

FINDINGS
of the
GANADO INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
under the
TEXAS ECONOMIC DEVELOPMENT ACT

STATE OF TEXAS §

COUNTY OF JACKSON §

On the 18th day of September, 2012, a public meeting of the Board of Trustees ("Board") of the Ganado 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 took up and considered the Application ("Application") of ETC Texas Pipeline, LTD. ("Applicant") for a limitation on appraised value on qualified property, pursuant to Chapter 313 of the Texas Tax Code. The Board heard presentations from the District's administrative staff to advise the Board in this matter.

The Board considered the presentations made at the meeting, the Comptroller's recommendation and the economic impact evaluation and makes the following findings with respect to the Application in accordance with the Texas Economic Development Act, Texas Tax Code Chapter 313, and the Administrative regulations promulgated by the Texas Comptroller of Public Accounts published at 34 Texas Administrative Code Part 1, Chapter 9, Subchapter F:

1. On April 19, 2012, the District received an application for appraised value limitation on qualified property ("Application") on the form prescribed by the Comptroller from Applicant pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached hereto as Attachment A.
2. The Board acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code Section 313.025(a)(1).
3. The Board elected to consider the Application.
4. The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code Section 313.025(b).
5. The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code Sections 313.025 and 313.026. After review, the Comptroller's Office, by letter dated July 27, 2012, recommended that the Board approve the Application. A copy of the Comptroller's letter is attached to these findings as Attachment B.

6. The Texas Comptroller's Office performed an economic impact evaluation pursuant to Texas Tax Code Section 313.025(b). The Board has considered such evaluation. A copy of the economic impact evaluation is attached to these findings as Attachment C.

7. After receipt of the Application, the District entered into negotiations with Applicant over the specific language to be included in a Texas Economic Development Act Participation Agreement ("Agreement"), pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District (the Agreement is also referred to as an "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes"). The proposed Agreement is attached to these findings as Attachment D.

8. Findings as to each of the criterion listed in Texas Tax Code Section 313.026:

a. The recommendations of the Comptroller. Texas Tax Code Section 313.026(a)(1).

The Board finds that the Comptroller recommends approval of the Application.

b. The relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of this State as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code, as that section existed before February 1, 1999. Texas Tax Code Section 313.026(a)(5).

The Board finds that there is a strong and positive relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of the State.

c. The relative level of the Applicant's investment per qualifying job to be created by the Applicant. Texas Tax Code Section 313.026(a)(6).

The Board finds that the Application indicates: (i) the Applicant will provide a total of nineteen (19) qualifying jobs for the Project, as defined in Texas Tax Code Section 313.021(3), (ii) the anticipated total amount of investment is \$384,000,000, and (iii) the investment per qualifying job is \$20,215,526.

d. The number of qualifying jobs to be created by the Applicant. Texas Tax Code Section 313.026(a)(7).

The Board finds that the Application indicates the Applicant will provide a total of nineteen (19) qualifying jobs.

e. The wages, salaries, and benefits to be offered by the Applicant to the qualifying job holders. Texas Tax Code Section 313.026(a)(8).

The Board finds that the Application indicates: (i) the qualified jobs provided by the Applicant will pay an average wage of \$1,058 weekly (\$55,016 annually) and (ii) the qualifying jobholders will be offered benefits comparable with similar positions in the industry including health care insurance, retirement savings, paid vacation and job-related training and professional development programs. The Board further finds that the average wage of \$55,016 annually exceeds the regional manufacturing wage for the Golden Crescent Regional Planning Commission area of \$41,738 in 2010.

f. The ability of the Applicant to locate or relocate in another state or another region of this state. Texas Tax Code Section 313.026(a)(9).

The Board finds that, based on representations in the Application, the Applicant could locate or relocate the project to another state or another region of this state.

g. The impact the Project will have on this state and individual local units of governmental, including: (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the Comptroller; and (B) economic effects of the Project, including the impact on jobs and income during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the Comptroller. Texas Tax Code Section 313.026(a)(10).

The Board finds that the Project will result in revenue gains by the school district. The Board further finds that the economic effects on the local and regional tax base are that the tax base will increase as a result of the Project and additional employment.

h. The economic condition of the region of the state at the time the person's application is being considered. Texas Tax Code Section 313.026(a)(11).

The Board finds that the Applicant's natural gas processing plant ("Project") will improve the economic condition of the County and the region.

i. The number of new facilities built or expanded in the region during the two years preceding the date of the Application that were eligible to apply for a limitation on appraised value under this subchapter B, chapter 313, Texas Tax Code. Texas Tax Code Section 313.026(a)(12).

The Board finds that six (6) projects applied for value limitation agreements in the Golden Crescent Regional Planning Commission region during the two (2) years preceding the date of the Application that may have been eligible to apply for a limitation on appraised value under subchapter B, chapter 313, Texas Tax Code.

j. The effect of the Applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Texas Education Code. Texas Tax Code Section 313.026(a)(13).

The Board finds that there exists a small but undetermined possibility that the Project could have an impact on enrollment from families that might temporarily relocate during the construction phase, but that any impact during the operation phase can be absorbed by current facilities.

k. The projected market value of the qualified property of the Applicant as determined by the Comptroller. Texas Tax Code Section 313.026(a)(14).

The Board finds that the projected market value of the qualified property of the Applicant as determined by the Comptroller is \$299,000,000.

l. The proposed limitation on appraised value for the qualified property of the Applicant. Texas Tax Code Section 313.026(a)(15).

The Board finds that the proposed limitation on appraised value for the qualified property of the Applicant is \$10,000,000.

m. The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated. Texas Tax Code Section 313.026(a)(16).

The Board finds that the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value is shown on Attachment E, based on the assumption that (i) the investment will depreciate at the rate of approximately four percent (4%) per year and (ii) the projected maintenance and operations tax rate of the District will be \$1.04 per one hundred dollars valuation in each year of the agreement.

n. The projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated. Texas Tax Code Section 313.026(a)(17).

The Board finds that the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value is shown on Attachment E, based on the assumption that (i) the investment will depreciate at the rate of approximately three percent (3%) per year and (ii) the projected maintenance and operations tax rate of the District will be \$1.04 per one hundred dollars valuation in each year of the agreement.

o. The projected effect on the Foundation School Program of payments to the District for each year of the agreement. Texas Tax Code Section 313.026(a)(o).

The Board finds that the projected effect on the Foundation School Program of payments to the District for each year of the agreement is shown on Attachment E.

p. The projected future tax credits if the Applicant also applies for school tax credits under Section 313.103. Texas Tax Code Section 313.026(a)(19).

The Board finds that the future tax credits are \$6,069,449 based on Applicant's representation of the investment that will be subject to tax in years one and two of the Agreement.

q. The total amount of taxes projected to be lost or gained by the District over the life of the agreement computed by subtracting the projected taxes stated in section 8.n from the projected taxes stated in section 8.m. Texas Tax Code Section 313.026(a)(20).

The Board finds that the total amount of taxes projected to be lost or gained by the District over the life of the agreement computed by subtracting the projected taxes stated in section 8.n from the projected taxes stated in section 8.m are shown on Attachment E.

9. The information in the Application submitted by Applicant is true and correct.

10. The Applicant is eligible for the limitation on the appraised value of the Applicant's qualified property.

11. The proposed Texas Economic Development Act Participation Agreement by and among Ganado Independent School District and Applicant ("Agreement"), attached hereto as Attachment D, includes adequate and appropriate revenue protection provisions for the District.

12. Considering the purpose and effect of the law and the terms of the Agreement, granting the Application and entering the Agreement are in the best interest of the District and the State.

13. The Applicant, ETC Texas Pipeline, LTD. (Tex. Taxpayer ID # 10505324664) is an entity subject to Chapter 171, Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts.

14. It is hereby found, determined and declared that sufficient written notice of the date, time, place and subject of the meeting of the Board of Trustees of the District at which these Findings were made was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which these Findings were made and the subject matter thereof has been discussed, considered and formally acted upon. The Board of Trustees further ratifies, approves and confirms such written notice and posting thereof.

It is therefore **ORDERED** that:

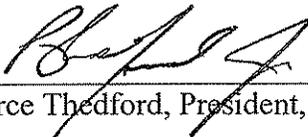
1. The Application of ETC Texas Pipeline, LTD. for a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes of qualified property is approved.

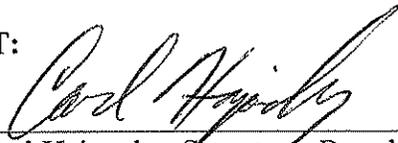
2. The Agreement attached hereto as Attachment D is approved and is hereby authorized to be executed and delivered by and on behalf of the District.

3. 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 18th day of September, 2012.

GANADO INDEPENDENT SCHOOL DISTRICT

By: 
Pierce Thedford, President, Board of Trustees

ATTEST:
By: 
Carl Hajovsky, Secretary, Board of Trustees

ATTACHMENT A
APPLICATION



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

Form 50-296
(Revised May 2010)

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

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

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

This notice must include:

- the date on which the school district received the application;
- the date the school district determined that the application was complete;
- the date the school board decided to consider the application; and
- a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative

Date application received by district

04/19/2012

First Name

Jeff

Last Name

Black

Title

Superintendent

School District Name

Ganado Independent School District

Street Address

211 S. Sixth

Mailing Address

PO Box 1200

City

Ganado

State

TX

ZIP

77962

Phone Number

361-771-4201

Fax Number

361-771-2280

Mobile Number (optional)

E-mail Address

I authorize the consultant to provide and obtain information related to this application.....

Yes

No

Will consultant be primary contact?

Yes

No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name: George Last Name: Grimes

Title: Attorney

Firm Name: Walsh, Anderson, Brown, Gallegos & Green, P.C.

Street Address: 100 N.E. Loop 410, Suite 900

Mailing Address:

City: San Antonio State: TX ZIP: 78216

Phone Number: 210-979-6633 Fax Number: 210-979-7024

Mobile Number (Optional): E-mail Address: ggrimes@wabsa.com

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

Signature (Authorized School District Representative): [Handwritten Signature] Date: 4-19-12

Has the district determined this application complete? [X] Yes [] No

If yes, date determined complete. 04/19/2012

Have you completed the school finance documents required by TAC 9.1054(c)(3)? [] Yes [X] No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

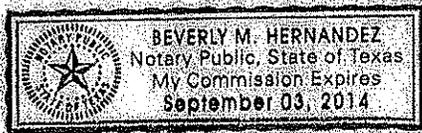
First Name Rick	Last Name Fine	
Title Managing Director		
Firm Name Duff and Phelps		
Street Address 919 Congress Avenue, Suite 1450		
Mailing Address		
City Austin	State TX	ZIP 78701
Phone Number 512-671-5522	Fax Number	
Business email Address Rick.fine@duffandphelps.com		

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant)) <i>Megan McKavanagh</i>	Date 4-17-2012
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GIVEN under my hand and seal of office this 17 day of April, 2012



(Notary Seal)

Beverly M. Hernandez
Notary Public, State of Texas

My commission expires 9.3.2014

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name
Robert

Last Name
Daniel

Title
Vice President

Firm Name
Duff and Phelps

Street Address
919 Congress Avenue, Suite 1450

Mailing Address

City
Austin

State
TX

ZIP
78701

Phone Number
512-671-5557

Fax Number

Business email Address
robert.daniel@duffandphelps.com

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant))

Date

GIVEN under my hand and seal of office this _____ day of _____, _____

Notary Public, State of _____

(Notary Seal)

My commission expires _____

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

FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)? Yes No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? Yes No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

ETC Texas Pipeline, LTD.

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

10505324664

NAICS code

325110

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

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

APPLICANT BUSINESS STRUCTURE

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

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Texas Limited Partnership

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? Yes No
If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? Yes No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? NA Yes No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

PROJECT DESCRIPTION

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attachments as necessary)

See Attachment

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

See Attachment

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- New Jobs
- Relocation from Out-of-State
- Consolidation
- Construct New Facility
- Expansion
- Relocation within Texas
- New Business / Start-up
- Purchase Machinery & Equipment
- Expand Existing Facility

PROJECTED TIMELINE

Begin Construction Dec 2011* (Phase I) Nov 2012 (Phase II) Begin Hiring New Employees 2nd quarter 2012

Construction Complete Dec 2012 (Phase I) Mar 2013 (Phase II) Fully Operational Jan 2013 (Phase I) Mar 2013 (Phase II)

Purchase Machinery & Equipment Dec 2011**

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.

When do you anticipate the new buildings or improvements will be placed in service? Jan 2013 (Phase I) Mar 2013 (Phase II)

* Engineering and initial site preparation for Phase I began
 ** Some long lead heavy equipment were ordered for Phase I and stored on site and have not been placed in service

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source

Amount

_____	_____
_____	_____
_____	_____
Total	_____

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

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

Chapter 312 property tax abatement agreements with Jackson County and Hospital District

THE PROPERTY

Identify county or counties in which the proposed project will be located Jackson County

Central Appraisal District (CAD) that will be responsible for appraising the property Jackson County Appraisal District

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

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

County: Jackson County - 100% City: _____
(Name and percent of project) (Name and percent of project)

Hospital District: Jackson County Hospital - 100% Water District: Texana Groundwater Conservation District - 100%
(Name and percent of project) (Name and percent of project)

Other (describe): Flood District - 100% Other (describe): _____
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

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

INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$10,000,000

What is the amount of appraised value limitation for which you are applying? \$10,000,000

What is your total estimated qualified investment? \$299,000,000 (Phase I - \$199,000,000; Phase II - \$100,000,000)

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? September 15, 2012

What is the anticipated date of the beginning of the qualifying time period? September 15, 2012

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$384,000,000

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

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? [X] Yes [] No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

- (1) in or on the new building or other new improvement for which you are applying? [X] Yes [] No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? [X] Yes [] No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? [X] Yes [] No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? [X] Yes [] No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? [X] Yes [] No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? [X] Yes [] No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements -- with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? [X] Yes [] No

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

Will the applicant own the land by the date of agreement execution? [X] Yes [] No

Will the project be on leased land? [] Yes [X] No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. 400,450 (Market Value) 2011 (Tax Year)

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

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

WAGE AND EMPLOYMENT INFORMATION

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

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

- First Quarter Second Quarter Third Quarter Fourth Quarter of 2011 (year)

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

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

Total number of new jobs that will have been created when fully operational 23

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

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

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

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 19

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

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html>)

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

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

WAGE AND EMPLOYMENT INFORMATION CONTINUED

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

110% of the county average weekly wage for all jobs (all industries) in the county is \$787
 110% of the county average weekly wage for manufacturing jobs in the county is \$1,011
 110% of the county average weekly wage for manufacturing jobs in the region is \$883

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

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

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$45,912

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$55,000

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
 - Will each qualifying job require at least 1,600 of work a year? Yes No
 - Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
 - Will any of the qualifying jobs be retained jobs? Yes No
 - Will any of the qualifying jobs be created to replace a previous employee? Yes No
 - Will any required qualifying jobs be filled by employees of contractors? Yes No
- If yes, what percent? _____

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

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

See Attachment

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No
- Is Schedule A completed and signed for all years and attached? Yes No
- Is Schedule B completed and signed for all years and attached? Yes No
- Is Schedule C (Application) completed and signed for all years and attached? Yes No
- Is Schedule D completed and signed for all years and attached? Yes No

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

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

CONFIDENTIALITY NOTICE

Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS			
	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	N/A
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	N/A
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	N/A
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

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

ATTACHMENT 2

Proof of Payment of Application Fee

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public
Accounts)*

ATTACHMENT 3

Documentation of Combined Group Membership

TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

■ Teode 13253 Annual

■ Reporting entity taxpayer number 10505324730	■ Report year 2011	Reporting entity taxpayer name ETC MARKETING, LTD.
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Reporting entity must be included on Affiliate Schedule.

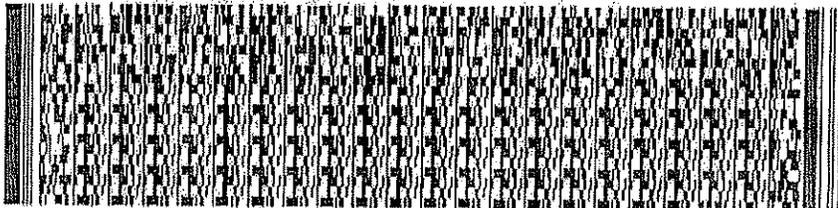
1. Legal name of affiliate ETC TEXAS PIPELINE, LTD		2. Affiliate taxpayer number (if none, use FEI number) 10505324664		3. Affiliate NAICS code 211112	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 0	
7. Affiliate reporting end date m m d d y y 1 2 3 1 1 0		8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0		9. Gross receipts everywhere (before eliminations) 509772829.0 0	
10. Gross receipts in Texas (before eliminations) 502592135.0 0		11. Cost of goods sold or compensation (before eliminations) 450200726.0 0		Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/> Check box if this is an Entity other than a Corporation or Limited Liability Company <input checked="" type="checkbox"/>	

1. Legal name of affiliate ETC KATY PIPELINE, LTD		2. Affiliate taxpayer number (if none, use FEI number) 12005806695		3. Affiliate NAICS code 486210	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 0	
7. Affiliate reporting end date m m d d y y 1 2 3 1 1 0		8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0		9. Gross receipts everywhere (before eliminations) 489588346.0 0	
10. Gross receipts in Texas (before eliminations) 434151358.0 0		11. Cost of goods sold or compensation (before eliminations) 378102255.0 0		Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/> Check box if this is an Entity other than a Corporation or Limited Liability Company <input checked="" type="checkbox"/>	

1. Legal name of affiliate ETC NEW MEXICO PIPELINE, LP		2. Affiliate taxpayer number (if none, use FEI number) 208345958		3. Affiliate NAICS code 211112	
4. Check box if entity is disregarded for franchise tax <input type="checkbox"/>		5. Check box if this affiliate does NOT have NEXUS in Texas <input checked="" type="checkbox"/>		6. Affiliate reporting begin date m m d d y y 0 1 0 1 1 0	
7. Affiliate reporting end date m m d d y y 1 2 3 1 1 0		8. Gross receipts subject to throwback in other states (before eliminations) 0.0 0		9. Gross receipts everywhere (before eliminations) 813724.0 0	
10. Gross receipts in Texas (before eliminations) 0.0 0		11. Cost of goods sold or compensation (before eliminations) 0.0 0		Check box if this is a Corporation or Limited Liability Company <input type="checkbox"/> Check box if this is an Entity other than a Corporation or Limited Liability Company <input checked="" type="checkbox"/>	

An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1 0 6 2

ATTACHMENT 4

Detailed Description of Project

Energy Transfer's subsidiary, ETC Texas Pipeline, is proposing to build a new gas processing facility in Jackson County, within the Ganado Independent School District. The facility will be constructed on a parcel of land consisting of approximately 141 acres.

Jackson County Gas Processing Plant

The Jackson County Gas Processing Plant is a natural gas processing plant which will be built in stages with the initial phase consisting of three processing trains with a total of 600 million cubic feet of natural gas per day (MMCFD) of processing capacity. A fourth processing train is planned for 2013, which would bring the total processing capacity up to 800 MMCFD. The plant will process gas that has been collected by upstream gas gathering systems in the Eagle Ford shale region and transported to the Jackson County plant.

The first step in the plant process is to separate the pipeline condensate liquids from the pipeline gas. Once separated, the condensate liquids are processed in a condensate stabilizer system in order to sell the hydrocarbon condensates to the NGL sales pipeline. Gas from the inlet separators is then treated in the amine treating system for removal of CO₂ from the inlet gas. The removal is required to prevent CO₂ freezing in the cryogenic NGL recovery plant and to meet the sales gas pipeline's and NGL pipeline's specifications. The CO₂ removed by the amine system is routed to an incinerator system to destroy incidental hydrocarbon vapors contained in the CO₂ stream. From the amine system, the sweet gas is then process in the cryogenic plant for natural gas liquid recovery. The gas is refrigerated by mechanical refrigeration and by expansion through a turbo expander. The NGL liquids condensed by the refrigeration system are fractionated in a demethanizer column and then pumped in a NGL sales pipeline. Gas from the cryogenic plant, now stripped of NGL liquids, is compressed and delivered to the sales gas pipeline.

The Jackson County processing plant consists of the following main processing units and utility systems which are classified as "Qualified Investment"

- Slug Catcher
- Stabilizer Plant
- (4) 200 MMCFD Cryogenic Gas Processing Units – each consisting of:
 - Inlet Facilities
 - Dehydration
 - Regeneration
 - Amine Treater and Thermal Oxidizer
 - Sulfur Guard unit
 - NGL Recovery Train
 - NGL Product Delivery Facilities

- Residue Recompression & Cooling
- Waste Heat Recovery
- Heat Medium
- Fuel Gas
- Drains & Flare
- Instrument & Utility Air
- Substation
- Control Building

Some of the components of one cryogenic processing unit are already stored at the site (listed in Attachment 12) and the \$16,008,000 cost of this equipment will not be included as Qualified Investment or Qualified Property.

