

**FINDINGS**  
**of the**  
***REAGAN COUNTY INDEPENDENT***  
***SCHOOL DISTRICT***  
***BOARD OF TRUSTEES***

**Under Chapter 313 of the**  
**Texas Tax Code**

**ON THE APPLICATION FOR A**  
**LIMITED APPRAISED VALUE ON**  
**QUALIFIED PROPERTY**

**SUBMITTED BY**

***DCP MIDSTREAM, LP***

**Comptroller Application Number 276**

**RESOLUTION AND FINDINGS OF FACT**  
**of the**  
**REAGAN COUNTY INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES**  
**UNDER CHAPTER 313 OF THE TEXAS TAX CODE**  
**ON THE APPLICATION FOR A**  
**LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY SUBMITTED**  
**BY DCP MIDSTREAM, LP**

STATE OF TEXAS           §  
  §  
COUNTY OF REAGAN      §

**PREAMBLE**

On the 17th day of October, 2013, a public meeting of the Board of Trustees of the Reagan County Independent School District (the “Board”) was held to solicit input from interested parties on the application by DCP MIDSTREAM, LP (“DCP Midstream” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. 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 considered the application by Route 66 for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Reagan County Independent School District makes the following Findings regarding the Application:

On or about the 9<sup>th</sup> day of July, 2013, the Superintendent of Schools for the Reagan County Independent School District, acting as agent for the Board, received an Application for Appraised Value Limitation on Qualified Property from DCP Midstream, pursuant to Chapter 313 of the Texas Tax Code. Immediately thereafter, Applicant advised the District that it intended to amend its Application. The amended application was submitted to the District on or about March 18, 2013. (collectively the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for equipment and material related to the creation of a manufacturing facility. *See* Comptroller’s Recommendation Letter, dated June 20, 2013, attached hereto as Attachment C. The Board agreed to consider such Application, and the Superintendent formally acknowledged receipt of the completed and final Application for consideration on behalf of the District. The Texas Comptroller of Public Accounts received the completed Application on or about March 20, 2013, and issued its notice of completeness by letter dated April 9, 2013, the Application review start date. A copy of the Application and Comptroller letter of April 9, 2013 are attached as Attachment A.

The Texas Taxpayer Identification number for DCP Midstream is 18410411666. DCP Midstream is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachment B.

The Board acknowledged receipt of the Application and necessary application fee as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Reagan County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an economic impact evaluation to be conducted pursuant to §313.026 of the Texas Tax Code. The Comptroller determined the Project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.025(h) for a limitation on appraised value and, after reviewing the Application, based on the criteria set out in Texas Tax Code § 313.024(b), issued a recommendation on September 24, 2013 that the Application be approved. *See* Attachment C. The Board of Trustees has carefully considered such evaluation and recommendation. Copies of the Recommendation and Economic Impact Evaluation are attached to these Findings as Attachments C and D.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Reagan County Independent School District. A copy of a report prepared by Randy McDowell and Neal Brown is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property in the Reagan County Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within a rural school district, Category II of §313.054 of the Texas Tax Code. *See* Comptroller's "2012 ISD Summary Worksheet," attached hereto as Attachment F, and Attachment C.

After receipt of the completed Application, the District entered into negotiations with DCP Midstream regarding the specific language to be included in the Limitation on Appraised Value Agreement ("LAVA") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. Due to ongoing negotiations, DCP Midstream and the District mutually agreed to extend the time period that the District may consider DCP Midstream's Application for an additional 60 days. The Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d). *See* Letter authorizing extension of consideration period attached hereto as Attachment I.

The parties concluded negotiations with a mutually acceptable LAVA, which is attached to these Findings as Attachment G. The LAVA was submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* *See* copy of

October 15, 2013 Agreement approval letter from the Comptroller, attached to these Findings as Attachment H.

After review of the Comptroller's recommendation, and in consideration of its own analysis of DCP Midstream's Application and all other substantive documentation related thereto, the Board, in addition to the above Findings, further finds as follows:

**Board Finding Number 1.**

*There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (the ED Plan) submitted by the Texas Strategic Economic Development Commission under § 481.033 of the Texas Government Code.*

In support of Finding Number 1, the Economic Impact Evaluation states:

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 DCP Midstream, LP 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.

**Board Finding Number 2.**

*Applicant's natural gas manufacturing facility will improve the economic condition of Reagan County and the region.*

In support of this Finding, the information provided by the Comptroller's Office indicates the population growth of Reagan County lagged behind that for the state in recent years. The state population grew by 1.8 percent between 2009 and 2010, while the population of Reagan County decreased 1.5 percent over the same period. Reagan County was the 226<sup>th</sup> largest county in population, and the 247<sup>th</sup> fastest growing county from 2009-2010.

September 2011 employment for Reagan County was up 8.1 percent from September 2010. The total employment in September 2011 was 2,594. The unemployment rate in Reagan County was 3.1 percent in September 2011, down from 3.5 percent in September 2010. This was also lower than the state average of 8.5 percent for September 2011, up from 8.2 percent in September 2010.

Reagan County, however, has lower per-capita personal income than the state as a whole. The average per-capita income for Reagan County residents for 2009 was \$34,731, which ranked 91<sup>st</sup>

among the 254 counties in Texas and was down 11.0 percent from 2008. The Texas average was \$38,609 for the same period, down 3.1 percent from 2008.

Taxable sales in Reagan County through the fourth quarter of 2010 were \$68.62 million, up 27.2 percent from the same quarter in 2009. Taxable sales in the City of Big Lake through the fourth quarter of 2010 were \$61.40 million, which was up 29.2 percent from the same period in 2009.

Given recent income levels and sales tax activity, Reagan County will benefit from economic activity like that associated with the DCP Midstream project. Major capital investments like this project are beneficial to the community on a number of fronts, including employment and income, expanded opportunities for existing businesses, and an increased local tax base.

### **Board Finding Number 3.**

*The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$8 million, based on ten (10) qualifying positions to be created for the DCP Midstream project.*

In support of Finding Number 3, the Economic Impact Evaluation states:

The project's total investment is \$80 million, resulting in a relative level of investment per qualifying job of \$8 million.

### **Board Finding Number 4.**

*The average salary level of qualifying jobs is expected to be at least \$36,500 per year, which meets the qualification that the wage-level be 110% of the average county wage, and that each qualifying job will receive medical, dental and vision plans, 401(k) and retirement plans, life insurance, short and long term disability insurance, education assistance, scholarship program, holidays and vacation, wellness program, matching gifts and a short term incentive plan. DCP Midstream indicates that total permanent employment will be ten (10) new jobs within the District, all ten (10) of which will meet the criteria of a qualifying job.*

In support of Finding Number 4, the Economic Impact Evaluation states:

After construction, the project will create 10 new jobs when fully operational. All 10 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 Concho Valley Council of Governments Region, where Reagan County is located was \$33,123 in 2011. There is no annual average manufacturing wage for 2011-12 for Reagan County. That same year, the

county annual average wage for all industries was \$55,666. In addition to a salary of \$36,500, each qualifying position [to be created by DCP Midstream] will receive medical, dental and vision plans, 401(k) and retirement plans, life insurance, short and long term disability insurance, education assistance, scholarship program, holidays and vacation, wellness program, matching gifts and a short term incentive plan.

**Board Finding Number 5.**

***The ability of the Applicant to locate the proposed natural gas manufacturing facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development.***

In support of Finding Number 5, the Economic Impact Evaluation states:

According to DCP Midstream’s application and the Economic Impact Evaluation, “DCP Midstream is the largest producer of natural gas liquids in North America and has significant pipeline infrastructure throughout Texas. This infrastructure provides DCP Midstream with the flexibility and opportunity to invest in a variety of regions in Texas and its neighboring states. Currently, DCP Midstream owns and operates 62 plants in 26 states. Capital investment is granted to projects that generate the best economic return for DCP Midstream. Currently, several projects in Louisiana, New Mexico and Colorado are competing with Texas projects for company investment.”

**Board Finding Number 6.**

***Subsequent positive economic effects on the local and regional tax bases will be significant. The District will receive revenue gains due to the increase in its tax base. Likewise, the Board finds that the local and regional tax base will increase, and that the Applicant’s natural gas manufacturing project will improve the economic condition of the region and the state.***

In support of Finding Number 7, the Economic Impact Evaluation states:

Table 1 depicts DCP Midstream, LP’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 DCP Midstream, LP

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	41	46	87	\$2,120,825	\$2,879,175	\$5,000,000
2014	92	116	208	\$4,606,675	\$8,393,325	\$13,000,000
2015	10	39	49	\$365,000	\$3,635,000	\$4,000,000
2016	10	33	43	\$365,000	\$3,635,000	\$4,000,000
2017	10	29	39	\$365,000	\$2,635,000	\$3,000,000
2018	10	29	39	\$365,000	\$2,635,000	\$3,000,000
2019	10	27	37	\$365,000	\$2,635,000	\$3,000,000
2020	10	27	37	\$365,000	\$2,635,000	\$3,000,000
2021	10	29	39	\$365,000	\$3,635,000	\$4,000,000
2022	10	29	39	\$365,000	\$3,635,000	\$4,000,000
2023	10	31	41	\$365,000	\$3,635,000	\$4,000,000
2024	10	27	37	\$365,000	\$3,635,000	\$4,000,000
2025	10	31	41	\$365,000	\$3,635,000	\$4,000,000
2026	10	31	41	\$365,000	\$4,635,000	\$5,000,000
2027	10	31	41	\$365,000	\$4,635,000	\$5,000,000
2028	10	31	41	\$365,000	\$4,635,000	\$5,000,000

Source: CPA, REMI, DCP Midstream, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.72 billion in 2011-12. Reagan County ISD's ad valorem tax base in 2011-2012 was \$1.97 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Reagan County ISD's estimated wealth per WADA was \$1,401,913. The impact on the facilities and finances of the district are presented at Attachment 2 [of the Comptroller's Economic Impact Evaluation].

See also the District's Financial Impact Report, attached hereto as Attachment E. The Comptroller's Economic Impact Report further states:

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Reagan County, with all property tax incentives sought being granted using estimated market value from DCP Midstream, LP's application. DCP Midstream, LP has applied for a value limitation under Tax Code Chapter 313 and tax abatement with the [Reagan] County. Table 3 illustrates the estimated tax impact of the DCP Midstream, LP project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Reagan County ISD I&S Levy	Reagan County ISD M&O Levy	Reagan County ISD M&O and I&S Tax Levies (Before Credit Credited)	Reagan County ISD M&O and I&S Tax Levies (After Credit Credited)	Reagan County Tax Levy	Estimated Total Property Taxes
				0.1000	1.1000			0.2491	
2014	\$28,022,830	\$28,022,830		\$28,023	\$308,251	\$336,274	\$336,274	\$69,805	\$406,079
2015	\$72,222,830	\$72,222,830		\$72,223	\$794,451	\$866,674	\$866,674	\$53,972	\$920,646
2016	\$67,662,830	\$20,000,000		\$67,663	\$220,000	\$287,663	\$287,663	\$50,564	\$338,227
2017	\$60,822,830	\$20,000,000		\$60,823	\$220,000	\$280,823	\$186,151	\$45,453	\$231,604
2018	\$57,022,830	\$20,000,000		\$57,023	\$220,000	\$277,023	\$182,351	\$42,613	\$224,964
2019	\$52,462,830	\$20,000,000		\$52,463	\$220,000	\$272,463	\$177,791	\$39,205	\$216,997
2020	\$48,662,830	\$20,000,000		\$48,663	\$220,000	\$268,663	\$173,991	\$36,366	\$210,357
2021	\$45,622,830	\$20,000,000		\$45,623	\$220,000	\$265,623	\$170,951	\$34,094	\$205,045
2022	\$43,342,830	\$20,000,000		\$43,343	\$220,000	\$263,343	\$168,671	\$107,967	\$276,638
2023	\$41,822,830	\$20,000,000		\$41,823	\$220,000	\$261,823	\$167,151	\$104,181	\$271,332
2024	\$38,022,830	\$38,022,830		\$38,023	\$418,251	\$456,274	\$456,274	\$94,715	\$550,989
2025	\$40,568,830	\$40,568,830		\$40,569	\$446,257	\$486,826	\$486,826	\$101,057	\$587,883
2026	\$39,352,450	\$39,352,450		\$39,352	\$432,877	\$472,229	\$472,229	\$98,027	\$570,256
2027	\$38,172,561	\$38,172,561		\$38,173	\$419,898	\$458,071	\$458,071	\$95,088	\$553,159
2028	\$37,028,069	\$37,028,069		\$37,028	\$407,309	\$444,337	\$444,337	\$92,237	\$536,574
						<b>Total</b>	<b>\$5,035,405</b>	<b>\$1,065,344</b>	<b>\$6,100,749</b>

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, DCP Midstream, LP

<sup>1</sup>Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Reagan County ISD I&S Levy	Reagan County ISD M&O Levy	Reagan County ISD M&O and I&S Tax Levies	Reagan County Tax Levy	Estimated Total Property Taxes	
				0.1000	1.1000		0.2491		
2014	\$28,022,830	\$28,022,830		\$28,023	\$308,251	\$336,274	\$69,805	\$406,079	
2015	\$72,222,830	\$72,222,830		\$72,223	\$794,451	\$866,674	\$179,907	\$1,046,581	
2016	\$67,662,830	\$67,662,830		\$67,663	\$744,291	\$811,954	\$168,548	\$980,502	
2017	\$60,822,830	\$60,822,830		\$60,823	\$669,051	\$729,874	\$151,510	\$881,384	
2018	\$57,022,830	\$57,022,830		\$57,023	\$627,251	\$684,274	\$142,044	\$826,318	
2019	\$52,462,830	\$52,462,830		\$52,463	\$577,091	\$629,554	\$130,685	\$760,239	
2020	\$48,662,830	\$48,662,830		\$48,663	\$535,291	\$583,954	\$121,219	\$705,173	
2021	\$45,622,830	\$45,622,830		\$45,623	\$501,851	\$547,474	\$113,646	\$661,120	
2022	\$43,342,830	\$43,342,830		\$43,343	\$476,771	\$520,114	\$107,967	\$628,081	
2023	\$41,822,830	\$41,822,830		\$41,823	\$460,051	\$501,874	\$104,181	\$606,055	
2024	\$38,022,830	\$38,022,830		\$38,023	\$418,251	\$456,274	\$94,715	\$550,989	
2025	\$40,568,830	\$40,568,830		\$40,569	\$446,257	\$486,826	\$101,057	\$587,883	
2026	\$39,352,450	\$39,352,450		\$39,352	\$432,877	\$472,229	\$98,027	\$570,256	
2027	\$38,172,561	\$38,172,561		\$38,173	\$419,898	\$458,071	\$95,088	\$553,159	
2028	\$37,028,069	\$37,028,069		\$37,028	\$407,309	\$444,337	\$92,237	\$536,574	
						<b>Total</b>	<b>\$8,529,756</b>	<b>\$1,770,635</b>	<b>\$10,300,392</b>

Source: CPA, DCP Midstream, LP

<sup>1</sup>Tax Rate per \$100 Valuation

### **Board Finding Number 7.**

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

In support of this Finding, Randy McDowell and Neal Brown estimate in the District's Financial Impact Report that the project would add \$72,222,830 to the tax base at the peak investment level for the 2015 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. In addition, the projected revenue gains from the proposed Agreement would be approximately \$1,046,440, based on \$100 per student per year in average daily attendance.

### **Board Finding Number 8.**

*The effect of the applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. Reagan County ISD can easily accommodate the projected student growth with its existing facilities. However, possible increase in and/or changes to class size and personnel could cause the District to incur extraordinary educational expenses.*

The Application indicates that DCP Midstream project expects to create ten (10) new jobs in the District. It is not known whether these would be new employees to the District, or if current residents would fill these positions. But, it is assumed in the Financial Impact Report that these employees would be new residents to the District, and provides 5 new students to the District. It is believed that Reagan County ISD will easily be able to accommodate new students, if any, which may result from these new jobs. See Attachment E, page 11. The District must plan to educate all students who reside within its boundaries, and the number of new students can vary widely depending on the number of construction jobs and workers present during the construction phase of DCP Midstream's natural gas manufacturing project. Therefore, the District may need to hire additional temporary teachers and staff to educate the additional students that could enroll in the District. The proposed Limitation on Appraised Value Agreement pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, provides that Applicant shall reimburse the District for extraordinary educational related expenses paid by the District that are directly attributable to Applicant's project.

### **Board Finding Number 9.**

*During the past two years, zero projects in the Concho Valley Council of Governments Region applied for value limitation agreements under Tax Code Chapter 313.*

**Board Finding Number 10.**

*The Board finds that the projected market value of the qualified property of the Applicant, as determined by the Comptroller, is \$80,000,000.*

**Board Finding Number 11.**

*The proposed limitation on appraised value for the qualified property is \$20,000,000.*

**Board Finding Number 12.**

*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 the projected depreciations of investment, is discernible from Table II of Attachment E, and is based on the assumption that the projected total maintenance and operations and interest and sinking fund tax rates will be \$1.28 per \$100 in valuation in each year of the Agreement. The Comptroller's estimated 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 the projected depreciations of investment, is depicted in Table 3 of the Economic Impact Evaluation. See Finding No. 6, page 7, infra.*

**Board Finding Number 13.**

*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 receive a limitation on appraised value with the projected depreciations of investment, is shown in Table II of Attachment E, and is based on the assumption that the projected total maintenance and operations and interest and sinking fund tax rates will be \$1.28 per \$100 in valuation in each year of the Agreement. The Comptroller's estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 2 of the Economic Impact Evaluation. See Finding No. 6, page 7, infra.*

**Board Finding Number 14.**

*The projected effect on the Foundation School Program and impact on the District's finances resulting from payments to the District for each year of the Agreement is shown on Tables III, IV and V of Attachment E. The economic*

*impact from DCP Midstream, LP's project on the State of Texas, local employment levels and personal income is shown in Tables 1, 2 and 3 of the Economic Impact Evaluation. See Finding No. 6, pages 6 and 7, infra.*

**Board Finding Number 15.**

*The projected future tax credits for each year of the Agreement are shown in Table II of Attachment E.*

**Board Finding Number 16.**

*Assuming that Applicant would still construct is natural gas manufacturing facility in the District, without a limitation on appraised value for the qualified property, the total amount of taxes to be lost over the life of the Agreement by subtracting the projected taxes stated in Finding Number 12 from the projected taxes stated in Finding Number 13 is shown in Table II of Attachment E.*

**Board Finding Number 17.**

*The Board of Trustees hired consultants to review and verify the information in the Application from DCP Midstream. Based upon the consultants' review, the Comptroller's Economic Impact Evaluation, and the Comptroller's Recommendation letter, the Board has determined that the information provided by the Applicant is true and correct (see Attachments B, C and D).*

**Board Finding Number 18.**

*The Applicant (Taxpayer Id. 18410411666) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity (Attachment B; see also Attachment C).*

**Board Finding Number 19.**

*The Limited Appraised Valuation Agreement on Qualified Property (LAVA), pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.*

In support of this Finding, the Financial Impact Report demonstrates that the District will incur a revenue loss during years 3 through 10 of the proposed LAVA. However, the negative

consequences of granting the value limitation are offset through the “hold harmless” provision of the LAVA and other revenue protection provisions agreed to by the Applicant and the District.

**Board Finding Number 20.**

*The general nature of Applicant’s qualified investment is a natural gas manufacturing facility, which is eligible for the limitation on the appraised value of Applicant’s Property.*

**Board Finding Number 21.**

*Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve DCP Midstream’s Application and enter into the attached Limited Appraised Valuation Agreement of Property for School District Maintenance and Operations Taxes.*

IT IS THEREFORE ORDERED, that all of the Findings herein, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Reagan County Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment G is APPROVED and is hereby authorized to be executed and delivered by the Reagan County Independent School District Board President on behalf of the Reagan County Independent School District, along with a copy of the these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Reagan County Independent School District Board of Trustees.

*[the remainder of this page is intentionally left blank]*

Dated this 17<sup>th</sup> day of October, 2013.

Reagan County Independent School District

By *Mark D. Noland, President*  
Mark Noland, President

Attest:

By *Brenda Schneemann, Secretary*  
Brenda Schneemann, Secretary

## LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	DCP Midstream Application and Comptroller's Completeness Letter
B	Franchise Tax Certification of Account Status for DCP Midstream
C	Comptroller's June 20, 2013 Recommendation Letter
D	Comptroller Economic Impact Evaluation
E	District's Financial Impact Report
F	Comptroller's 2012 ISD Summary Worksheet
G	Proposed Limited Assessed Valuation Agreement
H	October 14, 2013 Agreement approval letter from Comptroller
I	August 6, 2013 notice of extension letter from District

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



April 9, 2013

Steve Long  
Superintendent  
Reagan County Independent School District  
1111 12<sup>th</sup> St.  
Big Lake, Texas 76932

Dear Superintendent Long:

On March 20, 2013, the Comptroller's office received from Reagan County Independent School District (Reagan County ISD) an application from DCP Midstream, LP for a limitation on appraised value. The purpose of this letter is to inform you that the Comptroller's office has received all required documents for the application review and economic impact evaluation.

The Comptroller's office will move forward with our economic impact evaluation and recommendation to the school district. Tax Code §313.025(d) allows the Comptroller's office to complete the economic impact evaluation and recommendation on or before the 91 days from the date of this letter. The Comptroller's office will send a letter of recommendation to the ISD and the applicant.

Should you have any questions, please contact Jenny Hicks with our office. She can be reached by email at [jenny.hicks@cpa.state.tx.us](mailto:jenny.hicks@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-4794, or direct in Austin at 512-463-4794.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Wood".

Robert Wood  
Director  
Economic Development & Analysis

cc: Fred Stormer, Underwood Law Firm, P.C.  
R. Gregg West, DCP Midstream, LLC

DCP Midstream, LLC

Application for Appraised Value Limitation on  
Qualified Property

Presented to:

Reagan County Independent School District

March 18, 2013



# 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

First Name

Steve

Last Name

Long

Title

Superintendent

School District Name

Reagan County Independent School District

Street Address

1111 12th Street

Mailing Address

City

Big Lake

State

Texas

ZIP

76932

Phone Number

325-884-3705

Fax Number

325-884-3021

Mobile Number (optional)

E-mail Address

steve.long@reagancountyisd.net

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 Fred

Last Name Stormer

Title Attorney

Firm Name Underwood Law Firm, P.C.

Street Address 500 S. Taylor, Suite 1200

Mailing Address 500 S. Taylor, Suite 1200

City Amarillo

State TX

ZIP 79101

Phone Number 806-379-0306

Fax Number 806-379-0316

Mobile Number (Optional)

E-mail Address fred.stormer@uwlaw.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)

Mark D. Toland President

Date

3/18/13

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

If yes, date determined complete. 3/20/13

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Checklist	Page X of 16	Check Completed
1 Date application received by the ISD	1 of 16	✓
2 Certification page signed and dated by authorized school district representative	2 of 16	✓
3 Date application deemed complete by ISD	2 of 16	✓
4 Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5 Completed company checklist	12 of 16	✓
6 School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	✓

**APPLICANT INFORMATION - CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

First Name

R. Gregg

Last Name

West

Title

Director, Property Tax

Organization

DCP Midstream, LLC

Street Address

5718 Westhemier Road, Suite 1900

Mailing Address

5718 Westhemier Road, Suite 1900

City

Houston

State

TX

ZIP

77057-5774

Phone Number

713-735-3908

Fax Number

713-944-0295

Mobile Number (optional)

Business e-mail Address

rwest@dcpmidstream.com

Will a company official other than the authorized business representative be responsible for responding to future information requests? .....

Yes

No

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

First Name

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number (optional)

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

Trey

Last Name

Novosad

Title

Principal

Firm Name

Popp Hutcheson PLLC

Street Address

1301 South Mopac Expy, Ste. 430

Mailing Address

1301 South Mopac Expy, Ste. 430

City

Austin

State

TX

ZIP

78746

Phone Number

512-473-2661

Fax Number

512-479-8013

Business email Address

trey.novosad@property-tax.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))

*R. J. West*

Date

7-3-12

GIVEN under my hand and seal of office this 3 day of July, 2012



*Shon'te M. Lang*  
Notary Public, State of Texas

My commission expires 1-18-2016

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)?

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)?

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

DCP Midstream, LP

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

18410411666

NAICS code

325110

Is the applicant a party to any other Chapter 313 agreements?

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

Edna ISD, 2012 (Agreement), Glasscock ISD, 2013 (Agreement), Goliad ISD, 2013 (Agreement)

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State?

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

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)?

2. Is the applicant current on all tax payments due to the State of Texas?

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? 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)

**Please see Attachment #4**

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

**Please see Attachment #4**

**PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)**

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

**PROJECTED TIMELINE**

Begin Construction July 1, 2013      Begin Hiring New Employees October 1, 2013  
 Construction Complete December 1, 2014      Fully Operational January 1, 2015  
 Purchase Machinery & Equipment July 01, 2013 - December 01, 2014

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? January 1, 2015

**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.)

Pending Tax Abatements: Reagan County

**THE PROPERTY**

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

Central Appraisal District (CAD) that will be responsible for appraising the property Reagan 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: Reagan County (100%) City: N/A  
(Name and percent of project) (Name and percent of project)

Hospital District: N/A Water District: N/A  
(Name and percent of project) (Name and percent of project)

Other (describe): N/A Other (describe): N/A  
(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](http://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? \$20 Million

What is the amount of appraised value limitation for which you are applying? \$20 Million

What is your total estimated *qualified* investment? \$80 Million

**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? July 1, 2013

What is the anticipated date of the beginning of the qualifying time period? July 1, 2013

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? \$80 Million

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?  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?  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?  Yes  No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation?  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?  Yes  No

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

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property?  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?  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? May 2013

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

Will the project be on leased land?  Yes  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. \$22,830 (Land Only) 2012  
(Market Value) (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)? -0-

The last complete calendar quarter before application review start date is the:  
 First Quarter  Second Quarter  Third Quarter  Fourth Quarter of 2013  
(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?  
1,296

**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 10

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? 10

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 \$1,177.55 (as of Feb 8, 2013)

110% of the county average weekly wage for manufacturing jobs in the county is Data Unavailable (as of Feb 8, 2013)

110% of the county average weekly wage for manufacturing jobs in the region is \$700.68 (as of Feb 8, 2013)

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? \$36,435.30

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? \$36,500

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.)

Please see attachment #15

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	✓
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	✓
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	✓
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	✓
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 1**

**PLEASE REFER TO PAGE 4 OF APPLICATION**

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 03

REV# 12-02-09  
TX2010 05-166  
Ver. 1.0 (5-02/0)

TEXAS FRANCHISE TAX  
AFFILIATE SCHEDULE

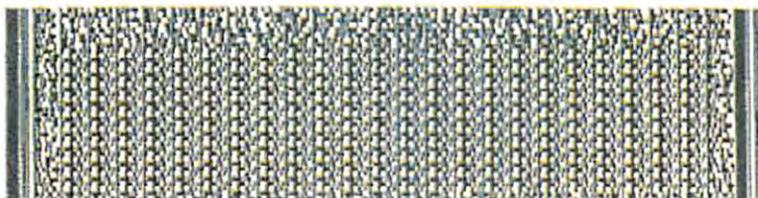
Code 13253 ANNUAL  
 Reporting entity taxpayer number 17606322935 Report year 2010 Reporting entity taxpayer name DCP MIDSTREAM, LLC

Reporting entity must be included on Affiliate Schedule.

