DUFF & PHELPS

Dr. Arturo Almendarez
School Superintendent
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, Texas 78410

May 14, 2015

Re: Tax Code Chapter 313 Annual Eligibility Report Form for TexStar Midstream Services' Robstown Fractionator Project

Dear Dr. Almendarez,

Enclosed is the Annual Eligibility Report Form 50-772-A for TexStar Midstream Services' Robstown Fractionator Project with signature of an authorized company representative. Note that due to construction delays, commercial start-up of the fractionator did not begin until April of 2015. Therefore for 2014, no permanent jobs had been created. The facility will be fully operational this year and all permanent jobs created by the end of 2015.

We greatly appreciate the continued support shown by yourself and the Calallen Independent School District for this project and look forward to working with you in the future.

Should you have any questions or need additional information, please feel free to contact either myself at 512-671-5557 or Robert.daniel@duffandphelps.com or Candice Krimbill at 214-979-3723 or Candice.krimbill@southcrossenergy.com

Regards,

Robert Daniel
Tax Agent

Duff & Phelps, LLC
919 Congress Avenue
Suite 1450
Austin, TX 78701

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robert.daniel@duffandphelps.com
www.duffandphelps.com

Chapter 313 Annual Eligibility Report Form

Economic Development and Analysis
Form 50-772-A

SECTION 1: Applicant and District Information

1. Tax year covered by this report: 2014

   NOTE: This report must be completed and submitted to the school district by May 15 of every year using information from the previous tax (calendar) year.

2. Application number: 341

   NOTE: You can find your application number and all agreement documents and reports on the website www.texasahead.org/tax_programs/chapter313/applicants

3. Name of school district: Calallen Independent School District

4. Name of project on original application *(or short description of facility)*: Robstown Fractionator Unit

5. Name of applicant on original application: TexStar Midstream Services, LP

6. Name the company entering into original agreement with distrct: TexStar Midstream Services, LP

7. Amount of limitation at time of application approval: $20,000,000

8. If you are one of two or more companies originally applying for a limitation, list all other applicants here and describe their relationships. *(Use attachments if necessary.)*

SECTION 2: Current Agreement Information

1. Name of current agreement holder(s) TexStar Midstream Services, LP

2. Complete mailing address of current agreement holder 1700 Pacific Avenue, Suite 2900; Dallas, TX 75201

3. Company contact person for agreement holder:

Candice Krimbill	Tax Manager
Name	Title
(214) 979-3723	candice.krimbill@southcrossenergy.com
Phone	Email

4. Texas franchise tax ID number of current agreement holder: 32034941958

5. If the current agreement holder does not report under the franchise tax law, please include name and tax ID of reporting entity:

Name	Tax ID

6. If the authorized company representative *(same as signatory for this form)* is different from the contact person listed above, complete the following:

Name	Title
Complete Mailing Address	
Phone	Email

7. If you are a current agreement holder who was not an original applicant, please list all other current agreement holders. Please describe the chain of ownership from the original applicant to the new entities. *(Use attachments if necessary.)*

SECTION 3: Applicant Eligibility Information

1. Does the business entity have the right to transact business with respect to Tax Code, Chapter 171? *(Attach printout from Comptroller Web site: http://www.window.state.tx.us/taxinfo/coasintr.html)* ☑ Yes ☐ No
2. Is the business entity current on all taxes due to the State of Texas? ☑ Yes ☐ No
3. Is the business activity of the project an eligible business activity under Section 313.024(b)? ☑ Yes ☐ No

3a. Please identify business activity: Manufacturing

SECTION 4: Qualified Property Information

1. Market value for reporting year: $ 52,529,320.00
2. I&S taxable value for reporting year: $ 52,529,320.00
3. M&O taxable value for reporting year: $ 52,529,320.00

SECTION 5A: Wage and Employment Information for Applications Prior to Jan. 1, 2014 (#1 Through 999)

ONLY COMPLETE THE WAGE SECTION (5A or 5B) THAT APPLIES TO YOUR APPLICATION. You can find your application number on the website at www.texasahead.org/tax_programs/chapter313/applicants.

NOTE: All statutory references in Section 5A are for statute as it existed prior to Jan. 1, 2014. For job definitions see TAC §9.1051(14) and Tax Code, §313.021(3). If the agreement includes a definition of "new job" other than TAC §9.1051(14)(C), then please provide the definition "new job" as used in the agreement. Notwithstanding any waiver by the district of the requirement for the creation of a minimum number of new jobs, or any other job commitment in the agreement, Tax Code §313.024(d) requires that 80 percent of all new jobs be qualifying jobs.