Ability to Relocate

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

Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation.

ATTACHMENT 6

Description of Qualified Investment

The Jackson County processing plant consists of the following main processing units and utility systems which are classified as "Qualified Investment"

- Slug Catcher
- Stabilizer Plant
- (4) 200 MMCFD Cryogenic Gas Processing Units – each consisting of:
 - Inlet Facilities
 - Dehydration
 - Regeneration
 - Amine Treater and Thermal Oxidizer
 - Sulfur Guard unit
 - NGL Recovery Train
 - NGL Product Delivery Facilities
 - Residue Recompression & Cooling
 - Waste Heat Recovery
 - Heat Medium
 - Fuel Gas
 - Drains & Flare
- Instrument & Utility Air
- Substation
- Control Building

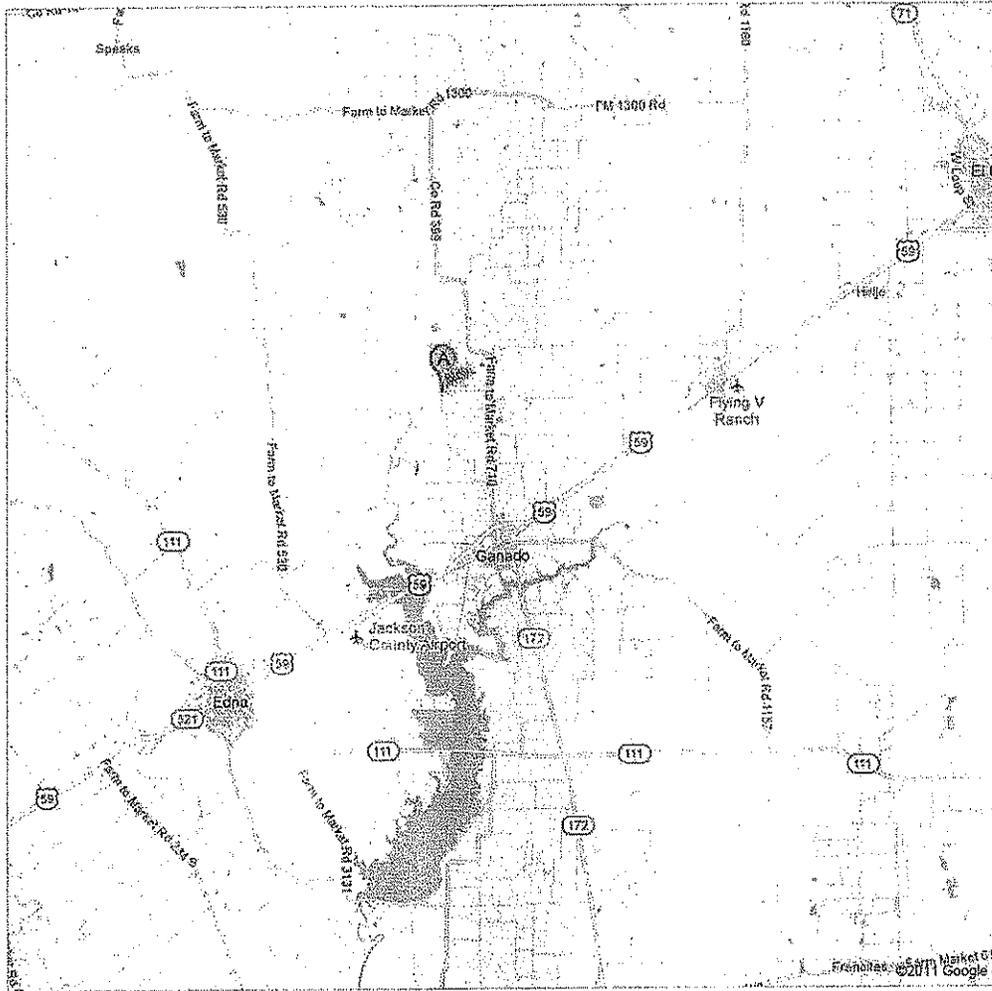
Some of the components of one cryogenic processing unit are already stored at the site (listed in Attachment 12) and the \$16,008,000 cost of this equipment will not be included as Qualified Investment or Qualified Property.

ATTACHMENT 7

Map of Qualified Investment

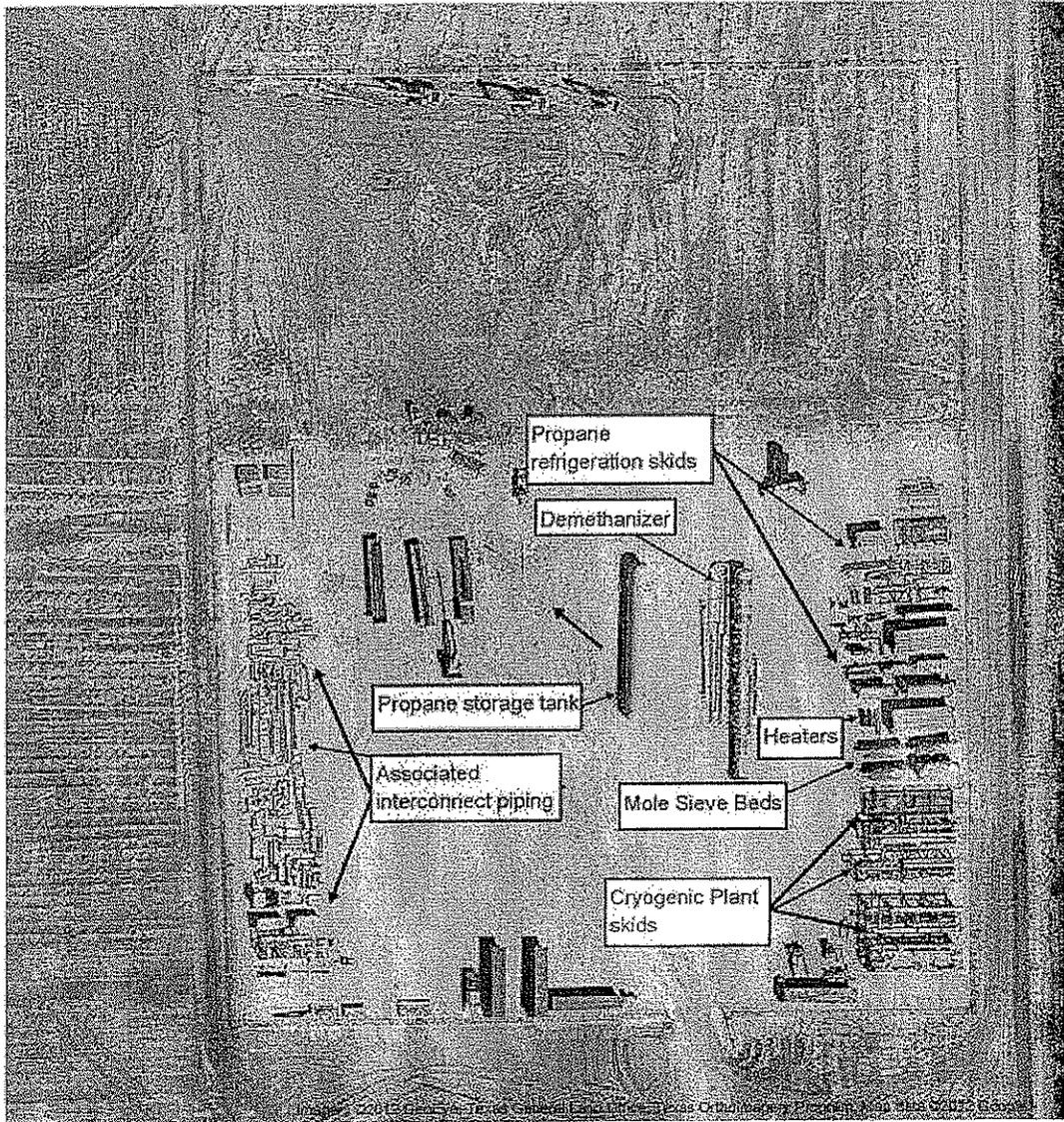
676 County Road 260
Ganado, TX 77962

A = proposed site



This page revised 5-18-2012.
See letter dated 5-18-2012.

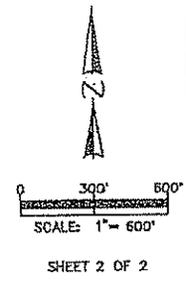
Existing Improvements



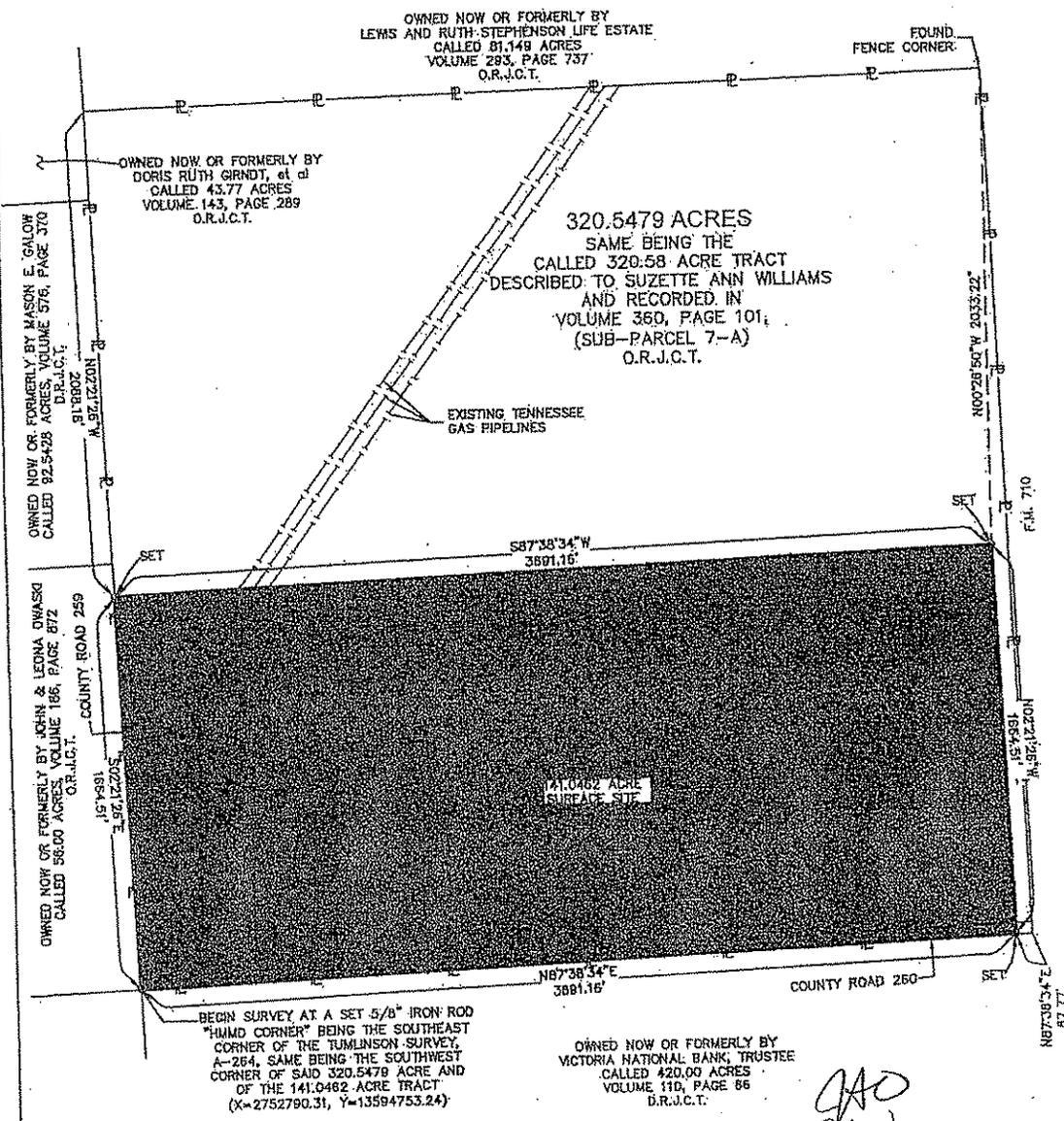
LEGEND

- BASELINE
- CENTERLINE
- PROPERTY LINE
- TEXAS
- RIGHT OF WAY
- HIGHWAY
- PROPERTY
- PERMANENT
- TEMPORARY WORKSPACE
- TEMP. CONC.
- CONC.
- MON.
- FND.
- A.P.S.
- A.P.R.
- O.R.J.C.T.
- D.R.J.C.T.
- SET
- SURFACE SITE 141.0482 ACRES

EXHIBIT "B"
 LANDS LYING WITHIN AND BEING A PART OF
THEODORE PIERCE SURVEY, A-254
JACKSON COUNTY, TEXAS



SHEET 2 OF 2



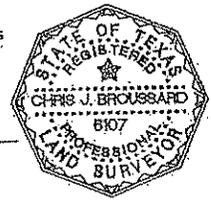
O.R. BOOK 394 PAGE 732

NOTES:

1. NORTH IS DERIVED FROM STATIC TIES TO EXISTING NGS MONUMENTS AND TRANSFORMED INTO THE TEXAS SOUTH CENTRAL STATE PLANE COORDINATE SYSTEM, NAD 83, U.S. SURVEY FOOT BY MEANS OF A GLOBAL POSITIONING SYSTEM (GPS). SURVEY PERFORMED BY HATCH MOTT MACDONALD.
2. INFORMATION DEPICTED HEREON IS BASED ON A SURVEY CONDUCTED FOR THE PURPOSE OF ESTABLISHING A BASELINE FOR MAPPING SELECTED TOPOGRAPHIC FEATURES AND LOCATING NECESSARY LINES FOR ENGINEERING DESIGN AND EASEMENT ACQUISITION ON DEEDS SUPPLIED BY CLIENT.
3. TITLE RESEARCH PERFORMED BY OTHERS.

I, CHRIS J. BROUSSARD, DO HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND, THAT THIS EASEMENT PLAT CORRECTLY REPRESENTS THE FACTS FOUND AT THE DATE OF THE FIELD SURVEY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

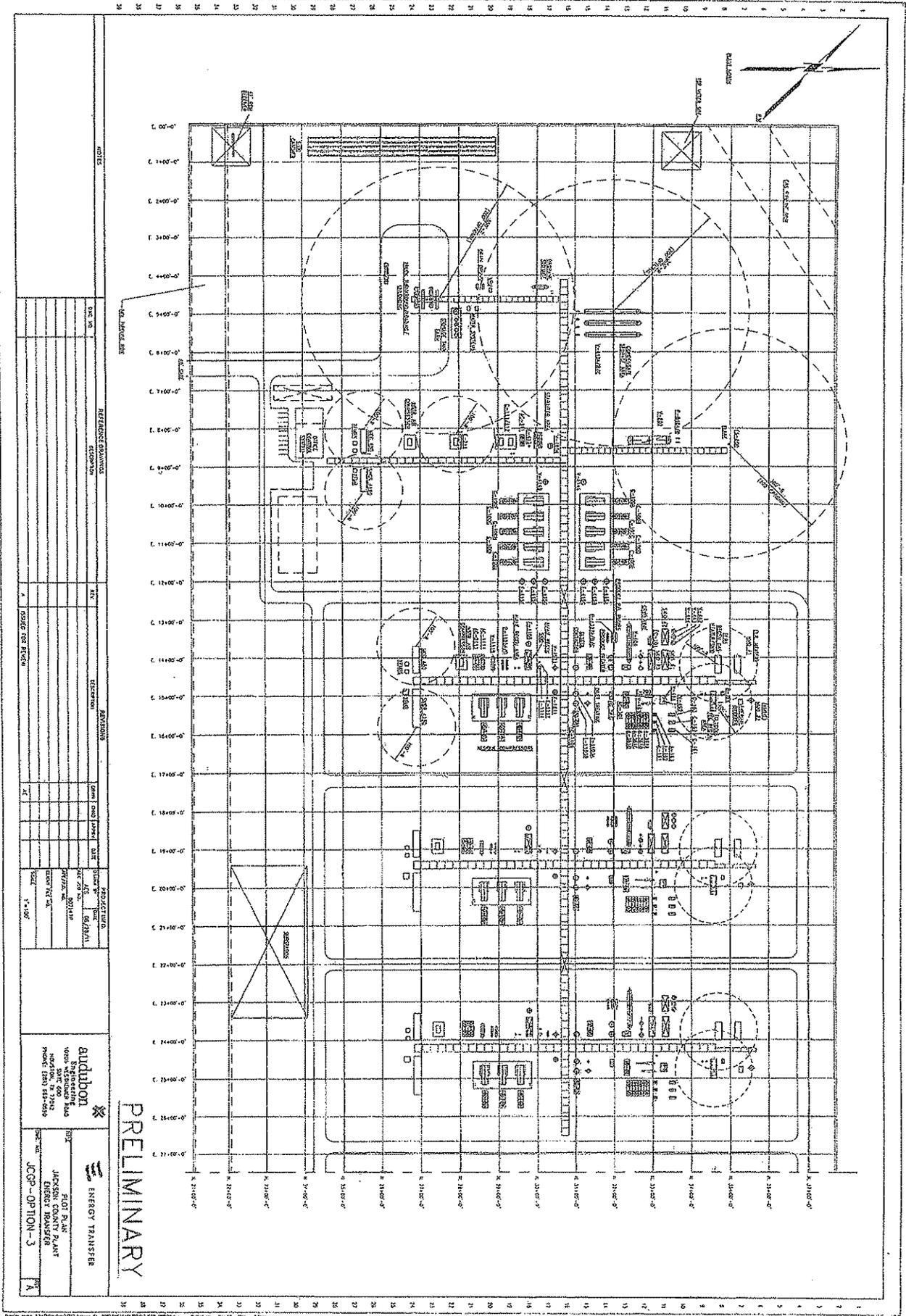
Chris J. Broussard 4/10/11
 DATE: _____
 CHRIS J. BROUSSARD
 RPLS NO. 6107
 PHONE: (832)736-9580
 FAX: (832)736-9580



Hatch Mott MacDonald
 2950 Cullen Pkwy, Suite 201, Pasadena, TX 77584
 T: (832) 736-9580 F: (832) 736-9580

RICH EAGLEFORD MAINLINE 30" PIPELINE PROJECT JACKSON COUNTY, TEXAS		ENERGY TRANSFER
DRAWN BY: RLD	DATE: 04/12/2011	APPROVED BY: _____ DATE: 04/12/2011
CHECKED BY: ACD	DATE: 04/12/2011	DATE: 04/12/2011
APPROVED BY: CJB	DATE: 04/12/2011	PROJECT NUMBER / PROJECT ID NUMBER
A 04/12/11 CORN FOR REVEAL		SCALE AS NOTED
45101510		SURFACE SITE

NOTES: THIS DOCUMENT IS THE PROPERTY OF
 JACKSON COUNTY ENERGY TRANSFER AND MAY NOT BE REPRODUCED,
 COPIED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL,
 INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM,
 WITHOUT THE WRITTEN PERMISSION OF THE COMPANY.



PRELIMINARY

audubon ENERGY TRANSFER

PORT PLANT
 JACKSON COUNTY PLANT
 ENERGY TRANSFER

PROJECT: JCGP - OPTION - 3

DATE	DESCRIPTION	BY	CHK'D BY
11/11/03	ISSUED FOR REVIEW		

DATE	DESCRIPTION	BY	CHK'D BY
11/11/03	ISSUED FOR REVIEW		

ATTACHMENT 8

Description of Qualified Property

The Jackson County processing plant consists of the following main processing units and utility systems which are classified as "Qualified Investment"

- Slug Catcher
- Stabilizer Plant
- (4) 200 MMCFD Cryogenic Gas Processing Units – each consisting of:
 - Inlet Facilities
 - Dehydration
 - Regeneration
 - Amine Treater and Thermal Oxidizer
 - Sulfur Guard unit
 - NGL Recovery Train
 - NGL Product Delivery Facilities
 - Residue Recompression & Cooling
 - Waste Heat Recovery
 - Heat Medium
 - Fuel Gas
 - Drains & Flare
- Instrument & Utility Air
- Substation
- Control Building

Some of the components of one cryogenic processing unit are already stored at the site (listed in Attachment 12) and the \$16,008,000 cost of this equipment will not be included as Qualified Investment or Qualified Property.