1. Legal name of affiliate DCP MIDSTREAM, LLC		2. Affiliate taxpayer number (if none, use FEI number) 17606322935		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 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) .00			
10. Gross receipts in Texas (before eliminations) .00		11. Cost of goods sold or compensation (before eliminations) 0.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/>		
1. Legal name of affiliate DCP MIDSTREAM, LP		2. Affiliate taxpayer number (if none, use FEI number) 18410411666		3. Affiliate NAICS code 324190	
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 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 6444100966.00			
10. Gross receipts in Texas (before eliminations) 3079291949.00		11. Cost of goods sold or compensation (before eliminations) 5762953925.00			
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 DCP MIDSTREAM MARKETING, LLC		2. Affiliate taxpayer number (if none, use FEI number) 17603083589		3. Affiliate NAICS code 424990	
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 010109		7. Affiliate reporting end date m m d d y y 123109	
8. Gross receipts subject to throwback in other states (before eliminations) 0.00		9. Gross receipts everywhere (before eliminations) 1235671158.00			
10. Gross receipts in Texas (before eliminations) 1004051843.00		11. Cost of goods sold or compensation (before eliminations) 1223109679.00			
Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/>			Check box if this is an Entity other than a Corporation or Limited Liability Company <input 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"/>
-------	--------------------------	----	--------------------------



1019

## ATTACHMENT 4

DCP Midstream will construct a Natural Gas Plant and associated pipeline facilities located southeast of Big Lake in Reagan County, Texas. The estimated investment for this project is \$80 million dollars.

### **Cinco Terry Project Description:**

The Cinco Terry Gas Plant and associated equipment and facilities will be located on 40.00 acres. The location will include a 75 million standard cubic feet per day (MMSCFD)(nominal) cryogenic gas plant designed to treat and process produced natural gas from DCP gathering systems located throughout West Texas. The Cinco Terry Gas Plant process consists of four main stages listed and detailed below:

1. Inlet separation and Compression
2. Gas Treating and Water Removal
3. Natural Gas Processing
4. Residue Gas Compression

The Cinco Terry Plant will contain the following main units and utility systems:

Inlet Facilities	Heat Medium
Dehydration	Fuel Gas
Regeneration	Methanol Injection
NGL Recovery Train	Drains & Flare
NGL Product Delivery Facilities	Instrument & Utility Air
Residue Recompression & Cooling	Potable and Utility Water
Water Heat Recovery	Emergency Generator

A field office, pipelines, and pumping stations may also be located on the site.

DCP Midstream is the largest producer of natural gas liquids in North America and has significant pipeline infrastructure throughout Texas. This infrastructure provides DCP Midstream with the flexibility and opportunity to invest in a variety of regions in Texas and its neighboring states. Currently, DCP Midstream owns and operates 62 plants in 26 states. Capital investment is granted to projects that generate the best economic return for DCP Midstream. Currently, several projects in Louisiana, New Mexico, and Colorado are competing with Texas projects for company investment.

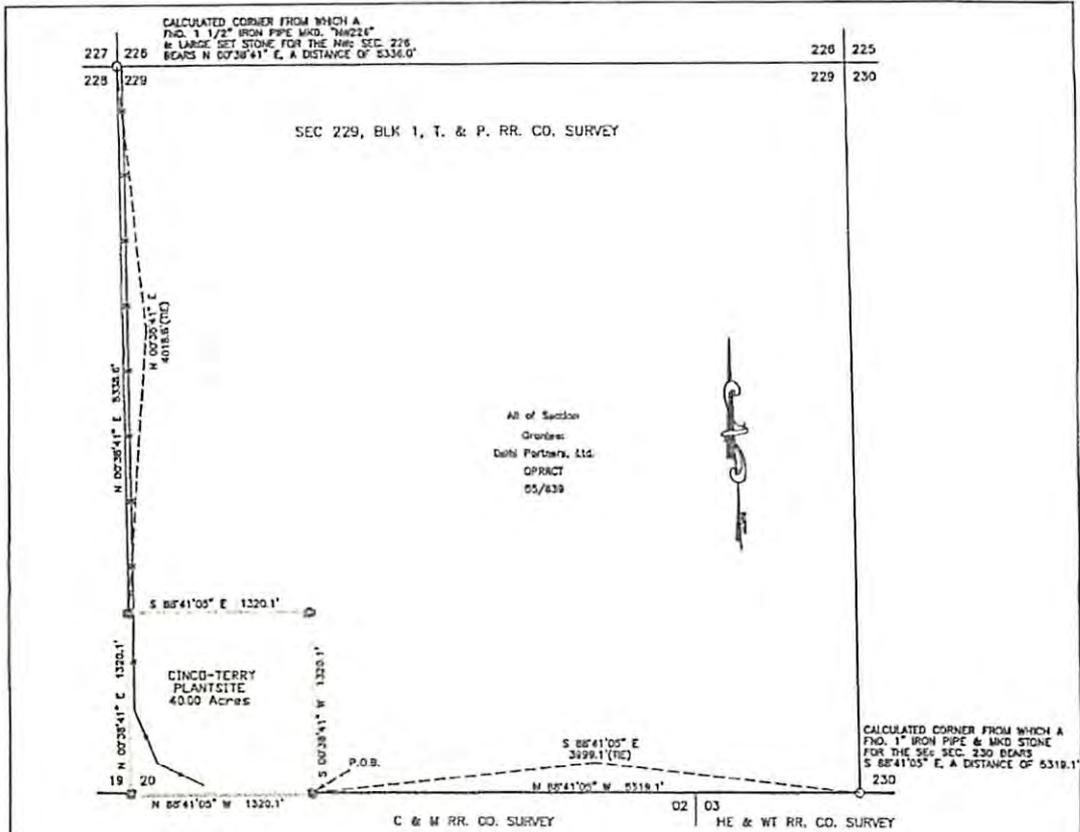
**ATTACHMENT 5**

**THIS PROJECT WILL BE LOCATED EXCLUSIVELY WITHIN THE BOUNDARIES  
OF THE REAGAN INDEPENDENT SCHOOL DISTRICT**

**ATTACHMENT 6**

THE QUALIFIED INVESTMENT FOR THE CINCO TERRY PLANT WILL CONTAIN THE FOLLOWING MAIN UNITS AND UTILITY SYSTEMS:

<b>Inlet Facilities</b> <b>Dehydration</b> <b>Regeneration</b> <b>NGL Recovery Train</b> <b>NGL Product Delivery Facilities</b> <b>Residue Recompression &amp; Cooling</b> <b>Water Heat Recovery</b>	<b>Heat Medium</b> <b>Fuel Gas</b> <b>Methanol Injection</b> <b>Drains &amp; Flare</b> <b>Instrument &amp; Utility Air</b> <b>Potable and Utility Water</b> <b>Emergency Generator</b>
---	--



**FIELD NOTE DESCRIPTION**

BEING A 40.00 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELHI PARTNERS, LTD RECORDED IN VOLUME 55, PAGE 839, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO. OF MIDLAND" SET FOR THE SOUTHWEST CORNER OF THIS TRACT IN THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02, C. & M. RR. CO. FROM WHICH THE CALCULATED SOUTHWEST CORNER OF SAID SECTION 229 BEARS S 88°41'05" E, A DISTANCE OF 3999.1 FEET, FROM SAID CALCULATED CORNER A FOUND 1" IRON PIPE & MKD. STONE FOR THE SOUTHWEST CORNER OF SECTION 230 BEARS S 88°41'05" E, A DISTANCE OF 5319.1 FEET;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE SOUTHWEST CORNER OF SAID SECTION 229 AND THE SOUTHWEST CORNER OF SAID SECTION 228 FOR THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE WEST LINE OF SECTION 229 AND THE EAST LINE OF SECTION 228 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHWEST CORNER OF THIS TRACT FROM WHICH THE CALCULATED NORTHWEST CORNER OF SAID SECTION 229 BEARS N 00°38'41" E, A DISTANCE OF 4018.6 FEET FROM SAID CALCULATED CORNER A FOUND 1 1/2" IRON PIPE MKD. "NW226" & LARGE SET STONE BEARS N 00°38'41" E, A DISTANCE OF 5336.0 FEET;

THENCE S 88°41'05" E, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHEAST CORNER OF THIS TRACT;

THENCE S 00°38'41" W, A DISTANCE OF 1320.1 FEET TO THE POINT OF BEGINNING AND CONTAINING 40.00 ACRES OF LAND.

**NOTE:**

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
- SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\WADE\DCP\REAGAN COUNTY\REAGAN COUNTY BASE MAB5T2C.DWG

**LEGEND**

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊙ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- - Denotes Fence
- - Denotes Pipeline
- - Denotes Electric Line
- - Denotes Gas Line



CORRECTED PLAT AND DESCRIPTION

I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

- WADE MERTZ TEXAS R.P.L.S. No. 4082
- MACON McDONALD TEXAS R.P.L.S. No. 4398
- MARCUS L. HOSTAS TEXAS R.P.L.S. No. 5643
- J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011
- R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

**WEST COMPANY OF MIDLAND, INC.**

110 W. LOUISIANA AVE. STE. 110  
MIDLAND TEXAS, 79701  
(432) 687-0865 - FAX: (432) 687-0868

<b>DCP MIDSTREAM</b>	
SURVEY 40.00 ACRE TRACT CINCO-TERRY PLANTSITE ABST# A-573 Located in Section 229, Block 1, T. & P. RR. CO. SURVEY REAGAN COUNTY, TEXAS	
Drawn By: TDD	Date: December 16, 2012
Scale: 1"=1000'	Field Book: DCP 58/3
Revision Date:	AFE #: 121130N01
W.O. No: 2012-2011	Dwg. No: T:\DCP\...2012-2011.dwg

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TDD

"EXHIBIT A"  
(SEE ATTACHED PLAT)

METES & BOUNDS DESCRIPTION

BEING A 314.63 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELHI PARTNERS, LTD RECORDED IN VOLUME 55, PAGE 839, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, AND BEING LOCATED ENTIRELY WITHIN SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET FOR THE NORTHWEST CORNER OF SAID SECTION 229, COMMON TO THE NORTH LINE OF SECTION 228, SOUTH-EAST CORNER SECTION 227 AND SOUTH-WEST CORNER SECTION 226, FROM WHICH A FOUND 1-1/2 INCH IRON PIPE MARKED "NW226" AND LARGE SET STONE FOR THE NORTHWEST CORNER OF SECTION 226, BLOCK 1, T & P RR COMPANY SURVEY, REAGAN COUNTY, TEXAS BEARS N 00°38'41" E, A DISTANCE OF 5336.0 FEET, FOR THE NORTHWEST CORNER OF THIS TRACT;

THENCE S 88°33'27" E, WITH THE NORTH LINE OF SAID SECTION 229, COMMON TO THE SOUTH LINE OF SAID SECTION 226, A DISTANCE OF 497.0 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET IN THE WEST RIGHT OF WAY LINE OF A TRACT CONVEYED TO THE SOUTH ORIENT RURAL RAIL DISTRICT ACCORDING TO THE DOCUMENT RECORDED IN VOLUME 128, PAGE 252, DEED RECORDS REAGAN COUNTY, TEXAS, FOR THE NORTHEAST CORNER OF THIS TRACT;

THENCE S 34°43'09" E, WITH THE WEST ROW LINE OF SAID SOUTH ORIENT TRACT, A DISTANCE OF 2475.4 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET FOR POINT OF CURVATURE TO THE LEFT FOR AN INTERIOR CORNER OF THIS TRACT;

THENCE WITH THE WEST ROW LINE OF SAID SOUTH ORIENT TRACT ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 3487.9 FEET, AN ARC LENGTH OF 1199.6 FEET, A DELTA ANGLE OF 19°42'26" AND A DEGREE OF CURVE OF 01°38'35" TO A 1/2-INCH IRON ROD MARKED "WEST COMPANY OF MIDLAND" SET FOR THE POINT OF TANGENCY;

THENCE S 54°25'35" E, WITH THE WEST/SOUTHWEST ROW LINE OF SAID SOUTH ORIENT TRACT, A DISTANCE OF 3102.9 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET IN THE WEST/SOUTHWEST ROW LINE OF SAID SOUTH ORIENT TRACT AND IN THE EAST LINE OF SAID SECTION 229, AND THE WEST LINE OF SECTION 230 FOR THE MOST EASTERLY NORTHEAST CORNER OF THIS TRACT;

THENCE S 00°48'33" W, WITH THE EAST LINE OF SAID SECTION 229, COMMON TO THE WEST LINE OF SECTION 230, BLOCK 1, T & P RR COMPANY SURVEY, REAGAN COUNTY, TEXAS, A DISTANCE OF 757.8 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET FOR SOUTHEAST CORNER OF SAID SECTION 229, COMMON TO THE SOUTHWEST CORNER OF SAID SECTION 230, IN THE NORTH LINE OF SECTION 3, H.E. & W.T. RR COMPANY SURVEY, REAGAN COUNTY, TEXAS FROM WHICH A FOUND 1-INCH IRON PIPE AND MARKED STONE FOR THE SOUTHEAST CORNER OF SAID SECTION 230 BEARS S 88°41'05" E, A DISTANCE OF 5319.1 FEET FOR THE SOUTHEAST CORNER OF THIS TRACT;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 COMMON TO THE NORTH LINE OF SAID SECTION 3 AND SECTION 2, C. & M. RR COMPANY SURVEY, REAGAN COUNTY, TEXAS, A DISTANCE OF 3998.1 FEET TO A 1/2-INCH IRON ROD WITH CAP MARKED "WEST COMPANY OF MIDLAND" FOUND FOR THE SOUTHEAST CORNER OF A 40.0 ACRE TRACT AND FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE EAST LINE OF SAID 40.0 ACRE TRACT, COMMON TO THE WEST LINE OF THIS TRACT, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" FOUND FOR THE NORTHEAST CORNER OF SAID 40.0 ACRE TRACT AND FOR AN INTERIOR CORNER OF THIS TRACT;

THENCE N 88°41'05" W, WITH THE NORTH LINE OF SAID 40.0 ACRE TRACT, COMMON TO THE SOUTH LINE OF THIS TRACT, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" FOUND IN THE WEST LINE OF SAID SECTION 229 COMMON TO THE EAST LINE OF SECTION 228, BLOCK 1, T. & P. RR COMPANY SURVEY, REAGAN COUNTY, TEXAS, FOR THE NORTHWEST CORNER OF SAID 40.0 ACRE TRACT AND FOR THE MOST WESTERLY SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE WEST LINE OF SAID SECTION 229 COMMON TO THE EAST LINE OF SAID SECTION 228, A DISTANCE OF 4018.6 FEET TO THE POINT OF BEGINNING AND CONTAINING 314.63 ACRES OF LAND.

NOTE:

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
- SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\WADE\DCP\REAGAN COUNTY\REAGAN COUNTY BASE NAD83TDC.DWG

LEGEND

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊕ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- — — — — - Denotes Fence
- — — — — - Denotes Road
- — — — — - Denotes Pipeline



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

WADE WERTZ TEXAS R.P.L.S. No. 4082  
 MACON McDONALD TEXAS R.P.L.S. No. 4398  
 MARCUS L. HOSTAS TEXAS R.P.L.S. No. 5643  
 J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011  
 R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

**WEST COMPANY OF MIDLAND, INC.**

110 W. LOUISIANA AVE, STE. 110  
 MIDLAND TEXAS, 79701  
 (432) 687-0865 - FAX: (432) 687-0868

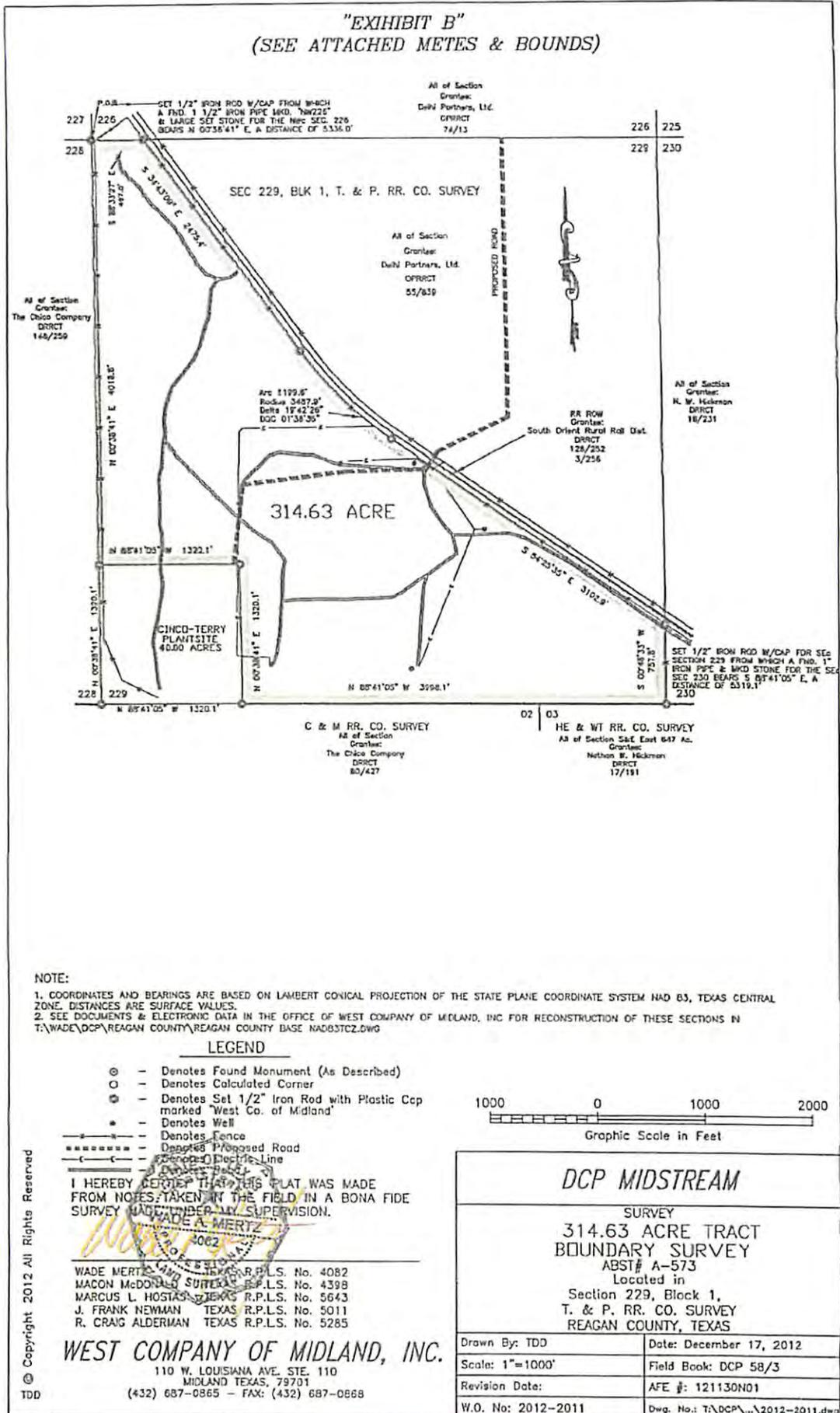
**DCP MIDSTREAM**

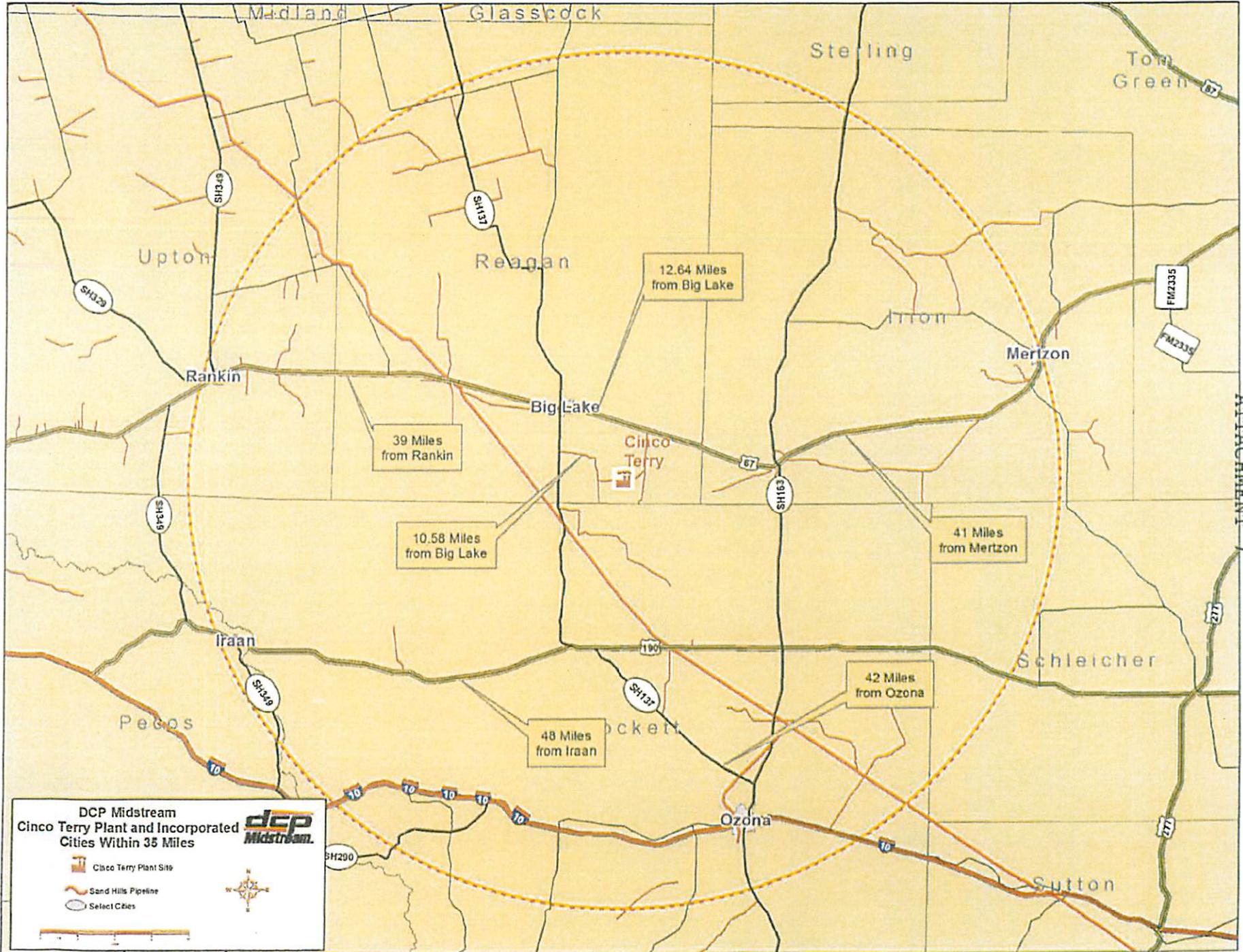
SURVEY  
 314.63 ACRE TRACT  
 BOUNDARY SURVEY  
 ABST# A-573  
 Located in  
 Section 229, Block 1,  
 T. & P. RR. CO. SURVEY  
 REAGAN COUNTY, TEXAS

Drawn By: TDD	Date: December 17, 2012
Scale: 1"=1000'	Field Book: DCP 58/3
Revision Date:	AFE #: 121130H01
W.O. No: 2012-2011	Dwg. No.: T:\DCP\...2012-2011.dwg

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"EXHIBIT B"  
(SEE ATTACHED METES & BOUNDS)

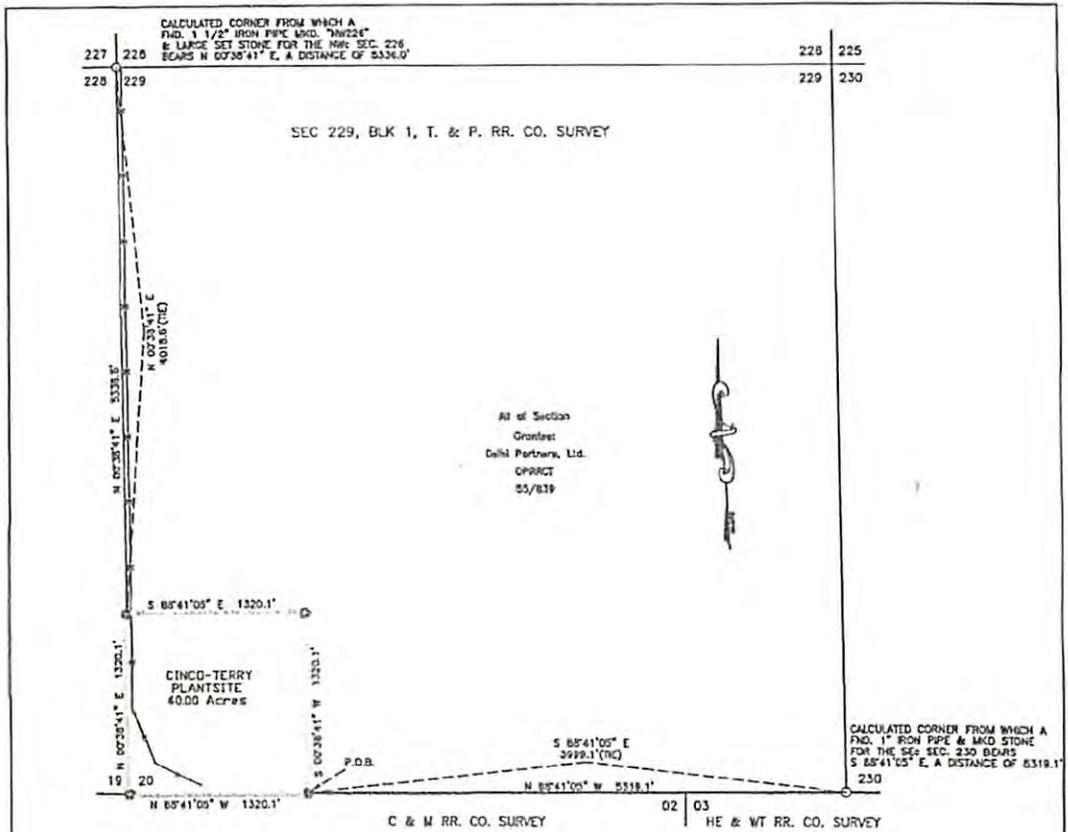




## ATTACHMENT 8

THE QUALIFIED INVESTMENT FOR THE CINCO TERRY GAS PLANT WILL CONTAIN THE FOLLOWING MAIN UNITS AND UTILITY SYSTEMS:

<b>Inlet Facilities</b> Dehydration Regeneration NGL Recovery Train NGL Product Delivery Facilities Residue Recompression & Cooling Water Heat Recovery	<b>Heat Medium</b> Fuel Gas Methanol Injection Drains & Flare Instrument & Utility Air Potable and Utility Water Emergency Generator
---	--



**FIELD NOTE DESCRIPTION**

BEING A 40.00 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELHI PARTNERS, LTD RECORDED IN VOLUME 55, PAGE 839, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO. OF MIDLAND" SET FOR THE SOUTHWEST CORNER OF THIS TRACT IN THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02, C. & M. RR. CO. FROM WHICH THE CALCULATED SOUTHWEST CORNER OF SAID SECTION 229 BEARS S 88°41'05" E, A DISTANCE OF 3999.1 FEET, FROM SAID CALCULATED CORNER A FOUND 1" IRON PIPE & MKD. STONE FOR THE SOUTHWEST CORNER OF SECTION 230 BEARS S 88°41'05" E, A DISTANCE OF 5319.1 FEET;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE SOUTHWEST CORNER OF SAID SECTION 229 AND THE SOUTHWEST CORNER OF SAID SECTION 228 FOR THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 07°38'41" E, WITH THE WEST LINE OF SECTION 229 AND THE EAST LINE OF SECTION 228 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHWEST CORNER OF THIS TRACT FROM WHICH THE CALCULATED NORTHWEST CORNER OF SAID SECTION 229 BEARS N 07°38'41" E, A DISTANCE OF 4018.6 FEET FROM SAID CALCULATED CORNER A FOUND 1 1/2" IRON PIPE MKD. "NW226" & LARGE SET STONE BEARS N 07°38'41" E, A DISTANCE OF 5336.0 FEET;

THENCE S 88°41'05" E, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND SET FOR THE NORTHEAST CORNER OF THIS TRACT;

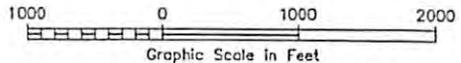
THENCE S 07°38'41" W, A DISTANCE OF 1320.1 FEET TO THE POINT OF BEGINNING AND CONTAINING 40.00 ACRES OF LAND.