1. How many new jobs were based on the qualified property in the year covered by this report? *(See note above)* 0
   Project completion and start-up was delayed until April 2015, so no permanent jobs had been created in 2014
2. What is the number of new jobs required for a project in this school district according to §313.021(2)(A)(iv)(b), §313.051(b), as appropriate? 10
3. Did the applicant request that the governing body waive the minimum job requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☑ No

   3a. If yes, how many new jobs must the approved applicant create under the waiver?
4. Calculate 80 percent of new jobs (0.80 x number of new jobs based on the qualified property in the year covered by this report.) 8
5. What is the minimum required annual wage for each qualifying job in the year covered by the report? $ 54,399.00
6. Identify which of the four Tax Code sections is used to determine the wage standard required by the agreement:
   ☐ §313.021(5)(A) or ☐ §313.021(5)(B) or ☐ §313.021(3)(E)(ii) or ☑ §313.051(b)

   6a. Attach calculations and cite exact Texas Workforce Commission data source as defined in TAC §9.1051.
7. Does the agreement require the applicant to provide a specified number of jobs at a specified wage? ☐ Yes ☑ No

   7a. If yes, how many qualifying jobs did the approved applicant commit to create in the year covered by the report?

   7b. If yes, what annual wage did the approved applicant commit to pay in the year covered by the report? $

   7c. If yes, how many qualifying jobs were created at the specified wage in the year covered by the report?
8. How many qualifying jobs (employees of this entity and employees of a contractor with this entity) were based on the qualified property in the year covered by the report? 0

   8a. Of the qualifying job-holders last year, how many were employees of the approved applicant?
   Project completion and start-up was delayed until April 2015, so no permanent jobs had been created in 2014

   8b. Of the qualifying job-holders last year, how many were employees of an entity contracting with the approved applicant?

   8c. If any qualifying job-holders were employees of an entity contracting with the applicant, does the approved applicant or assignee have documentation from the contractor supporting the conclusion that those jobs are qualifying jobs? ☐ Yes ☐ No ☐ N/A

SECTION 5B: Wage and Employment Information for Applications After Jan. 1, 2014 (#1000 and Above)

ONLY COMPLETE THE WAGE SECTION (5A or 5B) THAT APPLIES TO YOUR APPLICATION. You can find your application number on the website at www.texasahead.org/tax_programs/chapter313/applicants.

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

QUALIFYING JOBS

1. What is the number of new qualifying jobs the applicant committed to create in the year covered by this report? ..... _____

2. Did the applicant request that the governing body waive the minimum qualifying job requirement, as provided under Tax Code §313.025(f-1)? ..... ☐ Yes ☐ No

   2a. If yes, how many new qualifying jobs must the approved applicant create under the waiver? ..... _____

3. Which Tax Code section are you using to determine the wage standard required for this project? .... ☐ §313.021(5)(A) or ☐ §313.021(5)(B)

   3a. Attach calculations and cite exact Texas Workforce Commission data sources as defined in TAC §9.1051.

4. What is the minimum required annual wage for each qualifying job in the year covered by this report? ..... $ _____

5. What is the annual wage the applicant committed to pay for each of the qualifying jobs in the year covered by this report? ..... $ _____

6. Do the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ..... ☐ Yes ☐ No

NON-QUALIFYING JOBS

7. What is the number of non-qualifying jobs the applicant had on Dec. 31 of the year covered by this report? ..... _____

8. What was the average wage you were paying for non-qualifying jobs on Dec. 31 of the year covered by this report? .. $ _____

9. What is the county average weekly wage for non-qualifying jobs, as defined in TAC §9.1051? ..... $ _____

MISCELLANEOUS

10. Did the applicant rely on a determination by the Texas Workforce Commission under the provisions §313.024(3)(F) in meeting the minimum qualifying job requirements? ..... ☐ Yes ☐ No

    10a. If yes, attach supporting documentation to evidence that the requirements of §313.021(3)(F) were met.

11. Are you part of a Single Unified Project (SUP) and relying on the provisions in Tax Code §313.024(d-2) to meet the qualifying job requirements? ..... ☐ Yes ☐ No

    11a. If yes, attach supporting documentation from the Texas Economic Development and Tourism Office including a list of the other school district(s) and the qualifying jobs located in each.

SECTION 6: Qualified Investment During Qualified Time Period

ENTITIES ARE NOT REQUIRED TO COMPLETE THIS SECTION IF THE YEAR COVERED BY THE REPORT IS AFTER THE QUALIFYING TIME PERIOD OF THEIR AGREEMENT.

