

**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 (#1240)**



September 20, 2018

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OF THE
PECOS-BARSTOW-TOYAH INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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SEPTEMBER 20, 2018

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INDEPENDENT SCHOOL DISTRICT BOARD OF
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STATE OF TEXAS §

COUNTY OF REEVES §

On the 20th day of September 2018, a public meeting of the Board of Trustees of the Pecos-Barstow-Toyah Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of ETC Texas Pipeline, LTD ("Applicant") for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On February 2, 2018, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 10505324664), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Reeves County Appraisal Districts for review pursuant to 34 Tex. Admin. Code § 9.1054. On April 20, 2018, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on July 10, 2018 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate 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 before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc., is attached to these findings as **Attachment D**.

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

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F**.

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

ETC Texas Pipeline, LTD proposes to build a new 200 mmscf/d Gas Processing Plant in Pecos-Barstow-Toyah ISD/Reeves County, Texas.

Property used for manufacturing is eligible for a limitation under §313.024(b)(1).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, Applicant has committed to creating ten (10) new qualifying jobs. The average salary level of qualifying jobs will be at least \$59,486.90 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

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

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For all non-qualifying jobs, the Applicant should create the Applicant will be required to pay at least the county average wage of \$46,098 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

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.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$95 million to the tax base that would be available for debt service purposes at the peak investment level for the 2019-20 school year.

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 suggest little underlying enrollment growth based on the impact of the project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

Board Finding Number 9.

The Board finds that with the adoption of District Policy CCG (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.

Board Finding Number 10.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 11.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F. The total industrial value for the District is \$876 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its demographic characteristics. Given that the value of industrial property is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment I**)

Board Finding Number 13.

The Applicant (Taxpayer No. 10505324664) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 10505324664), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 14.

The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.

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 G, includes adequate and appropriate revenue protection provisions for the District, and such provisions comply with the specific terms of Texas Tax Code, Chapter 313.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first and subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 16.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 17.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/home/index/1019>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 18.

The Board directs that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.

Board Finding Number 19.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the 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 District.

Dated the 20th day of September 2018.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By: Sam Contreras
Sam Contreras, President, Board of Trustees

ATTEST:
By: Bertha Natividad
Bertha Natividad, Secretary, Board of Trustees

Attachment A

Application

Blake G. Powell
Sara Hardner Leon
Darrick W. Eugene
Mackenzie Lewis
Casandra Johnson
William C. Bednar, *Of Counsel*



Jay Youngblood
Tyler, Texas
John J. Janssen, Ph.D.
Corpus Christi, Texas
Rick W. Powell
Pittsburg/Lewisville, Texas

February 23, 2017

Via Hand Delivery

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Application for a Chapter 313 Value Limitation Agreement between the Pecos-Barstow-Toyah Independent School District and ETC Texas Pipeline, LTD

First Year of Qualifying Time Period: 2019
First Year of Limitation: 2019

Dear Local Government Assistance and Economic Analysis Division:

The Pecos-Barstow-Toyah Independent School District Board of Trustees approved the enclosed Application for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes at a duly called meeting held on February 15, 2018. The Application was determined to be complete on February 23, 2018. The proposed project is a new gas processing plant.

Please note that the Applicant is seeking a waiver of the job creation requirement as set forth in Section 313.051(b) of the Texas Tax Code.

A copy is being provided to the Reeves County Appraisal District by copy of this correspondence. The Board of Trustees believes this project will be beneficial to the District and looks forward to your review and certification of this Application.

Thank you so much for your kind attention to this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sara Leon", is written over the typed name "Sara Hardner Leon".

Sara Hardner Leon

SHL:sl

Enclosures

cc: Mr. John Huddleston
Chief Appraiser
Reeves County Appraisal District
Post Office Box 1229
Pecos, Texas 79772

Via electronic mail: jhaley@pbtisd.esc18.net
Mr. Jim Haley, Superintendent of Schools
Pecos-Barstow-Toyah Independent School District

Via Electronic Mail: Mike@keatax.com
Mr. Mike Fry, Director
K.E. Andrews

February 15th, 2018

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 4th quarter of 2018.

The positive economic impact stretches beyond the investment by providing many jobs during the construction phase, and at least 3 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,


Mike Fry

TAB 01

Application

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

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 comptroller.texas.gov/economy/local/ch313/. 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

February 15, 2018

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

Haley

Last Name

TX

State

432-447-3076

Fax Number

jhaley@pbtisd.esc18.net

Email Address

79772

ZIP

Mobile Number (optional)

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

First Name

Attorney

Title

Powell & Leon, LLP

Firm Name

512-494-1177

Phone Number

Leon

Last Name

512-494-1188

Fax Number

sleon@powell-leon.com

Email Address

Mobile Number (optional)

4. On what date did the district determine this application complete? February 23, 2018

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

First Name

Assistant Controller

Title

800 E Sonterra Blvd., Suite 400

Street Address

800 E Sonterra Blvd., Suite 400

Mailing Address

San Antonio

City

210-572-0457

Phone Number

McKavanagh

Last Name

Energy Transfer Partners, L.P.

Organization

TX

State

78258-3941

ZIP

210-403-6664

Fax Number

megan.mckavanagh@energytransfer.com

Business Email Address

Mobile Number (optional)

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

Director (Authorized Agent)

Title

K E Andrews 1900 Dalrock Road; Rowlett, TX 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
- Ganado ISD225, Kenedy ISD234, Glasscock ISD1032, Rankin ISD1080, Crockett ISD1044, P-B-T ISD1160

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 ☐ Land has existing improvements (complete Section 13)
- ☐ Expansion of existing operation on the land (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 2018
2. Commencement of construction June 2018
3. Beginning of qualifying time period January 2019
4. First year of limitation January 2019
5. Begin hiring new employees September 2018
6. Commencement of commercial operations January 2019
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? January 2019

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., .2400 - 100% Water District: Reeves County WCID #2 .1193459 - 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 comptroller.texas.gov/economy/local/ch313/.

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

For more information, visit our website: comptroller.texas.gov/economy/local/ch313/

Page 5

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?

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 2017
 (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? 3
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 935.55
- b. 110% of the average weekly wage for manufacturing jobs in the county is 1,378.30
- c. 110% of the average weekly wage for manufacturing jobs in the region is 1,143.98
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? 59,486.90
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 59,486.90
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**.

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print
here

Jim Hale
Print Name (Authorized School District Representative)

Superintendent
Title

sign
here

[Signature]
Signature (Authorized School District Representative)

2/15/18
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

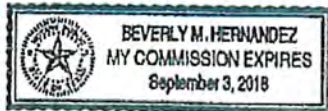
Megan McKavanagh
Print Name (Authorized Company Representative (Applicant))

Sr. Mgr Property Tax
Title

sign
here

Megan McKavanagh
Signature (Authorized Company Representative (Applicant))

2/15/18
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

5 day of February, 2018
Beverly M. Hernandez
Notary Public in and for the State of Texas

My Commission expires: 9.3.2018

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

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

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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, 8 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

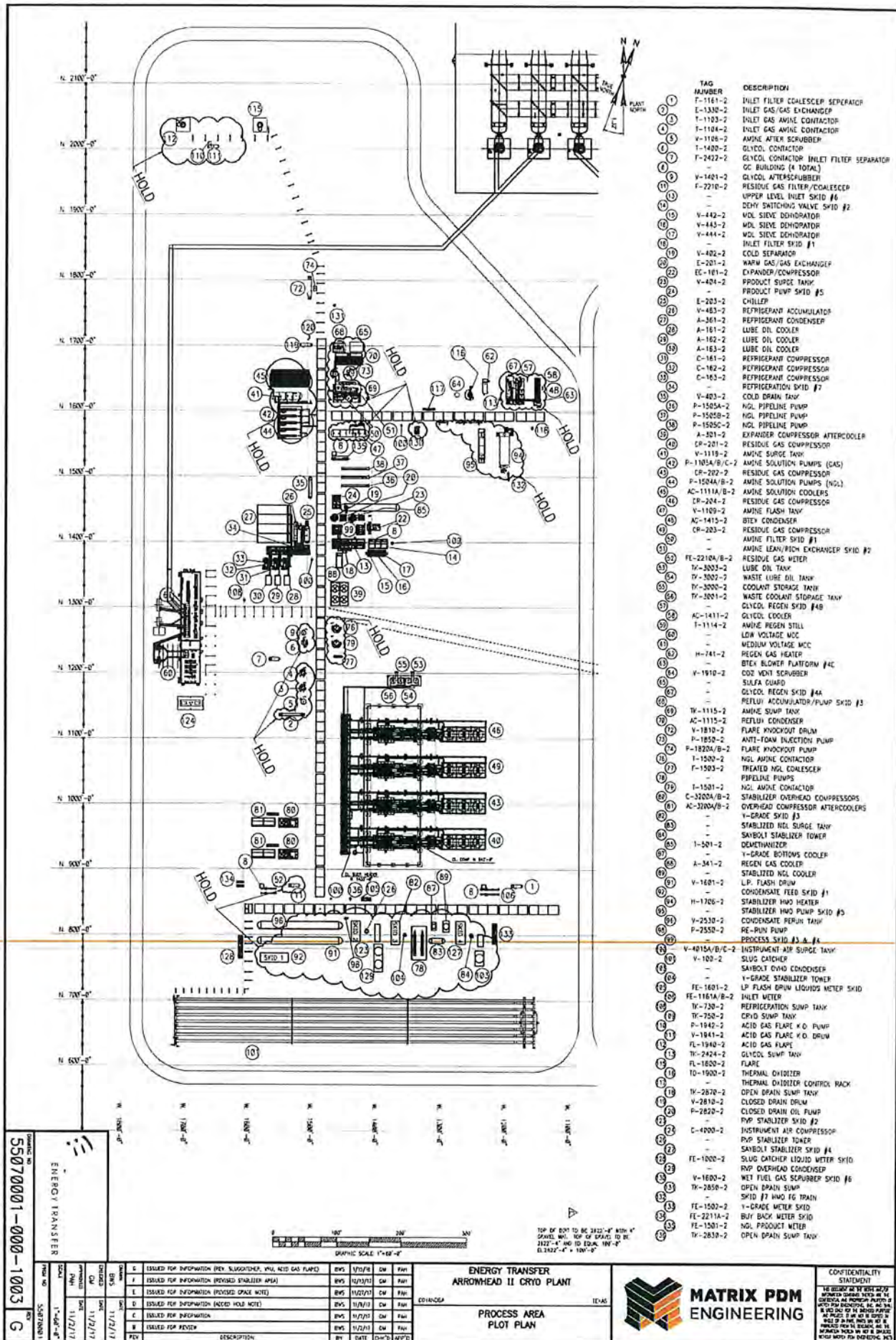
Proposed Project Description

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 June of 2018 and start hiring the new employees in September of 2018. This should allow for completion and commencement of commercial operations to start in January of 2018.

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, 8 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 II 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

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Kansas
Louisiana
New Mexico
Oklahoma

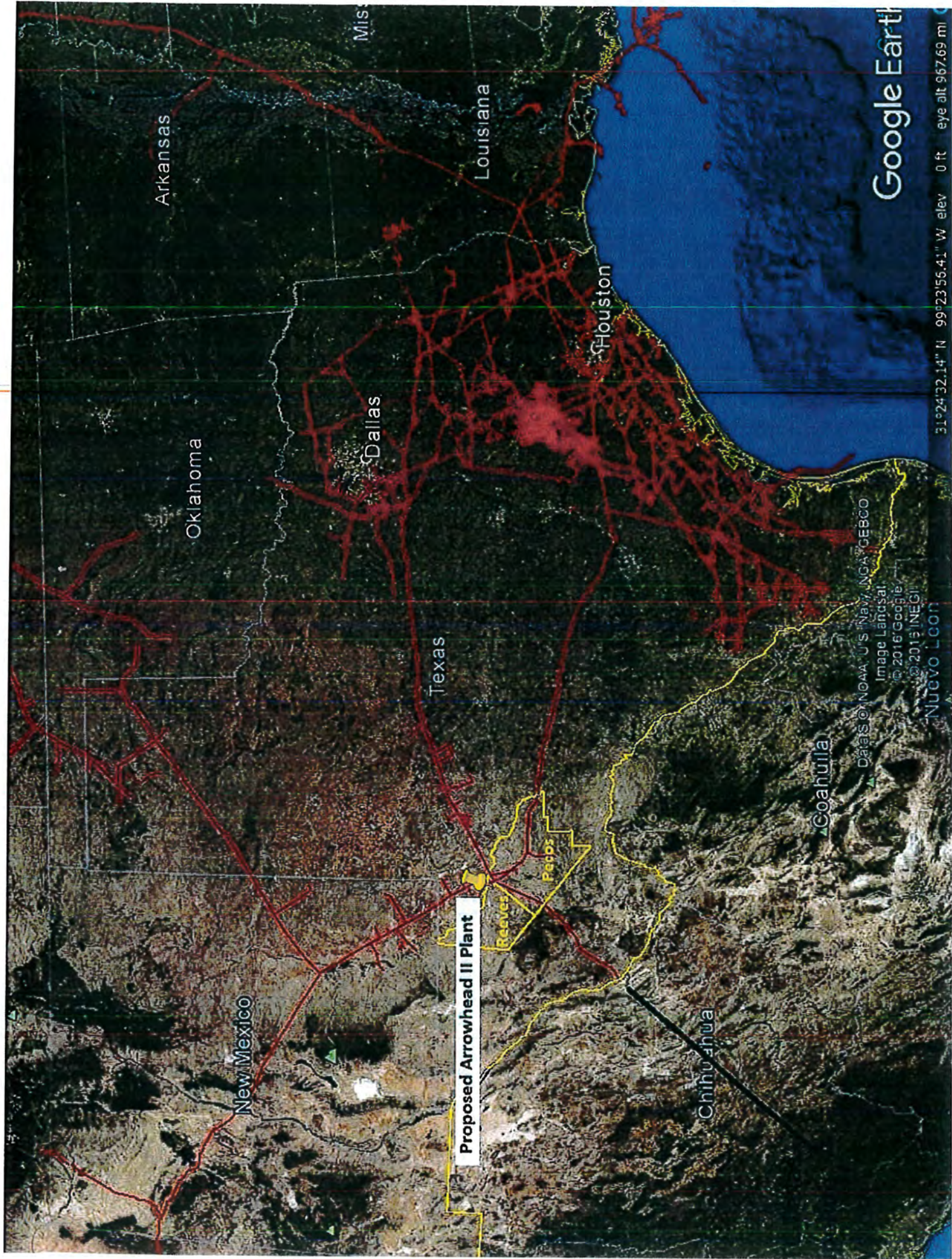
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Proposed Arrowhead II Plant

Reeves

Pecos

Coahuila

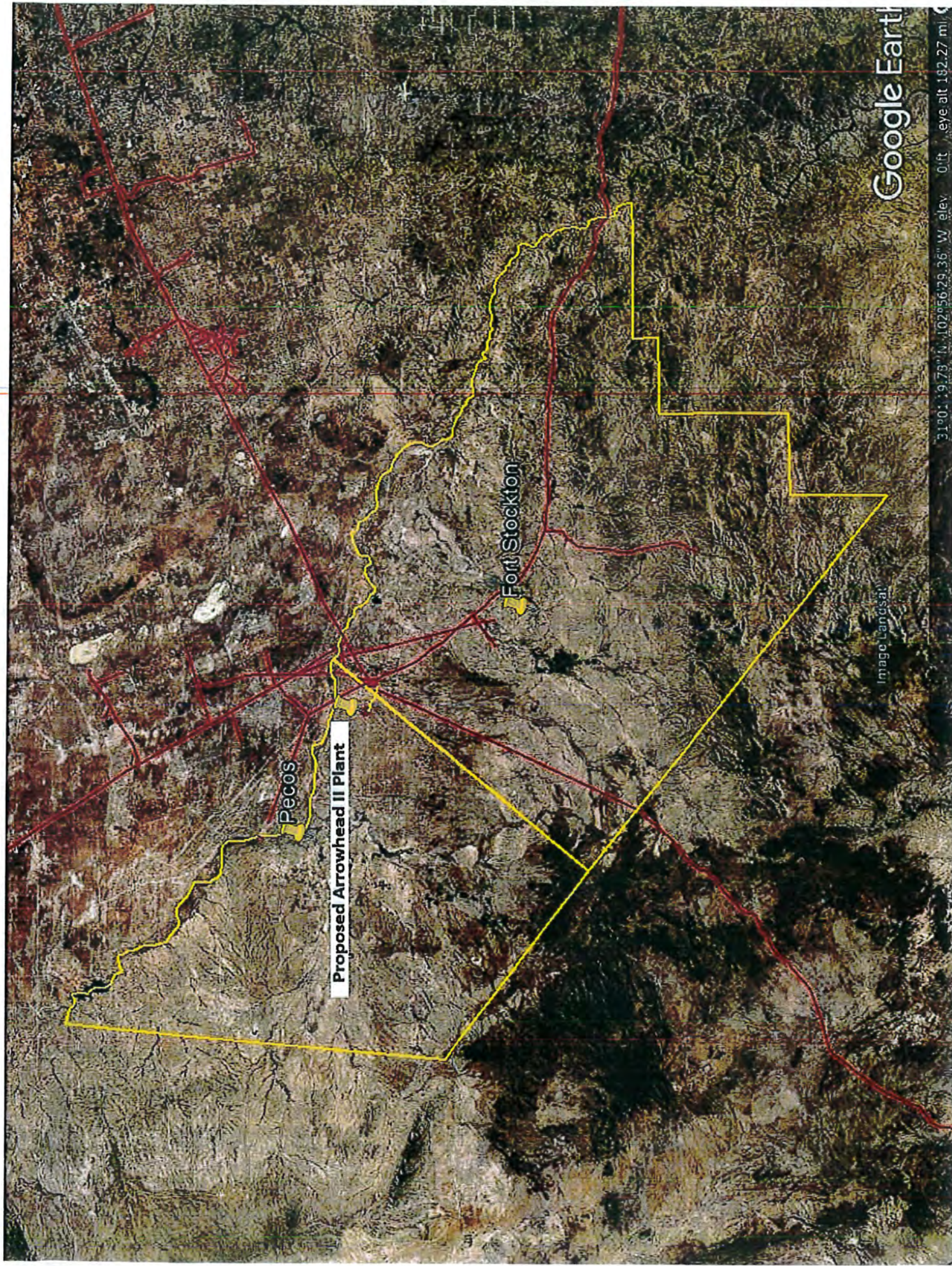
Chihuahua

Nuevo Leon

DATA S: NOAA, U.S. Navy, NGA, GEBCO
Image Landsat
© 2016 Google
© 2015 INEGI

Google Earth

31°24'32.14" N 99°23'55.41" W elev 0 ft eye alt 967.69 mi



Proposed Arrowhead II Plant

Pecos

Fort Stockton

Image Landsat

Google Earth

31°01' 9.73" N, 102°56'29.36" W elev 0 ft eye alt 182.27 mi

TAB 06

Located 100% in Reeves County & Pecos-Barstow Toyah ISD

TAB 07

Description of Qualified Investment

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

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Kansas
Louisiana
New Mexico
Oklahoma

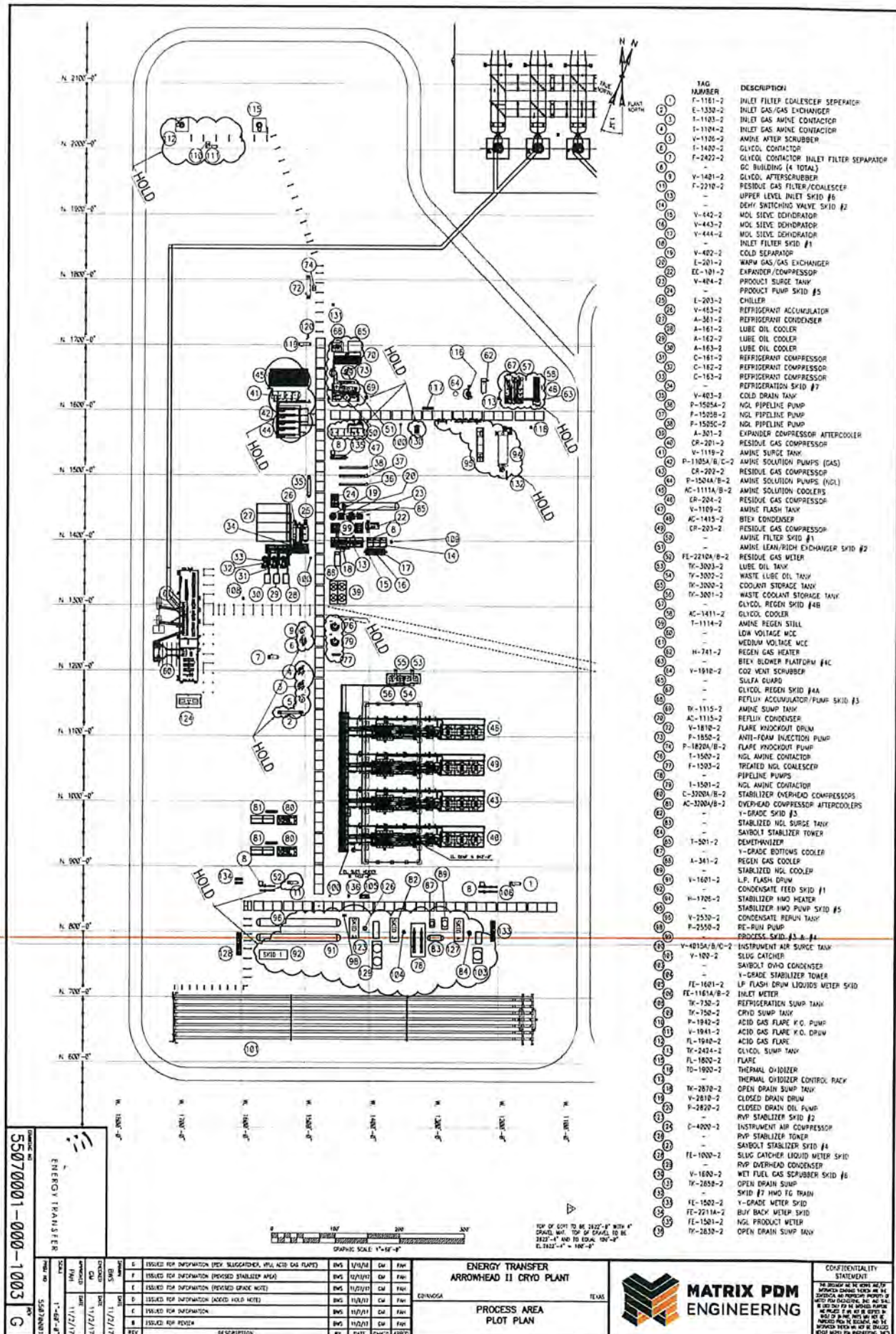
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- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.



Potential Plant Site

Legend

-  Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Monahans

Fort Stockton

Pecos



20 mi

Google Earth

© 2018 Google

Image Landsat / Copernicus

Potential Plant Site

Legend

-  Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Google Earth

© 2018 Google

2 mi

Pecos-Barstow-Toyah ISD Map

Legend

- Pecos-Barstow-Toyah Independent School District
- Reinvestment Zone

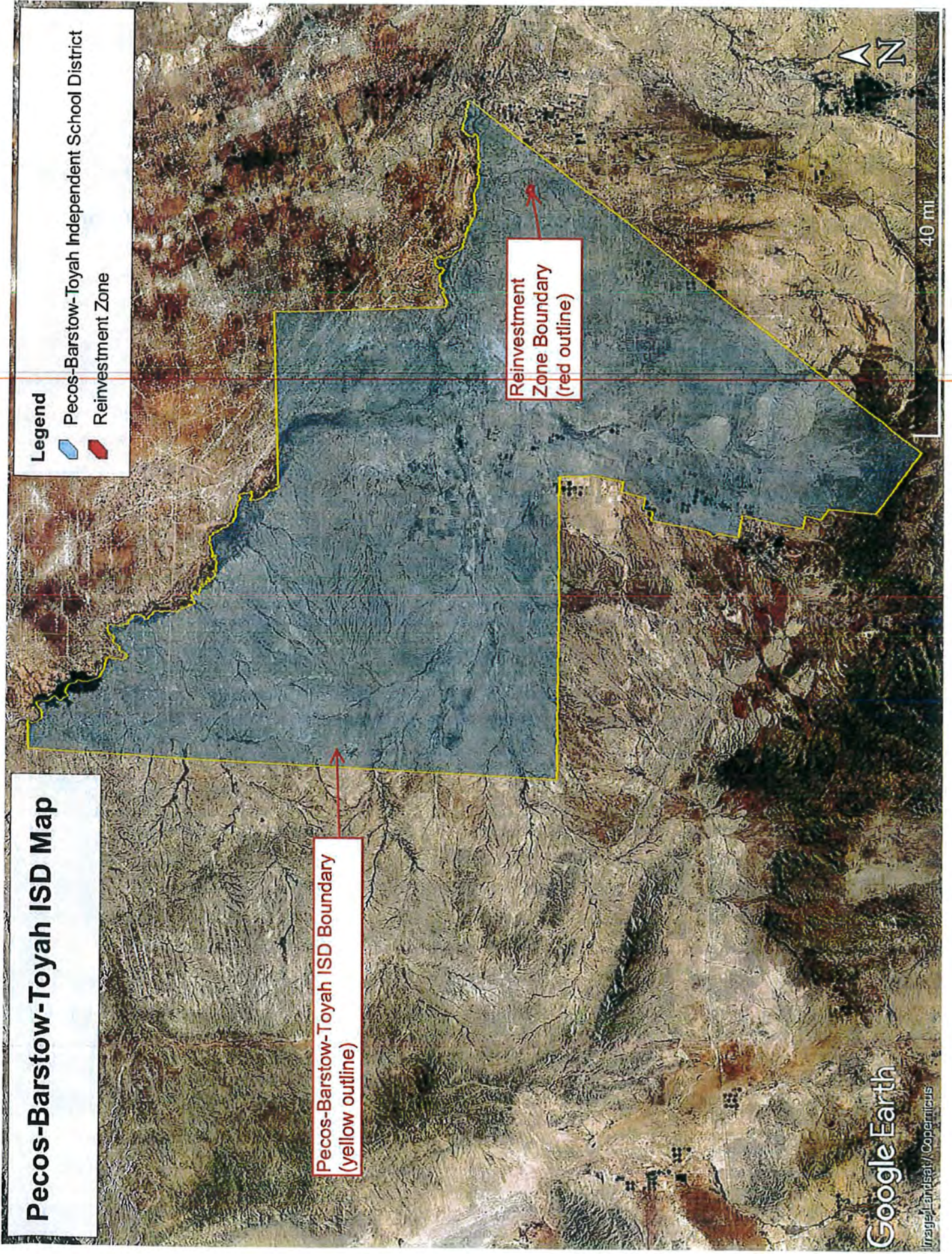
Pecos-Barstow-Toyah ISD Boundary
(yellow outline)

Reinvestment
Zone Boundary
(red outline)

Google Earth

Imagery Landsat/Copernicus

40 mi



Reinvestment Zone

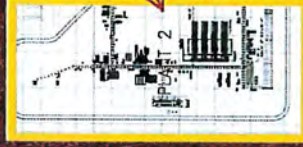
With Proposed Project Boundary

Legend

 Reinvestment Zone

Reinvestment Zone
(red boundary)

Proposed Project Location
(yellow boundary)



