multiplying the district’s compressed tax rate by the

previous year CPTD property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. For this reason, school districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid. Pennies of tax rate that districts levy over and above the compressed tax rate and up to \$1.17 generate additional state and local funding in Tier 2 Level 1 and Tier 2 Level 2. Current funding formulas provide for a Guaranteed Yield per penny per weighted average daily attendance (WADA) of \$77.53 for Tier 2 Level 1 and a Guaranteed Yield per penny per WADA of \$31.95 in Tier 2 Level 2.

PBTISD is a relatively property rich per student district and is generating most of its M&O revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of \$514,000 per WADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of \$319,500 per WADA is subject to recapture on revenues collected on pennies that exceed six pennies over the compressed rate. PBTISD currently has property wealth per WADA in excess of the first equalized wealth level at over \$1.1 million per WADA. For this reason, PBTISD is considered a Chapter 41 or "recapture" district under the current school finance system. ETC is requesting that the value of the natural gas processing plant project be limited to \$30,000,000 in years one through ten of the agreement, corresponding to the 2018-19 school year through the 2027-28 school year. The full value of the project would be subject to I&S taxes levied by PBTISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on PBTISD's future revenue is critical information that will be very useful to the District when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2016-17 through the 2032-33 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue Protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 17 years of base data including average daily attendance (ADA), M&O and I&S tax rates, M&O tax collections and current year central

appraisal district (CAD) values and prior year CPTD values for each year of the agreement. Current year CAD values and prior year CPTD values were forecast both with the full project value and with the limited value of the project. PBTISD currently has other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

To isolate the impact of the value limitation on the District's finances over this 17-year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2016-17 school year. An ADA of 2,324.29, a WADA of 3,289.47 and an M&O tax rate of \$1.06 are used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Reeves County and Ward County Appraisal Districts certified the District's 2016 current year (CAD) net taxable values at \$3,731,542,845 in July of 2016. Since then, the Texas Comptroller of Public Accounts has conducted their annual Property Value Study on taxable values certified by county appraisal districts. The preliminary 2016 PVS for PBTISD lists their taxable M&O value at \$3,651,289,150. Since this is the value that TEA is going to use to determine the taxable value for the 2016 tax year and since the district is not planning to protest this value, I have used this value as the starting point for our calculations. These values were used as the basis for subsequent current year CAD values in this report. The final 2015 T1 and T2 Comptroller Property Tax Division CPTD values also certified to school districts in late July were used as a basis for predicting prior year CPTD values for each of the agreement years.

The proposed agreement calls for PBTISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model, illustrated in **Table 2**, incorporates the full value of the ETC project into the state and local funding calculations. The other model, shown in **Table 3**, assumes that only the limited value of the ETC project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**.

Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was calculated for each year of the agreement. Table 4, which summarizes the difference between the two models, indicates that there will be a total estimated revenue loss of \$525,253 over the course of the agreement. Most of the revenue loss by the district, due to the

agreement, is in the first year of the value limitation period. The losses in the second through tenth years indicate a reduction in Tier 2 local revenue as a result of the value limitation under the current school finance system and the additions and subtractions of the base value of the district due to other value limitation agreements. Most of the reduction in M&O taxes under this agreement is offset by a reduction in recapture costs that the district would owe under current school finance law.

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the M&O value of the ETC project to be limited to \$30 million starting in tax year 2018 (school year 2018-19) and remaining limited through tax year 2027 (school year 2027-28). The potential gross and net tax savings to ETC are shown in **Table 5**. As stated earlier, an M&O tax rate of \$1.06 and a collection rate of 100% are used throughout the calculations in this report. Table 5 shows gross tax savings due to the limitation of just over \$5 million over the length of the contract. Tax savings net of the Revenue Protection Payments are estimated to be \$4.55 million. This amount does not include any Supplemental Payments negotiated in the agreement.

Facilities Funding Impact on the District

Reports submitted by ETC show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the District for I&S tax purposes and will enhance the District's ability to service current and future debt obligations. Texas school finance laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of \$35 per ADA per penny of tax effort. PBTISD has property wealth per ADA that exceeds this amount and is thus not eligible for this state assistance. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Conclusion

The ETC project proposed in this application will benefit the community, the district, PBTISD, and the taxpayer, ETC. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will enjoy an increased value available for I&S tax rate and collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas legislature could take action that could potentially change the impact of this agreement on the finances of PBTISD and result in estimates that differ significantly from

the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change and will impact the estimates of this agreement include changes to property values, district tax rates and student enrollment.

Table 1- Base District Information with ETC Texas Pipeline, LTD Project

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
0	2016-17	2,324	3,289	\$1.0600	\$0.0510	\$3,651,289,150	\$3,651,289,150	\$3,929,981,753	\$3,929,981,753	\$1,194,887	\$1,194,887
0	2017-18	2,324	3,289	\$1.0600	\$0.0510	\$4,002,332,900	\$4,002,332,900	\$3,651,289,150	\$3,651,289,150	\$1,110,152	\$1,110,152
1	2018-19	2,324	3,289	\$1.0600	\$0.0510	\$4,063,670,400	\$3,998,670,400	\$4,002,332,900	\$4,002,332,900	\$1,216,884	\$1,216,884
2	2019-20	2,324	3,289	\$1.0600	\$0.0510	\$3,832,489,150	\$3,771,289,150	\$4,063,670,400	\$3,998,670,400	\$1,235,534	\$1,215,771
3	2020-21	2,324	3,289	\$1.0600	\$0.0510	\$3,828,689,150	\$3,771,289,150	\$3,832,489,150	\$3,771,289,150	\$1,165,244	\$1,146,637
4	2021-22	2,324	3,289	\$1.0600	\$0.0510	\$3,824,889,150	\$3,771,289,150	\$3,828,689,150	\$3,771,289,150	\$1,164,089	\$1,146,637
5	2022-23	2,324	3,289	\$1.0600	\$0.0510	\$3,949,908,683	\$3,900,108,683	\$3,824,889,150	\$3,771,289,150	\$1,162,934	\$1,146,637
6	2023-24	2,324	3,289	\$1.0600	\$0.0510	\$3,941,944,097	\$3,895,944,097	\$3,949,908,683	\$3,900,108,683	\$1,200,945	\$1,185,804
7	2024-25	2,324	3,289	\$1.0600	\$0.0510	\$3,934,104,448	\$3,891,904,448	\$3,941,944,097	\$3,895,944,097	\$1,198,524	\$1,184,538
8	2025-26	2,324	3,289	\$1.0600	\$0.0510	\$3,927,692,142	\$3,889,292,142	\$3,934,104,448	\$3,891,904,448	\$1,196,140	\$1,183,309
9	2026-27	2,324	3,289	\$1.0600	\$0.0510	\$4,040,227,363	\$4,005,627,363	\$3,927,692,142	\$3,889,292,142	\$1,194,190	\$1,182,515
10	2027-28	2,324	3,289	\$1.0600	\$0.0510	\$4,029,601,646	\$3,998,801,646	\$4,040,227,363	\$4,005,627,363	\$1,228,406	\$1,217,886
11	2028-29	2,324	3,289	\$1.0600	\$0.0510	\$4,236,675,612	\$4,236,675,612	\$4,029,601,646	\$3,998,801,646	\$1,225,175	\$1,215,811
12	2029-30	2,324	3,289	\$1.0600	\$0.0510	\$4,804,890,422	\$4,804,890,422	\$4,236,675,612	\$4,236,675,612	\$1,288,135	\$1,288,135
13	2030-31	2,324	3,289	\$1.0600	\$0.0510	\$4,772,105,743	\$4,772,105,743	\$4,804,890,422	\$4,804,890,422	\$1,460,897	\$1,460,897
14	2031-32	2,324	3,289	\$1.0600	\$0.0510	\$4,741,008,291	\$4,741,008,291	\$4,772,105,743	\$4,772,105,743	\$1,450,929	\$1,450,929
15	2032-33	2,324	3,289	\$1.0600	\$0.0510	\$4,710,251,028	\$4,710,251,028	\$4,741,008,291	\$4,741,008,291	\$1,441,474	\$1,441,474