ATTACHMENT 9

Map of Qualified Property

See Attachment 7

ATTACHMENT 10

Description of Land

EXHIBIT "A"

Written: April 12, 2011
Field Notes for ETC Texas Pipeline, LTD
Robert R. Ottis
141.0462 Acres (6,143,972 Square Feet) of Land
For A Surface Site

All of that certain tract containing 141.0462 acres (6,143,972 square feet) of land being out of and a part of a 320.5479 acre tract (call 320.58 acres) of which there is 3.2212 acres (call 3.23 acres) in the road along the south line and 3.2262 acres (call 3.26 acres) in the road along the west line, leaving a total remainder of 314.1005 acres (call 314.09 acres), said tract being a part of the Theodore Pierce Survey, Abstract Number 254, Jackson County, Texas, and being out of and a part of said called 320.58 acre tract described in that certain Warranty Deed dated August 4, 2009 from Joseph Ann Ottis, Trustee of the Trust for Suzette Ann Williams under Article XIV of the Will of Katherine S. Ottis, Deceased, filed for record on August 31, 2009, recorded in Volume 360, Page 101 (also known as Sub-parcel 7-A of said document), Official Public Records, Jackson County, Texas, said 141.0461 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 5/8" iron rod with cap "HMMD CORNER" being the southeast corner of a the Tumlinson Survey, Abstract No. 264, same being the southwest corner of said 320.5479 acre of the herein described tract, from which a found wooden fence corner bears N 02°06'00" W, a distance of 11.69 feet and the intersection of the centerlines of both County Road 259 and County Road 260 bears N 59°24'40" E, a distance of 36.43 feet;

THENCE N 87°38'34" E, (call N 89°30'00" E) along the south line of said 320.5479 acre tract, in common with the south line of the herein described tract, a distance of 3,691.16 feet to a set 5/8" iron rod with cap "HMMD CORNER", from which the southeast corner of said 320.5479 acre tract bears N 87°38'34" E, a distance of 67.77 feet;

THENCE N 02°21'26" W, leaving the south line, over and across said 320.5479 acre tract, also being parallel to the east line of said 320.5479 acre tract, a distance of 1,664.51 feet to a set 5/8" iron rod with cap "HMMD CORNER", from which a found fence corner, same being the northeast corner of said 320.5479 acre tract, bears N 00°26'50" W, a distance of 2,033.22 feet;

THENCE S 87°38'34" W, continuing over and across said 320.5479 acre tract, distance of 3,691.16 feet to a set 5/8" iron rod with cap "HMMD CORNER", said point lying in the west line of said 320.5479 acre tract, from which the northwest corner of said 320.5479-acre tract bears N 02°21'26" W, a distance of 2,068.18 feet;

THENCE S 02°21'26" E, (call S 00°30'00" W) along the west line of said 320.5479 acre tract, in common with the west line of the herein described tract, a distance of 1,664.51 to the POINT OF BEGINNING and containing 141.0462 acres of land.



Chris J. Broussard

4/18/11

SAW RRD JAO

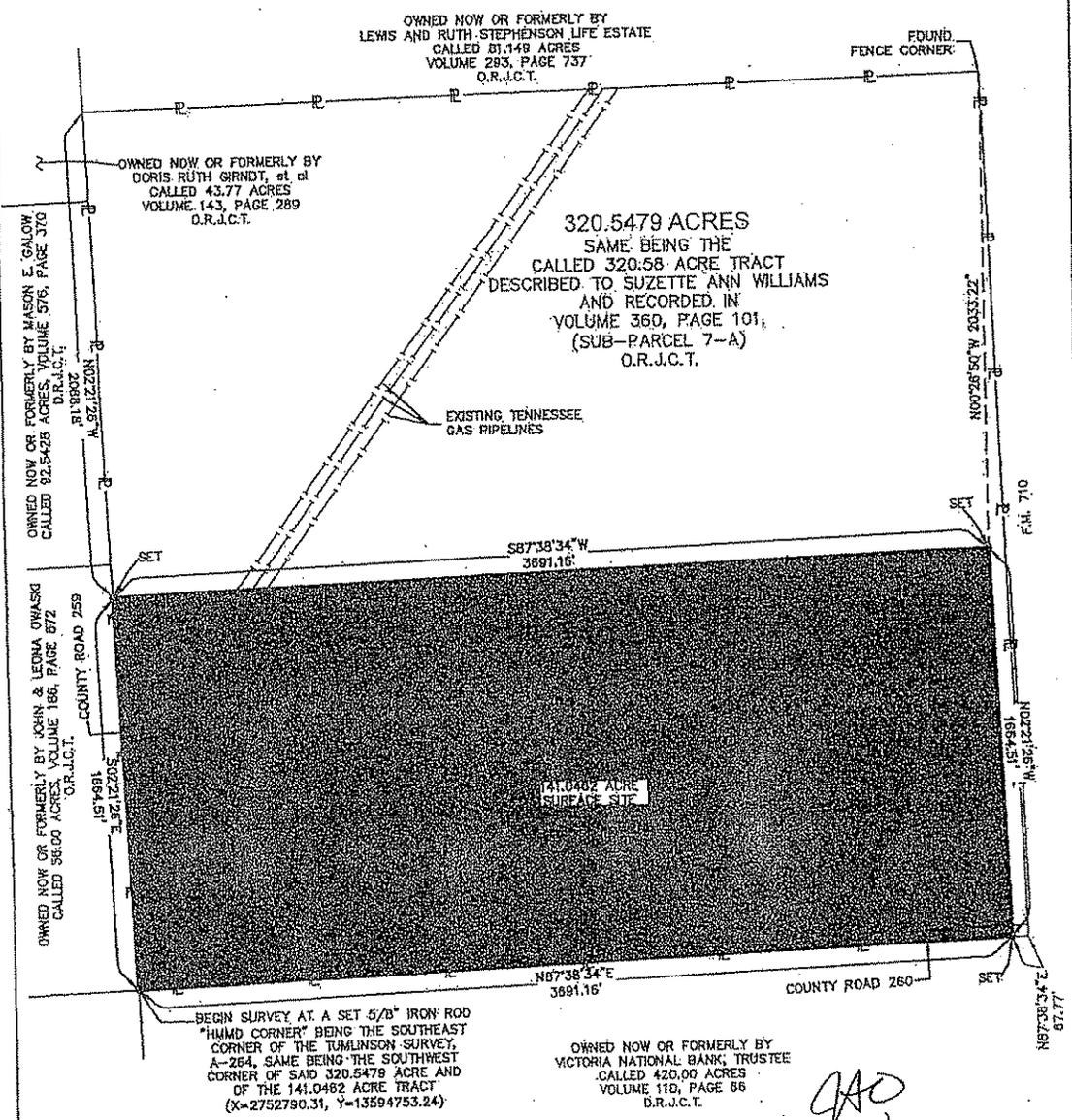
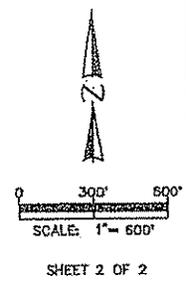
Chris J. Broussard, R.P.L.S. Texas No. 6107

Date.

LEGEND

- BASELINE
- CENTERLINE
- PROPERTY LINE
- TEXAS
- RIGHT OF WAY
- HIGHWAY
- PROP.
- PERM.
- TWS
- TEMP.
- CONC.
- MON.
- FND.
- A.P.S.
- A.P.R.
- Q.R.J.C.T.
- D.R.J.C.T.
- SET
- SURFACE SITE

EXHIBIT "B"
LANDS LYING WITHIN AND BEING A PART OF
THEODORE PIERCE SURVEY, A-254
JACKSON COUNTY, TEXAS



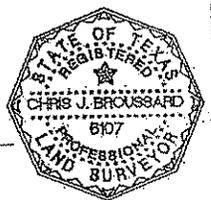
OR BOOK 394 PAGE 732

- NOTES:**
1. NORTH IS DERIVED FROM STATIC TIES TO EXISTING NGS MONUMENTS AND TRANSFORMED INTO THE TEXAS SOUTH CENTRAL STATE PLANE COORDINATE SYSTEM, NAD 83, U.S. SURVEY FOOT BY MEANS OF A GLOBAL POSITIONING SYSTEM (GPS) SURVEY PERFORMED BY HATCH MOTT MACDONALD.
 2. INFORMATION DEPICTED HEREON IS BASED ON A SURVEY CONDUCTED FOR THE PURPOSE OF ESTABLISHING A BASELINE FOR MAPPING SELECTED TOPOGRAPHIC FEATURES AND LOCATING NECESSARY LINES FOR ENGINEERING DESIGN AND EASEMENT ACQUISITION OR DEEDS SUPPLIED BY CLIENT.
 3. TITLE RESEARCH PERFORMED BY OTHERS.

OWNED NOW OR FORMERLY BY
VICTORIA NATIONAL BANK, TRUSTEE
CALLED 420.00 ACRES
VOLUME 119, PAGE 66
D.R.J.C.T.

I, CHRIS J. BROUSSARD, DO HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND, THAT THIS EASEMENT PLAT CORRECTLY REPRESENTS THE FACTS FOUND AT THE DATE OF THE FIELD SURVEY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Chris J. Broussard 4/18/11
CHRIS J. BROUSSARD DATE
RPLS NO. 8107
PHONE: (832) 736-8590
FAX: (832) 736-9580



2950 Cullen Pkwy, Suite 201, Houston, TX 77504
T: (832) 736-8590 F: (832) 736-9580

RICH EAGLEFORD MARLINE
30" PIPELINE PROJECT
JACKSON COUNTY, TEXAS

DRAWN BY	ELD	DATE	04/12/2011	APPROVED BY	DATE
CHECKED BY	ACD	DATE	04/12/2011	DATE	04/13/2011
APPROVED BY	CD	DATE	04/12/2011		
PROJECT NO.	45101510	SCALE	AS NOTED		

NO.	DATE	REVISION	BY	CHK	APP
1	04/13/11	DATE FOR REVIEW			

SURFACE SITE

ATTACHMENT 11

Detailed Map Showing Location of the Land with Vicinity Map

See Attachment 7

ATTACHMENT 12

Description of All Existing Improvements

Preliminary site preparation work has started including brush clearing, drainage improvement and installation of a chain link fence on three sides of the property. Additionally some of processing equipment has arrived and is being stored at the site until ready for installation (shown on the existing improvement photo in Attachment 7). The following process equipment is currently on site:

- Components of one Cryogenic unit including:
 - Demethanizer
 - Mole sieve bed
 - Hot oil heater and pump
 - Regeneration gas heater
 - Propane chiller
 - Exchanger and fin fan units
 - Propane refrigeration compressor and expander skid
 - Associated interconnect piping

The cost of current equipment on site is \$16,008,160.

Working with the Jackson County Appraisal District, separate appraisal accounts for the pre-application period costs and the post-application period costs of the processing plant will be set up. The value of the pre-application portion cost of the facility, which will not be part of the limitation of value agreement, will be tracked in future years as a percentage of the total project value.

ATTACHMENT 14

Calculation of Three Possible Wage Requirements

ALL INDUSTRIES:

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Emp
2010	1st Qtr	Jackson County	Private	00	0	10	Total, All Industries	3,829
2011	1st Qtr	Jackson County	Private	00	0	10	Total, All Industries	4,038
2010	2nd Qtr	Jackson County	Private	00	0	10	Total, All Industries	3,909
2011	2nd Qtr	Jackson County	Private	00	0	10	Total, All Industries	4,249
2010	3rd Qtr	Jackson County	Private	00	0	10	Total, All Industries	4,081
2011	3rd Qtr	Jackson County	Private	00	0	10	Total, All Industries	4,421
2010	4th Qtr	Jackson County	Private	00	0	10	Total, All Industries	4,078

Year	Period	Avg Weekly Wages
2011	1st Qtr	\$ 678
2011	2nd Qtr	\$ 723
2011	3rd Qtr	\$ 722
2010	4th Qtr	\$ 737
	Average	\$ 715
	110%	\$ 787

MANUFACTURING:

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	1st Qtr	Jackson County	Private	31	3	332	Fabricated Metal Product Manufacturing	\$402
2011	2nd Qtr	Jackson County	Private	31	3	332	Fabricated Metal Product Manufacturing	\$746
2010	3rd Qtr	Jackson County	Private	31	3	332	Fabricated Metal Product Manufacturing	\$484
2011	3rd Qtr	Jackson County	Private	31	3	332	Fabricated Metal Product Manufacturing	\$709
2010	4th Qtr	Jackson County	Private	31	3	332	Fabricated Metal Product Manufacturing	\$1,818

Year	Period	Avg Weekly Wages
2011	1st Qtr	\$ 402
2011	2nd Qtr	\$ 746
2011	3rd Qtr	\$ 484
2010	4th Qtr	\$ 1,818
	Average	\$ 919
	110%	\$ 1,011

**2010 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas		
<u>1. Panhandle Regional Planning Commission</u>	\$18.60	\$38,683
<u>2. South Plains Association of Governments</u>	\$16.21	\$33,717
<u>3. NORTEX Regional Planning Commission</u>	\$18.34	\$38,153
<u>4. North Central Texas Council of Governments</u>	\$23.45	\$48,777
<u>5. Ark-Tex Council of Governments</u>	\$15.49	\$32,224
<u>6. East Texas Council of Governments</u>	\$17.63	\$36,672
<u>7. West Central Texas Council of Governments</u>	\$17.48	\$36,352
<u>8. Rio Grande Council of Governments</u>	\$15.71	\$32,683
<u>9. Permian Basin Regional Planning Commission</u>	\$19.90	\$41,398
<u>10. Concho Valley Council of Governments</u>	\$15.33	\$31,891
<u>11. Heart of Texas Council of Governments</u>	\$17.91	\$37,257
<u>12. Capital Area Council of Governments</u>	\$25.37	\$52,778
<u>13. Brazos Valley Council of Governments</u>	\$15.24	\$31,705
<u>14. Deep East Texas Council of Governments</u>	\$15.71	\$32,682
<u>15. South East Texas Regional Planning Commission</u>	\$27.56	\$57,333
<u>16. Houston-Galveston Area Council</u>	\$24.52	\$51,002
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.07	\$41,738
<u>18. Alamo Area Council of Governments</u>	\$17.28	\$35,952
<u>19. South Texas Development Council</u>	\$13.27	\$27,601
<u>20. Coastal Bend Council of Governments</u>	\$21.55	\$44,822
<u>21. Lower Rio Grande Valley Development Council</u>	\$14.35	\$29,846
<u>22. Texoma Council of Governments</u>	\$18.10	\$37,651
<u>23. Central Texas Council of Governments</u>	\$17.21	\$35,788
<u>24. Middle Rio Grande Development Council</u>	\$13.21	\$27,471

Source: Texas Occupational Employment and Wages

Data published: June 2011

Data published annually, next update will be June 2012.

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.

$$\text{ANNUAL } \$41,738 \times 110\% = \$45,912$$

$$\text{WEEKLY } \$41,738 / 4 = \$802.65 \times 110\% = \$882.92$$

ATTACHMENT 15

Description of Benefits

Energy Transfer offers its employees the following benefits:

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

ATTACHMENT 17 - 20

Schedules A - D

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name: ETC Texas Processing, LTD
 ISD Name: Gahado ISD

PROPERTY INVESTMENT AMOUNTS										
(Estimated investment in each year. Do not put cumulative totals.)										
	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service of building during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2012-2013	2012	\$ 16,008,000	\$ -	\$ -	\$ -	\$ 16,008,000			
	2012-2013	2012	\$ 85,000,000	\$ -	\$ -	\$ -	\$ 85,000,000			
	2012-2013	2012	\$ 199,000,000	\$ -	\$ -	\$ -	\$ 199,000,000			
	Complete tax years of qualifying time period	2013-2014	2013	\$ 75,000,000	\$ -	\$ -	\$ -	\$ 75,000,000		
		2014-2015	2014	\$ 25,000,000	\$ -	\$ -	\$ -	\$ 25,000,000		
		2015-2016	2015							
		2016-2017	2016							
		2017-2018	2017							
		2018-2019	2018							
		2019-2020	2019							
		2020-2021	2020							
		2021-2022	2021							
		2022-2023	2022							
	Value Limitation Period	2023-2024	2023							
		2024-2025	2024							
2025-2026		2025								
2026-2027		2026								
2027-2028		2027								
Credit Settle-Up Period	Continue to Maintain Viable Presence									
	Post-Settle-Up Period									

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

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

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE: *Alan David*
 DATE: 18 May 2012

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name ETC Texas Processing, LTD
 ISD Name Ganado ISD

Tax Credit Period (with 50% cap on credit)	Credit Settle-Up Period	Post-Settle-Up Period	Post-Settle-Up Period	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market Value		Estimated Taxable Value	
								Estimated Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions	
				pre-year 1	2012-2013	2012	400,450	-	-	-	400,450	400,450	400,450
				1	2013-2014	2013	400,450	-	284,000,000	14,200,000	270,200,450	270,200,450	270,200,450
				2	2014-2015	2014	400,450	-	350,500,000	17,500,000	333,400,450	333,400,450	333,400,450
				3	2015-2016	2015	400,450	-	364,700,000	18,200,000	346,900,450	346,900,450	10,000,000
				4	2016-2017	2016	400,450	-	353,800,000	17,700,000	336,500,450	336,500,450	10,000,000
				5	2017-2018	2017	400,450	-	343,200,000	17,200,000	326,400,450	326,400,450	10,000,000
				6	2018-2019	2018	400,450	-	332,900,000	16,600,000	316,700,450	316,700,450	10,000,000
				7	2019-2020	2019	400,450	-	322,900,000	16,100,000	307,200,450	307,200,450	10,000,000
				8	2020-2021	2020	400,450	-	313,200,000	15,700,000	297,900,450	297,900,450	10,000,000
				9	2021-2022	2021	400,450	-	303,800,000	15,200,000	289,000,450	289,000,450	10,000,000
				10	2022-2023	2022	400,450	-	294,700,000	14,700,000	280,400,450	280,400,450	10,000,000
				11	2023-2024	2023	400,450	-	285,900,000	14,300,000	272,000,450	272,000,450	272,000,450
				12	2024-2025	2024	400,450	-	277,300,000	13,900,000	263,800,450	263,800,450	263,800,450
				13	2025-2026	2025	400,450	-	269,000,000	13,500,000	255,900,450	255,900,450	255,900,450
				14	2026-2027	2026	400,450	-	260,900,000	13,000,000	248,300,450	248,300,450	248,300,450
				15	2027-2028	2027	400,450	-	253,100,000	12,700,000	240,800,450	240,800,450	240,800,450

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

[Signature]

18 May 2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Applicant Name ETC Texas Processing, LTD
 ISD Name Ganado ISD

Schedule C- Application: Employment Information

Form 50-296

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
			Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
pre-year 1	2012-2013	2012	138 FTE	65,500				
1	2013-2014	2013	103 FTE	65,500	17	60,100	14	65,500
2	2014-2015	2014	13 FTE	65,500	23	60,100	19	65,500
3	2015-2016	2015			23	60,100	19	65,500
4	2016-2017	2016			23	60,100	19	65,500
5	2017-2018	2017			23	60,100	19	65,500
6	2018-2019	2018			23	60,100	19	65,500
7	2019-2020	2019			23	60,100	19	65,500
8	2020-2021	2020			23	60,100	19	65,500
9	2021-2022	2021			23	60,100	19	65,500
10	2022-2023	2022			23	60,100	19	65,500
11	2023-2024	2023			23	60,100	19	65,500
12	2024-2025	2024			23	60,100	19	65,500
13	2025-2026	2025			23	60,100	19	65,500
14	2026-2027	2026			23	60,100	19	65,500
15	2027-2028	2027			23	60,100	19	65,500

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Maria Cant
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

18 May 2012
 DATE

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-296

Applicant Name: ETC Texas Processing, LTD

ISD Name: Ganado ISD

Sales Tax Information				Other Property Tax Abatements Sought					
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
			Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax					
	2012-2013	2012	19,880,000	264,120,000	-	50%		50%	Fill in percentage exemption requested or granted in each year of the Agreement
	2013-2014	2013	5,250,000	69,750,000	200,000	50%		50%	
	2014-2015	2014	2,000,000	23,500,000	400,000	50%		50%	
	2015-2016	2015	400,000	800,000	600,000	50%		50%	
	2016-2017	2016	400,000	800,000	750,000	50%		50%	
	2017-2018	2017	400,000	800,000	825,000				
	2018-2019	2018	400,000	800,000	850,000				
	2019-2020	2019	400,000	800,000	875,000				
	2020-2021	2020	400,000	800,000	900,000				
	2021-2022	2021	400,000	800,000	900,000				
	2022-2023	2022	400,000	800,000	900,000				
	2023-2024	2023	400,000	800,000	925,000				
	2024-2025	2024	400,000	800,000	950,000				
	2025-2026	2025	400,000	800,000	950,000				
	2026-2027	2026	400,000	800,000	975,000				
	2027-2028	2027	400,000	800,000	1,000,000				