Google Earth

2000 ft



Reinvestment Zone

Legend

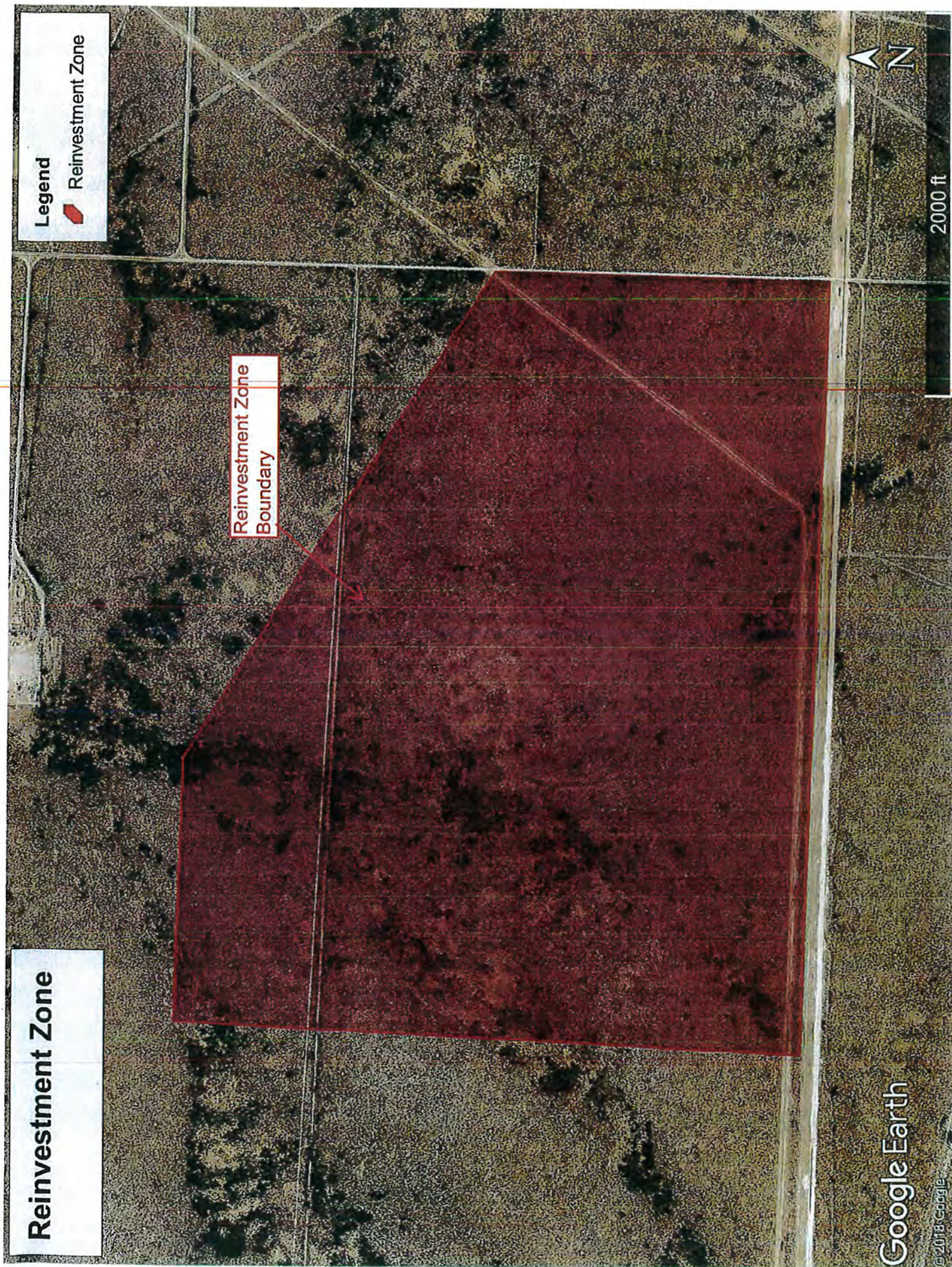
Reinvestment Zone

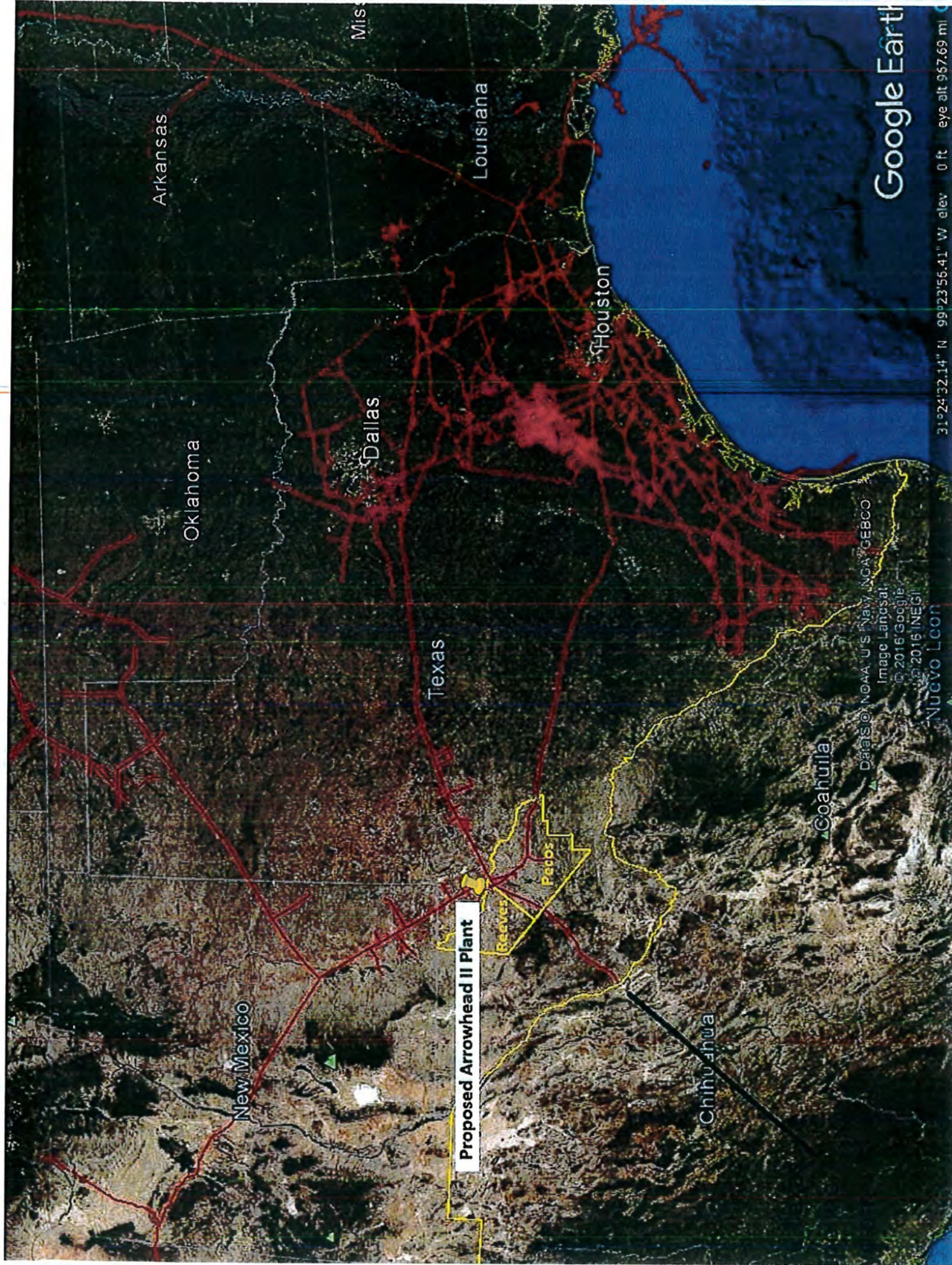
Reinvestment Zone
Boundary

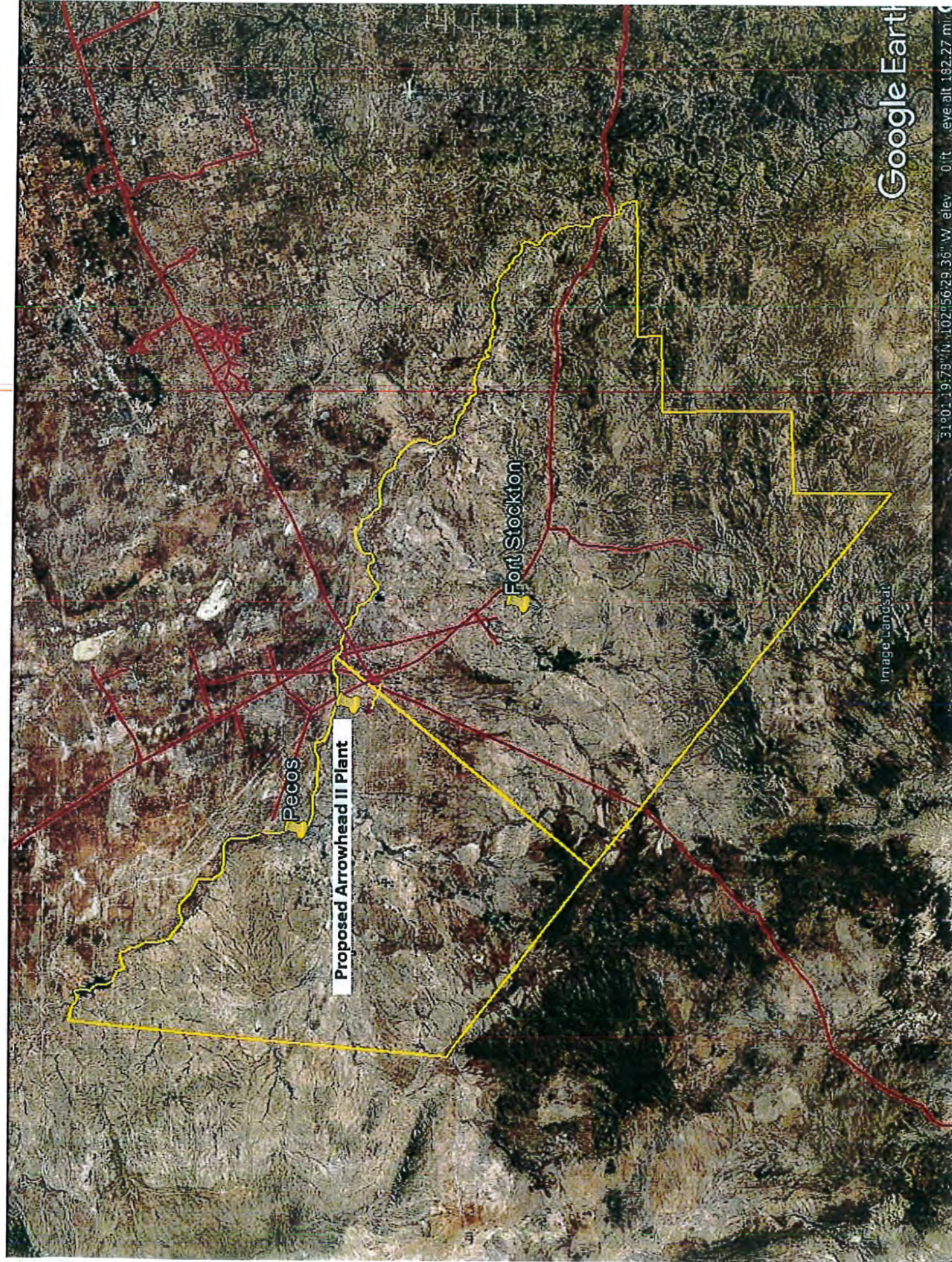
Google Earth

© 2018 Google

2000 ft







Proposed Arrowhead II Plant

Pecos

Fort Stockton

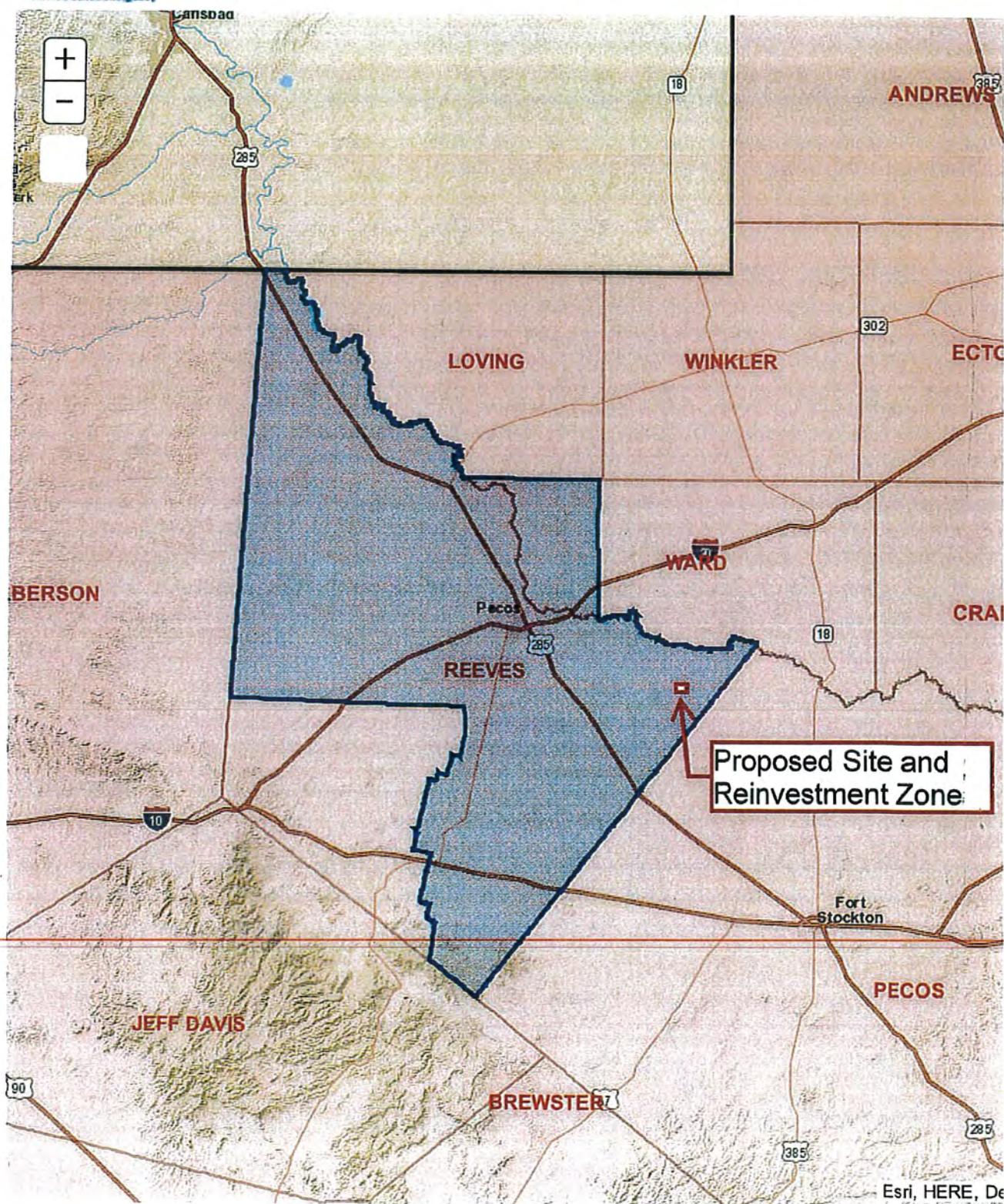
Image Landsat

Google Earth

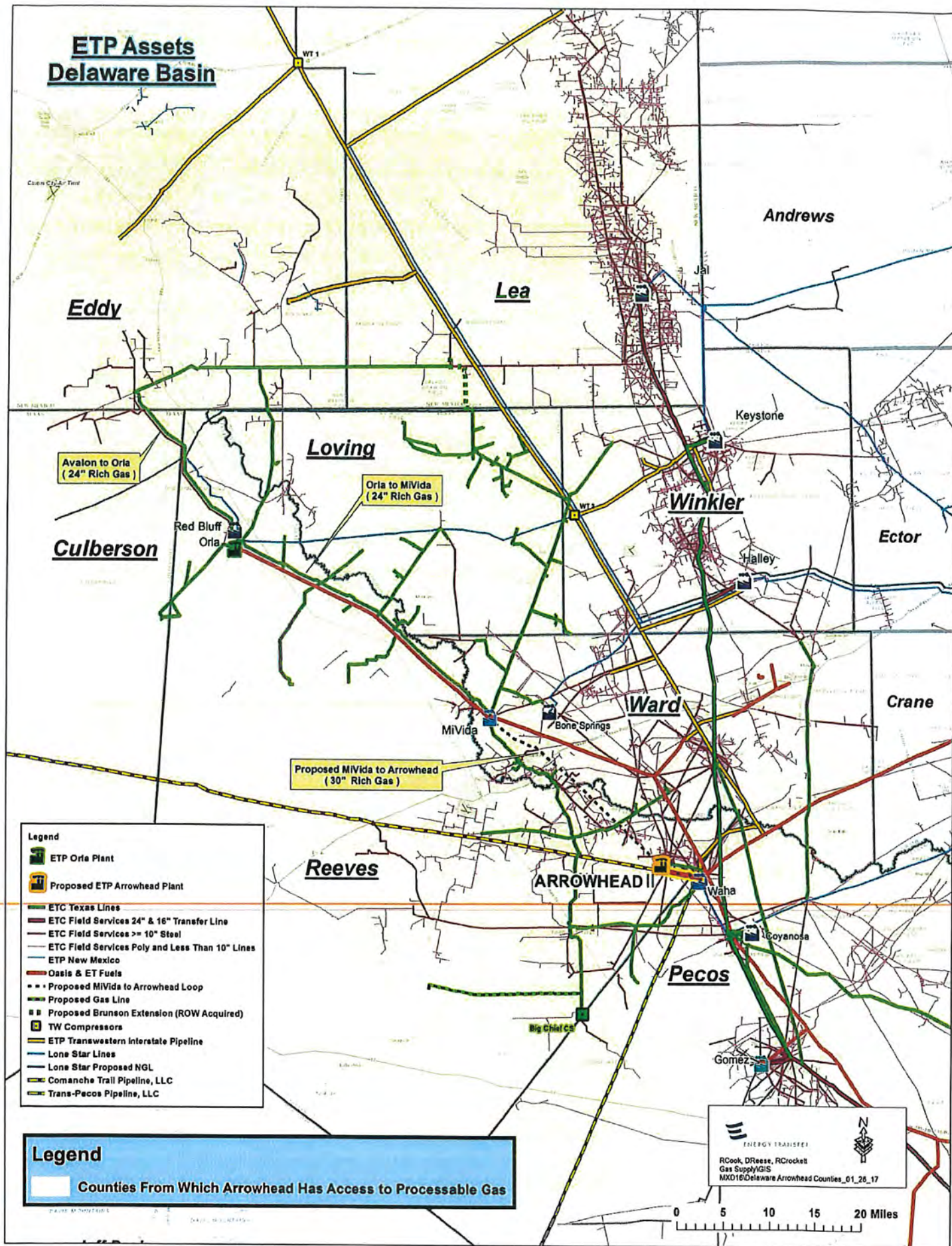
31°01'19.79"N, 102°56'29.36"W elev 0 ft eye alt 182.27 mi



Texas School District Locator



ETP Assets Delaware Basin



TAB 08

Description of Qualified Property

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

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Kansas
Louisiana
New Mexico
Oklahoma

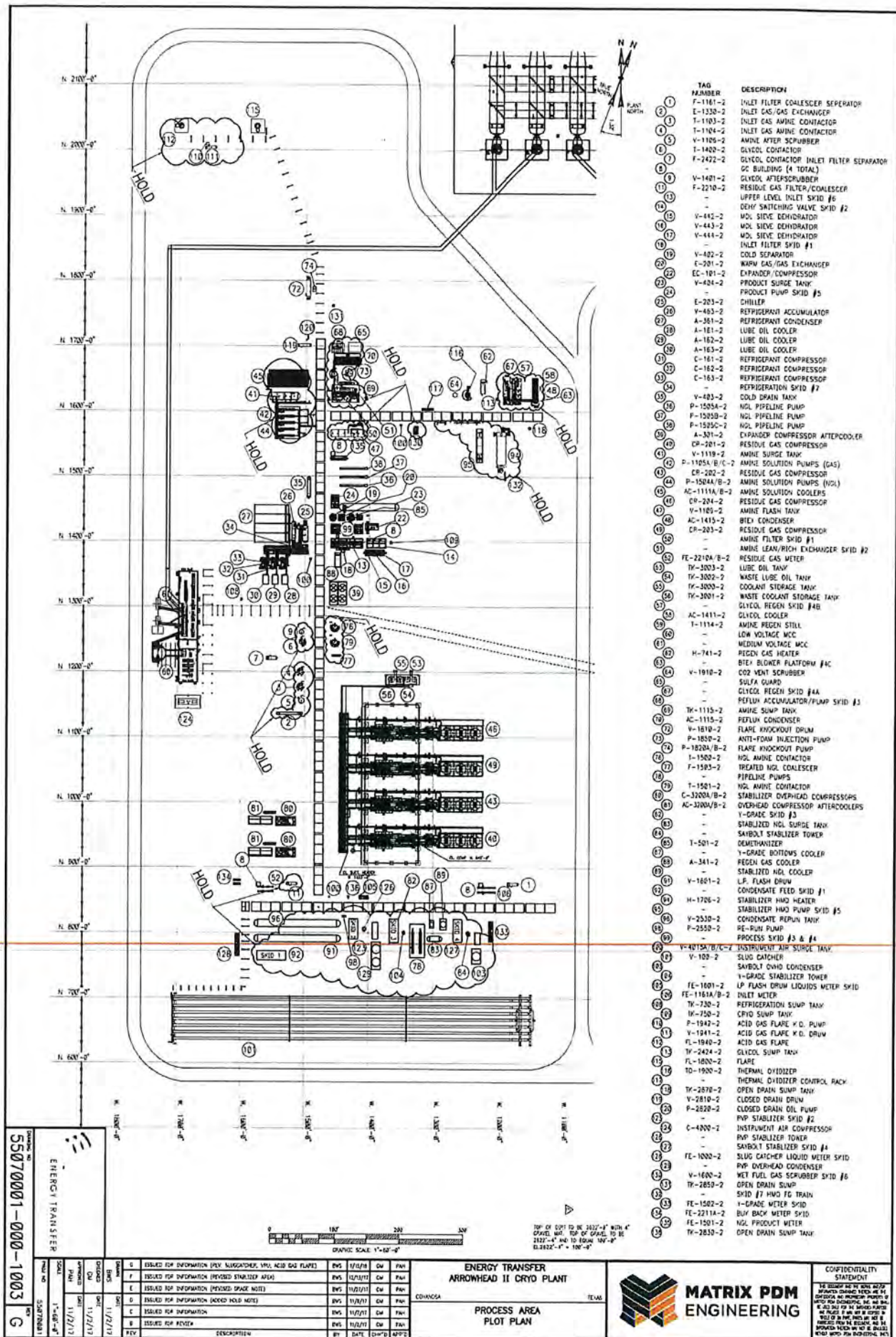
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- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.



Potential Plant Site

Legend

 Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Monahans

Fort Stockton

Google Earth

© 2018 Google

Image Landsat / Copernicus

pecos

20 mi



Potential Plant Site

Legend

-  Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Google Earth

© 2018 Google

2 mi



Pecos-Barstow-Toyah ISD Map

Legend



Pecos-Barstow-Toyah Independent School District



Reinvestment Zone

Pecos-Barstow-Toyah ISD Boundary
(yellow outline)

Reinvestment
Zone Boundary
(red outline)

Google Earth

Images Landsat / Copernicus

40 mi



Reinvestment Zone

With Proposed Project Boundary

Legend



Reinvestment Zone

Reinvestment Zone
(red boundary)

Proposed Project Location
(yellow boundary)



2000 ft

Reinvestment Zone

Legend

Reinvestment Zone

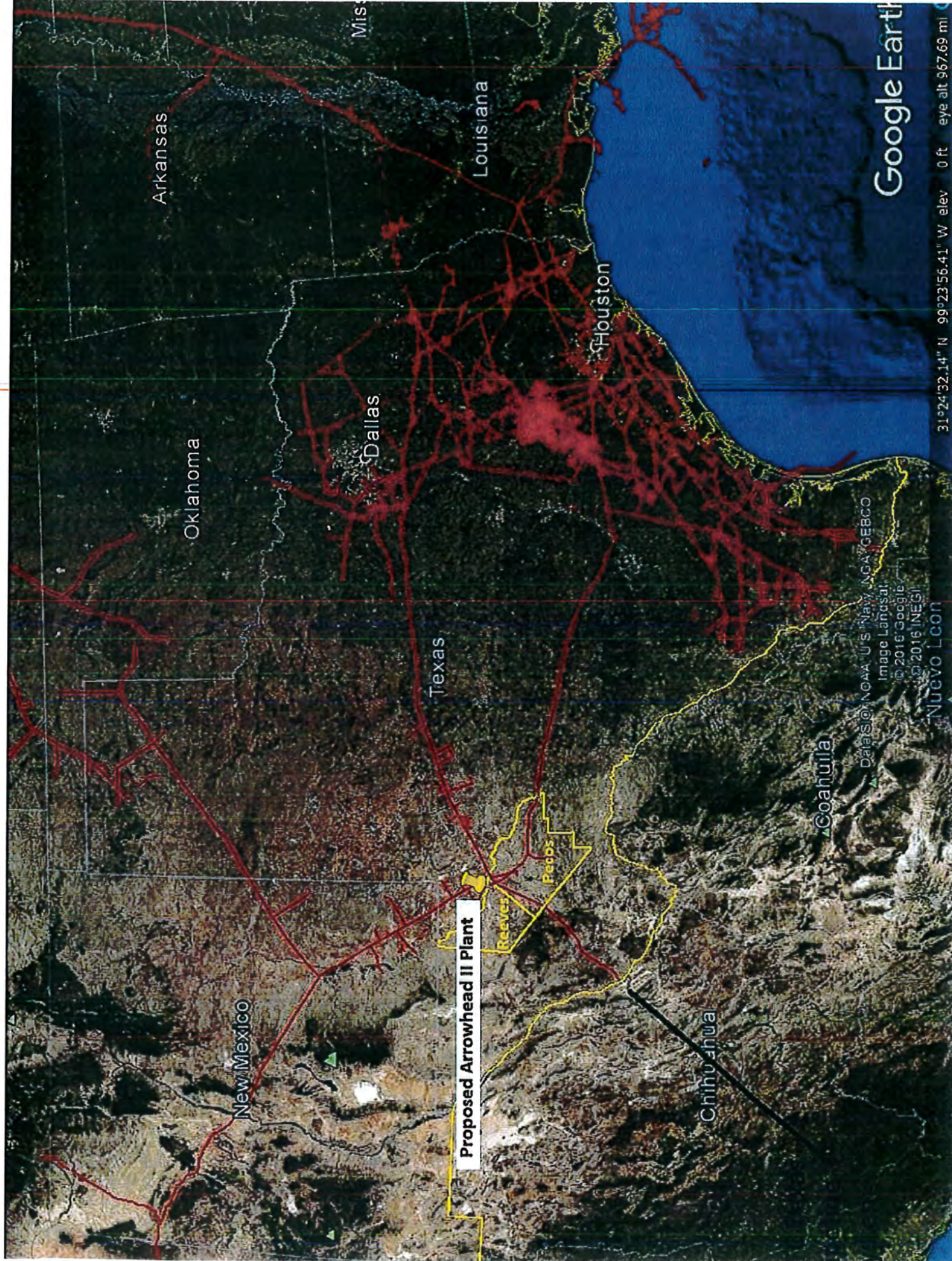
Reinvestment Zone
Boundary

Google Earth

© 2018 Google

2000 ft





Google Earth

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

Proposed Arrowhead II Plant

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

Nuevo Leon

Coahuila

Chihuahua

Pecos

Reeves

Texas

Dallas

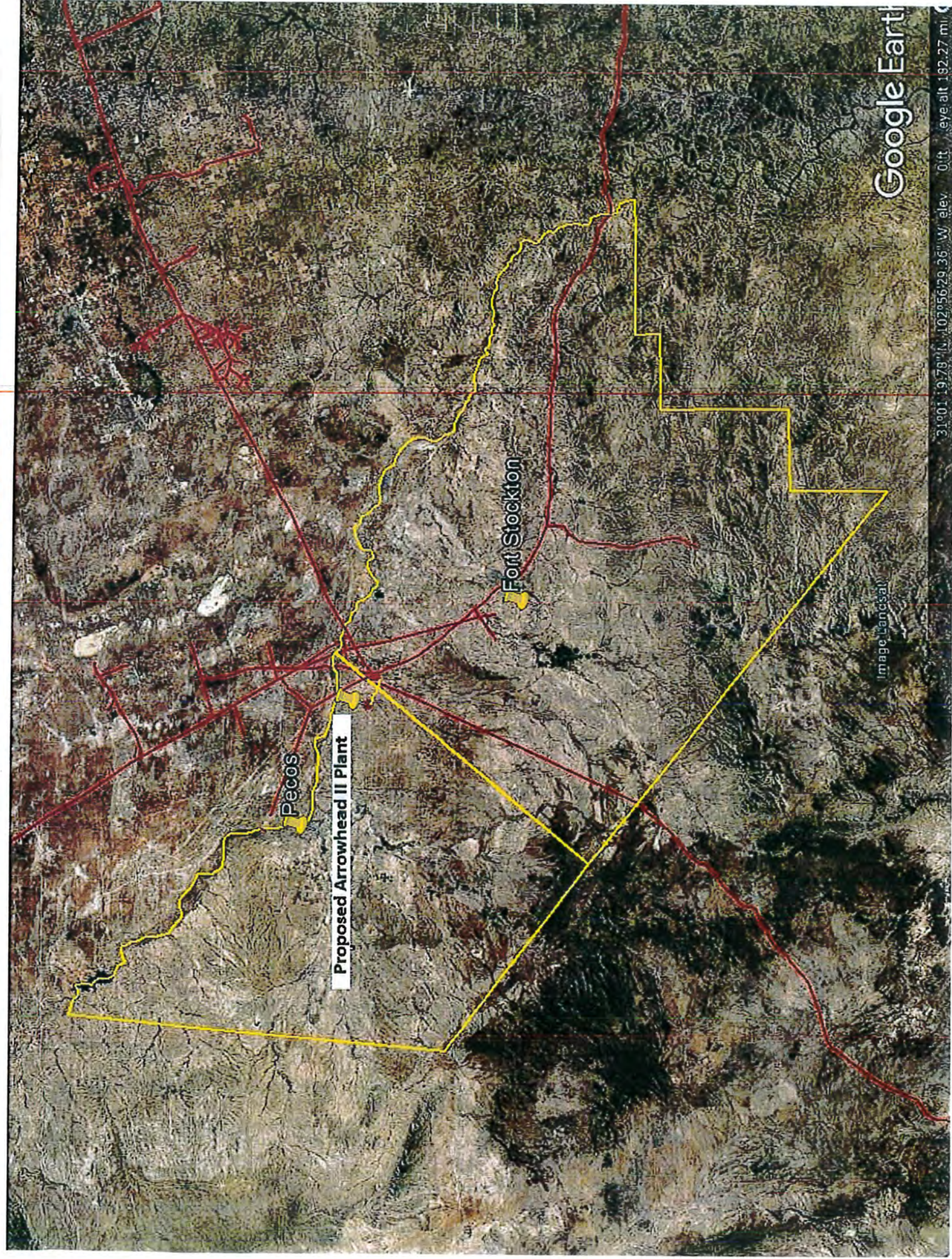
Houston

Louisiana

Arkansas

Oklahoma

New Mexico



Proposed Arrowhead II Plant

Pecos

Fort Stockton

Image Landsat

Google Earth

31°01' 19.78" N, 102°56'29.36" W elev. 0 ft eye alt 192.27 mi

EXHIBIT "A"

BLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEBLOCK C3, PUBLIC SCHOOL LAND, REEVES COUNTY, TEXAS

SECTION 3
J. FROST SURVEY
ABSTRACT 5451

SECT. RVEY
I. N. WINFF
ABSTRA

SECTION 1
L R: WRIGHT SURT
ABSTRACT 1300

SECTION 13
L. WINFREE SURVEY

2374.