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

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to CTR)	M&O Rev From Local Taxes (net of recapture and up to \$.06 above CTR)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
0	2016-17	\$888,677	\$885,595	\$16,399,319	\$2,190,773	\$0	\$20,113,572	\$0	\$0	\$20,344,365
0	2017-18	\$268,989	\$464,857	\$19,232,225	\$2,401,400	\$0	\$20,791,104	\$0	\$0	\$22,367,470
1	2018-19	\$289,213	\$871,608	\$17,950,198	\$2,438,202	\$0	\$22,686,506	\$0	\$0	\$21,529,220
2	2019-20	\$268,811	\$464,857	\$16,743,415	\$2,299,493	\$0	\$21,581,476	\$0	\$0	\$19,776,577
3	2020-21	\$268,725	\$871,608	\$17,634,152	\$2,297,213	\$0	\$20,652,740	\$0	\$0	\$21,071,698
4	2021-22	\$268,717	\$464,857	\$17,633,223	\$2,294,933	\$0	\$20,615,669	\$0	\$0	\$20,661,731
5	2022-23	\$268,945	\$871,608	\$18,201,738	\$2,369,945	\$0	\$21,297,349	\$0	\$0	\$21,712,235
6	2023-24	\$268,972	\$464,857	\$17,644,714	\$2,365,166	\$0	\$21,774,727	\$0	\$0	\$20,743,710
7	2024-25	\$268,954	\$871,608	\$17,643,308	\$2,360,463	\$0	\$21,697,737	\$0	\$0	\$21,144,332
8	2025-26	\$268,940	\$464,857	\$17,647,528	\$2,356,615	\$0	\$21,629,393	\$0	\$0	\$20,737,941
9	2026-27	\$269,144	\$871,608	\$18,158,014	\$2,424,136	\$0	\$22,244,260	\$0	\$0	\$21,722,902
10	2027-28	\$269,164	\$464,857	\$17,655,413	\$2,417,761	\$0	\$22,640,603	\$0	\$0	\$20,807,195
11	2028-29	\$269,539	\$871,608	\$18,566,282	\$2,542,005	\$0	\$23,800,474	\$0	\$0	\$22,249,434
12	2029-30	\$270,657	\$464,857	\$20,012,333	\$2,882,934	\$0	\$28,036,571	\$0	\$0	\$23,630,782
13	2030-31	\$270,842	\$871,608	\$17,752,357	\$2,883,263	\$0	\$29,968,700	\$0	\$0	\$21,758,070
14	2031-32	\$270,770	\$464,857	\$17,750,668	\$2,844,605	\$0	\$29,659,415	\$0	\$0	\$21,330,899
15	2032-33	\$270,699	\$871,608	\$17,744,614	\$2,826,151	\$0	\$29,357,896	\$0	\$0	\$21,713,071

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

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to CTR)	M&O Rev From Local Taxes (net of recapture, up to \$.06 above CTR)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
0	2016-17	\$868,677	\$885,595	\$16,399,319	\$2,190,773	\$0	\$20,113,572	\$0	\$0	\$20,344,365
0	2017-18	\$268,989	\$464,857	\$19,232,225	\$2,401,400	\$0	\$20,791,104	\$0	\$0	\$22,367,470
1	2018-19	\$269,094	\$871,608	\$17,675,605	\$2,399,202	\$0	\$22,311,099	\$0	\$0	\$21,215,509
2	2019-20	\$268,676	\$464,857	\$16,728,772	\$2,262,773	\$0	\$20,984,120	\$0	\$0	\$19,725,078
3	2020-21	\$268,601	\$871,608	\$17,636,142	\$2,262,773	\$0	\$20,076,749	\$0	\$0	\$21,039,124
4	2021-22	\$268,601	\$464,857	\$17,636,142	\$2,262,773	\$0	\$20,076,749	\$0	\$0	\$20,632,374
5	2022-23	\$268,637	\$871,608	\$18,213,680	\$2,340,065	\$0	\$20,787,407	\$0	\$0	\$21,694,190
6	2023-24	\$268,870	\$464,857	\$17,648,994	\$2,337,566	\$0	\$21,310,447	\$0	\$0	\$20,720,289
7	2024-25	\$268,862	\$871,608	\$17,648,529	\$2,335,143	\$0	\$21,270,515	\$0	\$0	\$21,124,141
8	2025-26	\$268,856	\$464,857	\$17,653,753	\$2,333,575	\$0	\$21,239,168	\$0	\$0	\$20,721,041
9	2026-27	\$269,068	\$871,608	\$18,170,224	\$2,403,376	\$0	\$21,886,050	\$0	\$0	\$21,714,275
10	2027-28	\$269,095	\$464,857	\$17,663,033	\$2,399,281	\$0	\$22,324,983	\$0	\$0	\$20,796,267
11	2028-29	\$269,528	\$871,608	\$18,696,041	\$2,542,005	\$0	\$23,670,716	\$0	\$0	\$22,379,182
12	2029-30	\$270,657	\$464,857	\$20,012,333	\$2,882,934	\$0	\$28,036,571	\$0	\$0	\$23,630,782
13	2030-31	\$270,842	\$871,608	\$17,752,357	\$2,863,263	\$0	\$29,968,700	\$0	\$0	\$21,758,070
14	2031-32	\$270,770	\$464,857	\$17,750,668	\$2,844,605	\$0	\$29,659,415	\$0	\$0	\$21,330,899
15	2032-33	\$270,699	\$871,608	\$17,744,614	\$2,826,151	\$0	\$29,357,896	\$0	\$0	\$21,713,071

Table 4 - "Baseline Revenue Model" Less "Value Limitation Model"

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to CTR)	M&O Rev From Local Taxes (net of recapture, up to \$.06 above CTR)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
0	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2018-19	-\$119	\$0	-\$274,593	-\$39,000	\$0	-\$375,407	\$0	\$0	-\$313,712
2	2019-20	-\$135	\$0	-\$14,644	-\$36,720	\$0	-\$597,356	\$0	\$0	-\$51,499
3	2020-21	-\$124	\$0	\$1,990	-\$34,440	\$0	-\$575,990	\$0	\$0	-\$32,574
4	2021-22	-\$116	\$0	\$2,919	-\$32,160	\$0	-\$538,919	\$0	\$0	-\$29,357
5	2022-23	-\$108	\$0	\$11,942	-\$29,880	\$0	-\$509,942	\$0	\$0	-\$18,046
6	2023-24	-\$101	\$0	\$4,280	-\$27,600	\$0	-\$464,280	\$0	\$0	-\$23,421
7	2024-25	-\$93	\$0	\$5,222	-\$25,320	\$0	-\$427,222	\$0	\$0	-\$20,191
8	2025-26	-\$85	\$0	\$6,225	-\$23,040	\$0	-\$390,225	\$0	\$0	-\$16,899
9	2026-27	-\$76	\$0	\$12,210	-\$20,760	\$0	-\$358,210	\$0	\$0	-\$8,626
10	2027-28	-\$69	\$0	\$7,620	-\$18,480	\$0	-\$315,620	\$0	\$0	-\$10,928
11	2028-29	-\$11	\$0	\$129,759	\$0	\$0	-\$129,759	\$0	\$0	\$129,748
12	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5: Estimated Financial Impact of the ETC Texas Pipeline, LTD Property Value Limitation Agreement to Pecos-Barstow-Toyah ISD