**NOTE:**

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
- SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\WADE\DCP\REAGAN COUNTY\REAGAN COUNTY BASE NAD83TCZ.DWG

**LEGEND**

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊕ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- - Denotes Fence
- - Denotes 0 Foot
- - Denotes 100 Feet
- - Denotes 200 Feet
- - Denotes 300 Feet
- - Denotes 400 Feet
- - Denotes 500 Feet
- - Denotes 600 Feet
- - Denotes 700 Feet
- - Denotes 800 Feet
- - Denotes 900 Feet
- - Denotes 1000 Feet



CORRECTED PLAT AND DESCRIPTION

I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

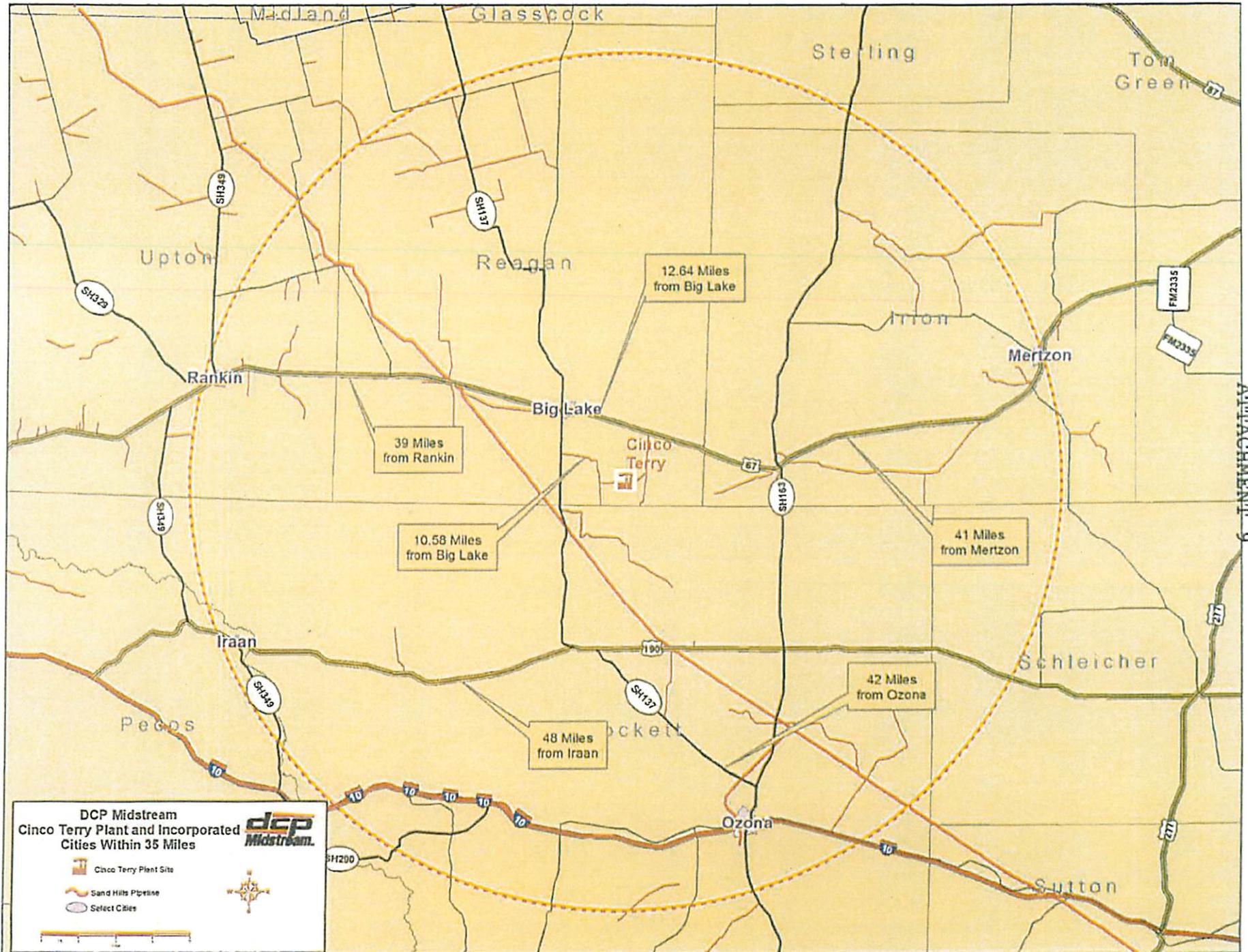
WADE MERTZ TEXAS R.P.L.S. No. 4082  
 MACON McDONALD TEXAS R.P.L.S. No. 4398  
 MARCUS L. HOSTAS TEXAS R.P.L.S. No. 5643  
 J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011  
 R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

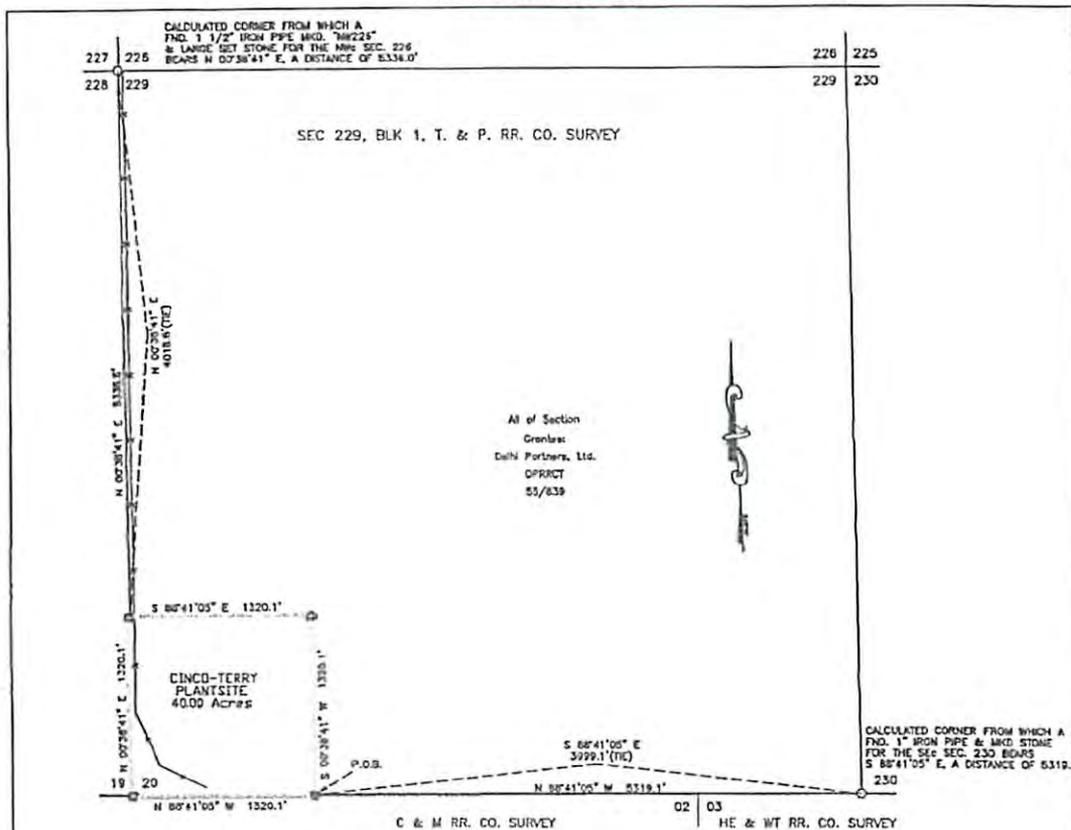
**WEST COMPANY OF MIDLAND, INC.**

110 W. LOUISIANA AVE, STE. 110  
 MIDLAND TEXAS, 79701  
 (432) 687-0865 - FAX: (432) 687-0868

<b>DCP MIDSTREAM</b>	
SURVEY 40.00 ACRE TRACT CINCO-TERRY PLANTSITE ABST# A-573 Located in Section 229, Block 1, T. & P. RR. CO. SURVEY REAGAN COUNTY, TEXAS	
Drawn By: TDD	Date: December 16, 2012
Scale: 1"=1000'	Field Book: DCP 58/3
Revision Date:	AFE #: 121130N01
W.O. No: 2012-2011	Dwg. No.: T:\DCP\...2012-2011.dwg

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**FIELD NOTE DESCRIPTION**

BEING A 40.00 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELHI PARTNERS, LTD RECORDED IN VOLUME 55, PAGE 839, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO. OF MIDLAND" SET FOR THE SOUTHWEST CORNER OF THIS TRACT IN THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02, C. & M. RR. CO. FROM WHICH THE CALCULATED SOUTHWEST CORNER OF SAID SECTION 229 BEARS S 88°41'05" E, A DISTANCE OF 3999.1 FEET, FROM SAID CALCULATED CORNER A FOUND 1" IRON PIPE & MKD. STONE FOR THE SOUTHWEST CORNER OF SECTION 230 BEARS S 88°41'05" E, A DISTANCE OF 5319.1 FEET;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE SOUTHWEST CORNER OF SAID SECTION 229 AND THE SOUTHWEST CORNER OF SAID SECTION 228 FOR THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE WEST LINE OF SECTION 229 AND THE EAST LINE OF SECTION 228 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHWEST CORNER OF THIS TRACT FROM WHICH THE CALCULATED NORTHWEST CORNER OF SAID SECTION 229 BEARS N 00°38'41" E, A DISTANCE OF 4018.6 FEET FROM SAID CALCULATED CORNER A FOUND 1 1/2" IRON PIPE MKD. "NW226" & LARGE SET STONE BEARS N 00°38'41" E, A DISTANCE OF 5336.0 FEET;

THENCE S 88°41'05" E, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHEAST CORNER OF THIS TRACT;

THENCE S 00°38'41" W, A DISTANCE OF 1320.1 FEET TO THE POINT OF BEGINNING AND CONTAINING 40.00 ACRES OF LAND.

**NOTE:**

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
- SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\WADE\DCP\REAGAN COUNTY\REAGAN COUNTY BASE NAD83TCZ.DWG

**LEGEND**

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊕ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- - Denotes Fence
- - Denotes Old Survey Line



CORRECTED PLAT AND DESCRIPTION

I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

- WADE MERTZ TEXAS R.P.L.S. No. 4082
- WACON McDONALD TEXAS R.P.L.S. No. 4398
- MARCUS L. HOSTAS TEXAS R.P.L.S. No. 5643
- J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011
- R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

**WEST COMPANY OF MIDLAND, INC.**

110 W. LOUISIANA AVE. STE. 110  
MIDLAND TEXAS, 79701  
(432) 687-0865 - FAX: (432) 687-0588

<b>DCP MIDSTREAM</b>	
SURVEY 40.00 ACRE TRACT CINCO-TERRY PLANTSITE ABST# A-573 Located in Section 229, Block 1, T. & P. RR. CO. SURVEY REAGAN COUNTY, TEXAS	
Drawn By: TDD	Date: December 16, 2012
Scale: 1"=1000'	Field Book: DCP 58/3
Revision Date:	AFE #: 121130N01
W.O. No: 2012-2011	Dwg. No.: 7:\DCP\...2012-2011.dwg

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"EXHIBIT A"  
(SEE ATTACHED PLAT)

METES & BOUNDS DESCRIPTION

BEING A 314.63 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELHI PARTNERS, LTD RECORDED IN VOLUME 55, PAGE 839, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, AND BEING LOCATED ENTIRELY WITHIN SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET FOR THE NORTHWEST CORNER OF SAID SECTION 229, FROM NORTHEAST CORNER SECTION 228, SOUTHEAST CORNER SECTION 227 AND SOUTHWEST CORNER SECTION 226, FROM WHICH A FOUND 1-1/2 INCH IRON PIPE MARKED "NW226" AND LARGE SET STONE FOR THE NORTHWEST CORNER OF SECTION 225, BLOCK 1, T & P RR COMPANY SURVEY, REAGAN COUNTY, TEXAS BEARS N 00°38'41" E, A DISTANCE OF 5336.0 FEET, FOR THE NORTHWEST CORNER OF THIS TRACT;

THENCE S 88°33'27" E, WITH THE NORTH LINE OF SAID SECTION 229, COMMON TO THE SOUTH LINE OF SAID SECTION 226, A DISTANCE OF 497.0 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET IN THE WEST RIGHT OF WAY LINE OF A TRACT CONVEYED TO THE SOUTH ORIENT RURAL DISTRICT ACCORDING TO THE DOCUMENT RECORDED IN VOLUME 128, PAGE 252, DEED RECORDS REAGAN COUNTY, TEXAS, FOR THE NORTHEAST CORNER OF THIS TRACT;

THENCE S 34°43'09" E, WITH THE WEST ROW LINE OF SAID SOUTH ORIENT TRACT, A DISTANCE OF 2475.4 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET FOR POINT OF CURVATURE TO THE LEFT FOR AN INTERIOR CORNER OF THIS TRACT;

THENCE WITH THE WEST ROW LINE OF SAID SOUTH ORIENT TRACT ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 3487.9 FEET, AN ARC LENGTH OF 1199.6 FEET, A DELTA ANGLE OF OF 19°42'26" AND A DEGREE OF CURVE OF 01°38'35" TO A 1/2-INCH IRON ROD MARKED "WEST COMPANY OF MIDLAND" SET FOR THE POINT OF TANGENCY;

THENCE S 54°25'35" E, WITH THE WEST/SOUTHWEST ROW LINE OF SAID SOUTH ORIENT TRACT, A DISTANCE OF 3102.9 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET IN THE WEST/SOUTHWEST ROW LINE OF SAID SOUTH ORIENT TRACT AND IN THE EAST LINE OF SAID SECTION 229, AND THE WEST LINE OF SECTION 230 FOR THE MOST EASTERLY NORTHEAST CORNER OF THIS TRACT;

THENCE S 00°48'33" W, WITH THE EAST LINE OF SAID SECTION 229, COMMON TO THE WEST LINE OF SECTION 230, BLOCK 1, T & P RR COMPANY SURVEY, REAGAN COUNTY, TEXAS, A DISTANCE OF 757.8 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" SET FOR SOUTHEAST CORNER OF SAID SECTION 229, COMMON TO THE SOUTHWEST CORNER OF SAID SECTION 230, IN THE NORTH LINE OF SECTION 3, H.E. & W.T. RR COMPANY SURVEY, REAGAN COUNTY, TEXAS FROM WHICH A FOUND 1-INCH IRON PIPE AND MARKED STONE FOR THE SOUTHEAST CORNER OF SAID SECTION 230 BEARS S 88°41'05" E, A DISTANCE OF 5319.1 FEET FOR THE SOUTHEAST CORNER OF THIS TRACT;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 COMMON TO THE NORTH LINE OF SAID SECTION 3 AND SECTION 2, C. & M. RR COMPANY SURVEY, REAGAN COUNTY, TEXAS, A DISTANCE OF 3998.1 FEET TO A 1/2-INCH IRON ROD WITH CAP MARKED "WEST COMPANY OF MIDLAND" FOUND FOR THE SOUTHEAST CORNER OF A 40.0 ACRE TRACT AND FOR THE MOST SOUTHERLY SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE EAST LINE OF SAID 40.0 ACRE TRACT, COMMON TO THE WEST LINE OF THIS TRACT, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" FOUND FOR THE NORTHEAST CORNER OF SAID 40.0 ACRE TRACT AND FOR AN INTERIOR CORNER OF THIS TRACT;

THENCE N 88°41'05" W, WITH THE NORTH LINE OF SAID 40.0 ACRE TRACT, COMMON TO THE SOUTH LINE OF THIS TRACT, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST COMPANY OF MIDLAND" FOUND IN THE WEST LINE OF SAID SECTION 229 COMMON TO THE EAST LINE OF SECTION 228, BLOCK 1, T. & P. RR COMPANY SURVEY, REAGAN COUNTY, TEXAS, FOR THE NORTHWEST CORNER OF SAID 40.0 ACRE TRACT AND FOR THE MOST WESTERLY SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE WEST LINE OF SAID SECTION 229 COMMON TO THE EAST LINE OF SAID SECTION 228, A DISTANCE OF 4018.6 FEET TO THE POINT OF BEGINNING AND CONTAINING 314.63 ACRES OF LAND.

NOTE:

1. COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
2. SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\WADE\DCP\REAGAN COUNTY\REAGAN COUNTY BASE NAD83TCZ.DWG

LEGEND

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊙ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- - Denotes Fences
- - Denotes Pipeline
- - Denotes Right of Way
- - Denotes Section Line



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

*WADE MERTZ*  
Surveyor

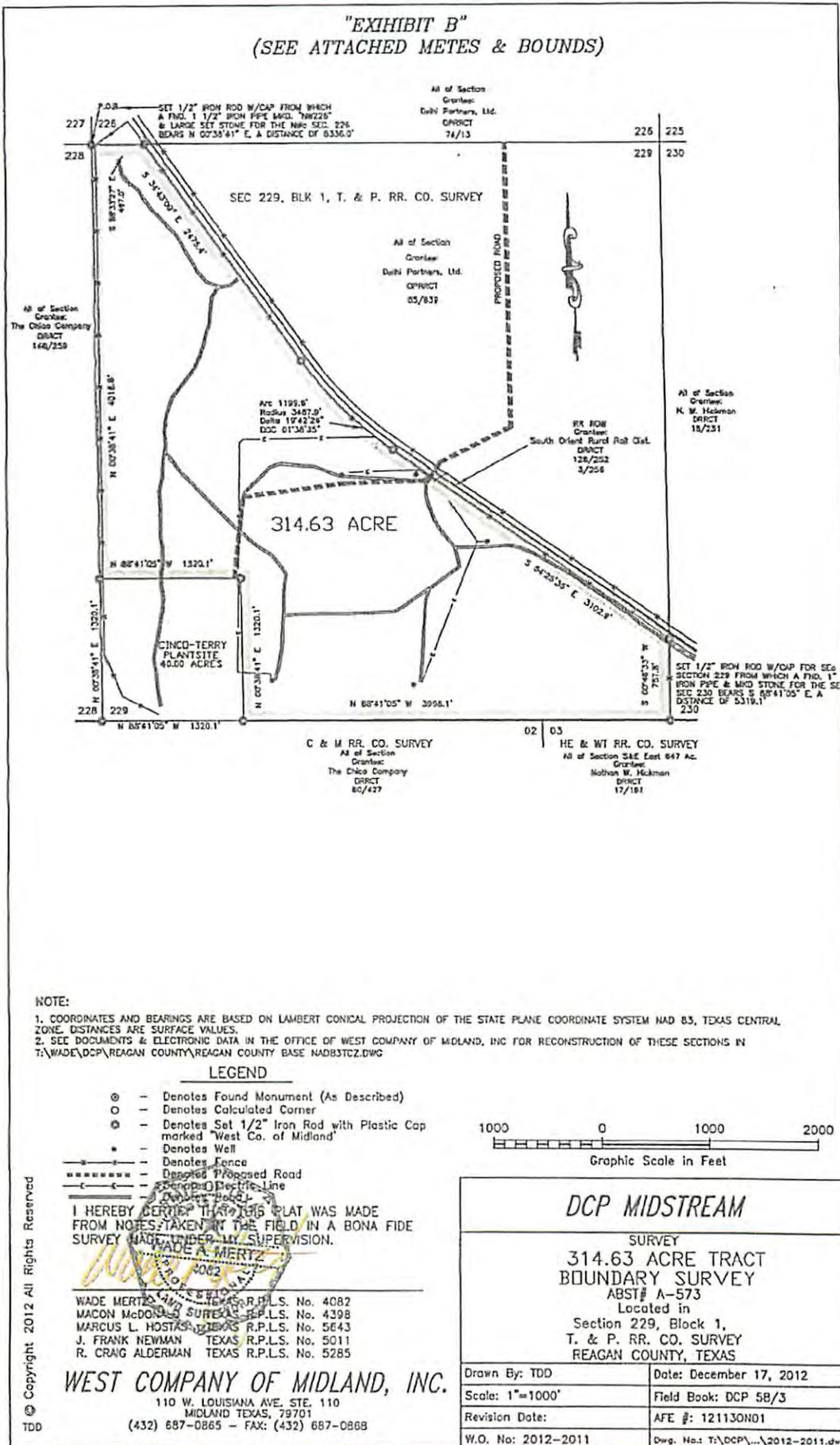
- WADE MERTZ TEXAS R.P.L.S. No. 4082
- MACON McDONALD TEXAS R.P.L.S. No. 4398
- MARCUS L. HOSTAS TEXAS R.P.L.S. No. 5643
- J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011
- R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

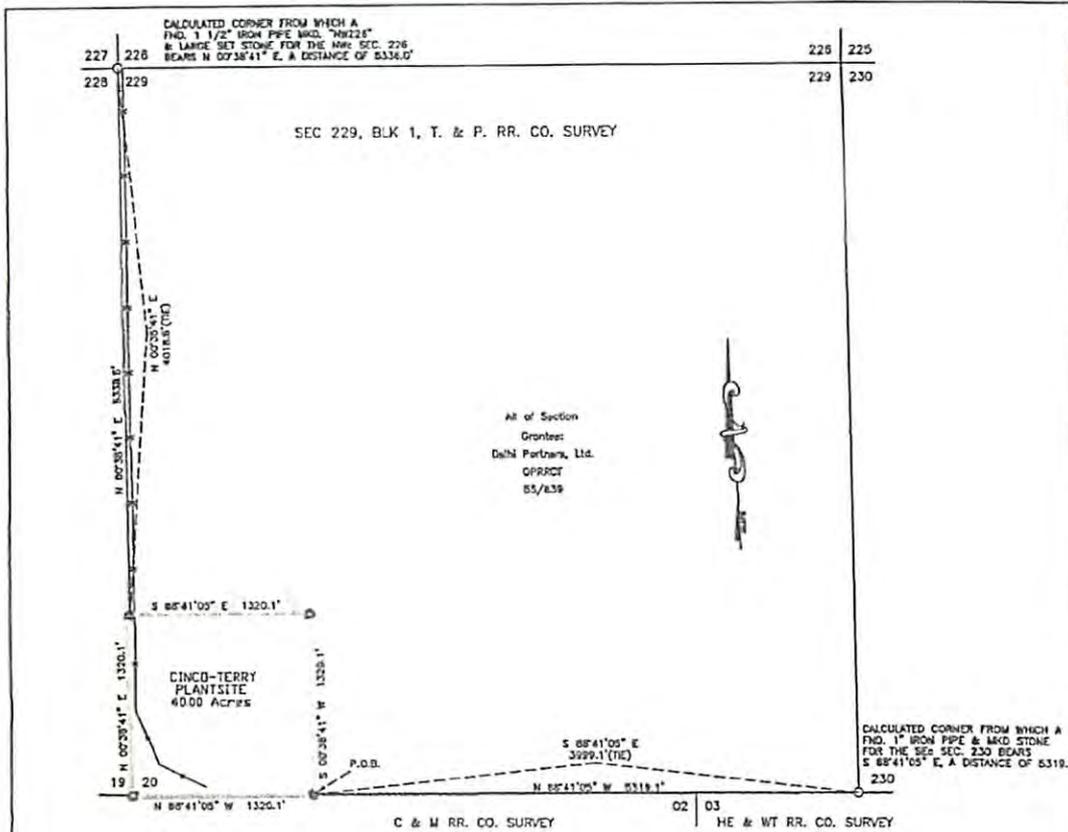
**WEST COMPANY OF MIDLAND, INC.**  
110 W. LOUISIANA AVE. STE. 110  
MIDLAND TEXAS, 79701  
(432) 687-0855 - FAX: (432) 687-0868

<b>DCP MIDSTREAM</b>	
SURVEY	
314.63 ACRE TRACT	
BOUNDARY SURVEY	
ABST# A-573	
Located in	
Section 229, Block 1,	
T. & P. RR. CO. SURVEY	
REAGAN COUNTY, TEXAS	
Drawn By: TDD	Date: December 17, 2012
Scale: 1"=1000'	Field Book: DCP 58/3
Revision Date:	AFE #: 121130N01
W.O. No: 2012-2011	Dwg. No.: T:\DCP\...2012-2011.dwg

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TDD

"EXHIBIT B"  
(SEE ATTACHED METES & BOUNDS)





**FIELD NOTE DESCRIPTION**

BEING A 40.00 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELHI PARTNERS, LTD RECORDED IN VOLUME 55, PAGE 839, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO. OF MIDLAND" SET FOR THE SOUTHWEST CORNER OF THIS TRACT IN THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02, C. & M. RR. CO. FROM WHICH THE CALCULATED SOUTHWEST CORNER OF SAID SECTION 229 BEARS S 88°41'05" E, A DISTANCE OF 3999.1 FEET, FROM SAID CALCULATED CORNER A FOUND 1" IRON PIPE & MKD. STONE FOR THE SOUTHWEST CORNER OF SECTION 230 BEARS S 88°41'05" E, A DISTANCE OF 5319.1 FEET;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE SOUTHWEST CORNER OF SAID SECTION 229 AND THE SOUTHWEST CORNER OF SAID SECTION 228 FOR THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE WEST LINE OF SECTION 229 AND THE EAST LINE OF SECTION 228 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHWEST CORNER OF THIS TRACT FROM WHICH THE CALCULATED NORTHWEST CORNER OF SAID SECTION 229 BEARS N 00°38'41" E, A DISTANCE OF 4018.6 FEET FROM SAID CALCULATED CORNER A FOUND 1 1/2" IRON PIPE MKD. "NW228" & LARGE SET STONE BEARS N 00°38'41" E, A DISTANCE OF 5336.0 FEET;

THENCE S 88°41'05" E, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHEAST CORNER OF THIS TRACT;

THENCE S 00°38'41" W, A DISTANCE OF 1320.1 FEET TO THE POINT OF BEGINNING AND CONTAINING 40.00 ACRES OF LAND.

