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CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

June 26, 2013

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

RE: Application to the Ector County Independent School District from Summit Texas  
Clean Energy, LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Ector County Independent School District is notifying the Applicant Summit Texas Clean Energy, LLC of its intent to consider Summit Texas Clean Energy, LLC's application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on June 18, 2013. The Board voted at a properly posted Board meeting to accept the application on June 18, 2013. The application was determined completed on June 25, 2013. Please prepare the economic impact report.

Please note, no construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement. There is no existing property for this project.

The majority of the project area is currently located in a Reinvestment Zone created by Ector County. However, the company has requested the District to create a zone that will include all the area over which the project will span. The second zone has not been created at this point.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application. The wage the Applicant has committed to paying on this project is above the required statutory minimums.

Letter to Local Government Assistance & Economic Analysis Division

June 26, 2013

Page 2 of 2

Due to the size of the application, an electronic copy is not being emailed to you. An electronic and paper copy of the application materials will be hand delivered to your office. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Ector County Appraisal District.

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon  
School District Consultant

Cc: Chief Appraiser  
Ector County Appraisal District

Dr. H.T. Sanchez, Ector County ISD



# 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

<b>Authorized School District Representative</b>		Date application received by district <b>June 18, 2013</b>
First Name <b>H.T.</b>	Last Name <b>Sanchez</b>	
Title <b>Interim Superintendent</b>		
School District Name <b>Ector County Independent School District</b>		
Street Address <b>802 N SAM HOUSTON</b>		
Mailing Address <b>PO BOX 3912</b>		
City <b>Odessa</b>	State <b>Texas</b>	ZIP <b>79760</b>
Phone Number <b>432-456-7019</b>	Fax Number <b>432-456-7018</b>	
Mobile Number (optional)	E-mail Address <b>ht.sanchez@ectorcountyisd.org</b>	

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 <b>Kevin</b>	Last Name <b>O'Hanlon</b>	
Title <b>Attorney</b>		
Firm Name <b>O'Hanlon, McCollom &amp; Demerath</b>		
Street Address <b>808 West Avenue</b>		
Mailing Address <b>808 West Avenue</b>		
City <b>Austin</b>	State <b>TX</b>	ZIP <b>78701</b>
Phone Number <b>512-494-9949</b>	Fax Number <b>512-494-9919</b>	
Mobile Number (Optional)	E-mail Address <b>kohanlon@808west.com</b>	

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) <i>Helen M. Z. Sandy, Esq.</i>	Date <i>5-20-13</i>
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Has the district determined this application complete?  Yes  No

If yes, date determined complete. June 25, 2013

Have you completed the school finance documents required by TAC 9.1054(c)(3)?  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	will supplement

**APPLICANT INFORMATION - CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

First Name <b>Richard</b>		Last Name <b>Burkhardt</b>	
Title <b>Chief Financial Officer</b>			
Organization <b>Summit Texas Clean Energy, LLC</b>			
Street Address <b>401 N. FM Road 1601, Penwell, TX 79776</b>			
Mailing Address <b>83 S. King Street, Suite 200</b>			
City <b>Seattle</b>		State <b>WA</b>	ZIP <b>98104</b>
Phone Number <b>206-780-3551</b>		Fax Number <b>206-780-3571</b>	
Mobile Number (optional)		Business e-mail Address <b>rburkhardt@summitpower.com</b>	

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 <b>Ryan</b>		Last Name <b>Cooper</b>	
Title <b>Director, Corporate Finance</b>			
Organization <b>Summit Texas Clean Energy, LLC</b>			
Street Address <b>401 N. FM Road 1601, Penwell, TX 79776</b>			
Mailing Address <b>83 S. King Street, Suite 200</b>			
City <b>Seattle</b>		State <b>WA</b>	ZIP <b>98104</b>
Phone Number <b>206-780-3551</b>		Fax Number <b>206-780-3571</b>	
Mobile Number (optional)		E-mail Address <b>rcooper@summitpower.com</b>	

I authorize the consultant to provide and obtain information related to this application... **Not Applicable**  Yes  No

Will consultant be primary contact? **Not Applicable**  Yes  No



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

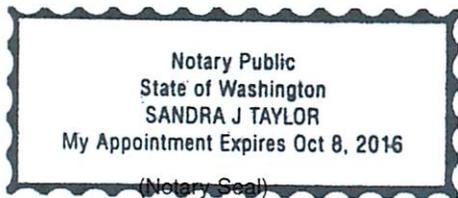
First Name N/A	Last Name	
Title		
Firm Name		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Business email Address		

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

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

Signature (Authorized Business Representative (Applicant)) <i>Richard W. Burchett</i>	Date <i>May 24, 2013</i>
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GIVEN under my hand and seal of office this 24<sup>th</sup> day of May, 2013



*[Signature]*  
Notary Public, State of Washington  
*Sandra J. Taylor*  
Notary Public

My commission expires Oct. 8, 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. See checklist item #2 in attachments.

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

Please answer only either A OR B:

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

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

**BUSINESS APPLICANT INFORMATION**

Legal Name under which application is made

Summit Texas Clean Energy, LLC

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

32041151260

NAICS code

221112

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

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

**APPLICANT BUSINESS STRUCTURE**

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

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

Limited Liability Company

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?  Yes  No

If so, please attach documentation of the combined group membership and contact information.

Please see checklist Item #3 in attachments.

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

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

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



**ELIGIBILITY UNDER TAX CODE CHAPTER 313.024**

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

**PROJECT DESCRIPTION**

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

Please see checklist item #4 in attachments

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

Please see checklist item #4 in attachments

**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 December 2013      Begin Hiring New Employees August 2015

Construction Complete April 2017      Fully Operational November 2017

Purchase Machinery & Equipment April 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? November 2017

**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
_____	_____
_____	_____
_____	_____
Total	_____

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

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

Chapter 312 Tax Abatement Agreement granted by Ector County, Ector County Hospital District, and Odessa Junior College District.  
Odessa Economic Development Corporation provided a development loan for job creation.

**THE PROPERTY**

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

Central Appraisal District (CAD) that will be responsible for appraising the property Ector 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: Ector County - 100% City: n/a  
(Name and percent of project) (Name and percent of project)

Hospital District: Ector County Hospital District - 100% Water District: n/a  
(Name and percent of project) (Name and percent of project)

Other (describe): Odessa Junior College - 100% 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.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$100,000,000.00

What is the amount of appraised value limitation for which you are applying? \$100,000,000.00

What is your total estimated qualified investment? \$2,142,126,164.00

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? November of 2013

What is the anticipated date of the beginning of the qualifying time period? November of 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? \$2,848,413,663.00

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, Please see checklist items #4, #6 and #8 in attachments.
(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. Please see checklist items #7, #9 and #11 in attachments.

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: Please see checklist items #4, #6 and #8, and #7, #9 and #11 in attachments.

- (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? June 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. \$480,000 (see attachments for checklist item #10) 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? 0

**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. Not applicable

Total number of new jobs that will have been created when fully operational 125

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? 100

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>) NO

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 \$1,112.65

110% of the county average weekly wage for manufacturing jobs in the county is \$1,293.60

110% of the county average weekly wage for manufacturing jobs in the region is \$938.16

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? \$48,784.32

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? \$48,784.32

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? 97 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 checklist item #15 in attachments.

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? ☑ Yes ☐ No

Is Schedule A completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule B completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule C (Application) completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule D completed and signed for all years and attached? ☑ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**COMPANY CHECKLIST AND REQUESTED ATTACHMENTS**

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
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.

**Schedule A (Rev. May 2010): Investment**

Applicant Name **SUMMIT TEXAS CLEAN ENERGY, LLC**  
 ISD Name **ECTOR COUNTY 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)				0				
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2013-2014	2013	0				
	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)								
Complete tax years of qualifying time period		1	2014-2015	2014	1,187,952,329	14,428,571	1,202,380,900		1,202,380,900
		2	2015-2016	2015	928,468,321	11,276,943	939,745,264		939,745,264
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	420,060,898	5,101,954			425,162,852
		4	2017-2018	2017	277,751,151	3,373,496			281,124,647
		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					

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).

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

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

Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

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

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

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

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

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

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

Richard W Bumphorst  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

May 24, 2013  
 DATE

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

Applicant Name

SUMMIT TEXAS CLEAN ENERGY, LLC

ISD Name

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value		
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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	480,000				480,000	480,000	
	Complete tax years of qualifying time period	1	2014-2015	2014	480,000	-	-		480,000	480,000	
		2	2015-2016	2015	480,000	11,398,571	938,482,340	360,714,270	589,646,641	589,646,641	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	480,000	20,307,356	1,671,972,313	642,637,849	1,050,121,820	100,000,000
			4	2017-2018	2017	480,000	24,337,900	2,003,820,423	770,186,705	1,258,451,618	100,000,000
			5	2018-2019	2018	480,000	34,180,964	2,814,232,699	1,908,437,154	940,456,509	100,000,000
			6	2019-2020	2019	480,000	32,471,916	2,772,019,208	1,870,268,411	934,702,713	100,000,000
			7	2020-2021	2020	480,000	30,848,320	2,730,438,920	1,832,863,043	928,904,198	100,000,000
			8	2021-2022	2021	480,000	29,305,904	2,689,482,336	1,796,205,782	923,062,459	100,000,000
			9	2022-2023	2022	480,000	27,840,609	2,649,140,101	1,760,281,666	917,179,044	100,000,000
			10	2023-2024	2023	480,000	26,448,579	2,609,403,000	1,725,076,033	911,255,545	100,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	480,000	25,126,150	2,570,261,955	1,690,574,512	905,293,592	905,293,592	
		12	2025-2026	2025	480,000	23,869,842	2,531,708,025	1,656,763,022	899,294,846	899,294,846	
		13	2026-2027	2026	480,000	22,676,350	2,493,732,405	1,623,627,762	893,260,994	893,260,994	
Post- Settle-Up Period		14	2027-2028	2027	480,000	21,542,533	2,456,326,419	1,591,155,206	887,193,745	887,193,745	
Post- Settle-Up Period		15	2028-2029	2028	480,000	20,465,406	2,419,481,523	1,559,332,102	881,094,826	881,094,826	

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.