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 at Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
0	2016-17	\$0	\$0	\$0	1.0600	\$0	\$0	\$0	\$0	\$0	\$0
0	2017-18	\$0	\$0	\$0	1.0600	\$0	\$0	\$0	\$0	\$0	\$0
1	2018-19	\$95,000,000	\$30,000,000	\$65,000,000	1.0600	\$1,007,000	\$318,000	\$689,000	\$689,000	-\$313,712	\$375,288
2	2019-20	\$91,200,000	\$30,000,000	\$61,200,000	1.0600	\$966,720	\$318,000	\$648,720	\$648,720	-\$51,499	\$597,221
3	2020-21	\$87,400,000	\$30,000,000	\$57,400,000	1.0600	\$926,440	\$318,000	\$608,440	\$608,440	-\$32,574	\$575,866
4	2021-22	\$83,600,000	\$30,000,000	\$53,600,000	1.0600	\$886,160	\$318,000	\$568,160	\$568,160	-\$29,357	\$538,803
5	2022-23	\$79,800,000	\$30,000,000	\$49,800,000	1.0600	\$845,880	\$318,000	\$527,880	\$527,880	-\$18,046	\$509,834
6	2023-24	\$76,000,000	\$30,000,000	\$46,000,000	1.0600	\$805,600	\$318,000	\$487,600	\$487,600	-\$23,421	\$464,179
7	2024-25	\$72,200,000	\$30,000,000	\$42,200,000	1.0600	\$765,320	\$318,000	\$447,320	\$447,320	-\$20,191	\$427,129
8	2025-26	\$68,400,000	\$30,000,000	\$38,400,000	1.0600	\$725,040	\$318,000	\$407,040	\$407,040	-\$16,899	\$390,141
9	2026-27	\$64,600,000	\$30,000,000	\$34,600,000	1.0600	\$684,760	\$318,000	\$366,760	\$366,760	-\$8,626	\$358,134
10	2027-28	\$60,800,000	\$30,000,000	\$30,800,000	1.0600	\$644,480	\$318,000	\$326,480	\$326,480	-\$10,928	\$315,552
11	2028-29	\$57,000,000	\$57,000,000	\$0	1.0600	\$604,200	\$604,200	\$0	\$0	\$0	\$0
12	2029-30	\$53,200,000	\$53,200,000	\$0	1.0600	\$563,920	\$563,920	\$0	\$0	\$0	\$0
13	2030-31	\$49,400,000	\$49,400,000	\$0	1.0600	\$523,640	\$523,640	\$0	\$0	\$0	\$0
14	2031-32	\$45,600,000	\$45,600,000	\$0	1.0600	\$483,360	\$483,360	\$0	\$0	\$0	\$0
15	2032-33	\$41,800,000	\$41,800,000	\$0	1.0600	\$443,080	\$443,080	\$0	\$0	\$0	\$0
TOTALS						\$10,875,600	\$5,798,200	\$5,077,400	\$5,077,400	-\$525,253	\$4,552,147

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

Estimated Financial Impact

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
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	School District Revenue Losses	Estimated Net Tax Benefits	School District Tax Benefit \$100 per ADA	Company Tax Benefit
0	2016-17	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	\$232,400	-\$232,400
0	2017-18	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	\$232,400	-\$232,400
1	2018-19	\$95,000,000	\$30,000,000	\$65,000,000	\$1.060	\$1,007,000	\$318,000	\$689,000	-\$313,712	\$375,288	\$232,400	\$142,888
2	2019-20	\$91,200,000	\$30,000,000	\$61,200,000	\$1.060	\$966,720	\$318,000	\$648,720	-\$51,499	\$597,221	\$232,400	\$364,821
3	2020-21	\$87,400,000	\$30,000,000	\$57,400,000	\$1.060	\$926,440	\$318,000	\$608,440	-\$32,574	\$575,866	\$232,400	\$343,466
4	2021-22	\$83,600,000	\$30,000,000	\$53,600,000	\$1.060	\$886,160	\$318,000	\$568,160	-\$29,357	\$538,803	\$232,400	\$306,403
5	2022-23	\$79,800,000	\$30,000,000	\$49,800,000	\$1.060	\$845,880	\$318,000	\$527,880	-\$18,046	\$509,834	\$232,400	\$277,434
6	2023-24	\$76,000,000	\$30,000,000	\$46,000,000	\$1.060	\$805,600	\$318,000	\$487,600	-\$23,421	\$464,179	\$232,400	\$231,779
7	2024-25	\$72,200,000	\$30,000,000	\$42,200,000	\$1.060	\$765,320	\$318,000	\$447,320	-\$20,191	\$427,129	\$232,400	\$194,729
8	2025-26	\$68,400,000	\$30,000,000	\$38,400,000	\$1.060	\$725,040	\$318,000	\$407,040	-\$16,899	\$390,141	\$232,400	\$157,741
9	2026-27	\$64,600,000	\$30,000,000	\$34,600,000	\$1.060	\$684,760	\$318,000	\$366,760	-\$8,626	\$358,134	\$232,400	\$125,734
10	2027-28	\$60,800,000	\$30,000,000	\$30,800,000	\$1.060	\$644,480	\$318,000	\$326,480	-\$10,928	\$315,552	\$232,400	\$83,152
11	2028-29	\$57,000,000	\$57,000,000	\$0	\$1.060	\$604,200	\$604,200	\$0	\$0	\$0	\$232,400	-\$232,400
12	2029-30	\$53,200,000	\$53,200,000	\$0	\$1.060	\$563,920	\$563,920	\$0	\$0	\$0	\$232,400	-\$232,400
13	2030-31	\$49,400,000	\$49,400,000	\$0	\$1.060	\$523,640	\$523,640	\$0	\$0	\$0	\$232,400	-\$232,400
14	2031-32	\$45,600,000	\$45,600,000	\$0	\$1.060	\$483,360	\$483,360	\$0	\$0	\$0	\$0	\$0
15	2032-33	\$41,800,000	\$41,800,000	\$0	\$1.060	\$443,080	\$443,080	\$0	\$0	\$0	\$0	\$0
VP5	2033-34	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	\$0	\$0
						\$10,875,600	\$5,798,200	\$5,077,400	-\$525,253	\$4,552,147	\$3,253,600	\$1,298,547

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

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT F
April 20, 2017 Board Resolution
Granting Extension of Time

**A RESOLUTION OF THE PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL
DISTRICT GRANTING AN EXTENSION OF TIME FOR ACTION ON THE
PENDING APPLICATION FOR AN APPRAISED VALUE LIMITATION ON
QUALIFIED PROPERTY FROM
ETC TEXAS PIPELINE LTD, APPLICATION #1160**

WHEREAS, on October 20, 2016, the Board of Trustees of the District (the “Board of Trustees”), received an Application for Appraised Value Limitation on Qualified Property (Application #1160) from ETC Texas Pipeline, LTD, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Texas Comptroller’s Office determined that the application contained the information necessary to be determined complete on November 29, 2016; and,

WHEREAS, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the Texas Tax Code, conducted an economic impact evaluation pursuant to Section 313.026 of the Texas Tax Code, and on February 2, 2017, issued a certificate for limitation on appraised value of the property described in Application #1160 and provided the certificate to the District; and,

WHEREAS, pursuant to Texas Tax Code §313.025(b) and 34 Texas Administrative Code §9.1054(d), the Board of Trustees of Pecos-Barstow-Toyah ISD must approve or disapprove an Application for a property tax limitation under Chapter 313 not later than 151 days after the date the Comptroller has determined Application #1160 complete, unless there has been an extension of that time period; and,

WHEREAS, on April 6, 2017 the Applicant requested an extension of time for review of Application #1160 until June 30, 2017; and

WHEREAS, on April 20, 2017, the Board approved the Applicant’s request for an extension of the 150-day deadline to review the Application until June 30, 2017:

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT THAT:

SECTION 1. The facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. The Board of Trustees hereby grants an extension of time to ETC Texas Pipeline, LTD in accordance with Texas Tax Code §313.025(b) for final action upon the pending Application #1160 until June 30, 2017.

SECTION 3. The Superintendent shall give notice to the Comptroller of this extension within seven (7) days of the Board’s action hereon in accordance with 34 Texas Administrative Code §9.1054(d)(2).

SECTION 4. This Resolution shall be effective immediately upon adoption.

PASSED, APPROVED AND ADOPTED this the 20th day of April, 2017.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By: Gail Box
GAIL BOX
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: Bertha Natividad
BERTHA NATIVIDAD
SECRETARY, BOARD OF TRUSTEES



KEANDREWS

VALUATION • TAX • SOLUTIONS

April 6, 2017

Pecos-Barstow-Toyah ISD
Attn: Supt. Jim Haley
PO Box 869 – 1301 S. Eddy
Pecos, Texas 79772

Mr. Haley,

K E Andrews, as Authorized Company Consultant for ETC Texas Pipeline, LTD would like to request an extension of time to complete negotiations and present an agreement to Board of Trustees on the proposed Chapter 313 agreement #1160 between ETC Texas Pipeline, LTD and Pecos-Barstow-Toyah ISD.