1. What is the qualified investment expended by this entity from the beginning of the qualifying time period through the end of the year covered by this report? ..... $ 105,060,651.00

2. Was any of the land classified as qualified investment? ..... ☐ Yes ☑ No

3. Was any of the qualified Investment leased under a capitalized lease? ..... ☐ Yes ☑ No

4. Was any of the qualified Investment leased under an operating lease? ..... ☐ Yes ☑ No

5. Was any property not owned by the applicant part of the qualified investment? ..... ☐ Yes ☑ No

Chapter 313 Annual Eligibility Report Form

SECTION 7: Partial Interest

THE FOLLOWING QUESTIONS MUST BE ANSWERED BY ENTITIES HAVING A PARTIAL INTEREST IN AN AGREEMENT. For limitation agreements where there are multiple company entities that receive a part of the limitation provided by the agreement: 1) each business entity not having a full interest in the agreement should complete a separate form for their proportionate share of required employment and investment information; and, 2) separately, the school district is required to complete an Annual Eligibility Report that provides for each question in this form a sum of the individual answers from reports submitted by each entity so that there is a cumulative Annual Eligibility Report reflecting the entire agreement.

1. What was your limitation amount (or portion of original limitation amount) during the year covered by this report? . . . .
2. Please describe your interest in the agreement and identify all the documents creating that interest.

SECTION 8: Approval

"I am the authorized representative for the Company submitting this Annual Eligibility Report. I understand that this Report is a government record as defined in Chapter 37 of the Texas Penal Code. The information I am providing on this Report is true and correct to the best of my knowledge and belief."

print here Dave Mueller Print Name *(Authorized Company Representative)*	VP, Commercial & Operations Support Title
sign here Signature *(Authorized Company Representative)*	14 May 2015 Date
print here Robert Daniel Print Name of Preparer *(Person Who Completed the Form)*	512-671-5557 Phone

Franchise Tax Account Status

As of: 05/14/2015 09:26:27 AM

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

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

Nueces County - All Industries Average Weekly Wages

Quarterly Employment and Wages - Nueces County								
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Nueces County	Private	0	0	10	Total, All Industries	$ 867
2014	2nd Qtr	Nueces County	Private	0	0	10	Total, All Industries	$ 839
2014	3rd Qtr	Nueces County	Private	0	0	10	Total, All Industries	$ 850
2014	4th Qtr	Nueces County	Private	0	0	10	Total, All Industries	$ 940
4 Period Weekly Average Wage								**$ 874**
110% of Average Weekly Wage								**$ 961**
Requisite Wage (110% of Avg County Total, All Industries Wage)								**$ 49,993**

Nueces County - Manufacturing Average Weekly Wages

Quarterly Employment and Wages - Nueces County								
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$ 1,691
2014	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$ 1,319
2014	3rd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$ 1,305
2014	4th Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$ 1,381
4 Period Weekly Average Wage								**$ 1,424**
110% of Average Weekly Wage								**$ 1,566**
Requisite Wage (110% of Avg County Total, All Industries Wage)								**$ 81,453**

COG Region Wage

Coastal Bend Council of Governments		
2013 Manufacturing Wages	**Hourly**	**Annual**
	$ 23.78	$ 49,454
Average Weekly Wage		**$ 951**
110% of Average Weekly Wage		**$ 1,046**
Requisite Wage (110% of COG Mfg Wage)		**$ 54,399**

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Nueces County	Private	00	0	10	Total, All Industries	$867
2014	2nd Qtr	Nueces County	Private	00	0	10	Total, All Industries	$839
2014	3rd Qtr	Nueces County	Private	00	0	10	Total, All Industries	$850
2014	4th Qtr	Nueces County	Private	00	0	10	Total, All Industries	$940

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,691
2014	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,319
2014	3rd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,305
2014	4th Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,381

Attachment 14 – CALCULATION OF WAGE REQUIREMENT

TWC DOCUMENTATION INCLUDED

ATTACHMENT 14 - CALCULATION OF WAGE REQUIREMENTS

Employment and Wage Calculations

Year	Quarter	County	Ownership	Industry	Avg Weekly Waves
2012	2nd	Nueces	Private	All Industries	$ 793
2012	3rd	Nueces	Private	All Industries	$ 783
2012	4th	Nueces	Private	All Industries	$ 889
2013	1st	Nueces	Private	All Industries	$ 832
				(Mean Avg.)	$ 824.25
					110%
					$ 906.68 *110% of County Average Weekly Wage for All Jobs*