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

18 May 2012

DATE

ATTACHMENT 21

Map of Reinvestment Zone

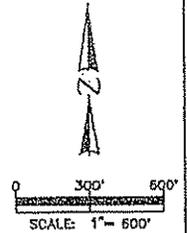
LEGEND

- B BASELINE
- C CENTERLINE
- P PROPERTY LINE
- T TEXAS
- R RIGHT OF WAY
- H HIGHWAY
- P PROPERTY
- P PERM. PERMANENT
- T TWS TEMPORARY WORKSPACE
- T TEMP. TEMPORARY
- C CONC. CONCRETE
- M MDN. MONUMENT
- F FND. FOUND
- A.P.S. AS PER SURVEY
- A.P.R. AS PER RECORD
- O.R.J.C.T. OFFICIAL RECORDS JACKSON COUNTY, TEXAS
- D.R.J.C.T. DEED RECORDS JACKSON COUNTY, TEXAS
- S SET SET 5/8" IRON ROD WITH CAP "HMMD CORNER"
- SS SURFACE SITE 141.0462 ACRES

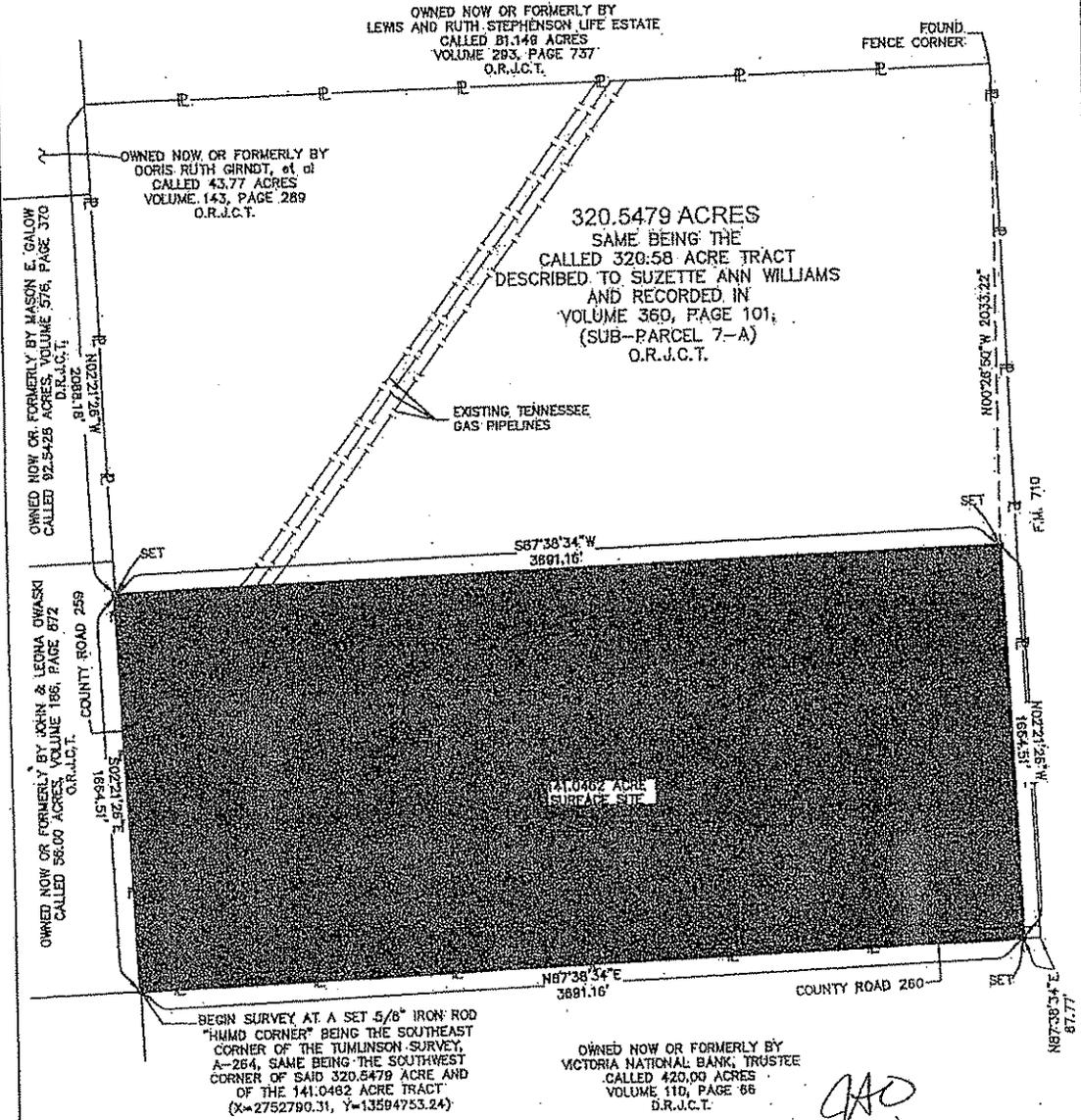
EXHIBIT "B"

LANDS LYING WITHIN AND BEING A PART OF

THEODORE PIERCE SURVEY, A-254
JACKSON COUNTY, TEXAS



SHEET 2 OF 2



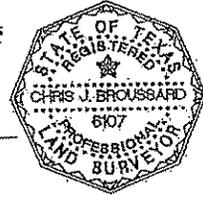
O.R. BOOK 394 PAGE 732

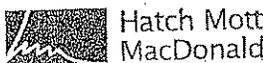
NOTES:

1. NORTH IS DERIVED FROM STATIC TIES TO EXISTING NGS MONUMENTS AND TRANSFORMED INTO THE TEXAS SOUTH CENTRAL STATE PLANE COORDINATE SYSTEM, NAD 83, U.S. SURVEY FOOT BY MEANS OF A GLOBAL POSITIONING SYSTEM (GPS). SURVEY PERFORMED BY HATCH MOTT MACDONALD.
2. INFORMATION DEPICTED HEREON IS BASED ON A SURVEY CONDUCTED FOR THE PURPOSE OF ESTABLISHING A BASELINE FOR MAPPING SELECTED TOPOGRAPHIC FEATURES AND LOCATING NECESSARY LINES FOR ENGINEERING DESIGN AND EASEMENT ACQUISITION ON DEEDS SUPPLIED BY CLIENT.
3. TITLE RESEARCH PERFORMED BY OTHERS.

I, CHRIS J. BROUSSARD, DO HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND, THAT THIS EASEMENT PLAT CORRECTLY REPRESENTS THE FACTS FOUND AT THE DATE OF THE FIELD SURVEY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Chris J. Broussard 4/18/11
 CHRIS J. BROUSSARD DATE:
 RPLS NO. 8107
 PHONE: (832) 736-8580
 FAX: (832) 736-9580



 2950 Cullen Pkwy, Suite 201, Pearland, TX 77584 T: (832) 736-9580 F: (832) 736-9580		RICH EAGLEFORD MARLINE 30" PIPELINE PROJECT JACKSON COUNTY, TEXAS		ENERGY TRANSFER	
		DRAWN BY: RLD CHECKED BY: ACD APPROVED BY: CJB	DATE: 04/12/2011 DATE: 04/12/2011 DATE: 04/12/2011	APPROVED BY: [Signature] DATE: 04/12/2011	DATE: 04/12/2011
A 04/12/11 ISSUE FOR REVIEW	FILE NO. 45101510	TITLE AS NOTED	SURFACE SITE		

ATTACHMENT 22

Order, Resolution, or Ordinance Establishing the Zone

ORDER DESIGNATING ETC REINVESTMENT ZONE

NOW WHEREAS the Jackson County Commissioners Court is authorized by Texas Tax Code §312.401 to designate reinvestment zones; and

WHEREAS property owner ETC Texas Pipeline, Ltd. has applied for a tax abatement in an area of Jackson County which is described in Exhibit A (which is attached to this Order) and which does not include area in the taxing jurisdiction of a municipality; and

WHEREAS a reinvestment zone must be designated if an abatement is to be granted regarding the property described in Exhibit A; and

WHEREAS the Commissioners Court has held a public hearing on the designation and hereby finds that the designation of the ETC Reinvestment Zone:

would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the zone; and

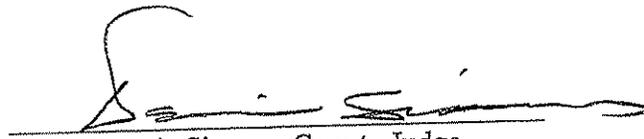
would contribute to the economic development of Jackson County; and

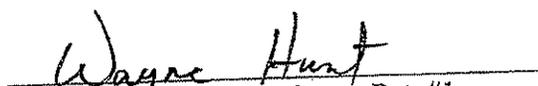
WHEREAS THE Commissioners Court has established guidelines and criteria governing its tax abatement agreements and a resolution stating that the Commissioners Court has elected to become eligible to participate in tax abatements;

NOW THEREFORE BE IT ORDERED that the real property consisting of 141.0462 acres near Ganado (the legal description of which is attached to this Order as Exhibit A) is hereby designated as a reinvestment zone to be known as the 2011 Jackson County ETC Reinvestment Zone; and

BE IT FURTHER RESOLVED that the designation of this reinvestment zone will expire five years after the date that this Order of designation is signed, unless it is renewed for one or more subsequent periods not to exceed five years each.

APPROVED BY MAJORITY VOTE OF THE JACKSON COUNTY COMMISSIONERS COURT AT ITS REGULARLY SCHEDULED PUBLIC MEETING ON THE 12th DAY OF December, 2011.


Dennis Simons, County Judge


Wayne Hurl, Commissioner, Pct. #1


Wayne Bubela, Commissioner, Pct. #2


Johnny E. Belicek, Commissioner, Pct. #3


Larry Deyton, Commissioner, Pct. #4

EXHIBIT "A"

Written: April 12, 2011
Field Notes for ETC Texas Pipeline, LTD
Robert R. Ottis
141.0462 Acres (6,143,972 Square Feet) of Land
For A Surface Site

All of that certain tract containing 141.0462 acres (6,143,972 square feet) of land being out of and a part of a 320.5479 acre tract (call 320.58 acres) of which there is 3.2212 acres (call 3.23 acres) in the road along the south line and 3.2262 acres (call 3.25 acres) in the road along the west line, leaving a total remainder of 314.1005 acres (call 314.09 acres), said tract being a part of the Theodore Pierce Survey, Abstract Number 254, Jackson County, Texas, and being out of and a part of said called 320.58 acre tract described in that certain Warranty Deed dated August 4, 2009 from Joseph Ann Ottis, Trustee of the Trust for Suzette Ann Williams under Article XIV of the Will of Katherine S. Ottis, Deceased, filed for record on August 31, 2009, recorded in Volume 360, Page 101 (also known as Sub-parcel 7-A of said document), Official Public Records, Jackson County, Texas, said 141.0461 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 5/8" Iron rod with cap "HMMD CORNER" being the southeast corner of a the Tumlinson Survey, Abstract No. 264, same being the southwest corner of said 320.5479 acre of the herein described tract, from which a found wooden fence corner bears N 02°06'00" W, a distance of 11.69 feet and the intersection of the centerlines of both County Road 259 and County Road 260 bears N 59°24'40" E, a distance of 36.43 feet;

THENCE N 87°38'34" E, (call N 89°30'00" E) along the south line of said 320.5479 acre tract, in common with the south line of the herein described tract, a distance of 3,691.16 feet to a set 5/8" Iron rod with cap "HMMD CORNER", from which the southeast corner of said 320.5479 acre tract bears N 87°38'34" E, a distance of 67.77 feet;

THENCE N 02°21'26" W, leaving the south line, over and across said 320.5479 acre tract, also being parallel to the east line of said 320.5479 acre tract, a distance of 1,664.51 feet to a set 5/8" Iron rod with cap "HMMD CORNER", from which a found fence corner, same being the northeast corner of said 320.5479 acre tract, bears N 00°26'50" W, a distance of 2,033.22 feet;

THENCE S 87°38'34" W, continuing over and across said 320.5479 acre tract, distance of 3,691.16 feet to a set 5/8" Iron rod with cap "HMMD CORNER", said point lying in the west line of said 320.5479 acre tract, from which the northwest corner of said 320.5479 acre tract bears N 02°21'26" W, a distance of 2,068.18 feet;

THENCE S 02°21'26" E, (call S 00°30'00" W) along the west line of said 320.5479 acre tract, in common with the west line of the herein described tract, a distance of 1,664.51 to the POINT OF BEGINNING and containing 141.0462 acres of land.



Chris J. Broussard
Chris J. Broussard, R.P.L.S. Texas No. 6107

4/12/11
Date, *SAW R.R. AO*

Sheet 1 of 2

ATTACHMENT 23

Legal Description of Reinvestment Zone

EXHIBIT "A"

Written: April 12, 2011
Field Notes for ETC Texas Pipeliné, LTD
Robert R. Ottis
141.0462 Acres (6,143,972 Square Feet) of Land
For A Surface Site

All of that certain tract containing 141.0462 acres (6,143,972 square feet) of land being out of and a part of a 320.5479 acre tract (call 320.58 acres) of which there is 3.2212 acres (call 3.23 acres) in the road along the south line and 3.2262 acres (call 3.26 acres) in the road along the west line; leaving a total remainder of 314.1005 acres (call 314.09 acres), said tract being a part of the Theodore Pierce Survey, Abstract Number 254, Jackson County, Texas, and being out of and a part of said called 320.58 acre tract described in that certain Warranty Deed dated August 4, 2009 from Joseph Ann Ottis, Trustee of the Trust for Suzette Ann Williams under Article XIV of the Will of Katherine S. Ottis, Deceased, filed for record on August 31, 2009, recorded in Volume 360, Page 101 (also known as Sub-parcel 7-A of said document), Official Public Records, Jackson County, Texas, said 141.0461 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 5/8" iron rod with cap "HMMD CORNER" being the southeast corner of a the Tumlinson Survey, Abstract No. 264, same being the southwest corner of said 320.5479 acre of the herein described tract, from which a found wooden fence corner bears N 02°06'00" W, a distance of 11.69 feet and the intersection of the centerlines of both County Road 259 and County Road 260 bears N 59°24'40" E, a distance of 36.43 feet;

THENCE N 87°38'34" E, (call N 89°30'00" E) along the south line of said 320.5479 acre tract, in common with the south line of the herein described tract, a distance of 3,691.16 feet to a set 5/8" iron rod with cap "HMMD CORNER", from which the southeast corner of said 320.5479 acre tract bears N 87°38'34" E, a distance of 67.77 feet;

THENCE N 02°21'26" W, leaving the south line, over and across said 320.5479 acre tract, also being parallel to the east line of said 320.5479 acre tract, a distance of 1,664.51 feet to a set 5/8" iron rod with cap "HMMD CORNER", from which a found fence corner, same being the northeast corner of said 320.5479 acre tract, bears N 00°26'50" W, a distance of 2,033.22 feet;

THENCE S 87°38'34" W, continuing over and across said 320.5479 acre tract, distance of 3,691.16 feet to a set 5/8" iron rod with cap "HMMD CORNER", said point lying in the west line of said 320.5479 acre tract, from which the northwest corner of said 320.5479 acre tract bears N 02°21'26" W, a distance of 2,068.18 feet;

THENCE S 02°21'26" E, (call S 00°30'00" W) along the west line of said 320.5479 acre tract, in common with the west line of the herein described tract, a distance of 1,664.51 to the POINT OF BEGINNING and containing 141.0462 acres of land.



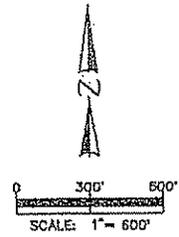
Chris J. Broussard *4/18/11* *SAW RRD* *AO*
Chris J. Broussard, R.P.L.S. Texas No. 6107 Date.

LEGEND

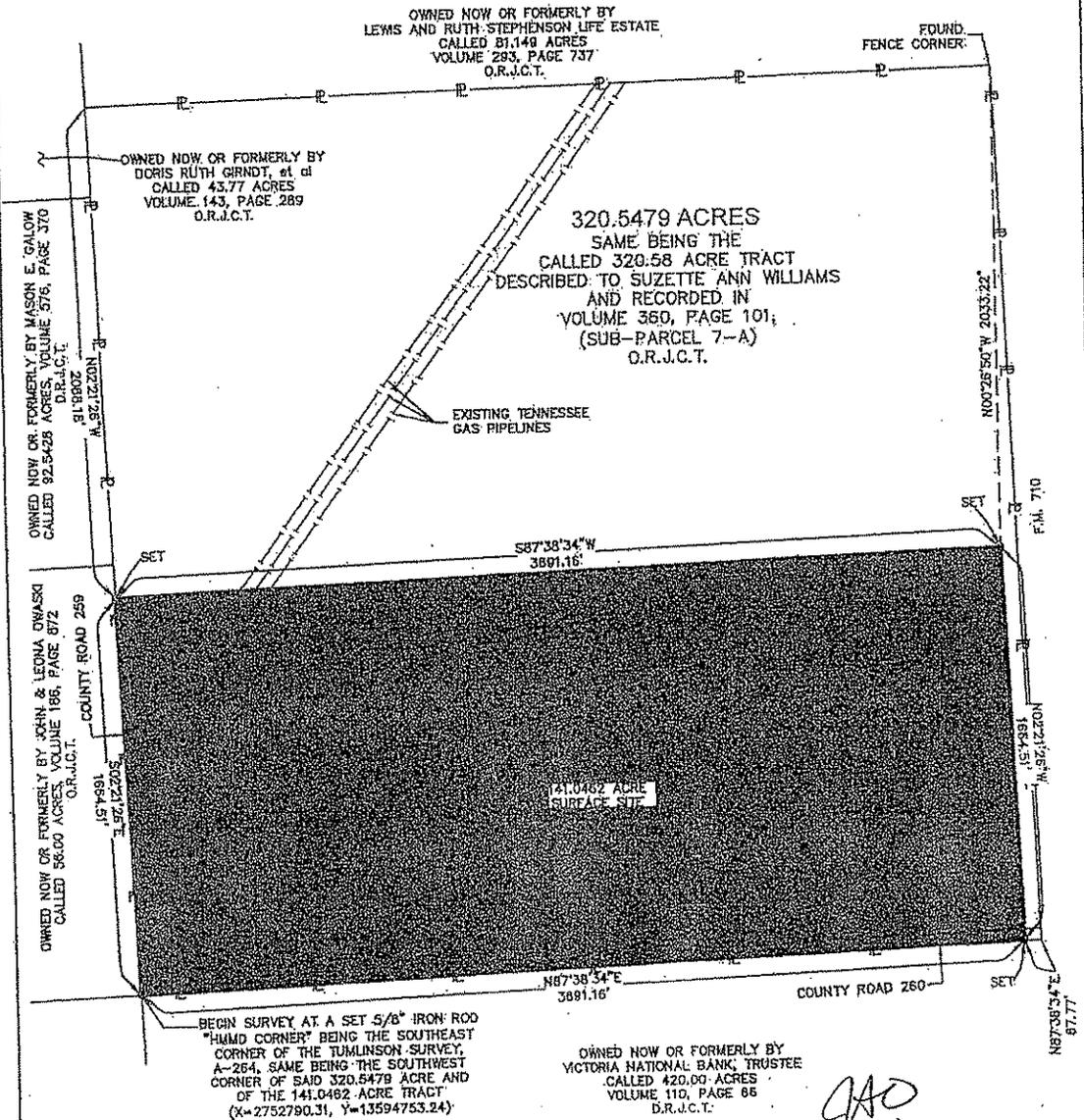
BL	BASELINE
CL	CENTERLINE
PL	PROPERTY LINE
TX	TEXAS
ROW	RIGHT OF WAY
Hwy.	HIGHWAY
PROP.	PROPERTY
PERM.	PERMANENT
TWS	TEMPORARY WORKSPACE
TEMP.	TEMPORARY
CONC.	CONCRETE
MON.	MONUMENT
FOUND	FOUND
A.P.S.	AS PER SURVEY
A.P.R.	AS PER RECORD
O.R.J.C.T.	OFFICIAL RECORDS JACKSON COUNTY, TEXAS
D.R.J.C.T.	DEED RECORDS JACKSON COUNTY, TEXAS
SET	SET 6/8" IRON ROD WITH CAP "HMMD CORNER"
	SURFACE SITE 141.0462 ACRES

EXHIBIT "B"

LANDS LYING WITHIN AND BEING A PART OF
 THEODORE PIERCE SURVEY, A-254
 JACKSON COUNTY, TEXAS



SHEET 2 OF 2



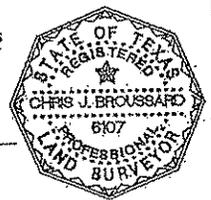
O.R. BOOK 394 PAGE 732

NOTES:

1. NORTH IS DERIVED FROM STATIC TIES TO EXISTING HGS MONUMENTS AND TRANSFORMED INTO THE TEXAS SOUTH CENTRAL STATE PLANE COORDINATE SYSTEM, NAD 83, U.S. SURVEY FOOT BY MEANS OF A GLOBAL POSITIONING SYSTEM (GPS) SURVEY PERFORMED BY HATCH MOTT MACDONALD.
2. INFORMATION DEPICTED HEREON IS BASED ON A SURVEY CONDUCTED FOR THE PURPOSE OF ESTABLISHING A BASELINE FOR MAPPING SELECTED TOPOGRAPHIC FEATURES AND LOCATING NECESSARY LINES FOR ENGINEERING DESIGN AND EASEMENT ACQUISITION ON DEEDS SUPPLIED BY CLIENT.
3. TITLE RESEARCH PERFORMED BY OTHERS.