**NOTE:**

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
- SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\WADE\DCP\REAGAN COUNTY\REAGAN COUNTY BASE NADB3TCZ.DWG

**LEGEND**

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊙ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- - Denotes Fence



GRAPHIC SCALE IN FEET

**CORRECTED PLAT AND DESCRIPTION**

**DCP MIDSTREAM**

SURVEY  
 40.00 ACRE TRACT  
 CINCO-TERRY PLANTSITE  
 ABST# A-573  
 Located in  
 Section 229, Block 1,  
 T. & P. RR. CO. SURVEY  
 REAGAN COUNTY, TEXAS

Drawn By: TDD	Date: December 16, 2012
Scale: 1"=1000'	Field Book: DCP 58/3
Revision Date:	AFE #: 121130N01
W.O. No: 2012-2011	Dwg. No.: T:\DCP\...2012-2011.dwg

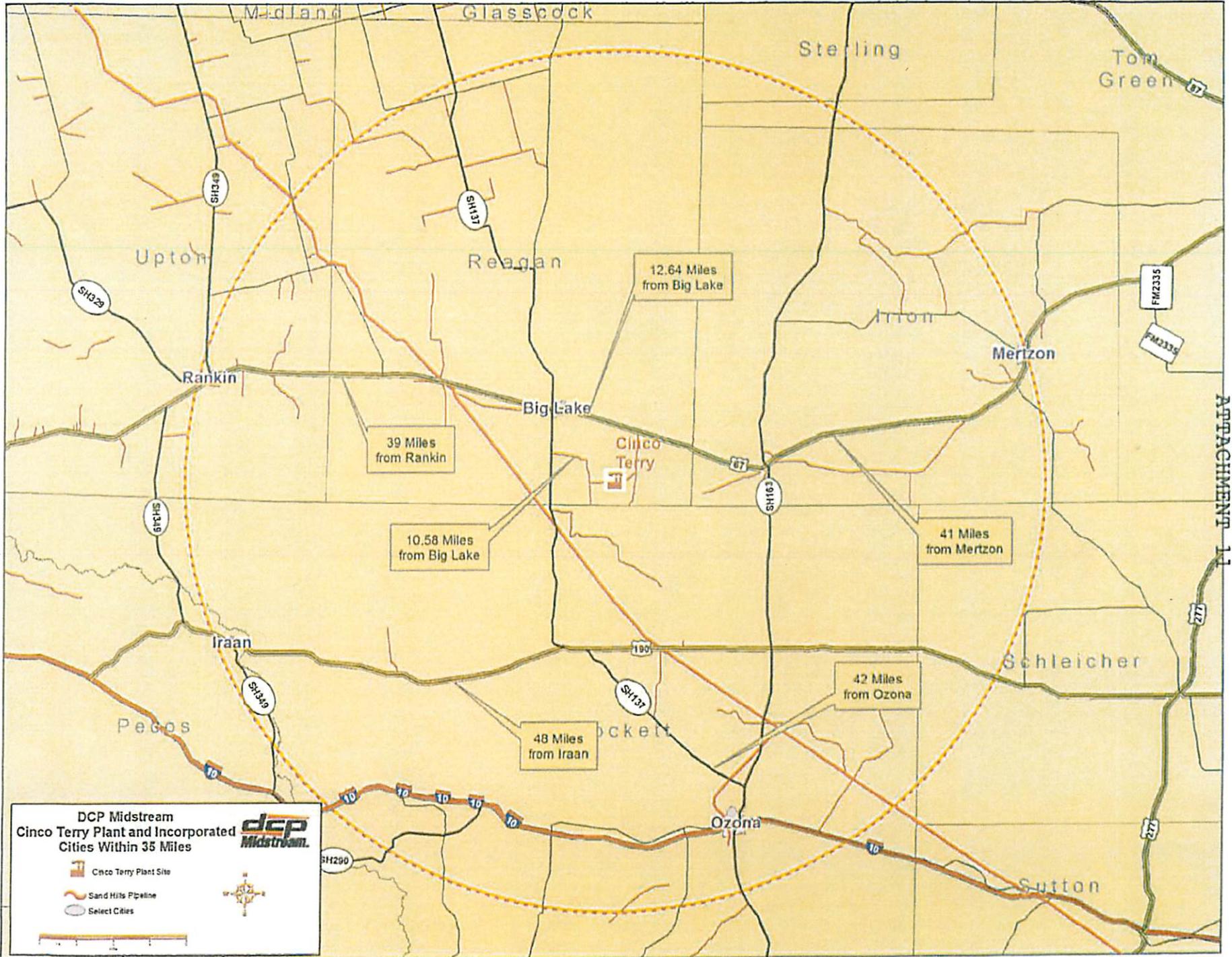
I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

- WADE MERTZ TEXAS R.P.L.S. No. 4082
- MACON McDONALD TEXAS R.P.L.S. No. 4398
- MARCUS L. HOSTAS TEXAS R.P.L.S. No. 5643
- J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011
- R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

**WEST COMPANY OF MIDLAND, INC.**

110 W. LOUISIANA AVE., STE. 110  
 MIDLAND TEXAS, 79701  
 (432) 687-0865 - FAX: (432) 687-0868

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 TDD



**DCP Midstream**  
**Cinco Terry Plant and Incorporated**  
**Cities Within 35 Miles**

**DCP Midstream**

- Cinco Terry Plant Site
- Sand Hills Pipeline
- Select Cities

**ATTACHMENT 12**

**THERE ARE NO EXISTING IMPROVEMENTS AT THE SITE.**

**ATTACHMENT 13**

**NOT APPLICABLE.**

ATTACHMENT 14

**Employment and Wage Calculations**

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2012	1st	Reagan	Private	All Industries	\$ 1,089
2012	2nd	Reagan	Private	All Industries	\$ 1,077
2012	3rd	Reagan	Private	All Industries	\$ 1,013
2011	4th	Reagan	Private	All Industries	\$ 1,103

(Mean Avg.) \$ 1,070.50  
110%

\$ 1,177.55 110% of County Average Weekly Wage for All Jobs

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2012	1st	Reagan	Private	Manufacturing	\$ -
2012	2nd	Reagan	Private	Manufacturing	\$ -
2012	3rd	Reagan	Private	Manufacturing	\$ -
2011	4th	Reagan	Private	Manufacturing	\$ -

(Mean Avg.) \$ -  
110%

\$ - 110% of County Average Weekly Wage for Manufacturing Jobs  
UNAVAILABLE

Concho Valley Council of Governments Annual Wage (as of July 2012) \$ 33,123  
110%

\$ 36,435.30 110% of County Average Annual Wage for Manufacturing Jobs  
\$ 700.68 110% of County Average Weekly Wage for Manufacturing Jobs

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

ATTACHMENT 14

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	County	Industry	Level	Industry	Avg Weekly Wage
2012	1st Qtr	Reagan County	Private	00	0	10	Total, All Industries \$1,089
2012	2nd Qtr	Reagan County	Private	00	0	10	Total, All Industries \$1,077
2012	3rd Qtr	Reagan County	Private	00	0	10	Total, All Industries \$1,013
2011	4th Qtr	Reagan County	Private	00	0	10	Total, All Industries \$1,103
2011	1st Qtr	Reagan County	Private	00	0	10	Total, All Industries \$947
2011	3rd Qtr	Reagan County	Private	00	0	10	Total, All Industries \$1,005
2011	2nd Qtr	Reagan County	Private	00	0	10	Total, All Industries \$988

## ATTACHMENT 14

**2011 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$22.89	\$47,610
<u>1. Panhandle Regional Planning Commission</u>	\$19.32	\$40,196
<u>2. South Plains Association of Governments</u>	\$16.45	\$34,210
<u>3. NORTEX Regional Planning Commission</u>	\$18.14	\$37,733
<u>4. North Central Texas Council of Governments</u>	\$24.03	\$49,986
<u>5. Ark-Tex Council of Governments</u>	\$16.52	\$34,366
<u>6. East Texas Council of Governments</u>	\$18.27	\$37,995
<u>7. West Central Texas Council of Governments</u>	\$17.76	\$36,949
<u>8. Rio Grande Council of Governments</u>	\$15.69	\$32,635
<u>9. Permian Basin Regional Planning Commission</u>	\$21.32	\$44,349
<u>10. Concho Valley Council of Governments</u>	\$15.92	\$33,123
<u>11. Heart of Texas Council of Governments</u>	\$18.82	\$39,150
<u>12. Capital Area Council of Governments</u>	\$26.46	\$55,047
<u>13. Brazos Valley Council of Governments</u>	\$15.71	\$33,718
<u>14. Deep East Texas Council of Governments</u>	\$15.48	\$32,207
<u>15. South East Texas Regional Planning Commission</u>	\$28.23	\$58,724
<u>16. Houston-Galveston Area Council</u>	\$25.82	\$53,711
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.38	\$42,391
<u>18. Alamo Area Council of Governments</u>	\$18.00	\$37,439
<u>19. South Texas Development Council</u>	\$13.85	\$28,806
<u>20. Coastal Bend Council of Governments</u>	\$22.35	\$46,489
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.08	\$31,365
<u>22. Texoma Council of Governments</u>	\$20.76	\$43,190
<u>23. Central Texas Council of Governments</u>	\$16.17	\$33,642
<u>24. Middle Rio Grande Development Council</u>	\$13.65	\$28,382

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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.

## **ATTACHMENT 15**

**DCP OFFERS MEDICAL, DENTAL AND VISION PLANS. DCP ALSO OFFERS 401(K) AND RETIREMENT PLANS, LIFE INSURANCE, SHORT AND LONG TERM DISABILITY INSURANCE, EDUCATION ASSISTANCE, SCHOLARSHIP PROGRAM, HOLIDAYS AND VACATION, A WELLNESS PROGRAM, MATCHING GIFTS, AND A SHORT TERM INCENTIVE PLAN.**

**ATTACHMENT 16**

**NOT APPLICABLE**

Schedule A (Rev. May 2010): Investment

Applicant Name DCP MIDSTREAM LP

ISD Name REAGAN INDEPENDENT SCHOOL DISTRICT

Form 50-296

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 The amount of new investment (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 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)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)								\$ -
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2013-2014	2013	\$ -				\$ -
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)		2013-2014	2013	\$ 28,000,000.00		\$ 28,000,000.00		\$ 28,000,000.00
Complete tax years of qualifying time period		1	2014-2015	2014	\$ 52,000,000.00		\$ 52,000,000.00		\$ 52,000,000.00
		2	2015-2016	2015	\$ -		\$ -		\$ -
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	\$ -				\$ -
		4	2017-2018	2017	\$ -				\$ -
		5	2018-2019	2018	\$ -				\$ -
		6	2019-2020	2019	\$ -				\$ -
		7	2020-2021	2020	\$ -				\$ -
		8	2021-2022	2021	\$ -				\$ -
		9	2022-2023	2022	\$ -				\$ -
		10	2023-2024	2023	\$ -				\$ -
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	\$ -				\$ -
		12	2025-2026	2025	\$ -				\$ -
		13	2026-2027	2026	\$ -				\$ -
Post- Settle-Up Period		14	2027-2028	2027	\$ -				\$ -
Post- Settle-Up Period		15	2028-2029	2028	\$ -				\$ -

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A)(D)

the facility

ws as needed

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

Applicant Name **DCP MIDSTREAM LP**  
 ISD Name **REAGAN INDEPENDENT SCHOOL DISTRICT**

Form 50-296

39

		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"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O—after all reductions
		pre- year 1	2013-2014	2013	\$ 22,830	\$ -	\$ -	\$ -	\$ 22,830	\$ 22,830
	Complete tax years of qualifying time period	1	2014-2015	2014	\$ 22,830	\$ -	\$ 28,000,000	\$ -	\$ 28,022,830	\$ 28,022,830
		2	2015-2016	2015	\$ 22,830	\$ -	\$ 76,000,000	\$ 3,800,000	\$ 72,222,830	\$ 72,222,830
	Tax Credit Period (with 50% cap on credit)	3	2016-2017	2016	\$ 22,830	\$ -	\$ 71,200,000	\$ 3,560,000	\$ 67,662,830	\$ 20,000,000
		4	2017-2018	2017	\$ 22,830	\$ -	\$ 64,000,000	\$ 3,200,000	\$ 60,822,830	\$ 20,000,000
		5	2018-2019	2018	\$ 22,830	\$ -	\$ 60,000,000	\$ 3,000,000	\$ 57,022,830	\$ 20,000,000
		6	2019-2020	2019	\$ 22,830	\$ -	\$ 55,200,000	\$ 2,760,000	\$ 52,462,830	\$ 20,000,000
		7	2020-2021	2020	\$ 22,830	\$ -	\$ 51,200,000	\$ 2,560,000	\$ 48,662,830	\$ 20,000,000
		8	2021-2022	2021	\$ 22,830	\$ -	\$ 48,000,000	\$ 2,400,000	\$ 45,622,830	\$ 20,000,000
		9	2022-2023	2022	\$ 22,830	\$ -	\$ 45,600,000	\$ 2,280,000	\$ 43,342,830	\$ 20,000,000
		10	2023-2024	2023	\$ 22,830	\$ -	\$ 44,000,000	\$ 2,200,000	\$ 41,822,830	\$ 20,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	\$ 22,830	\$ -	\$ 40,000,000	\$ 2,000,000	\$ 38,022,830	\$ 38,022,830
		12	2025-2026	2025	\$ 22,830	\$ -	\$ 42,680,000	\$ 2,134,000	\$ 40,568,830	\$ 40,568,830
		13	2026-2027	2026	\$ 22,830	\$ -	\$ 41,399,600	\$ 2,069,980	\$ 39,352,450	\$ 39,352,450
Post- Settle-Up Period		14	2027-2028	2027	\$ 22,830	\$ -	\$ 40,157,612	\$ 2,007,881	\$ 38,172,561	\$ 38,172,561
Post- Settle-Up Period		15	2028-2029	2028	\$ 22,830	\$ -	\$ 38,952,884	\$ 1,947,644	\$ 37,028,069	\$ 37,028,069

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 OF AUTHORIZED COMPANY REPRESENTATIVE

3-8-13  
 \_\_\_\_\_  
 DATE

**Schedule C- Application: Employment Information**

Applicant Name  
ISD Name

DCP MIDSTREAM LP  
REAGAN INDEPENDENT SCHOOL DISTRICT

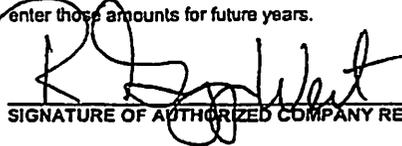
Form 50-296

40

		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	2013-2014	2013	84,833 hrs	\$25/hr	0	\$ 36,500.00	0	\$ 36,500.00	
	Complete tax years of qualifying time period	1	2014-2015	2014	169,667 hrs	\$25/hr	10	\$ 36,500.00	10	\$ 36,500.00	
		2	2015-2016	2015			10	\$ 36,500.00	10	\$ 36,500.00	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016			10	\$ 36,500.00	10	\$ 36,500.00
			4	2017-2018	2017			10	\$ 36,500.00	10	\$ 36,500.00
			5	2018-2019	2018			10	\$ 36,500.00	10	\$ 36,500.00
			6	2019-2020	2019			10	\$ 36,500.00	10	\$ 36,500.00
			7	2020-2021	2020			10	\$ 36,500.00	10	\$ 36,500.00
			8	2021-2022	2021			10	\$ 36,500.00	10	\$ 36,500.00
			9	2022-2023	2022			10	\$ 36,500.00	10	\$ 36,500.00
			10	2023-2024	2023			10	\$ 36,500.00	10	\$ 36,500.00
	Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024			10	\$ 36,500.00	10	\$ 36,500.00
			12	2025-2026	2025			10	\$ 36,500.00	10	\$ 36,500.00
			13	2026-2027	2026			10	\$ 36,500.00	10	\$ 36,500.00
	Post- Settle-Up Period		14	2027-2028	2027			10	\$ 36,500.00	10	\$ 36,500.00
	Post- Settle-Up Period		15	2028-2029	2028			10	\$ 36,500.00	10	\$ 36,500.00

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.

  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

3-8-13  
DATE

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

Applicant Name **DCP MIDSTREAM LP**

ISD Name **REAGAN INDEPENDENT SCHOOL Form 50-296**

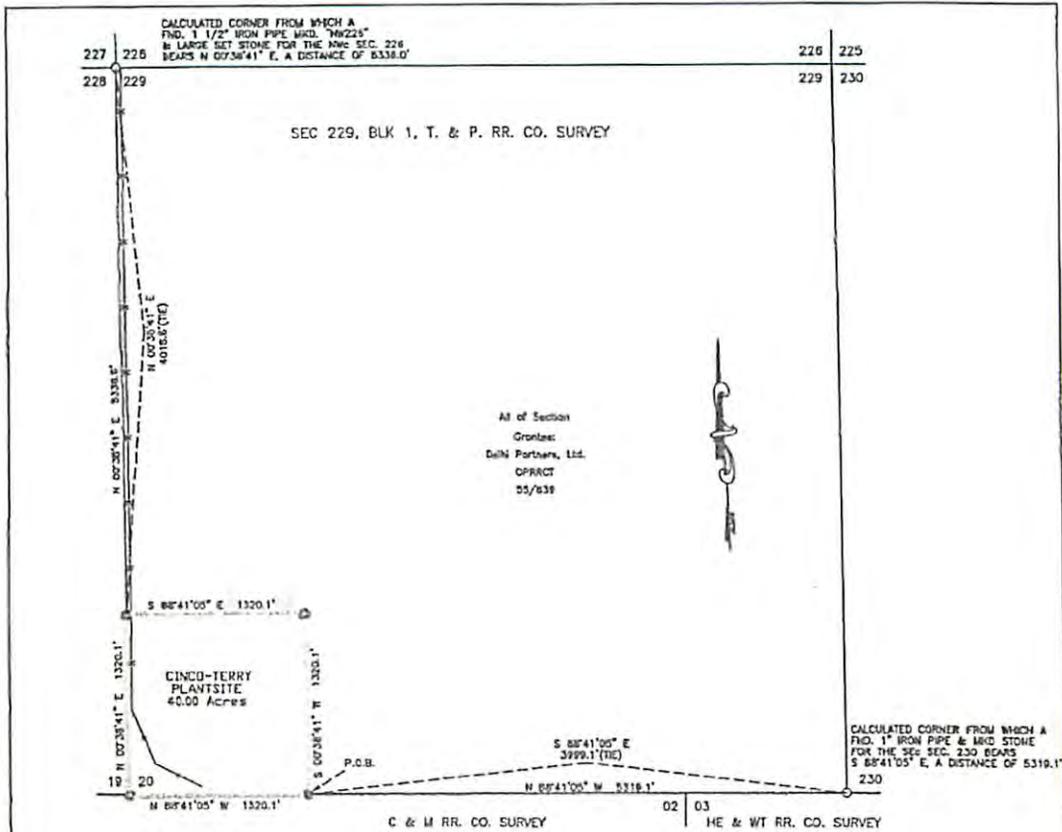
					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate 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	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2012-2013	2013	\$ 50,000	\$ 100,050,000	\$ 5,300,000				
	Complete tax years of qualifying time period	1	2013-2014	2014	\$ 100,000	\$ -	\$ 5,300,000				
		2	2014-2015	2015	\$ 100,000	\$ -	\$ 5,300,000	70			
		3	2015-2016	2016	\$ 100,000	\$ -	\$ 5,300,000	70			
		4	2016-2017	2017	\$ 100,000	\$ -	\$ 5,300,000	70			
		5	2017-2018	2018	\$ 100,000	\$ -	\$ 5,300,000	70			
		6	2018-2019	2019	\$ 100,000	\$ -	\$ 5,300,000	70			
		7	2019-2020	2020	\$ 100,000	\$ -	\$ 5,300,000	70			
		8	2020-2021	2021	\$ 100,000	\$ -	\$ 5,300,000	70			
		9	2021-2022	2022	\$ 100,000	\$ -	\$ 5,300,000				
		10	2022-2023	2023	\$ 100,000	\$ -	\$ 5,300,000				
		11	2023-2024	2024	\$ 100,000	\$ -	\$ 5,300,000				
		12	2024-2025	2025	\$ 100,000	\$ -	\$ 5,300,000				
		13	2025-2026	2026	\$ 100,000	\$ -	\$ 5,300,000				
	Post-Settle-Up Period	14	2026-2027	2027	\$ 100,000	\$ -	\$ 5,300,000				
	Post-Settle-Up Period	15	2027-2028	2028	\$ 100,000	\$ -	\$ 5,300,000				

\*For planning, construction and operation of the facility.

  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

3-8-13  
DATE

41



**FIELD NOTE DESCRIPTION**

BEING A 40.00 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELHI PARTNERS, LTD RECORDED IN VOLUME 55, PAGE 839, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO. OF MIDLAND" SET FOR THE SOUTHWEST CORNER OF THIS TRACT IN THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02, C. & M. RR. CO. FROM WHICH THE CALCULATED SOUTHWEST CORNER OF SAID SECTION 229 BEARS S 88°41'05" E, A DISTANCE OF 1320.1 FEET, FROM SAID CALCULATED CORNER A FOUND 1" IRON PIPE & MKD. STONE FOR THE SOUTHWEST CORNER OF SECTION 228 FOR THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE SOUTHWEST CORNER OF SAID SECTION 229 AND THE SOUTHWEST CORNER OF SAID SECTION 228 FOR THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 00°38'41" E, WITH THE WEST LINE OF SECTION 229 AND THE EAST LINE OF SECTION 228 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHWEST CORNER OF THIS TRACT FROM WHICH THE CALCULATED NORTHWEST CORNER OF SAID SECTION 229 BEARS N 00°38'41" E, A DISTANCE OF 4018.6 FEET FROM SAID CALCULATED CORNER A FOUND 1 1/2" IRON PIPE MKD. "W2226" & LARGE SET STONE BEARS N 00°38'41" E, A DISTANCE OF 4018.6 FEET;

THENCE S 88°41'05" E, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHEAST CORNER OF THIS TRACT;

THENCE S 00°38'41" W, A DISTANCE OF 1320.1 FEET TO THE POINT OF BEGINNING AND CONTAINING 40.00 ACRES OF LAND.

**NOTE:**

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM NAD 83, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
- SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\WADE\DCP\REAGAN COUNTY\REAGAN COUNTY BASE NAD83CTC.DWG

**LEGEND**

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊕ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- - Denotes Fence
- - Denotes Obsolete Boundary Line
- - Denotes Old Survey Line



CORRECTED PLAT AND DESCRIPTION

I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

- WADE MERTZ TEXAS R.P.L.S. No. 4082
- MACON McDONALD TEXAS R.P.L.S. No. 4398
- MARCUS L. HOSTAS TEXAS R.P.L.S. No. 5643
- J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011
- R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

**WEST COMPANY OF MIDLAND, INC.**  
 110 W. LOUISIANA AVE, STE. 110  
 MIDLAND TEXAS, 79701  
 (432) 687-0865 - FAX: (432) 687-0868

<b>DCP MIDSTREAM</b>	
SURVEY 40.00 ACRE TRACT CINCO-TERRY PLANTSITE ABST# A-573 Located in Section 229, Block 1, T. & P. RR. CO. SURVEY REAGAN COUNTY, TEXAS	
Drawn By: TDD	Date: December 16, 2012
Scale: 1"=1000'	Field Book: DCP 58/3
Revision Date:	AFE #: 121130N01
W.O. No: 2012-2011	Dwg. No.: T:\DCP\...2012-2011.dwg

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TDD

THE STATE OF TEXAS           §  
  §  
COUNTY OF REAGAN           §

The Commissioners Court of Reagan County, Texas (the "Commissioners Court"), acting for and on behalf of Reagan County convened in regular session at a regular term of said Court, open to the public, on the 9<sup>th</sup> day of July, 2012, in the Commissioners Court meeting room on the first floor of the Reagan County Courthouse, Big Lake, Texas.

**WHEREUPON**, among other business, the following was transacted at said meeting:

**ORDER DESIGNATING REAGAN COUNTY DCP REINVESTMENT ZONE**

The Order was duly introduced for the consideration of the Commissioners Court and reviewed in full. It was then duly moved and seconded that the Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried by the following vote:

AYES:           ✓ 4            
NOES:           0          

The presiding officer thereupon announced that the Motion had duly and lawfully carried and that the Order had been duly and lawfully adopted. The Order thus adopted as follows:

**ORDER DESIGNATING REAGAN COUNTY DCP REINVESTMENT ZONE**

**WHEREAS**, the County Commissioners Court passed and approved Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created in Reagan County, Texas, on June 8, 2012;

**WHEREAS**, pursuant to the Guidelines, the County has received a request for designation of a Reinvestment Zone and Tax Abatement;

**WHEREAS**, notice was given to all taxing entities where the proposed zone is to be located, which does not include area in the taxing jurisdiction of a municipality;

**WHEREAS**, after proper notice had been given in the June 28, 2012, edition of the Big Lake Wildcat, the County has held a public hearing on July 9, 2012, where all interested persons were given an opportunity to speak, and evidence for and against the designation of Reagan County DCP Reinvestment Zone, ("DCP Reinvestment Zone") was gathered;

**WHEREAS**, the County Commissioners Court has determined, based on evidence gathered, that the improvements sought to be located in proposed DCP Reinvestment Zone are

feasible and practical and would attract major investment in the DCP Reinvestment Zone and be a benefit to the land to be included in the DCP Reinvestment Zone; and

**WHEREAS**, the designation of DCP Reinvestment Zone will reasonably likely contribute to the retention or expansion of primary employment, increase business opportunities in Reagan County and contribute to the economic development of both the property in DCP Reinvestment Zone and to Reagan County;

**NOW THEREFORE, BE IT ORDERED BY THE COUNTY COMMISSIONERS COURT OF REAGAN COUNTY:**

**SECTION ONE**

That the findings and provisions set out in the preamble of this Order are hereby found to be true and correct, and are made a part of this Order for all purposes.

**SECTION TWO**

That Reagan County DCP Reinvestment Zone is hereby designated pursuant to the Guidelines for the purpose of encouraging economic development in Reagan County through tax abatement.

**SECTION THREE**

This designation shall be effective for five (5) years from the date of final passage of this Order and may be renewed for five (5) year periods thereafter.

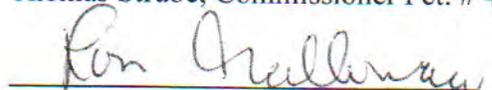
**SECTION FOUR**

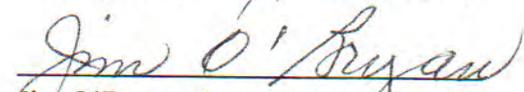
The tract described in Exhibit A is to be designated as DCP Reinvestment Zone.

**PASSED AND APPROVED** this the 9<sup>th</sup> day of July, 2012

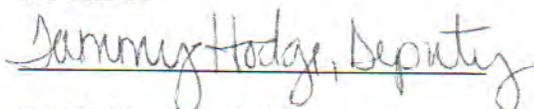
  
\_\_\_\_\_  
Thomas Strube, Commissioner Pct. # 4

  
\_\_\_\_\_  
Tommy Holt, Commissioner Pct. # 3

  
\_\_\_\_\_  
Ron Galloway, Commissioner Pct. # 2

  
\_\_\_\_\_  
Jim O'Bryan, Commissioner Pct. # 1

**ATTEST:**

  
\_\_\_\_\_  
Teri Pullig, County Clerk

-Exhibit A-

*Reagan County, Texas*  
*Reinvestment Zone Public Hearing Notice*  
*July 9, 2012, 8:30 a.m.*  
*Commissioners Court Meeting Room – Reagan County Courthouse*

The Commissioners Court of Reagan County, will conduct a public hearing Monday, July 9, 2012, at 8:30 a.m. in the Commissioners Court meeting room on the first floor of the Reagan County Courthouse located at 300 N. Plaza Avenue, to receive input concerning the adoption of an order to designate a reinvestment zone authorized by Chapter 312, Tax Code.

The feasibility and practicality of the improvements, benefit to the zone, and criteria that makes the area eligible as a reinvestment zone will be discussed at the public hearing. All interested parties are encouraged to attend and present their views.

The property being considered for designation as a reinvestment zone is described as follows:

A 40.0 acre tract out of Section No. 229, Block 1, T. & P. RR. Co. Survey, Reagan County, Texas, and being out of a tract conveyed to Delhi Partners, Ltd., a Texas Limited Partnership, recorded in Volume 55, Page 839, Official Public Records, Reagan County, Texas, said 40.0 acre tract being more particularly described as follows:

BEGINNING at a set ½ inch iron rod with plastic cap marked “West Co. Midland” at the south west corner of the tract, same being the southwest corner of said Section No. 229, and being the southeast corner of Section No. 228;

THENCE North 00 degrees 38 minutes 57 seconds East, along the west line of Section No. 229, a distance of 1,319.76 feet to a set ½ inch iron rod with a plastic cap marked “West Co. Midland” for the northwest corner of this tract;

THENCE South 88 degrees 42 minutes 19 seconds East a Distance of 1,319.68 feet to a set ½ inch iron rod with plastic cap marked “West Co. Midland” for the northeast corner of this tract;

THENCE South 00 degrees 38 minutes 57 seconds West a Distance of 1,319.76 feet to a set ½ inch iron rod with a plastic cap marked “West Co. Midland” in the south line of said Section No. 229 for the southeast corner of this tract;

THENCE North 88 degrees 42 minutes 19 seconds West, along the south line of said Section No. 229, a distance of 1,319.68 feet to the Point of Beginning containing 40.0 acres.