*Richard W. [Signature]*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*May 24, 2013*

DATE

**Schedule C- Application: Employment Information**

**Applicant Name** SUMMIT TEXAS CLEAN ENERGY, LLC  
**ISD Name** ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs		
					Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
		pre- year 1	2013-2014	2013	500 FTE	40,000					
	Complete tax years of qualifying time period	1	2014-2015	2014	1600 FTE	40,000					
		2	2015-2016	2015	1400 FTE	40,000	20	48,785	16	48,785	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	1000 FTE	40,000	80	48,785	64	48,785
			4	2017-2018	2017	500 FTE	40,000	125	48,785	100	48,785
			5	2018-2019	2018			125	48,785	100	48,785
			6	2019-2020	2019			125	48,785	100	48,785
			7	2020-2021	2020			125	48,785	100	48,785
			8	2021-2022	2021			125	48,785	100	48,785
			9	2022-2023	2022			125	48,785	100	48,785
			10	2023-2024	2023			125	48,785	100	48,785
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024			125	48,785	100	48,785	
		12	2025-2026	2025			125	48,785	100	48,785	
		13	2026-2027	2026			125	48,785	100	48,785	
Post- Settle-Up Period		14	2027-2028	2027			125	48,785	100	48,785	
Post- Settle-Up Period		15	2028-2029	2028			125	48,785	100	48,785	

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.

*Richard W Bumpert*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*May 24, 2013*

DATE

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

**Applicant Name**

SUMMIT TEXAS CLEAN ENERGY, LLC

**ISD Name**

ECTOR COUNTY

**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)			2013-2014	2013	\$ -	\$ -	\$ -	0%	0%	0%	0%	
	Complete tax years of qualifying time period	1	2014-2015	2014	\$ 26,452,379.80	\$ 1,175,928,520.20	\$ -	0%	0%	0%	0%	
		2	2015-2016	2015	\$ 20,674,395.81	\$ 919,070,868.19	\$ -	0%	0%	0%	0%	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	\$ 9,353,582.74	\$ 415,809,269.26	\$ -	0%	0%	0%	0%
			4	2017-2018	2017	\$ 6,184,742.23	\$ 274,939,904.77	\$ -	0%	0%	0%	0%
			5	2018-2019	2018			\$ -	100%	0%	100%	100%
			6	2019-2020	2019			\$ -	100%	0%	100%	100%
			7	2020-2021	2020			\$ -	100%	0%	100%	100%
			8	2021-2022	2021			\$ -	100%	0%	100%	100%
			9	2022-2023	2022			\$ -	100%	0%	100%	100%
			10	2023-2024	2023			\$ -	100%	0%	100%	100%
Credit Settle-Up Period	Continue to Maintain Viable Presence		11	2024-2025	2024		\$ -	100%	0%	100%	100%	
			12	2025-2026	2025		\$ -	100%	0%	100%	100%	
			13	2026-2027	2026		\$ -	100%	0%	100%	100%	
Post- Settle-Up Period		14	2027-2028	2027			\$ -	100%	0%	100%	100%	
Post- Settle-Up Period		15	2028-2029	2028			\$ -	0%	0%	0%	0%	

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

*Richard W Burchett*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*May 24, 2013*

DATE

**CHECKLIST ITEM #2**

**PROOF OF PAYMENT OF APPLICATION FEE**

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

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

**CHECKLIST ITEM #3**

**COMBINED GROUP MEMBERSHIP DOCUMENTATION**

**SUMMIT TEXAS CLEAN ENERGY, LLC**

**SUMMIT POWER GROUP, LLC & SUBSIDIARIES**

83 S. King Street, Suite 200  
Seattle, WA 98104

<b>LEGAL NAME OF AFFILIATE</b>	<b>Affiliate's Texas Taxpayer Number (or FEI number)</b>	<b>Affiliate Nexus in Texas</b>
<b>SUMMIT TEXAS CLEAN ENERGY, LLC</b>	<b>32041151260</b>	<b>Yes</b>
<b>STCE HOLDINGS, LLC</b>	<b>32041739015</b>	<b>Yes</b>
<b>SUMMIT ENCINO WIND, LLC</b>	<b>32045647175</b>	<b>Yes</b>
<b>SUMMIT POWER GROUP, LLC</b>	<b>12031265577</b>	<b>Yes</b>
<b>SPGI HOLDINGS, INC.</b>	<b>32050142341</b>	<b>Yes</b>



# TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

April 17, 2013

## CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

### **SUMMIT TEXAS CLEAN ENERGY, LLC**

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 15, 2013.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 17th day of  
April 2013 A.D.

Susan Combs  
Texas Comptroller

Taxpayer number: 32041151260  
File number: 0801225292

Form 05-304 (Rev. 12-07/17)



# TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

April 17, 2013

## CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

**STCE HOLDINGS, LLC**

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 15, 2013.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 17th day of  
April 2013 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 32041739015  
File number: 0801261617

Form 05-304 (Rev. 12-07/17)



# TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

April 17, 2013

## CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

### **SUMMIT ENCINO WIND, LLC**

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 15, 2013.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 17th day of  
April 2013 A.D.

A handwritten signature in black ink that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 32045467175  
File number: 0801500865

Form 05-304 (Rev. 12-07/17)



# TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

April 17, 2013

## CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

### **SUMMIT POWER GROUP, LLC**

is, as of this date, in good standing with this office having no franchise tax  
reports or payments due at this time. This certificate is valid through the  
date that the next franchise tax report will be due May 15, 2013.

This certificate does not make a representation as to the status of the  
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted  
entity is subject to franchise tax as required by law. This certificate is not  
valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 17th day of  
April 2013 A.D.

A handwritten signature in black ink that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 12031265577  
File number: 0052541980

Form 05-304 (Rev. 12-07/17)



# TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

April 17, 2013

## CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

**SPGI HOLDINGS, INC.**

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 15, 2013.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 17th day of  
April 2013 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs  
Texas Comptroller

Taxpayer number: 32050142341  
File number: 0062611480

Form 05-304 (Rev. 12-07/17)

**CHECKLIST ITEM #4**

**DETAILED DESCRIPTION OF THE PROJECT**

## **A. Detailed Description of the Project**

Summit Texas Clean Energy, LLC (“Summit”) proposes to construct and operate an integrated gasification combined cycle (“IGCC”) fertilizer and power plant near Odessa at the former Penwell FutureGEN site in Ector County, Texas. The project is referred to as the Texas Clean Energy Project (“TCEP”). TCEP is being developed as a reference plant for coal-based commercial electricity generation (along with other valuable commercial byproducts) with a carbon dioxide (CO<sub>2</sub>) capture rate of ninety percent. Using Powder River Basin sub-bituminous coal as the feedstock, TCEP will produce a nominal 400 MW (gross) of electric power, captured CO<sub>2</sub>, and ammonia (NH<sub>3</sub>)/urea, all as commercial products. The plant includes two operating Siemens SFG-500 (500MW(th)) gasifiers fueling a single SGT6-5000F gas turbine and one steam turbine. TCEP will be designed to capture, as CO<sub>2</sub> ninety percent or more of the total carbon in the fossil fuel entering the plant that is used for power production under almost all operating conditions. The captured CO<sub>2</sub> will be sold under binding commercial contracts and will subsequently be injected geologically for Enhanced Oil Recovery (EOR). The captured CO<sub>2</sub> will be conditioned and permanently sequestered in geologic formations via injection for EOR. All carbon in the coal entering the plant for urea production will also be captured and sequestered to the extent not used in the urea itself. Urea is a solid, non-acidic, water-soluble nitrogen (47%) compound used primarily as fertilizer. TCEP’s urea output will also be sold under a binding commercial contract.

The TCEP power and chemical complex will spread across the 635-acre plant site, with a large rail network outlining the perimeter. A network of conveyance systems will unload and load materials onto the rail line, and the conveyance systems can also load and unload trucks. Inside the rail loop will be a water treatment facility, a coal and slag pile with associated handling systems, cooling towers, an air separation unit, gasifiers, a power block, a switchyard, a urea plant, an acid gas removal plant, an ammonia plant, a shift reactor, flares, various chemical and catalyst storage tanks and systems, scales, maintenance and equipment sheds, a communications building, backup power sources, fueling stations, a CO<sub>2</sub> compression facility, associated utility pipelines and transmission lines, retention ponds, roads, control and administration buildings, parking lots, security checkpoints and a security fence. The facility will have all necessary utilities for workers including sewage removal and potable water.