I, CHRIS J. BROUSSARD, DO HEREBY CERTIFY THAT THIS SURVEY WAS MADE ON THE GROUND, THAT THIS EASEMENT PLAT CORRECTLY REPRESENTS THE FACTS FOUND AT THE DATE OF THE FIELD SURVEY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Chris J. Broussard 4/18/11
 CHRIS J. BROUSSARD DATE:
 RPLS NO. 8107
 PHONE: (832)736-8590
 FAX: (832)736-9580



<p>Hatch Mott MacDonald 2950 Cullen Pkwy, Suite 201, Pearland, TX 77584 T: (832) 738-9590 • F: (832) 736-9580</p>		RICH EAGLEFORD MARLINE 30" PIPELINE PROJECT JACKSON COUNTY, TEXAS		ENERGY TRANSFER	
		DRAWN BY: RLD CHECKED BY: ACC APPROVED BY: CLD	DATE: 04/12/2011 DATE: 04/12/2011 DATE: 04/12/2011	APPROVED BY: [Signature] DATE: 04/12/2011	PROJECT NUMBER / DRAWING NUMBER: SURFACE SITE
A. 04/12/11 ISSUE FOR REVIEW	RLD ACC CLD	PREL. NO. 45101510	SCALE AS NOTED		
NO. DATE REVISION	DESIGN CHECK APPRO				

ATTACHMENT 24

Guidelines and Criteria for Reinvestment Zone

EXHIBIT "D"

GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN JACKSON COUNTY, TEXAS

SECTION I

BACKGROUND

- (A) Pursuant to the Texas Tax Code (hereinafter the "Code"), Jackson County, Texas (hereinafter "the County"), is authorized to designate Reinvestment Zones in areas of the County that do not include areas in the taxing jurisdiction of a municipality, to enter into tax abatement agreements with regard to properties located in Reinvestment Zones, and to enter into tax abatement agreements with regard to properties for which a municipality has given tax abatement incentives by agreement.
- (B) The Code requires that the County establish guidelines and criteria governing tax abatement agreements. These guidelines and criteria are for the purpose of promoting the efficient and reasonably consistent administration of tax abatement incentives. These guidelines are effective for two (2) years from the date adopted by the Jackson County Commissioners Court (the "Commissioners Court"). A three-quarter (3/4) vote by the Commissioners Court is required to amend or repeal these guidelines.
- (C) These guidelines and criteria, and the procedures established herein, are in compliance with the requirements of the Code.
- (D) **NOTHING HEREIN SHALL IMPLY OR SUGGEST THAT THE COUNTY IS UNDER ANY OBLIGATION TO PROVIDE ANY TAX ABATEMENT, OR PROVIDE ANY LENGTH, LEVEL, OR VALUE OF TAX ABATEMENT, TO ANY APPLICANT.**

SECTION II

DEFINITIONS

- (A) "Abatement" means the full or partial exemption from County ad valorem taxation of the increased values of eligible properties in a Reinvestment Zone designated as such in accordance with state law, or the full or partial exemption from County ad valorem taxation of the increased values of eligible properties located within a municipality's taxing jurisdiction where

the municipality has granted full or partial exemption to those properties from municipal ad valorem taxation.

- (B) "Agreement" means a contractual agreement between a property owner and a taxing jurisdiction for the purpose of tax abatement.
- (C) "Base Year Value" means the market value of any property eligible for abatement under these guidelines and criteria on January 1 of the year of the execution of the agreement. In addition, Base Year Value may include a guaranteed minimum agreed upon value of any property improvements or additions eligible for abatement under these guidelines and criteria made after such January 1 but before execution of such agreement.
- (D) "Economic Life" means the number of the years a property improvement is expected to be in service in a facility.
- (E) "Expansion" means the addition of buildings, structures, machinery, or equipment for the purpose of increasing production capacity.
- (F) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- (G) "Lease" means a relationship whereby the person applying for a tax abatement has a contract for exclusive possession of the real property on which improvements are to be made and/or personal property to be used for the operation of the business for a defined period of time.
- (H) "Modernization" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology, or substantially lowers the unit cost of operation, and extends the economic life of the facility. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment. Modernization shall not include reconditioning, refurbishing, repairing, or completion of deferred maintenance.
- (I) "New facility" means a Facility on property previously undeveloped and which is placed into service by means other than expansion or a modernization.
- (J) "Personal Property" means machinery, equipment and/or tools used, or bought or leased for use, in the operations of the person applying for tax abatement, other than that which was located on the real property at any time before execution of the tax abatement agreement. "Personal Property" shall not include inventory, supplies, office furniture, office equipment, motor vehicles, vessels, aircraft, housing, hotel accommodations, or deferred maintenance investments.

(K) "Real Property" means the area of land defined by legal description as being owned or leased by the person applying for a tax abatement, including any improvements thereto, which is to be improved and valued for property tax purposes, and which is to be included in the Reinvestment Zone.

(L) "Reinvestment Zone" is an area designated as such for the purpose of a tax abatement as authorized by the County in accordance with the Code.

SECTION III

REINVESTMENT ZONE DESIGNATION

- (A) A Reinvestment Zone may only be designated in accordance with the Code.
- (B) A Reinvestment Zone may only be designated by the Commissioners Court in an area of the County that does not include an area within the taxing jurisdiction of a municipality.
- (C) An area may be designated as a Reinvestment Zone if the Commissioners Court, after a public hearing on the proposed designation, finds that the designation would attract major investment into the Reinvestment Zone that would be a benefit to the property to be included in the Reinvestment Zone and would contribute to the economic development of the County.
- (D) A public hearing on a proposed Reinvestment Zone designation must be held prior to the findings and action of the Commissioners Court on the proposal. The public hearing shall be conducted in accordance with all applicable provisions of the Code. Notice of the hearing shall be given in accordance with the Code. The public hearing must also be posted as an agenda item in accordance with Chapter 551 of the Texas Government Code (the "Texas Open Meetings Act").
- (E) Property may be located both in a Reinvestment Zone designated by the County and in a Reinvestment Zone designated by a municipality.
- (F) If the Commissioners Court finds that designation of an area as a Reinvestment Zone is proper, such proposed designation shall be put to a vote of the Commissioners Court, and will pass if a majority of the members of the Commissioners Court in attendance vote to approve the designation. The order of the Commissioners Court designating the area as a Reinvestment Zone shall contain a sufficient description of the boundaries of the Reinvestment Zone.

(G) The designation of a Reinvestment Zone shall be for a period of five (5) years. No designation of a Reinvestment Zone shall exceed five (5) years, and a designation of a Reinvestment Zone shall automatically expire five (5) years after the date of designation unless renewed by the Commissioners Court for one or more subsequent periods not to exceed five (5) years each. The expiration of a designation of a Reinvestment Zone does not affect any existing tax abatement agreement relating to property in such Reinvestment Zone.

(H) Tax abatement agreements entered into by the County shall be in compliance with all applicable requirements set forth in the Code.

SECTION IV

ABATEMENT AUTHORIZED

- (A) Abatement is authorized, subject to approval of the Commissioners Court and execution of a tax abatement agreement, for properties located within a Reinvestment Zone designated by the Commissioners Court.
- (B) Abatement is also authorized for properties located within a municipal Reinvestment Zone when the municipality has entered into a tax abatement agreement with regard to property located within the Reinvestment Zone if the County enters into a tax abatement agreement with regard to that property. Such an agreement must be in compliance with all applicable requirements set forth in the Code.
- (C) Authorized Facilities: Tax abatement may be granted for New Facilities or for the Expansion or Modernization of existing Facilities. The economic life of a Facility or improvements thereto must exceed the life of the tax abatement agreement.
- (D) Eligible Property: Tax abatement may be granted for improvements to owned real property or real property subject to a Lease and for Personal Property located on such real property to the extent allowed by state law.
- (E) Value of Abatement: Authorized Facilities may be granted abatement on all or a portion of the increased taxable value of eligible property over the base year value for a period not to exceed ten (10) years. Such abatement, if granted as to real property, is not with regard to the entire value of the real property, but only to the extent that the value of the real property exceeds the value for the year in which the abatement is granted (i.e., the Base Year Value). Ad valorem taxes on

tangible Personal Property may be abated to the extent of additions, but cannot be abated as to personal property located on the real property at any time before the tax abatement agreement is executed, and cannot be abated for inventory, supplies, office furniture, office equipment, motor vehicles, vessels, aircraft, housing, hotel accommodations, or deferred maintenance investments.

SECTION V

PROJECT IMPACT DATA

(A) Introduction

The information required in this Section V will be used by the Commissioners Court to determine whether or not it is in the best interest of the County to offer tax abatement to a particular applicant. The County may request that the applicant describe the methodologies used to respond to the questions below and to supply supporting documentation.

(B) Proposed Investment

The applicant must submit information providing answers to the following inquiries:

- (1) Identify and describe the type and location of the proposed real property improvements and/or personal property additions to the property and describe the planned development schedule for the proposed improvements and/or additions.
- (2) To what extent, if any, will material, additional public improvements be needed? Describe the plans, if any, in existence for the provision of such improvements.
- (3) What material governmental approvals or permits will be required for the improvements?
- (4) Is the financial capital required to complete the project already available (financing commitments, reserved funds, etc.)? Explain in reasonable detail.

(C) Fiscal Impact

The applicant must submit information providing answers to the following inquiries:

- (1) What is the estimated cost of the proposed real property improvements and/or personal property additions?
- (2) What is the proposed depreciation schedule for the real and personal property to be abated?

(D) Community Impact

The applicant must submit information providing answers to the following inquiries:

- (1) Provide a copy of an economic impact study prepared with respect to the proposed project. An economic impact evaluation prepared in connection with an application for appraised value limitation under Chapter 313 of the Code will satisfy this requirement.
- (2) What support services or products, if any, does the applicant anticipate will be procured from the local community in the construction of improvements or additions of personal property, and with regard to its operations?

(E) A legal description of the subject real property must be supplied to the County by the applicant:

(F) Pursuant to the Code, information submitted in the application process is confidential; and is not subject to public disclosure, unless and until a tax abatement agreement is executed. If an application for abatement is granted, the information submitted in the application process will be considered public once the abatement agreement has been signed by representatives for both parties.

SECTION VI

GUIDELINES

(A) Economic Qualification

To be eligible for designation of a Reinvestment Zone and to receive tax abatement, the proposed project must be reasonably shown to have an estimated cost upon completion of at least \$5,000,000.00

(B) Eligibility

The Commissioners Court shall determine eligibility for abatement on a case-by-case basis.

(C) Rate and Duration of Tax Abatement

When a determination has been made to offer tax abatement, the County will determine the percent of value abated and the length of abatement on a case-by-case basis.

SECTION VII

PROCEDURE

(A) Any person or entity desiring that the County consider tax abatement for a proposed project must comply with the following procedural guidelines.

(B) Application Process

The applicant shall submit a letter of application for tax abatement to the County Judge for submission to the Commissioners Court. The application must:

- (1) give a reasonably detailed explanation of the proposed project (improvements to owned or leased real property, and/or addition of owned or leased Personal Property);
- (2) address all criteria questions and inquiries outlined in Section V above;
- (3) provide a current survey of the real property and information showing the proposed location of the proposed improvements and additions on such real property, together with a legal description of such real property;
- (4) identify the name, address, telephone number, fax number, and e-mail address of the applicant's contact person for purposes of the application;
- (5) identify the form of organization of the applicant (e.g., sole proprietorship, partnership, corporation, limited liability company, etc.) and any assumed or trade names under which the applicant operates; and
- (6) identify how the project will comply with or fit within the criteria and guidelines set forth in the preceding sections.

All applications will be reviewed by the Commissioners Court's designee or designees for accuracy and completeness. If requested by the Commissioners Court or its designee, the applicant shall verify any information submitted to the Commissioners Court. In addition, the applicant shall provide any additional information requested by the Commissioners Court or its designee. Upon completion of the application process, the

application will be placed on the agenda for a meeting of the Commissioners Court for consideration.

- (C) The application shall be considered at a meeting of the Commissioners Court held in compliance with the Texas Open Meetings Act. If the abatement would involve the designation of a Reinvestment Zone, a public hearing regarding such designation must first be held in accordance with the procedures and notice requirements in the Code. No applicant has a legal right or expectation to a favorable determination by the Commissioners Court with respect to its application.
- (D) The abatement, if granted, must be made pursuant to a tax abatement agreement which meets all of the requirements of law and is acceptable to the Commissioners Court. Any such tax abatement agreement shall provide that in filling any new employment positions created as a result of the project, the applicant will use commercially reasonable efforts to hire qualified applicants located in the County and willing to perform the work required by such positions. A tax abatement agreement must be approved by the Commissioners Court for execution by the County Judge before it can be effective.
- (E) Any abatement is for County ad valorem taxes only, and does not provide abatement from taxation by other taxing jurisdictions in which the property may be located unless otherwise provided by state law. Property owned or leased by a member of the Commissioners Court is not eligible for tax abatement.

SECTION VIII

ADMINISTRATION

- (A) The tax abatement agreement shall stipulate that employees of the County and/or designated representatives of the County will have access to the Reinvestment Zone during the term of the abatement to inspect the Facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after giving forty-eight (48) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made with one or more representatives of the company and in accordance with the safety standards for the Facility.
- (B) The employees and/or designated representatives of the County who conduct an inspection of the Facility shall within ten days of the inspection submit a written report to the Jackson County Commissioners Court regarding the property owner's compliance with the terms and conditions of the agreement.

- (C) Violations of the terms of the tax abatement agreement by the tax abatement recipient may result in the full or partial loss of the abatement and give rise to the right of the County to recoup taxes abated and terminate the agreement, all as may be more fully provided for in the agreement;

SECTION IX

ASSIGNMENT

A tax abatement agreement may be assigned to a new owner or lessee of the Facility with the prior written consent of the Commissioners Court, which consent shall not be unreasonably withheld, delayed or conditioned. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements or repairs to the property, except to the extent such improvements or repairs have been completed. No assignment shall be approved if the assignor or the assignee are indebted to the County for delinquent ad valorem taxes or other obligations.

SECTION X

SUNSET PROVISION

These Guidelines and Criteria are effective September 27, 2010, and will remain in force until September 27, 2012, at which time all tax abatement agreements created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

ATTACHMENT B
COMPTROLLER'S LETTER

September 18, 2012

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



July 27, 2012

Jeff Black
Superintendent
Ganado Independent School District
P. O. Box 1200
Ganado, Texas 77962

Dear Superintendent Black:

On May 23, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in April, 2012 to the Ganado Independent School District (Ganado ISD) by ETC Texas Pipeline, LTD (ETC). This letter presents the results of the comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

Ganado ISD is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$299,000,000) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement. ETC is proposing the construction of a manufacturing facility in Jackson County. ETC is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), the Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by ETC, the Comptroller's recommendation is that ETC's application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. The school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best

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

interest of the school district and state. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of May 23, 2012, or any tangible personal property placed in service prior to that date may not be considered "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1. The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
2. The limitation agreement must contain a provision that requires the applicant to provide sufficient information to the Central Appraisal District to distinguish between and separately appraise qualified property (as defined by 313.021(2)) from any property that is not qualified, the district to confirm with the CAD that the applicant has provided such information, and that this office is provided with the CAD approved information not later than the first annual reporting period following the execution of the agreement.
3. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
4. The district must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
5. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

ATTACHMENT C
ECONOMIC IMPACT EVALUATION

Economic Impact for Chapter 313 Project

Applicant	ETC Texas Pipeline, LTD
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Ganado ISD
2010-11 Enrollment in School District	653
County	Jackson
Total Investment in District	\$384,000,000
Qualified Investment	\$299,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	23
Number of qualifying jobs committed to by applicant	19
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,058
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$883
Minimum Annual Wage committed to by applicant for qualified jobs	\$55,000
Investment per Qualifying Job	\$20,210,526
Estimated 15 year M&O levy without any limit or credit:	\$45,608,230
Estimated gross 15 year M&O tax benefit	\$31,247,887
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$30,613,550
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$6,069,449
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$14,994,680
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	67.1%
Percentage of tax benefit due to the limitation	80.6%
Percentage of tax benefit due to the credit	19.4%

This presents the Comptroller's economic impact evaluation of ETC (the project) applying to Ganado Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 23 new jobs when fully operational. 19 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Golden Crescent Regional Planning Commission Region, where Jackson County is located was \$41,738 in 2010. The annual average manufacturing wage for 2010-2011 for Jackson County is 47,788. That same year, the county annual average wage for all industries was \$37,180. In addition to a salary of \$60,100, each qualifying position will receive benefits such as 401K plan, medical, dental, vision, RX plan, flex spending account, life and AD&D insurance, paid vacation, sick, and holidays, wellness programs, employee assistance programs, extended sick leave, annual merit & bonus eligibility. The project's total investment is \$384 million, resulting in a relative level of investment per qualifying job of \$20 million.

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

According to ETC's application, "Energy Transfer is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 3 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana. Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation."

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

During the past two years, six projects in the Golden Crescent Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the ETC project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts ETC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in ETC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	138	139	277	\$9,039,000	\$7,961,000	\$17,000,000
2013	120	168	288	\$7,768,200	\$11,231,800	\$19,000,000
2014	36	105	141	\$2,233,800	\$8,766,200	\$11,000,000
2015	23	107	130	\$1,382,300	\$9,617,700	\$11,000,000
2016	23	125	148	\$1,382,300	\$11,617,700	\$13,000,000
2017	23	127	150	\$1,382,300	\$12,617,700	\$14,000,000
2018	23	141	164	\$1,382,300	\$13,617,700	\$15,000,000
2019	23	143	166	\$1,382,300	\$14,617,700	\$16,000,000
2020	23	146	169	\$1,382,300	\$15,617,700	\$17,000,000
2021	23	149	172	\$1,382,300	\$16,617,700	\$18,000,000
2022	23	149	172	\$1,382,300	\$17,617,700	\$19,000,000
2023	23	153	176	\$1,382,300	\$17,617,700	\$19,000,000
2024	23	149	172	\$1,382,300	\$18,617,700	\$20,000,000
2025	23	137	160	\$1,382,300	\$18,617,700	\$20,000,000
2026	23	135	158	\$1,382,300	\$18,617,700	\$20,000,000
2027	23	135	158	\$1,382,300	\$19,617,700	\$21,000,000

Source: CPA, REMI, ETC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Ganado ISD's ad valorem tax base in 2010 was \$153 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Ganado ISD's estimated wealth per WADA was \$156,910. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Jackson County, Jackson County Hospital District, Texana Groundwater Conservation District, and Jackson County Flood Control District, with all property tax incentives sought being granted using estimated market value from ETC's application. ETC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and hospital district. Table 3 illustrates the estimated tax impact of the ETC project on the region if all taxes are assessed.

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. This attachment shows the estimated M&O tax levy without the value limitation agreement would be \$40,521,581. The estimated gross M&O tax benefit, or levy loss, is \$31,247,887.

Attachment 3 is an economic overview of Jackson County.

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

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name: ETC Texas Processing, LTO
 USD Name: Ganado USD

PROPERTY INVESTMENT AMOUNTS

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

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total investment (A+B+D)	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2012-2013	2012	\$ 16,000,000	\$ -	\$ -	\$ -	\$ 16,000,000	
	2012-2013	2012	\$ 85,000,000	\$ -	\$ -	\$ -	\$ 85,000,000	
	2012-2013	2012	\$ 199,000,000	\$ -	\$ 199,000,000	\$ -	\$ 199,000,000	
	Complete tax years of qualifying time period	2013-2014	2013	\$ 75,000,000	\$ -	\$ 75,000,000	\$ -	\$ 75,000,000
		2014-2015	2014	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -	\$ 25,000,000
		2015-2016	2015					
		2016-2017	2016					
		2017-2018	2017					
		2018-2019	2018					
		2019-2020	2019					
		2020-2021	2020					
		2021-2022	2021					
		2022-2023	2022					
		2023-2024	2023					
		2024-2025	2024					
2025-2026		2025						
2026-2027		2026						
2027-2028		2027						
Tax Credit Period (with 50% cap on credit)	Value Limitation Period							
	Continuous to Maintain Visible Presence							
Credit Settle-Up Period	Post-Settle-Up Period							
	Post-Settle-Up Period							

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(A)-(D).

Column B: For the purposes of investment, please list amount invested each year, not cumulative totals.

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.