Year	Quarter	County	Ownership	Industry	Avg Weekly Waves
2012	2nd	Nueces	Private	Manufacturing	$ 1,201
2012	3rd	Nueces	Private	Manufacturing	$ 1,204
2012	4th	Nueces	Private	Manufacturing	$ 1,409
2013	1st	Nueces	Private	Manufacturing	$ 1,570
				(Mean Avg.)	$ 1,346.00
					110%
					$ 1,480.60 *110% of County Average Weekly Wage for Manufacturing Jobs*

Coastel Bend Council of Governments Annual Wage (as of xxxx)	$ 47,786
	110%
	$ 52,564.60 *110% of County Average Annual Wage for Manufacturing Jobs*
	$ 1,010.86 *110% of County Average Weekly Wage for Manufacturing Jobs*

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

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

Texas Workforce Commission

Quarterly Employment and Wages (QCEW)

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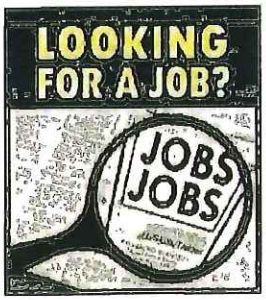
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	2nd Qtr	Nueces County	Private	00	0	10	Total, All Industries	$793
2012	3rd Qtr	Nueces County	Private	00	0	10	Total, All Industries	$783
2012	4th Qtr	Nueces County	Private	00	0	10	Total, All Industries	$889



Attachment #14 (QCEW 2013 Q1 - All)

Texas Workforce Commission

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Nueces County	Private	00	0	10	Total, All Industries	$832

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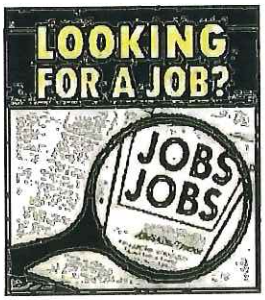

Attachment #14 (QCEW 2012 Q2, Q3, Q4 - Manufacturing)

Texas Workforce Commission

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	2nd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,201
2012	3rd Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,204
2012	4th Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,409

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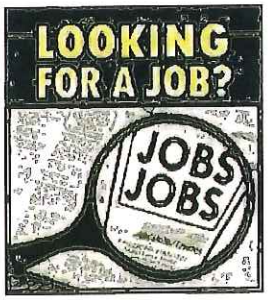

Attachment #14 (QCEW 2013 Q1 - Manufacturing)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Nueces County	Private	31	2	31-33	Manufacturing	$1,570

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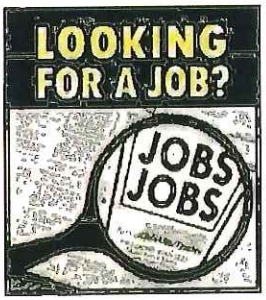

2012 Manufacturing Wages by Council of Government Region
Wages for All Occupations

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

Source: Texas Occupational Employment and Wages
Data published: July 2013
Data published annually, next update will be July 31, 2014

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.
Data intended for TAC 313 purposes only.

2013 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	**$23.73**	**$49,363**
1. Panhandle Regional Planning Commission	$20.43	$42,499
2. South Plains Association of Governments	$16.53	$34,380
3. NORTEX Regional Planning Commission	$19.15	$39,838
4. North Central Texas Council of Governments	$25.00	$51,997
5. Ark-Tex Council of Governments	$17.45	$36,298
6. East Texas Council of Governments	$19.50	$40,565
7. West Central Texas Council of Governments	$18.64	$38,779
8. Rio Grande Council of Governments	$16.27	$33,848
9. Permian Basin Regional Planning Commission	$22.89	$47,604
10. Concho Valley Council of Governments	$17.20	$35,777
11. Heart of Texas Council of Governments	$19.44	$40,444
12. Capital Area Council of Governments	$27.31	$56,805
13. Brazos Valley Council of Governments	$17.20	$35,770
14. Deep East Texas Council of Governments	$16.48	$34,287
15. South East Texas Regional Planning Commission	$29.09	$60,501
16. Houston-Galveston Area Council	$26.13	$54,350
17. Golden Crescent Regional Planning Commission	$22.23	$46,242
18. Alamo Area Council of Governments	$18.91	$39,329
19. South Texas Development Council	$13.94	$28,990
20. Coastal Bend Council of Governments	$23.78	$49,454
21. Lower Rio Grande Valley Development Council	$15.82	$32,907
22. Texoma Council of Governments	$20.93	$43,529
23. Central Texas Council of Governments	$17.33	$36,042
24. Middle Rio Grande Development Council	$19.07	$39,666

Source: Texas Occupational Employment and Wages
Data published: July 2014
Data published annually, next update will be July 31, 2015

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.