— 1 —

Reinvestment Zone

Reinvestment Zone

SECTION 18
J. R. MARTIN SURVEY
ABSTRACT 1937

SECTION 14
N. WINFREE SURVEY
ABSTRACT 1293

01'33'55

SECTION 7
J. M. BURKES
SURVEY
ABSTRACT 5408

SECTION 12
BISHOP SURVEY
ABSTRACT 1180

SECTION 11
J. W. BISHOP SURV
ABSTRACT 1181

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 84

LEGAL DESCRIPTION

**BISHOP SUR
ABSTRACT 1180**

LEGAL DESCRIPTION

J. W. BISHOP SURV
ABSTRACT 1181

BEGINNING AT THE SOUTHEAST CORNER OF THE SURFACE SITE, IN THE EAST LINE OF SECTION 13, WHICH BEARS NORTH 01° 35' 03" E WAVEST CORNER OF THE SURFACE SITE, IN THE WEST LINE OF SECTION 14, WHICH BEARS NORTH 01° 35' 03" EAST, ALONG A DISTANCE OF 252.4 FEET, FROM THE SOUTHWEST CORNER OF SECTION 13.

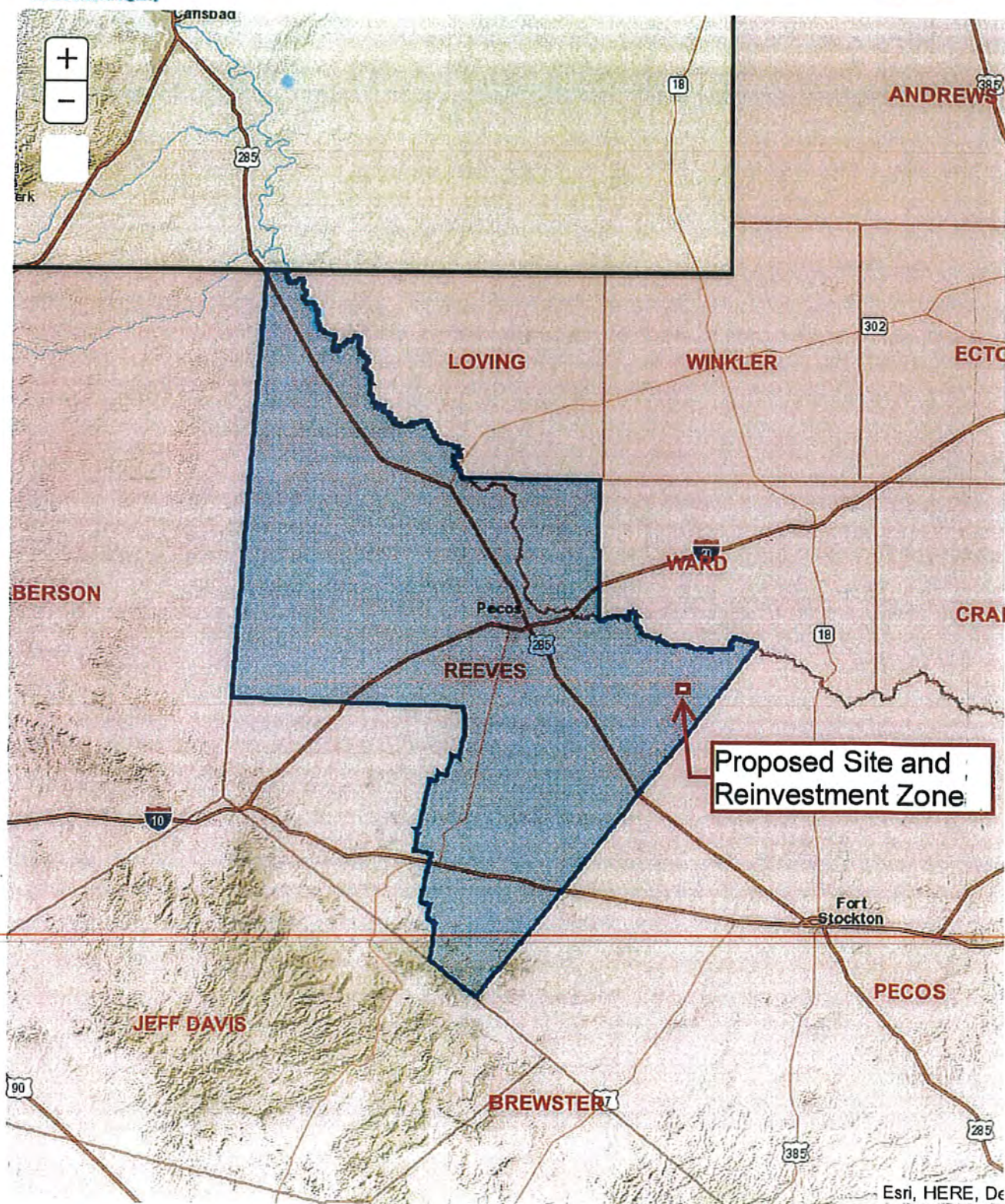
THENCE NORTH 88° 01' 03" WEST, A DISTANCE OF 2576.3 FEET, TO THE SOUTHWEST CORNER OF THE SURFACE SITE, WHICH BEARS N EAST, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2089.6 FEET, TO THE NORTHWEST CORNER OF THE SUR DISTANCE OF 2718.9 FEET FROM THE SOUTHWEST CORNER OF SECTION 13; THENCE NORTH 01° 18' 67" EAST, A DISTANCE OF 3489.9 FEET, ALONG THE WEST LINE OF SECTION 14, A DISTANCE OF 2734.0 FEET FROM THE NORTHWEST CORNER OF S 88° 41' 03" EAST, A DISTANCE OF 1350.0 FEET, TO A NORTHERLY CORNER OF THE SURFACE SITE, THENCE SOUTH 57° 41' 48" EAST, A DISTANCE OF 1747.1 FEET, TO NORTHEAST CORNER OF THE SURFACE SITE, WHICH BEARS SOUTH 51° 21' 58" 11° 03" EAST, A DISTANCE OF 1350.0 FEET, TO A NORTHERLY CORNER OF THE SURFACE SITE, THENCE SOUTH 58° 01' 33" EAST, A UPFROM THE NORTHEAST CORNER OF SECTION 14; THENCE SOUTH 01° 18' 57" WEST, A DISTANCE OF 4789.1 FEET, TO SC 13, A DISTANCE OF 2774.0 FEET FROM THE SOUTHEAST CORNER OF SECTION 13, A DISTANCE OF 3889.0 FEET FROM THE SOUTHEAST CORNER OF SECTION 13.

THENCE SOUTH $01^{\circ} 35' 03''$ WEST, A DISTANCE OF 2689.6 FEET TO THE POINT OF BEGINNING, A
WEST, A DISTANCE OF 1423.5 FEET TO THE POINT OF BEGINNING, AND THE END OF THIS SURVEY,

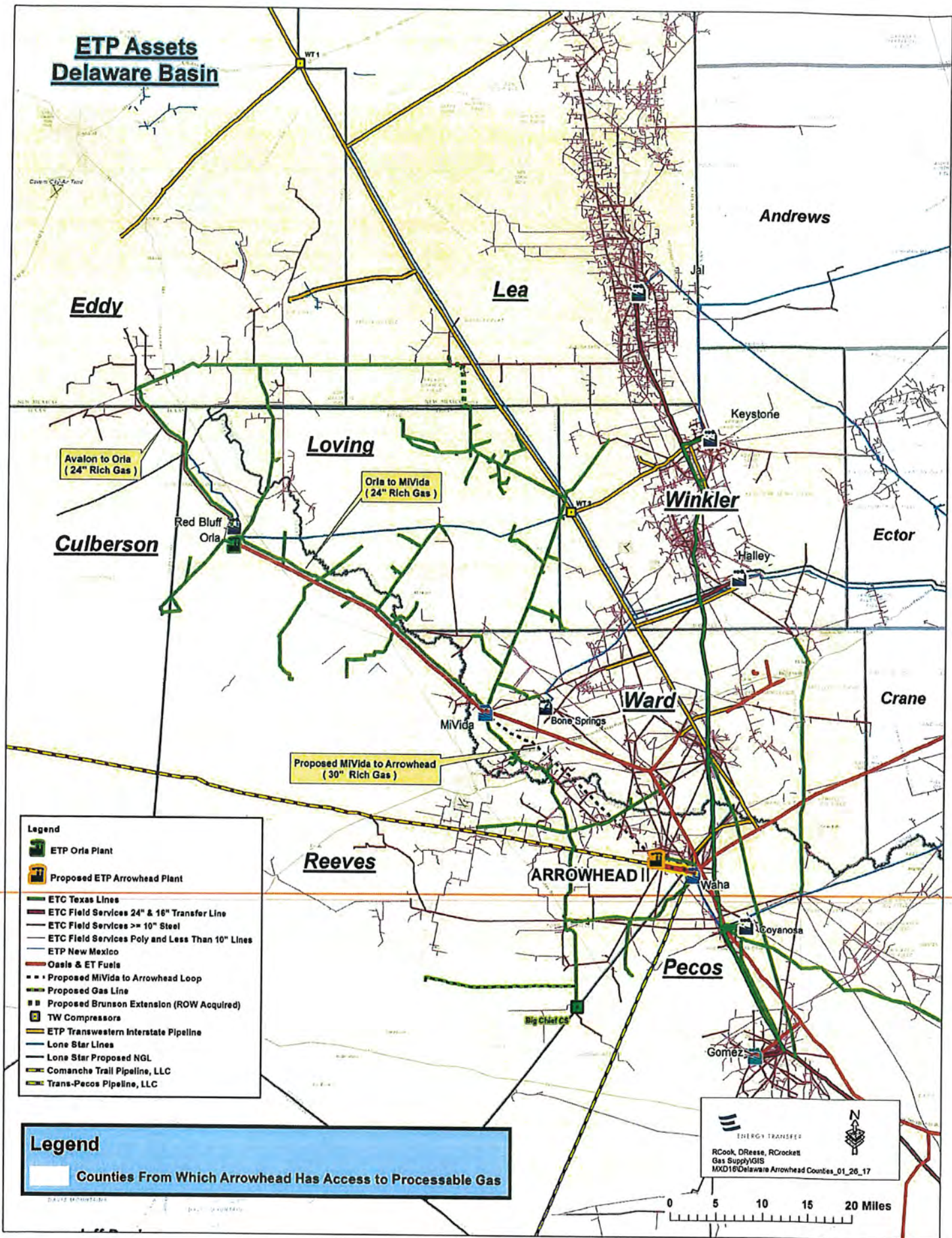
CAUTIONARY NOTE: LINE CROSSINGS AND OTHER FEATURES HEREON WERE LOCATED BY VISUAL INSPECTION ONLY.



Texas School District Locator



ETP Assets Delaware Basin



TAB 09

Description of Land



Reeves CAD Property Search

Property ID: R000011828 For Year 2018

Property Details

Account

Property ID: R000011828
Legal Description: Acres 379.220, Blk C-3, Tract 13, AB 1294 BLK C-3 SEC 13PSL
Geographic ID: 01150-00140-00000-000000
Agent Code:
Type: Real
Location
Address:
Map ID:
Neighborhood CD: R11828

Owner

Owner ID: GMNI20170329092733080
Name: WOLF BONE RANCH PARTNERS LLC
Mailing Address: 110 W LOUISIANA ST STE 500
MIDLAND, TX 79701-3414
% Ownership: 100.0%
Exemptions: For privacy reasons not all exemptions are shown online.

Property Values

| | |
|---------------------------------|-----|
| Improvement Homesite Value: | N/A |
| Improvement Non-Homesite Value: | N/A |
| Land Homesite Value: | N/A |
| Land Non-Homesite Value: | N/A |
| Agricultural Market Valuation: | N/A |
| Market Value: | N/A |
| Ag Use Value: | N/A |
| Appraised Value: | N/A |
| Cap Loss: | N/A |
| Assessed Value: | N/A |

Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

Property Taxing Jurisdiction

| Entity | Description | Tax Rate | Market Value | Taxable Value | Estimated Tax | Freeze Ceiling |
|--------|---------------------|----------|--------------|---------------|---------------|----------------|
| 00 | REEVES CO APPR DIST | N/A | N/A | N/A | N/A | N/A |
| 01 | REEVES COUNTY | N/A | N/A | N/A | N/A | N/A |
| 15 | RCGWCD | N/A | N/A | N/A | N/A | N/A |
| 30 | P-B-T I.S.D | N/A | N/A | N/A | N/A | N/A |
| 65 | REEVES CO HOSP DIST | N/A | N/A | N/A | N/A | N/A |

Total Tax Rate: N/A Estimated Taxes With Exemptions: N/A Estimated Taxes Without Exemptions: N/A

Property Improvement - Building

Property Land

| Type | Description | Acres | Sqft | Eff Front | Eff Depth | Market Value | Prod. Value |
|------|-------------|--------|---------------|-----------|-----------|--------------|-------------|
| RG4 | | 379.22 | 16,518,823.00 | 0.00 | 0.00 | N/A | N/A |

Property Roll Value History

| Year | Improvements | Land Market | Ag Valuation | Appraised | Cap Loss | Assessed |
|------|--------------|-------------|--------------|-----------|----------|----------|
| 2018 | | N/A | N/A | N/A | N/A | N/A |
| 2017 | | \$0 | \$17,070 | \$1,140 | \$17,070 | \$0 |
| 2016 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2015 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2014 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2013 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2012 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2011 | | \$0 | \$28,800 | \$1,840 | \$28,800 | \$0 |

Property Deed History

| Deed Date | Type | Description | Grantor | Grantee | Volume | Page | Number |
|------------|------|-------------|-----------------------------|------------------------------|--------|------|-----------|
| 12/22/2010 | | | LA ESCALERA LTD PARTNERSHIP | WOLF BONE RANCH PARTNERS LLC | 861 | 583 | SWD #4945 |
| 12/22/2010 | | | LA ESCALERA LTD PARTNERSHIP | WOLF BONE RANCH PARTNERS LLC | 861 | 583 | SWD #4945 |
| 4/30/1998 | 1 | | LA ESCALERA LTD PARTNERSHIP | RAPE J M DR ESTATE | 587 | 790 | |

Estimated Tax Due

NOTE: Indicated amount due may not reflect delinquent tax due beyond a 5 year history. Partial payments or contract payments may not be reflected. Quarterly payments according to Section 31.031 of the Texas Property Tax Code are not considered delinquent. For the most current tax due amount please contact the Appraisal District.

If Paid: 2/2/2018

[Other Payment Options \(https://certifiedpayments.net/Index.aspx?BureauCode=8165914\)](https://certifiedpayments.net/Index.aspx?BureauCode=8165914)

| Year | Taxing Jurisdiction | Taxable Value | Base Tax | Base Taxes Paid | Base Tax Due | Discount/Penalty & Interest | Attorney Fees | Amount Due |
|------|---------------------|---------------|----------|-----------------|--------------|-----------------------------|---------------|------------|
| 2017 | RCGWCD | \$1,140 | \$0.09 | \$0.09 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2017 | P-B-T I.S.D | \$1,140 | \$10.78 | \$10.78 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2017 | REEVES CO HOSP DIST | \$1,140 | \$2.74 | \$2.74 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2017 Total: | | \$13.61 | \$13.61 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2016 | RCGWCD | \$1,920 | \$0.16 | \$0.16 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2016 | P-B-T I.S.D | \$1,920 | \$21.33 | \$21.33 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2016 | REEVES CO HOSP DIST | \$1,920 | \$5.18 | \$5.18 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2016 Total: | | \$26.67 | \$26.67 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2015 | P-B-T I.S.D | \$1,920 | \$21.02 | \$21.02 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2015 | REEVES CO HOSP DIST | \$1,920 | \$4.12 | \$4.12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2015 Total: | | \$25.14 | \$25.14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2014 | P-B-T I.S.D | \$1,920 | \$20.85 | \$20.85 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2014 | REEVES CO HOSP DIST | \$1,920 | \$4.39 | \$4.39 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2014 Total: | | \$25.24 | \$25.24 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2013 | P-B-T I.S.D | \$1,920 | \$21.85 | \$21.85 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2013 | REEVES CO HOSP DIST | \$1,920 | \$6.73 | \$6.73 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2013 Total: | | \$28.58 | \$28.58 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2012 | P-B-T I.S.D | \$1,920 | \$22.16 | \$22.16 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2012 | REEVES CO HOSP DIST | \$1,920 | \$6.73 | \$6.73 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2012 Total: | | \$28.89 | \$28.89 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2011 | P-B-T I.S.D | \$1,840 | \$22.67 | \$22.67 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2011 | REEVES CO HOSP DIST | \$1,840 | \$9.16 | \$9.16 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2011 Total: | | \$31.83 | \$31.83 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

DISCLAIMER

Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

Reeves CAD Property Search

Property ID: R000011829 For Year 2018

Property Details**Account**

Property ID: R000011829
Legal Description: Acres 379.220, Blk C-3, Tract 14, AB 1293 BLK C-3 SEC 14PSL
Geographic ID: 01150-00150-00000-000000
Agent Code:
Type: Real

Location

Address:
Map ID:
Neighborhood CD: R11829

Owner

Owner ID: GMNI20170329092733080
Name: WOLF BONE RANCH PARTNERS LLC
Mailing Address: 110 W LOUISIANA ST STE 500
MIDLAND, TX 79701-3414
% Ownership: 100.0%
Exemptions: For privacy reasons not all exemptions are shown online.

Property Values

| | |
|--|-----|
| Improvement Homesite Value: | N/A |
| Improvement Non-Homesite Value: | N/A |
| Land Homesite Value: | N/A |
| Land Non-Homesite Value: | N/A |
| Agricultural Market Valuation: | N/A |
| Market Value: | N/A |
| Ag Use Value: | N/A |
| Appraised Value: | N/A |
| Cap Loss: | N/A |

| | |
|------------------------|-----|
| Assessed Value: | N/A |
|------------------------|-----|

Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

Property Taxing Jurisdiction

| Entity | Description | Tax Rate | Market Value | Taxable Value | Estimated Tax | Freeze Ceiling |
|--------|---------------------|----------|--------------|---------------|---------------|----------------|
| 00 | REEVES CO APPR DIST | N/A | N/A | N/A | N/A | N/A |
| 01 | REEVES COUNTY | N/A | N/A | N/A | N/A | N/A |
| 15 | RCGWCD | N/A | N/A | N/A | N/A | N/A |
| 30 | P-B-T I.S.D | N/A | N/A | N/A | N/A | N/A |
| 65 | REEVES CO HOSP DIST | N/A | N/A | N/A | N/A | N/A |

Total Tax Rate: N/A Estimated Taxes With Exemptions: N/A Estimated Taxes Without Exemptions: N/A

Property Improvement - Building

Property Land

| Type | Description | Acres | Sqft | Eff Front | Eff Depth | Market Value | Prod. Value |
|------|-------------|--------|---------------|-----------|-----------|--------------|-------------|
| RG4 | | 379.22 | 16,518,823.00 | 0.00 | 0.00 | N/A | N/A |

Property Roll Value History

| Year | Improvements | Land Market | Ag Valuation | Appraised | Cap Loss | Assessed |
|------|--------------|-------------|--------------|-----------|----------|----------|
| 2018 | | N/A | N/A | N/A | N/A | N/A |
| 2017 | | \$0 | \$17,070 | \$1,140 | \$17,070 | \$0 |
| 2016 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2015 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2014 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2013 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2012 | | \$0 | \$28,800 | \$1,920 | \$28,800 | \$0 |
| 2011 | | \$0 | \$28,800 | \$1,840 | \$28,800 | \$0 |

Property Deed History

| Deed Date | Type | Description | Grantor | Grantee | Volume | Page | Number |
|------------|------|-------------|-----------------------------|------------------------------|--------|------|-----------|
| 12/22/2010 | | | LA ESCALERA LTD PARTNERSHIP | WOLF BONE RANCH PARTNERS LLC | 861 | 583 | SWD #4945 |
| 12/22/2010 | | | LA ESCALERA LTD PARTNERSHIP | WOLF BONE RANCH PARTNERS LLC | 861 | 583 | SWD #4945 |
| 4/30/1998 | 1 | | LA ESCALERA LTD PARTNERSHIP | RAPE J M DR ESTATE | 587 | 790 | |

Estimated Tax Due

NOTE: Indicated amount due may not reflect delinquent tax due beyond a 5 year history. Partial payments or contract payments may not be reflected. Quarterly payments according to Section 31.031 of the Texas Property Tax Code are not considered delinquent. For the most current tax due amount please contact the Appraisal District.

If Paid: 2/2/2018

\$ Other Payment Options (<https://certifiedpayments.net/Index.aspx?BureauCode=8165914>)

| Year | Taxing Jurisdiction | Taxable Value | Base Tax | Base Taxes Paid | Base Tax Due | Discount/Penalty & Interest | Attorney Fees | Amount Due |
|------|---------------------|---------------|----------|-----------------|--------------|-----------------------------|---------------|------------|
| 2017 | RCGWCD | \$1,140 | \$0.09 | \$0.09 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2017 | P-B-T I.S.D | \$1,140 | \$10.78 | \$10.78 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2017 | REEVES CO HOSP DIST | \$1,140 | \$2.74 | \$2.74 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2017 Total: | | \$13.61 | \$13.61 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2016 | RCGWCD | \$1,920 | \$0.16 | \$0.16 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2016 | P-B-T I.S.D | \$1,920 | \$21.33 | \$21.33 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2016 | REEVES CO HOSP DIST | \$1,920 | \$5.18 | \$5.18 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2016 Total: | | \$26.67 | \$26.67 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2015 | P-B-T I.S.D | \$1,920 | \$21.02 | \$21.02 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2015 | REEVES CO HOSP DIST | \$1,920 | \$4.12 | \$4.12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2015 Total: | | \$25.14 | \$25.14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2014 | P-B-T I.S.D | \$1,920 | \$20.85 | \$20.85 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2014 | REEVES CO HOSP DIST | \$1,920 | \$4.39 | \$4.39 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2014 Total: | | \$25.24 | \$25.24 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2013 | P-B-T I.S.D | \$1,920 | \$21.85 | \$21.85 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2013 | REEVES CO HOSP DIST | \$1,920 | \$6.73 | \$6.73 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2013 Total: | | \$28.58 | \$28.58 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2012 | P-B-T I.S.D | \$1,920 | \$22.16 | \$22.16 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2012 | REEVES CO HOSP DIST | \$1,920 | \$6.73 | \$6.73 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2012 Total: | | \$28.89 | \$28.89 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2011 | P-B-T I.S.D | \$1,840 | \$22.67 | \$22.67 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 2011 | REEVES CO HOSP DIST | \$1,840 | \$9.16 | \$9.16 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 2011 Total: | | \$31.83 | \$31.83 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

DISCLAIMER

Information provided for research purposes only. Legal descriptions and acreage amounts are for appraisal district use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.

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 therefrom.

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

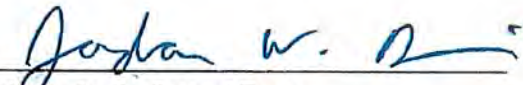
STATE OF TEXAS)

)

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.




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.