Column D: The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Column E: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(F)(E).

Notes: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter these amounts for future years.

Abm Divil

18 May 2012

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name: ETC Texas Processing, LTD
 ISD Name: Ganado ISD

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	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 building or "in or on the new improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
	pre-year 1	2012-2013	2012	400,450				400,450	400,450
	1	2013-2014	2013	400,450	-	284,000,000	14,200,000	270,200,450	270,200,450
	2	2014-2015	2014	400,450	-	350,500,000	17,500,000	333,400,450	333,400,450
	3	2015-2016	2015	400,450	-	364,700,000	18,200,000	346,900,450	10,000,000
	4	2016-2017	2016	400,450	-	353,800,000	17,700,000	336,500,450	10,000,000
	5	2017-2018	2017	400,450	-	343,200,000	17,200,000	326,400,450	10,000,000
	6	2018-2019	2018	400,450	-	332,900,000	16,600,000	316,700,450	10,000,000
	7	2019-2020	2019	400,450	-	322,900,000	16,100,000	307,200,450	10,000,000
	8	2020-2021	2020	400,450	-	313,200,000	15,700,000	297,900,450	10,000,000
	9	2021-2022	2021	400,450	-	303,800,000	15,200,000	289,000,450	10,000,000
	10	2022-2023	2022	400,450	-	294,700,000	14,700,000	280,400,450	10,000,000
	11	2023-2024	2023	400,450	-	285,900,000	14,300,000	272,000,450	272,000,450
	12	2024-2025	2024	400,450	-	277,300,000	13,900,000	263,800,450	263,800,450
	13	2025-2026	2025	400,450	-	269,000,000	13,500,000	255,900,450	255,900,450
	14	2026-2027	2026	400,450	-	260,900,000	13,000,000	248,300,450	248,300,450
	15	2027-2028	2027	400,450	-	253,100,000	12,700,000	240,800,450	240,800,450

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

18 May 2012

DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name

ETC Texas Processing, LTD

ISD Name Ganado ISD

Form 50-296

Other Property Tax Abatements Sought

		Sales Tax Information		Franchise Tax				Other Property Tax Abatements Sought		
		Sales Taxable Expenditures		Franchise Tax						
	Year	School Year (YYYY-YYYY)	Tax Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2012-2013	2012	19,880,000	264,120,000		50%		50%	
Complete tax years of qualifying time period	1	2013-2014	2013	5,250,000	69,750,000	200,000	50%		50%	
	2	2014-2015	2014	2,000,000	23,500,000	400,000	50%		50%	
	3	2015-2016	2015	400,000	800,000	600,000	50%		50%	
	4	2016-2017	2016	400,000	800,000	750,000	50%		50%	
	5	2017-2018	2017	400,000	800,000	825,000	50%		50%	
Value Limitation Period	6	2018-2019	2018	400,000	800,000	850,000				
	7	2019-2020	2019	400,000	800,000	875,000				
	8	2020-2021	2020	400,000	800,000	900,000				
	9	2021-2022	2021	400,000	800,000	900,000				
	10	2022-2023	2022	400,000	800,000	900,000				
Credit Settle-Up Period	11	2023-2024	2023	400,000	800,000	925,000				
	12	2024-2025	2024	400,000	800,000	950,000				
	13	2025-2026	2025	400,000	800,000	950,000				
Post-Settle-Up Period	14	2026-2027	2026	400,000	800,000	975,000				
Post-Settle-Up Period	15	2027-2028	2027	400,000	800,000	1,000,000				

*For planning, construction and operation of the facility.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

18 May 2012

DATE

Attachment 2



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Belinda Dyer
Division Manager

June 29, 2012

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed ETC Texas Pipeline project for the Ganado Independent School District (GISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Douglas L. Karr and provided to us by your division. We believe his assumptions regarding the potential revenue gain are valid, and his estimates of the impact of the ETC Texas Pipeline project on GISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Belinda Dyer". The signature is written in a cursive, flowing style.

Belinda Dyer
Division Manager
Office of School Finance

BD/bd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

July 23, 2012

July 23, 2012

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed ETC Texas Pipeline project on the number and size of school facilities in Ganado Independent School District (GISD). Based on our analysis of the project and a conversation with the GISD superintendent, Jeff Black, the TEA has found that the ETC Texas Pipeline project would not have a significant impact on the number or size of school facilities in GISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Belinda Dyer". The signature is written in a cursive style.

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

FINAL REPORT

Summary of the Financial Impact of the Proposed ETC Texas Pipeline, LTD Gas Processing Plant on the Ganado ISD Under a Requested Chapter 313 Property Value Limitation

**Prepared By
Douglas L. Karr, Ed.D.
Contracted Services in School Finance**

May 26, 2012

Introduction

ETC Texas Pipeline, LTD (ETC) has requested that the Ganado ISD (GISD) grant a property value limitation under Chapter 313 of the Texas Tax Code for the construction and operation of a gas processing plant. An application has been submitted by ETC to GISD and the GISD Board of Trustees approved that application on April 19, 2012. ETC proposes a minimum qualified investment of \$10 million in this project with a total estimated qualified investment of \$299 million as set forth in the application. This project is consistent with the state's goal for economic development, the expanded intent of House Bill 1200 as passed by the Texas Legislature in 2001, and Chapter 313 of the Texas Tax Code.

Background

In accordance with the application, this project will be fully taxable for both maintenance and operations (M&O) and debt service (I&S) purposes in the first two years (school years 2013-14 and 2014-15) which represent the project's qualifying time period. GISD intends to offer a value limitation for this project of \$10 million effective school year 2015-16 through 2022-23. As a result, the project will impact the local tax roll of the school district at that same amount for M&O taxes only. Taxes for debt service, voter approved projects financed by the sale of bonds, will continue at the full taxable value. I&S taxes for any future projects approved by the voters of the district will also be assessed against the full taxable value. Depreciation will reduce the taxable value of the project over time.

While taxes are collected by the district on the current year county appraisal district (CAD) value, the state funding formulas use the comptroller's property tax division (CPTD) value for the purpose of calculating the district's required local shares within the funding tiers of that formula. The CPTD is a reflection of last year's CAD value; therefore, it lags behind the CAD value in all years. As a result, state and local revenues are generated by two different values in any given year.

With the passage of House Bill 1 in the 2006 special legislative session, the school finance system in Texas moved from one that was formula driven with a maximum M&O tax rate of \$1.50 to one that was, and continues to be, target revenue driven at a maximum tax rate of generally \$1.04, voter approval for a higher tax rate up to \$1.17 notwithstanding. This means that most districts now receive additional state aid for tax reduction (ASATR) to offset the loss in state and local funds at the new maximum \$1.04 M&O tax cap vs. what was previously generated at the \$1.50 maximum M&O tax cap.

With the passage of Senate Bill 1 in the 2011 special legislative session, funding reductions to the school finance system in Texas amounted to \$4 billion for the biennium or \$2 billion each year of the biennium. To accomplish these reductions, schools' regular program allotments are reduced by 7.61 percent in school year 2011-12 while those same calculated allotments are reduced by 2 percent in school year 2012-13 in addition to the ASATR funding also being reduced by 7.65%. The stated goal is for ASATR revenue to be completely eliminated by school year 2017-18. Currently filed legal challenges and

future legislative sessions will determine the course of school finance beginning in school year 2013-14 and beyond.

Assumptions

As required of chapter 313 projects, 15 years of data must be assimilated in order to produce revenue projections for that same number of years. The revenue projections for the GISD that accompany this project, therefore, adhere the following general assumptions:

1. The current school funding system and formulas as set forth in Senate Bill 1 were used to project state aid; although, no guarantee exists that this system or these formulas will remain in effect after the 2012-13 school year.
2. This system and its formulas are driven by student data, property values, and tax collections. As a result, certain assumptions were made concerning each of these details.
3. The student counts were held constant across the 15 years.
4. The preliminary CAD taxable value for school year 2012-13 as released on or about April 30, 2012 was used as the base value to which the estimated project values for each year as set forth in schedule B of the application were added. These projected CAD values were then used for the CPTD values in each of the following years based on the lag between these two values as heretofore explained.
5. Tax collections each year were based on the district's 2012-13 projected M&O rate of \$1.04, projected I&S rates each year ranging from \$0.063 to \$0.215, and an assumed collection rate of 100 percent each year.

These assumptions allow for the isolation of the effects of the property value limitation on the district's finances. The detail of these assumptions are summarized and depicted in Table I.

School Finance Impact on the District

In accordance with the proposed agreement and under the assumptions heretofore outlined, two models were prepared for comparison purposes in an effort to determine the projected financial impact, if any, to GISD resulting from this agreement.

The first model projects state and local revenue to the district under the agreement. In it, the taxable value of the project each year is added to the district's baseline taxable value including those years in which the value limitation is applicable.

The second model projects state and local revenue to the district without the provisions of the agreement. In this model, no value limitation is applied to the district's base taxable value; instead, the full taxable value of the project when added to the district's base year taxable value is used in place of the value limitation.

A summary of the differences is depicted in separate spreadsheet entitled "Exhibit B." A loss to the district is noted only in year 3 resulting from the agreement due to the value lag between the CPTD and CAD values during the first year of the value limitation and

due to recapture. Gains are noted in years 4-11. The larger gain noted in year 11 is due primarily to another value lag between the CPTD and CAD values, the inverse of that observed in year 3. ASATR funding is not a factor for GISD as the district's revenue is completely formula driven in school year 2012-13 and beyond. It should be noted, however, that this source of funding will come under future legislative review as early as the 2013 legislative session. **NOTE:** Because ASATR funding has the effect of offsetting school district revenue losses arising from limitations on the value of a qualified investment, any reduction of ASATR funding after the 2012-13 school year, if applicable, may result in significant increases in the amount of estimated revenue protection payable by the applicant to the district pursuant to the tax limitation agreement.

Impact on the Taxpayer (ETC)

As heretofore mentioned, the property resulting from this project is fully taxable in the first two years under this agreement. In year three, the tax value limitation applies, but only to the M&O taxes collected at the assumed M&O tax rate of \$1.04 per \$100 of taxable value.

Under the assumptions used herein, the potential tax savings resulting from the value limitation total \$25,178,437. In addition, ETC is eligible for a tax credit on taxes paid on value in excess of the value limitation in each of the first two years. The cumulative tax credits are projected to be approximately \$6,069,449; although, the Texas Education Agency (TEA) issues the reminder that these estimates will be recalculated based on current data prior to any issuance of the tax credits. The school district is to be reimbursed by the state for tax credit payments.

A separate spreadsheet entitled "Ganado ISD & ETC Texas Pipeline (Comptroller's Beta Spreadsheet)" illustrates both the projected tax savings and tax credits.

Facilities Funding Impact

The ETC project remains fully taxable for I&S taxes. This stipulation applies not only to the district's current debt, but also to any future debt the district's voters may choose to incur.

GISD is currently eligible for facilities assistance from the state in the form of existing debt allotment (EDA) and instructional facilities allotment (IFA). Increasing CPTD values resulting from taxable value added by the project will obliterate future EDA and IFA state share payments beginning in school year 2014-15 and thereafter until GISD final year of debt service in 2026-27. As modeled, however, the increase in taxable value net of depreciation resulting from the project and the fact that the full value of this project remains fully taxable will more than offset, any loss of state facilities assistance at a projected tax rate of approximately \$0.063 beginning in year 2 ranging up to \$0.101 in 2026-27. By comparison, the projected I&S tax rate for school year 2012-13 is \$0.215.

Summary

While some uncertainty exists with regard to the future of the state's public school finance system, the following points appear to currently apply to the ETC project and the GISD:

1. It meets the intent of the economic development initiative for the State of Texas.
2. It increases the district's I&S tax base without creating substantial financial loss for the district with regard to M&O earnings over the term of the project.
3. It produces substantial tax incentives and savings for ETC.

Table I - Data Assumptions for GISD & EIC Texas Pipeline, LTD Chapter 313 Project

Year of Agreement	School Year	Tax Year	ADA	WADA	M&O Tax Rate		I&S Tax Rate		CAD Value		CPTD Value	
					Rate	Rate	With Limitation	Without Limitation	With Limitation	Without Limitation		
0	2012-2013	2012	659.653	1013.669	\$1.04	\$0.215	\$154,428,689	\$154,428,689	\$154,428,689	\$170,866,493	\$170,866,493	\$170,866,493
1	2013-2014	2013	659.653	1013.669	\$1.04	\$0.063	\$424,228,689	\$424,228,689	\$424,228,689	\$154,428,689	\$154,428,689	\$154,428,689
2	2014-2015	2014	659.653	1013.669	\$1.04	\$0.084	\$487,428,689	\$487,428,689	\$487,428,689	\$424,228,689	\$424,228,689	\$424,228,689
3	2015-2016	2015	659.653	1013.669	\$1.04	\$0.082	\$164,028,239	\$164,028,239	\$500,928,689	\$487,428,689	\$487,428,689	\$487,428,689
4	2016-2017	2016	659.653	1013.669	\$1.04	\$0.084	\$164,028,239	\$164,028,239	\$490,528,689	\$164,028,239	\$164,028,239	\$500,928,689
5	2017-2018	2017	659.653	1013.669	\$1.04	\$0.085	\$164,028,239	\$164,028,239	\$480,428,689	\$164,028,239	\$164,028,239	\$490,528,689
6	2018-2019	2018	659.653	1013.669	\$1.04	\$0.087	\$164,028,239	\$164,028,239	\$470,728,689	\$164,028,239	\$164,028,239	\$480,428,689
7	2019-2020	2019	659.653	1013.669	\$1.04	\$0.088	\$164,028,239	\$164,028,239	\$461,228,689	\$164,028,239	\$164,028,239	\$470,728,689
8	2020-2021	2020	659.653	1013.669	\$1.04	\$0.090	\$164,028,239	\$164,028,239	\$451,928,689	\$164,028,239	\$164,028,239	\$461,228,689
9	2021-2022	2021	659.653	1013.669	\$1.04	\$0.092	\$164,028,239	\$164,028,239	\$443,028,689	\$164,028,239	\$164,028,239	\$451,928,689
10	2022-2023	2022	659.653	1013.669	\$1.04	\$0.094	\$164,028,239	\$164,028,239	\$434,468,689	\$164,028,239	\$164,028,239	\$443,028,689
11	2023-2024	2023	659.653	1013.669	\$1.04	\$0.096	\$426,028,689	\$426,028,689	\$426,028,689	\$164,028,239	\$164,028,239	\$434,468,689
12	2024-2025	2024	659.653	1013.669	\$1.04	\$0.098	\$417,828,689	\$417,828,689	\$417,828,689	\$426,028,689	\$426,028,689	\$426,028,689
13	2025-2026	2025	659.653	1013.669	\$1.04	\$0.100	\$409,328,689	\$409,328,689	\$409,928,689	\$417,828,689	\$417,828,689	\$417,828,689
14	2026-2027	2026	659.653	1013.669	\$1.04	\$0.101	\$402,328,689	\$402,328,689	\$402,328,689	\$409,928,689	\$409,928,689	\$409,928,689
15	2027-2028	2027	659.653	1013.669	\$1.04	\$0.0	\$394,828,689	\$394,828,689	\$394,828,689	\$402,328,689	\$402,328,689	\$402,328,689

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	Line	Column B Year	Column C School Year	Column D District	Column E Taxable Value Not Including Project	Column F M&O Taxes Not Including Project	Column G State Funds Including Project	Column H Taxable Value Per ETC	Column I Total Taxable Value	Column J Total M&O Funds Combined Value	Column K Total State Funds with Combined Values	Column L Total Funds Combined Values	Column M Projected Recapture	Column N Net Funds Combined Values Recapture	Column O Total Projected (Loss)Gain Before Recapture From Agreement
1															
2	EXHIBIT B														
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Note: ABA growth is shown at 0% and the Basis District Taxable Value growth is shown at 0%.

Year of Project	Year of Tax Credit	Year of Tax Credit Settle-Up	Year of Limit	School Year	Tax Year	Estimated Market Value with no Exemptions	Exemptions (Not Including Ch. 313 Value Limitation)(Est.)	I&S Taxable Value of Investment (Est.)
School District: Ganado ISD Project: ETC Texas Pipeline, LTD County: Jackson Eligibility Category: Manufacturing • From Application; enter #1 - 10 in cell D to activate					From schedule B of application Sum of 3 columns under "Qualified Property" Heading		From schedule B of application under heading "exempted value" Limitation Amount:	\$10,000,000
0				2012-13	2012	\$400,450	\$0	\$400,450
1				2013-14	2013	\$284,400,450	\$14,200,000	\$270,200,450
2				2014-15	2014	\$350,900,450	\$17,500,000	\$333,400,450
3			1	2015-16	2015	\$363,100,450	\$18,200,000	\$346,900,450
4	1		2	2016-17	2016	\$354,200,450	\$17,700,000	\$336,500,450
5	2		3	2017-18	2017	\$343,600,450	\$17,200,000	\$326,400,450
6	3		4	2018-19	2018	\$333,300,450	\$16,600,000	\$316,700,450
7	4		5	2019-20	2019	\$323,300,450	\$16,000,000	\$307,200,450
8	5		6	2020-21	2020	\$313,600,450	\$15,700,000	\$297,900,450
9	6		7	2021-22	2021	\$304,200,450	\$15,200,000	\$289,000,450
10	7		8	2022-23	2022	\$295,100,450	\$14,700,000	\$280,400,450
11		1		2023-24	2023	\$286,300,450	\$14,300,000	\$272,000,450
12		2		2024-25	2024	\$277,700,450	\$13,900,000	\$263,800,450
13		3		2025-26	2025	\$269,400,450	\$13,500,000	\$255,900,450
								Column I should equal the final taxable value for I&S after all reductions on Schedule B of the application

Difference from previous year's value	Annual Depreciation Rate	M&O Property Value Limitation Amount	M&O Exempt Value of Property	M&O Tax Base Years 1-13	M&O Tax Rate	M&O Tax Levy without Limitation	M&O Tax Levy with Limitation
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NOTE: This is a BETA test estimating spreadsheet for a Chapter 313 project w qualifying time period in 2013. Variables to plug in are: Estimated Market Va (such as Pollution Control), the school district limitation amount, and M&O a SAMPLES. This sheet generates estimated gross tax benefit BEFORE any redi

		\$0	\$0	\$400,450	\$1.0400	\$4,165	\$4,165
		\$0	\$0	\$270,200,450	\$1.0400	\$2,810,085	\$2,810,085
-\$63,200,000	-23.39%	\$0	\$0	\$333,400,450	\$1.0400	\$3,467,365	\$3,467,365
-\$13,500,000	-4.05%	\$10,000,000	\$886,900,450	\$10,000,000	\$1.0400	\$3,607,765	\$104,000
\$10,400,000	3.00%	\$10,000,000	\$826,500,450	\$10,000,000	\$1.0400	\$3,499,605	\$104,000
\$10,100,000	3.00%	\$10,000,000	\$816,400,450	\$10,000,000	\$1.0400	\$3,394,565	\$104,000
\$9,700,000	2.97%	\$10,000,000	\$806,700,450	\$10,000,000	\$1.0400	\$3,293,685	\$104,000
\$9,500,000	3.00%	\$10,000,000	\$297,200,450	\$10,000,000	\$1.0400	\$3,194,885	\$104,000
\$9,300,000	3.03%	\$10,000,000	\$287,900,450	\$10,000,000	\$1.0400	\$3,098,165	\$104,000
\$8,900,000	2.99%	\$10,000,000	\$279,000,450	\$10,000,000	\$1.0400	\$3,008,605	\$104,000
\$8,600,000	2.98%	\$10,000,000	\$270,400,450	\$10,000,000	\$1.0400	\$2,916,165	\$104,000
		\$0	\$0	\$272,000,450	\$1.0400	\$2,828,805	\$2,828,805
		\$0	\$0	\$263,800,450	\$1.0400	\$2,743,525	\$2,743,525
		\$0	\$0	\$255,900,450	\$1.0400	\$2,661,365	\$2,661,365

b1

I&S Tax Rate	I&S Tax Levy	Sum of M&O and I&S Tax Levies BEFORE CREDIT CREDITED	Sum of M&O and I&S Tax Levies AFTER CREDIT CREDITED	Tax Savings Due to Limitation	Value upon which tax credits are based	M&O Tax amount applicant is eligible to receive as credits in years 4-13	Tax Credits possible to be received by company each year based on taxes paid and 50% cap
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with a first complete tax year of the lues, Non-Chapter 313 exemptions and I&S tax rates. VALUES HERE ARE reductions due to payments to the district