Sincerely,

Mike Fry
Director – Energy Services
K E Andrews

DALLAS • DENVER • HOUSTON

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Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT G
Comptroller's 2015 ISD Summary Worksheet
For Pecos-Barstow-Toyah ISD



Glenn Hegar
Texas Comptroller of Public Accounts

Taxes

Property Tax

SCHOOL AND APPRAISAL DISTRICTS PROPERTY VALUE STUDY 2015 REPORT

2015 ISD Summary Worksheet

195/Reeves

195-901/Pecos-Barstow-Toyah ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	236,981,950	N/A	236,981,950	236,981,950
B. Multi-Family Residences	4,361,320	N/A	4,361,320	4,361,320
C1. Vacant Lots	22,145,420	N/A	22,145,420	22,145,420
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	10,402,740	N/A	10,402,740	10,402,740
D2. Real Prop Farm & Ranch	665,460	N/A	665,460	665,460
E. Real Prop NonQual Acres	38,534,820	N/A	38,534,820	38,534,820
F1. Commercial Real	154,955,220	N/A	154,955,220	154,955,220
F2. Industrial Real	354,212,000	N/A	354,212,000	354,212,000
G. Oil, Gas, Minerals	1,456,349,744	N/A	1,456,349,744	1,456,349,744
J. Utilities	381,586,530	N/A	381,586,530	381,586,530
L1. Commercial Personal	86,800,890	N/A	86,800,890	86,800,890
L2. Industrial Personal	391,804,290	N/A	391,804,290	391,804,290
M. Other Personal	12,486,080	N/A	12,486,080	12,486,080
N. Intangible Personal Prop	0	N/A	0	0

O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	3,151,286,464		3,151,286,464	3,151,286,464
Less Total Deductions	362,784,901		362,784,901	362,784,901
Total Taxable Value	2,788,501,563		2,788,501,563	2,788,501,563 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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
2,806,493,531	2,788,501,563	2,806,493,531	2,788,501,563

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
17,991,968	0

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

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

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

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
2,968,303,531	2,950,311,563	2,968,303,531	2,950,311,563

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

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

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

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

The PVS found your local value to be valid, and local value was certified

238/Ward

195-901/Pecos-Barstow-Toyah ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	2,471,200	N/A	2,471,200	2,471,200
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	1,762,300	N/A	1,762,300	1,762,300
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	289,890	N/A	289,890	289,890
D2. Real Prop Farm & Ranch	197,340	N/A	197,340	197,340
E. Real Prop NonQual Acres	4,134,830	N/A	4,134,830	4,134,830
F1. Commercial Real	338,010	N/A	338,010	338,010
F2. Industrial Real	103,872,490	N/A	103,872,490	103,872,490
G. Oil, Gas, Minerals	900,221,210	N/A	900,221,210	900,221,210
J. Utilities	101,049,260	N/A	101,049,260	101,049,260
L1. Commercial Personal	3,973,880	N/A	3,973,880	3,973,880
L2. Industrial Personal	26,546,920	N/A	26,546,920	26,546,920
M. Other Personal	522,110	N/A	522,110	522,110
N. Intangible Personal Prop	0	N/A	0	0

O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	1,145,379,440		1,145,379,440	1,145,379,440
Less Total Deductions	3,899,250		3,899,250	3,899,250
Total Taxable Value	1,141,480,190		1,141,480,190	1,141,480,190 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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
1,141,480,190	1,141,480,190	1,141,480,190	1,141,480,190

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

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

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

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

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
1,141,480,190	1,141,480,190	1,141,480,190	1,141,480,190

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

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

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

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

The PVS found your local value to be valid, and local value was certified

195-901/Pecos-Barstow-Toyah ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	239,453,150	N/A	239,453,150	239,453,150
B. Multi-Family Residences	4,361,320	N/A	4,361,320	4,361,320
C1. Vacant Lots	23,907,720	N/A	23,907,720	23,907,720
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	10,692,630	N/A	10,692,630	10,692,630
D2. Real Prop Farm & Ranch	862,800	N/A	862,800	862,800
E. Real Prop NonQual Acres	42,669,650	N/A	42,669,650	42,669,650
F1. Commercial Real	155,293,230	N/A	155,293,230	155,293,230
F2. Industrial Real	458,084,490	N/A	458,084,490	458,084,490
G. Oil, Gas, Minerals	2,356,570,954	N/A	2,356,570,954	2,356,570,954
J. Utilities	482,635,790	N/A	482,635,790	482,635,790
L1. Commercial Personal	90,774,770	N/A	90,774,770	90,774,770
L2. Industrial Personal	418,351,210	N/A	418,351,210	418,351,210
M. Other Personal	13,008,190	N/A	13,008,190	13,008,190
N. Intangible Personal Prop	0	N/A	0	0

O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	4,296,665,904		4,296,665,904	4,296,665,904
Less Total Deductions	366,684,151		366,684,151	366,684,151
Total Taxable Value	3,929,981,753		3,929,981,753	3,929,981,753 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

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT H
Proposed Agreement Between
Pecos-Barstow-Toyah ISD and
ETC Texas Pipeline, LTD



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 10, 2017

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and ETC Texas Pipeline, LTD, Application 1160

Dear Superintendent Haley:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and ETC Texas Pipeline, LTD (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-6053, or at 512-463-6053.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Megan McKavanagh, Energy Transfer Partners, LP
Mike Fry, KE Andrews

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

by and between

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

and

ETC TEXAS PIPELINE, LTD

(Texas Taxpayer ID # 10505324664)

Comptroller Application #1160

Dated

May 18, 2017

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

STATE OF TEXAS
COUNTY OF REEVES

§
§

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **ETC TEXAS PIPELINE, LTD**, Texas Taxpayer Identification Number 10505324664, hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on October 20, 2017, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on October 20, 2016, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller’s Office have determined that the Application is complete and November 29, 2016, 2016 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Reeves Appraisal District established in Reeves County, Texas (the “Reeves County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on February 2, 2017, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the District's Board of Trustees, by resolution dated April 20, 2017, extended the statutory deadline by which the District must consider the Application until June 30, 2017 and the Comptroller was provided notice of such extension as set out under 34 Texas Admin. Code Section 9.1054(d);

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on May 18, 2017, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on May 18, 2017, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on May 10, 2017, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on May 18, 2017, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and

restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means ETC Texas Pipeline, LTD, (Texas Taxpayer ID #10505324664) the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on October 20, 2016. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Reeves County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Pecos-Barstow-Toyah Independent School District.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Reeves County, Texas.

“District” or “School District” means the Pecos-Barstow-Toyah Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller’s Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

“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 as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the school year immediately preceding each year for which the Annual Limit is calculated, rounded to the whole number by \$100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2016. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

“Applicable School Finance Law” means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically at the time the computation, calculation or obligation of either party under this Agreement is performed.

“Commencement Date” means May 18, 2017, the start of the Qualifying Time Period.

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

“Lost M&O Revenue” means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

“New M&O Revenue” means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

“Net Tax Benefit” means an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

“Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District’s tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant’s Qualified Property for M&O purposes will not be used.

“Revenue Protection Amount” means the amount calculated pursuant to Section 4.2 of this Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraiser for the District’s maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is November 29, 2016, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is May 18, 2017.

C. The Qualifying Time Period for this Agreement:

- i. Starts on the Application Approval Date.
- ii. End on December 31, 2019, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2018, the first complete Tax Year that begins after the Application Review Start Date; and
- ii. Ends on December 31, 2027, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2032.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Thirty Million Dollars (\$30,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. Have completed the Applicant's Qualified Investment in the amount of \$30,000,000 during the Qualifying Time Period;
- B. Have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. Pay an average weekly wage of at least \$725.00 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

A. Provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. Provide payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, as more fully specified in Article V;

C. Provide such Supplemental Payments as more fully specified in Article VI;

D. Create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the

value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024 (b)(1) of the TEXAS TAX CODE as property used for manufacturing.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by District.**

The calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year following the start of Commercial Operations, and every year thereafter during the term of this Agreement.