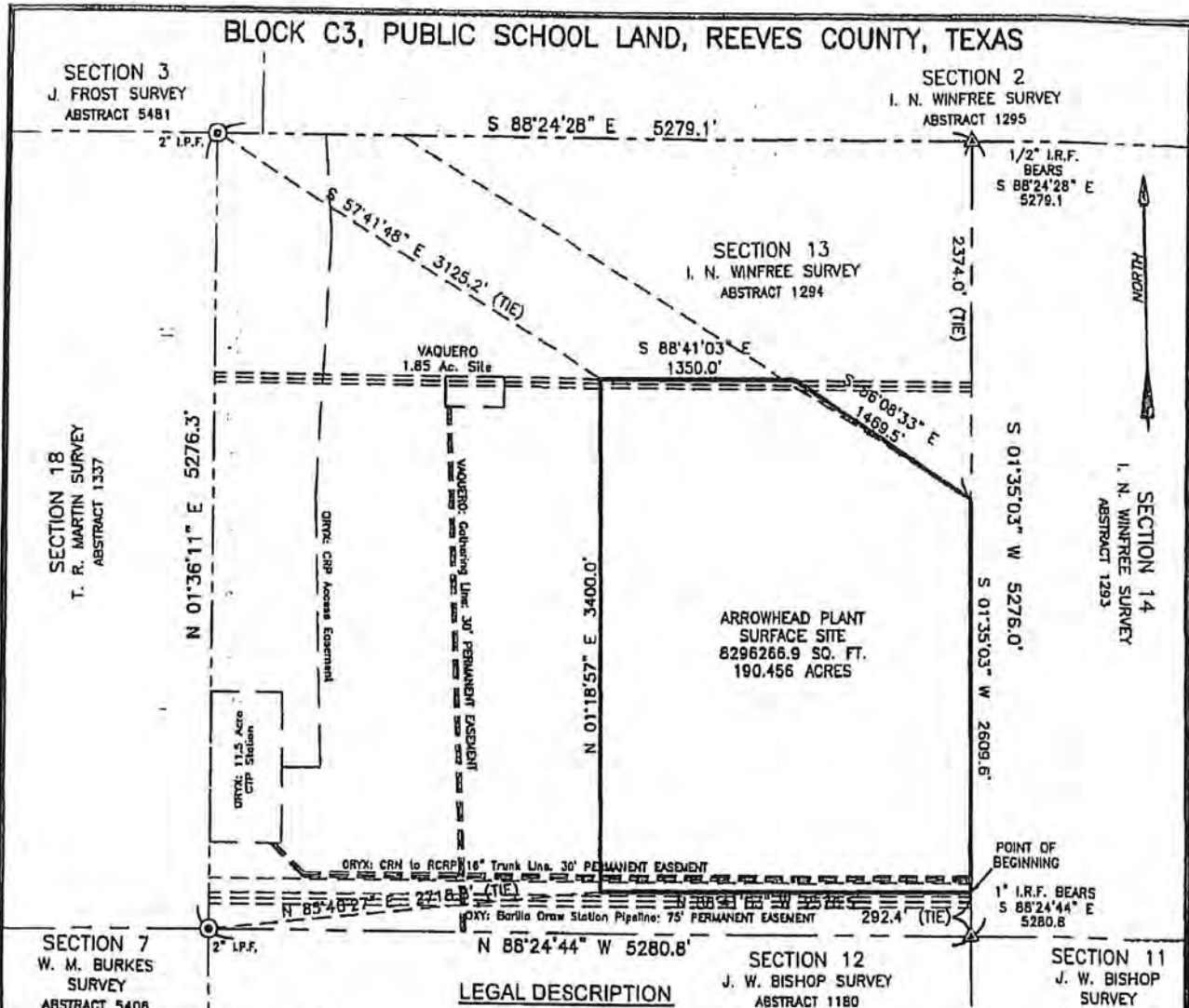
EXHIBIT "A"

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 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\"

THENCE NORTH 88° 41' 03\"

THENCE SOUTH 01° 35' 03\"

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, 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
1-855-867-8818



ENERGY TRANSFER

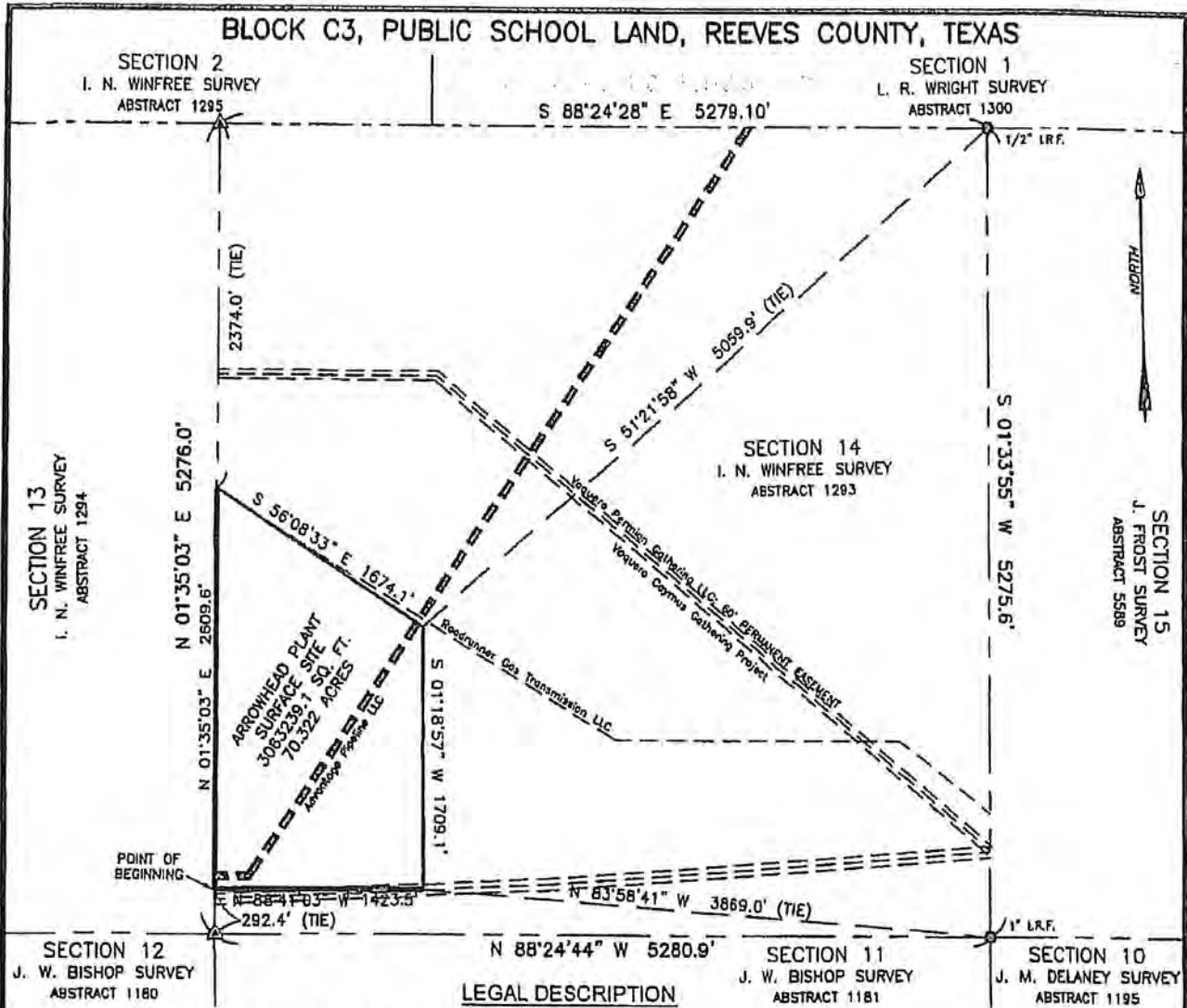
ARROWHEAD PLANT SITE

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 |

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 78577



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 "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.

Potential Plant Site

Legend

-  Proposed Site and Reinvestment Zone

Proposed Site and Reinvestment Zone

Monahans

Fort Stockton

Pecos



20 mi

Google Earth

© 2018 Google
Image Landsat / Copernicus

Potential Plant Site

Legend

-  Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Google Earth

© 2018 Google

2 mi



Pecos-Barstow-Toyah ISD Map

Legend



Pecos-Barstow-Toyah Independent School District



Reinvestment Zone

Pecos-Barstow-Toyah ISD Boundary
(yellow outline)

Reinvestment
Zone Boundary
(red outline)

Google Earth

Imaged Landsat/Copernicus

40 mi



Reinvestment Zone

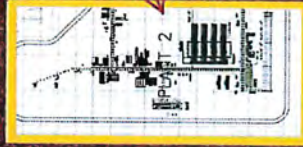
With Proposed Project Boundary

Legend

Reinvestment Zone

Reinvestment Zone
(red boundary)

Proposed Project Location
(yellow boundary)



2000 ft

Google Earth

Reinvestment Zone

Legend

Reinvestment Zone

Reinvestment Zone
Boundary

Google Earth

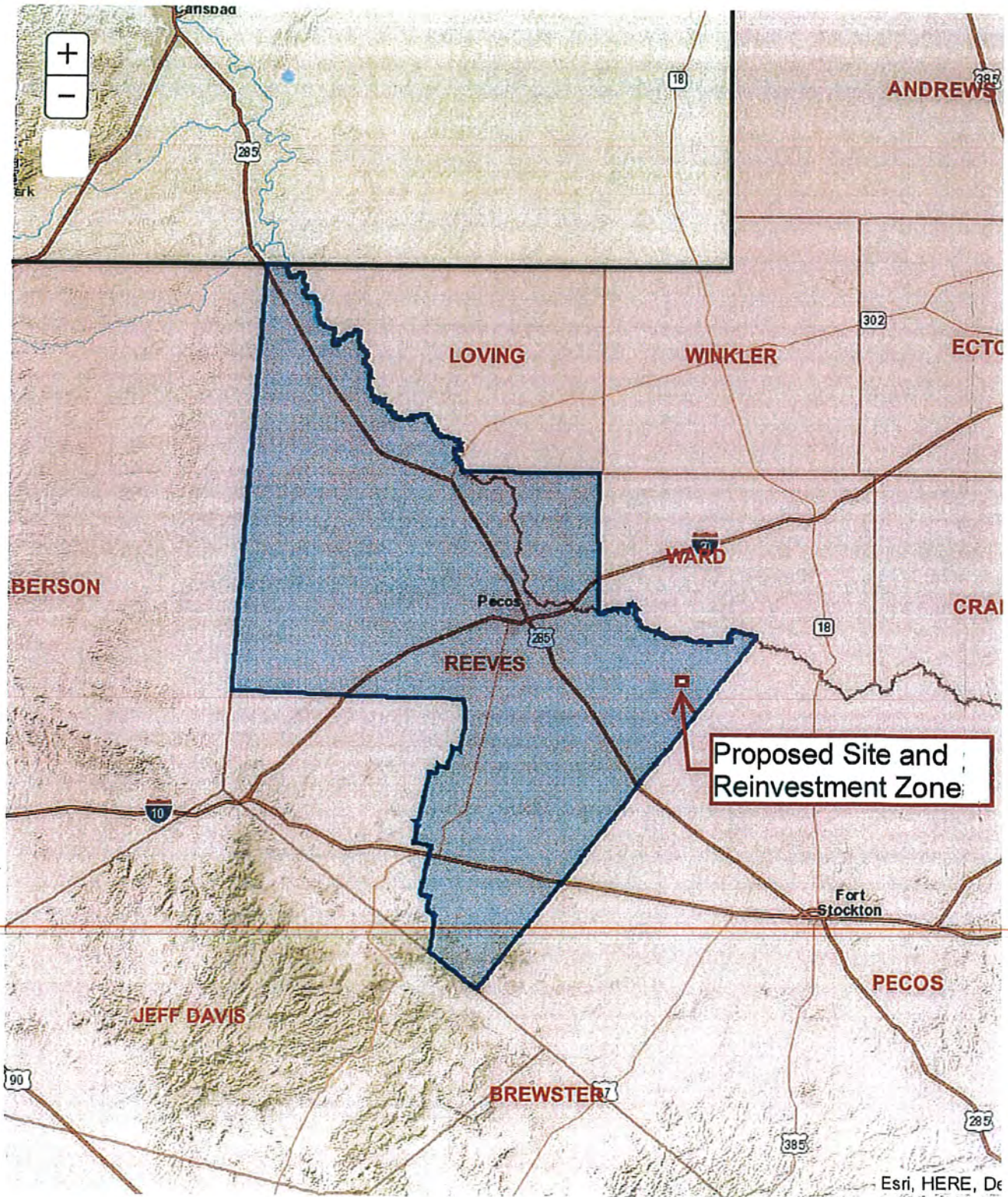
© 2018 Google

2000 ft



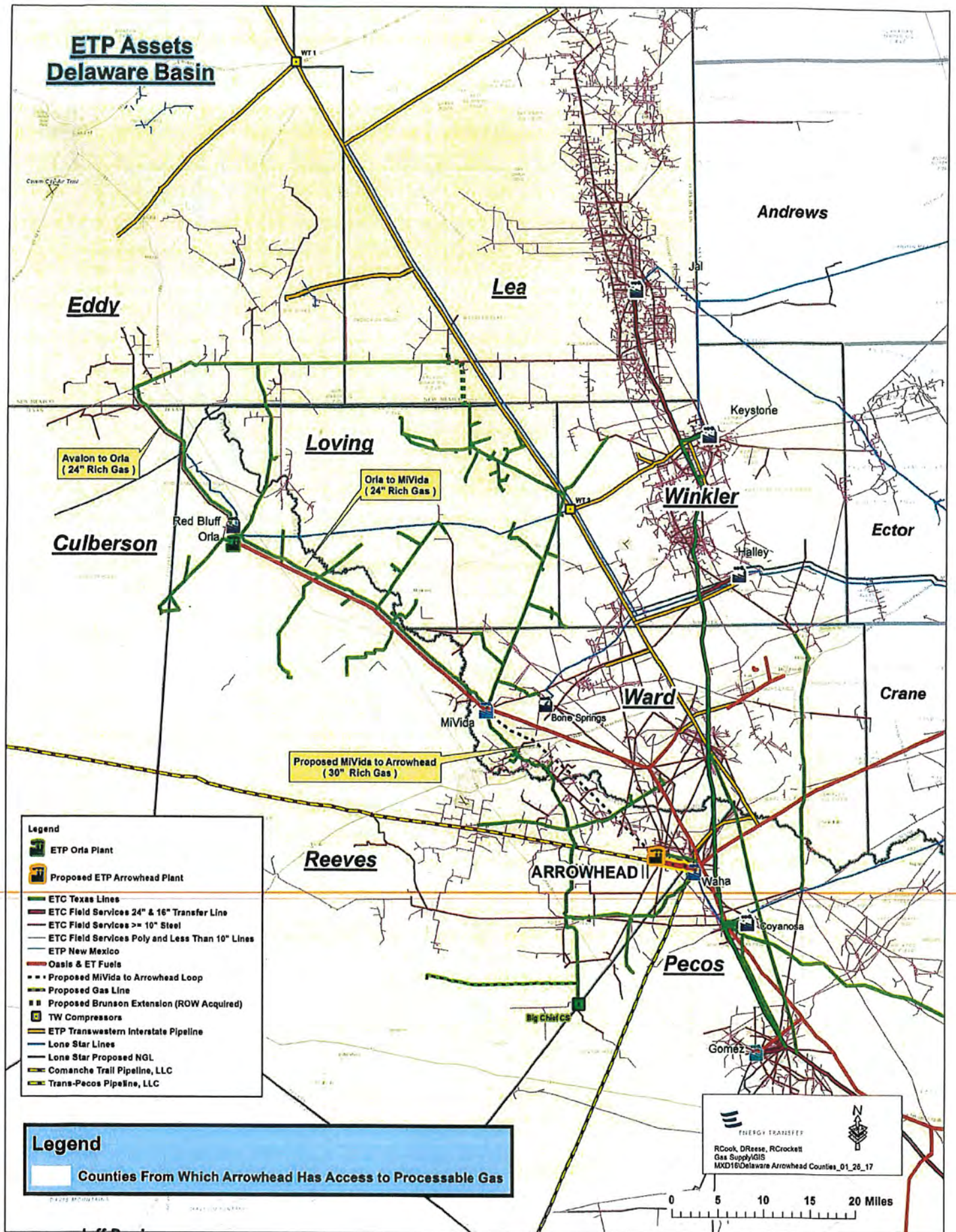


Texas School District Locator



Esri, HERE, De

ETP Assets Delaware Basin



Legend

- ETP Orla Plant
- Proposed ETP Arrowhead Plant
- ETC Texas Lines
- ETC Field Services 24" & 16" Transfer Line
- ETC Field Services >= 10" Steel
- ETC Field Services Poly and Less Than 10" Lines
- ETP New Mexico
- Oasis & ET Fuels
- Proposed MiVida to Arrowhead Loop
- Proposed Gas Line
- Proposed Brunson Extension (ROW Acquired)
- TW Compressors
- ETP Transwestern Interstate Pipeline
- Lone Star Lines
- Lone Star Proposed NGL
- Comanche Trail Pipeline, LLC
- Trans-Pecos Pipeline, LLC

Legend

Counties From Which Arrowhead Has Access to Processable Gas

ENERGY TRANSFER

RCook, DReese, RCrockett
Gas Supply/GIS
MXD16Delaware Arrowhead Counties_01_26_17

0 5 10 15 20 Miles

TAB 10

Description of Existing Improvements

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

TAB 11

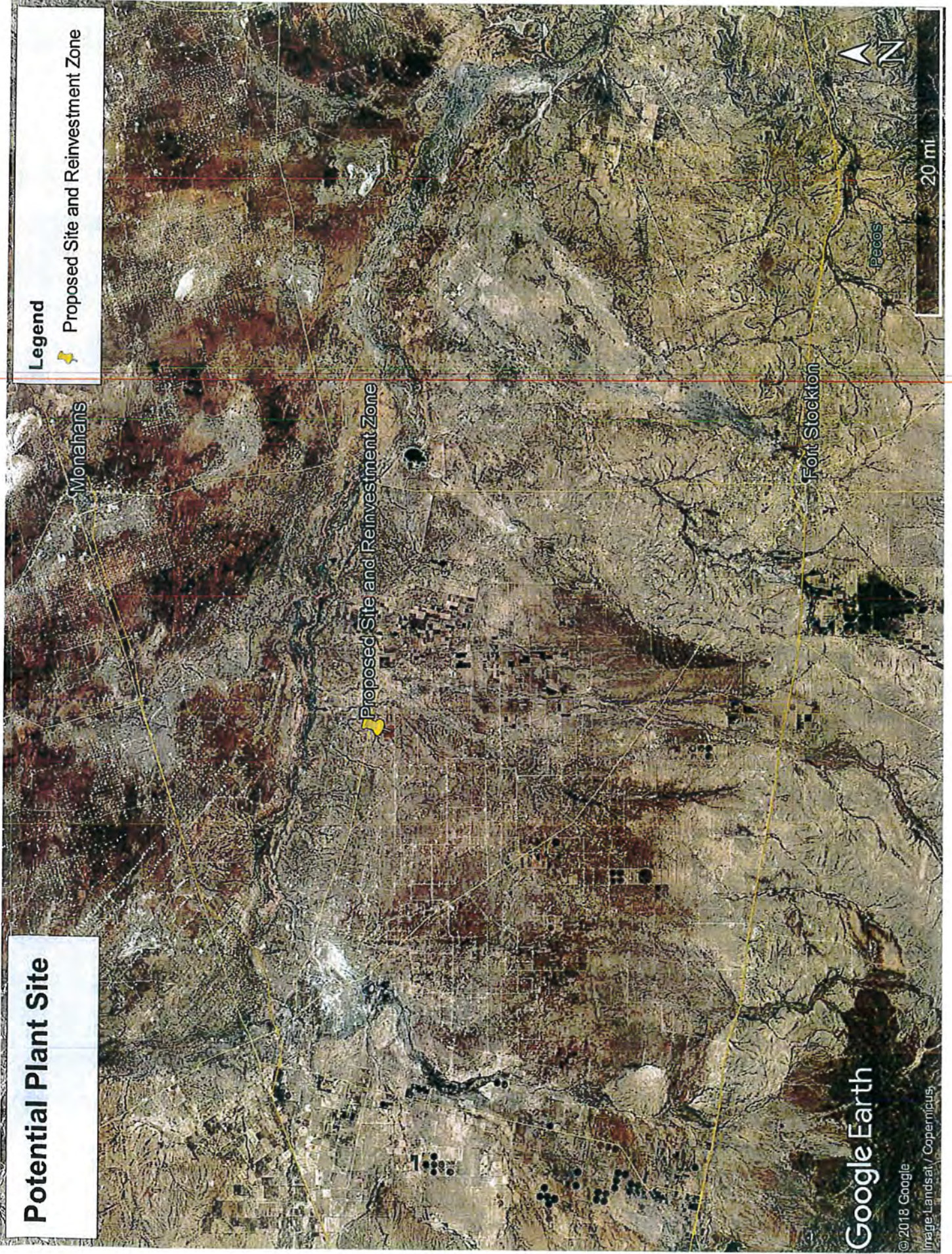
Maps



Potential Plant Site

Legend

-  Proposed Site and Reinvestment Zone



Potential Plant Site

Legend

-  Proposed Site and Reinvestment Zone

 Proposed Site and Reinvestment Zone

Google Earth

© 2018 Google

2 mi



Pecos-Barstow-Toyah ISD Map

Legend

- Pecos-Barstow-Toyah Independent School District
- Reinvestment Zone

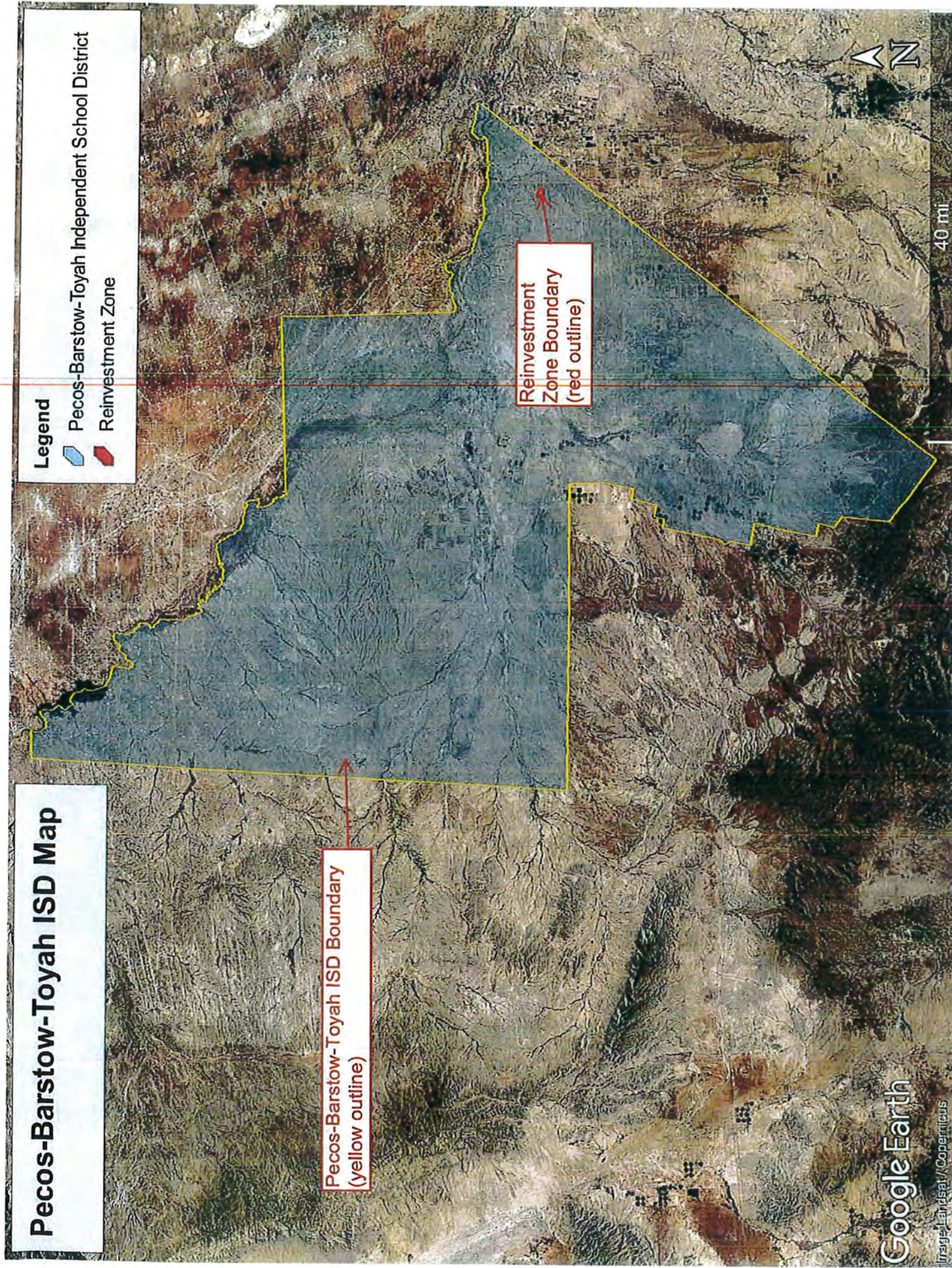
Pecos-Barstow-Toyah ISD Boundary
(yellow outline)

Reinvestment
Zone Boundary
(red outline)

Google Earth

Image Landsat/Copernicus

40 mi



Reinvestment Zone With Proposed Project Boundary

Legend



Reinvestment Zone

Reinvestment Zone
(red boundary)

Proposed Project Location
(yellow boundary)