**At said time and place, any and all such interested persons shall have the right to appear and be heard concerning the proposed designation of the reinvestment zone. Of all matters and things, all persons interested in the things and matter herein will take notice.**

Amendment No. 001

Attachment 23

*Reagan County, Texas*  
*Reinvestment Zone*

The property being considered for designation as a reinvestment zone is described as follows:

A 40.0 acre tract out of Section No. 229, Block 1, T. & P. RR. Co. Survey, Reagan County, Texas, and being out of a tract conveyed to Delhi Partners, Ltd., a Texas Limited Partnership, recorded in Volume 55, Page 839, Official Public Records, Reagan County, Texas, said 40.0 acre tract being more particularly described as follows:

BEGINNING at a set ½ inch iron rod with plastic cap marked “West Co. Midland” at the south west corner of the tract, same being the southwest corner of said Section No. 229, and being the southeast corner of Section No. 228;

THENCE North 00 degrees 38 minutes 57 seconds East, along the west line of Section No. 229, a distance of 1,319.76 feet to a set ½ inch iron rod with a plastic cap marked “West Co. Midland” for the northwest corner of this tract;

THENCE South 88 degrees 42 minutes 19 seconds East a Distance of 1,319.68 feet to a set ½ inch iron rod with plastic cap marked “West Co. Midland” for the northeast corner of this tract;

THENCE South 00 degrees 38 minutes 57 seconds West a Distance of 1,319.76 feet to a set ½ inch iron rod with a plastic cap marked “West Co. Midland” in the south line of said Section No. 229 for the southeast corner of this tract;

THENCE North 88 degrees 42 minutes 19 seconds West, along the south line of said Section No. 229, a distance of 1,319.68 feet to the Point of Beginning containing 40.0 acres.

ATTACHMENT 24

REAGAN COUNTY  
STATE OF TEXAS

TAX ABATEMENT GUIDELINES AND CRITERIA

The following Guidelines and Criteria have been adopted by the Reagan County Commissioners' Court to establish a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long-term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property, except as otherwise provided.

In order to be eligible for designation as a Reinvestment Zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Reagan County of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) of new jobs will also factor into the decision to grant an abatement; and,
2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Reagan County to another.

In addition to the criteria set forth above, the Reagan County Commissioners' Court reserves the right to negotiate a Tax Abatement Agreement in order to compete favorably with other communities.

Only that increase in the fair market of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the Reinvestment Zone.

All abatement contracts will be no longer than allowed by law.

It is the goal of Reagan County to grant tax abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Reagan County Commissioners' Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of the date adopted by the Reagan County Commissioners' Court and shall at all times be kept current with regard to the needs of Reagan County and reflective of the official views of the County Commissioners' Court. These Guidelines and Criteria shall be reviewed

every two (2) years.

The adoption of these guidelines and criteria by the Reagan County Commissioners' Court does not:

1. Limit the discretion of the governing body to decide whether to enter into a specific Tax Abatement Agreement;
2. Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or,
3. Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

DEFINITIONS - SECTION I

- A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Reagan County or the City of Big Lake for economic development purposes.
- B. "Agreement" means a contractual agreement between a property owner and/or lessee and Reagan County.
- C. "Apartment Complex" means a multi-unit dwelling made up of more than four living units which may be contained in a single or in multiple structures.
- D. "Base Year Value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement.
- E. "Deferred Maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology.
- F. "Eligible Facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting the abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Reagan County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Reagan County such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to, hotels, apartment complexes, and office buildings.

- G. "Expansion" means the addition of building structures, machinery, equipment or payroll for purposes of increasing production capacity.
- H. "Facility" means property improvement(s) completed or in the process of construction which together comprise an interregional whole.
- I. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.
- J. "New Facility" means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- K. "Productive Life" means the number of years property improvement(s) is/are expected to be in service in a facility.

#### ABATEMENT AUTHORIZED - SECTION II

- A. Eligible Facilities. Upon application, eligible facilities shall be considered for tax abatement as hereinafter provided.
- B. Creation of New Values. Abatement may only be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an abatement agreement between Reagan County and the property owner or lessee, subject to such limitations as Reagan County may require.
- C. New and Existing Facilities. Abatement may be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an abatement agreement between Reagan County and the property owner or lessee, subject to such limitations as Reagan County may require.
- D. Eligible Property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility.
- E. Ineligible Property. The following types of property shall be fully taxable and ineligible for tax abatement: Land; supplies; tools; furnishings, and other forms of movable personal property; single family housing; deferred maintenance; property to be rented (with the exception of an apartment complex) or leased, except as provided in Section II(F); property which has a productive life of less than 10 years.
- F. Owned/Leased Facilities. If a leased facility is granted abatement, the agreement shall be

executed with the lessor and the lessee, except in the case of an apartment complex where the agreement shall be executed solely with the owner/lessor.

G. Economic Qualifications. In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

- (1) Must be reasonably expected to have an increase in positive net economic benefit to Reagan County of at least \$1,000,000.00 over the life of the abatement agreement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) of new jobs will also factor into the decision to grant an abatement; and
- (2) Must not be expected to solely or primarily have the effect of transferring employment from one part of Reagan County to another.

H. Standards for Tax Abatement. The following factors, among others, shall be considered in determining whether to grant tax abatement:

- (1) Value of existing improvements, if any;
- (2) Type and value of proposed improvements;
- (3) Productive life of proposed improvements;
- (4) Number of existing jobs to be retained by proposed improvements;
- (5) Number and type of new jobs to be created by proposed improvements;
- (6) Amount of local payroll to be created;
- (7) Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
- (8) Amount which property tax base valuation will be increased during the term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000.00;
- (9) The costs to be incurred by Reagan County to provide facilities directly resulting from the new improvements;
- (10) The amount of ad valorem taxes to be paid to Reagan County during the abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the abatement period, and (d) the value after expiration of the abatement period;

- (11) The population growth of Reagan County that occurs directly as a result of new improvements;
- (12) The types and values of public improvements, if any, to be made by applicant seeking abatement;
- (13) Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
- (14) The impact on the business opportunities of existing business;
- (15) The attraction of other new businesses to the area;
- (16) The overall compatibility with the zoning ordinances and comprehensive plan for the area;
- (17) Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

- I. Denial of Abatement. Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
  - (1) There would be substantial adverse effect on the provision of government services or tax base;
  - (2) The applicant has insufficient financial capacity;
  - (3) Planned or potential use of the property would constitute a hazard to public safety, health, or morals;
  - (4) Violation of other codes or laws; or
  - (5) Any other reason deemed appropriate by Reagan County.
- J. Taxability. From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:
  - (1) The value of ineligible property as provided in Section II (E) shall be fully taxable;

and

- (2) The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

#### APPLICATION - SECTION III

- A. Any present or potential owner of taxable property in Reagan County may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge of Reagan County.
- B. The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and property description; a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to this application. The completed application must be accompanied by the payment of a non-refundable application fee for administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee shall be made payable to Reagan County. For abatement requests for improvements with a planned value equal to or in excess of \$1,000,000.00 the fee shall be ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00).
- C. Reagan County shall give notice as provided by the Property Tax Code, including written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located, not later than seven (7) days before the public hearing, and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing before acting upon application, Reagan County shall, through public hearing, afford the applicant and the designated representative of any governing body referenced herein above, and the public the opportunity to show cause why the abatement should or should not be granted.
- D. If a city within Reagan County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of a taxable property, such present or potential owner of taxable property may request tax abatement by Reagan County by following the same application process described in Section III (A) hereof. No other notice of hearing shall be required except compliance with

the open meetings act unless the Commissioners' Court deems them necessary in a particular case.

#### AGREEMENT - SECTION IV

- A. After approval, the Commissioners' Court of Reagan County shall formally pass a resolution and execute an agreement with the owner of the facility and lessee as required which shall:
1. Include a list of the kind, number and location of all proposed improvements to the property;
  2. Provide access to and authorize inspection of the property by the taxing unit to insure compliance with the agreement;
  3. Limit the use of the property consistent with the taxing unit's development goals;
  4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;
  5. Include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the agreement to each taxing unit; and
  6. Allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement.
- B. The owner of the facility and Lessee shall also agree to the following:
1. A specified number of permanent full time jobs at facility shall be created, and the owner and Lessee shall make reasonable efforts to employ persons who are residents of Reagan County in such jobs, provided, however, that there shall be no obligation to employ residents who are not:
    - a. Equally or more qualified than nonresidents applicants;
    - b. Available for employment on terms and/or salaries comparable to those required by nonresident applicants; or
    - c. Able to become qualified with 72 hours training provided by Owner
  2. Each person employed in such job shall perform a portion, if not all, of their work in Reagan County

3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Reagan County businesses in the construction, operation and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Reagan County residents that are not:
  - a. Of similar quality to those provided by nonresidents; or
  - b. Made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.
4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individual who are interested in obtaining information about providing goods or services related to the construction of the project. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Reagan County for local contractors to perform work on the construction project
5. On May 1<sup>st</sup> of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Reagan County, and to the governing body of each taxing unit, that Owner is in compliance with each applicable term set fourth above.

Such agreement shall normally be executed within sixty (60) days after the applicant has forwarded all necessary information and documentation to the Commissioners' Court.

#### RECAPTURE - SECTION V

- A. In the event that the applicant or its assignee (1) allows its ad valorem taxes owed to Reagan County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.
- B. Should Reagan County determine that the applicant or its assignee is in default according to the terms and conditions of its agreement, Reagan County shall notify the company or individual in writing at the address stated in the agreement, and, if such is not cured within the time set forth in such notice ("Cure Period"), then the agreement may be terminated.

#### ADMINISTRATION - SECTION VI

- A. The Chief Appraiser of the Reagan County Appraisal District will annually determine an

assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners' Court of Reagan County of the amount of the assessment.

- B. Reagan County may execute a contract with any other jurisdiction(s) to inspect the facility to determine if the terms and conditions of the abatement agreement are being met. The abatement agreement shall stipulate that employees and/or designated representatives of Reagan 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 the giving of twenty-four (24) hours prior notice and will only be conducted in such a 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 or individual and in accordance with its safety standards.
- C. Upon completion of construction, the designated representative of Reagan County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners' Court.

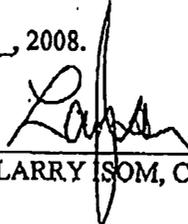
ASSIGNMENT - SECTION VII

The abatement agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners' Court of Reagan County, subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement and/or assumption agreement with Reagan County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably delayed or withheld.

SUNSET PROVISION - SECTION VIII

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years, unless amended by three-quarters vote of the Commissioners' Court of Reagan County, at which time all reinvestment zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the Guidelines and Criteria will be modified, renewed or eliminated.

ADOPTED on the \_\_\_\_\_ day of \_\_\_\_\_, 2008.

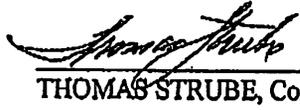
  
 \_\_\_\_\_  
 LARRY SOM, County Judge

03/05/2013  
10:52

  
JESSIE BARRERA, Commissioner

  
RON GALLOWAY, Commissioner

  
MIKEL JONES, Commissioner

  
THOMAS STRUBE, Commissioner

**APPLICATION (supplemental) FOR TAX ABATEMENT AND  
DESIGNATION OF REINVESTMENT ZONE  
REAGAN COUNTY**

Persons who wish to apply for tax abatement must complete this application and return a copy with supporting documents to each member of the Reagan County Commissioners' Court. At any time before the expiration of 60 days from the date of receipt, Reagan County will determine under the procedures described in Reagan County's Guidelines and Criteria for Granting Tax Abatements whether it will approve or deny the application and what additional action if any, is warranted.

Applicant name:

Applicant address & phone:

Applicant organization:

Type of business association:

\_\_\_\_\_ Corporation/Partnership \_\_\_\_\_ Proprietorship \_\_\_\_\_ Other

Organization address & phone:

Organization contact person's name:

Contact person's address & phone:

Proposed project or facility address:

1. Brief description of project or facility for which tax abatement is sought:
2. Does the project or facility fall under the definition of "eligible facilities" provided in Section I (F) of the Reagan County Guidelines and Criteria?
3. This application is for (choose one):  
\_\_\_\_\_ New plant \_\_\_\_\_ Expansion \_\_\_\_\_ Modernization
4. Please list all of the taxing jurisdictions in which the proposed project or facility is located:
5. What is the total estimated taxable value or total range of taxable values of the project or facility for which abatement is sought?

- 6. What will be the total estimated taxable value or total range of taxable values of the project or facility in the first year after the expiration of the abatement?
- 7. Please attach information describing how the proposed project or facility meets the minimum requirement for tax abatement outlined in the Guidelines & Criteria:
- 8. Please attach information on the following aspects of the proposed project or facility:
  - a) Current value of land and existing improvements, if any:
  - b) Type and value of proposed improvements:
  - c) Productive life of proposed improvements:
  - d) Impact of proposed improvements on existing jobs:
  - e) Number and type of new jobs, if any, to be created by proposed improvements:
  - f) Cost to be incurred by Reagan County, if any, to provide facilities or services directly resulting from the new improvements:
  - g) Types and values of public improvements, if any, to be made by any applicant seeking abatement:
  - h) Estimation of the amount of ad valorem property taxes to be paid to Reagan County after expiration of the abatement agreement:
  - i) The impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any:
  - j) The overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area: and
  - k) Whether the applicant's proposed facility or improvement or modernization is an industry which is new to Reagan County.
- 9. Please attach the following information to this application:
  - a) A map and description of the property for which abatement is sought:
  - b) A time schedule for completing the planned improvements: and
  - c) Basic financial information about yourself and your organization sufficient to enable evaluation of the applicant's financial capacity.

I attest that the information provided in this application is true and correct to the best of my knowledge.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Applicant Organization



## Franchise Tax Account Status

As of: 10/07/2013 08:38:12 AM

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

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<b>DCP MIDSTREAM, LP</b>	
Texas Taxpayer Number	18410411666
Mailing Address	3003 BREEZEWOOD LN NEENAH, WI 54956-9611
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	10/12/2000
Texas SOS File Number	0014097911
Registered Agent Name	CT CORPORATION SYSTEM
Registered Office Street Address	350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



June 20, 2013

Steve Long  
Superintendent  
Reagan County Independent School District  
1111 12<sup>th</sup> St.  
Big Lake, Texas 76932

Dear Superintendent Long:

On April 9, 2013, the Comptroller received the completed application (Application # 276) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in July 2012 to the Reagan County Independent School District (the school district) by DCP Midstream, LP (the applicant). 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.

The school district is currently classified as a rural school district in Category 2 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 (\$80 million) is consistent with the proposed appraised value limitation sought (\$20 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.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Reagan County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in 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 the applicant, the Comptroller's recommendation is that this 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

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<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

to only approve an application if the school district finds that the information in the application is true and correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared 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 April 9, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district 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 ten (10) days prior to the meeting scheduled by the school 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 Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto: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

**Economic Impact for Chapter 313 Project**

Applicant	DCP Midstream, LP
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Reagan County ISD
2011-12 Enrollment in School District	809
County	Reagan County
Total Investment in District	\$80,000,000
Qualified Investment	\$80,000,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	10
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$702
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$700
Minimum Annual Wage committed to by applicant for qualified jobs	\$36,500
Investment per Qualifying Job	\$8,000,000
Estimated 15 year M&O levy without any limit or credit:	\$7,818,943
Estimated gross 15 year M&O tax benefit	\$3,494,351
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):	\$3,338,162
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$662,702
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$4,480,781
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	42.7%
Percentage of tax benefit due to the limitation	81.0%
Percentage of tax benefit due to the credit	19.0%

This presents the Comptroller's economic impact evaluation of DCP Midstream, LP (the project) applying to Reagan County 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 10 new jobs when fully operational. All 10 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 Concho Valley Council of Governments Region, where Reagan County is located was \$33,123 in 2011. There is no annual average manufacturing wage for 2011-2012 for Reagan County. That same year, the county annual average wage for all industries was \$55,666. In addition to a salary of \$36,500, each qualifying position will receive medical, dental and vision plans, 401(k) and retirement plans, life insurance, short and long term disability insurance, education assistance, scholarship program, holidays and vacation, wellness program, matching gifts and a short term incentive plan. The project's total investment is \$80 million, resulting in a relative level of investment per qualifying job of \$8 million.

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

According to DCP Midstream, LP's application, "DCP Midstream is the largest producer of natural gas liquids in North America and has significant pipeline infrastructure throughout Texas. This infrastructure provides DCP Midstream with the flexibility and opportunity to invest in a variety of regions in Texas and its neighboring states. Currently, DCP Midstream owns and operates 62 plants in 26 states. Capital investment is granted to projects that generate the best economic return for DCP Midstream. Currently, several projects in Louisiana, New Mexico and Colorado are competing with Texas projects for company investment."

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

During the past two years, zero project in the Concho Valley Council of Governments 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 DCP Midstream, LP 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 DCP Midstream, LP'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 DCP Midstream, LP**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	41	46	87	\$2,120,825	\$2,879,175	\$5,000,000
2014	92	116	208	\$4,606,675	\$8,393,325	\$13,000,000
2015	10	39	49	\$365,000	\$3,635,000	\$4,000,000
2016	10	33	43	\$365,000	\$3,635,000	\$4,000,000
2017	10	29	39	\$365,000	\$2,635,000	\$3,000,000
2018	10	29	39	\$365,000	\$2,635,000	\$3,000,000
2019	10	27	37	\$365,000	\$2,635,000	\$3,000,000
2020	10	27	37	\$365,000	\$2,635,000	\$3,000,000
2021	10	29	39	\$365,000	\$3,635,000	\$4,000,000
2022	10	29	39	\$365,000	\$3,635,000	\$4,000,000
2023	10	31	41	\$365,000	\$3,635,000	\$4,000,000
2024	10	27	37	\$365,000	\$3,635,000	\$4,000,000
2025	10	31	41	\$365,000	\$3,635,000	\$4,000,000
2026	10	31	41	\$365,000	\$4,635,000	\$5,000,000
2027	10	31	41	\$365,000	\$4,635,000	\$5,000,000
2028	10	31	41	\$365,000	\$4,635,000	\$5,000,000

Source: CPA, REMI, DCP Midstream, LP

The statewide average ad valorem tax base for school districts in Texas was \$1.72 billion in 2011-2012. Reagan County ISD's ad valorem tax base in 2011-2012 was \$1.97 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Reagan County ISD's estimated wealth per WADA was \$1,401,913. 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 and Reagan County, with all property tax incentives sought being granted using estimated market value from DCP Midstream, LP's application. DCP Midstream, LP has applied for a value limitation under Tax Code Chapter 313 and tax abatement with the County. Table 3 illustrates the estimated tax impact of the DCP Midstream, LP project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Reagan County ISD I&S Levy	Reagan County ISD M&O Levy	Reagan County ISD M&O and I&S Tax Levies (Before Credit Credited)	Reagan County ISD M&O and I&S Tax Levies (After Credit Credited)	Reagan County Tax Levy	Estimated Total Property Taxes
				0.1000	1.1000			0.2491	
2014	\$28,022.830	\$28,022.830		\$28,023	\$308,251	\$336,274	\$336,274	\$69,805	\$406,079
2015	\$72,222.830	\$72,222.830		\$72,223	\$794,451	\$866,674	\$866,674	\$53,972	\$920,646
2016	\$67,662.830	\$20,000,000		\$67,663	\$220,000	\$287,663	\$287,663	\$50,564	\$338,227
2017	\$60,822.830	\$20,000,000		\$60,823	\$220,000	\$280,823	\$186,151	\$45,453	\$231,604
2018	\$57,022.830	\$20,000,000		\$57,023	\$220,000	\$277,023	\$182,351	\$42,613	\$224,964
2019	\$52,462.830	\$20,000,000		\$52,463	\$220,000	\$272,463	\$177,791	\$39,205	\$216,997
2020	\$48,662.830	\$20,000,000		\$48,663	\$220,000	\$268,663	\$173,991	\$36,366	\$210,357
2021	\$45,622.830	\$20,000,000		\$45,623	\$220,000	\$265,623	\$170,951	\$34,094	\$205,045
2022	\$43,342.830	\$20,000,000		\$43,343	\$220,000	\$263,343	\$168,671	\$107,967	\$276,638
2023	\$41,822.830	\$20,000,000		\$41,823	\$220,000	\$261,823	\$167,151	\$104,181	\$271,332
2024	\$38,022.830	\$38,022.830		\$38,023	\$418,251	\$456,274	\$456,274	\$94,715	\$550,989
2025	\$40,568.830	\$40,568.830		\$40,569	\$446,257	\$486,826	\$486,826	\$101,057	\$587,883
2026	\$39,352.450	\$39,352.450		\$39,352	\$432,877	\$472,229	\$472,229	\$98,027	\$570,256
2027	\$38,172.561	\$38,172.561		\$38,173	\$419,898	\$458,071	\$458,071	\$95,088	\$553,159
2028	\$37,028.069	\$37,028.069		\$37,028	\$407,309	\$444,337	\$444,337	\$92,237	\$536,574
						<b>Total</b>	<b>\$5,035,405</b>	<b>\$1,065,344</b>	<b>\$6,100,749</b>

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, DCP Midstream, LP

<sup>1</sup>Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Reagan County ISD I&S Levy	Reagan County ISD M&O Levy	Reagan County ISD M&O and I&S Tax Levies	Reagan County Tax Levy	Estimated Total Property Taxes	
				0.1000	1.1000		0.2491		
2014	\$28,022.830	\$28,022.830		\$28,023	\$308,251	\$336,274	\$69,805	\$406,079	
2015	\$72,222.830	\$72,222.830		\$72,223	\$794,451	\$866,674	\$179,907	\$1,046,581	
2016	\$67,662.830	\$67,662.830		\$67,663	\$744,291	\$811,954	\$168,548	\$980,502	
2017	\$60,822.830	\$60,822.830		\$60,823	\$669,051	\$729,874	\$151,510	\$881,384	
2018	\$57,022.830	\$57,022.830		\$57,023	\$627,251	\$684,274	\$142,044	\$826,318	
2019	\$52,462.830	\$52,462.830		\$52,463	\$577,091	\$629,554	\$130,685	\$760,239	
2020	\$48,662.830	\$48,662.830		\$48,663	\$535,291	\$583,954	\$121,219	\$705,173	
2021	\$45,622.830	\$45,622.830		\$45,623	\$501,851	\$547,474	\$113,646	\$661,120	
2022	\$43,342.830	\$43,342.830		\$43,343	\$476,771	\$520,114	\$107,967	\$628,081	
2023	\$41,822.830	\$41,822.830		\$41,823	\$460,051	\$501,874	\$104,181	\$606,055	
2024	\$38,022.830	\$38,022.830		\$38,023	\$418,251	\$456,274	\$94,715	\$550,989	
2025	\$40,568.830	\$40,568.830		\$40,569	\$446,257	\$486,826	\$101,057	\$587,883	
2026	\$39,352.450	\$39,352.450		\$39,352	\$432,877	\$472,229	\$98,027	\$570,256	
2027	\$38,172.561	\$38,172.561		\$38,173	\$419,898	\$458,071	\$95,088	\$553,159	
2028	\$37,028.069	\$37,028.069		\$37,028	\$407,309	\$444,337	\$92,237	\$536,574	
						<b>Total</b>	<b>\$8,529,756</b>	<b>\$1,770,635</b>	<b>\$10,300,392</b>

Source: CPA, DCP Midstream, LP

<sup>1</sup>Tax Rate per \$100 Valuation

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. "Table II" in this attachment shows the estimated M&O tax levy without the value limitation agreement would be \$6,991,737. The estimated gross M&O tax benefit, or levy loss, is \$3,494,351.

Attachment 3 is an economic overview of Reagan 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 50-206

Applicant Name: DCP MIDSTREAM LP  
 SD Name: REAGAN INDEPENDENT SCHOOL DISTRICT

PROPERTY INVESTMENT AMOUNTS										
(Estimated investment in each year. Do not put cumulative totals.)										
	Year	School Year (YYYY-YYYY)	Tax Year (FBI 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 nonmovable component amount (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)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -		
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -		
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -		
	Complete tax years of qualifying time period	1	2014-2015	2014	\$ 28,000,000.00	\$ -	\$ 28,000,000.00	\$ -	\$ 28,000,000.00	
		2	2015-2016	2015	\$ 52,000,000.00	\$ -	\$ 52,000,000.00	\$ -	\$ 52,000,000.00	
		3	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	
		4	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	
		5	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	
		6	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -	
		7	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -	
	Value Limitation Period	8	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -	
		9	2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -	
		10	2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -	
		11	2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -	
		12	2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -	
13		2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -		
Credit Settle-Up Period	Continue to Maintain Visible Presence	2027-2028	2027	\$ -	\$ -	\$ -	\$ -	\$ -		
	Post-Settle-Up Period	2028-2029	2028	\$ -	\$ -	\$ -	\$ -	\$ -		

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

Form 50-296

Applicant Name: DCP MIDSTREAM LP  
 ISD Name: REAGAN INDEPENDENT SCHOOL DISTRICT

Year	School Year (YYYY-YYYY)	Tax Year (FY in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O—after all reductions
			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 on the new improvement			
pre-year 1	2013-2014	2013	\$ 22,830	\$ -	\$ -	\$ -	\$ 22,830	\$ 22,830
1	2014-2015	2014	\$ 22,830	\$ -	\$ 28,000,000	\$ -	\$ 28,022,830	\$ 28,022,830
2	2015-2016	2015	\$ 22,830	\$ -	\$ 76,000,000	\$ 3,800,000	\$ 72,222,830	\$ 72,222,830
3	2016-2017	2016	\$ 22,830	\$ -	\$ 71,200,000	\$ 3,560,000	\$ 67,662,830	\$ 20,000,000
4	2017-2018	2017	\$ 22,830	\$ -	\$ 64,000,000	\$ 3,200,000	\$ 60,822,830	\$ 20,000,000
5	2018-2019	2018	\$ 22,830	\$ -	\$ 60,000,000	\$ 3,000,000	\$ 57,022,830	\$ 20,000,000
6	2019-2020	2019	\$ 22,830	\$ -	\$ 55,200,000	\$ 2,760,000	\$ 52,462,830	\$ 20,000,000
7	2020-2021	2020	\$ 22,830	\$ -	\$ 51,200,000	\$ 2,560,000	\$ 48,662,830	\$ 20,000,000
8	2021-2022	2021	\$ 22,830	\$ -	\$ 48,000,000	\$ 2,400,000	\$ 45,622,830	\$ 20,000,000
9	2022-2023	2022	\$ 22,830	\$ -	\$ 45,600,000	\$ 2,280,000	\$ 43,342,830	\$ 20,000,000
10	2023-2024	2023	\$ 22,830	\$ -	\$ 44,000,000	\$ 2,200,000	\$ 41,822,830	\$ 20,000,000
11	2024-2025	2024	\$ 22,830	\$ -	\$ 40,000,000	\$ 2,000,000	\$ 38,022,830	\$ 38,022,830
12	2025-2026	2025	\$ 22,830	\$ -	\$ 42,680,000	\$ 2,134,000	\$ 40,568,830	\$ 40,568,830
13	2026-2027	2026	\$ 22,830	\$ -	\$ 41,399,600	\$ 2,069,980	\$ 39,352,450	\$ 39,352,450
14	2027-2028	2027	\$ 22,830	\$ -	\$ 40,157,612	\$ 2,007,881	\$ 38,172,561	\$ 38,172,561
15	2028-2029	2028	\$ 22,830	\$ -	\$ 38,952,884	\$ 1,947,644	\$ 37,028,069	\$ 37,028,069

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 OF AUTHORIZED COMPANY REPRESENTATIVE \_\_\_\_\_ DATE 3-8-13



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

Applicant Name		DCP MIDSTREAM LP		ISD Name		REAGAN INDEPENDENT SCHOOL Form 50-296					
				Franchise Tax		Other Property Tax Abatements Sought					
				Sales Tax Information		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	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement		
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY									
	2012-2013	2013	\$ 50,000	\$ 100,050,000	\$ 5,300,000						
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)											
	1	2013-2014	\$ 100,000	\$ -	\$ 5,300,000						
	2	2014-2015	\$ 100,000	\$ -	\$ 5,300,000	70					
	3	2015-2016	\$ 100,000	\$ -	\$ 5,300,000	70					
	4	2016-2017	\$ 100,000	\$ -	\$ 5,300,000	70					
	5	2017-2018	\$ 100,000	\$ -	\$ 5,300,000	70					
	6	2018-2019	\$ 100,000	\$ -	\$ 5,300,000	70					
	7	2019-2020	\$ 100,000	\$ -	\$ 5,300,000	70					
	8	2020-2021	\$ 100,000	\$ -	\$ 5,300,000	70					
	9	2021-2022	\$ 100,000	\$ -	\$ 5,300,000						
	10	2022-2023	\$ 100,000	\$ -	\$ 5,300,000						
	11	2023-2024	\$ 100,000	\$ -	\$ 5,300,000						
	12	2024-2025	\$ 100,000	\$ -	\$ 5,300,000						
	13	2025-2026	\$ 100,000	\$ -	\$ 5,300,000						
	14	2026-2027	\$ 100,000	\$ -	\$ 5,300,000						
	15	2027-2028	\$ 100,000	\$ -	\$ 5,300,000						

\*For planning, construction and operation of the facility.