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

The Parties further agree that the school finance report and projected revenue protection payment amounts produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party;
- ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,
- iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE LOST M&O REVENUE BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the

District for Lost M&O Revenue for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula: The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations under this Section 4.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District, with the consent of the Applicant. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following: Any other reasonable and necessary costs to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

In the event that the calculations made under this Agreement by the Third Party should become the subject of litigation, the Parties stipulate that the Third Party's participation in any such dispute shall be limited to providing the court or administrative body with jurisdiction over such dispute with an explanation of the methodology used in reaching the Third Party's calculation so as to assist the court or administrative body.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified appraisal roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. The certified appraisal 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 appraisal roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 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, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, which are, or may be required under the terms or because of the execution of this Agreement.

For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars (\$15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve such dispute as provided in Section 4.7.

Section 4.7. RESOLUTION OF DISPUTES. Should the Applicant disagree with the Third Party calculations made pursuant to Article 4 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party shall issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the certified calculations of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, should the

Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification or, (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) 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 such 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 Applicant's receipt of the Third Party's final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an 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 the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.9. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District, up to the Annual Limitation amount set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by District's external auditor to have been incurred by 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.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Article IV and Article V Payments

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI, (the "Supplemental Payments"). 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, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

(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 VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period:

C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement; and

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) (Tax Year 2017), the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under section 6.2 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.5.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.7, above.

Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board

of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.5 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, 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 IV, V, and VI of this Agreement with respect to such Tax Year, 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 Article IV of this Agreement, 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 IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 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.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than 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.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules,

or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts

that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
 - ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District;
- and

iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination") and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than sixty (60) 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 sixty (60) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Reeves County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Reeves County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE, and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. Consequences of Early Termination or Other Breach by Applicant.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to

Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$30,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW

QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X.

MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if

(i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

Jim Haley
Superintendent (or his successor)

Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772
Phone: (432) 447-7201
Facsimile: (432) 447-3076
Email: jhaley@pbtisd.esc18.net

With a copy to:

Sara Hardner Leon
Powell & Leon, LLP
115 Wild Basin Road, Suite 106
Austin, Texas 78746
Phone: (512) 494-1177
Facsimile: (512) 494-1188
Email: sleon@powell-leon.com

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

Energy Transfer Partners, L.P.
Attn: Megan McKavanagh, Assistant Controller
800 E. Sonterra Boulevard, Suite 400
San Antonio, Texas 78258-3941
Telephone: (210) 572-0457
Facsimile: (210) 403-6664

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller

necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

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

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another

jurisdiction. Venue in any legal proceeding shall be in a state district court in Reeves County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term “Law” shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words “include,” “includes,” and “including” when used in this Agreement shall be deemed in such case to be followed by the phrase, “but not limited to”. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller

immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e- mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic “read receipt” does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 18th day of May, 2017.

ETC TEXAS PIPELINE, LTD

By: Megan McKavanagh
Name: Megan McKavanagh
Title: Sr Manager Property Tax

**PECOS-BARSTOW-TOYAH INDEPENDENT
SCHOOL DISTRICT**

By: Gail Box
PRESIDENT, BOARD OF TRUSTEES

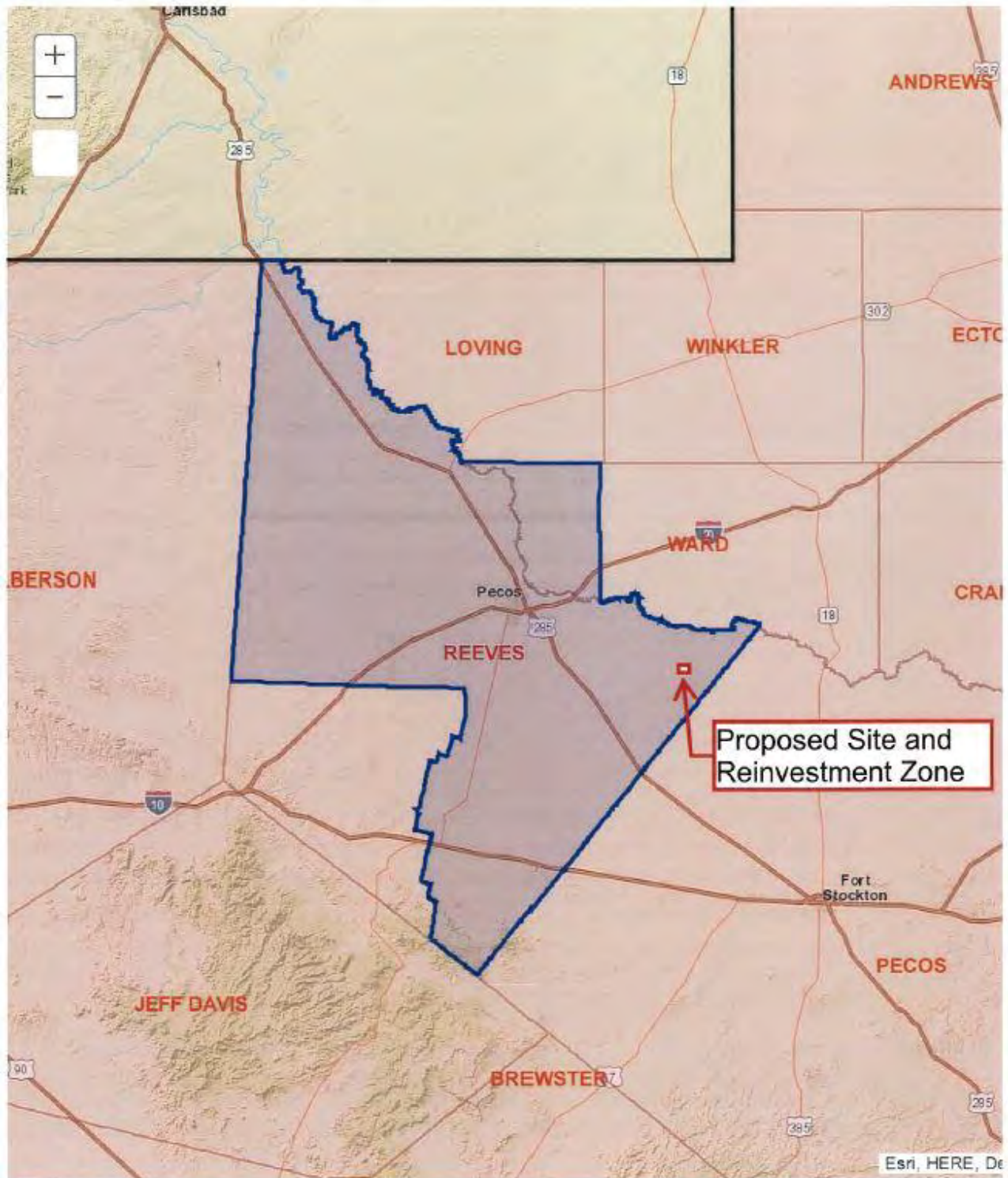
ATTEST:

By: Debra Natunied
SECRETARY, BOARD OF TRUSTEES

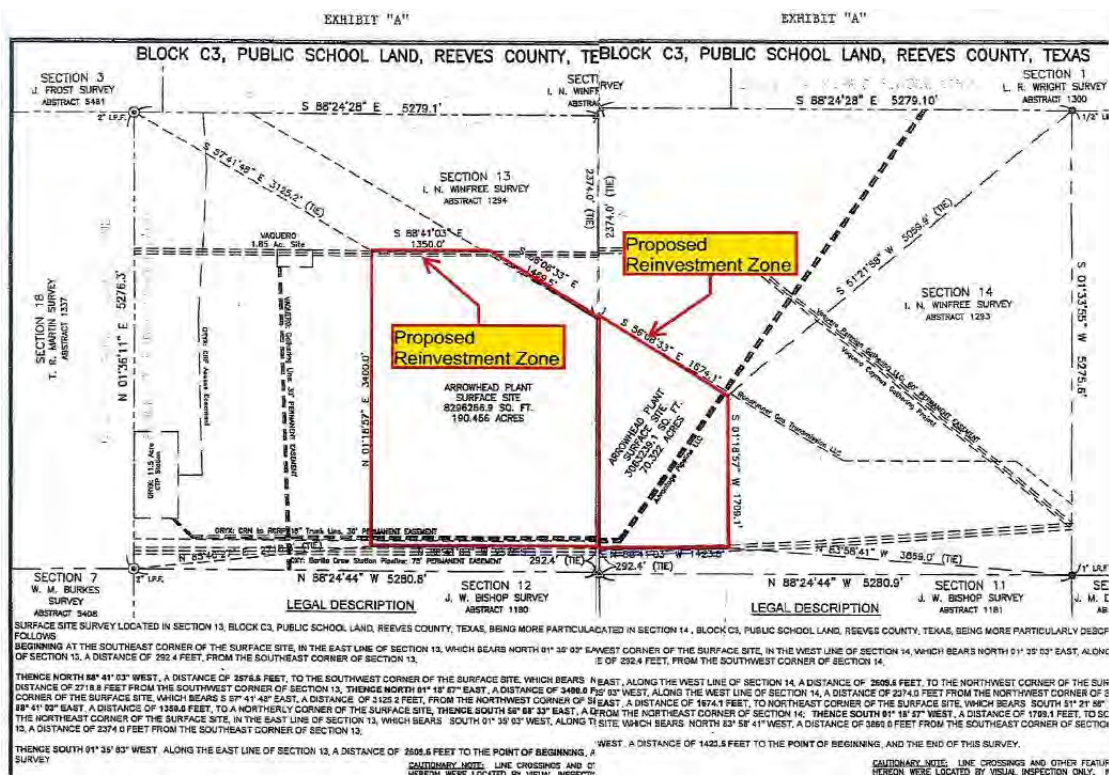
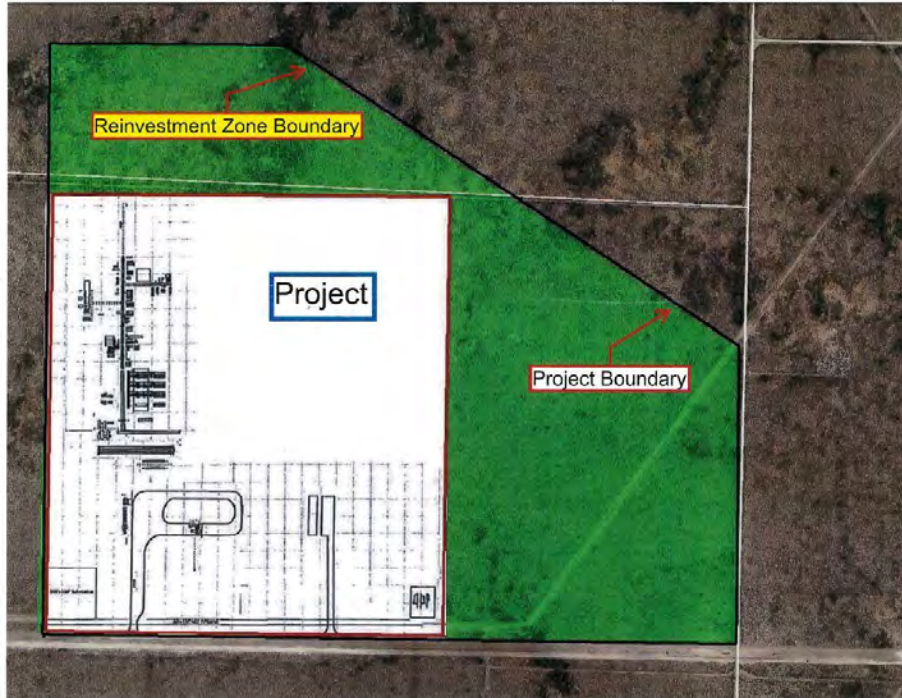
EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

A map of the *ETC Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the *ETC Reinvestment Zone*.



Map of Qualified Property within Reinvestment Zone



Agreement for Limitation on Appraised Value
Between Pecos-Barstow-Toyah ISD and ETC Texas Pipeline, LTD
May 18, 2017

Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land upon which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the maps attached to **Exhibit 1**. The Land upon which the Qualified Investment shall be made and upon which the Qualified Property shall be located shall be one hundred percent (100%) contained within the boundaries of the *ETC Reinvestment Zone*, which is located within the boundaries of the Pecos-Barstow-Toyah Independent School District.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Specifically, all Qualified Investment of the Applicant is located in the sections of land identified in **EXHIBIT 2** and within the boundaries indicated on the map attached as the last page of **EXHIBIT 1**. This Agreement covers Qualified Investment necessary for commercial operations as more fully described in Tab 7 of the Application, attached hereto as **EXHIBIT 3**.

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

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, 7 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.

However, ETC could redirect its expenditures to build plants in other states outside of Texas.

Kansas
Louisiana
New Mexico
Oklahoma

Proposed Project Description

ETC Texas Pipeline, LTD proposes to build a new 200 mmscf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas. Projected timeline for ETC to start construction is April of 2017 and start hiring the new employees in June of 2017. This should allow for completion and commencement of commercial operations to start in August of 2017.

Cryogenic Natural Gas Processing Plant

The Arrowhead Plant would include the installation of a refrigerated cryogenic gas plant. If completed, the Arrowhead Gas Processing Plant will be designed to process 200mmcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H₂O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Pecos-Barstow-Toyah Independent School District necessary for the commercial operations of a new cryogenic fractionation plant, as more fully described in Tab 8 of the Application, attached hereto as **EXHIBIT 4**.

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

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, 7 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.

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- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT I
Letter from the Texas Commissioner of
Education Regarding Impact on
Enrollment

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

December 5, 2016

Gail Box, President
Board of Trustees
Pecos-Barstow-Toyah Independent School District
PO Box 869
Pecos, TX 79772-0869

Dear Mrs. Box:

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 #1160 project on the number and size of school facilities in Pecos-Barstow-Toyah Independent School District (PBTISD). Based on an examination of PBTISD enrollment and the number of potential new jobs, the TEA has determined that the ETC Texas Pipeline LTD #1160 project should not have a significant impact on the number or size of school facilities in PBTISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,



Al McKenzie
Director of State Funding

AM/rk
Cc: Jim Haley

Findings and Order of the Pecos-Barstow-Toyah Independent School District
Board of Trustees under the Texas Economic Development Act on the
Application Submitted by ETC Texas Pipeline, LTD
(Tax ID 10505324664) (Application # 1160)

ATTACHMENT J
May 18, 2017 Resolution Designating
ETC Reinvestment Zone

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE IN CONNECTION WITH AN ECONOMIC DEVELOPMENT AGREEMENT UNDER CHAPTER 313 OF THE TEXAS LOCAL GOVERNMENT CODE, SUCH REINVESTMENT ZONE LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT, REEVES COUNTY, TEXAS, TO BE KNOWN AS THE “ETC REINVESTMENT ZONE”; ESTABLISHING THE BOUNDARIES THEREOF IN CONNECTION WITH AN APPLICATION FOR VALUE LIMITATION AGREEMENT FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES UNDER CHAPTER 313 OF THE TEXAS TAX CODE SUBMITTED BY ETC TEXAS PIPELINE, LTD (TAXPAYER I.D. 10505324664), COMPTROLLER’S APPLICATION NO. 1160:

WHEREAS, the Pecos-Bartow-Toyah Independent School District, Texas, (the “District”) desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (TEXAS TAX CODE § 312.0025), for the purpose of authorizing Value Limitation Agreement on School District Maintenance and Operations Taxes, as authorized by Chapter 313 of the TEXAS TAX CODE; and,

WHEREAS, the District desires to contribute to the expansion of primary employment in the reinvestment zone and attract major investment in the reinvestment zone that will be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of this state in which the school district is located; and

WHEREAS, on May 18, 2017, the District’s Board of Trustees held a hearing, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone as described on ATTACHMENT 1 appended hereto; and,

WHEREAS, the District’s Board of Trustees at such public hearing invited any interested person to appear and speak for or against: (1) the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone; and (2) approval of a Chapter 313 Agreement for Value Limitation for School District Maintenance and Operations Taxes with ETC Texas Pipeline, LTD (Texas Taxpayer I.D. No. 10505324664);

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone;

WHEREAS, the District wishes to create a reinvestment zone consisting of the same real property as described on ATTACHMENT 1 to be known as the “ETC Reinvestment Zone”;

NOW THEREFORE, BE IT RESOLVED BY THE PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT:

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

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

- (a) That the public hearing on the adoption of the “ETC Reinvestment Zone” has been properly called, held, and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone;
- (b) That the boundaries of the “ETC Reinvestment Zone” be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as “ATTACHMENT 1”;
- (c) That creation of the “ETC Reinvestment Zone” boundaries as described in “ATTACHMENT 1” will contribute to the expansion of primary employment in the reinvestment zone and attract major investment in the reinvestment zone that will be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of this state in which the school district is located;
- (e) That the “ETC Reinvestment Zone” described in “ATTACHMENT 1” meets the criteria set forth in TEXAS TAX CODE §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of the region of this state in which the school district is located.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the District hereby creates a reinvestment zone under the provisions of TEXAS TAX CODE § 312.0025, encompassing the area described by the descriptions in “ATTACHMENT 1,” and such reinvestment zone is hereby designated and shall hereafter be referred to as the “ETC Reinvestment Zone”.