Google Earth

2000 ft

Reinvestment Zone

Legend

Reinvestment Zone

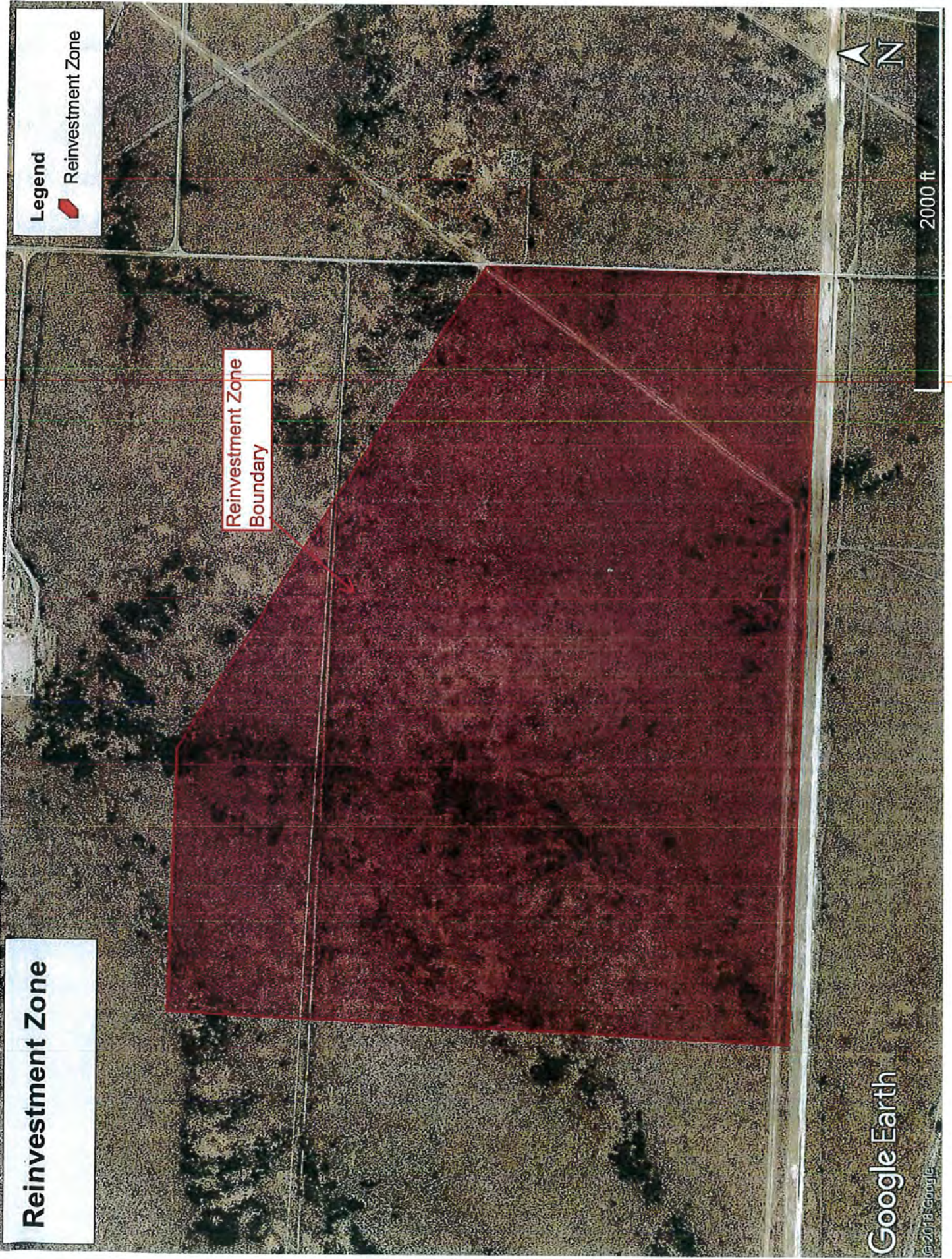
Reinvestment Zone
Boundary

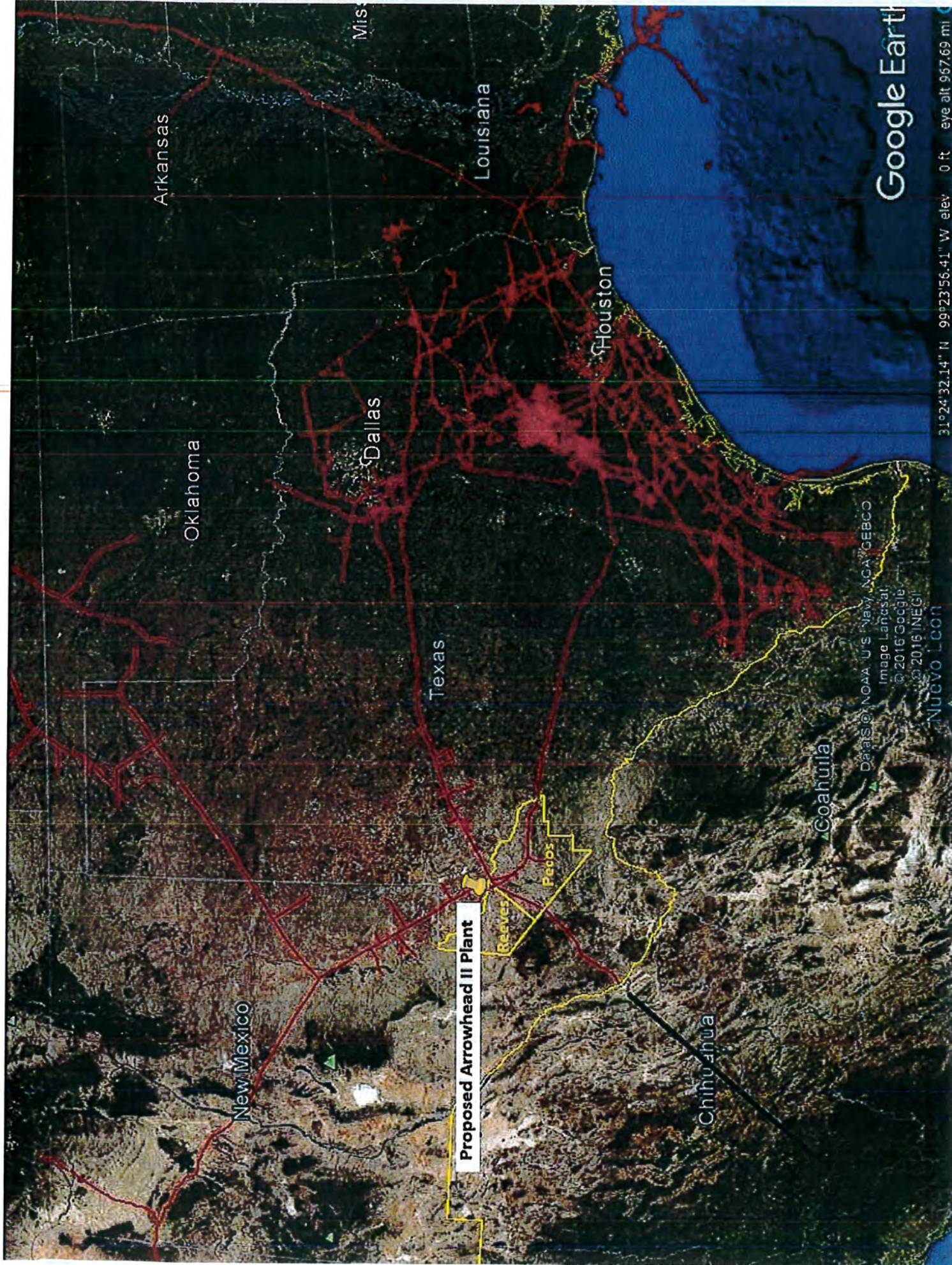
Google Earth

© 2018 Google

2000 ft

N





Google Earth

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

Data S: NOAA, U.S. Navy, JGA, GEBCO
Image Landsat
© 2016 Google
© 2016 INEGI
Nuevo Leon

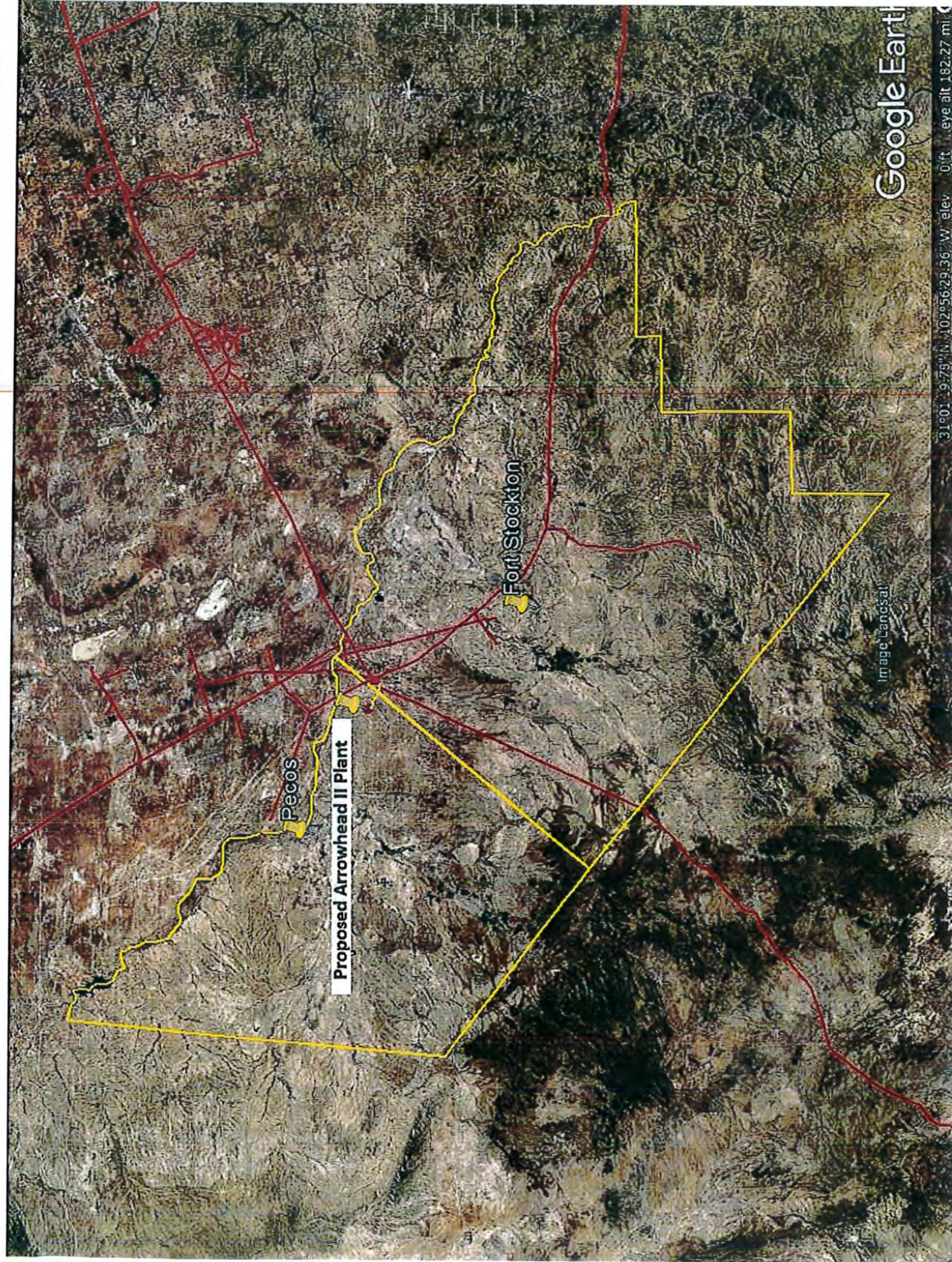


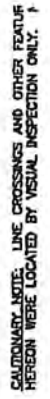
Image Landsat

Google Earth

31°01' 9.79" N 102°56' 29.36" W elev 0 ft eye alt 182.27 mi

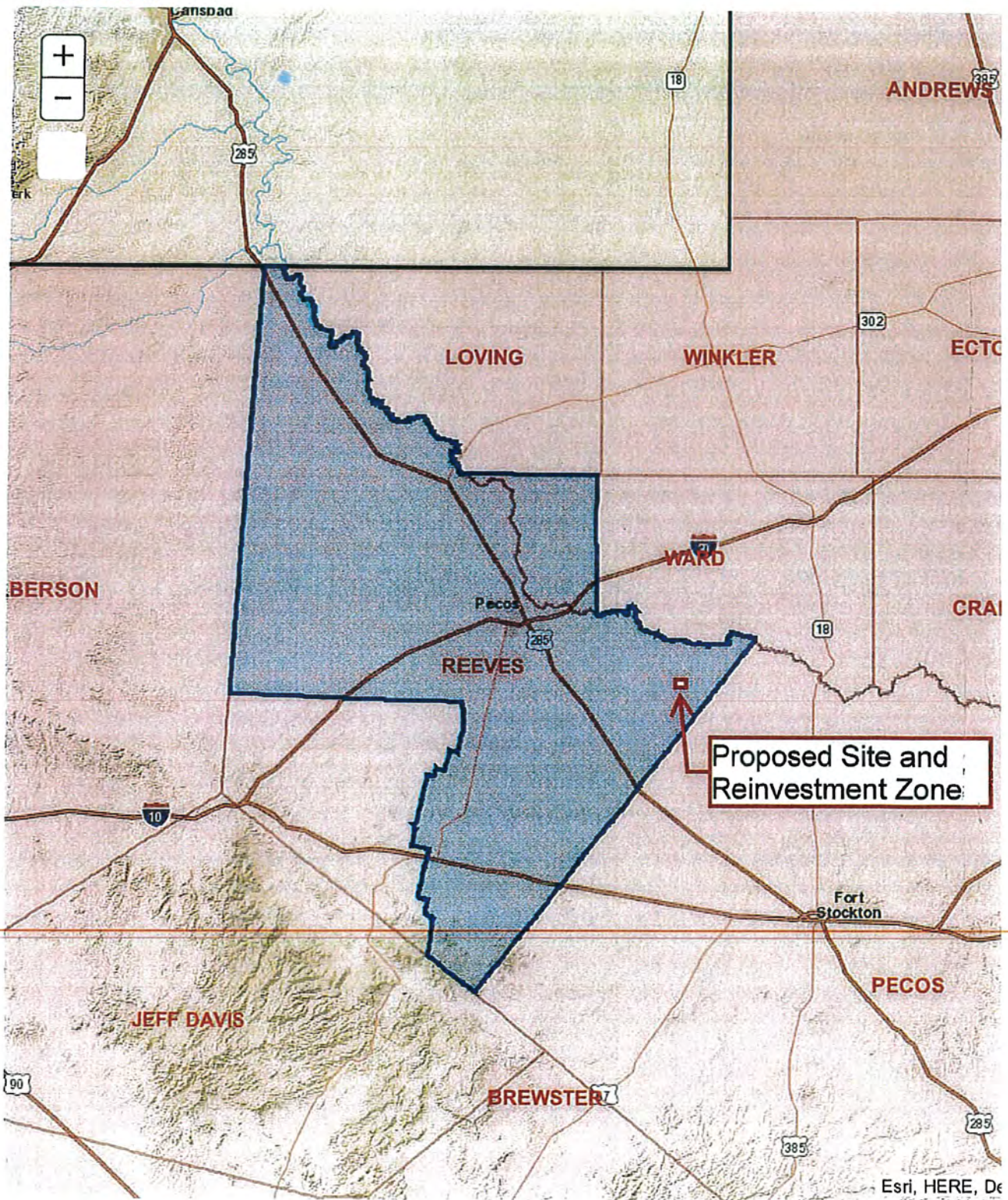
EXHIBIT "A"

SECTION 1
L R: WRIGHT SURVEY
ABSTRACT 1300

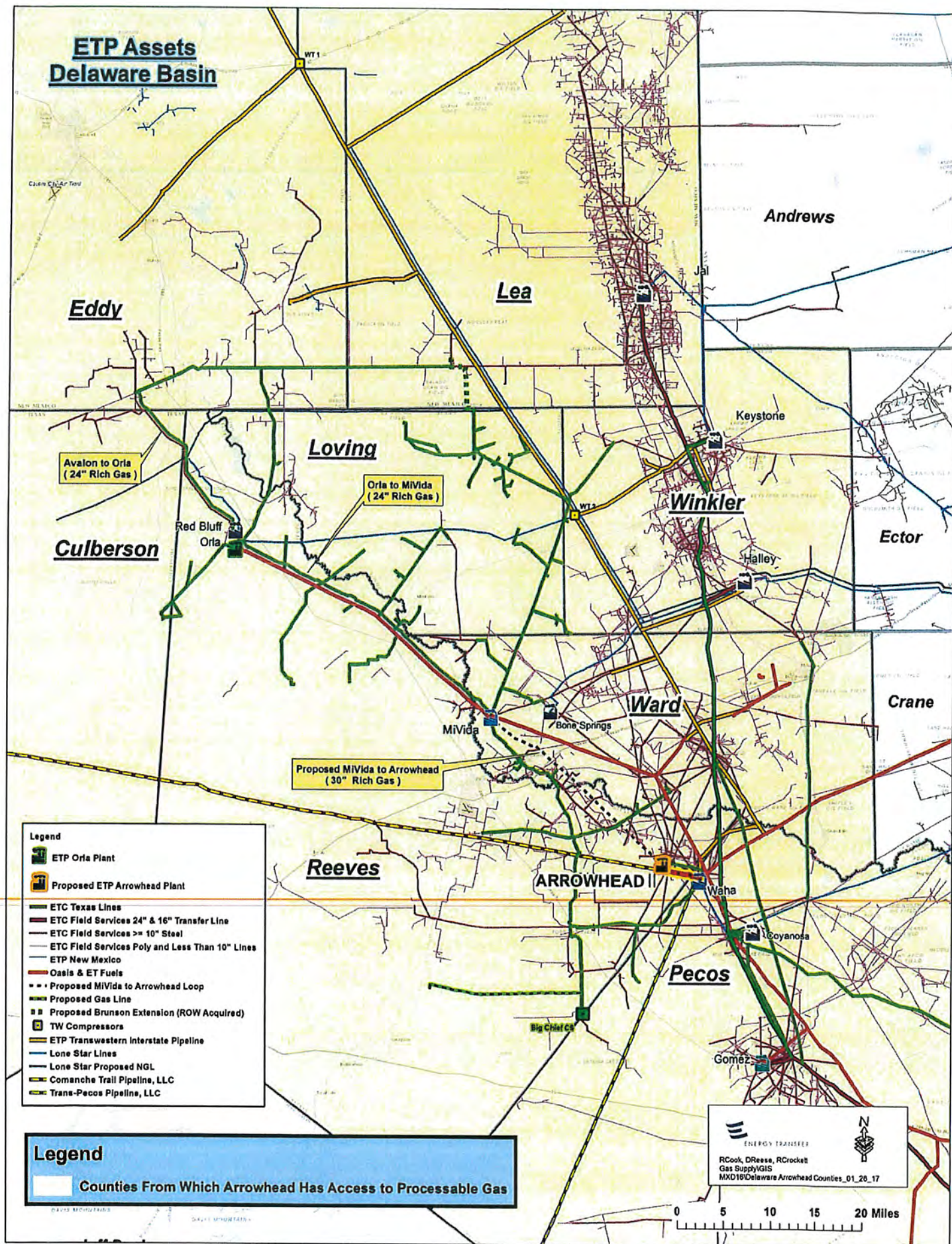




Texas School District Locator



ETP Assets Delaware Basin



TAB 12

Request for Job Waiver

February 2nd, 2018

Pecos-Barstow-Toyah ISD
Mr. Jim Haley
1301 South Eddy Street,
Pecos, Texas 79772

Re: Chapter 313 Job Waiver Request; Gas Processing Plant Chapter 313 Application

Dear Mr. Haley:

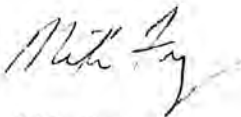
ETC Texas Pipeline, LLC ("ETC") respectfully requests that Pecos-Barstow-Toyah Independent School District's Board of Trustees waive the job requirement provision as allowed in Section 313.025(f-1) of the tax code in connection with its Gas Processing Plant Chapter 313 Application. This waiver would require that the School District make a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility described in the ETC application for the Gas Processing Plant. ETC Texas Pipeline, LLC requests that Pecos-Barstow-Toyah ISD makes such findings and waive the job creation requirement of ten (10) permanent jobs.

ETC currently operates multiple plants and facilities in West Texas and expects to integrate the new facility with existing operations. Based on this and other plant operation experience, ETC expects to create three (3) qualifying, full-time jobs for the proposed project. The proposed project is expected to directly create approximately 175 jobs during construction, which will increase the need for local goods and services and generate incremental state and local tax revenue.

We believe this facility will promote economic growth and welfare to the community by creating permanent full-time positions. The wages for these positions will be at least 110% of the Reeves County average wage rate. Additionally, benefits such as medical, dental, and life insurance will be provided.

We appreciate your consideration of the job waiver request and if you have any questions, please feel free to contact me by telephone at 469-298-1618 or by email at mfry@keatax.com

Sincerely,



Mike Fry
Director – Energy Services

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

| | | |
|------|----|-------|
| 2016 | 3Q | \$809 |
| 2016 | 4Q | \$829 |
| 2017 | 1Q | \$857 |
| 2017 | 2Q | \$907 |

$$\begin{array}{rcl} \$ & 3,402 & /4 = \\ & & \$851 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 935.55 \end{array}$$

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

| | | |
|------|----|---------|
| 2016 | 3Q | \$532 |
| 2016 | 4Q | \$561 |
| 2017 | 1Q | \$1,826 |
| 2017 | 2Q | \$2,093 |



$$\begin{array}{rcl} \$ & 5,012 & /4 = \\ & & \$1,253 \text{ average weekly salary} \\ & & \underline{\times 1.1 (110\%)} \\ & & \$ 1,378.30 \end{array}$$

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

\$54,079.00 per year in Permian Basin Area Council published July 2017

X1.10 (110%)

\$59,486.90

\$1,143.98

Avg. Weekly

**Quarterly Census of Employment and Wage
Original Data Value**

Series Id: ENU4838940010

State: Texas
Area: Reeves County, Texas
Industry: Total, all industries
Owner: Total Covered
Size: All establishment sizes
Type: Average Weekly Wage
Years: 2007 to 2017

| Year | Qtr1 | Qtr2 | Qtr3 | Qtr4 |
|------|------|------|------|------|
| 2013 | 706 | 699 | 741 | 743 |
| 2014 | 760 | 731 | 796 | 814 |
| 2015 | 817 | 742 | 769 | 778 |
| 2016 | 776 | 743 | 809 | 829 |
| 2017 | 857 | 907 | | |

**Quarterly Census of Employment and Wages
Original Data Value**

Series Id: ENU483894051013

State: Texas
Area: Reeves County, Texas
Industry: Manufacturing
Owner: Private
Size: All establishment sizes
Type: Average Weekly Wage
Years: 2007 to 2017

| Year | Qtr1 | Qtr2 | Qtr3 | Qtr4 |
|------|------|------|------|------|
| 2013 | 309 | 309 | 320 | 374 |
| 2014 | 353 | 351 | 330 | 342 |
| 2015 | 306 | 393 | 607 | 783 |
| 2016 | 648 | 518 | 532 | 561 |
| 2017 | 1826 | 2093 | | |

**2016 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

| COG | Wages | |
|--|----------------|-----------------|
| | Hourly | Annual |
| Texas | \$25.41 | \$52,850 |
| <u>1. Panhandle Regional Planning Commission</u> | \$22.52 | \$46,834 |
| <u>2. South Plains Association of Governments</u> | \$18.27 | \$38,009 |
| <u>3. NORTEX Regional Planning Commission</u> | \$24.14 | \$50,203 |
| <u>4. North Central Texas Council of Governments</u> | \$26.06 | \$54,215 |
| <u>5. Ark-Tex Council of Governments</u> | \$19.07 | \$39,663 |
| <u>6. East Texas Council of Governments</u> | \$20.52 | \$42,677 |
| <u>7. West Central Texas Council of Governments</u> | \$20.31 | \$42,242 |
| <u>8. Rio Grande Council of Governments</u> | \$19.32 | \$40,188 |
| <u>9. Permian Basin Regional Planning Commission</u> | \$26.00 | \$54,079 |
| <u>10. Concho Valley Council of Governments</u> | \$18.78 | \$39,066 |
| <u>11. Heart of Texas Council of Governments</u> | \$21.14 | \$43,962 |
| <u>12. Capital Area Council of Governments</u> | \$30.06 | \$62,522 |
| <u>13. Brazos Valley Council of Governments</u> | \$17.66 | \$36,729 |
| <u>14. Deep East Texas Council of Governments</u> | \$18.06 | \$37,566 |
| <u>15. South East Texas Regional Planning Commission</u> | \$33.42 | \$69,508 |
| <u>16. Houston-Galveston Area Council</u> | \$27.52 | \$57,246 |
| <u>17. Golden Crescent Regional Planning Commission</u> | \$26.38 | \$54,879 |
| <u>18. Alamo Area Council of Governments</u> | \$21.67 | \$45,072 |
| <u>19. South Texas Development Council</u> | \$15.02 | \$31,235 |
| <u>20. Coastal Bend Council of Governments</u> | \$27.85 | \$57,921 |
| <u>21. Lower Rio Grande Valley Development Council</u> | \$17.55 | \$36,503 |
| <u>22. Texoma Council of Governments</u> | \$20.98 | \$43,648 |
| <u>23. Central Texas Council of Governments</u> | \$18.65 | \$38,783 |
| <u>24. Middle Rio Grande Development Council</u> | \$23.05 | \$47,950 |

Source: Texas Occupational Employment and Wages

Data published: July 2017

Data published annually, next update will be July 31, 2018

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.

TAB 14

Schedules A1 - D

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

| PROPERTY INVESTMENT AMOUNTS | | | | | | |
|--|---|---------------------------|---|---|--|---|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | |
| | Year | School Year
(MM/YY-YY) | Tax Year
(fill in actual 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 non-exhaustible components of buildings that will become Qualified Property | Column C
Other new investment made during this year that will become Qualified Property (SEE NOTE) |
| Investment made before filing complete application with district | Year preceding the first complete application with district | | | | | Column D
Other new investment made during this year that may become Qualified Property (SEE NOTE) |
| Investment made after filing complete application with district, but before final board approval of application | 2018-2019 | 2018-2019 | 2018 | | | |
| Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period | | | | | | |
| Complete tax years of qualifying time period | QTP1 | 2019-2020 | 2019 | \$ 105,000,000.00 | \$ - | \$ - |
| | QTP2 | 2020-2021 | 2020 | \$ - | \$ - | \$ - |
| | | | | \$ - | \$ - | \$ - |
| Total Investment through Qualifying Time Period [ENTER this row in Schedule A2] | | | | \$ 105,000,000.00 | \$ - | \$ - |
| 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.
 Column B: Only tangible personal property that is specifically described in the application can become qualified property.
 Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment 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 added to existing property—described in SECTION 13, question #5 of the application.
 Column E: 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)

| 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) | 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 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 | | | \$ | |
| | Each year prior to start of value limitation period***
<small>Report as many rows as necessary</small> | 0 | 2018-2019 | 2018 | \$ | 105,000,000.00 | | \$ | |
| | Value limitation period*** | 1 | 2019-2020 | 2019 | | | | | |
| | | 2 | 2020-2021 | 2020 | | | | | |
| | | 3 | 2021-2022 | 2021 | | | | | |
| | | 4 | 2022-2023 | 2022 | | | | | |
| | | 5 | 2023-2024 | 2023 | | | | | |
| | | 6 | 2024-2025 | 2024 | | | | | |
| | | 7 | 2025-2026 | 2025 | | | | | |
| | | 8 | 2026-2027 | 2026 | | | | | |
| 9 | 2027-2028 | 2027 | | | | | | | |
| 10 | 2028-2029 | 2028 | | | | | | | |
| Total Investment made through limitation | | | | \$ | 105,000,000.00 | | | \$ | |
| Continue to maintain viable presence | 11 | 2029-2030 | 2029 | | | | | | |
| | 12 | 2030-2031 | 2030 | | | | | | |
| | 13 | 2031-2032 | 2031 | | | | | | |
| | 14 | 2032-2033 | 2032 | | | | | | |
| | 15 | 2033-2034 | 2033 | | | | | | |
| | 16 | 2034-2035 | 2034 | | | | | | |
| | 17 | 2035-2036 | 2035 | | | | | | |
| | 18 | 2036-2037 | 2036 | | | | | | |
| | 19 | 2037-2038 | 2037 | | | | | | |
| | 20 | 2038-2039 | 2038 | | | | | | |
| Additional years for 25 year economic impact as required by 313.026(c)(1) | 21 | 2039-2040 | 2039 | | | | | | |
| | 22 | 2040-2041 | 2040 | | | | | | |
| | 23 | 2041-2042 | 2041 | | | | | | |
| | 24 | 2042-2043 | 2042 | | | | | | |
| | 25 | 2043-2044 | 2043 | | | | | | |
| | 26 | 2044-2045 | 2044 | | | | | | |

* 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 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.
 Column B: The total dollar amount of planned investment each year in buildings or nonremovable components 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 §13.021(1) but not creating a new improvement as defined by TAC §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)

ETC Texas Pipeline, LTD

Pecos - Barstow - Toyah ISD

Applicant Name

ISD Name

Form 50-296A

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 | 2018-2019 | \$ | \$ | \$ | \$ | \$ | \$ |
| Value Limitation Period | 1 | 2019-2020 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 2 | 2020-2021 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 3 | 2021-2022 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 4 | 2022-2023 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 5 | 2023-2024 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 6 | 2024-2025 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 7 | 2025-2026 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 8 | 2026-2027 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 9 | 2027-2028 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 10 | 2028-2029 | \$ | \$ | \$ | \$ | \$ | \$ |
| Continue to maintain
viable presence | 11 | 2029-2030 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 12 | 2030-2031 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 13 | 2031-2032 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 14 | 2032-2033 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 15 | 2033-2034 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 16 | 2034-2035 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 17 | 2035-2036 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 18 | 2036-2037 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 19 | 2037-2038 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 20 | 2038-2039 | \$ | \$ | \$ | \$ | \$ | \$ |
| Additional years for
25 year economic impact
as required by
313.026(c)(1) | 21 | 2039-2040 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 22 | 2040-2041 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 23 | 2041-2042 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 24 | 2042-2043 | \$ | \$ | \$ | \$ | \$ | \$ |
| | 25 | 2043-2044 | \$ | \$ | \$ | \$ | \$ | \$ |

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.

Applicant Name
ISD Name

ETC Texas Pipeline, LTD
Pecos - Barstow - Toyah ISD

Schedule C: Employment Information

Form 50-295A
Revised Feb 2014

| | | | | | | Construction | | Non-Qualifying Jobs | Qualifying Jobs | |
|---|--|--|--|--|--|---|--|---|--|--|
| | | | | | | Column A | Column B | Column C | Column D | Column E |
| | | | | | | 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> | | | | | | Year | School Year (YYY-YYY) | Tax Year (Actual tax year) YYY | | |
| Value Limitation Period
<i>The qualifying time period could overlap the value limitation period.</i> | | | | | | 0 | 2018-2019 | 2018 | | |
| | | | | | | 1 | 2019-2020 | 2019 | | |
| | | | | | | 2 | 2020-2021 | 2020 | | |
| | | | | | | 3 | 2021-2022 | 2021 | | |
| | | | | | | 4 | 2022-2023 | 2022 | | |
| | | | | | | 5 | 2023-2024 | 2023 | | |
| | | | | | | 6 | 2024-2025 | 2024 | | |
| | | | | | | 7 | 2025-2026 | 2025 | | |
| | | | | | | 8 | 2026-2027 | 2026 | | |
| | | | | | | 9 | 2027-2028 | 2027 | | |
| | | | | | | 10 | 2028-2029 | 2028 | | |
| Years Following Value Limitation Period | | | | | | 11 through 26 | 2029-2044 | 2029-2044 | | |

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:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

| | | | |
|-------------------------------------|-----|-------------------------------------|----|
| ☒ | Yes | ☐ | No |
| ☒ | Yes | ☐ | No |
| ☐ | Yes | ☒ | No |

Applicant Name
ISD Name

ETC Texas Pipeline, LTD
Pecos - Barstow - Toyah ISD

Schedule D: Other Incentives (Estimated)

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 | 2019 | 2019-2023 | \$ 444,581.00 | Avg 50% Per Yr | \$ 222,291.00 |
| | 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 | | | | \$ 444,581.00 | | \$ 222,291.00 |

Additional information on incentives for this project:

TAB 15

Economic Impact Study

N/A

TAB 16

Description of 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.