## **B. Ability to Relocate to Another State or Region**

Summit Power Group, LLC was solicited by multiple domestic and international parties, both public and private, to develop a clean coal project, but has selected the Penwell, TX site because of its close proximity to the Permian Basin. This particular site also adjoins the Union Pacific railroad, which minimizes costly rail lateral built outs, and is only a few miles from existing CO<sub>2</sub> and natural gas infrastructure. Although multiple locations across the United States offer the combination of natural gas, CO<sub>2</sub> and rail infrastructure, TCEP selected the Penwell site because the state of Texas has created favorable clean coal incentives and because the Permian basin is a hub of energy resource development and CO<sub>2</sub> injection activity.

**CHECKLIST ITEMS #6 AND #8**

**DESCRIPTION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

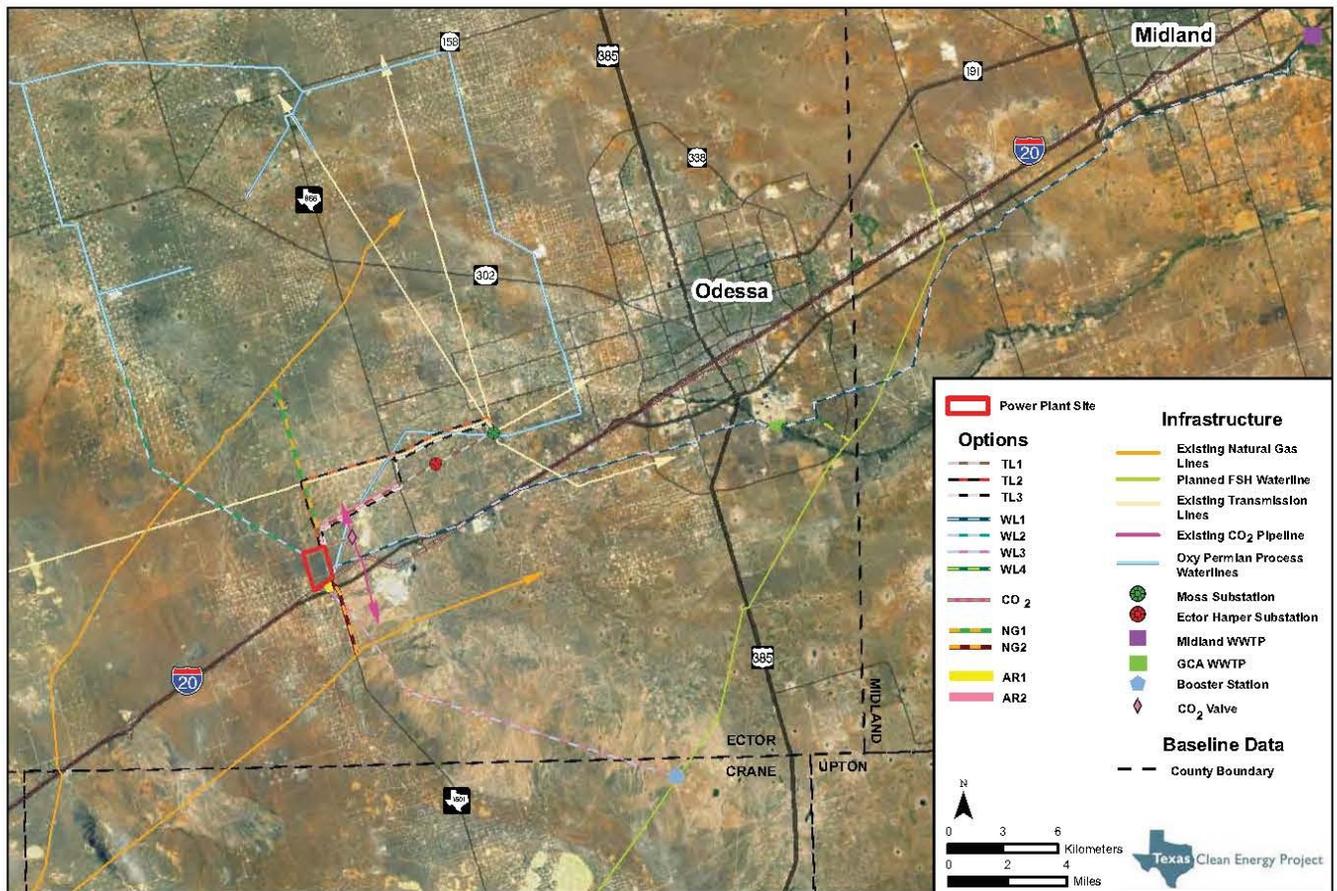
## #6 and #8 Description of Qualified Investment/Qualified Property

Includes, but not limited to,

- two operating Siemens SFG-500 (500 MW(th)) gasifiers fueling a single SGT6-5000F gas turbine and one steam turbine.
- a large rail network outlining the site's perimeter.
- A network of conveyance systems will unload and load materials onto the rail line, and the conveyance systems can also load and unload trucks.
- a water treatment facility
- a coal and slag pile with associated handling systems,
- cooling towers
- an air separation unit
- gasifiers
- a power block
- a switchyard
- a urea plant
- an acid gas removal plant
- an ammonia plant
- a shift reactor
- flares
- various chemical and catalyst storage tanks and systems
- scales
- maintenance and equipment sheds
- a communications building
- backup power sources
- fueling stations
- a CO<sub>2</sub> compression facility
- associated utility pipelines and transmission lines
- retention ponds
- roads,
- control and administration buildings
- parking lots
- security checkpoints
- and a security fence.

**CHECKLIST ITEMS #7, #9 AND #11**

**MAPS OF QUALIFIED PROPERTY/QUALIFIED INVESTMENT & VICINITY**



TCEP project location map.



**"EXHIBIT B"**  
**BEING AN 11.52 ACRE TRACT AND A 1.03 ACRE TRACT IN**  
**SECTION 42, BLOCK 44, T-2-S,**  
**T&P RR CO. SURVEY,**  
**ECTOR COUNTY, TEXAS.**

PROPOSED  
2.39 ACRE  
SUBSTATION

H-FRAME  
TRANSMISSION LINE

PROPOSED ROAD 60' ROW

**TRACT 2**  
1.03 ACRE

P.O.B. TRACT 2  
Y=0,612,729.67  
X=1,592,303.85

A=23°00'13"  
R=720.00'  
L=269.07'  
CB= N 00°02'44" E  
CD=287.13'

N 26°26'53" W  
265.26'

N 63°33'07" E  
150.00'

S 26°26'53" E  
215.08'

L=17°41'55"  
R=780.00'

L=240.94'  
CB= S 12°14'44" W  
CD=239.98'

N 75°45'00" E 861.98'

S 76°45'00" W 833.02'

**TRACT 1**  
11.52 ACRES

SECTION 42  
BLOCK 44  
T-2-S

N 14°15'00" W 2074.34'

S 14°15'00" E 2225.42'

P.O.B. TRACT 1  
Y=0,610,593.88  
X=1,593,948.84

63.64'

FB, 5/8" L ROD  
W/ ALUMINUM  
CAP MARKED  
"LCA ODESSA TX"

- NOTES
1. EXHIBIT "A", BEING A METES AND BOUNDS DESCRIPTION, ACCOMPANIES THIS EXHIBIT "B".
  2. THIS SURVEY DOES NOT DEPICT THE EASEMENTS OF RECORD THAT MAY OR MAY NOT AFFECT THE PROPERTY.
  3. THE SECTION CONSTRUCTION IS BASED UPON THE SURVEY BY J. STAN PRER, L&LS, SURVEYED FROM MARCH 1987 THROUGH DECEMBER 1987 AND RECORDED IN ECTOR COUNTY ROLL SKETCH NUMBER 14, FILED FEBRUARY 4, 1988.
  4. BEARINGS, DISTANCES AND COORDINATES ARE RELATIVE TO THE TEXAS COORDINATE SYSTEM, 1983 HAD, CENTRAL ZONE, WITH A COMBINED GRID FACTOR OF 0.999829350 AND A THETA ANGLE OF -0°09'37" NEAR THE CENTER OF THIS DESCRIPTION. ACRES ARE STATED ON THE SURVEY IS SURFACE ACRES.