SECTION 4. That the “ETC Reinvestment Zone” shall take effect upon adoption of this Resolution by the District’ Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for the period provided by Chapter 212 of the Property Tax Code.

SECTION 5. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the District's Board of Trustees, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, TEXAS GOVERNMENT CODE, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in the Pecos-Barstow-Toyah Independent School District, Reeves County, Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act

PASSED, APPROVED AND ADOPTED on this 18th day of May, 2017.

**PECOS-BARSTOW-TOYAH
INDEPENDENT SCHOOL DISTRICT**

By: _____

Gail Box

President, Board of Trustees

ATTEST:

By: _____

Bertha Natividad

Secretary, Board of Trustees

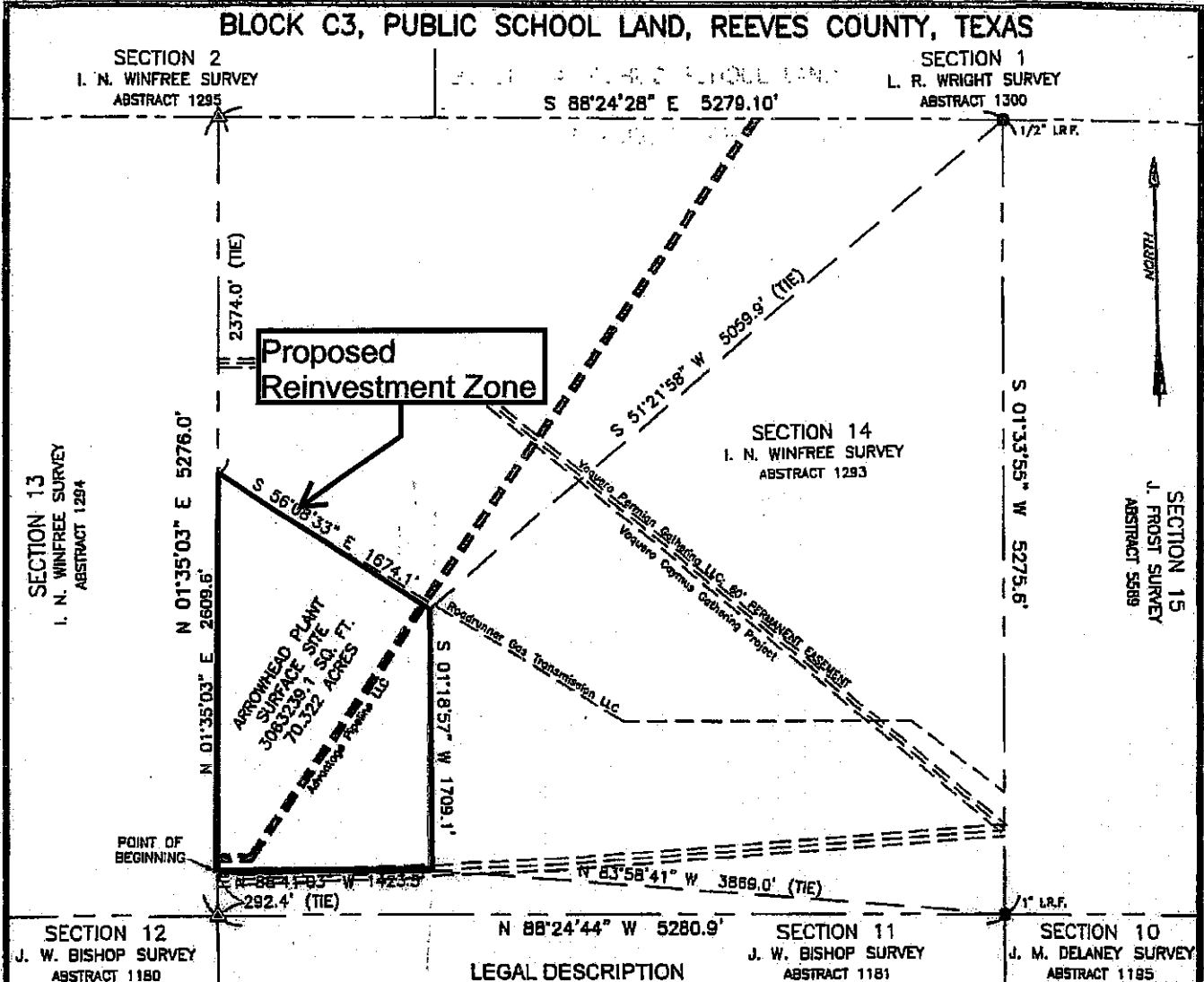
ATTACHMENT 1

LEGAL DESCRIPTION OF THE “ETC REINVESTMENT ZONE”

That 260.778 acre tract of land located in Section(s) 13 and 14, Block C-3, Public School Lands Survey, Reeves County, Texas, which tract is more particularly described in Exhibit “A” attached hereto (the “Land”) and made a part hereof for all purposes.

EXHIBIT "A"

BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS



LEGAL DESCRIPTION

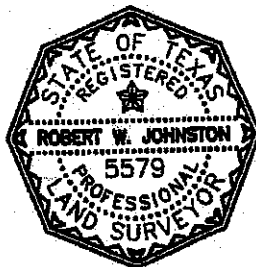
SURFACE SITE SURVEY LOCATED IN SECTION 14, BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
 BEGINNING AT THE SOUTHWEST CORNER OF THE SURFACE SITE, IN THE WEST LINE OF SECTION 14, WHICH BEARS NORTH 01° 35' 03" EAST, ALONG THE EAST LINE OF SECTION 14, A DISTANCE OF 292.4 FEET, FROM THE SOUTHWEST CORNER OF SECTION 14;

THENCE NORTH 01° 35' 03" EAST, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2809.8 FEET, TO THE NORTHWEST CORNER OF THE SURFACE SITE WHICH BEARS SOUTH 01° 35' 03" WEST, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2374.0 FEET FROM THE NORTHWEST CORNER OF SECTION 14, THENCE SOUTH 56° 08' 33" EAST, A DISTANCE OF 1674.1 FEET, TO NORTHEAST CORNER OF THE SURFACE SITE, WHICH BEARS SOUTH 51° 21' 58" WEST, A DISTANCE OF 5059.9 FEET FROM THE NORTHEAST CORNER OF SECTION 14; THENCE SOUTH 01° 18' 57" WEST, A DISTANCE OF 1709.1 FEET, TO SOUTHEAST CORNER OF THE SURFACE SITE, WHICH BEARS NORTH 83° 58' 41" WEST, A DISTANCE OF 3869.0 FEET FROM THE SOUTHWEST CORNER OF SECTION 14,

THENCE NORTH 88° 41' 03" WEST, A DISTANCE OF 1423.5 FEET TO THE POINT OF BEGINNING, AND THE END OF THIS SURVEY.

SURVEYED ON THE GROUND, 13 AUGUST 2015

Robert W. Johnston
 ROBERT W. JOHNSTON, TEXAS RPLS No. 5579
 DRJ SURVEYING LLC P.O. BOX 551, THORNDALE TX 76577



BTJ SERVICES
 BTJ Services, LLC
 605 Sioux Trail
 Leander, TX 78841
 1-855-667-3816

CAUTIONARY NOTE: LINE CROSSINGS AND OTHER FEATURES SHOWN HEREON WERE LOCATED BY VISUAL INSPECTION ONLY. NO MECHANICAL NOR ELECTRONIC METHODS WERE USED. OTHER UNDERGROUND OR SURFACE OBSTRUCTIONS MAY EXIST.
 Bearings and Coordinates conform to the Texas State Plane Coordinate System, Central Zone (4203), NAD83, Derived from OPUS Solution. Distances and Stationing are horizontal (GRID) values in U.S. Survey Feet. To obtain surface values multiply distances by a factor of 1.00022813.