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").

I. 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.




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"

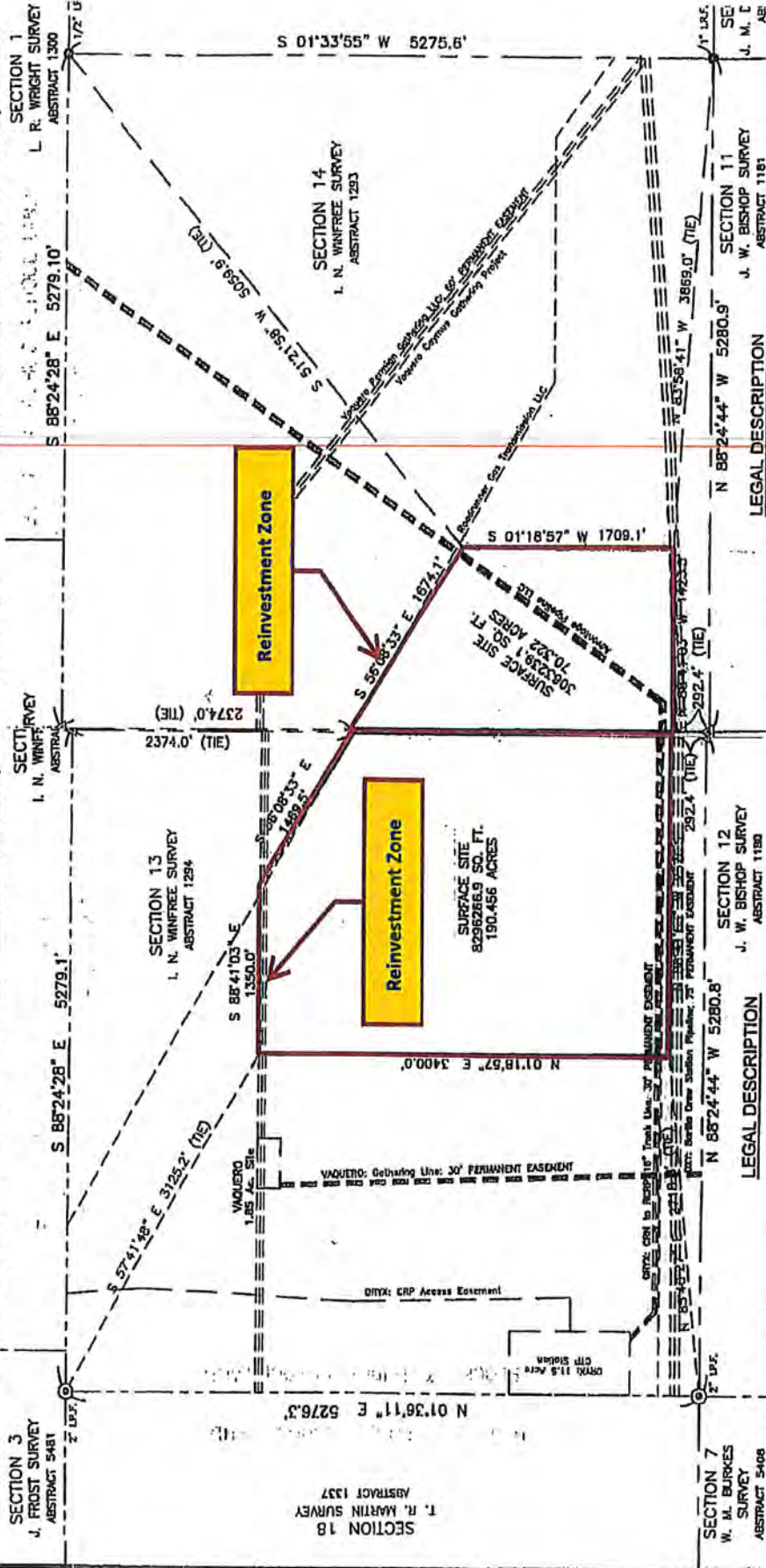
Attached to and made a part of the Special Warranty Deed, Effective the 16th day of October, 2015, by and between Wolf Bone Ranch Partners LLC and ETC Texas Pipeline, LTD.

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

EXHIBIT "A"

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\"/>

THENCE NORTH 88° 41' 03\"/>

THENCE SOUTH 01° 35' 03\"/>

CAUTIONARY NOTE: LINE CROSSINGS AND OTHER FEATURES LOCATED BY VISUAL INSPECTION ONLY.

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.

Reinvestment Zone

With Proposed Project Boundary

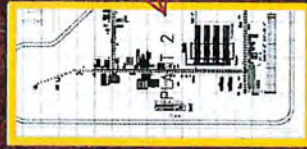
Legend



Reinvestment Zone

Proposed Project Location
(yellow boundary)

Reinvestment Zone
(red boundary)



Google Earth

2000 ft



TAB 17

Signature and Certification Page

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

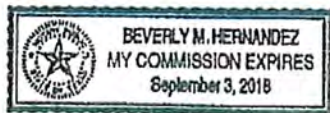
print here Jim Hale Title Superintendent
 sign here [Signature] Date 2/15/18
Print Name (Authorized School District Representative)
Signature (Authorized School District Representative)

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 Title Sr. Mgr Property Tax
 sign here Megan McKavanagh Date 2/15/18
Print Name (Authorized Company Representative (Applicant))
Signature (Authorized Company Representative (Applicant))



(Notary Seal)

GIVEN under my hand and seal of office this, the

5 day of February, 2018
Beverly M. Hernandez
 Notary Public in and for the State of Texas
 My Commission expires: 9.3.2018

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

Blake G. Powell
Sara Hardner Leon
Darrick W. Eugene
Michelle Alcala
Mackenzie Lewis
Casandra Johnson
William C. Bednar, Of Counsel



Jay Youngblood
Tyler, Texas
John J. Janssen, Ph.D.
Corpus Christi, Texas
Geneva L. Taylor
Houston, Texas
Rick W. Powell
Pittsburg/Lewisville, Texas

April 9, 2018

Via Electronic Mail: Desiree.Caufield@cpa.texas.gov

Via U.S. First Class Mail

Ms. Desiree Caufield
Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
Post Office Box 13528
Austin, Texas 78711-3528

Re: Application #1240 for a Chapter 313 Value Limitation Agreement between the Pecos-Barstow-Toyah Independent School District and ETC Texas Pipeline, LTD

First Year of Qualifying Time Period: 2019
First Year of Limitation: 2019

Dear Ms. Caufield:

Please find enclosed for your review a hardcopy and digital copy of Amendment 001 concerning the above referenced Application. These amended pages address your concerns detailed in your March 21, 2018 correspondence.

1. *TWC has released 3rd quarter 2017 wages. As such, page 7 and Tab 13 must be updated to reflect this information.*

Applicant Response:

The Applicant is using the four most recent quarters for both categories.

2. *Section 12, Question 3 is marked "no," but reinvestment ~~zone~~ information was provided in Tab 16. Please clarify.*

Applicant Response:

Section 12, Question 3 has been corrected.

3. *Please provide additional detail / elaboration regarding the information presented in Tab 5.*

Applicant Response:

The Applicant updated Tab 5 with additional detailed language.

4. *Please explicitly state the industry standard for qualified jobs in the job waiver letter.*

Applicant Response:

The Applicant updated jobs from the incorrect number of 3 to 10 jobs. The Applicant does not need a waiver. An explanation is provided on the Request for Waiver cover sheet.

| | | | |
|---|---|--|--|
| 1001 ESE Loop 323, Ste. 450
Tyler, Texas 75701
t: 903-526-6618
f: 903-526-5766 | 115 Wild Basin Rd., Ste. 106
Austin, Texas 78746
t: 512-494-1177
f: 512-494-1188 | 7324 Southwest Freeway, Ste. 365
Houston, Texas 77074
t: 713-779-7500
f: 713-485-0169 | 802 N. Carancahua, Ste. 665
Corpus Christi, Texas 78401
t: 361-452-2804
f: 361-452-2743 |
|---|---|--|--|

www.powell-leon.com
Toll Free: 800-494-1971

Thank you so much for your kind attention to this matter.

Respectfully submitted,

Shelly Leung

Shelly Leung
Paralegal

Encl.

cc: *Via Electronic Mail: mwatts@pbtisd.esc18.net*
Mr. Maxie Watts, Interim Superintendent
Pecos-Barstow-Toyah Independent School District

Via Electronic Mail: Mike@keatax.com
Mr. Mike Fry, Consultant
KE Andrews

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:
- 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);
 - 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
 - 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:
- legal description of the land (Tab 9);
 - 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);
 - owner (Tab 9);
 - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - 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:
- evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - legal description of reinvestment zone (Tab 16);
 - order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - guidelines and criteria for creating the zone (Tab 16); and
 - 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?

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:
- maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - 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 2017
(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 886.00
- b. 110% of the average weekly wage for manufacturing jobs in the county is 1,378.30
- c. 110% of the average weekly wage for manufacturing jobs in the region is 1,143.98
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? 59,486.90
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 59,486.90
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**.

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. In the states mentioned below, Energy Transfer currently operates over 34,050 miles of pipeline, 32 gas processing plants, 19 gas treating facilities and 3 gas conditioning plants. The states where these operations are located include, 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 II 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 the company, including possible plants in Louisiana and in New Mexico.

- Louisiana offers a 10-year, 100% property tax abatement under that state’s Industrial Tax Exemption program as well as additional state sales tax incentives
- New Mexico offers Industrial Revenue Bonds and Job Training incentive programs

In the Delaware/Permian Basin alone, the company owns approximately 7,820 miles of natural gas pipeline, 7 processing facilities with aggregate capacity of 815 MMcf/d (*Waha, Cayanosa, Red Bluff, Halley, Jal, Keystone, and Tippet*), and two treating facilities with aggregate capacity of 200 MMcf/d.

The Delaware/Permian Basin assets offer wellhead-to-market services to producers not only in the Texas counties, but also in the New Mexico Counties of Eddy and Lea which surround the Waha Hub.

Because of the proximity of the system to the Waha Hub, the system has a variety of market outlets for the natural gas that is gathered and processed, including several major interstate and intrastate pipelines serving California, the mid-continent region of the United States and the Texas/New Mexico natural gas markets.

Because of existing and new pipeline infrastructure that is now present in New Mexico, ETC has ample freedom to choose where the proposed project can be built. The economic differences outside of tax treatment are considered miniscule because of the Waha’s proximity to the NM/TX border. Because of this, the proposed 313 is considered a major determining factor in whether or not the Arrowhead II is completed in Texas.

Calculation of Wage Information - Based on Most Recent Data Available110% of County Average Weekly Wage for all Jobs

| | | |
|------|----|-------|
| 2016 | 4Q | \$829 |
| 2017 | 1Q | \$857 |
| 2017 | 2Q | \$902 |
| 2017 | 3Q | \$956 |

$$\begin{array}{rcl}
 \$ & 3,544 & /4 = \\
 & & \$886 \text{ average weekly salary} \\
 & & \underline{\times 1.1 (110\%)} \\
 & & \$ 974.60
 \end{array}$$

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

| | | |
|------|----|---------|
| 2016 | 3Q | \$532 |
| 2016 | 4Q | \$561 |
| 2017 | 1Q | \$1,826 |
| 2017 | 2Q | \$2,093 |

$$\begin{array}{rcl}
 \$ & 5,012 & /4 = \\
 & & \$1,253 \text{ average weekly salary} \\
 & & \underline{\times 1.1 (110\%)} \\
 & & \$ 1,378.30
 \end{array}$$

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

\$54,079.00 per year in Permian Basin Area Council published July 2017

X1.10 (110%)

\$59,486.90
\$1,143.98

Avg. Weekly

**Quarterly Census of Employment and Wages
Original Data Value**

Series Id: ENU4838940010
State: Texas
Area: Reeves County, Texas
Industry: Total, all industries
Owner: Total Covered
Size: All establishment sizes
Type: Average Weekly Wage
Years: 2007 to 2017

| Year | Qtr1 | Qtr2 | Qtr3 | Qtr4 |
|------|------|------|------|------|
| 2007 | 536 | 561 | 539 | 589 |
| 2008 | 561 | 593 | 577 | 630 |
| 2009 | 587 | 600 | 582 | 632 |
| 2010 | 644 | 658 | 633 | 682 |
| 2011 | 642 | 666 | 668 | 674 |
| 2012 | 681 | 665 | 664 | 727 |
| 2013 | 706 | 699 | 741 | 743 |
| 2014 | 760 | 731 | 796 | 814 |
| 2015 | 817 | 742 | 769 | 778 |
| 2016 | 776 | 743 | 809 | 829 |
| 2017 | 857 | 902 | 956 | |

Quarterly Census of Employment and Wages **Original Data Value**

Series Id: ENU483894051013

State: Texas
Area: Reeves County, Texas
Industry: Manufacturing
Owner: Private
Size: All establishment sizes
Type: Average Weekly Wage
Years: 2007 to 2017

| Year | Qtr1 | Qtr2 | Qtr3 | Qtr4 |
|------|---------------------|-----------------|---|-----------------|
| 2007 | 354 | 406 | 373 | 452 |
| 2008 | 356 | 413 | 381 | 462 |
| 2009 | 353 | 463 | 388 | 481 |
| 2010 | 493 Non-Disclosable | Non-Disclosable | Non-Disclosable | Non-Disclosable |
| 2011 | Non-Disclosable | 406 | 481 | |
| 2012 | 331 | 297 | 270 | 322 |
| 2013 | 309 | 309 | 320 | 374 |
| 2014 | 353 | 351 | 330 | 342 |
| 2015 | 306 | 393 | 607 | 783 |
| 2016 | 648 | 518 | 532 | 561 |
| 2017 | 1826 | 2093 | Not Disclosable -- data do not meet BLS or State agency disclosure standards. | |

Schedule A2: Total Investment for Economic Impact (Including Qualified Property and other Investments)

AMENDMENT 1

Applicant Name
Pecos - Barefoot - Toyah SD

04.09.2018

Form 50-396A
Revised 7-16-2014

| PROPERTY INVESTMENT AMOUNTS | | | | | | | | | |
|--|---|----------------------------|--|---|--|---|--|---|--|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | |
| | Year | School Year
(YYYY-YYYY) | Tax Year
(F2 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**
<small>Amount no entry must be necessary</small> | | | | | | | | |
| | 0 | 2018-2019 | 2018 | \$ 105,000,000.00 | | | | \$ 105,000,000.00 | |
| | 1 | 2019-2020 | 2019 | | | | | | |
| | 2 | 2020-2021 | 2020 | | | | | | |
| | 3 | 2021-2022 | 2021 | | | | | | |
| | 4 | 2022-2023 | 2022 | | | | | | |
| | 5 | 2023-2024 | 2023 | | | | | | |
| | 6 | 2024-2025 | 2024 | | | | | | |
| | 7 | 2025-2026 | 2025 | | | | | | |
| | 8 | 2026-2027 | 2026 | | | | | | |
| Value limitation period*** | 9 | 2027-2028 | 2027 | | | | | | |
| | 10 | 2028-2029 | 2028 | | | | | | |
| | Total Investment made through limitation | | | | | | | | |
| | 11 | 2029-2030 | 2029 | \$ 105,000,000.00 | | | | \$ 105,000,000.00 | |
| | 12 | 2030-2031 | 2030 | | | | | | |
| | 13 | 2031-2032 | 2031 | | | | | | |
| | 14 | 2032-2033 | 2032 | | | | | | |
| | 15 | 2033-2034 | 2033 | | | | | | |
| | 16 | 2034-2035 | 2034 | | | | | | |
| | 17 | 2035-2036 | 2035 | | | | | | |
| | 18 | 2036-2037 | 2036 | | | | | | |
| Continue to maintain viable presence | 19 | 2037-2038 | 2037 | | | | | | |
| | 20 | 2038-2039 | 2038 | | | | | | |
| | 21 | 2039-2040 | 2039 | | | | | | |
| | 22 | 2040-2041 | 2040 | | | | | | |
| | 23 | 2041-2042 | 2041 | | | | | | |
| | 24 | 2042-2043 | 2042 | | | | | | |
| | 25 | 2043-2044 | 2043 | | | | | | |
| | Additional years for 25 year economic impact as required by 313.026(c)(1) | | | | | | | | |

* 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 313.02(1)(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, rehabilitate, 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.

| | Year | School Year
(YYYY-YYYY) | Tax Year
(Fill in actual tax
year) | 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 ISD
after all reductions | Final taxable value for M&O
after all reductions |
| Each year prior to start of Value
Limitation Period | 0 | 2018-2019 | 2018 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | 1 | 2019-2020 | 2019 | \$ - | \$ - | \$ 95,000,000.00 | \$ 95,000,000.00 | \$ 95,000,000.00 | \$ 30,000,000.00 |
| Value Limitation Period | 2 | 2020-2021 | 2020 | \$ - | \$ - | \$ 91,200,000.00 | \$ 91,200,000.00 | \$ 91,200,000.00 | \$ 30,000,000.00 |
| | 3 | 2021-2022 | 2021 | \$ - | \$ - | \$ 87,400,000.00 | \$ 87,400,000.00 | \$ 87,400,000.00 | \$ 30,000,000.00 |
| | 4 | 2022-2023 | 2022 | \$ - | \$ - | \$ 83,600,000.00 | \$ 83,600,000.00 | \$ 83,600,000.00 | \$ 30,000,000.00 |
| | 5 | 2023-2024 | 2023 | \$ - | \$ - | \$ 79,800,000.00 | \$ 79,800,000.00 | \$ 79,800,000.00 | \$ 30,000,000.00 |
| | 6 | 2024-2025 | 2024 | \$ - | \$ - | \$ 76,000,000.00 | \$ 76,000,000.00 | \$ 76,000,000.00 | \$ 30,000,000.00 |
| | 7 | 2025-2026 | 2025 | \$ - | \$ - | \$ 72,200,000.00 | \$ 72,200,000.00 | \$ 72,200,000.00 | \$ 30,000,000.00 |
| | 8 | 2026-2027 | 2026 | \$ - | \$ - | \$ 68,400,000.00 | \$ 68,400,000.00 | \$ 68,400,000.00 | \$ 30,000,000.00 |
| | 9 | 2027-2028 | 2027 | \$ - | \$ - | \$ 64,600,000.00 | \$ 64,600,000.00 | \$ 64,600,000.00 | \$ 30,000,000.00 |
| | 10 | 2028-2029 | 2028 | \$ - | \$ - | \$ 60,800,000.00 | \$ 60,800,000.00 | \$ 60,800,000.00 | \$ 30,000,000.00 |
| | 11 | 2029-2030 | 2029 | \$ - | \$ - | \$ 57,000,000.00 | \$ 57,000,000.00 | \$ 57,000,000.00 | \$ 57,000,000.00 |
| | 12 | 2030-2031 | 2030 | \$ - | \$ - | \$ 53,200,000.00 | \$ 53,200,000.00 | \$ 53,200,000.00 | \$ 53,200,000.00 |
| | 13 | 2031-2032 | 2031 | \$ - | \$ - | \$ 49,400,000.00 | \$ 49,400,000.00 | \$ 49,400,000.00 | \$ 49,400,000.00 |
| | 14 | 2032-2033 | 2032 | \$ - | \$ - | \$ 45,600,000.00 | \$ 45,600,000.00 | \$ 45,600,000.00 | \$ 45,600,000.00 |
| | 15 | 2033-2034 | 2033 | \$ - | \$ - | \$ 41,800,000.00 | \$ 41,800,000.00 | \$ 41,800,000.00 | \$ 41,800,000.00 |
| | 16 | 2034-2035 | 2034 | \$ - | \$ - | \$ 38,000,000.00 | \$ 38,000,000.00 | \$ 38,000,000.00 | \$ 38,000,000.00 |
| | 17 | 2035-2036 | 2035 | \$ - | \$ - | \$ 34,200,000.00 | \$ 34,200,000.00 | \$ 34,200,000.00 | \$ 34,200,000.00 |
| | 18 | 2036-2037 | 2036 | \$ - | \$ - | \$ 30,400,000.00 | \$ 30,400,000.00 | \$ 30,400,000.00 | \$ 30,400,000.00 |
| | 19 | 2037-2038 | 2037 | \$ - | \$ - | \$ 26,600,000.00 | \$ 26,600,000.00 | \$ 26,600,000.00 | \$ 26,600,000.00 |
| | 20 | 2038-2039 | 2038 | \$ - | \$ - | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 |
| | 21 | 2039-2040 | 2039 | \$ - | \$ - | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 |
| | 22 | 2040-2041 | 2040 | \$ - | \$ - | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 |
| | 23 | 2041-2042 | 2041 | \$ - | \$ - | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 |
| | 24 | 2042-2043 | 2042 | \$ - | \$ - | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 |
| | 25 | 2043-2044 | 2043 | \$ - | \$ - | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 | \$ 23,750,000.00 |
| Continue to maintain
viable presence | | | | | | | | | |
| | | | | | | | | | |
| Additional years for
25 year economic impact
as required by
313.026(c)(1) | | | | | | | | | |
| | | | | | | | | | |

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 | | |
| 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 | | |
| Year | Tax Year (Actual tax year) YYYY | School Year (YYYY-YYYY) | | | | |
| 0 | 2018 | 2018-2019 | 175 FTE | \$ 59,486.90 | N/A | 3 |
| 1 | 2019 | 2019-2020 | 0 | 0 | N/A | 10 |
| 2 | 2020 | 2020-2021 | 0 | 0 | N/A | 10 |
| 3 | 2021 | 2021-2022 | 0 | 0 | N/A | 10 |
| 4 | 2022 | 2022-2023 | 0 | 0 | N/A | 10 |
| 5 | 2023 | 2023-2024 | 0 | 0 | N/A | 10 |
| 6 | 2024 | 2024-2025 | 0 | 0 | N/A | 10 |
| 7 | 2025 | 2025-2026 | 0 | 0 | N/A | 10 |
| 8 | 2026 | 2026-2027 | 0 | 0 | N/A | 10 |
| 9 | 2027 | 2027-2028 | 0 | 0 | N/A | 10 |
| 10 | 2028 | 2028-2029 | 0 | 0 | N/A | 10 |
| 11 through 26 | 2029-2044 | 2029-2044 | 0 | 0 | N/A | 10 |
| Years Following Value Limitation Period | | | | | | |

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)
 If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

Yes ☐ No ☒
 Yes ☐ No ☒
 Yes ☐ No ☒

Schedule D: Other Incentives (Estimated)

Applicant Name
ISD NameETC Texas Pipeline, LTD
Pecos - Barstow - Toyah ISDForm 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 |
| | County: | | | | | |
| | City: | | | | | |
| | Other: | | | | | |
| Tax Code Chapter 311 | | | | | | |
| | County: Reeves | 2019 | 2019-2023 | \$ 444,581.00 | Avg 50% Per Yr | \$ 222,291.00 |
| | City: | | | | | |
| | Other: | | | | | |
| Tax Code Chapter 312 | | | | | | |
| | County: | | | | | |
| | 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 | | | | \$ 444,581.00 | | \$ 222,291.00 |

Additional information on incentives for this project:

TAB 12

Request for Job Waiver

*****Because the minimum standard in Subchapter-C School Districts is 10 jobs, the applicant respectfully requests the waiver for the job requirement be removed from the application.***

ETC's Arrowhead II Plant will create 10 full-time jobs by the end of the qualifying period.

Texas Comptroller of Public Accounts



SBC 16.03 To Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print
here

Maxie Watts

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Maxie Watts

Signature (Authorized School District Representative)

4/9/2018

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

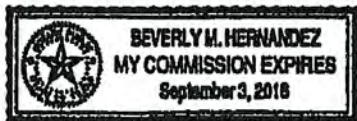
sign
here

Megan McKavanagh

Signature (Authorized Company Representative (Applicant))

Date

4/4/2018



(Notary Seal)

GIVEN under my hand and seal of office this, the

4 day of April, 2018

Beverly M. Hernandez

Notary Public in and for the State of Texas

My Commission expires:

9.3.2018

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

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW
808 WEST AVE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILIE: (512) 494-9919

June 15, 2018

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

RE: (1240) Amended application to the Pecos-Barstow-Toyah Independent School District from ETC Texas Pipeline, LTD

To the Local Government Assistance & Economic Analysis Division:

I have enclosed for you the amended application to the Pecos-Barstow-Toyah Independent School District from ETC Texas Pipeline, LTD. The following changes were made with the supplement:

1. Updated Page 1: Name and Title of Superintendent
2. Updated Page 2: Authorized School District Consultant

A copy of the application will be submitted to the Reeves County Appraisal District. Please do not hesitate to call with any questions.

Sincerely,

William Eggleston
Assistant to Kevin O'Hanlon
School District Consultant

Cc: Reeves County Appraisal District

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

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 comptroller.texas.gov/economy/local/ch313/. 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

February 15, 2018

Date Application Received by District

Hector

First Name

Mendez

Last Name

Interim Superintendent

Title

Pecos-Barstow-Toyoh ISD

School District Name

1301 South Park Street

Street Address

1301 South Park Street

Mailing Address

Pecos

City

(432) 447-7201

Phone Number

Texas

State

79772

ZIP

(432) 447-3076

Fax Number

hmendez@ptbisd.esc18.net

Email Address

Mobile Number (optional)

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

Texas Comptroller of Public Accounts

June 15, 2018
Data Analysis and
Transparency
Form 50-296-A

SECTION 1: School District Information (continued)**3. Authorized School District Consultant (If Applicable)**

Kevin

First Name

Partner

Title

O'Hanlon, Demerath & Castillo

Firm Name

(512) 494-9949

Phone Number

O'Hanlon

Last Name

(512) 494-9919

Fax Number

kohanlon@808west.com

Email Address

Mobile Number (optional)

4. On what date did the district determine this application complete? February 23, 2018

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

First Name

Assistant Controller

Title

800 E. Sonterra Blvd., Suite 400

Street Address

800 E. Sonterra Blvd., Suite 400

Mailing Address

San Antonio

City

210-572-0457

Phone Number

McKavanagh

Last Name

Energy Transfer Partners, L.P.

Organization

Texas

State

78258-3941

ZIP

210-403-6664

Fax Number

megan.mckavanagh@energytransfer.com

Business Email Address

Mobile Number (optional)

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

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 09/17/2018 09:00:51

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

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 10, 2018

Hector Mendez
Interim Superintendent of Schools
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 1240

Dear Superintendent Mendez:

On April 20, 2018, the Comptroller issued written notice that ETC Texas Pipeline, LTD (applicant) submitted a completed application (Application 1240) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on February 2, 2018, 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. |

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

- 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 1240.

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

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 issues 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, 2018.

Note that any building or improvement existing as of the application review start date of April 20, 2018, 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,

A handwritten signature in black ink, appearing to read "Mike Reissig", is written over the typed name and title.