300' 0 300'  
SCALE : 1" = 300'

**LEGEND**

○ SET 1/2" I.R. W/CAP  
UNLESS OTHERWISE NOTED

37 | 42  
48 | 43

FD, 2" I. PIPE

SUMMIT TEXAS CLEAN ENERGY, LLC  
DOC. NO. 2010-00004267 (OPREC)  
(6010 ACRES)

S 76°05'10" W 150.00'

43 | 44

ENG. \_\_\_\_\_ E.T. \_\_\_\_\_  
SVY. \_\_\_\_\_ DFT. \_\_\_\_\_  
LCA JOB No. 2010-053

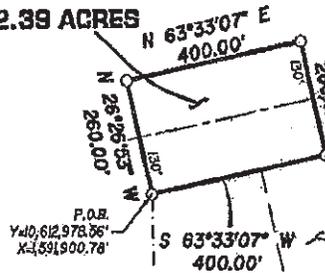
**LCA** ENVIRONMENTAL • CIVIL ENGINEERING • LAND SURVEYING  
 Phone # (432) 352-5058 E-Mail: lca@lcaodessa.com F-001363  
 521 North Texas, Odessa, TX, 79761 Copyright 2012 LCA

E:\2010\2010-053\dwg\Exhibit\Exhibit2010-053 Electric Row Exhibit.dwg, 3/22/2012, 9:30:15 AM



**"EXHIBIT B"**  
**BEING A 2.39 ACRE TRACT IN**  
**SECTION 42, BLOCK 44, T-2-S,**  
**T&P RR CO. SURVEY,**  
**ECTOR COUNTY, TEXAS.**

**SUBSTATION**  
**2.39 ACRES**



P.O.B.  
 Y=10,612,978.56'  
 X=1,591,900.78'

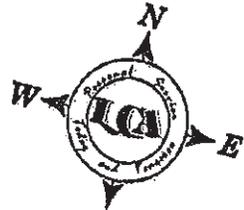


**NOTES**

1. EXHIBIT "A", BEING A METES AND BOUNDS DESCRIPTION, ACCOMPANIES THIS EXHIBIT "B".
2. THIS SURVEY DOES NOT DEPICT THE EASEMENTS OF RECORD THAT MAY OR MAY NOT AFFECT THE PROPERTY.
3. THE SECTION CONSTRUCTION IS BASED UPON THE SURVEY BY J. STAN PIER, L.S.L.S. SURVEYED FROM MARCH 1987 THROUGH DECEMBER 1987 AND RECORDED IN ECTOR COUNTY ROLL SKETCH NUMBER 13, FILED FEBRUARY 4, 1988.
4. BEARINGS, DISTANCES AND COORDINATES ARE RELATIVE TO THE TEXAS COORDINATE SYSTEM, 1983 HAD, CENTRAL ZONE, WITH A COMBINED GRID FACTOR OF 0.999829390 AND A THETA ANGLE OF -0°09'37" NEAR THE CENTER OF THIS DESCRIPTION. ACREAGE STATED ON THE SURVEY IS SURFACE ACREAGE.

PROPOSED 1.03  
 ACRE TRACT

SECTION 42  
 BLOCK 44  
 T-2-S



SCALE : 1" = 300'

**LEGEND**

- SET 1/2" I.R. W/CAP  
 UNLESS OTHERWISE NOTED



FO. 2" I. PIPE

SUMMIT TEXAS CLEAN ENERGY, LLC  
 OCC. NO. 2010-0004267 (OPREC)  
 (60.10 ACRES)



FD. 5/8" I. ROD  
 W/ ALUMINUM  
 CAP MARKED  
 "LCA ODESSA TX"

ENG. \_\_\_\_\_ RT. \_\_\_\_\_  
 SVY. \_\_\_\_\_ DPT. \_\_\_\_\_  
 LCA JOB No. 2010-055

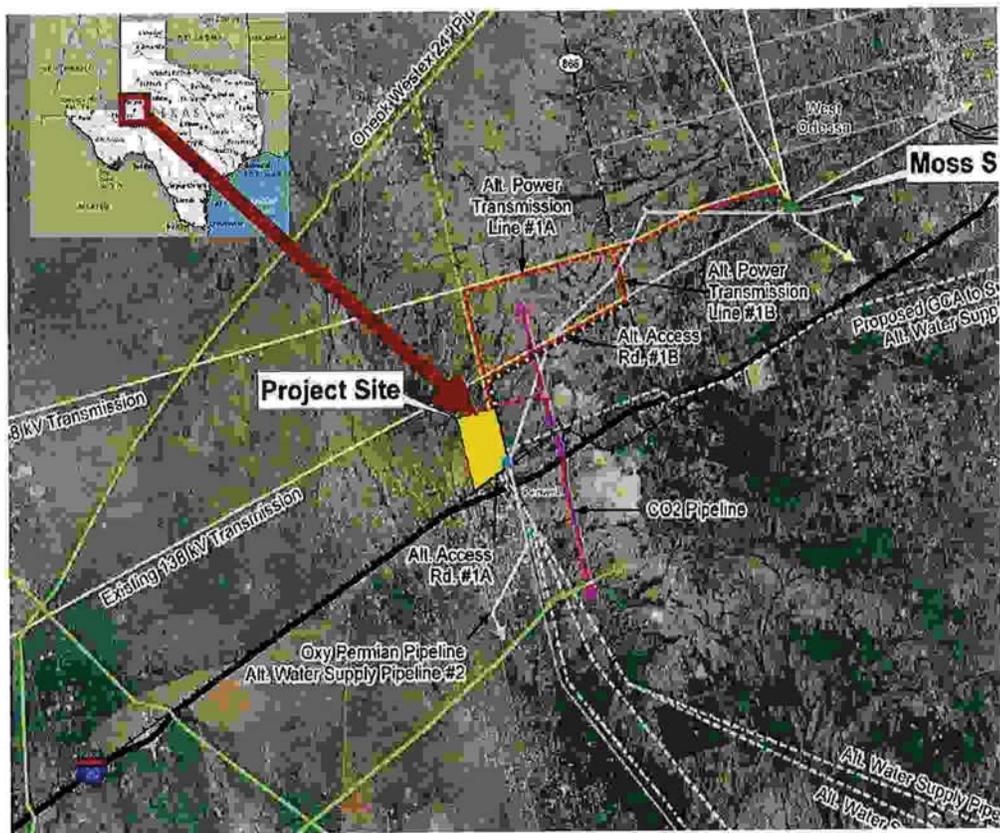


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E:\2010\2010-055\dwg\Drafting\Exhibits\2010-055 Electric Substation Exhibit.dwg, 3/22/2012 1:52:15 PM



Vicinity Map



Prepared by:



**CHECKLIST ITEM #10**

**DESCRIPTION OF LAND**

- Legal Description
- Appraisal District Information

## EXHIBIT A

Legal Description  
For a 601.10 Acre Tract of Land  
In Section 43, Block 44, T2S,  
And Section 6, Block 44, T3S,  
T&P RR. Co. Survey,  
Ector County, Texas

Boundary Being More Fully Described By Metes and Bounds As Follows:

Legal Description For a 601.10 Acre Tract of Land In Section 43, Block 44, T-2-S, And Section 6, Block 44, T-3-S, T&P RR. Co. Survey, Ector County, Texas, boundary being more fully described by metes and bounds as follows:

BEGINNING at (Y= 10,605,109.17' and X= 1,595,446.88') a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set in the east line of said Section 6 and 100 feet perpendicular to the centerline of an existing railroad track and being the southerly southeast corner of this tract;

THENCE N 13°56'57" W with the east line of said Section 6, a distance of 392.03 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set in the south line of Section 44, Block 44, T2S and at the northeast corner of said Section 6 also being the most easterly southeast corner of this tract;

THENCE S 76°09'54" W with the south line of said Section 44 and the north line of said Section 6, a distance of 28.91 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set for the southwest corner of said Section 44 and the southeast corner of said Section 43 and being an interior ell corner of this tract;

THENCE N 14°20'50" W with the east line of said Section 43 and the west line of said Section 44, a distance of 5293.64 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set for the northwest corner of said Section 44 and the northeast corner of said Section 43 also being the northeast corner of this tract;

THENCE S 76°05'10" W with the north line of said Section 43 and the south line of Section 42 this Block, a distance of 4090.57 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set at the northwest corner of this tract, whence a 2" Iron pipe found at the common corners of said Sections 42 and 43 and 27 and 28, Block 45, T2S bears S 76°05'10" W, a distance of 1200.60 feet;

THENCE S 14°25'25" E, at a distance of 5288.08 feet pass the south line of said Section 43 and the north line of said Section 6, from this point a 2" Iron pipe found at the southwest corner of said Section 43 and the northwest corner of said Section 6 and the southeast corner of said Section 28 bears S 76°09'54" W, a distance of 1200.62 feet, confining on for a total distance of 7111.18 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set 100 feet perpendicular to the centerline of said existing railroad track and being the southwest corner of this tract;

THENCE N 56°54'04" E 100 feet northwesterly and parallel to the centerline of said existing railroad track, a distance of 4337.36 feet to the Point of Beginning, containing 601.10 acres of land.

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a theta angle of -01°10'03" and a combined grid factor of 0.999829385 near the center of Section 43. Acreage stated is average surface.

TOGETHER WITH THAT CERTAIN EASMENT BEING DESCRIBED AS FOLLOWS:

ALL RIGHT, TITLE AND INTEREST OF THE GRANTOR IN AND TO THAT CERTAIN WATER PIPELINE EASEMENT EXECUTED BY SCHUBERT RANCH, INC. CONVEYING TO TELEDYNE INDUSTRIES, INC. DATED AUGUST 5, 1981. A 15' WATER LINE EASEMENT ACROSS A PORTION OF SECTION 43, BLOCK 44, T-2-S AND SECTIONS 28, 27 AND 26, T-2-S, T&P RAILWAY COMPANY SURVEY, ECTOR COUNTY, TEXAS, RECORDED IN VOLUME 2014, PAGE 428, OFFICIAL PUBLIC RECORDS, ECTOR COUNTY, TEXAS.