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 5-8-13

# Attachment 2

June 18, 2013

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 DCP Midstream LP project on the number and size of school facilities in Reagan County Independent School District (RCISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and conversations with the RCISD Superintendent Steve Long, the TEA has found that the DCP Midstream LP project would not have a significant impact on the number or size of school facilities in RCISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk

June 18, 2013

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 (TEA) has analyzed the revenue gains that would be realized by the proposed DCP Midstream LP project for the Reagan County Independent School District (RCISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Randy McDowell and Neal Brown and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the DCP Midstream LP project on RCISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk

**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with DCP Midstream, LP**

**Prepared by  
Randy McDowell, RTSBA  
&  
Neal Brown  
School Finance Consultants**

# **Reagan County ISD Financial Impact of Chapter 313 Agreement**

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## **Summary of Reagan County ISD Financial Impact of the Limited Appraised Value Application from DCP Midstream, LP**

### **Introduction**

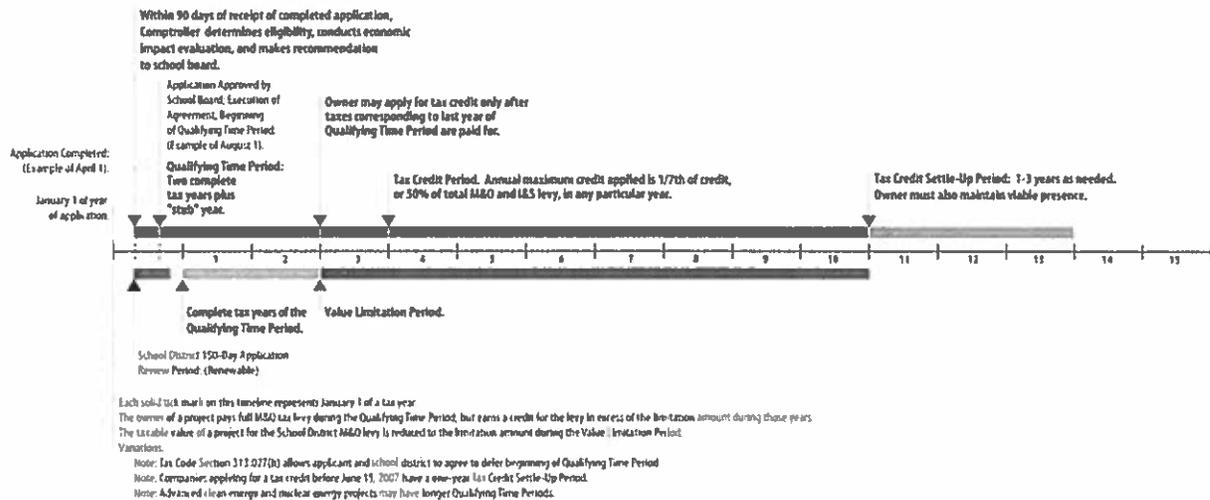
DCP Midstream, LP applied for a property value limitation from Reagan County Independent School District under Chapter 313 of the Tax Code. The application was submitted on March 18, 2013 and subsequently approved for consideration by the Reagan County ISD Board of Trustees. DCP Midstream, LP (“DCP Midstream”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company. The first two years of the agreement are considered the qualifying time period and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Reagan County ISD is considered a Rural category 2 District as categorized with total taxable value of industrial property of at least \$90 million but less than \$200 million, thus Reagan County ISD has a minimum qualified investment amount of \$20 million. A qualifying entity’s taxable

## Reagan County ISD Financial Impact of Chapter 313 Agreement

value would be reduced to \$20 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Reagan County ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

### Taxable Value Impact from LAVA

The “Additional Value from DCP Midstream” represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company’s taxable value will be limited to the \$20,000,000 minimum qualified investment of Reagan County ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From DCP Midstream	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	28,022,830	n/a	0	28,022,830
Jan. 1, 2015	72,222,830	n/a	0	72,222,830
Jan. 1, 2016	67,662,830	(20,000,000)	47,662,830	20,000,000
Jan. 1, 2017	60,822,830	(20,000,000)	40,822,830	20,000,000
Jan. 1, 2018	57,022,830	(20,000,000)	37,022,830	20,000,000
Jan. 1, 2019	52,462,830	(20,000,000)	32,462,830	20,000,000
Jan. 1, 2020	48,662,830	(20,000,000)	28,662,830	20,000,000
Jan. 1, 2021	45,622,830	(20,000,000)	25,622,830	20,000,000
Jan. 1, 2022	43,342,830	(20,000,000)	23,342,830	20,000,000
Jan. 1, 2023	41,822,830	(20,000,000)	21,822,830	20,000,000
Jan. 1, 2024	38,022,830	n/a	0	38,022,830
Jan. 1, 2025	40,568,830	n/a	0	40,568,830
Jan. 1, 2026	39,352,450	n/a	0	39,352,450

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## DCP Midstream's Tax Benefit from Agreement

The projected amount of the net tax savings for DCP Midstream is \$3.338 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Reagan County ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$1.10 for the life of this agreement.
- The district has outstanding bonds that are scheduled to payoff in 2027 and currently have a \$.14 I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.10	0.14	308,251	0	n/a	0	0
2015-2016	1.10	0.14	794,451	0	n/a	0	0
2016-2017	1.10	0.14	744,291	524,291	n/a	(39,540)	484,751
2017-2018	1.10	0.14	669,051	449,051	94,672	(22,247)	521,476
2018-2019	1.10	0.14	627,251	407,251	94,672	(20,764)	481,159
2019-2020	1.10	0.14	577,091	357,091	94,672	(17,917)	433,846
2020-2021	1.10	0.14	535,291	315,291	94,672	(15,879)	394,084
2021-2022	1.10	0.14	501,851	281,851	94,672	(14,285)	362,238
2022-2023	1.10	0.14	476,771	256,771	94,672	(13,134)	338,309
2023-2024	1.10	0.14	460,051	240,051	94,672	(12,425)	322,298
2024-2025	1.10	0.14	418,251	0	0	0	0
2025-2026	1.10	0.14	446,257	0	0	0	0
2026-2027	1.10	0.14	432,877	0	0	0	0
<b>Totals</b>			<b>6,991,737</b>	<b>2,831,649</b>	<b>662,702</b>	<b>(156,190)</b>	<b>3,338,162</b>

# Reagan County ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Reagan County ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the "Calculation of LAVA Impact on District's Finances" section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2012-2013 fiscal year) were used for state aid and recapture calculation purposes
  - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2012.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2012 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2012-2013 was increased by .25% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of DCP Midstream (Table III), the addition of DCP Midstream's taxable values without a Chapter 313 Agreement (Table IV), and the addition of DCP Midstream's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* DCP Midstream, LP:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2014-2015	2,525,000,000	22,389,175	1,748,185	19,274,069	4,863,291	5,278,109	10,141,399
2015-2016	2,550,250,000	22,613,067	1,753,806	19,521,850	4,845,023	5,330,890	10,175,913
2016-2017	2,575,752,500	22,839,197	1,759,440	19,770,617	4,828,020	5,384,198	10,212,219
2017-2018	2,601,510,025	23,067,589	1,765,089	20,021,990	4,810,688	5,438,040	10,248,729
2018-2019	2,627,525,125	23,298,265	1,770,752	20,275,995	4,793,022	5,492,421	10,285,443
2019-2020	2,653,800,377	23,531,248	1,776,429	20,532,658	4,775,019	5,547,345	10,322,364
2020-2021	2,680,338,380	23,766,560	1,782,120	20,792,005	4,756,675	5,602,819	10,359,493
2021-2022	2,707,141,764	24,004,226	1,787,825	21,054,065	4,737,985	5,658,847	10,396,832
2022-2023	2,734,213,182	24,244,268	1,793,544	21,318,865	4,718,948	5,715,435	10,434,383
2023-2024	2,761,555,314	24,486,711	1,799,278	21,586,432	4,699,557	5,772,590	10,472,147
2024-2025	2,789,170,867	24,731,578	1,805,027	21,856,795	4,679,810	5,830,315	10,510,125
2025-2026	2,817,062,575	24,978,894	1,810,789	22,129,981	4,659,702	5,888,619	10,548,321
2026-2027	2,845,233,201	25,228,683	1,816,566	22,406,019	4,639,230	5,947,505	10,586,735

## Reagan County ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with DCP Midstream, LP without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2014-2015	2,553,022,830	22,637,653	1,699,999	19,510,987	4,826,665	5,336,686	10,163,351
2015-2016	2,622,472,830	23,253,467	1,672,157	20,178,233	4,747,391	5,481,860	10,229,251
2016-2017	2,643,415,330	23,439,164	1,784,753	20,498,825	4,725,092	5,525,637	10,250,729
2017-2018	2,662,332,855	23,606,905	1,795,102	20,684,501	4,717,506	5,565,181	10,282,686
2018-2019	2,684,547,955	23,803,887	1,794,183	20,891,769	4,706,300	5,611,618	10,317,918
2019-2020	2,706,263,207	23,996,436	1,801,352	21,102,806	4,694,982	5,657,010	10,351,992
2020-2021	2,729,001,210	24,198,054	1,805,342	21,320,852	4,682,544	5,704,540	10,387,084
2021-2022	2,752,764,594	24,408,764	1,809,380	21,549,528	4,668,615	5,754,214	10,422,829
2022-2023	2,777,556,012	24,628,589	1,813,484	21,788,861	4,653,193	5,806,036	10,459,229
2023-2024	2,803,378,144	24,857,554	1,817,598	22,038,881	4,636,272	5,860,013	10,496,285
2024-2025	2,827,193,697	25,068,727	1,827,952	22,274,964	4,621,714	5,909,796	10,531,510
2025-2026	2,857,631,405	25,338,618	1,820,821	22,560,188	4,599,251	5,973,421	10,572,672
2026-2027	2,884,585,651	25,577,621	1,834,248	22,832,128	4,579,741	6,029,765	10,609,506

**TABLE V – District Revenues with DCP Midstream, LP with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment	Total District Revenue
							for District Losses	
2014-2015	2,553,022,830	22,637,653	1,699,999	19,509,378	4,828,275	5,336,686	0	10,164,960
2015-2016	2,622,472,830	23,253,467	1,672,157	20,178,233	4,747,391	5,481,860	0	10,229,251
2016-2017	2,595,752,500	23,016,537	1,886,106	20,117,460	4,785,183	5,426,005	39,540	10,250,729
2017-2018	2,621,510,025	23,244,929	1,779,636	20,243,973	4,780,592	5,479,847	22,247	10,282,686
2018-2019	2,647,525,125	23,475,605	1,785,330	20,498,009	4,762,927	5,534,228	20,764	10,317,918
2019-2020	2,673,800,377	23,708,588	1,791,040	20,754,704	4,744,924	5,589,152	17,917	10,351,992
2020-2021	2,700,338,380	23,943,900	1,796,763	21,014,083	4,726,580	5,644,625	15,879	10,387,084
2021-2022	2,727,141,764	24,181,566	1,802,501	21,276,176	4,707,891	5,700,654	14,285	10,422,829
2022-2023	2,754,213,182	24,421,608	1,808,253	21,541,008	4,688,854	5,757,242	13,134	10,459,229
2023-2024	2,781,555,314	24,664,051	1,814,019	21,808,607	4,669,463	5,814,396	12,425	10,496,285
2024-2025	2,827,193,697	25,068,727	1,782,939	22,224,837	4,626,828	5,909,796	0	10,536,624
2025-2026	2,857,631,405	25,338,618	1,820,821	22,560,188	4,599,251	5,973,421	0	10,572,672
2026-2027	2,884,585,651	25,577,621	1,834,248	22,832,128	4,579,741	6,029,765	0	10,609,506

# Reagan County ISD Financial Impact of Chapter 313 Agreement

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## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79<sup>th</sup> Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the new funding formulas, it is presumed that the majority of the district's revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently "held harmless" for the majority amount of loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the "hold harmless" provision is eliminated, then the company would be required to offset the district's losses as computed in Article III of the Agreement.

## Reagan County ISD Financial Impact of Chapter 313 Agreement

### Payments in Lieu of Taxes

Assuming that the District and DCP Midstream, LP mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Reagan County ISD by DCP Midstream, the projected amount of these payments over the life of the agreement is \$1,046,440 of the \$3.338 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

**TABLE VI - Calculation of the Payment in Lieu of Taxes:**

Fiscal Year	Net Tax Savings	Reagan County ISD \$100/ADA	DCP Midstream's Share
2014-2015	0	79,295	(79,295)
2015-2016	0	79,493	(79,493)
2016-2017	484,751	79,692	405,059
2017-2018	521,476	79,891	441,585
2018-2019	481,159	80,091	401,068
2019-2020	433,846	80,291	353,555
2020-2021	394,084	80,492	313,592
2021-2022	362,238	80,693	281,545
2022-2023	338,309	80,895	257,415
2023-2024	322,298	81,097	241,201
2024-2025	27,017	81,300	(81,300)
2025-2026	0	81,503	(81,503)
2026-2027	0	81,707	(81,707)
<b>Totals</b>	<b>3,338,162</b>	<b>1,046,440</b>	<b>2,291,722</b>

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
EE thru 5	40	800	428	372
6-8	18	324	178	146
9-12	30	540	237	303
<b>Total</b>	<b>88</b>	<b>1,664</b>	<b>843</b>	<b>821</b>

The building capacities are based on 20 students per classroom for the elementary campuses, 18 students for the middle and high school. Reagan County ISD is a early education through 12<sup>th</sup> grade district.

DCP Midstream, LP provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that ten full-time employees are expected. It is not known whether these would be new employees to the Reagan County ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new ten positions equates to 5 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Reagan County ISD as displayed in Table VII above.

# Reagan County ISD Financial Impact of Chapter 313 Agreement

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## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with DCP Midstream, LP, would be beneficial to both DCP Midstream and Reagan County ISD under the current school finance system.

DCP Midstream, LP would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, DCP Midstream is projected to benefit from a 61% tax savings over the first ten year period of this agreement. DCP Midstream also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Reagan County ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require DCP Midstream to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

# Attachment 3

## Reagan County

### Population

- Total county population in 2010 for Reagan County: 2,988 , down 1.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Reagan County was the state's 226th largest county in population in 2010 and the 247 th fastest growing county from 2009 to 2010.
- Reagan County's population in 2009 was 37.4 percent Anglo (below the state average of 46.7 percent), 3.4 percent African-American (below the state average of 11.3 percent) and 58.0 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Reagan County:
 

Big Lake:	2,604
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### Economy and Income

#### *Employment*

- September 2011 total employment in Reagan County: 2,594 , up 8.1 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 Reagan County unemployment rate: 3.1 percent, down from 3.5 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*

- Reagan County's ranking in per capita personal income in 2009: 91st with an average per capita income of \$34,731, down 11.0 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 Reagan County averaged \$21.09 million annually from 2007 to 2010. County total agricultural values in 2010 were up 53.9 percent from 2009. Major agriculture related commodities in Reagan County during 2010 included:
 

- Sheep	- Vegetables	- Other Beef	- Hunting	- Cotton
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- 2011 oil and gas production in Reagan County: 5.7 million barrels of oil and 28.4 million Mcf of gas. In September 2011, there were 4414 producing oil wells and 56 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 Reagan County during the fourth quarter 2010: \$19.24 million, up 53.9 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:
 

Big Lake:	\$17.08 million, up 53.2 percent from the same quarter in 2009.
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*Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)*

- Taxable sales in Reagan County through the fourth quarter of 2010: \$68.62 million, up 27.2 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:
 

Big Lake:	\$61.40 million, up 29.2 percent from the same period in 2009.
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*Annual (2010)*

- Taxable sales in Reagan County during 2010: \$68.62 million, up 27.2 percent from 2009.
- Reagan County sent an estimated \$4.29 million (or 0.03 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:
 

Big Lake:	\$61.40 million, up 29.2 percent from 2009.
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#### *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 Reagan County based on the sales activity month of August 2011: \$134,958.13, up 30.0 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
  - Big Lake:** \$134,958.13, up 30.0 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 Reagan County based on sales activity months from September 2010 through August 2011: \$1.27 million, up 30.3 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
  - Big Lake:** \$1.27 million, up 30.3 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 Reagan County based on sales activity months through August 2011: \$869,060.32, up 27.6 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
  - Big Lake:** \$869,060.32, up 27.6 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 Reagan County based on sales activity in the 12 months ending in August 2011: \$1.27 million, up 30.3 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
  - Big Lake:** \$1.27 million, up 30.3 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:
  - Big Lake:** \$1.08 million, up 30.4 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 Reagan County based on sales activity months in 2010: \$1.08 million, up 17.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
  - Big Lake:** \$1.08 million, up 17.9 percent from 2009.

**Property Tax**

- As of January 2009, property values in Reagan County: \$1.82 billion, down 7.5 percent from January 2008 values. The property tax base per person in Reagan County is \$604,943, above the statewide average of \$85,809. About 81.4 percent of the property tax base is derived from oil, gas and minerals.

**State Expenditures**

- Reagan County's ranking in state expenditures by county in fiscal year 2010: 236th. State expenditures in the county for FY2010: \$8.47 million, up 0.1 percent from FY2009.
- In Reagan County, 4 state agencies provide a total of 15 jobs and \$105,729.00 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
  - Department of Aging and Disability Services

## **Higher Education**

- Community colleges in Reagan County fall 2010 enrollment:
  - None.
  
- Reagan County is in the service area of the following:
  - Midland College with a fall 2010 enrollment of 6,344 . Counties in the service area include:
    - Crockett County
    - Midland County
    - Pecos County
    - Reagan County
    - Terrell County
  
- Institutions of higher education in Reagan County fall 2010 enrollment:
  - None.

## **School Districts**

- Reagan County had 1 school districts with 3 schools and 771 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.)
  - Reagan County ISD had 771 students in the 2009-10 school year. The average teacher salary was \$42,393. The percentage of students meeting the 2010 TAKS passing standard for all tests was 58 percent.

**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with DCP Midstream, LP**

Prepared by

**Randy McDowell, RTSBA**

**&**

**Neal Brown**

**School Finance Consultants**

**Summary of Reagan County ISD Financial Impact  
of the  
Limited Appraised Value Application  
from  
DCP Midstream, LP**

## **Introduction**

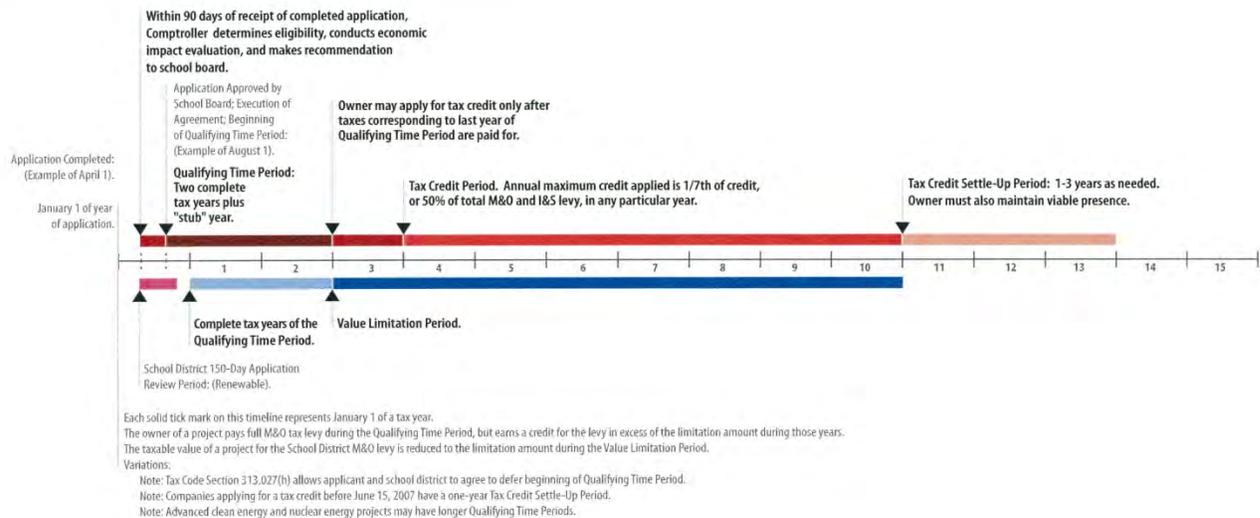
DCP Midstream, LP applied for a property value limitation from Reagan County Independent School District under Chapter 313 of the Tax Code. The application was submitted on March 18, 2013 and subsequently approved for consideration by the Reagan County ISD Board of Trustees. DCP Midstream, LP (“DCP Midstream”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company. The first two years of the agreement are considered the qualifying time period and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Reagan County ISD is considered a Rural category 2 District as categorized with total taxable value of industrial property of at least \$90 million but less than \$200 million, thus Reagan County ISD has a minimum qualified investment amount of \$20 million. A qualifying entity’s taxable

# Reagan County ISD Financial Impact of Chapter 313 Agreement

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value would be reduced to \$20 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Reagan County ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

## Taxable Value Impact from LAVA

The “Additional Value from DCP Midstream” represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company’s taxable value will be limited to the \$20,000,000 minimum qualified investment of Reagan County ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From DCP Midstream	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	28,022,830	n/a	0	28,022,830
Jan. 1, 2015	72,222,830	n/a	0	72,222,830
Jan. 1, 2016	67,662,830	(20,000,000)	47,662,830	20,000,000
Jan. 1, 2017	60,822,830	(20,000,000)	40,822,830	20,000,000
Jan. 1, 2018	57,022,830	(20,000,000)	37,022,830	20,000,000
Jan. 1, 2019	52,462,830	(20,000,000)	32,462,830	20,000,000
Jan. 1, 2020	48,662,830	(20,000,000)	28,662,830	20,000,000
Jan. 1, 2021	45,622,830	(20,000,000)	25,622,830	20,000,000
Jan. 1, 2022	43,342,830	(20,000,000)	23,342,830	20,000,000
Jan. 1, 2023	41,822,830	(20,000,000)	21,822,830	20,000,000
Jan. 1, 2024	38,022,830	n/a	0	38,022,830
Jan. 1, 2025	40,568,830	n/a	0	40,568,830
Jan. 1, 2026	39,352,450	n/a	0	39,352,450

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## DCP Midstream's Tax Benefit from Agreement

The projected amount of the net tax savings for DCP Midstream is \$3.338 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Reagan County ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$1.10 for the life of this agreement.
- The district has outstanding bonds that are scheduled to payoff in 2027 and currently have a \$.14 I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.10	0.14	308,251	0	n/a	0	0
2015-2016	1.10	0.14	794,451	0	n/a	0	0
2016-2017	1.10	0.14	744,291	524,291	n/a	(39,540)	484,751
2017-2018	1.10	0.14	669,051	449,051	94,672	(22,247)	521,476
2018-2019	1.10	0.14	627,251	407,251	94,672	(20,764)	481,159
2019-2020	1.10	0.14	577,091	357,091	94,672	(17,917)	433,846
2020-2021	1.10	0.14	535,291	315,291	94,672	(15,879)	394,084
2021-2022	1.10	0.14	501,851	281,851	94,672	(14,285)	362,238
2022-2023	1.10	0.14	476,771	256,771	94,672	(13,134)	338,309
2023-2024	1.10	0.14	460,051	240,051	94,672	(12,425)	322,298
2024-2025	1.10	0.14	418,251	0	0	0	0
2025-2026	1.10	0.14	446,257	0	0	0	0
2026-2027	1.10	0.14	432,877	0	0	0	0
<b>Totals</b>			<b>6,991,737</b>	<b>2,831,649</b>	<b>662,702</b>	<b>(156,190)</b>	<b>3,338,162</b>

# Reagan County ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Reagan County ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the “Calculation of LAVA Impact on District’s Finances” section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2012-2013 fiscal year) were used for state aid and recapture calculation purposes
  - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district’s tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2012.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2012 taxable value was used as a baseline for all projections
- The district’s enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2012-2013 was increased by .25% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of DCP Midstream (Table III), the addition of DCP Midstream's taxable values without a Chapter 313 Agreement (Table IV), and the addition of DCP Midstream's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* DCP Midstream, LP:**

Fiscal Year	Total Taxable Value	M&O Taxes			Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue	Recapture Amount	Harmless Revenue	Taxes > Comp Rate	
2014-2015	2,525,000,000	22,389,175	1,748,185	19,274,069	4,863,291	5,278,109	10,141,399
2015-2016	2,550,250,000	22,613,067	1,753,806	19,521,850	4,845,023	5,330,890	10,175,913
2016-2017	2,575,752,500	22,839,197	1,759,440	19,770,617	4,828,020	5,384,198	10,212,219
2017-2018	2,601,510,025	23,067,589	1,765,089	20,021,990	4,810,688	5,438,040	10,248,729
2018-2019	2,627,525,125	23,298,265	1,770,752	20,275,995	4,793,022	5,492,421	10,285,443
2019-2020	2,653,800,377	23,531,248	1,776,429	20,532,658	4,775,019	5,547,345	10,322,364
2020-2021	2,680,338,380	23,766,560	1,782,120	20,792,005	4,756,675	5,602,819	10,359,493
2021-2022	2,707,141,764	24,004,226	1,787,825	21,054,065	4,737,985	5,658,847	10,396,832
2022-2023	2,734,213,182	24,244,268	1,793,544	21,318,865	4,718,948	5,715,435	10,434,383
2023-2024	2,761,555,314	24,486,711	1,799,278	21,586,432	4,699,557	5,772,590	10,472,147
2024-2025	2,789,170,867	24,731,578	1,805,027	21,856,795	4,679,810	5,830,315	10,510,125
2025-2026	2,817,062,575	24,978,894	1,810,789	22,129,981	4,659,702	5,888,619	10,548,321
2026-2027	2,845,233,201	25,228,683	1,816,566	22,406,019	4,639,230	5,947,505	10,586,735

# Reagan County ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with DCP Midstream, LP without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes			Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue	State Revenue				
2014-2015	2,553,022,830	22,637,653	1,699,999	19,510,987	4,826,665	5,336,686	10,163,351	
2015-2016	2,622,472,830	23,253,467	1,672,157	20,178,233	4,747,391	5,481,860	10,229,251	
2016-2017	2,643,415,330	23,439,164	1,784,753	20,498,825	4,725,092	5,525,637	10,250,729	
2017-2018	2,662,332,855	23,606,905	1,795,102	20,684,501	4,717,506	5,565,181	10,282,686	
2018-2019	2,684,547,955	23,803,887	1,794,183	20,891,769	4,706,300	5,611,618	10,317,918	
2019-2020	2,706,263,207	23,996,436	1,801,352	21,102,806	4,694,982	5,657,010	10,351,992	
2020-2021	2,729,001,210	24,198,054	1,805,342	21,320,852	4,682,544	5,704,540	10,387,084	
2021-2022	2,752,764,594	24,408,764	1,809,380	21,549,528	4,668,615	5,754,214	10,422,829	
2022-2023	2,777,556,012	24,628,589	1,813,464	21,788,861	4,653,193	5,806,036	10,459,229	
2023-2024	2,803,378,144	24,857,554	1,817,598	22,038,881	4,636,272	5,860,013	10,496,285	
2024-2025	2,827,193,697	25,068,727	1,827,952	22,274,964	4,621,714	5,909,796	10,531,510	
2025-2026	2,857,631,405	25,338,618	1,820,821	22,560,188	4,599,251	5,973,421	10,572,672	
2026-2027	2,884,585,651	25,577,621	1,834,248	22,832,128	4,579,741	6,029,765	10,609,506	

**TABLE V – District Revenues with DCP Midstream, LP with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment	Total District Revenue
							for District Losses	
2014-2015	2,553,022,830	22,637,653	1,699,999	19,509,378	4,828,275	5,336,686	0	10,164,960
2015-2016	2,622,472,830	23,253,467	1,672,157	20,178,233	4,747,391	5,481,860	0	10,229,251
2016-2017	2,595,752,500	23,016,537	1,886,106	20,117,460	4,785,183	5,426,005	39,540	10,250,729
2017-2018	2,621,510,025	23,244,929	1,779,636	20,243,973	4,780,592	5,479,847	22,247	10,282,686
2018-2019	2,647,525,125	23,475,605	1,785,330	20,498,009	4,762,927	5,534,228	20,764	10,317,918
2019-2020	2,673,800,377	23,708,588	1,791,040	20,754,704	4,744,924	5,589,152	17,917	10,351,992
2020-2021	2,700,338,380	23,943,900	1,796,763	21,014,083	4,726,580	5,644,625	15,879	10,387,084
2021-2022	2,727,141,764	24,181,566	1,802,501	21,276,176	4,707,891	5,700,654	14,285	10,422,829
2022-2023	2,754,213,182	24,421,608	1,808,253	21,541,008	4,688,854	5,757,242	13,134	10,459,229
2023-2024	2,781,555,314	24,664,051	1,814,019	21,808,607	4,669,463	5,814,396	12,425	10,496,285
2024-2025	2,827,193,697	25,068,727	1,782,939	22,224,837	4,626,828	5,909,796	0	10,536,624
2025-2026	2,857,631,405	25,338,618	1,820,821	22,560,188	4,599,251	5,973,421	0	10,572,672
2026-2027	2,884,585,651	25,577,621	1,834,248	22,832,128	4,579,741	6,029,765	0	10,609,506

## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79<sup>th</sup> Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the new funding formulas, it is presumed that the majority of the district's revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently "held harmless" for the majority amount of loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the "hold harmless" provision is eliminated, then the company would be required to offset the district's losses as computed in Article III of the Agreement.