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 |
| 2016-2017 Average Daily Attendance | 2,313 |
| 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) | 2019-2020 |
| 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 | \$1,143.98 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$1,143.98 |
| Minimum annual wage committed to by applicant for qualified jobs | \$59,486.90 |
| Minimum weekly wage required for non-qualifying jobs | \$886.50 |
| Minimum annual wage required for non-qualifying jobs | \$46,098 |
| Investment per Qualifying Job | \$10,500,000 |
| Estimated M&O levy without any limit (15 years) | \$8,830,782 |
| Estimated M&O levy with Limitation (15 years) | \$4,708,029 |
| Estimated gross M&O tax benefit (15 years) | \$4,122,753 |

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 |
| 2018 | 178 | 258 | 435.79 | \$10,588,668 | \$20,761,332 | \$31,350,000 |
| 2019 | 10 | 60 | 70 | \$594,869 | \$6,335,131 | \$6,930,000 |
| 2020 | 10 | 52 | 62 | \$594,869 | \$5,585,131 | \$6,180,000 |
| 2021 | 10 | 39 | 49 | \$594,869 | \$4,665,131 | \$5,260,000 |
| 2022 | 10 | 32 | 42 | \$594,869 | \$4,135,131 | \$4,730,000 |
| 2023 | 10 | 29 | 39 | \$594,869 | \$3,885,131 | \$4,480,000 |
| 2024 | 10 | 29 | 39 | \$594,869 | \$3,835,131 | \$4,430,000 |
| 2025 | 10 | 30 | 40 | \$594,869 | \$3,985,131 | \$4,580,000 |
| 2026 | 10 | 32 | 42 | \$594,869 | \$4,235,131 | \$4,830,000 |
| 2027 | 10 | 34 | 44 | \$594,869 | \$4,545,131 | \$5,140,000 |
| 2028 | 10 | 36 | 46 | \$594,869 | \$4,885,131 | \$5,480,000 |
| 2029 | 10 | 37 | 47 | \$594,869 | \$5,185,131 | \$5,780,000 |
| 2030 | 10 | 38 | 48 | \$594,869 | \$5,525,131 | \$6,120,000 |
| 2031 | 10 | 39 | 49 | \$594,869 | \$5,865,131 | \$6,460,000 |
| 2032 | 10 | 40 | 50 | \$594,869 | \$6,225,131 | \$6,820,000 |

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.

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | | Pecos-Barstow-Toyah ISD I&S Tax Levy | ISD M&O Tax Levy | M&O and I&S Tax Levies | Reeves County Tax Levy | Reeves County Hospital Tax Levy | Reeves County WCID #2 Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------|--------------------------------------|------------------|------------------------|------------------------|---------------------------------|--------------------------------|--------------------------------|
| | | | Tax Rate* | 0.0850 | 0.8607 | | 0.4995 | 0.2400 | 0.1194 | |
| 2019 | \$95,000,000 | \$95,000,000 | | \$80,750 | \$817,665 | \$898,415 | \$474,544 | \$228,000 | \$113,383 | \$1,714,342 |
| 2020 | \$91,200,000 | \$91,200,000 | | \$77,520 | \$784,958 | \$862,478 | \$455,562 | \$218,880 | \$108,847 | \$1,645,768 |
| 2021 | \$87,400,000 | \$87,400,000 | | \$74,290 | \$752,252 | \$826,542 | \$436,580 | \$209,760 | \$104,312 | \$1,577,194 |
| 2022 | \$83,600,000 | \$83,600,000 | | \$71,060 | \$719,545 | \$790,605 | \$417,599 | \$200,640 | \$99,777 | \$1,508,621 |
| 2023 | \$79,800,000 | \$79,800,000 | | \$67,830 | \$686,839 | \$754,669 | \$398,617 | \$191,520 | \$95,241 | \$1,440,047 |
| 2024 | \$76,000,000 | \$76,000,000 | | \$64,600 | \$654,132 | \$718,732 | \$379,635 | \$182,400 | \$90,706 | \$1,371,473 |
| 2025 | \$72,200,000 | \$72,200,000 | | \$61,370 | \$621,425 | \$682,795 | \$360,653 | \$173,280 | \$86,171 | \$1,302,900 |
| 2026 | \$68,400,000 | \$68,400,000 | | \$58,140 | \$588,719 | \$646,859 | \$341,672 | \$164,160 | \$81,635 | \$1,234,326 |
| 2027 | \$64,600,000 | \$64,600,000 | | \$54,910 | \$556,012 | \$610,922 | \$322,690 | \$155,040 | \$77,100 | \$1,165,752 |
| 2028 | \$60,800,000 | \$60,800,000 | | \$51,680 | \$523,306 | \$574,986 | \$303,708 | \$145,920 | \$72,565 | \$1,097,179 |
| 2029 | \$57,000,000 | \$57,000,000 | | \$48,450 | \$490,599 | \$539,049 | \$284,726 | \$136,800 | \$68,030 | \$1,028,605 |
| 2030 | \$53,200,000 | \$53,200,000 | | \$45,220 | \$457,892 | \$503,112 | \$265,745 | \$127,680 | \$63,494 | \$960,031 |
| 2031 | \$49,400,000 | \$49,400,000 | | \$41,990 | \$425,186 | \$467,176 | \$246,763 | \$118,560 | \$58,959 | \$891,458 |
| 2032 | \$45,600,000 | \$45,600,000 | | \$38,760 | \$392,479 | \$431,239 | \$227,781 | \$109,440 | \$54,424 | \$822,884 |
| 2033 | \$41,800,000 | \$41,800,000 | | \$35,530 | \$359,773 | \$395,303 | \$208,799 | \$100,320 | \$49,888 | \$754,310 |
| | | | Total | \$872,100 | \$8,830,782 | \$9,702,882 | \$5,125,075 | \$2,462,400 | \$1,224,531 | \$18,514,888 |

Source: CPA, ETC Texas Pipeline, LTD

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district 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 | | Pecos-Barstow-Toyah ISD I&S Tax Levy | ISD M&O Tax Levy | M&O and I&S Tax Levies | Reeves County Tax Levy | Reeves County Hospital Tax Levy | Reeves County WCID #2 Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------|--------------------------------------|------------------|------------------------|------------------------|---------------------------------|--------------------------------|--------------------------------|
| | | | Tax Rate* | 0.0850 | 0.8607 | | 0.4995 | 0.2400 | 0.1194 | |
| 2019 | \$95,000,000 | \$30,000,000 | | \$80,750 | \$258,210 | \$338,960 | \$237,272 | \$228,000 | \$113,383 | \$804,232 |
| 2020 | \$91,200,000 | \$30,000,000 | | \$77,520 | \$258,210 | \$335,730 | \$227,781 | \$218,880 | \$108,847 | \$782,391 |
| 2021 | \$87,400,000 | \$30,000,000 | | \$74,290 | \$258,210 | \$332,500 | \$218,290 | \$209,760 | \$104,312 | \$760,550 |
| 2022 | \$83,600,000 | \$30,000,000 | | \$71,060 | \$258,210 | \$329,270 | \$208,799 | \$200,640 | \$99,777 | \$738,709 |
| 2023 | \$79,800,000 | \$30,000,000 | | \$67,830 | \$258,210 | \$326,040 | \$199,308 | \$191,520 | \$95,241 | \$716,868 |
| 2024 | \$76,000,000 | \$30,000,000 | | \$64,600 | \$258,210 | \$322,810 | \$379,635 | \$182,400 | \$90,706 | \$884,845 |
| 2025 | \$72,200,000 | \$30,000,000 | | \$61,370 | \$258,210 | \$319,580 | \$360,653 | \$173,280 | \$86,171 | \$853,513 |
| 2026 | \$68,400,000 | \$30,000,000 | | \$58,140 | \$258,210 | \$316,350 | \$341,672 | \$164,160 | \$81,635 | \$822,182 |
| 2027 | \$64,600,000 | \$30,000,000 | | \$54,910 | \$258,210 | \$313,120 | \$322,690 | \$155,040 | \$77,100 | \$790,850 |
| 2028 | \$60,800,000 | \$30,000,000 | | \$51,680 | \$258,210 | \$309,890 | \$303,708 | \$145,920 | \$72,565 | \$759,518 |
| 2029 | \$57,000,000 | \$57,000,000 | | \$48,450 | \$490,599 | \$539,049 | \$284,726 | \$136,800 | \$68,030 | \$960,575 |
| 2030 | \$53,200,000 | \$53,200,000 | | \$45,220 | \$457,892 | \$503,112 | \$265,745 | \$127,680 | \$63,494 | \$896,537 |
| 2031 | \$49,400,000 | \$49,400,000 | | \$41,990 | \$425,186 | \$467,176 | \$246,763 | \$118,560 | \$58,959 | \$832,499 |
| 2032 | \$45,600,000 | \$45,600,000 | | \$38,760 | \$392,479 | \$431,239 | \$227,781 | \$109,440 | \$54,424 | \$768,460 |
| 2033 | \$41,800,000 | \$41,800,000 | | \$35,530 | \$359,773 | \$395,303 | \$208,799 | \$100,320 | \$49,888 | \$704,422 |
| | | | | | | | | | | |
| | | | Total | \$872,100 | \$4,708,029 | \$5,580,129 | \$4,033,624 | \$2,462,400 | \$1,224,531 | \$12,076,153 |
| | | | Diff | \$0 | \$4,122,753 | \$4,122,753 | \$1,091,451 | \$0 | \$0 | \$6,438,735 |

Source: CPA, ETC Texas Pipeline, LTD

*Tax 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 | 2016 | \$0 | \$0 | \$0 | \$0 |
| | 2017 | \$0 | \$0 | \$0 | \$0 |
| | 2018 | \$0 | \$0 | \$0 | \$0 |
| Limitation Period
(10 Years) | 2019 | \$258,210 | \$258,210 | \$559,455 | \$559,455 |
| | 2020 | \$258,210 | \$516,420 | \$526,748 | \$1,086,203 |
| | 2021 | \$258,210 | \$774,630 | \$494,042 | \$1,580,245 |
| | 2022 | \$258,210 | \$1,032,840 | \$461,335 | \$2,041,580 |
| | 2023 | \$258,210 | \$1,291,050 | \$428,629 | \$2,470,209 |
| | 2024 | \$258,210 | \$1,549,260 | \$395,922 | \$2,866,131 |
| | 2025 | \$258,210 | \$1,807,470 | \$363,215 | \$3,229,346 |
| | 2026 | \$258,210 | \$2,065,680 | \$330,509 | \$3,559,855 |
| | 2027 | \$258,210 | \$2,323,890 | \$297,802 | \$3,857,657 |
| | 2028 | \$258,210 | \$2,582,100 | \$265,096 | \$4,122,753 |
| Maintain Viable
Presence
(5 Years) | 2029 | \$490,599 | \$3,072,699 | \$0 | \$4,122,753 |
| | 2030 | \$457,892 | \$3,530,591 | \$0 | \$4,122,753 |
| | 2031 | \$425,186 | \$3,955,777 | \$0 | \$4,122,753 |
| | 2032 | \$392,479 | \$4,348,256 | \$0 | \$4,122,753 |
| | 2033 | \$359,773 | \$4,708,029 | \$0 | \$4,122,753 |
| Additional Years
as Required by
313.026(c)(1)
(10 Years) | 2034 | \$327,066 | \$5,035,095 | \$0 | \$4,122,753 |
| | 2035 | \$294,359 | \$5,329,454 | \$0 | \$4,122,753 |
| | 2036 | \$261,653 | \$5,591,107 | \$0 | \$4,122,753 |
| | 2037 | \$228,946 | \$5,820,053 | \$0 | \$4,122,753 |
| | 2038 | \$204,416 | \$6,024,470 | \$0 | \$4,122,753 |
| | 2039 | \$204,416 | \$6,228,886 | \$0 | \$4,122,753 |
| | 2040 | \$204,416 | \$6,433,302 | \$0 | \$4,122,753 |
| | 2041 | \$204,416 | \$6,637,718 | \$0 | \$4,122,753 |
| | 2042 | \$204,416 | \$6,842,135 | \$0 | \$4,122,753 |
| | 2043 | \$204,416 | \$7,046,551 | \$0 | \$4,122,753 |

\$7,046,551

is greater than

\$4,122,753

| 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, Inc. 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 II Plant economics just as potential customer response will be. Both factors will be considered before any determination is made.”
 - B. “Moreover, multiple other potential projects are presently competing for the same capital expenditures by the company, including Louisiana and in New Mexico.”
 - C. “Louisiana offers a 10-year, 100% property tax abatement under that state’s Industrial Tax Exemption program as well as additional state sales tax incentives.”
 - D. “Because of the proximity of the system to the Waha Hub, the system has a variety of market outlets for the natural gas that is gathered and processed, including several major interstate and intrastate pipelines serving California, the mid-continent region of the United States and the Texas/New Mexico natural gas markets.”
 - E. “Because of existing and new pipeline infrastructure that is now present in New Mexico, ETC has ample freedom to choose where the proposed project can be built. The economic differences outside of tax treatment are considered miniscule because of the Waha’s proximity to the NM/TX border. Because of this, the proposed 313 is considered a major determining factor in whether or not the Arrowhead II is completed in Texas.”
- A November 14, 2017 *Natural Gas Intelligence (NGI)* article stated the following:
 - A. Energy Transfer Partners LP (ETP) “sees opportunities to capture value as all signs point to a continued increase in associated natural gas volumes from the Permian and potential constraints at Waha, which is in Pecos County, TX.”

- B. ETP is "extremely optimistic over the next 12-14 months that the basis will blow out, probably blow out materially. We're well positioned to take advantage of that. We're actually going to be feeding that with a lot of these projects that we're bringing on and ramping up with our processing plants and with our Red Bluff upstream intrastate."
- C. "ETP placed its 200 MMcf/d Arrowhead processing plant in Reeves County, TX, online during the third quarter to serve the Delaware sub-basin, management said, with the 200 MMcf/d Rebel II processing plant serving the Midland sub-basin scheduled for service in 2Q2018."
- D. "Including the Panther Plant, which came online in December of last year, Rebel II is our third plant in the Midland Basin," CFO Thomas Long said. "We're nearing capacity in the Permian, and we'll need Rebel II as soon as possible to meet growing producer demand in the region."
- E. "The proposed Red Bluff pipeline is an 80-mile, 30- to 42-inch diameter pipe that would travel through the Delaware. The pipe would carry 1.4 Bcf/d from ETP's Red Bluff and Orla plants, as well as multiple third-party plants, to Waha. That project, which has an anchor shipping commitment from Anadarko Petroleum Corp., is expected to cost \$300 million and come online in 2Q2018, management said."
- F. "We continue to be believers, the industry does, the producers do," McCrea said. "If you look at what's happened to oil prices and everything that's going on in the Middle East, it points to nothing but significant volume growth out of the Permian Basin and a more significant need to move those volumes out."
- The qualified property for the Arrowhead II Plant (Application #1240) will be placed adjacent to the qualified property for the Arrowhead Plant (Application #1160). Commercial operations for Application #1160 began in 2017.
- Attached Energy Transfer Partners ETP system map with Application #1240 location added.

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

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 | ☐ Land has existing improvements (complete Section 13) |
| ☐ Expansion of existing operation on the land (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.

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. In the states mentioned below, Energy Transfer currently operates over 34,050 miles of pipeline, 32 gas processing plants, 19 gas treating facilities and 3 gas conditioning plants. The states where these operations are located include, 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 II 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 the company, including possible plants in Louisiana and in New Mexico.

- Louisiana offers a 10-year, 100% property tax abatement under that state's Industrial Tax Exemption program as well as additional state sales tax incentives
- New Mexico offers Industrial Revenue Bonds and Job Training incentive programs

In the Delaware/Permian Basin alone, the company owns approximately 7,820 miles of natural gas pipeline, 7 processing facilities with aggregate capacity of 815 MMcf/d (*Waha, Coynosa, Red Bluff, Halley, Jal, Keystone, and Tippet*), and two treating facilities with aggregate capacity of 200 MMcf/d.

The Delaware/Permian Basin assets offer wellhead-to-market services to producers not only in the Texas counties, but also in the New Mexico Counties of Eddy and Lea which surround the Waha Hub.

Because of the proximity of the system to the Waha Hub, the system has a variety of market outlets for the natural gas that is gathered and processed, including several major interstate and intrastate pipelines serving California, the mid-continent region of the United States and the Texas/New Mexico natural gas markets.

Because of existing and new pipeline infrastructure that is now present in New Mexico, ETC has ample freedom to choose where the proposed project can be built. The economic differences outside of tax treatment are considered miniscule because of the Waha's proximity to the NM/TX border. Because of this, the proposed 313 is considered a major determining factor in whether or not the Arrowhead II is completed in Texas.



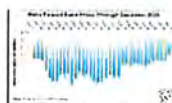
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Energy Transfer Says Waha-to-Mexico Ramping Up 'Some Time Down the Road'

Jeremiah Shelor November 14, 2017

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Basis differentials at the Waha Hub, situated at the heart of the Permian Basin, could "blow out materially" over the next year or two, and Energy Transfer Partners LP (ETP) is poised to take advantage, management said.

During a conference call last week to discuss 3Q2017 results, COO Marshall McCrea said the Dallas-based midstreamer sees opportunities to capture value as all signs point to a continued increase in associated natural gas volumes from the Permian and potential constraints at Waha, which is in Pecos County, TX.

"We're probably more well-positioned than anybody," McCrea said. "There's not a lot of capacity out of West Texas. Really, the only way out other than west is through our pipe to Mexico, which we still believe will be some time down the road before they're fully ramping up. So, getting volume growth out of there is going to depend on either a new project or existing capacity, of which we have."

"So, we're extremely optimistic over the next 12-14 months that the basis will blow out, probably blow out materially. We're well positioned to take advantage of that. We're actually going to be feeding that with a lot of these projects that we're bringing on and ramping up with our processing plants and with our Red Bluff upstream intrastate."

ETP placed its 200 MMcf/d Arrowhead processing plant in Reeves County, TX, online during the third quarter to serve the Delaware sub-basin, management said, with the 200 MMcf/d Rebel II processing plant serving the Midland sub-basin scheduled for service in 2Q2018.

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"Including the Panther Plant, which came online in December of last year, Rebel II is our third plant in the Midland Basin," CFO Thomas Long said. "We're nearing capacity in the Permian, and we'll need Rebel II as soon as possible to meet growing producer demand in the region."

The proposed Red Bluff pipeline is an 80-mile, 30- to 42-inch diameter pipe that would travel through the Delaware. The pipe would carry 1.4 Bcf/d from ETP's Red Bluff and Orla plants, as well as multiple third-party plants, to Waha. That project, which has an anchor shipping commitment from Anadarko Petroleum Corp., is expected to cost \$300 million and come online in 2Q2018, management said.

"We continue to be believers, the industry does, the producers do," McCrea said. "If you look at what's happened to oil prices and everything that's going on in the Middle East, it points to nothing but significant volume growth out of the Permian Basin and a more significant need to move those volumes out."

"We certainly continue to evaluate other ways to more efficiently and inexpensively move volumes out by expanding systems that we have or using systems that we have in different manners," he said. "We'll continue to evaluate that, and we do believe we'll play a part of that growth on the expansion out of the Waha area. But in the meantime, we're pretty excited about what's going to happen as far as basis spread and how it benefits our assets over the next couple of years."

In the interstate segment of its business, ETP confirmed that the next phase of its 3.25 Bcf/d Rover Pipeline remains on track for completion by the end of the year.

"For Phase 1B, drilling operations on our remaining" horizontal directional drills (HDD) "are nearly complete," Long said. "We expect this phase will be in service and that we will be collecting demand fees on all of Phase 1 before the end of this year. In addition, construction of Phase 2 continues, and we feel confident the entire pipeline will be in service by the end of the first quarter of 2018."

Following a moratorium on HDD activities issued earlier this year, FERC recently provided ETP with several reports from third-party technical advisor J.D. Hair & Associates covering "the remaining HDDs on Rover, which should allow us to resume construction on these drills in short order. Both of these developments provide us with more certainty in meeting our projected in-service dates," Long said.

Rover, which has been flowing about 1 Bcf/d east-to-west through Ohio, is designed to deliver Marcellus and Utica shale gas to markets in the Midwest, Gulf Coast and Canada.

By segment, ETP saw third quarter interstate natural gas transportation volumes increase to 6.075 billion Btu/d from 5.386 billion Btu/d in the year-ago quarter. Management attributed the increase in 3Q2017 to Rover, as well as to increased backhaul deliveries on its Trunkline pipeline, increases on the Tiger pipeline from higher Haynesville Shale production and increases on the Transwestern pipeline from demand in the West and "opportunities in the Texas intrastate market."

"We continue to expect earnings in this segment to pick up once the remaining sections of Rover are in service and we are able to efficiently provide end-user customers with Marcellus and Utica gas," Long said. "In addition, we will also be receiving significant revenues from our backhaul capabilities on Panhandle and Trunkline."

Intrastate natural gas volumes also increased during the quarter to 8.94 billion Btu/d from 8.29 billion Btu/d, with higher exports to Mexico and new pipe additions partially offsetting lower production from the Barnett Shale, management said.

In the midstream segment, gathered volumes increased to 11.09 billion Btu/d from 9.675 billion Btu/d, while natural gas liquids (NGL) production moved higher to 449,454 b/d versus 420,677 b/d in the year-ago quarter. NGL transportation volumes increased to 836,000 b/d versus 766,000 b/d a year ago.

| | |
|----------------------------|---|
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ETP reported net income for the quarter of \$761 million (33 cents/unit) versus net income of \$136 million (minus 33 cents/unit) in the year-ago period. Quarterly revenues were \$6.97 billion versus \$5.53 billion in 3Q2016.

Energy Transfer Equity LP reported quarterly net income of \$252 million (22 cents/unit) versus \$209 million (20 cents) in the year-ago quarter. Revenue totaled \$9.47 billion from \$7.71 billion.



Markets Editor | Dulles, VA

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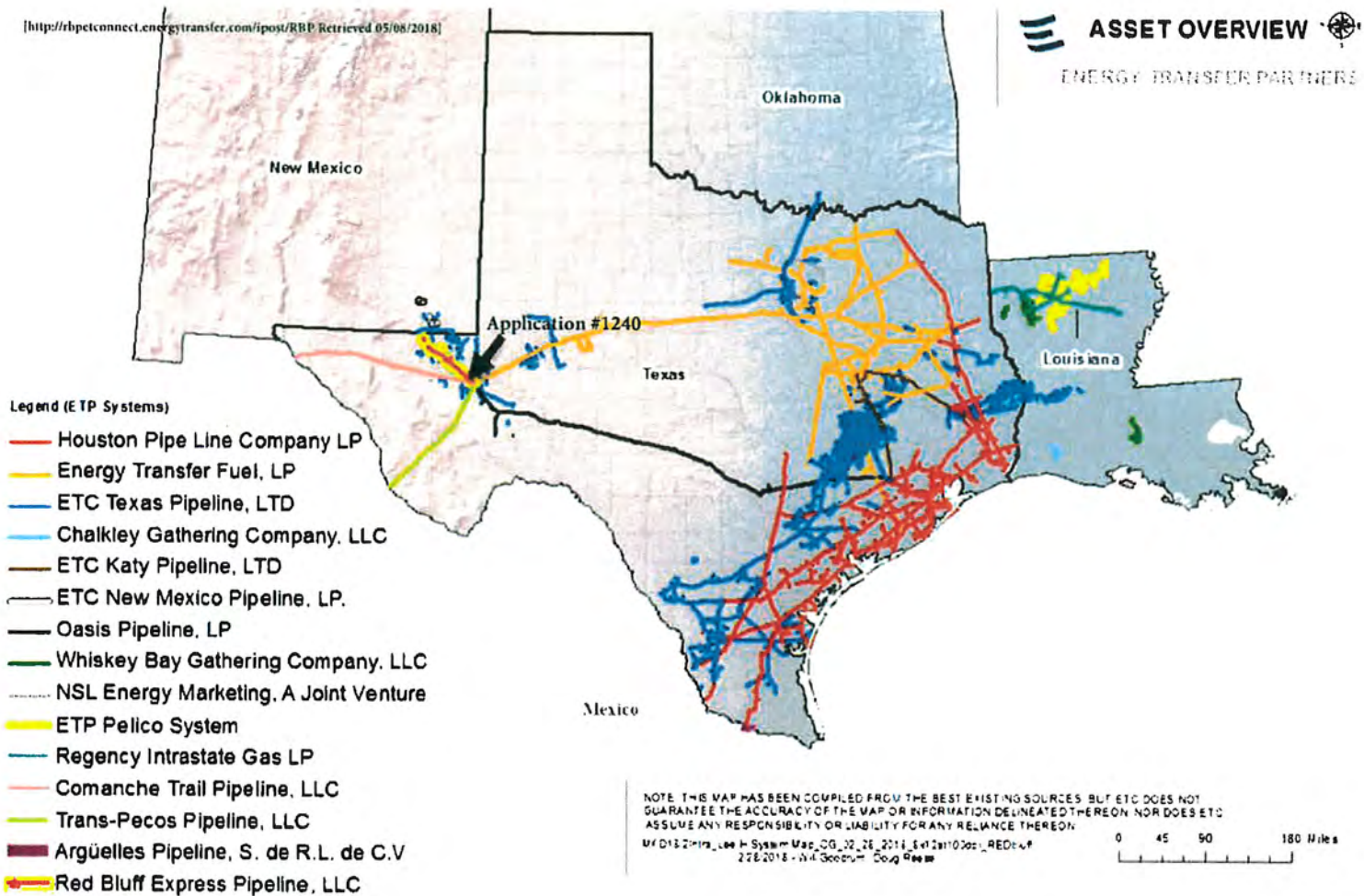
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ASSET OVERVIEW



Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED ETC TEXAS
PIPELINE, LTD PROJECT IN THE PECOS-BARSTOW-
TOYAH INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1240)**

PREPARED BY



AUGUST 30, 2018

Executive Summary

ETC Texas Pipeline, LTD (Company) has requested that the Pecos-Barstow-Toyah Independent School District (P-B-T ISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to P-B-T ISD on February 2, 2018 the Company plans to invest \$95 million in initial taxable value to construct a raw natural gas processing facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, P-B-T ISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2019-20 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted last year. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

| | |
|---|---------------|
| Total Revenue Loss Payment owed to P-B-T ISD | \$250,951 |
| Total Savings to Company after Revenue Loss Payment.
(This does not include any supplemental benefit
payments to the district.) | \$4.7 million |

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for the project was issued on April 20, 2018.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Certificate was issued on July 10, 2018.

After the Comptroller's certificate was received, O'Hanlon, Demerath and Castillo contacted the school district to discuss the value limitation agreement and began negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon, Demerath & Castillo will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (For more detailed information on the school finance funding system, please review the Texas Education Agency's website ([Manuals and Presentations](#)) or ([School Finance-One Page Descriptions](#)).

Because the general school finance formula system calculates state aid entitlements using the Comptroller's certified property value for the preceding year, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state but require some type of compensation from the Company under the revenue protection provisions of the agreement. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment remains at \$5,140 and the Tier II Austin yield increases to \$106.28 per WADA for 2018-19, which is maintained for future years.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313

projects are also factored into the M&O tax bases used. The impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes is beyond the scope of this revenue report.