## Ector County Appraisal District

1301 E 8th Street  
Odessa, Texas 79761-4703  
Phone: 432-332-6834  
Fax: 432-332-1726



Updated Last: March 13, 2013

Account Number: 43420.00010.00000

Parcel Number: R100056499

Owner's Information

SUMMIT TEXAS CLEAN ENERGY LLC  
83 S KING ST STE 200  
SEATTLE, WA 98104-2875

Property Legal Description

T-2-S BLK 44 SEC 43  
(CARD #1)

Property Location

N/A

Land Size

495.2500

Undivided Interest Percent

1.000000

DEED & EXEMPTION INFORMATION

Name	Year	Date	Vol / Pg	Inst.#	Exemptions
SUMMIT TEXAS CLEAN ENERGY LLC	2013	3/31/2010	2417 / 918	2010-00004267	None
ODESSA INDUSTRIAL DEVELOPMENT CORP	2010	3/31/2010	2417	914	None
BARKER TOM & BURKES JUDY	2009	4/10/2006	2019	395	None

IMPROVEMENT INFORMATION

Description	Year	SQFT	Value
LAND ONLY	0	0	\$0

PROPERTY VALUES

	2013	2012	2011	2010	2009
TOTAL IMPROVEMENT VALUE	\$0	\$0	\$0	\$0	\$0
LAND MARKET VALUE	\$396,200	\$396,200	\$396,200	\$39,620	\$39,620
PRODUCTIVITY VALUE	\$0	\$0	\$0	\$0	\$0
TOTAL MARKET VALUE	\$396,200	\$396,200	\$396,200	\$39,620	\$39,620
10% HOMESTEAD CAP LOSS	\$0	\$0	\$0	\$0	\$0
APPRAISED VALUE	\$396,200	\$396,200	\$396,200	\$39,620	\$39,620

JURISDICTION VALUES & TAX RATES

	2013 Value	2012 Value	2011 Value	2010 Value	2009 Value
ECTOR COUNTY	\$396,200	\$396,200	\$396,200	\$39,620	\$39,620
	0.003183	0.003183	0.003564	0.003564	0.003580
	\$1,261.10				
ECTOR COUNTY I S D	\$396,200	\$396,200	\$396,200	\$39,620	\$39,620
	0.011195	0.011195	0.011320	0.011350	0.011350
	\$4,435.46				
ECTOR CO HOSPITAL DIST	\$396,200	\$396,200	\$396,200	\$39,620	\$39,620
	0.000498	0.000498	0.000521	0.000552	0.000584
	\$197.31				
ODESSA COLLEGE	\$396,200	\$396,200	\$396,200	\$39,620	\$39,620
	0.001872	0.001872	0.001948	0.001584	0.001624
	\$741.69				
TOTAL ESTIMATED TAX AMOUNT	\$6,635.56				

ORIGINAL TAX AMOUNTS

Year	TAX	ISD	OC	COU	HOS	ODE	ECUD	GOL	FMLR	CED
2012	\$6,635.28	\$4,435.46	\$741.57	\$1,261.02	\$197.23	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00





### Ector County Appraisal District

1301 E 8th Street  
 Odessa, Texas 79761-4703  
 Phone:432-332-6834  
 Fax:432-332-1726



Updated Last: March 14, 2013

Account Number: 44760.00160.00000

Parcel Number: R100056497

Owner's Information

SUMMIT TEXAS CLEAN ENERGY LLC  
 83 S KING ST STE 200  
 SEATTLE, WA 98104-2875

Property Legal Description

T-3-S BLK 44 SEC 06  
 (CARD #13)

Property Location

N/A

Land Size

104.7500

Undivided Interest Percent

1.000000

DEED & EXEMPTION INFORMATION

Name	Year	Date	Vol / Pg	Inst.#	Exemptions
SUMMIT TEXAS CLEAN ENERGY LLC	2013	3/31/2010	2417 / 918	2010-00004267	None
ODESSA INDUSTRIAL DEVELOPMENT CORP	2010	3/31/2010	2417	914	None
BARKER TOM & BURKES JUDY	2009	4/10/2006	2019	395	None

IMPROVEMENT INFORMATION

Description	Year	SQFT	Value
LAND ONLY	0	0	\$0

PROPERTY VALUES

	2013	2012	2011	2010	2009
TOTAL IMPROVEMENT VALUE	\$0	\$0	\$0	\$0	\$0
LAND MARKET VALUE	\$83,800	\$83,800	\$83,800	\$8,380	\$8,380
PRODUCTIVITY VALUE	\$0	\$0	\$0	\$0	\$0
TOTAL MARKET VALUE	\$83,800	\$83,800	\$83,800	\$8,380	\$8,380
10% HOMESTEAD CAP LOSS	\$0	\$0	\$0	\$0	\$0
APPRAISED VALUE	\$83,800	\$83,800	\$83,800	\$8,380	\$8,380

JURISDICTION VALUES & TAX RATES

	2013 Value	2012 Value	2011 Value	2010 Value	2009 Value
ECTOR COUNTY	\$83,800	\$83,800	\$83,800	\$8,380	\$8,380
	0.003183	0.003183	0.003564	0.003564	0.003580
	\$266.74				
ECTOR COUNTY I S D	\$83,800	\$83,800	\$83,800	\$8,380	\$8,380
	0.011195	0.011195	0.011320	0.011350	0.011350
	\$938.14				
ECTOR CO HOSPITAL DIST	\$83,800	\$83,800	\$83,800	\$8,380	\$8,380
	0.000498	0.000498	0.000521	0.000552	0.000584
	\$41.73				
ODESSA COLLEGE	\$83,800	\$83,800	\$83,800	\$8,380	\$8,380
	0.001872	0.001872	0.001948	0.001584	0.001624
	\$156.87				
TOTAL ESTIMATED TAX AMOUNT	\$1,403.48				

ORIGINAL TAX AMOUNTS

Year	TAX	ISD	OC	COU	HOS	ODE	ECUD	GOL	FMLR	CED
2012	\$1,403.43	\$938.14	\$156.85	\$266.72	\$41.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00





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**FIRM # 001363**

**521 NORTH TEXAS • ODESSA, TEXAS 79761  
(432) 332-5058 or 580-8812 • FAX (432) 332-8812**

---

**EXHIBIT "A"**

Legal Description of Tracts 1 and 2 being  
A 11.52 Acre Tract and a 1.03 Acre Tract of Land  
Located in Section 42 Block 44, T-2-S,  
T&P RR. Co. Survey, Ector County, Texas

**TRACT 1-11.52 Acres**

Boundary Being More Fully Described As Follows:

BEGINNING at (Y= 10,610,595.48' and X= 1,593,948.84') a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set in the north line of that certain 601.10 acre tract as described in Document Number 2010-00004267 of the Official Public Records of Ector County, Texas and the common line of Section 42 and 43, Block 44, T-2-S, T&P RR Co. Survey, Ector County, Texas, whence a 5/8" Iron rod with 2" aluminum cap marked "LCA ODESSA TX" found at the common corner of Sections 41,42,43 and 44, bears N 76°05'10" E, a distance of 65.64 feet;

THENCE S 76°05'10" W, along the common line of said Sections 42 and 43, a distance of 150.00 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set at the southwest corner of this tract;

THENCE N 14°15'00" W, a distance of 2,074.54 to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set at an interior ell corner of this tract;

THENCE S 75°45'00" W, a distance of 833.02 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set at point of deflection of this tract;

THENCE N 26°26'53" W, a distance of 265.26 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the northwestern corner of this tract and being in the curved southeastern right-of-way line of a proposed 60 foot wide road;

THENCE with the southeastern right-of-way line of said proposed road and a curve to the right in a northerly direction, said curve having a radius length of 720.00 feet, a delta angle of 23°00'13", an arc length of 289.07 feet and a chord length of 287.13 bearing N 05°02'44" E to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the northernmost northeast corner of this tract;

THENCE S 26°26'53" E, a distance of 389.06 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set at a point of deflection of this tract;

THENCE N 75°45'00" E, a distance of 861.98 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set at an exterior ell corner of this tract;

THENCE S 14°15'00" E, a distance of 2,225.42 feet to the Point of the Beginning containing 11.52 surface acres of land, as depicted on the attached EXHIBIT "B".

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a combined grid factor of 0.999829390 and a theta angle of -01°09'37" near the center of this description.