\$0.2150	\$861	\$5,026	\$5,026	\$0			\$0
\$0.0630	\$170,226	\$2,980,311	\$2,980,311	\$0	\$260,200,450	\$2,706,085	\$0
\$0.0840	\$280,056	\$3,747,421	\$3,747,421	\$0	\$323,400,450	\$3,363,365	\$0
\$0.0820	\$284,458	\$388,458	\$388,458	\$3,503,765			\$0
\$0.0840	\$282,660	\$386,660	\$193,330	\$3,395,605			\$193,330
\$0.0850	\$277,440	\$381,440	\$190,720	\$3,290,565			\$190,720
\$0.0870	\$275,529	\$379,529	\$189,785	\$3,189,685			\$189,785
\$0.0880	\$270,336	\$374,336	\$187,168	\$3,090,885			\$187,168
\$0.0900	\$268,110	\$372,110	\$186,055	\$2,994,165			\$186,055
\$0.0920	\$265,880	\$369,880	\$184,940	\$2,901,605			\$184,940
\$0.0940	\$263,576	\$367,576	\$183,788	\$2,812,165			\$183,788
\$0.0960	\$261,120	\$3,089,925	\$0	\$0			\$3,089,925
\$0.0980	\$258,524	\$3,002,049	\$1,338,292	\$0			\$3,002,049
\$0.1000	\$255,900	\$2,917,265	\$2,917,265	\$0			\$2,917,265

Bonded debt payment less EDA &/or IFA state share(s) divided by the combined base & project I&S taxable value	Limitation Tax Savings: \$25,178,437	Accrued Credits: \$6,069,449	Credits/7: \$867,064	Credits Savings: \$6,069,449	Sum of taxes paid in first two years on base > limit: \$6,069,449	Amount of tax credits "lost": \$0	M&O tax levy for the two years before tax benefits result in levy loss: \$6,277,449	13 year total levy without any limit or credit: \$40,521,581	13 year total tax savings/Levy Loss: \$31,247,887	Taxes actually paid: \$9,273,694	22.89% is the percentage	80.58% is the percentage	19.42% is the percentage
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Total Levy Loss from Tax credit amount per year	Cumulative Tax Credit Applied to Company's Total Taxes	Gross Tax Savings (Limitation Savings + Credit Savings)	FUNDS FOR				Other Supplemental Payments to District
			Protection of Future District Revenues ("Revenue Protection") (from school finance model)	Educational Expenses	Net Tax Savings	PILT/PILOT	

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\$0		\$0	\$0	\$0	\$0	\$0	
\$0		\$0	\$0	\$0	\$0	\$0	
\$0		\$0	\$0	\$0	\$0	\$0	
\$0		\$3,508,765	\$0	\$0	\$3,508,765	\$0	
\$198,330	\$198,330	\$3,588,985	\$0	\$0	\$3,588,985	\$0	
\$190,720	\$384,050	\$3,481,285	\$0	\$0	\$3,481,285	\$0	
\$189,765	\$573,815	\$3,379,449	\$0	\$0	\$3,379,449	\$0	
\$187,168	\$760,983	\$3,278,053	\$0	\$0	\$3,278,053	\$0	
\$186,055	\$947,038	\$3,180,220	\$0	\$0	\$3,180,220	\$0	
\$184,940	\$1,131,979	\$3,086,548	\$0	\$0	\$3,086,548	\$0	
\$183,788	\$1,315,767	\$2,995,953	\$0	\$0	\$2,995,953	\$0	
\$3,089,925	\$4,405,692	\$3,089,925	\$0	\$0	\$3,089,925	\$0	
\$1,663,757	\$6,069,449	\$1,663,757	\$0	\$0	\$1,663,757	\$0	
\$0	\$6,069,449	\$0	\$0	\$0	\$0	\$0	
Totals:		\$31,247,887	\$0	\$0	\$31,247,887	\$0	\$0

of taxes applicant pays with 313 agreement compared to what they would have paid without 313 agreement
of the total savings due to the limitation
of the total savings due to the credit.

Net Net Tax
Savings
(Savings for
Company)

\$0

\$0

\$0

\$3,503,765

\$3,588,935

\$3,481,285

\$3,379,449

\$3,278,053

\$3,180,220

\$3,086,546

\$2,995,953

\$3,089,925

\$1,663,757

\$0

\$31,247,887

Attachment 3

Jackson County

Population

- Total county population in 2010 for Jackson County: 14,305, unchanged 0.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Jackson County was the state's 140th largest county in population in 2010 and the 194th fastest growing county from 2009 to 2010.
- Jackson County's population in 2009 was 62.2 percent Anglo (above the state average of 46.7 percent), 7.3 percent African-American (below the state average of 11.3 percent) and 29.0 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Jackson County:

Edna:	5,845	Ganado:	1,847
La Ward:	196		

Economy and Income

Employment

- September 2011 total employment in Jackson County: 6,567, up 1.3 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Jackson County unemployment rate: 7.3 percent, up from 7.2 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Jackson County's ranking in per capita personal income in 2009: 167th with an average per capita income of \$30,515, down 4.1 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Jackson County averaged \$75.00 million annually from 2007 to 2010. County total agricultural values in 2010 were up 31.9 percent from 2009. Major agriculture related commodities in Jackson County during 2010 included:
 - Aquaculture • Sorghum • Rice • Corn • Other Beef
- 2011 oil and gas production in Jackson County: 428,479.0 barrels of oil and 7.0 million Mcf of gas. In September 2011, there were 205 producing oil wells and 168 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Jackson County during the fourth quarter 2010: \$25.50 million, up 11.9 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Edna:	\$13.90 million, up 13.4 percent from the same quarter in 2009.
Ganado:	\$3.85 million, up 3.4 percent from the same quarter in 2009.
La Ward:	\$188,391.00, down 52.1 percent from the same quarter in 2009.

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

- Taxable sales in Jackson County through the fourth quarter of 2010: \$101.01 million, up 7.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Edna:	\$53.34 million, up 5.6 percent from the same period in 2009.
Ganado:	\$15.12 million, down 2.4 percent from the same period in 2009.
La Ward:	\$1.15 million, down 42.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Jackson County during 2010: \$101.01 million, up 7.1 percent from 2009.
- Jackson County sent an estimated \$6.31 million (or 0.04 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Edna:	\$53.34 million, up 5.6 percent from 2009.
Ganado:	\$15.12 million, down 2.4 percent from 2009.

La Ward: \$1.15 million, down 42.7 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Jackson County based on the sales activity month of August 2011: \$121,931.34, up 9.5 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Edna:	\$91,794.94, up 5.5 percent from August 2010.
Ganado:	\$29,671.82, up 23.5 percent from August 2010.
La Ward:	\$464.58, up 92.6 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Jackson County based on sales activity months from September 2010 through August 2011: \$1.28 million, up 5.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Edna:	\$977,356.15, up 4.4 percent from fiscal 2010.
Ganado:	\$295,874.66, up 9.9 percent from fiscal 2010.
La Ward:	\$9,099.94, up 82.0 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Jackson County based on sales activity months through August 2011: \$842,504.37, up 4.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Edna:	\$632,047.94, up 0.6 percent from the same period in 2010.
Ganado:	\$203,176.73, up 14.7 percent from the same period in 2010.
La Ward:	\$7,279.70, up 126.2 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Jackson County based on sales activity in the 12 months ending in August 2011: \$1.28 million, up 5.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Edna:	\$977,356.15, up 4.4 percent from the previous 12-month period.
Ganado:	\$295,874.66, up 9.9 percent from the previous 12-month period.
La Ward:	\$9,099.94, up 82.0 percent from the previous 12-month period.

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

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

Edna:	\$812,250.74, up 4.3 percent from the same period in 2010.
Ganado:	\$246,884.53, up 9.4 percent from the same period in 2010.
La Ward:	\$8,067.44, up 100.6 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Jackson County based on sales activity months in 2010: \$1.25 million, up 1.8 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Edna:	\$973,374.36, up 3.7 percent from 2009.
Ganado:	\$269,900.45, down 4.2 percent from 2009.
La Ward:	\$5,038.60, down 17.7 percent from 2009.

Property Tax

- As of January 2009, property values in Jackson County: \$1.93 billion, down 1.0 percent from January 2008 values. The property tax base per person in Jackson County is \$135,036, above the statewide average of \$85,809. About 14.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Jackson County's ranking in state expenditures by county in fiscal year 2010: 158th. State expenditures in the county for FY2010: \$43.13 million, up 0.1 percent from FY2009.
- In Jackson County, 6 state agencies provide a total of 39 jobs and \$383,454.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Transportation
 - Department of Public Safety
 - AgriLife Extension Service
 - Parks & Wildlife Department
 - Health & Human Services Commission

Higher Education

- Community colleges in Jackson County fall 2010 enrollment:
 - None.
- Jackson County is in the service area of the following:
 - Victoria College with a fall 2010 enrollment of 4,290 . Counties in the service area include:
 - Calhoun County
 - DeWitt County
 - Gonzales County
 - Jackson County
 - Lavaca County
 - Refugio County
 - Victoria County
 - Wharton County Junior College with a fall 2010 enrollment of 6,922 . Counties in the service area include:
 - Austin County
 - Colorado County
 - Fort Bend County
 - Jackson County
 - Matagorda County
 - Wharton County
- Institutions of higher education in Jackson County fall 2010 enrollment:
 - None.

School Districts

- Jackson County had 3 school districts with 10 schools and 3,208 students in the 2009-10 school year.
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
 - Edna ISD had 1,459 students in the 2009-10 school year. The average teacher salary was \$43,332. The percentage of students meeting the 2010 TAKS passing standard for all tests was 74 percent.
 - Ganado ISD had 649 students in the 2009-10 school year. The average teacher salary was \$43,098. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
 - Industrial ISD had 1,100 students in the 2009-10 school year. The average teacher salary was \$44,908. The percentage of students meeting the 2010 TAKS passing standard for all tests was 92 percent.

ATTACHMENT D
AGREEMENT

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

by and between

GANADO INDEPENDENT SCHOOL DISTRICT

and

ETC TEXAS PIPELINE, LTD.
(Texas Taxpayer ID # 10505324664)

Dated

September 18, 2012

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

STATE OF TEXAS §

COUNTY OF JACKSON §

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 **GANADO 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." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on April 19, 2012, the Superintendent of Schools of the Ganado Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property ("Application"), pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on April 19, 2012 the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from ETC Texas Pipeline, LTD. and the Superintendent has acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, the Application, together with the supplemental materials, were delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(b); and,

WHEREAS, the Comptroller's Office has established May 22, 2012 as the completed Application date; and

WHEREAS, pursuant to 34 Tex. Admin Code § 9.1054, the Application was delivered for review to the Jackson County Appraisal District established in Jackson County, Texas (the "County Appraisal District"), pursuant to Texas Tax Code § 6.01; and

WHEREAS, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d), and on July 27, 2012, the Comptroller's Office, via letter, recommended that the Application be approved; and

WHEREAS, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code and has recommended approval of the Application; and,

WHEREAS, the Board of Trustees has reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.025(e) and §313.026 and has carefully considered the Comptroller's positive recommendation for the Project; and,

WHEREAS, the District was within an area that qualified as a strategic investment area under Texas Tax Code Chapter 171, Subchapter O immediately before that Subchapter expired; and because of that fact, the District qualified as a rural school district under the provisions of Texas Tax Code § 313.051(a); and,

WHEREAS, on September 18, 2012, the Board of Trustees held a meeting on the Application; and,

WHEREAS, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and (iv) each criterion listed in Texas Tax Code § 313.026 has been met; and,

WHEREAS, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, this Agreement was reviewed by the Texas Comptroller's Office and on September 6, 2012 the Comptroller's Office, via letter, approved the form of this Agreement; and

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

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment as defined by Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant is entitled to the Tax Limitation Amount defined in Section 1.3 below for the following Tax Years, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2015, the appraisal date for the third full Tax Year following the Commencement Date. For the first two full Tax Years that begin after the Commencement Date (*i.e.*, the 2013 and 2014 Tax Years), which together with the period from the date of approval until January 1, 2013 are collectively referred to herein as the "Qualifying Time Period", as that term is defined in Texas Tax Code § 313.021(4), Applicant shall not be entitled to a tax limitation. Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2022. Except as otherwise provided herein, this Agreement will terminate, in full, on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) in the year immediately following the termination year with regards to Section 3.2 calculations, or (iii) affect the right of a Party to enforce the payment of any amount, including any Tax Credit, Section 3.2 loss of revenue payment or credit to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination or the year immediately after the termination with respect to Section 3.2 credits or payments, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year from the date of approval of the Application to January 1, 2013	N/A	N/A	2012	Start of Qualifying Time Period. No limitation on value. Tax credit in future years.
1	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Tax credit in future years.
2	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Tax credit in future years.
3	January 1, 2015	2015-16	2015	\$ 10 million property value limitation.
4	January 1, 2016	2016-17	2016	\$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2017	2017-18	2017	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2020	2020-21	2020	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2021	2021-22	2021	\$ 10 million property value limitation. Possible tax credit due to Applicant.

10	January 1, 2022	2022-23	2022	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS.

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

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

“Affiliate” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Aggregate Limit” means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for the such Tax Year and all previous Tax Years of the Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV, below.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 8.3.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code § 313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each Tax Year by multiplying the District’s Average Daily Attendance for the applicable school year, as calculated pursuant to Tex. Educ. Code § 42.005 times the greater of \$100, or any larger amount allowed by 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 Tax Year 2012, which, by virtue of the Commencement Date is the first full year of the Qualifying Time Period under this Agreement.

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

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

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on August 29, 2011. The term includes all forms required by the Comptroller, the schedules, attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

“Appraisal District” means the Jackson County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Ganado Independent School District.

“Commencement Date” means the date upon which this Agreement was approved by the Board of Trustees.

“Comptroller” means the Texas Comptroller of Public Accounts.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth at Title 34 Texas Administrative Code, together with any court or administrative decisions interpreting same.

“County” means Jackson County, Texas.

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

“Final Termination Date” means December 31, 2025.

“Force Majeure” means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant’s Qualified Property or the Applicant’s Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant’s Qualified Property or the Applicant’s Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant’s facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

“Land” shall have the meaning assigned to such term in Section 2.2.

“Maintain Viable Presence” means after the development and construction of the Project described in the Application and in the description of the Applicant’s Qualified

Investment/Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered and (ii) the retention over the term of this Agreement of not fewer than ten (10) Qualifying Jobs to be located and performed within Applicant's entire Project that includes, but is not limited to, Applicant's Qualified Property, as set forth in the Application, with the minimum salaries required by Texas Tax Code § 313.021(3)(E).

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

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

"Net Tax Benefit" means, (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Job(s)" means the total number of jobs, defined by 34 Tex. Admin. Code § 9.1051, which Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Texas Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

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

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means the period that begins on the date of approval of this Agreement by the District's Board of Trustees and ends on December 31, 2014, the second full Tax Year that begins after such date of approval, as is defined in Texas Tax Code § 313.021(4)(A).

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

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

"Tax Credit" means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the District imposes on Applicant's Qualified Investment and/or Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2015, 2016, 2017, 2018, 2019, 2020 2021 and 2022 the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.052 and §313.053.

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

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

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19, Texas Administrative Code, together with any court or administrative decisions interpreting same.

"Project" means a natural gas processing plant project as defined by Texas Tax Code § 313.024(b)(1) that enters into an agreement for a limitation on appraised value pursuant to the Texas Economic Development Act (Chapter 313 of the Texas Tax Code).

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code, or as an enterprise zone under Chapter 2303 of the Texas Government Code. The legal description of the reinvestment or enterprise zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes (but only including such real property located within the boundaries of both the Reinvestment Zone and the District).

Section 2.2. LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes (but only including such real property located within the boundaries of both the Reinvestment Zone and the District). The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (“Applicant’s Qualified Investment”). Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in Section 1.2, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including but not limited to Applicant’s Qualified Investment, together with the land described in **EXHIBIT 2** which is owned by Applicant and is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant’s Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant’s Qualified Investment or Qualified Property for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Investment or Qualified Property unless the Applicant:

- (a) submits to the school district and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT’S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant’s Qualified Investment or Qualified Property located on the Land described in **EXHIBIT 2**; or, upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the Tax Limitation Amount applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment and Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(1) as a manufacturing facility.

Section 2.6. APPRAISED VALUE LIMITATION

So long as Applicant makes a Qualified Investment in the amount Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2015, 2016, 2017, 2018, 2019, 2020 2021 and 2022 the Appraised Value of the Applicant's Qualified Investment and 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 Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code §313.052 and §313.053.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in addition to the receipt of payments in accordance with the provisions of Texas Tax Code §313.027(f)(1) as set forth below in Article IV of this Agreement, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be

determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- a. all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant, any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.
- b. all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to Applicant's Qualified Investment or Qualified Property 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 Applicant's Qualified Investment or Qualified Property. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.
- c. any other loss of District revenues which are or may reasonably be attributable to the payment by Applicant to or on behalf any other third party beneficiary of this Agreement. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.10 of this Agreement.

Section 3.5. 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 tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent

adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3, Article IV and Section 5.1 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. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, tax credits or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms of or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment any expenses under this Section 3.7 and Section 3.6, above, to the Third Party in excess of Five Thousand Dollars (\$5,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Sections 3.3, 3.4 and 3.6, 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 of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Ganado Independent School District Board of Trustees within thirty (30) days of the final determination.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, Applicant has appealed any matter relating to the valuations placed by the County Appraisal District on the Qualified Property, and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the County Appraisal District.

In the event that the result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the counter-Party within thirty (30) days from the receipt of the calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. AMOUNTS EXCLUSIVE OF INDEMNITY AMOUNTS

(a) In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV (the "Supplemental Payments"). 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 obligation for

Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that payments under Article III and IV are, in all respects, subject to the limitations contained in Section 5.1, and that all payments made under Article IV are subject to the separate limitations contained in Section 4.4.

(b) It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed or required to be increased by the Legislature in a future year of this Agreement; however, in such event it shall not exceed the Supplemental Payment amount described in Section 4.2 and 4.3 below.

Section 4.2. CALCULATION OF AMOUNT OF SUPPLEMENTAL PAYMENTS

- (a) For each of years one (Tax Year 2013) through thirteen (Tax Year 2025) of this Agreement, the District shall be entitled to receive as Supplemental Payments an amount equal to ONE HUNDERD DOLLARS (\$100.00) per student per year in average daily attendance as defined in Section 42.005, Education Code.
- (b) The Supplemental Payment shall be calculated by the Third Party selected pursuant to Section 3.4.
- (c) The Supplemental Payment calculations shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (d) Payment of amounts due under this Section 4.2 shall be made at the time set forth in Section 3.7.
- (e) All amounts owed by the Applicant to the District for a Tax Year under this Article IV shall be paid on the same date established by Section 3.7 for such Tax Year.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2014 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such 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 Sections 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either Comptroller and/or Texas Education Agency Rules .

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or

other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Sections 7.5 and 7.6. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations, under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records in accordance with Texas Tax Code Section 22.07 during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property and any other tangible property on the premises. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller or the Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the

filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3 SUPPORT FOR DISTRICT TECHNICAL TRAINING PROGRAM

Applicant shall, during the entire course of this Agreement, provide support for the District's technical training program for the education and development of technical skills necessary for individuals seeking employment in the natural gas processing industry. Such support shall, at a minimum, consist of:

- (a) Conferring with the District for the purpose of identifying opportunities for employees of Applicant to participate in technical training programs operated by the District for the benefit of its students, and programs sponsored by the District; and
- (b) Considering qualified graduates of the District's technical training program and/or graduates of programs sponsored by the District for available positions with Applicant.

Section 7.4. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.5. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.9, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.6, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the

District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.5(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for the Tax Year(s) in which the applicant failed to comply to this Agreement that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.6. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.6. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.5 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.5 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.7 MATERIAL BREACH OF AGREEMENT

Applicant shall be in material breach ("Material Breach") of this Agreement if it commits one or more of the following acts or omissions:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of any material fact in the submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.4 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.

- (d) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth in this Agreement.
- (e) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs it committed to create and maintain as set forth in this Agreement as Qualifying Jobs.
- (f) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (h) Applicant fails to comply in any material respect with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

Section 7.8 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement, defined in Sections 7.7(d), 7.7(e) or 7.7(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.7(d), 7.7(e) or 7.7(f) for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b) in accordance with the Texas Tax Code §313.0275(c).

Section 7.9. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

(a) Prior to making a determination under Sections 7.5 or 7.7 that the Applicant has committed a Material Breach of this Agreement, such as making a material misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.4 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach of this Agreement, and if cure is possible, the cure proposed by the District. In the case of a notice of payment default, Applicant shall have thirty (30) days in which to tender payment, unless it notifies the District within fifteen (15) days after receipt of such notice that it disputes the District's determination of payment default, in which case the dispute shall be settled in the manner set out in Sections 7.9(b) and 7.10. For a Material Breach other than payment default,

after receipt of the notice, Applicant shall be given sixty (60) days to present any facts or arguments to the Board of Trustees showing that it is not in Material Breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such Material Breach.