ADA: 2,403
Local Tax Base: \$5.5 billion
M&O Tax Rate: \$1.04 per \$100
I&S Tax Rate: \$0.085 per \$100
Wealth per WADA: \$1,064,955

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

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

| Year of Agreement | School Year | ADA | WADA | M&O Tax Rate | I&S Tax Rate | CAD Value with Project | CAD Value with Limitation | CPTD with Project | CPTD With Limitation | CPTD Value with Project per WADA | CPTD Value with Limitation per WADA |
|-------------------|-------------|----------|----------|--------------|--------------|------------------------|---------------------------|-------------------|----------------------|----------------------------------|-------------------------------------|
| QTP0 | 2018-19 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,575,616,737 | \$5,575,616,737 | \$5,178,512,480 | \$5,178,512,480 | \$1,510,394 | \$1,510,394 |
| QTP1/VL1 | 2019-20 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,760,616,737 | \$5,695,616,737 | \$5,268,512,480 | \$5,268,512,480 | \$1,536,644 | \$1,536,644 |
| QTP2/VL1 | 2020-21 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,756,816,737 | \$5,695,616,737 | \$5,453,512,480 | \$5,388,512,480 | \$1,590,602 | \$1,571,644 |
| VL3 | 2021-22 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,753,016,737 | \$5,695,616,737 | \$5,449,712,480 | \$5,388,512,480 | \$1,589,494 | \$1,571,644 |
| VL4 | 2022-23 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,878,036,270 | \$5,824,436,270 | \$5,445,912,480 | \$5,388,512,480 | \$1,588,385 | \$1,571,644 |
| VL5 | 2023-24 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,870,071,684 | \$5,820,271,684 | \$5,570,932,013 | \$5,517,332,013 | \$1,624,849 | \$1,609,216 |
| VL6 | 2024-25 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,862,232,035 | \$5,816,232,035 | \$5,562,967,427 | \$5,513,167,427 | \$1,622,526 | \$1,608,001 |
| VL7 | 2025-26 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,858,432,035 | \$5,816,232,035 | \$5,555,127,778 | \$5,509,127,778 | \$1,620,240 | \$1,606,823 |
| VL8 | 2026-27 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,973,527,316 | \$5,935,127,316 | \$5,551,327,778 | \$5,509,127,778 | \$1,619,131 | \$1,606,823 |
| VL9 | 2027-28 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$5,965,410,457 | \$5,930,810,457 | \$5,666,423,059 | \$5,628,023,059 | \$1,652,701 | \$1,641,501 |
| VL10 | 2028-29 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$6,293,123,021 | \$6,262,323,021 | \$5,658,306,200 | \$5,623,706,200 | \$1,650,333 | \$1,640,242 |
| VP1 | 2029-30 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$7,033,669,540 | \$7,033,669,540 | \$5,986,018,764 | \$5,955,218,764 | \$1,745,916 | \$1,736,932 |
| VP2 | 2030-31 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$6,985,520,313 | \$6,985,520,313 | \$6,726,565,283 | \$6,726,565,283 | \$1,961,908 | \$1,961,908 |
| VP3 | 2031-32 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$6,940,004,885 | \$6,940,004,885 | \$6,678,416,056 | \$6,678,416,056 | \$1,947,864 | \$1,947,864 |
| VP4 | 2032-33 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$6,895,295,369 | \$6,895,295,369 | \$6,632,900,628 | \$6,632,900,628 | \$1,934,589 | \$1,934,589 |
| VP5 | 2033-34 | 2,403.50 | 3,428.58 | \$1.0400 | \$0.0850 | \$6,852,220,919 | \$6,852,220,919 | \$6,588,191,112 | \$6,588,191,112 | \$1,921,549 | \$1,921,549 |

*Basic Allotment: \$5,140; AISD Yield: \$106.28; Equalized Wealth: \$514,000 per WADA

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact of the ETC Texas project on P-B-T ISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$250,951 over the course of the Agreement, with nearly all the loss reflected in the first limitation year (2019-20). Nearly all the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

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

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Recapture Costs | Additional Local M&O Collections | State Aid from Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Homestead Hold Harmless | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------|-------------|-----------------|----------------------------------|---|--|-------------------------|-----------------|--------------------|
| QTP0 | 2018-19 | \$54,934,758 | \$1,031,161 | -\$35,897,131 | \$2,197,390 | \$0 | \$0 | \$8,633 | \$81,042 | \$22,355,853 |
| QTP1/VL1 | 2019-20 | \$56,760,758 | \$662,383 | -\$37,431,698 | \$2,270,430 | \$0 | \$0 | \$8,767 | \$81,042 | \$22,351,682 |
| QTP2/VL1 | 2020-21 | \$56,722,758 | \$1,031,161 | -\$38,050,048 | \$2,268,910 | \$0 | \$0 | \$8,464 | \$81,042 | \$22,062,286 |
| VL3 | 2021-22 | \$56,684,758 | \$662,383 | -\$38,011,555 | \$2,267,390 | \$0 | \$0 | \$8,464 | \$81,042 | \$21,692,482 |
| VL4 | 2022-23 | \$57,909,189 | \$1,031,161 | -\$38,826,971 | \$2,316,368 | \$0 | \$0 | \$8,653 | \$81,042 | \$22,519,442 |
| VL5 | 2023-24 | \$57,830,376 | \$662,383 | -\$39,193,627 | \$2,313,215 | \$0 | \$0 | \$8,447 | \$81,042 | \$21,701,836 |
| VL6 | 2024-25 | \$57,752,788 | \$1,031,161 | -\$39,114,427 | \$2,310,112 | \$0 | \$0 | \$8,448 | \$81,042 | \$22,069,124 |
| VL7 | 2025-26 | \$57,714,788 | \$662,383 | -\$39,062,662 | \$2,308,592 | \$0 | \$0 | \$8,454 | \$81,042 | \$21,712,597 |
| VL8 | 2026-27 | \$58,841,962 | \$1,031,161 | -\$39,819,477 | \$2,353,678 | \$0 | \$0 | \$8,626 | \$81,042 | \$22,496,991 |
| VL9 | 2027-28 | \$58,761,656 | \$662,383 | -\$40,143,564 | \$2,350,466 | \$0 | \$0 | \$8,439 | \$81,042 | \$21,720,422 |
| VL10 | 2028-29 | \$61,972,480 | \$1,031,161 | -\$42,328,153 | \$2,478,899 | \$0 | \$0 | \$8,913 | \$81,042 | \$23,244,341 |
| VP1 | 2029-30 | \$69,223,675 | \$662,383 | -\$48,501,271 | \$2,768,947 | \$0 | \$0 | \$9,410 | \$81,042 | \$24,244,186 |
| VP2 | 2030-31 | \$68,751,813 | \$1,031,161 | -\$50,396,674 | \$2,750,073 | \$0 | \$0 | \$8,317 | \$81,042 | \$22,225,732 |
| VP3 | 2031-32 | \$68,305,762 | \$662,383 | -\$49,938,464 | \$2,732,230 | \$0 | \$0 | \$8,323 | \$81,042 | \$21,851,276 |
| VP4 | 2032-33 | \$67,867,609 | \$1,031,161 | -\$49,493,038 | \$2,714,704 | \$0 | \$0 | \$8,326 | \$81,042 | \$22,209,804 |
| VP5 | 2033-34 | \$67,445,479 | \$662,383 | -\$49,061,456 | \$2,697,819 | \$0 | \$0 | \$8,331 | \$81,042 | \$21,833,597 |

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

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

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Recapture Costs | Additional Local M&O Collections | State Aid from Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Homestead Hold Harmless | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------|-------------|-----------------|----------------------------------|---|--|-------------------------|-----------------|--------------------|
| QTP0 | 2018-19 | \$54,934,758 | \$1,031,161 | -\$35,897,131 | \$2,197,390 | \$0 | \$0 | \$8,633 | \$81,042 | \$22,355,853 |
| QTP1/VL1 | 2019-20 | \$56,110,758 | \$662,383 | -\$36,999,120 | \$2,244,430 | \$0 | \$0 | \$8,667 | \$81,042 | \$22,108,160 |
| QTP2/VL1 | 2020-21 | \$56,110,758 | \$1,031,161 | -\$37,417,093 | \$2,244,430 | \$0 | \$0 | \$8,474 | \$81,042 | \$22,058,771 |
| VL3 | 2021-22 | \$56,110,758 | \$662,383 | -\$37,417,093 | \$2,244,430 | \$0 | \$0 | \$8,474 | \$81,042 | \$21,689,993 |
| VL4 | 2022-23 | \$57,373,189 | \$1,031,161 | -\$38,266,651 | \$2,294,928 | \$0 | \$0 | \$8,664 | \$81,042 | \$22,522,333 |
| VL5 | 2023-24 | \$57,332,376 | \$662,383 | -\$38,676,971 | \$2,293,295 | \$0 | \$0 | \$8,456 | \$81,042 | \$21,700,580 |
| VL6 | 2024-25 | \$57,292,788 | \$1,031,161 | -\$38,636,205 | \$2,291,712 | \$0 | \$0 | \$8,457 | \$81,042 | \$22,068,955 |
| VL7 | 2025-26 | \$57,292,788 | \$662,383 | -\$38,622,776 | \$2,291,712 | \$0 | \$0 | \$8,463 | \$81,042 | \$21,713,612 |
| VL8 | 2026-27 | \$58,457,962 | \$1,031,161 | -\$39,415,227 | \$2,338,318 | \$0 | \$0 | \$8,635 | \$81,042 | \$22,501,891 |
| VL9 | 2027-28 | \$58,415,656 | \$662,383 | -\$39,781,214 | \$2,336,626 | \$0 | \$0 | \$8,446 | \$81,042 | \$21,722,939 |
| VL10 | 2028-29 | \$61,664,480 | \$1,031,161 | -\$41,997,918 | \$2,466,579 | \$0 | \$0 | \$8,923 | \$81,042 | \$23,254,266 |
| VP1 | 2029-30 | \$69,223,675 | \$662,383 | -\$48,395,870 | \$2,768,947 | \$0 | \$0 | \$9,459 | \$81,042 | \$24,349,636 |
| VP2 | 2030-31 | \$68,751,813 | \$1,031,161 | -\$50,396,674 | \$2,750,073 | \$0 | \$0 | \$8,317 | \$81,042 | \$22,225,732 |
| VP3 | 2031-32 | \$68,305,762 | \$662,383 | -\$49,938,464 | \$2,732,230 | \$0 | \$0 | \$8,323 | \$81,042 | \$21,851,276 |
| VP4 | 2032-33 | \$67,867,609 | \$1,031,161 | -\$49,493,038 | \$2,714,704 | \$0 | \$0 | \$8,326 | \$81,042 | \$22,209,804 |
| VP5 | 2033-34 | \$67,445,479 | \$662,383 | -\$49,061,456 | \$2,697,819 | \$0 | \$0 | \$8,331 | \$81,042 | \$21,833,597 |

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 4 – Value Limit less Project Value with No Limit

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid | Recapture Costs | Additional Local M&O Collections | State Aid from Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Homestead Hold Harmless | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------|-----------|-----------------|----------------------------------|---|--|-------------------------|-----------------|--------------------|
| QTP0 | 2018-19 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP1/VL1 | 2019-20 | -\$650,000 | \$0 | \$432,578 | -\$26,000 | \$0 | \$0 | -\$100 | \$0 | -\$243,522 |
| QTP2/VL1 | 2020-21 | -\$612,000 | \$0 | \$632,955 | -\$24,480 | \$0 | \$0 | \$10 | \$0 | -\$3,515 |
| VL3 | 2021-22 | -\$574,000 | \$0 | \$594,462 | -\$22,960 | \$0 | \$0 | \$9 | \$0 | -\$2,488 |
| VL4 | 2022-23 | -\$536,000 | \$0 | \$560,320 | -\$21,440 | \$0 | \$0 | \$11 | \$0 | \$2,892 |
| VL5 | 2023-24 | -\$498,000 | \$0 | \$516,656 | -\$19,920 | \$0 | \$0 | \$9 | \$0 | -\$1,255 |
| VL6 | 2024-25 | -\$460,000 | \$0 | \$478,222 | -\$18,400 | \$0 | \$0 | \$8 | \$0 | -\$169 |
| VL7 | 2025-26 | -\$422,000 | \$0 | \$439,886 | -\$16,880 | \$0 | \$0 | \$8 | \$0 | \$1,015 |
| VL8 | 2026-27 | -\$384,000 | \$0 | \$404,250 | -\$15,360 | \$0 | \$0 | \$9 | \$0 | \$4,899 |
| VL9 | 2027-28 | -\$346,000 | \$0 | \$362,350 | -\$13,840 | \$0 | \$0 | \$8 | \$0 | \$2,517 |
| VL10 | 2028-29 | -\$308,000 | \$0 | \$330,235 | -\$12,320 | \$0 | \$0 | \$10 | \$0 | \$9,926 |
| VP1 | 2029-30 | \$0 | \$0 | \$105,402 | \$0 | \$0 | \$0 | \$49 | \$0 | \$105,450 |
| VP2 | 2030-31 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP3 | 2031-32 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP4 | 2032-33 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| VP5 | 2033-34 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$5.7 million over the life of the agreement. The P-B-T ISD revenue losses are expected to total approximately \$250,951 over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$4.7 million, prior to any negotiations with ETC Texas on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with P-B-T ISD currently levying a \$0.0850 per \$100 I&S rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Local taxpayers should benefit from the addition of the ETC Texas project to the local I&S tax roll. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

**Table 5 - Estimated Financial Impact of the ETC Texas Project Property Value Limitation Request
Submitted to P-B-T ISD at \$1.04 M&O Tax Rate**

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Assumed M&O Tax Rate | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | School District Revenue Losses | Estimated Net Tax Benefits |
|-------------------|-------------|---------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|----------------------------------|--------------------------------|----------------------------|
| QTP0 | 2018-19 | \$0 | \$0 | \$0 | \$1.040 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP1/VL1 | 2019-20 | \$95,000,000 | \$30,000,000 | \$65,000,000 | \$1.040 | \$988,000 | \$312,000 | \$676,000 | -\$243,522 | \$432,478 |
| QTP2/VL2 | 2020-21 | \$91,200,000 | \$30,000,000 | \$61,200,000 | \$1.040 | \$948,480 | \$312,000 | \$636,480 | -\$3,515 | \$632,965 |
| VL3 | 2021-22 | \$87,400,000 | \$30,000,000 | \$57,400,000 | \$1.040 | \$908,960 | \$312,000 | \$596,960 | -\$2,488 | \$594,472 |
| VL4 | 2022-23 | \$83,600,000 | \$30,000,000 | \$53,600,000 | \$1.040 | \$869,440 | \$312,000 | \$557,440 | \$0 | \$557,440 |
| VL5 | 2023-24 | \$79,800,000 | \$30,000,000 | \$49,800,000 | \$1.040 | \$829,920 | \$312,000 | \$517,920 | -\$1,255 | \$516,665 |
| VL6 | 2024-25 | \$76,000,000 | \$30,000,000 | \$46,000,000 | \$1.040 | \$790,400 | \$312,000 | \$478,400 | -\$169 | \$478,231 |
| VL7 | 2025-26 | \$72,200,000 | \$30,000,000 | \$42,200,000 | \$1.040 | \$750,880 | \$312,000 | \$438,880 | \$0 | \$438,880 |
| VL8 | 2026-27 | \$68,400,000 | \$30,000,000 | \$38,400,000 | \$1.040 | \$711,360 | \$312,000 | \$399,360 | \$0 | \$399,360 |
| VL9 | 2027-28 | \$64,600,000 | \$30,000,000 | \$34,600,000 | \$1.040 | \$671,840 | \$312,000 | \$359,840 | \$0 | \$359,840 |
| VL10 | 2028-29 | \$60,800,000 | \$30,000,000 | \$30,800,000 | \$1.040 | \$632,320 | \$312,000 | \$320,320 | \$0 | \$320,320 |
| VP1 | 2029-30 | \$57,000,000 | \$57,000,000 | \$0 | \$1.040 | \$592,800 | \$592,800 | \$0 | \$0 | \$0 |
| VP2 | 2030-31 | \$53,200,000 | \$53,200,000 | \$0 | \$1.040 | \$553,280 | \$553,280 | \$0 | \$0 | \$0 |
| VP3 | 2031-32 | \$49,400,000 | \$49,400,000 | \$0 | \$1.040 | \$513,760 | \$513,760 | \$0 | \$0 | \$0 |
| VP4 | 2032-33 | \$45,600,000 | \$45,600,000 | \$0 | \$1.040 | \$474,240 | \$474,240 | \$0 | \$0 | \$0 |
| VP5 | 2033-34 | \$41,800,000 | \$41,800,000 | \$0 | \$1.040 | \$434,720 | \$434,720 | \$0 | \$0 | \$0 |
| | | | | | | \$10,670,400 | \$5,688,800 | \$4,981,600 | -\$250,951 | \$4,730,649 |

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

Attachment E

Taxable Value of Property

 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

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

**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 #1240

Dated

September 20, 2018

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

STATE OF TEXAS
COUNTY OF REEVES

www.ck12.org

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 February 15, 2018, 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 February 15, 2018, 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 April 20, 2018, 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 July 10, 2018, issued a certificate for limitation on appraised

value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Superintendent as authorized by the District's Board of Trustees, by letter dated August 30, 2018, extended the statutory deadline by which the District must consider the Application until September 30, 2018 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 September 20, 2018, 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 September 20, 2018, 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 September 18, 2018, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on September 14, 2018, 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 September 20, 2018, 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.

“Acf” 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 February 15, 2018. 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 2018. 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 September 20, 2018, 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 April 20, 2018, 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 September 20, 2018.

C. The Qualifying Time Period for this Agreement:

- i. Starts on the Application Approval Date.
- ii. End on December 31, 2020, 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, 2019, the first complete Tax Year that begins after the Application Review Start Date; and
- ii. Ends on December 31, 2028, 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, 2033.

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 \$887 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.

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. In no year shall the Applicant be responsible for the payment of any

total expenses under this Section and Section 4.7, above, in excess of Fifteen Thousand Dollars (\$15,000.00).

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. The Parties agree that for each Tax Year during the term of this Agreement beginning with the Tax Year 2018, which is the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i., the Applicant's Supplemental Payment Amount will annually be paid based on the following schedule

| Date of Payment | Amount of Payment |
|------------------|---------------------------|
| January 31, 2019 | Equal to the Annual Limit |
| January 31, 2020 | Equal to the Annual Limit |
| January 31, 2021 | Equal to the Annual Limit |
| January 31, 2022 | Equal to the Annual Limit |
| January 31, 2023 | Equal to the Annual Limit |
| January 31, 2024 | Equal to the Annual Limit |
| January 31, 2025 | Equal to the Annual Limit |
| January 31, 2026 | Equal to the Annual Limit |
| January 31, 2027 | Equal to the Annual Limit |
| January 31, 2028 | Equal to the Annual Limit |
| January 31, 2029 | Equal to the Annual Limit |
| January 31, 2030 | Equal to the Annual Limit |
| January 31, 2031 | Equal to the Annual Limit |
| January 31, 2032 | Equal to the Annual Limit |

A. **Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.** All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.3, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6, above.

C. All amounts owed by the Applicant to the District for a Tax Year under this Article shall be paid on the same date established by Section 6.3 for such Tax Year.

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:

Superintendent of Schools (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: hmendez@pbtisd.esc18.net

With a copy to:

Kevin T. O'Hanlon
O'Hanlon, Demerath & Castillo
808 West Ave
Austin, Texas 78701
Phone: (512) 494-9949
Facsimile: (512) 494-9919
Email: kohanlon@808west.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 Amended Agreement has been executed by the Parties in multiple originals on this 20th day of September, 2018.

ETC TEXAS PIPELINE, LTD

By:

Megan McKavanagh
MEGAN MCKAVANAGH
~~ASSISTANT CONTROLLER~~
Senior Property Tax

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

By:

Sam Contreras
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By:

Gerther Natividad
SECRETARY, BOARD OF TRUSTEES

Or In the Event of a Conflict of Interest:

By: _____

VICE PRESIDENT, BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

A map of the *ETC Reinvestment Zone* is attached following the legal description of the Zone. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the *ETC Reinvestment Zone*.

Legal Description:

That 260.778 acre tract of land located in Section(s) 13 and 14, Block C-3, Pubic School Lands Survey, Reeves County, Texas.

EXHIBIT "A"

EXHIBIT "A"

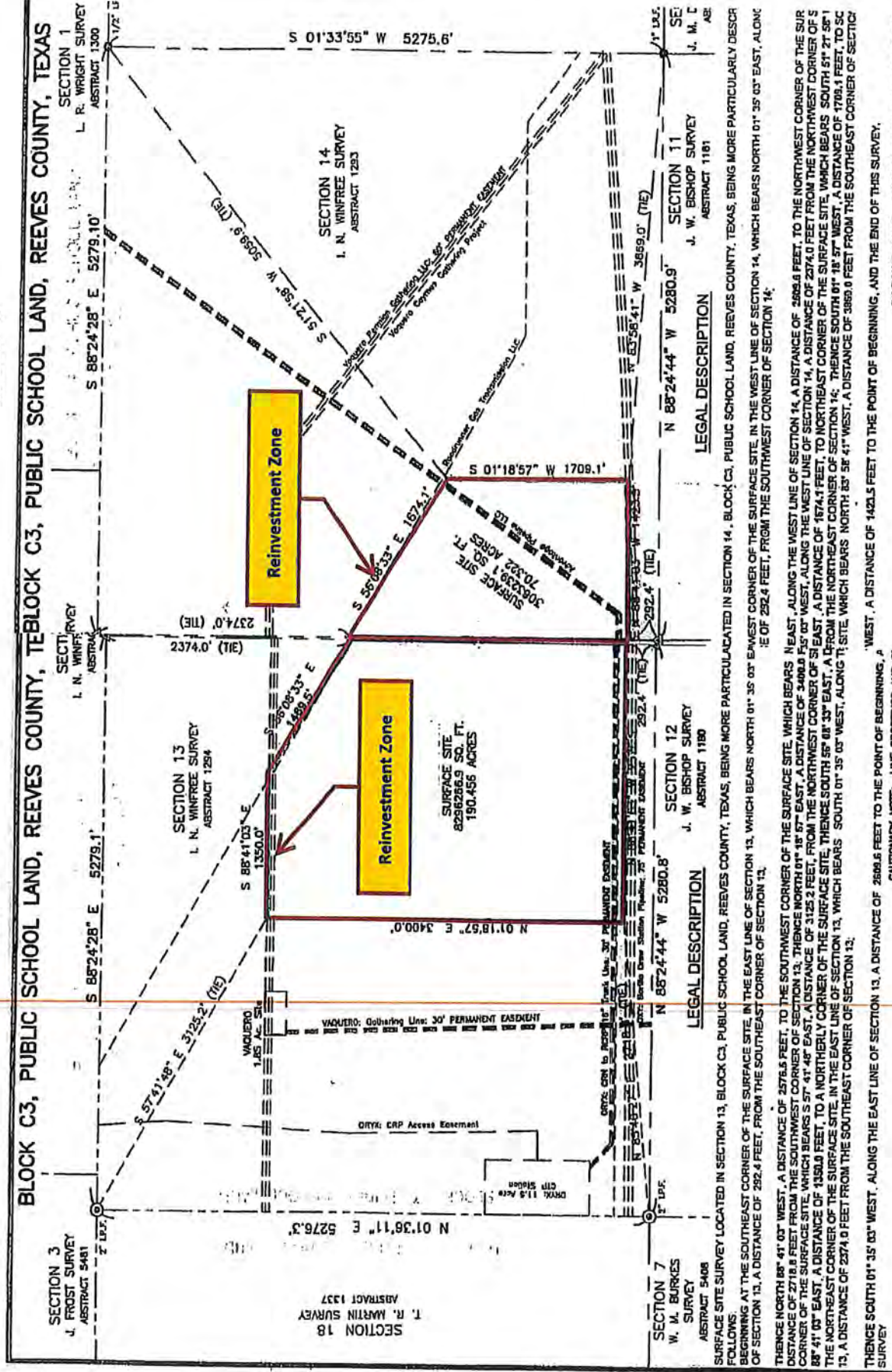


EXHIBIT 2

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 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**.

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 June of 2018 and start hiring the new employees in September of 2018. This should allow for completion and commencement of commercial operations to start in January of 2018.

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

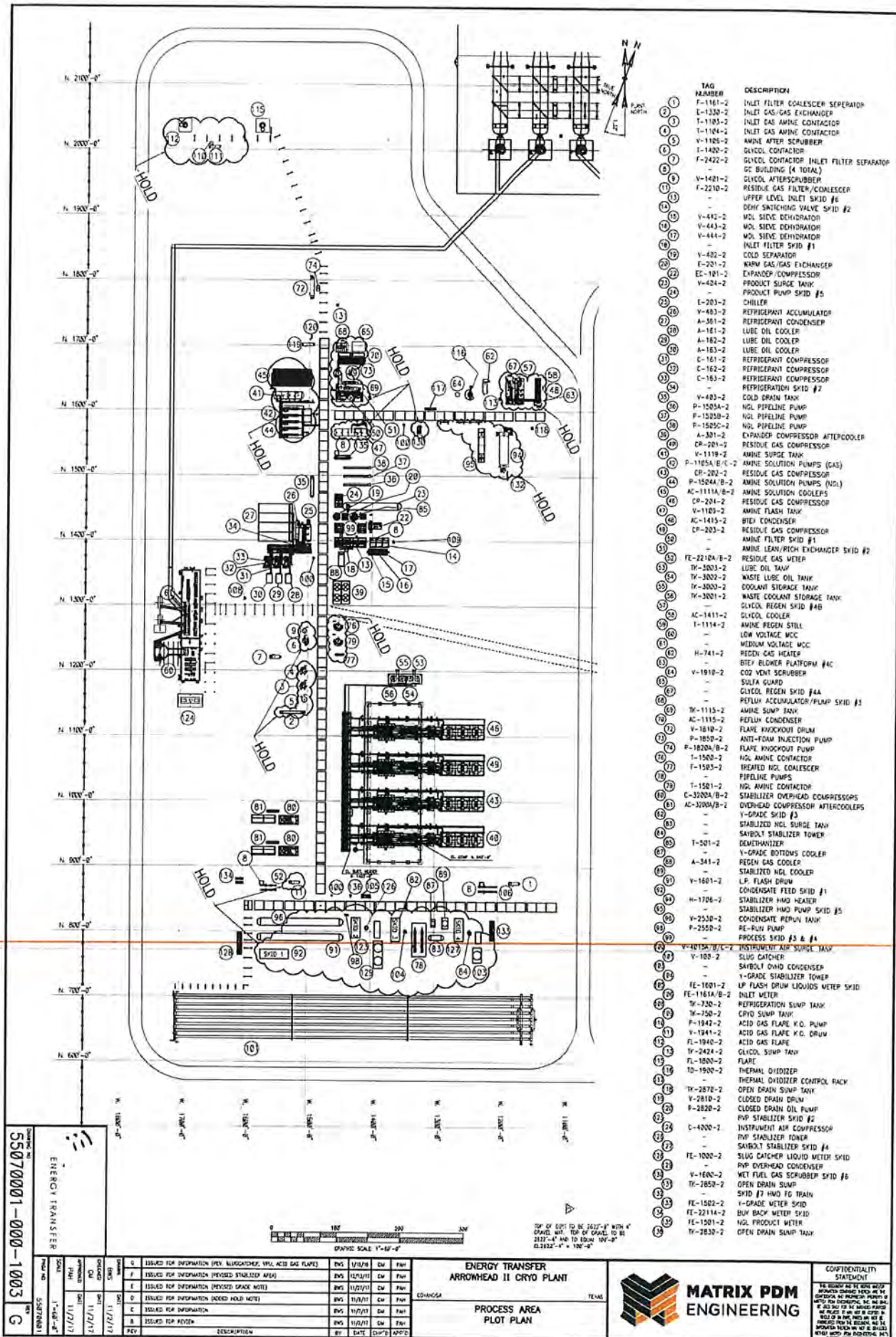
This Agreement covers all qualified property within Pecos-Barstow-Toyah Independent School District necessary for the commercial operations of a new cryogenic fractionation plant, as more fully described in Tab 8 of the Application, attached hereto as **EXHIBIT 4**.

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 June of 2018 and start hiring the new employees in September of 2018. This should allow for completion and commencement of commercial operations to start in January of 2018.

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.



Reinvestment Zone

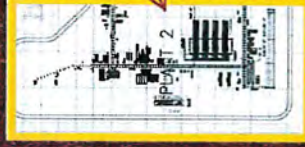
With Proposed Project Boundary

Legend

 Reinvestment Zone

Proposed Project Location
(yellow boundary)

Reinvestment Zone
(red boundary)



Google Earth

2000 ft



Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

September 20, 2018

President and Members
Board of Trustees
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Recommendations and Findings of the firm Concerning Application of ETC Texas Pipeline, LTD for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

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

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH

BENJAMIN CASTILLO

September 20, 2018

President and Members
Board of Trustees
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Recommendations and Findings of the Firm Concerning Application of ETC Texas Pipeline, LTD for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Pecos-Barstow-Toyah Independent School District, with respect to the pending Application of ETC Texas Pipeline, LTD for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and ETC Texas Pipeline, LTD. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

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

Sincerely,

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

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 14, 2018

Hector Mendez
Interim 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 1240

Dear Superintendent Mendez:

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 Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Counihan".

Will Counihan
Director
Data Analysis & Transparency Division

cc: Kevin O'Hanlon, O'Hanlon, McCollom & Demerath, PC
Megan McKavanagh, Energy Transfer Partners, L.P.
Mike Fry, KE Andrews

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.