**TRACT 2-1.03 Acres**

Boundary Being More Fully Described As Follows:

BEGINNING at (Y= 10,612,729.61' and X= 1,592,303.85') a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set in the curved northwesterly right-of-way line of a proposed 60 foot wide road and being southwest corner of this tract whence a 5/8" Iron rod with 2" aluminum cap marked "LCA ODESSA TX" found at the common corner of Sections 41, 42, 43

and 44, Block 44, T-2-S, T&P RR Co. Survey, Ector County Texas, bears S 14°54'50" E, a distance of 2,467.45 feet and N 76°05'10" E, a distance of 1,106.12 feet;

THENCE N 26°26'53" W, a distance of 402.41 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the northwest corner of this, and being 130 feet south of the centerline of an H-Frame Transmission Line;

THENCE N 63°33'07" E, 130 feet south of and parallel to the centerline of said H-Frame Transmission Line, a distance of 150.00 to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the northeast corner of this tract;

THENCE S 26°26'53" E, a distance of 215.08 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set in the curved northwesterly right-of-way line of said proposed road and being the southeast corner of this tract;

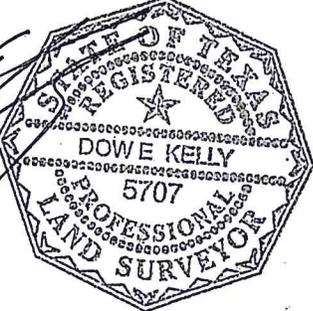
THENCE with the northwesterly right-of-way line of said proposed road and a curve to the left in a southerly direction, said curve having a radius length of 780.00 feet, a delta angle of 17°41'55", an arc length of 240.94 feet and a chord length of 239.98 feet bearing S 12°14'14" W to the Point of the Beginning containing 1.03 surface acres of land, as depicted on the attached EXHIBIT "B".

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a combined grid factor of 0.999829390 and a theta angle of -01°09'37" near the center of this description.

The Section Corner Construction is based upon the survey by J. Stan Piper, LSLs, surveyed from March 1987 through December 1987 and recorded in Ector County Roll Sketch Number 15, filed February 4, 1988.

LCA

Dow E Kelly, R.P.L.S. #5707  
March 21, 2012; Rev March 22, 2012



LCA Project number 2010-055



**ENVIRONMENTAL • CIVIL ENGINEERING • LAND SURVEYING**

**FIRM # 001363**

**521 NORTH TEXAS • ODESSA, TEXAS 79761  
(432) 332-5058 or 580-8812 • FAX (432) 332-8812**

**EXHIBIT "A"**

**Legal Description**

**For a 6.27 Acre Tract of Land  
Located in Sections 41 and 44, Block 44, T-2-S,  
T&P RR. Co. Survey, Ector County, Texas**

Boundary Being More Fully Described As Follows:

BEGINNING at (Y= 10,610,538.60' and X= 1,594,031.14') a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set in the east line of that certain 601.10 acre tract as described in Document Number 2010-00004267 of the Official Public Records of Ector County and in the common line of Sections 43 and 44, Block 44, T-2-S T&P RR Co. Survey, Ector County, Texas, whence a 5/8" Iron rod with 2" aluminum cap marked "LCA ODESSA TX" found at the common corner of Sections 41,42,43 and 44, of said Block 44, T-2-S bears N 14°20'50" W, a distance of 75.00 feet;

THENCE N 76°05'10" E, 75 feet south of and parallel to the north line of said Section 44, a distance of 5,240.08 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set at an ell corner of this tract;

THENCE N 14°16'52" W, at a distance of 75.00 feet pass the north line of said Section 44 and the south line of said Section 41, continuing on for a total distance of 167.88 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set in the projection of the south side of a fenced Kinder Morgan Pipeline facility and being the most northwest corner of this tract;

THENCE N 76°05'10" E, a distance of 50.00 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set in the east line of said Section 41 and being the most northeast corner of this tract;

THENCE S 14°16'52" E, at 92.91 feet pass a 5/8" Iron rod with a 2" aluminum cap found at the northeast corner of said Section 44 and the southeast corner of said Section 41, continuing on for a total distance of 217.88 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the southeast corner of this tract;

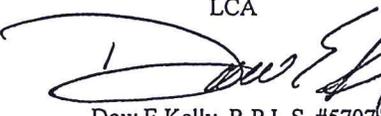
THENCE S 76°05'10" W, a distance of 5,290.02 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set in the east line of said 601.10 acre tract and the common line of said Sections 43 and 44 and being the southwest corner of this tract;

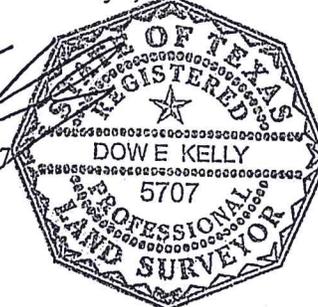
THENCE N 14°20'50" W, along the east line of said 601.10 acre tract and the common line of said Sections 43 and 44, a distance of 50.00 feet to the Point of the Beginning containing 6.27 surface acres of land, as depicted on the attached EXHIBIT "B".

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a combined grid factor of 0.999829390 and a theta angle of -01°09'37" near the center of this description.

The Section Corner Construction is based upon the survey by J. Stan Piper, LSLs, surveyed from March 1987 through December 1987 and recorded in Ector County Roll Sketch Number 15, filed February 4, 1988.

LCA

  
Dow E Kelly, R.P.L.S. #5707  
March 21, 2012



LCA Project Number 2010-055



**ENVIRONMENTAL • CIVIL ENGINEERING • LAND SURVEYING**

**FIRM # 001363**

**521 NORTH TEXAS • ODESSA, TEXAS 79761  
(432) 332-5058 or 580-8812 • FAX (432) 332-8812**

**EXHIBIT "A"**

**Legal Description of a 13.30 Acre Tract  
Located in Section 44 Block 44, T-2-S, and Section 5, Block 44 T-3-S  
T&P RR. Co. Survey, Ector County, Texas**

Boundary Being More Fully Described As Follows:

BEGINNING at (Y= 10,605,489.64' and X= 1,595,352.37') a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" found at the common northwest corner of Sections 5 and 6, Block 44, T-3-S and in the south line of Section 44, Block 44 T-2-S, T&P RR Co. Survey, Ector County Texas and also being a corner of that certain 601.10 acre tract as described in Document Number 2010-00004267 of the Official Public Records of Ector County, Texas;

THENCE S 76°09'54" W, along a south line of said 601.10 acre tract and the common line of said Sections 44 and 6, a distance of 28.91 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" found at the common southwest corner of Section 44 and the southeast corner of Section 43, Block 44, T-2-S in the north line of said Section 6;

THENCE N 14°20'50" W, along an east line of said 601.10 acre tract and the common line of said Sections 43 and 44 a distance of 303.73 feet to a 1/2" Iron rod with plastic cap marked "LCA ODESSA TX" set for the westernmost northwest corner of this tract;

THENCE S 82°27'48" E, a distance of 623.60 feet to a 1/2" Iron rod with plastic cap marked "LCA ODESSA TX" set for a point of deflection of this tract;

THENCE N 71°07'45" E, a distance of 370.89 feet to a 1/2" Iron rod with plastic cap marked "LCA ODESSA TX" set for a point of deflection of this tract;

THENCE N 60°43'09" E, a distance of 2,556.07 feet to a 1/2" Iron rod with plastic cap marked "LCA ODESSA TX" set in the northern right-of-way of the Union Pacific Railroad;

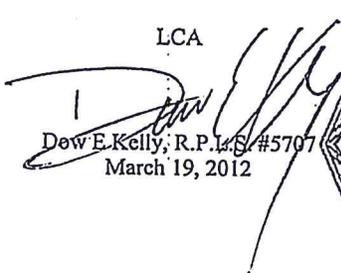
THENCE S 56°54'04" W, along the northern right-of-way of said Union Pacific Railroad, passing the common line of said Sections 5 and 44 at 2,393.84 feet, continuing for a total distance of 3,582.10 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" found in the northern right-of-way of said Union Pacific Railroad and the southeast corner of said 601.10 acre tract in the common line of said Sections 5 and 6;

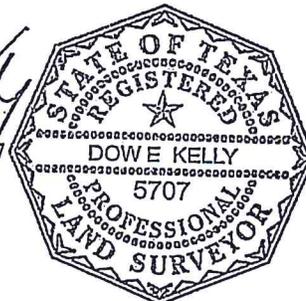
THENCE N 13°56'57" W, along the east line of said 601.10 acre tract and the common line of said Sections 5 and 6, a distance of 392.03 feet to the Point of the Beginning, containing 13.30 surface acres of land as depicted on the attached EXHIBIT "B".

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a combined grid factor of 0.999829390 and a theta angle of -01°09'37" near the center of this description.

The Section Corner Construction is based upon the survey by J. Stan Piper, LSLs, surveyed from March 1987 through December 1987 and recorded in Ector County Roll Sketch Number 15, filed February 4, 1988.

LCA

  
Dow E. Kelly, R.P.L.S. #5707  
March 19, 2012



LCA Project number 2010-055



**ENVIRONMENTAL • CIVIL ENGINEERING • LAND SURVEYING**

**FIRM # 001363**

**521 NORTH TEXAS • ODESSA, TEXAS 79761  
(432) 332-5058 or 580-8812 • FAX (432) 332-8812**

---

**EXHIBIT "A"**

**Legal Description of Tract 1**

**A 2.39 Acre of Land**

**Located in Section 42 Block 44, T-2-S,  
T&P RR. Co. Survey, Ector County, Texas**

Tract 1-2.39 Acres

Boundary Being More Fully Described As Follows:

BEGINNING at (Y= 10,612,978.56' and X= 1,591,900.78') a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the southwest corner of this tract whence a 5/8" Iron rod with 2" aluminum cap marked "LCA ODESSA TX" found at the common corner of Sections 41,42,43 and 44 Block 44, T-2-S, T&P RR Co. Survey, Ector County Texas, bears S 14°54'50" E, a distance of 2,806.06 feet and N 76°05'10" E, a distance of 1,431.59 feet;

THENCE N 26°26'53" W, passing the centerline of an H-Frame Transmission Line at 130 feet, continuing for a total distance of 260.00 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the northwest corner of this tract;

THENCE N 63°33'07" E, 130 feet north of and parallel to the centerline of said H-Frame Transmission Line, a distance of 400.00 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the northeast corner of this tract;

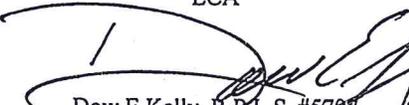
THENCE S 26°26'53" E, passing the centerline of said H-Frame Transmission Line at 130 feet, continuing for a total distance of 260.00 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" set for the southeast corner of this tract;

THENCE S 63°33'07" W, 130 feet south of and parallel to the centerline of said H-Frame Transmission Line, a distance of 400.00 feet to a ½" Iron rod with plastic cap marked "LCA ODESSA TX" to the Point of the Beginning containing 2.39 surface acres of land, as depicted on the attached EXHIBIT "B".