(b) If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amounts of recaptured taxes under Section 7.5 (net of all credits under Section 7.5), and the amount of any penalty and/or interest under Section 7.6 that are owed to the District.

(c) 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 Agreement Termination").

Section 7.10. DISPUTE RESOLUTION

(a) After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Agreement Termination under Section 7.9, the Applicant shall have thirty (30) 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's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Agreement Termination under Section 7.9, 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 residing in Jackson 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 before the expiration of such sixty (60) days, the District shall have the remedies for the collection of the amounts determined under Section 7.9 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified

Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

(c) In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required in this Section either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.11. LIMITATION OF OTHER DAMAGES

(a) Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.5 and 7.6 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

(b) The Parties further agree that the limitation of damages and remedies set forth in this Section 7.11 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.12. BINDING ON SUCCESSORS

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

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission

after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed as follows:

Superintendent of Schools
Ganado Independent School District
P.O. Box 1200
Ganado, Texas 77962
Fax: 361-771-2280

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

Notices to the Applicant shall be addressed to:

Megan McKavanagh
ETC Texas Pipeline, LTD.
800 East Sonterra Blvd., Suite 400
San Antonio, Texas 78258-3941
Fax: 210-403-6664

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

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees.
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2014.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. Pursuant to Comptroller's Rule 9.1055, and subject to Section 2.3, by official action of the Board of

Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, pursuant to Comptroller's Rule 9.1055, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly distinguish the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period.

Section 8.4. ASSIGNMENT

This Agreement may not be assigned by Applicant without the approval of the District, except that the Applicant may, without the District's consent, assign its rights and responsibilities under this Agreement to any person who acquires all or any portion of Applicant's interest in the Qualified Property, including a person who proposes to construct, acquire, operate or otherwise place in service, Qualified Property listed in Exhibit 3 which Applicant has not constructed or acquired as of the date of the assignment. Applicant shall give written notice of any such assignment to the District, whereupon the District shall cause any property taxes applicable to the interest in the Qualified Property acquired by the assignee to be assessed separately to such assignee. Any assignment, including without limitation an assignment to an assignee acquiring an interest in the Qualified Property, shall require that all conditions and obligations in this Agreement applying to the interest acquired by the assignee shall be assumed by the assignee, and upon such assumption, Applicant (or any other partial assignee not a part of the assignment in question) shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the assignee. No assignment can be made if (a) there exists a default hereunder, declared by the District, that has not been cured, or (b) the assignee is delinquent in the payment of ad valorem taxes owed to the District or any other taxing jurisdiction in Jackson County, Texas. Approval by the District shall not be unreasonably withheld, conditioned or delayed. The parties hereto agree that a transfer of all or a portion of member interest or other ownership interest in Applicant to a third party shall not be considered an assignment under the terms of this Agreement.

Section 8.5. MERGER

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

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Jackson County, Texas.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

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

Section 8.9. SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. PAYMENT OF EXPENSES

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

Section 8.11. INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase " , but not limited to, ". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. EXECUTION OF COUNTERPARTS

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

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. Applicant warrants that all information, facts and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.9 and 7.10 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code §9.1053(f)(2)(K).

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Texas Tax Code § 313.103, as follows:

- a. Within seven (7) days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.

- c. This Section does not require the publication of information that is confidential under Texas Tax Code § 313.028.

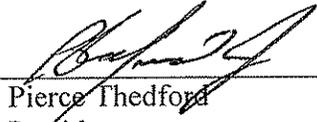
(Signature page follows.)

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 18th day of September, 2012.

ETC TEXAS PIPELINE, LTD.

GANADO INDEPENDENT SCHOOL DISTRICT

By: _____
Printed Name: _____
Title: _____

By: 
Pierce Thedford
President
Board of Trustees

ATTEST:

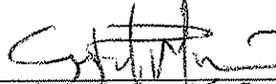


Carl Hajovsky
Secretary
Board of Trustees

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 18th day of September, 2012.

ETC TEXAS PIPELINE, LTD.

GANADO INDEPENDENT SCHOOL DISTRICT

By: 
Printed Name: Greg Maxim
Title: DIRECTOR (GPP & PHELPS LLC)

By: _____
Pierce Thedford
President
Board of Trustees

ATTEST:

Carl Hajovsky
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The Jackson County *ETC Reinvestment Zone* was originally created on December 12, 2011 by action of the Jackson County Commissioner's Court. As a result of the action of the Jackson County Commissioner's Court, the Jackson County *ETC Reinvestment Zone*, a map of which is attached as the last page of this **EXHIBIT 1**, includes real property within unincorporated Jackson County, Texas, more specifically the following property:

All of that certain tract containing 141.0462 acres (6,143,972 square feet) of land being out of and a part of a 320.5479 acre tract (call 320.58 acres) of which there is 3.2212 acres (call 3.23 acres) in the road along the south line and 3.2262 acres (call 3.26 acres) in the road along the west line, leaving a total remainder of 314.1005 acres (call 314.09 acres), said tract being a part of the Theodore Pierce Survey, Abstract Number 254, Jackson County, Texas, and being out of and a part of said called 320.58 acre tract described in that certain Warranty Deed dated August 4, 2009 from Joseph Ann Ottis, Trustee of the Trust for Suzette Ann Williams under Article XIV of the Will of Katherine S. Ottis, Deceased, filed for record on August 31, 2009, recorded in Volume 360, Page 101 (also known as Sub-parcel 7-A of said document), Official Public Records, Jackson County, Texas, said 141.0461 acre tract being more particularly described by metes and bounds in Exhibit A attached.

EXHIBIT A

EXHIBIT "A"

Written: April 12, 2011
Field Notes for ETC Texas Pipeline, LTD
Robert R. Ottis
141.0462 Acres (6,143,972 Square Feet) of Land
For A Surface Site

All of that certain tract containing 141.0462 acres (6,143,972 square feet) of land being out of and a part of a 320.5479 acre tract (call 320.58 acres) of which there is 3.2212 acres (call 3.23 acres) in the road along the south line and 3.2262 acres (call 3.25 acres) in the road along the west line, leaving a total remainder of 314.1005 acres (call 314.09 acres), said tract being a part of the Theodore Pierce Survey, Abstract Number 254, Jackson County, Texas, and being out of and a part of said called 320.58 acre tract described in that certain Warranty Deed dated August 4, 2009 from Joseph Ann Ottis, Trustee of the Trust for Suzette Ann Williams under Article XIV of the Will of Katherine S. Ottis, Deceased, filed for record on August 31, 2009, recorded in Volume 360, Page 101 (also known as Sub-parcel 7-A of said document), Official Public Records, Jackson County, Texas, said 141.0461 acre tract being more particularly described by metes and bounds as follows:

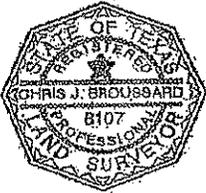
BEGINNING at a set 5/8" iron rod with cap "HMMD CORNER" being the southeast corner of a the Turnipson Survey, Abstract No. 264, same being the southwest corner of said 320.5479 acre of the herein described tract, from which a found wooden fence corner bears N 02°06'00" W, a distance of 11.69 feet and the intersection of the centerlines of both County Road 259 and County Road 260 bears N 59°24'40" E, a distance of 36.45 feet;

THENCE N 87°38'34" E, (call N 89°30'00" E) along the south line of said 320.5479 acre tract, in common with the south line of the herein described tract, a distance of 3,691.16 feet to a set 5/8" iron rod with cap "HMMD CORNER", from which the southeast corner of said 320.5479 acre tract bears N 87°38'34" E, a distance of 67.77 feet;

THENCE N 02°21'26" W, leaving the south line, over and across said 320.5479 acre tract, also being parallel to the east line of said 320.5479 acre tract, a distance of 1,664.51 feet to a set 5/8" iron rod with cap "HMMD CORNER", from which a found fence corner, same being the northeast corner of said 320.5479 acre tract, bears N 00°26'50" W, a distance of 2,033.22 feet;

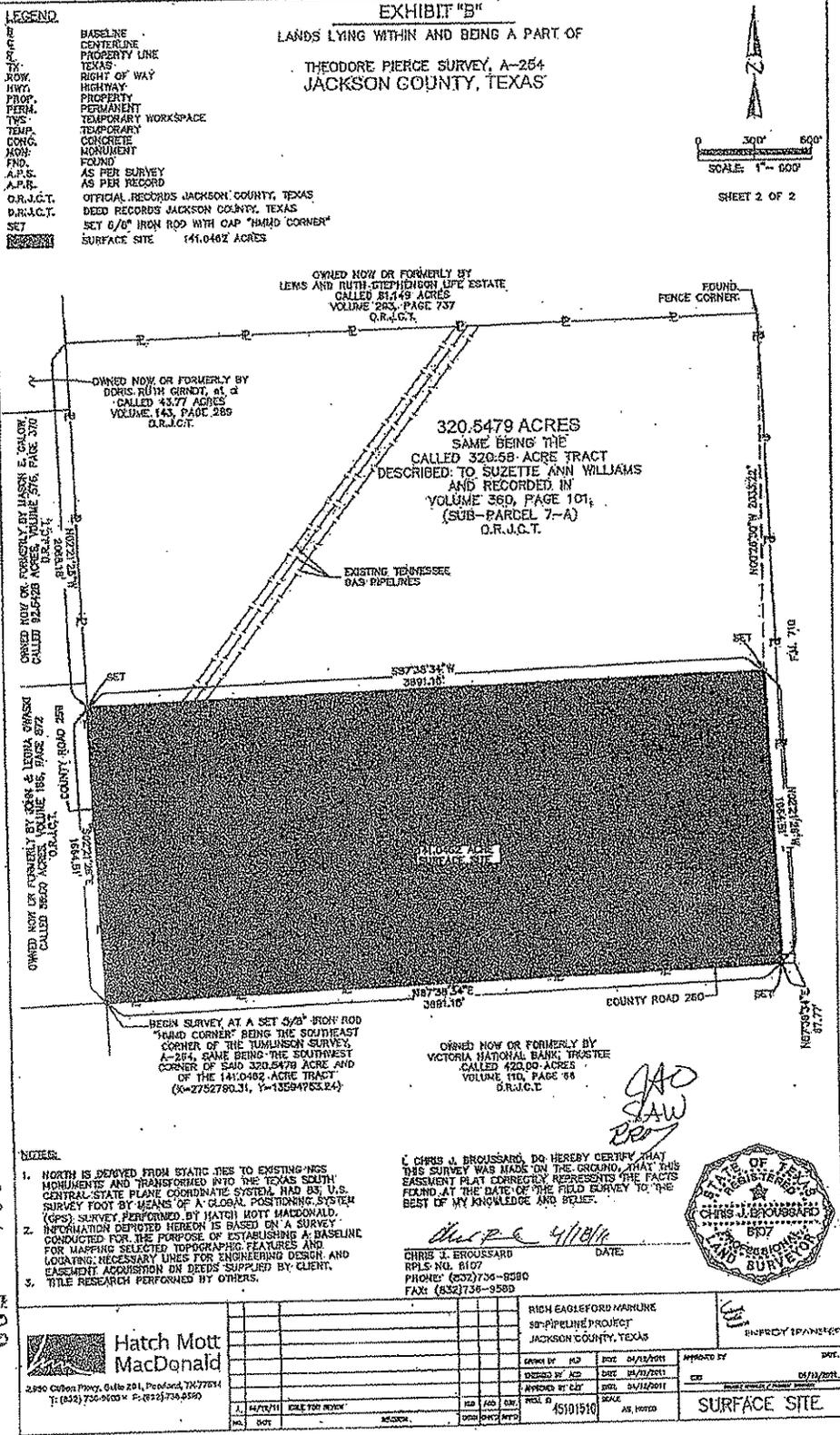
THENCE S 87°38'34" W, continuing over and across said 320.5479 acre tract, distance of 3,691.16 feet to a set 5/8" iron rod with cap "HMMD CORNER", said point lying in the west line of said 320.5479 acre tract, from which the northwest corner of said 320.5479 acre tract bears N 02°21'26" W, a distance of 2,068.18 feet;

THENCE S 02°21'26" E, (call S 00°30'00" W) along the west line of said 320.5479 acre tract, in common with the west line of the herein described tract, a distance of 1,664.51 to the POINT OF BEGINNING and containing 141.0462 acres of land.



Chris J. Broussard, R.P.L.S. Texas No. 6107 Date. 4/12/11 SAW RRO JAO

Agreement for Limitation on Appraised Value Between Canado Independent School District and ETC Texas Pipeline, LTD.



Agreement for Limitation on Appraised Value
Between Ganado Independent School District and ETC Texas Pipeline, LTD.

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Ganado Independent School District and Jackson County *ETC Reinvestment Zone*, except “existing improvements” described in Exhibit 3 attached (Attachment 4 and 12 of Application), will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land is included, to wit:

All of that certain tract containing 141.0462 acres (6,143,972 square feet) of land being out of and a part of a 320.5479 acre tract (call 320.58 acres) of which there is 3.2212 acres (call 3.23 acres) in the road along the south line and 3.2262 acres (call 3.26 acres) in the road along the west line, leaving a total remainder of 314.1005 acres (call 314.09 acres), said tract being a part of the Theodore Pierce Survey, Abstract Number 254, Jackson County, Texas, and being out of and a part of said called 320.58 acre tract described in that certain Warranty Deed dated August 4, 2009 from Joseph Ann Ottis, Trustee of the Trust for Suzette Ann Williams under Article XIV of the Will of Katherine S. Ottis, Deceased, filed for record on August 31, 2009, recorded in Volume 360, Page 101 (also known as Sub-parcel 7-A of said document), Official Public Records, Jackson County, Texas, said 141.0461 acre tract being more particularly described by metes and bounds in Exhibit A attached.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT (ATTACHMENT 4) AND DESCRIPTION OF APPLICANT'S EXISTING IMPROVEMENTS (ATTACHMENT 12)

This page revised 5-18-2012.
See letter dated 5-18-2012.

ATTACHMENT 4

Detailed Description of Project

Energy Transfer's subsidiary, ETC Texas Pipeline, is proposing to build a new gas processing facility in Jackson County, within the Ganado Independent School District. The facility will be constructed on a parcel of land consisting of approximately 141 acres.

Jackson County Gas Processing Plant

The Jackson County Gas Processing Plant is a natural gas processing plant which will be built in stages with the initial phase consisting of three processing trains with a total of 600 million cubic feet of natural gas per day (MMCFD) of processing capacity. A fourth processing train is planned for 2013, which would bring the total processing capacity up to 800 MMCFD. The plant will process gas that has been collected by upstream gas gathering systems in the Eagle Ford shale region and transported to the Jackson County plant.

The first step in the plant process is to separate the pipeline condensate liquids from the pipeline gas. Once separated, the condensate liquids are processed in a condensate stabilizer system in order to sell the hydrocarbon condensates to the NGL sales pipeline. Gas from the inlet separators is then treated in the amine treating system for removal of CO₂ from the inlet gas. The removal is required to prevent CO₂ freezing in the cryogenic NGL recovery plant and to meet the sales gas pipeline's and NGL pipeline's specifications. The CO₂ removed by the amine system is routed to an incinerator system to destroy incidental hydrocarbon vapors contained in the CO₂ stream. From the amine system, the sweet gas is then processed in the cryogenic plant for natural gas liquid recovery. The gas is refrigerated by mechanical refrigeration and by expansion through a turbo expander. The NGL liquids condensed by the refrigeration system are fractionated in a demethanizer column and then pumped in a NGL sales pipeline. Gas from the cryogenic plant, now stripped of NGL liquids, is compressed and delivered to the sales gas pipeline.

The Jackson County processing plant consists of the following main processing units and utility systems which are classified as "Qualified Investment"

- Slug Catcher
- Stabilizer Plant
- (4) 200 MMCFD Cryogenic Gas Processing Units – each consisting of:
 - Inlet Facilities
 - Dehydration
 - Regeneration
 - Amine Treater and Thermal Oxidizer
 - Sulfur Guard unit
 - NGL Recovery Train
 - NGL Product Delivery Facilities

- Residue Recompression & Cooling
- Waste Heat Recovery
- Heat Medium
- Fuel Gas
- Drains & Flare
- Instrument & Utility Air
- Substation
- Control Building

Some of the components of one cryogenic processing unit are already stored at the site (listed in Attachment 12) and the \$16,008,000 cost of this equipment will not be included as Qualified Investment or Qualified Property.

Ability to Relocate

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

Energy Transfer's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation.

This page revised 5-18-2012.
See letter dated 5-18-2012.

ATTACHMENT 12

Description of All Existing Improvements

Preliminary site preparation work has started including brush clearing, drainage improvement and installation of a chain link fence on three sides of the property. Additionally some of processing equipment has arrived and is being stored at the site until ready for installation (shown on the existing improvement photo in Attachment 7). The following process equipment is currently on site:

- Components of one Cryogenic unit including:
 - Demethanizer
 - Mole sieve bed
 - Hot oil heater and pump
 - Regeneration gas heater
 - Propane chiller
 - Exchanger and fin fan units
 - Propane refrigeration compressor and expander skid
 - Associated interconnect piping

The cost of current equipment on site is \$16,008,160.

Working with the Jackson County Appraisal District, separate appraisal accounts for the pre-application period costs and the post-application period costs of the processing plant will be set up. The value of the pre-application portion cost of the facility, which will not be part of the limitation of value agreement, will be tracked in future years as a percentage of the total project value.

ATTACHMENT E

**Ganado ISD - ETC Texas Pipeline, LTD. Tax Limitation Agreement
Findings of Fact**

9/18/2012

Agreement Year	School Year	Project Value without Limitation	Finding 8.m	Project Value with Limitation	Finding 8.n	Finding 8.o	Finding 8.q
			M&O Tax without Limitation		M&O Tax with Limitation	Foundation School Program	Total (Lost) or Gained Taxes
0	2012-13	\$400,450	\$4,165	\$400,450	\$4,165	\$0	\$0
1	2013-14	\$270,200,450	\$2,810,085	\$270,200,450	\$2,810,085	\$0	\$0
2	2014-15	\$333,400,450	\$3,467,365	\$333,400,450	\$3,467,365	\$0	\$0
3	2015-16	\$346,900,450	\$3,607,765	\$10,000,000	\$104,000	(\$2,849,958)	(\$653,807)
4	2016-17	\$336,500,450	\$3,499,605	\$10,000,000	\$104,000	(\$3,368,293)	(\$27,312)
5	2017-18	\$326,400,450	\$3,394,565	\$10,000,000	\$104,000	(\$3,364,211)	\$73,646
6	2018-19	\$316,700,450	\$3,293,685	\$10,000,000	\$104,000	(\$3,291,595)	\$101,910
7	2019-20	\$307,200,450	\$3,194,885	\$10,000,000	\$104,000	(\$3,190,793)	\$99,908
8	2020-21	\$297,900,450	\$3,098,165	\$10,000,000	\$104,000	(\$3,092,069)	\$97,904
9	2021-22	\$289,000,450	\$3,005,605	\$10,000,000	\$104,000	(\$2,995,394)	\$93,789
10	2022-23	\$280,400,450	\$2,916,165	\$10,000,000	\$104,000	(\$2,902,880)	\$90,715
11	2023-24	\$272,000,450	\$2,828,805	\$272,000,450	\$2,828,805	(\$3,097,523)	\$3,097,523
12	2024-25	\$263,800,450	\$2,743,525	\$263,800,450	\$2,743,525	\$0	\$0
13	2025-26	\$255,900,450	\$2,661,365	\$255,900,450	\$2,661,365	\$0	\$0
14	2026-27	\$248,300,450	\$2,582,325	\$248,300,450	\$2,582,325	\$0	\$0
15	2027-28	\$240,800,450	\$2,504,325	\$240,800,450			\$0
TOTAL							\$2,974,276

Agreement Year	School Year	Project Value without Limitation	I&S	I&S
			Tax Rate	Tax
0	2012-13	\$400,450	0.2150	\$861
1	2013-14	\$270,200,450	0.0630	\$170,226
2	2014-15	\$333,400,450	0.0840	\$280,056
3	2015-16	\$346,900,450	0.0820	\$284,458
4	2016-17	\$336,500,450	0.0840	\$282,660
5	2017-18	\$326,400,450	0.0850	\$277,440
6	2018-19	\$316,700,450	0.0870	\$275,529
7	2019-20	\$307,200,450	0.0880	\$270,336
8	2020-21	\$297,900,450	0.0900	\$268,110
9	2021-22	\$289,000,450	0.0920	\$265,880
10	2022-23	\$280,400,450	0.0940	\$263,576
11	2023-24	\$272,000,450	0.0960	\$261,120
12	2024-25	\$263,800,450	0.0980	\$258,524
13	2025-26	\$255,900,450	0.1000	\$255,900
14	2026-27	\$248,300,450	0.1010	\$250,783
15	2027-28	\$240,800,450	0.0000	\$0
TOTAL				\$3,665,465