ENERGY TRANSFER

ARROWHEAD PLANT SITE

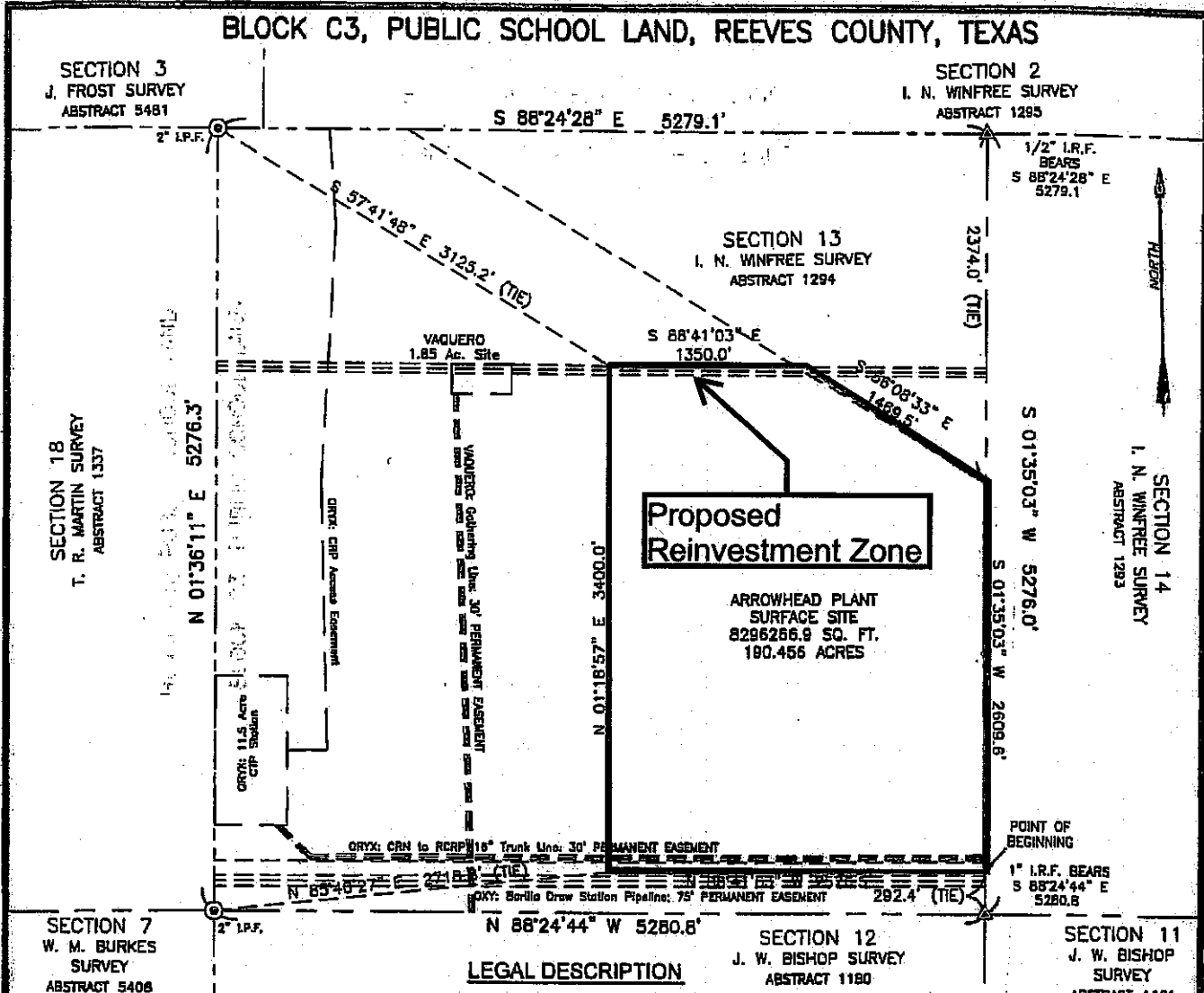
SURFACE SITE SURVEY

SECTION 14, BLOCK C3, PUBLIC SCHOOL LAND
 REEVES COUNTY, TEXAS

SCALE: 1" = 1000'	AFE: 100000001137
DRAFTED BY: WLJ	DATE: 19 AUGUST 2015
SHEET: 2 OF 2	QUAD: LIGON RANCH, TEXAS
W.D. NO.: 15-308	FILE: 120-2015-84

EXHIBIT "A"

BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS



LEGAL DESCRIPTION

SURFACE SITE SURVEY LOCATED IN SECTION 13, BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SURFACE SITE, IN THE EAST LINE OF SECTION 13, WHICH BEARS NORTH 01° 35' 03" EAST, ALONG THE EAST LINE OF SECTION 13, A DISTANCE OF 292.4 FEET, FROM THE SOUTHEAST CORNER OF SECTION 13,

THENCE NORTH 88° 41' 03" WEST, A DISTANCE OF 2576.6 FEET, TO THE SOUTHWEST CORNER OF THE SURFACE SITE, WHICH BEARS NORTH 85° 40' 27" EAST, A DISTANCE OF 2718.8 FEET FROM THE SOUTHWEST CORNER OF SECTION 13, THENCE NORTH 01° 18' 67" EAST, A DISTANCE OF 3400.0 FEET, TO NORTHWEST CORNER OF THE SURFACE SITE, WHICH BEARS S 57° 41' 48" EAST, A DISTANCE OF 3125.2 FEET, FROM THE NORTHWEST CORNER OF SECTION 13; THENCE SOUTH 88° 41' 03" EAST, A DISTANCE OF 1350.0 FEET, TO A NORTHERLY CORNER OF THE SURFACE SITE, THENCE SOUTH 66° 08' 33" EAST, A DISTANCE OF 1489.5 FEET, TO THE NORTHEAST CORNER OF THE SURFACE SITE, IN THE EAST LINE OF SECTION 13, WHICH BEARS SOUTH 01° 35' 03" WEST, ALONG THE EAST LINE OF SECTION 13, A DISTANCE OF 2374.0 FEET FROM THE SOUTHEAST CORNER OF SECTION 13;

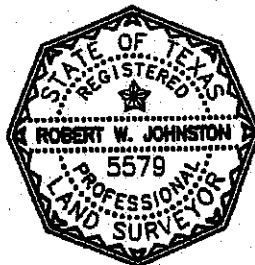
THENCE SOUTH 01° 35' 03" WEST, ALONG THE EAST LINE OF SECTION 13, A DISTANCE OF 2609.6 FEET TO THE POINT OF BEGINNING, AND THE END OF THIS SURVEY

CAUTIONARY NOTE: LINE CROSSINGS AND OTHER FEATURES SHOWN HEREON WERE LOCATED BY VISUAL INSPECTION ONLY. NO MECHANICAL NOR ELECTRONIC METHODS WERE USED. OTHER UNDERGROUND OR SURFACE OBSTRUCTIONS MAY EXIST.

Bearings and Coordinates conform to the Texas State Plane Coordinate System, Central Zone (4203), NAD83, Derived from OPUS Solution. Distances and Stationing are horizontal (GRID) values in U.S. Survey Feet. To obtain surface values multiply distances by a factor of 1.00022613

SURVEYED ON THE GROUND, 13 AUGUST 2015

Robert W. Johnston
ROBERT W. JOHNSTON, TEXAS RPLS No 5579
DRJ SURVEYING LLC P O BOX 581, THORNDALE TX 76577



BTJ SERVICES
BTJ Services, LLC
505 Slour Trail
Leander, TX 78641
1-855-667-3816

ENERGY TRANSFER

ARROWHEAD PLANT SITE

SURFACE SITE SURVEY

SECTION 13, BLOCK C3, PUBLIC SCHOOL LAND
REEVES COUNTY, TEXAS

SCALE: 1" = 1000'	AFE: 100000001137
DRAFTED BY: WLJ	DATE: 19 AUGUST 2015
SHEET: 1 OF 2	QUAD: LIGON RANCH, TEXAS
W.O. NO.: 15-308	FILE: 120-2015-84