# Reagan County ISD Financial Impact of Chapter 313 Agreement

## Payments in Lieu of Taxes

Assuming that the District and DCP Midstream, LP mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Reagan County ISD by DCP Midstream, the projected amount of these payments over the life of the agreement is \$1,046,440 of the \$3.338 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

**TABLE VI - Calculation of the Payment in Lieu of Taxes:**

Fiscal Year	Net Tax Savings	Reagan County ISD \$100/ADA	DCP Midstream's Share
2014-2015	0	79,295	(79,295)
2015-2016	0	79,493	(79,493)
2016-2017	484,751	79,692	405,059
2017-2018	521,476	79,891	441,585
2018-2019	481,159	80,091	401,068
2019-2020	433,846	80,291	353,555
2020-2021	394,084	80,492	313,592
2021-2022	362,238	80,693	281,545
2022-2023	338,309	80,895	257,415
2023-2024	322,298	81,097	241,201
2024-2025	27,017	81,300	(81,300)
2025-2026	0	81,503	(81,503)
2026-2027	0	81,707	(81,707)
<b>Totals</b>	<b>3,338,162</b>	<b>1,046,440</b>	<b>2,291,722</b>

# Reagan County ISD Financial Impact of Chapter 313 Agreement

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## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
EE thru 5	40	800	428	372
6-8	18	324	178	146
9-12	30	540	237	303
<b>Total</b>	<b>88</b>	<b>1,664</b>	<b>843</b>	<b>821</b>

The building capacities are based on 20 students per classroom for the elementary campuses, 18 students for the middle and high school. Reagan County ISD is a early education through 12<sup>th</sup> grade district.

DCP Midstream, LP provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that ten full-time employees are expected. It is not known whether these would be new employees to the Reagan County ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new ten positions equates to 5 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Reagan County ISD as displayed in Table VII above.

# Reagan County ISD Financial Impact of Chapter 313 Agreement

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## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with DCP Midstream, LP, would be beneficial to both DCP Midstream and Reagan County ISD under the current school finance system.

DCP Midstream, LP would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, DCP Midstream is projected to benefit from a 61% tax savings over the first ten year period of this agreement. DCP Midstream also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Reagan County ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require DCP Midstream to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2012 ISD Summary Worksheet

### 192/Reagan

### 192-901/Reagan County ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	54,056,785	.9495	56,931,843	54,056,785
B. Multi-Family Residences	387,954	N/A	387,954	387,954
C. Vacant Lots	1,755,338	N/A	1,755,338	1,755,338
D. Rural Real(Taxable)	19,089,890	.5207	36,659,517	19,089,890
F1. Commercial Real	9,044,434	N/A	9,044,434	9,044,434
F2. Industrial Real	60,514,845	N/A	60,514,845	60,514,845
G. Oil, Gas, Minerals	2,069,135,950	1.0248	2,019,063,183	2,069,135,950
J. Utilities	146,131,530	.9322	156,759,848	146,131,530
L1. Commercial Personal	8,818,221	N/A	8,818,221	8,818,221
L2. Industrial Personal	89,786,670	N/A	89,786,670	89,786,670
M. Other Personal	2,476,834	N/A	2,476,834	2,476,834
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	15,580	N/A	15,580	15,580
S. Special Inventory	0	N/A	0	0

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
Subtotal	2,461,214,031		2,442,214,267	2,461,214,031
Less Total Deductions	23,763,678		24,350,441	23,763,678
Total Taxable Value	2,437,450,353		2,417,863,826	2,437,450,353 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	5,424,351	N/A	5,424,351
Prod Value Qualified Acres	13,665,539	.4375	31,235,166
Taxable Value	19,089,890		36,659,517

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

### Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
2,444,474,118	2,437,450,353	2,440,613,987	2,433,590,222	2,437,450,353	2,433,590,222

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
7,023,765	3,860,131

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

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

exemption and the tax  
ceiling reduction

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

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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

### **Value Taxable For I&S Purposes**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>	<b>T11</b>	<b>T12</b>
2,444,474,118	2,437,450,353	2,440,613,987	2,433,590,222	2,437,450,353	2,433,590,222

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

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

**LIMITATION ON APPRAISED  
VALUE AGREEMENT**

**REAGAN COUNTY INDEPENDENT SCHOOL DISTRICT**

and

**DCP MIDSTREAM, LP**

**Comptroller Application Number 276**

**October 17, 2013**

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, (“Agreement”) is executed and delivered by and between Reagan County Independent School District (the ”District”), with its central administrative office located in Reagan County, Texas (“County”), a lawfully created independent school district of the State of Texas operating under and subject to the Texas Education Code (“TEC”), and DCP Midstream, LP, a Texas limited liability company, (“Applicant”) and relates to a limitation of the Appraised Value of property for the District’s maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code (the “Code”). The District and Applicant are collectively referred to herein as the “Parties” and each individually as a “Party.”

## RECITALS

WHEREAS, the Superintendent of Schools of the District, acting as agent for the District’s Board of Trustees (“Board of Trustees”), timely received from Applicant a completed Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053, including any agreed and accepted amendments thereto (“Application”), on or about February 13, 2013 (the “Completed Application Date”); and,

WHEREAS, the District received the application fee as required by §313.025(a)(1) of the Code and the District Policy CCG (LOCAL). The District further received, agreed to and accepted Amendments to the Application on March 18, 2013, and deemed the Application complete on March 20, 2013, thus establishing the effective filing date of March 20, 2013; and,

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts (“Comptroller”) for review pursuant to §313.025(a-1) and (b) of the Code and the Comptroller deemed the Application complete and thereafter began its analysis of the Application on April 9, 2013 (the “Application Review Start Date”); and,

WHEREAS, the Comptroller conducted an economic impact evaluation of the Application pursuant to §313.025(b) of the Code; and,

WHEREAS, pursuant to §313.025(b-1) of the Code, the Comptroller delivered to the Texas Education Agency (“TEA”) a copy of the Application and the TEA then timely submitted a written report addressing the effects of the Application on the number or size of the District’s instructional facilities to the Comptroller; and,

WHEREAS, pursuant to §313.025(d) of the Code, the Board of Trustees timely received the June 20, 2013 recommendation of the Comptroller and a report indicating that the Application was in compliance with the provisions of the Texas Economic Development Act, Code §§313.001, *et seq.* (the “Recommendation”); and,

WHEREAS, pursuant to §313.025(b) of the Code, Applicant requested an extension of the 151 day period for District action on its Application, which request was granted by Board action on August 5, 2013; and,

WHEREAS, the Board of Trustees has carefully considered the school finance information together with the Recommendation and information provided by the Comptroller, including the economic impact evaluation; and,

WHEREAS, pursuant to §313.025(f-1) of the Code, the Board of Trustees at its Board meeting held on October 17, 2013 waived the Qualifying Job creation requirements set forth in Section 313.051(b) of the Code; and,

WHEREAS, pursuant to §313.025(e) of the Code, the Board of Trustees at its Board meeting held on October 17, 2013 made written factual findings as required by §313.025(f) and based on the criteria set out in §313.026 of the Code has delivered a copy of such findings to the Applicant; and,

WHEREAS, pursuant to §313.025(f) of the Code, the Board of Trustees at its Board meeting held on October 17, 2013 further found that: (a) the information in the Application is true and correct; (b) the Board agrees with the Comptroller's Recommendation; (c) this Agreement is in the best interest of the State of Texas and the District; (d) the Applicant is eligible for the limitation on Appraised Value of the Qualified Property; and (e) the relevant job creation requirement set forth in Chapter 313 of the Code should be waived; and,

WHEREAS, the Board of Trustees approves the form of this Agreement for a Limitation on Appraised Value of Property and authorizes the execution and delivery of such Agreement by the President of the District's Board of Trustees to the Applicant.

NOW, THEREFORE, for and in consideration of the promises, including the foregoing recitals, and the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

## **ARTICLE 1 - AUTHORITY, TERM AND DEFINITIONS**

### **Section 1.1 DISTRICT 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 under §313.051 of the Code.

### **Section 1.2 TERM**

1.2.1 This Agreement shall commence and first become effective on October 17, 2013, the date this Agreement was approved by the District's Board of Trustees and executed by the District's Board President, for the ad valorem property valuations assessed against the Qualified Property and investments made pursuant to this Agreement (the "Commencement Date"). The limitation on the local ad valorem property values shall terminate on December 31 of the tenth (10<sup>th</sup>) full calendar year of this Agreement, as set out on Schedule 1.2 attached hereto<sup>1</sup>, unless sooner terminated as herein provided. The early termination of this Agreement shall not release

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<sup>1</sup> All references to Agreement years shall be as shown on Schedule 1.2.

any obligation, right, or remedy arising from any failure to comply with any term of this Agreement prior to such termination. Except as expressly stated in Section 4.4.2 of this Agreement, each Party shall have the right to enforce the payment of any amount that became owing before the termination of this Agreement.

1.2.2 The Parties acknowledge that the limitation on the local ad valorem property values shall not commence until January 1 following the end of the second full year that begins after the Commencement Date or such later date as reflected herein. The period that begins on the Commencement Date and ends on December 31 of the second full year that begins after the Commencement Date shall be referred to herein as the “Qualifying Time Period” as that term is defined in §313.021(4) of the Code.

1.2.3 For three (3) years after December 31 of the tenth (10<sup>th</sup>) year of this Agreement, Applicant shall (a) Maintain a Viable Presence in the District, as that term is defined herein; and (b) make any payments in lieu of taxation as provided in Article 4. Unless sooner terminated, this Agreement shall end on December 31 of the thirteenth (13<sup>th</sup>) year of this Agreement. Nothing contained in this Agreement shall extend the tax limitation beyond ten (10) full calendar years from the Commencement Date.

1.2.4 The years for which this Agreement is effective, unless sooner terminated, are set forth in Schedule 1.2 of this Agreement, which is incorporated herein by reference.

### **Section 1.3 DEFINITIONS**

Capitalized terms used herein and not specifically defined shall have the definitions as set forth in Schedule 1.3 of this Agreement, which is incorporated herein by reference.

## **ARTICLE 2 - PROPERTY AND USE DESCRIPTIONS**

### **Section 2.1 REINVESTMENT ZONE OR ENTERPRISE ZONE**

The property upon which the Qualified Investment will be located entirely within a Reinvestment Zone, so designated under Chapter 311 or 312 of the Code, or an Enterprise Zone under Chapter 2303 of the Texas Government Code. The description of the Reinvestment Zone or Enterprise Zone and maps showing the location thereof are attached to this Agreement as Schedule 2.1, which is incorporated herein by reference.

### **Section 2.2 QUALIFIED PROPERTY**

Applicant’s Qualified Property is described in Schedule 2.3, which is incorporated herein by reference. The Parties expressly agree that the location of the Qualified Property shall be within the Reinvestment Zone as set out in Schedule 2.1, and such location may not be materially changed from its current configuration without the express written authorization of the Parties; provided that, the Parties acknowledge Applicant may be required to re-configure and change certain aspects as construction progresses and District agrees not to unreasonably withhold consent to changes that do not change in a substantial way the overall concept of the Qualified Investment.

## **Section 2.3 QUALIFIED INVESTMENT**

2.3.1 Applicant's Qualified Investment is described in Schedule 2.3, which is incorporated herein by reference. Property not specifically referenced in Schedule 2.3 and not otherwise meeting the requirements of Chapter 313 and this Agreement shall not be considered to be a Qualified Investment for purposes of this Agreement and will not be subject to this Agreement.

2.3.2 Schedule 2.3 may be amended by adding or removing Qualified Property pursuant to: (a) the provisions of Comptroller's Rule 9.1055; and (b) approval by the District's Board of Trustees pursuant to §313.027(e) of the Code, which approval shall not be unreasonably withheld by the District.

2.3.3 Property owned by Applicant which is not described in Schedule 2.3 may not be considered to be Qualified Property unless the Applicant (a) submits to the District and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the Applicant requests that the limitation 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 for the purpose of re-evaluating the new or changed conditions.

2.3.4 In the event that Applicant fails to make a Qualified Investment of at least Twenty Million Dollars (\$20,000,000.00) during the Qualifying Time Period, this Agreement shall become null and void on January 1, 2016.

## **Section 2.4 EXISTING IMPROVEMENTS AND PERSONAL PROPERTY**

Certain improvements and personal property may have existed in the Reinvestment Zone or Enterprise Zone prior to the Application Date. The Parties understand and agree that the Taxable Value of real estate improvements and/or business personal property which existed prior to the submission of a Completed Application may not be considered Qualified Property under Chapter 313 of the Code or this Agreement. Further, the Parties understand and agree that the Taxable Value of real estate improvements and/or business personal property which existed prior to the approval of this Agreement by the Parties may not be considered part of the required Qualified Investment under Chapter 313 of the Code or this Agreement.

## **Section 2.5 INVENTORY OF QUALIFIED PROPERTY**

2.5.1 Upon any change to the Qualified Property, or upon the reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District all information and data necessary to assess the value and identity of all Qualified Property including, but not limited to, a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components on the Qualified Property to which the value limitation applies. Such description shall include

maps or surveys detailed enough to locate all such property within the boundaries of the real property subject to this Agreement.

2.5.2 At the end of the Qualifying Time Period, Applicant shall provide to the District, the Comptroller, and the Appraisal District all information and data necessary to assess the value and identity of all Qualified Property including, but not limited to, 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 value limitation applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property subject to this Agreement.

## **Section 2.6 QUALIFYING USE**

Applicant's property which is the subject of a limitation on the local ad valorem property values under this Agreement is eligible for a tax limitation as a manufacturing facility under §313.024(b)(5) of the Code.

## **Section 2.7 APPRAISAL LIMITATION**

Upon Applicant's Qualified Investment in the amount of \$20,000,000.00 or more during the Qualifying Time Period, and unless this Agreement is terminated as herein provided, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of the Market Value of the Qualified Property or \$20,000,000.00 for the third (3<sup>rd</sup>) through the tenth (10<sup>th</sup>) full calendar years of the tax limitation under this Agreement, as provided in Chapter 313 of the Code.

# **ARTICLE 3 – PROTECTION OF DISTRICT REVENUES**

## **Section 3.1 INTENT OF THE PARTIES**

The Parties understand and agree that the Applicant shall compensate the District for any loss in District Funding Revenue incurred because of District's participation in this Agreement. Such reimbursement shall be in addition to the receipt of payments in lieu of taxation or payment of Extraordinary Education-Related Expenses reasonably incurred by the District, subject to any limitation as may be set forth in Article 4 of this Agreement. APPLICANT UNDERSTANDS AND AGREES THAT IT SHALL BEAR ANY NEGATIVE FINANCIAL CONSEQUENCE SUFFERED BY THE DISTRICT AS A RESULT OF THE DISTRICT ENTERING INTO THIS AGREEMENT. THE PURPOSE OF THIS SECTION 3.1 IS TO ENSURE THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO THE DISTRICT IS BORNE BY THE APPLICANT AND NOT BY THE DISTRICT.

## **Section 3.2 CALCULATING LOSS OF DISTRICT REVENUES**

Any compensation paid by the Applicant to the District for loss of District Funding Revenues shall be determined in accordance with then-current School Finance Law. Any calculation to make the District whole after a loss under this Article 3 shall be made in

accordance with Schedule 3.2 of this Agreement, which is incorporated herein by reference, and subject to the provisions of Article 5 herein.

### **Section 3.3 COMPENSATION FOR LOSS OF OTHER REVENUES**

To the extent not included in the amounts calculated pursuant to Schedule 3.2, Applicant, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled pursuant to Chapter 313 of the Code for which the District does not receive reimbursement from the State, whether pursuant to TEC §42.2515 or otherwise; (b) all non-reimbursed costs incurred by the District for Extraordinary Education-Related Expenses related to the project, which do not exceed any limitations set forth in Article 4 of this Agreement, and not otherwise directly funded in state aid formulas, including, by way of example, expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project; (c) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (d) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (e) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly.

### **Section 3.4 THIRD PARTY CALCULATIONS**

All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District. Applicant will be solely responsible for the payment of Consultant's fees up to Six Thousand Five Hundred Dollars, (\$6,500.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

### **Section 3.5 DATA FOR CALCULATIONS**

The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to §26.01 of the Code in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District's tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time to time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Reagan County Appraisal District to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

### **Section 3.6 DELIVERY OF CALCULATIONS**

3.6.1 All calculations required under Article 3 or Article 4 shall be made by the Consultant on or before November 30 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant's offices, personnel, books, and records pertaining to all calculations and fees.

3.6.2 In the event the District receives the Consultant's invoice for services rendered, the District shall forward to Applicant such invoice, which Applicant shall pay within thirty (30) days of receipt.

### **Section 3.7 PAYMENT BY APPLICANT**

On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 5.1, the Applicant shall pay any amount determined to be due and owing to the District (subject to final settle up), any amount billed by the Consultant, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, appraisers, appraisal consultants, or financial consultants for work resulting from the District's participation in this Agreement.

### **Section 3.8 CHALLENGING CALCULATION RESULTS**

The Applicant may appeal the Consultant's results, in writing, within thirty (30) days of receipt of such results. The Consultant will issue a final determination of the calculations within 15 days of receiving Applicant's appeal. The Applicant may appeal the final determination of the Consultant to the District within 15 days of its receipt, pursuant to District Policy GK (LOCAL).

### **Section 3.9 EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT**

In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article 3 of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

### **Section 3.10 EFFECT OF STATUTORY OR OTHER LEGAL CHANGES**

If the District will receive less District Funding Revenue, or, if applicable, will be required to increase its payment of funds to the State due to the District's participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas, or any other authority having proper jurisdiction over the

District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limit on the revenue protection amount set forth in Section 5.1 below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of District Funding Revenue not less than that what the District would have received from State and local funds had the District not entered into this Agreement.

## **ARTICLE 4 - PAYMENTS IN LIEU OF TAXATION**

### **Section 4.1 SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS**

In addition to payment of the amounts set forth under Article 3 of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for payments in lieu of taxation (“PILOT”) and payments for Extraordinary Education-Related Expenses (“PEERE”), as set forth in this Article 4. Any and all obligations for any PILOT and PEERE payments shall be separate and independent of Applicant’s obligations under Article 3 of this Agreement.

### **Section 4.2 ENTITLEMENT AND CALCULATION OF PAYMENTS IN LIEU OF TAXATION**

4.2.1 Subject to Section 5.1, for each of years one (1) through thirteen (13) of this Agreement, the District shall be entitled to receive as PILOT an amount equal to One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA), as determined for that particular school year. In the event Chapter 313 is modified or amended to allow the District to receive PILOT in excess of the foregoing ADA limitation, Applicant agrees to cooperate with District in amending this Agreement to allow District to receive the maximum amount of PILOT as provided by law; provided however, the total PILOT for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement or \$100 per student in ADA as determined by that school year.

4.2.2 Payment of amounts due under this Section shall be made as set forth in Section 3.7 of this Agreement and is subject to the limitations contained in Section 5.1. Entitlements to supplemental payments under this Article 4 shall not exceed the Aggregate Limit.

### **Section 4.3 PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES**

4.3.1 Applicant agrees and acknowledges that construction and installation of its Qualified Property may bring an extraordinary influx of workers into the District. Applicant further agrees and acknowledges that these workers may cause an undetermined increase in enrollment for the District, and that such increase may subject the District to Extraordinary Education-Related Expenses that are not directly funded in school financing funding formulas. Accordingly, Applicant agrees to reimburse to the District for any documented Extraordinary Education-Related Expenses paid by the District arising from Applicant’s Qualified Investment.

4.3.2 In the event that the District incurs reimbursable Extraordinary Education-Related

Expenses, the District will notify Applicant and provide a detailed explanation for such expenses prior to reimbursement by Applicant.

4.3.3 Payments of amounts due under this Section shall be made as set forth in Section 3.7 of this Agreement.

**Section 4.4 PAYMENT IN LIEU OF TAXATION (PILOT) AND LIMITATION FROM NET TAX SAVINGS**

4.4.1 If during years one (1) and two (2) of this Agreement, the amount of the District's PILOT to which it is entitled under Section 4.2.1 above, exceeds Applicant's Net Tax Savings, the difference between the amount of District's PILOT and Applicant's Net Tax Savings shall be carried forward from year-to-year (the "Deferred PILOT"). Beginning in year three (3) of the Agreement, and in addition to the PILOT for that year, all Deferred PILOT owed to the District shall be paid by Applicant to the extent all payments from Applicant to the District for that year do not exceed Applicant's Net Tax Savings. Any amount of Deferred PILOT that remains unpaid shall be carried forward from year to year until paid in full.

4.4.2 Should Applicant fail to make the minimum Qualified Investment during the Qualifying Period causing this Agreement to become null and void as set out in Section 2.3.4 herein, Applicant's obligation to make any Deferred PILOT that was carried over by operation of Section 4.4.1, shall be cancelled by operation of law.

**ARTICLE 5 - LIMITATION OF PAYMENTS BY APPLICANT**

**Section 5.1 LIMITATION AFTER FIRST THREE YEARS**

5.1.1 For each of the years, other than years one (1) through three (3), and notwithstanding anything to the contrary in this Agreement, in no event shall the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District plus the sum of all payments otherwise due from the Applicant under Articles 3 and 4 with respect to such year exceed the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such year if the Parties had not entered into this Agreement.

5.1.2 A comparison of (a) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District plus the sum of all payments otherwise due from the Applicant under Articles 3 and 4 with respect to such year; and (b) the taxes Applicant would have paid to the District if this Agreement had not been entered into shall be included in the Consultant's calculations made pursuant to Section 3.4 of this Agreement. The Consultant shall include a credit for the amount of taxes actually paid by the Applicant on the Qualified Property when making this comparison.

5.1.3 During years four (4) through ten (10), should the sum of the Applicant's maintenance and operations ad valorem taxes plus the sum of all payments otherwise due from the Applicant under Article 3 and Article 4 exceed the maintenance and operations ad valorem taxes that the Applicant would have paid if the Parties had not entered into this Agreement, then the payments due from the Applicant to the District under Articles 3 and 4 shall be reduced until

such excess is eliminated. In no event shall the supplemental payments to the District exceed the greater of: (a) forty percent (40%) of the Net Tax Savings, or (b) One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA), as determined for that particular school year.

## **Section 5.2 OPTION TO CANCEL AGREEMENT**

5.2.1 For years four (4) through ten (10) of this Agreement, in the event that payments by Applicant to the District become limited as described in Section 5.1 above, the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option by notifying the District of its election in writing not later than July 31 of any year next following the year in which the payments were limited. Upon receipt of such written notice, this Agreement shall terminate effective December 31 of the year in which the notice is received by the District.

5.2.2 For years three (3) through ten (10) of this Agreement, the Applicant shall have the option to terminate this Agreement in the event that the Appraised Value of the Qualified Property falls below the Tax Limitation Amount. The Applicant may exercise such option by notifying the District and the Appraisal District of its election in writing not later than October 31 of any year. The cancellation of this Agreement under this Subsection shall be effective immediately.

5.2.3 The Applicant shall have the right to terminate this Agreement in the event of a change in the School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other statutory or regulatory change which eliminates the net tax benefits to Applicant under this Agreement. Applicant may exercise such option by notifying the District and the Appraisal District of its election in writing. Upon receipt of such written notice, this Agreement shall terminate effective December 31 of the year in which the notice is received by the District.

5.2.4 Except as expressly stated in Section 4.4.2 of this Agreement, the rights and obligations of the Parties under this Agreement through and including the year during which notice of termination of this Agreement is delivered shall survive such termination and remain until satisfied.

## **Article 6 – TAX CREDITS**

### **Section 6.1 TAX CREDIT DESCRIPTION AND ELIGIBILITY**

6.1.1 Upon the Applicant's compliance with all requirements of Chapter 313 of the Code and the Comptroller, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Article 2 above, the Applicant shall be entitled to a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period.

6.1.2 The application for a Tax Credit as described in this Article 6 shall be made in accordance with §313.103 of the Code and is solely the Applicant's responsibility.

## **Section 6.2 DISTRICT OBLIGATIONS REGARDING TAX CREDITS**

6.2.1 The District shall timely comply with and, to the extent possible, cause the timely compliance by the Appraisal District of all District obligations regarding Tax Credits under the Code and Comptroller Rules.

6.2.2 The Board of Trustees shall grant Applicant's application for the tax credit as provided in §313.104 of the Code as well as Comptroller and/or TEA rules.

## **Section 6.3 TAX CREDIT PROTECTION REVENUE LOSS**

If the District does not receive aid pursuant to TEC §42.215 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article 6, and such failure is not the result of District's failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant shall, within thirty (30) days after notice, pay to the District the amount of such aid the District did not receive. Conversely, the District shall refund to the Applicant the amount of state aid the District received that was solely attributable to any portion of such state aid paid by Applicant to the District.

## **ARTICLE 7 - ADDITIONAL OBLIGATIONS OF APPLICANT**

### **Section 7.1 INFORMATION REQUESTS**

7.1.1 Upon written request, Applicant shall be obligated to provide the District and the Appraisal District with all information and data necessary to determine whether all obligations under this Agreement are being met. In the event that the District requests information which the Applicant regards as being technical or business information which is proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party, and subject to §313.028 of the Code, Applicant shall inform the District of its concerns and suitable arrangements shall be made for the District to have access to the information in a manner which does not compromise the confidentiality of the information to other third parties.

7.1.2 Applicant shall be obligated to provide the Comptroller, Appraisal District, or other governmental agency with all information required for such agency to complete any reports, appraisal or analysis pursuant to the Texas Tax Code, Comptroller or TEA rule, or other law or administrative regulation.

7.1.3 Applicant shall allow authorized employees or agents of the District and Appraisal District access to all property that is subject to a limitation on the local ad valorem property values called for under this Agreement during the term of this Agreement for the purposes of appraisal or determination of compliance with this Agreement. All inspections or appraisals will be made at a mutually agreeable time after no less than forty-eight (48) hours prior written notice.