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a combined grid factor of 0.999829390 and a theta angle of -01°09'37" near the center of this description.

The Section Corner Construction is based upon the survey by J. Stan Piper, LSLs, surveyed from March 1987 through December 1987 and recorded in Ector County Roll Sketch Number 15, filed February 4, 1988.

LCA

  
Dow E Kelly, R.P.L.S. #5707  
March 20, 2012, Rev March 21, 2012



**SUMMIT TEXAS CLEAN ENERGY, LLC**

**CHECKLIST ITEM #12 - DESCRIPTION OF EXISTING IMPROVEMENTS**

**THIS SECTION IS NOT APPLICABLE.**

**SUMMIT TEXAS CLEAN ENERGY, LLC**

**CHECKLIST ITEM #13 – WAIVER OF JOB CREATING REQUIREMENT**

**THIS SECTION IS NOT APPLICABLE.**

**CHECKLIST ITEM #14**

**CALCULATION OF WAGE REQUIREMENTS WITH TWC DOCUMENTATION**

## Calculation of Wage Requirements

### Total, All Industries – Ector County

Year	Period	Area	Industry	Avg Weekly Wages	
2011	4 <sup>th</sup> Qtr	Ector County	Total, All Industries	\$	1,046
2012	1 <sup>st</sup> Qtr	Ector County	Total, All Industries	\$	1,008
2012	2 <sup>nd</sup> Qtr	Ector County	Total, All Industries	\$	1,000
2012	3 <sup>rd</sup> Qtr	Ector County	Total, All Industries	\$	992
				<b>Average, All Industries</b>	<b>\$ 1,011.50</b>
				<b>110% of Average</b>	<b>\$ 1,112.65</b>

### Manufacturing – Ector County

Year	Period	Area	Industry	Avg Weekly Wages	
2011	4 <sup>th</sup> Qtr	Ector County	Total, Manufacturing	\$	1,245
2012	1 <sup>st</sup> Qtr	Ector County	Total, Manufacturing	\$	1,170
2012	2 <sup>nd</sup> Qtr	Ector County	Total, Manufacturing	\$	1,166
2012	3 <sup>rd</sup> Qtr	Ector County	Total, Manufacturing	\$	1,123
				<b>Average, Manufacturing</b>	<b>\$ 1,176.00</b>
				<b>110% of Average</b>	<b>\$ 1,293.60</b>

### Manufacturing – Permian Basin WDA

Year	Area	Industry	Avg Weekly Wages	
2011	Permian Basin Regional Planning Commission	Manufacturing	\$	852.87
			<b>Average, Manufacturing</b>	<b>\$ 852.87</b>
			<b>110% of Average</b>	<b>\$ 938.16</b>
			<b>Annual Average Wage (52 weeks)</b>	<b>\$ 48,784.32</b>

Sources:

(1) Texas Workforce Commission, Quarterly Employment and Wages (QCEW),

(<http://www.tracer2.com/cgi/dataanalysis/industryReport.asp?menuchoice=industry>)

(2) 2011 Manufacturing Wages by Council of Government Region, Texas Occupational Employment and Wages, published July 2012

(<http://www.tracer2.com/cgi/dataanalysis/oesWageReport.asp?menuchoice=OESWAGE>)

# Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	4th Qtr	Ector County	Private	00	0	10	Total, All Industries	\$1,046
2012	1st Qtr	Ector County	Private	00	0	10	Total, All Industries	\$1,008
2012	2nd Qtr	Ector County	Private	00	0	10	Total, All Industries	\$1,000
2012	3rd Qtr	Ector County	Private	00	0	10	Total, All Industries	\$992

\$4,046.00  
 ÷ 4  
 \$1,011.50  
 x 110%  
\$1,112.65

# Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	4th Qtr	Ector County	Private	31	2	31-33	Manufacturing	\$1,245
2012	1st Qtr	Ector County	Private	31	2	31-33	Manufacturing	\$1,170
2012	2nd Qtr	Ector County	Private	31	2	31-33	Manufacturing	\$1,166
2012	3rd Qtr	Ector County	Private	31	2	31-33	Manufacturing	\$1,123

\$4,704.00  
 ÷ 4  
 \$1,176.00  
 x 110%  
\$1,293.60

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

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$22.89</b>	<b>\$47,610</b>
<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.

\$44,349.00  
 x 110%  
 \$48,783.90  
 ÷ 52 weeks  
\$ 938.16

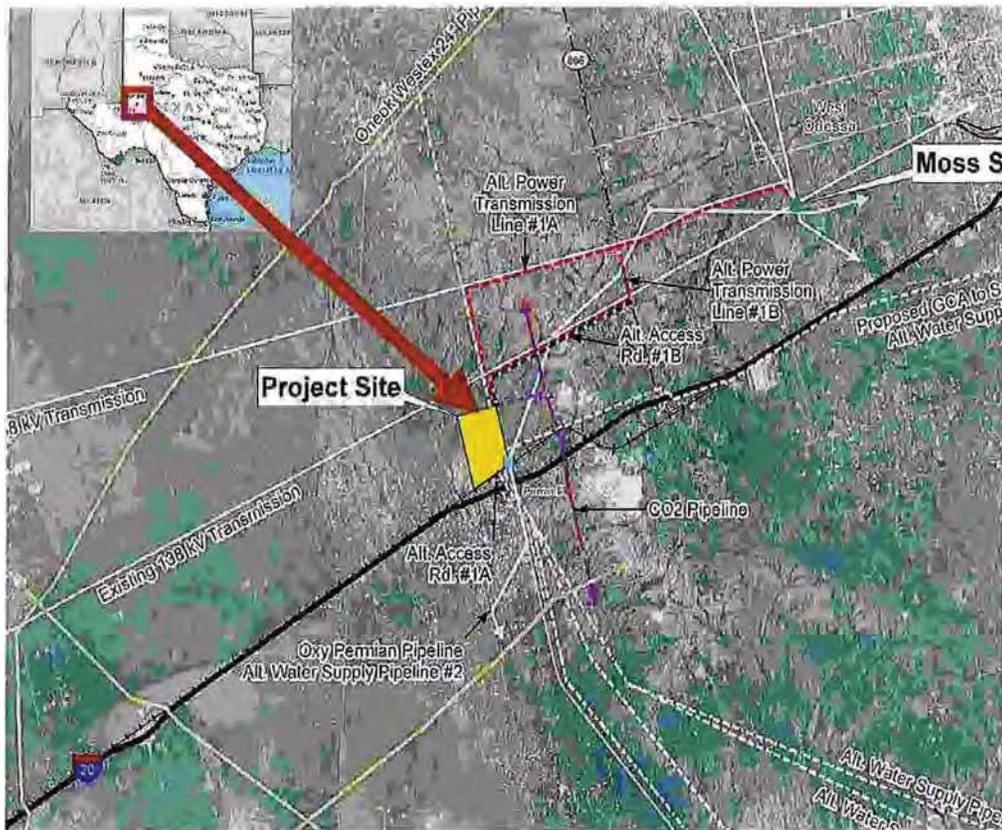
**CHECKLIST ITEM #15**

In addition to annual salary, each qualified person will be eligible to receive medical, dental, vision, and voluntary life insurance.

**CHECKLIST ITEM #16**

**ECONOMIC IMPACT**

# The Economic and Fiscal Impacts of the Construction and Operation of the Texas Clean Energy Project in Ector County, TX



June 2011

Prepared by:



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PolEcon Research was commissioned by Summit Texas Clean Energy, LLC to analyze the impacts of construction and operation of the Texas Clean Energy Project. Although commissioned by the Summit Texas Clean Energy, LLC, this report was prepared independently. PolEcon chose the data and methods used in the analysis. PolEcon presented this report to Summit Texas Clean Energy, LLC without advance notice of the results. PolEcon agreed to make editorial changes in the report and to correct any errors of fact but did not make any changes to the results or conclusions of the analysis unless a factual error in data or calculations could be demonstrated. All interpretations of data, conclusions, and any errors contained in the report are the responsibility of the author and not Summit Texas Clean Energy, LLC

## **Executive Summary**

This report uses standard methods and models employed in economic analysis to document the economic impacts in Ector and Midland Counties, as well as the State of Texas, resulting from the construction and operation of the Texas Clean Energy Project (TCEP) in Penwell, Ector County, Texas. In addition to modeling the impact on regional output, employment, income, and tax revenue that will result from construction and annual operation of the TCEP, this report profiles the regional economy and uses econometric modeling to measure the responsiveness of total regional employment to changes in oil prices and regional oil production. The report details the potential increase in oil production and employment in Ector and Midland Counties that will result from the TCEP's capture and sale of carbon dioxide (CO<sub>2</sub>) to oil producers in the region. The report also presents a baseline forecast of employment growth for Ector and Midland Counties and documents the magnitude of the change in employment growth that will occur as a result of construction of the TCEP and from the impact of the sale of TCEP-produced CO<sub>2</sub> for use in enhanced oil recovery (EOR) efforts in the Permian Basin. Finally, the report discusses the broad impacts of the TCEP on regional economic development potential and strategy.