7.1.4 Applicant shall timely make any reports that may be required under law or administrative regulation, including but not limited to the annual report or certifications that may be required by the Comptroller under the provisions of the Comptroller's Rules or the Texas Tax Code, including §313.032 of the Code. Applicant shall forward a copy of all such required reports or certifications to the District at the time of such filing. Timely performance of all required filings shall be a material obligation under this Agreement.

## **Section 7.2 MAINTAINING VIABLE PRESENCE**

By entering into this Agreement, Applicant represents, covenants, and warrants that it will abide by all of the terms of this Agreement and that it will Maintain a Viable Presence as defined in this Agreement in the District for a period of at least three (3) years after the termination of the limitation on the local ad valorem property values called for under this Agreement. Applicant shall not be in breach of this covenant to Maintain a Viable Presence to the extent such failure is caused by an event of Force Majeure, provided Applicant makes commercially reasonable efforts to Maintain a Viable Presence at the conclusion of any period of Force Majeure.

## **ARTICLE 8 - BREACH**

As stated in Section 2.3.4 above, the failure by Applicant to make a Qualified Investment of at least Twenty Million Dollars (\$20,000,000.00) during the Qualifying Time Period shall result in this Agreement being null and void as of January 1, 2016. This Article 8 shall control in all other instances of Applicant's failure to perform according to the terms of this Agreement.

### **Section 8.1 DISTRICT'S DETERMINATION OF BREACH**

8.1.1 In the event Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or should Applicant or Applicant's successor in interest fail to comply with any material term or meet any material obligation of this Agreement, after the notice and cure period provided herein, District shall be entitled to: (a) the recapture of all ad valorem tax revenue that would have been due from Applicant without the benefit of this Agreement; and (b) all penalty and interest as calculated under Section 8.4. For purposes of the recapture calculation, the Applicant shall be entitled to a credit for all payments made under Article 3 and Article 4.

8.1.2 Notwithstanding Section 8.1.1, in the event the District determines that the Applicant has failed to Maintain a Viable Presence and provides written notice of termination, Applicant shall pay to District liquidated damages equal to the total of the District ad valorem taxes that would have been due from Applicant without the benefit of this Agreement for all of the years for which a Tax Limitation was granted pursuant to this Agreement, plus penalty and interest. Applicant shall be entitled to a credit for all payments made to the District pursuant to Article 3 and Article 4.

8.1.3 Prior to making a determination that Applicant has committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which the District believes constitute the material breach and, if a cure is feasible, the cure

proposed by the District. After receipt of the notice, Applicant shall have thirty (30) days to present any facts or argument to the Board of Trustees showing that it is not in material breach of its obligations under this Agreement or that it has cured any such material breach.

8.1.4 Upon the expiration of Applicant's opportunity to respond, the Board of Trustees shall conduct a hearing as provided in District Policy GF (LOCAL) to determine whether or not a material breach of this Agreement has occurred and, if so, the date such material breach occurred. Applicant shall have the opportunity to be heard before the Board of Trustees at such hearing. In the event that the Board of Trustees determines that a material breach has occurred, it shall also determine the amounts of recaptured taxes to be paid by Applicant to District under Section 8.2 below.

8.1.5 After a determination under Section 8.1.2, the Board of Trustees shall notify Applicant, in writing, of its determination and the amount of recaptured taxes owed by Applicant, if any.

## **Section 8.2 REMEDIES AFTER BREACH**

8.2.1 In the event of default or breach by Applicant, the District's damages shall not exceed the greater of (a) any amounts of recaptured taxes plus penalty and interest; or (b) the sum of the difference between the payments and credits due and owing to the Applicant at the time of default and the District taxes that would have been payable to the District had this Agreement not been executed.

8.2.2 The District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

8.2.3 In accordance with §313.0275 of the Code, for any full year beginning after the project has become operational, Applicant shall cure those material breaches defined in 8.3(d), 8.3(e), or 8.3(f), below, without the termination of this Agreement. In order to cure its noncompliance with 8.3(d), 8.3(e), or 8.3(f) for the particular year of noncompliance only, Applicant may pay liquidated damages as required by §313.0275(b) of the Code, in accordance with §313.0275(c).

## **Section 8.3 MATERIAL BREACH BY APPLICANT**

Any one of the following acts or omissions shall constitute a material breach of this Agreement by Applicant:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application.
- (b) Applicant fails to Maintain a Viable Presence in the District, as required by this Agreement, through the final termination date of this Agreement.
- (c) Applicant fails to timely make any payment required under Articles 3 or 4 of this Agreement.

- (d) Applicant fails to create and maintain, at a minimum, the number of New Jobs it committed to create in its Application.
- (e) Applicant fails to create and maintain, at a minimum, the number of Qualifying Jobs it committed to create and maintain on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created on the project as Qualifying Jobs.
- (g) Applicant makes any payments to the District or to any other person or entity in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Code, in excess of the amounts allowed by law, as set out in Article 3 and 4 of this Agreement. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or not made in recognition of or consideration for this Agreement are not barred by this provision.
- (h) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules or Chapter 313 of the Code.

#### **Section 8.4 CALCULATION OF PENALTY AND INTEREST**

In determining the amount of penalty and interest due in the event of a breach of this Agreement, the District shall determine the base amount of taxes owed less any Tax Credit under Article 6 of this Agreement for each year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each 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 years less all credits under Article 6 had become due and payable on February 1 of the calendar year following such year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in the Code §33.01(a) or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in the Code §33.01(c), or its successor statute.

#### **Section 8.5 DISPUTE RESOLUTION**

8.5.1 After the Applicant receives notice of breach from District as set out under Section 8.1.5, the Applicant shall have thirty (30) days to either (a) tender payment, (b) submit evidence of its efforts to cure, or (c) submit to the District written notice of dispute mediation. The mediation shall be conducted by a mutually agreeable mediator at a mutually convenient time and place. If no mediator is agreed upon by the Parties, a mediator shall be appointed by the judge of a state district court in the judicial district containing the administrative offices of the

District. 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. The Parties shall each bear one-half of the mediation fees and expenses.

8.5.2 In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such thirty (30) days, the District shall have the remedies for the collection of the amounts determined under Section 8.2 and as set forth in Chapter 33, Subchapters B and C of the Code. 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 §§6.30 and 33.07 of the Code, or other applicable law.

8.5.3 In any event where a dispute between the Parties cannot be resolved, and after completing the mediation procedures required above, 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, except as may be limited by this Agreement, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any duty, covenant, agreement or undertaking made by a Party pursuant to this Agreement.

## ARTICLE 9 - MISCELLANEOUS PROVISIONS

### Section 9.1 NOTICES

All notices required to be sent under this Agreement shall be given in writing via certified mail, return receipt requested to the Parties hereto as follows:

To the District:

Name: Reagan County Independent School District  
Attn: Steve Long, Superintendent  
(or the successor superintendent)  
Address: 111 E. Twelfth St.  
City/Zip: Big Lake, Texas 76932  
Phone #: (325) 884-3705  
Fax #: (325) 884-3021  
Email: [steve.long@reagancountyisd.net](mailto:steve.long@reagancountyisd.net)

With a copy to:

Underwood Law Firm, P.C.  
Attn: Fred Stormer  
P.O. Box 9158  
Amarillo TX 79105-9158  
Phone #: 806-379-1306  
Fax #: 806-379-0316  
[fred.stormer@uwlaw.com](mailto:fred.stormer@uwlaw.com)

To the Applicant:

Name: R. Gregg West, Director, Property  
DCP Midstream, LP  
Address: 5718 Westheimer Road, Suite 1900  
City/Zip: Houston, TX 77057-5774  
Phone #: (713) 735-3908  
Fax #: (713) 944-0295  
Email: [rwest@dcpmistream.com](mailto:rwest@dcpmistream.com)

### **Section 9.2 AMENDMENT**

This Agreement may not be modified, amended, or terminated except by written mutual agreement of the District and the Applicant. No amendment to this Agreement shall be effective until the same is approved, accepted, and signed by the Parties.

### **Section 9.3 ASSIGNMENT**

Applicant may assign this Agreement, or a portion of this Agreement, to a new Applicant or lessee of the Qualified Property upon the written approval of the District, which approval shall not be unreasonably withheld. It shall not be unreasonable for the District to withhold approval if the Applicant is liable to the District for outstanding taxes, damages or other obligations arising under this Agreement. An assignee of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

### **Section 9.4 ENTIRE AGREEMENT**

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

### **Section 9.5 MAINTENANCE OF APPRAISAL DISTRICT RECORDS**

When appraising an Applicant's Qualified Property subject to a limitation on Appraised Value under this Agreement, the chief appraiser(s) of the Appraisal District(s) shall determine the market value of the property and include both the market value and the appropriate value under this Agreement in its appraisal records.

### **Section 9.6 GOVERNING LAW AND VENUE**

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 rules that would direct the application of the laws of another

jurisdiction. The exclusive venue for any action between the Parties shall be in state district court in the county of the District's central administrative office.

#### **Section 9.7 AUTHORITY TO EXECUTE AGREEMENT**

By signing below, each of the Parties expressly warrants that he or she has been authorized to execute this Agreement for and on behalf of the respective Party.

#### **Section 9.8 SEVERABILITY**

Every provision of this Agreement is intended to be severable. If any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement unless the invalidity of any provision(s) would have a material adverse effect on the purpose and intent of this Agreement. If the invalidity has a material adverse effect, the Parties shall make a good faith effort to renegotiate the terms of this Agreement consistent with the purpose and intent of the Parties prior to bringing any action.

#### **Section 9.9 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 one and the same instrument.

#### **Section 9.10 ACCURACY OF REPRESENTATIONS 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, to the best of Applicant's knowledge. The Parties agree that the Application and all related schedules and attachments are included by reference in this Agreement as if fully set forth herein. It is expressly understood and agreed that this Agreement shall be void and of no further effect if any material misrepresentations were made in the Application.

#### **Section 9.11. BINDING ON SUCCESSORS**

In the event the District should merge or consolidate with another school district or other governmental entity, this Agreement shall be binding on the successor school district or governmental entity, and the duties and obligations of Applicant shall inure to the benefit of such successor school district or governmental entity.

#### **Section 9.12 PUBLICATION**

The Parties hereby acknowledge that certain documentation relating to the Application, including this Agreement and all economic analyses submitted to the District, are to be published for public inspection. Only information that is confidential under §313.028 of the Code may be excepted from publication.

IN WITNESS WHEREOF, this Agreement has been executed by the District and the Applicant in duplicate originals on this 17th day of October, 2013.

DCP MIDSTREAM, LP  
Texas Taxpayer ID No. 18410411666

By: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

REAGAN COUNTY INDEPENDENT SCHOOL DISTRICT

By \_\_\_\_\_ Date: \_\_\_\_\_  
Mark Noland, President

Attest:

By \_\_\_\_\_  
Brenda Schneemann, Secretary

## SCHEDULE 1.2

<b><u>Year of Agreement</u></b>	<b><u>Date of Appraisal</u></b>	<b><u>School Year</u></b>	<b><u>Tax Year</u></b>	<b><u>Summary Description</u></b>
0	January 1, 2013	2013-14	2013	No appraisal limitation.
1	January 1, 2014	2014-15	2014	No appraisal limitation.
2	January 1, 2015	2015-16	2015	No appraisal limitation.
3	January 1, 2016	2016-17	2016	\$20 million appraisal limitation.
4	January 1, 2017	2017-18	2017	\$20 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2018	2018-19	2018	\$20 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2019	2019-20	2019	\$20 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2020	2020-21	2020	\$20 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2021	2021-22	2021	\$20 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2022	2022-23	2022	\$20 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2023	2023-24	2023	\$20 million appraisal limitation. Possible tax credit for Applicant.
11	January 1, 2024	2024-25	2024	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
12	January 1, 2025	2025-26	2025	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
13	January 1, 2026	2026-27	2026	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.

## **SCHEDULE 1.3**

### **DEFINITIONS**

Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which the term is used clearly indicates a different meaning:

"Aggregate Limit" means, for any year of this Agreement, the total of the Annual Limit amount for the current year and all previous years of the Agreement, less amounts paid by the Applicant to or on behalf of the District under Article 4.

"Agreement" means this Agreement.

"Annual Limit" means the maximum annual supplemental payment benefit that can be paid directly to the District as a payment in lieu of taxation ("PILOT") under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance for the applicable school year, as calculated pursuant to Texas Education 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 first full year of the Qualifying Time Period under this Agreement.

"Application Date" means the date as set forth in the Recitals.

"Applicant" means the company listed in the Preamble of this Agreement, who filed its Application with the District for a Limitation on Qualified Property on the Application Date, pursuant to Chapter 313 of the Code. The term shall also include the Applicant's permitted successors in interest.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, Property Tax Code) which filing with the District by Applicant was completed on the Application Date (unless otherwise specified in the Recitals) by the tender of its Application fee.

"Appraisal District" means the Reagan County Appraisal District.

"Appraised Value" has the same meaning as in Section 1.04(8) of the Texas Tax Code.

"Comptroller" means the Texas Comptroller of Public Accounts.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth in title 34 of the Texas Administrative Code or Chapter 313 of the Texas Tax Code, together with any court or administrative decisions interpreting same.

"County" means the County identified in the Preamble of this Agreement, which shall be the county in which the School District's administrative offices are located.

“District” or ”School District” means the Reagan County Independent School District listed in the Preamble of this Agreement, being a duly incorporated and operating independent school district in the State of Texas, having the power to levy, assess, and collect ad valorem taxes within its boundaries.

“District Funding Revenue” means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to TEC §45.002 and Article VII §3 of the Texas Constitution. The term also includes all State revenues to which the District is or may be entitled under Chapters 41 and 42 of the TEC or any other statutory provision as well as any amendment or successor statute to these provisions. The term shall exclude 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 TEC.

“Enterprise Zone” means the District’s enterprise zone, if any, created pursuant to Chapter 2303 of the Texas Government Code and as further described by the legal description attached hereto as Schedule 2.1.

“Extraordinary Education-Related Expenses” means those additional expenses that the District incurs related to the project that are not directly funded in state aid formulas including, but not limited to, expenses for portable classrooms and hiring additional personnel attributable to increased enrollment due to project personnel.

“Force Majeure” means a failure caused by a provision of law, rules, regulations, or orders of any governmental authority having jurisdiction over the Applicant or the Qualified Investment, or any arrest, restraint, or decree of any court, natural disaster, riot, war, labor dispute, act of God, act of terrorism, or any other cause which inhibits performance and over which Applicant has no reasonable control.

“Maintain a Viable Presence” means the operation over the life of this Agreement of the facility, facilities, or property for which the tax limitation agreement is granted and the retention over the entire term of this Agreement, as defined in Section 1.2 above, of not fewer than the number of Qualifying Jobs and New Jobs required by the Code, or as found by the District’s Board of Trustees to exceed the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence following an event of Force Majeure that halts facility operations so long as Applicant commences repairs and/or reconstruction of the damaged within one hundred eighty (180) days after the event of Force Majeure. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

“Maintenance and Operations Revenue” means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to §45.002 of the Texas Education Code and Article VII § 3 of the Texas Constitution, plus 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.

“Net Tax Savings” means an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for all years during the term of this Agreement, plus (B) any and all payments due to the District under Article 3 of this Agreement.

“New Jobs” means the jobs defined by 34 Tex. Admin. Code §9.1051 and which Applicant will create by and through the project which is the subject of its Application. Under 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 as that term is defined in §313.021(1) of the Code.

“Qualified Property” has the meaning as that term is defined in §313.021(2) of the Code.

“Qualifying Job” means the number of New Jobs Applicant will create by and through the project that is the subject of this Application and which meet the requirements of Texas Tax Code §313.021(3).

“Qualifying Time Period” has the meaning as that term is defined in §313.021(4) of the Code.

“Reinvestment Zone” means the District’s Reinvestment Zone created pursuant to Code §312.0025 by action of the Board of Trustees or by the County and as further described by the description and/or depiction of said Reinvestment Zone attached hereto as Schedule 2.1, which is incorporated herein by reference for all purposes.

“School Finance Law” means Chapters 41 and 42 of the TEC, the Texas Economic Development Act (Chapter 313, Code), Chapter 403, Subchapter M, 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 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 Applicant’s ad valorem tax obligation to the District either with or without the limitation of property values made pursuant to this Agreement.

“State” means the State of Texas.

“Tax Credit” means the credit to be received by the Applicant as computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 Tex. Admin. Code §9.1056, provided that the Applicant timely complies with the requirements under such provisions, including the filing of a completed application under §313.103 of the Code and 34 Tex. Admin. Code §9.1054.

“Tax Limitation Amount” means the amount of Twenty Million Dollars (\$20,000,000.00), for the purposes of this Agreement and §313.027 of the Code.

“Taxable Value” has the same meaning as in Section 1.04(10) of the Texas Tax Code.

DRAFT

## SCHEDULE 2.1

### DESCRIPTION AND MAP OF REINVESTMENT ZONE and/or ENTERPRISE ZONE

The property being considered for designation as a reinvestment zone is described as follows:

A 40.0 acre tract out of Section No. 229, Block 1, T. & P. RR. Co. Survey, Reagan County, Texas, and being out of a tract conveyed to Delhi Partners, Ltd., a Texas Limited Partnership, recorded in Volume 55, Page 839, Official Public Records, Reagan County, Texas, said 40.0 acre tract being more particularly described as follows:

BEGINNING at a set ½ inch iron rod with plastic cap marked "West Co. Midland" at the south west corner of the tract, same being the southwest corner of said Section No. 229, and being the southeast corner of Section No. 228;

THENCE North 00 degrees 38 minutes 57 seconds East, along the west line of Section No. 229, a distance of 1,319.76 feet to a set ½ inch iron rod with a plastic cap marked "West Co. Midland" for the northwest corner of this tract;

THENCE South 88 degrees 42 minutes 19 seconds East a Distance of 1,319.68 feet to a set ½ inch iron rod with plastic cap marked "West Co. Midland" for the northeast corner of this tract;

THENCE South 00 degrees 38 minutes 57 seconds West a Distance of 1,319.76 feet to a set ½ inch iron rod with a plastic cap marked "West Co. Midland" in the south line of said Section No. 229 for the southeast corner of this tract;

THENCE North 88 degrees 42 minutes 19 seconds West, along the south line of said Section No. 229, a distance of 1,319.68 feet to the Point of Beginning containing 40.0 acres.



**FIELD NOTE DESCRIPTION**

BING A 40.00 ACRE TRACT OF LAND OUT OF A TRACT OF LAND CONVEYED TO DELTA PARTNERS, LTD RECORDED IN VOLUNTIC 55, PAGE 230, OFFICIAL PUBLIC RECORDS REAGAN COUNTY, TEXAS, SECTION 229, BLOCK 1, T. & P. RR. CO. SURVEY, REAGAN COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2 INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO. OF MIDLAND" SET FOR THE SOUTHWEST CORNER OF THIS TRACT BY THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02, C. & M. RR. CO. SURVEY FROM WHICH THE CALCULATED SOUTHWEST CORNER OF SAID SECTION 229 BEARS S 88°41'05" E, A DISTANCE OF 3999.1 FEET, FROM SAID CALCULATED CORNER A FOUND 1" IRON PIPE & MND. STONE FOR THE SOUTHWEST CORNER OF SECTION 230 BEARS S 88°41'05" E, A DISTANCE OF 5319.1 FEET;

THENCE N 88°41'05" W, WITH THE SOUTH LINE OF SAID SECTION 229 AND THE NORTH LINE OF SAID SECTION 02 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE SOUTHWEST CORNER OF SAID SECTION 229 AND THE SOUTHWEST CORNER OF THIS TRACT;

THENCE N 07°36'41" E, WITH THE WEST LINE OF SECTION 229 AND THE EAST LINE OF SECTION 228 A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND" SET FOR THE NORTHWEST CORNER OF THIS TRACT FROM WHICH THE CALCULATED NORTHWEST CORNER OF SAID SECTION 229 BEARS N 07°36'41" E, A DISTANCE OF 4078.8 FEET FROM SAID CALCULATED CORNER A FOUND 1" IRON PIPE AND "WAGGLES" & LARGE SET STONE BEARS N 07°36'41" E, A DISTANCE OF 5358.0 FEET;

THENCE S 88°41'05" E, A DISTANCE OF 1320.1 FEET TO A 1/2-INCH IRON ROD WITH RED PLASTIC CAP MARKED "WEST CO MIDLAND SET FOR THE NORTHWEST CORNER OF THIS TRACT;

THENCE S 07°36'41" W, A DISTANCE OF 1320.1 FEET TO THE POINT OF BEGINNING AND CONTAINS 40.00 ACRES OF LAND.

**NOTE:**

- COORDINATES AND BEARINGS ARE BASED ON LAMBERT CONICAL PROJECTION OF THE STATE PLANE COORDINATE SYSTEM 830, TEXAS CENTRAL ZONE. DISTANCES ARE SURFACE VALUES.
- SEE DOCUMENTS & ELECTRONIC DATA IN THE OFFICE OF WEST COMPANY OF MIDLAND, INC FOR RECONSTRUCTION OF THESE SECTIONS IN T:\MDC\DCP\REAGAN COUNTY EAST MIDSTREAM.DWG

**LEGEND**

- ⊙ - Denotes Found Monument (As Described)
- - Denotes Calculated Corner
- ⊙ - Denotes Set 1/2" Iron Rod with Plastic Cap marked "West Co. of Midland"
- - Denotes Well
- - Denotes Fences
- - Denotes Right-of-Way
- ..... - Denotes Proposed Right-of-Way



CORRECTED PLAT AND DESCRIPTION

**DCP MIDSTREAM**

SURVEY  
 40.00 ACRE TRACT  
 CINCO-TERRY PLANTSITE  
 ABST# A-573  
 Located in  
 Section 229, Block 1,  
 T. & P. RR. CO. SURVEY  
 REAGAN COUNTY, TEXAS

Drawn By: TDD	Date: December 16, 2012
Scale: 1"=1000'	Field Book: DCP 56/3
Revision Date:	APE #: 121130H01
W.O. No: 2012-2011	Dwg. No: WDCMP_12012-2011.dwg

I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY AND UNDER MY SUPERVISION.

WADE MERTZ TEXAS R.P.L.S. No. 4082  
 MACON McDONALD TEXAS R.P.L.S. No. 4398  
 MARCUS L. HUSTAS TEXAS R.P.L.S. No. 5043  
 J. FRANK MEYMAN TEXAS R.P.L.S. No. 5031  
 R. CRAIG ALDERMAN TEXAS R.P.L.S. No. 5285

**WEST COMPANY OF MIDLAND, INC.**

110 W. LOUISIANA AVE, STE 110  
 MIDLAND TEXAS, 79701  
 (432) 687-0885 - FAX (432) 687-0868

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**SCHEDULE 2.3**

**DESCRIPTION OF QUALIFIED INVESTMENT AND/OR QUALIFIED PROPERTY**

The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following:

DCP Midstream will construct a Natural Gas Plant and associated pipeline facilities located southeast of Big Lake in Reagan County, Texas. The estimated investment for this project is \$80 million dollars.

Cinco Terry Project Description:

The Cinco Terry Gas Plant and associated equipment and facilities will be located on 40.00 acres. The location will include a 75 million standard cubic feet per day (MMSCFD)(nominal) cryogenic gas plant designed to treat and process produced natural gas from DCP gathering systems located throughout West Texas. The Cinco Terry Gas Plant process consists of four main stages listed and detailed below:

1. Inlet separation and Compression
2. Gas Treating and Water Removal
3. Natural Gas Processing
4. Residue Gas Compression

The Cinco Terry Plant will contain the following main units and utility systems:

Inlet Facilities	Heat Medium
Dehydration	Fuel Gas
Regeneration	Methanol Injection
NGL Recovery Train	Drains & Flare
NGL Product Delivery Facilities	Instrument & Utility Air
Residue Recompression &	Potable and Utility Water
Cooling	Emergency Generator
Water Heat Recovery	

A field office, pipelines, and pumping stations may also be located on the site.

All of the improvements that make up the qualified investment and/or qualified property will be made within the project area, which is completely within the reinvestment zone as shown in Schedule 2.1.

None of the foregoing listed property is covered under an existing County Appraisal District account number.

All of the property for which the Applicant is seeking a limitation of appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement.

**EXHIBIT A**  
to  
**SCHEDULE 2.3**

**MAP OF QUALIFIED PROPERTY/PROJECT AREA**



## SCHEDULE 3.2

### CALCULATIONS FOR LOSS OF REVENUES BY DISTRICT

The District Funding Revenue amount owed by Applicant to District will equal:

- (a) Original District Funding Revenue minus New District Funding Revenue, where;
  - i. “Original District Funding Revenue” means the total State and local District Funding Revenue that the District would have received for the school year under the School Finance Law absent this Agreement, effective for said school year.
  - ii. “New District Funding Revenue” means the total State and local District Funding Revenue that the District actually received under the School Finance Law for said school year.
- (b) In making the calculations required by this Schedule 3.2:
  - i. The Taxable Value of property for each school year will be determined under the School Finance Law.
  - ii. All calculations using the Original District Funding Revenue and the New District Funding Revenue made for years three (3) through ten (10) of this Agreement shall be based upon the limitation of value on the Qualified Property using the Tax Limitation Amount so that Applicant is not responsible for protecting the District against any decrease in the amount of local ad valorem taxes collected.
  - iii. All calculations made under this Schedule 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.
  - iv. The calculation made under this Schedule cannot result in a negative number. In the event that the calculation is a negative number, the loss to the District under this Schedule will be considered to be zero.

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



October 14, 2013

Steve Long  
Superintendent  
Reagan County Independent School District  
1111 12<sup>th</sup> St.  
Big Lake, Texas 76932

Re: Agreement for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Reagan County Independent School  
District and DCP Midstream, LP

Dear Superintendent Long:

This office has been provided the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Reagan County Independent School District and DCP Midstream, LP" (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

If you need additional information or have questions, please contact me at (512) 463-3973.

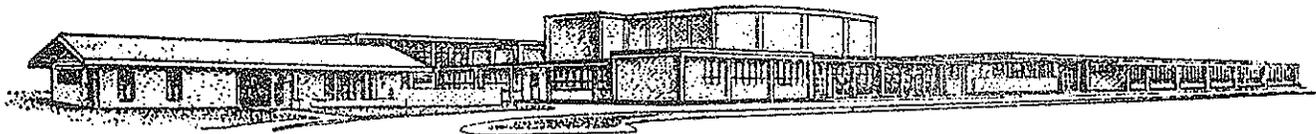
Sincerely,

A handwritten signature in black ink, appearing to read "R. B. Wood".

Robert B. Wood  
Director  
Economic Development & Analysis

cc: Fred Stormer, Underwood Law Firm, P.C.  
R. Gregg West, DCP Midstream, LLC

# REAGAN COUNTY INDEPENDENT SCHOOL DISTRICT



1111 TWELFTH STREET  
BIG LAKE, TEXAS 76932-3599

Phone # 325-884-3705

Fax # 325-884-3021

August 6, 2013

Trey Novosad  
Popp Hutcheson, P LLC  
Four Barton Skyway  
1301 South Mopac Ste. 430  
Austin TX, 78746

*Via email: [trey.novosad@property-tax.com](mailto:trey.novosad@property-tax.com)*

Re: Request for Extension on Application of DCP Midstream, LLC  
For a Limited Assessed Valuation Agreement

Dear Mr. Novosad:

Please be advised that at a properly called meeting of the Reagan County Independent School District Board of Trustees on August 5, 2013, the Board took action on the request for an extension to consider the application of DCP Midstream, LLC for a Limited Assessed Valuation Agreement with Reagan County ISD. The District approved the request, and has granted the extension on the application up to an additional 60 day period. The Board's action will be reflected in the Minutes of this meeting.

If you have any further questions concerning your extension, please do not hesitate to contact me or Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink that reads "Steve Long". The signature is fluid and cursive, with the first name "Steve" and last name "Long" clearly distinguishable.

Steve Long, Superintendent