Results of this analysis indicate that the TCEP will have a large impact on the region, generating over \$1 billion in economic activity in the State of Texas during the construction phase of the project, more than \$800 million of it in Ector and Midland Counties. Once operational, the TCEP will result in over \$215 million annually in new business activity in a wide variety of industries in Ector and Midland Counties.<sup>1</sup> In addition, the TCEP's production of CO<sub>2</sub> will support EOR that will boost oil production in the Permian Basin by 2.8 percent annually, directly and indirectly increasing employment in Ector County by as much as 3.2 percent (or 1,800 jobs) and Midland County by 3.8 percent, or 2,370 jobs.

### **Specific Findings of Project Impacts:**

#### **Impacts From Facility Construction**

- ◆ The construction of the TCEP will generate over \$1 billion in new economic activity in the State of Texas, over \$800 million of which will occur in Ector and Midland

Counties.

- ◆ Employment impacts from construction of the TCEP will create or support between 845 and 2,378 jobs in Ector and Midland Counties annually during each year of the four years of construction and another 186 to 523 in other parts of the state.
- ◆ A total of \$340 million of labor income (wages, salaries, benefits, and proprietor's income) in Ector and Midland Counties as a result of the direct construction expenditures as well as the indirect and induced multiplier impacts of the TCEP. Ector County labor income will increase by \$141 million from direct project expenditures and by another \$40 million from indirect and induced project impacts. Direct construction expenditures will increase labor income in Midland by more than \$106 million, and another \$52 million from multiplier effects.
- ◆ Construction of the TCEP and the economic activity it generates will produce an additional \$31.2 million in revenues for state and local governments in Texas during the construction phase.<sup>2</sup>

#### **Annual Impact From Operations**

- ◆ The annual operations of the TCEP will generate over \$215 million in new economic activity in Ector (\$180 million) and Midland (\$35 million) Counties.
- ◆ Once operational, the TCEP facility will directly employ an estimated 160 full time workers, with average annual salaries in excess of \$65,000 and with salary and benefits combined averaging over \$97,000 annually. Another 183 indirect and induced jobs will be created or supported in Ector County, bringing the Ector County employment impacts from the TCEP annual operation to 343.
- ◆ Annual operations of the TCEP facility will also create or support 206 indirect and induced jobs in Midland County and another 310 throughout the State of Texas.
- ◆ Overall, the TCEP will produce over \$53.1 million in labor income annually in the State of Texas, with \$24.6 million earned in Ector County, \$12.3 million in Midland County.
- ◆ Annual operations of the TCEP will generate economic activity throughout Texas that will increase state and local, non-property tax revenues by \$3.98 million annually.

### **Impacts On Permian Basin Oil Production and Resulting Employment Impacts**

- Oil production in the Permian Basin has been on a long-term downward trend that will affect the entire regional economy unless the longer term prospects for oil production stabilize or improve.
- The TCEP will support the largest industry (oil and gas extraction) in the Permian Basin by increasing the supply of a commodity (CO<sub>2</sub>) that will enable increased oil production using EOR techniques. Unused reserves of oil in the Permian Basin are estimated to be greater than the volume extracted from the Basin to date.
- The TCEP will produce enough CO<sub>2</sub> for use in EOR to increase oil production in the Permian Basin by 2.8 percent annually, or about 6.7 million barrels per year, worth \$670,000,000 at today's price of \$100 per barrel for West Texas Intermediate crude oil.
- Based on an analysis of the elasticity of total employment in Ector and Midland Counties with respect to oil production in the Permian Basin, the TCEP's annual production of CO<sub>2</sub> could support increased oil production enough to increase job growth in Ector County by as much as 3.2 percent and by 3.8 percent in Midland County.
- The potential annual job impacts resulting from EOR in the Permian Basin will increase total annual employment in Ector County by as much as 1,866 and by as much as 2,379 in Midland County. Employment increases will occur directly in oil and gas industries and in industries that supply them, as well as industries that benefit from the increased employment and earnings that occur in the region in response to increases in oil production, the so called "multiplier effects".

### **Impact On Regional Economic Development**

- The TCEP will help position the region as a leader in clean energy while helping the region expand the productive capacity of its existing energy industries.
- The TCEP will help diversify the industrial base of the region and reduce the risk of

regional exposure to the volatility of energy markets and the oil and gas industry.

- The TCEP will help reduce the highly cyclical nature of the regional employment base by creating well-paying jobs that produce commodities in demand by a variety of industries outside as well as inside of the region.
- The TCEP will help expand oil production and extend the life useful life of oil reserves in the region, providing additional time for the region to transition to a more diversified industrial base.
- Less than 10 percent of the demand for industrial gases (of all types) in the region is estimated to be satisfied by the amount supplied from within the region. The TCEP will provide opportunities for “import substitution,” or growing the regional economy by satisfying more of the regional demand for commodities and from within the region and preventing the flow of expenditures outside the region.
- TCEP commodity production may facilitate the location or expansion of “downstream” industrial users of the commodities produced at the TCEP.
- The TCEP will increase high-skill, higher-wage, technology-intensive, employment in the region.

## **I. Introduction**

Summit Texas Clean Energy, LLC (STCE) is planning to construct and operate the Texas Clean Energy Project (TCEP) in Penwell, Ector County, Texas. The TCEP is a “poly-gen”, combined electric power generation and chemical facility. The TCEP uses coal gasification technology to convert low-sulfur, sub-bituminous coal into synthesis gas. After cleaning, chemical conversion, and processing of the synthesis gas, followed by capture and removal of carbon dioxide (CO<sub>2</sub>), the hydrogen-rich synthesis gas will be used to generate electric power. Under maximum power output conditions, the TCEP will generate 400 megawatts (MW) of electrical power, 213 MW of the power generated will be delivered to the regional electricity grid and the remainder will be used to power the chemical plant operations of the TCEP. The chemical plant operations of the TCEP will convert byproducts of the coal gasification process into fertilizer for agricultural use, argon and other gases for use in manufacturing industries, CO<sub>2</sub> for EOR, as well as products used in “green” construction materials.

The TCEP is designed to have the highest carbon capture and lowest carbon emissions of any commercially operating fossil-fuel, electric generating facility in the country. After capturing 90 percent of the facility’s CO<sub>2</sub> emissions, the CO<sub>2</sub> will be cleaned and compressed and then transported through a pipeline to an existing, regional CO<sub>2</sub> pipeline network for use in EOR efforts in the oil fields of the Permian Basin of West Texas.

Capturing and storing CO<sub>2</sub> is seen as necessary if the nation is to more fully utilize its abundant coal reserves and reduce reliance on imported fossil fuels to meet its energy needs. CO<sub>2</sub> is a valuable commodity for EOR and is critical for efforts to increase oil production in the Permian Basin. There is a strong economic incentive to maximize the TCEP’s ability to capture CO<sub>2</sub> for resale to oil producers in the region and regional oil producers will benefit from having a reliable local supply of CO<sub>2</sub> with lower transport costs. In addition, by utilizing an anthropogenic source of CO<sub>2</sub>, the oil producers can earn a state production tax break granted by House Bill 469.

STCE has commissioned this report to analyze the economic and fiscal impacts of the proposed project. Although commissioned by STCE, this report was prepared independent of the company. The company supplied data on construction and operating expenditures as well as

estimates of the volume of commodities produced by the facility. Economic methods and models used in this report were chosen independent of the company. STCE was provided an opportunity to suggest edits and make corrections to the description of the project and its operations, and to correct material errors in the description or details of project expenditures. However, the company had no role in calculating economic impacts outlined in the report and was not given an opportunity to edit any of the results or presentation of impact analyses.

The report is an independent, quantitative assessment of the economic and fiscal impacts resulting from the construction and operation of the proposed TCEP facility. All analyses in this study employ standard economic methods and models widely used by economists and extensively reviewed in academic journals. The "IMPLAN" I/O model developed by U.S. government agencies and the University of Minnesota (available from the Minnesota IMPLAN Group, Inc.) was used in this analysis to calculate economic impacts.<sup>3</sup> All data used in the construction of models and in calculating impacts (with the exception of facility construction and operating cost data) is publicly available from federal or state government agencies.

## **II. Defining the Study Area and Identifying Local Project Expenditures**

Selecting a geographic area for analysis is a critical aspect of any economic impact study. Depending on how the area of study is defined, economic impacts will be included or excluded from the calculation of project impacts. Defining a large area for study will capture a larger portion of the economic impacts of a project, while a small geographic area captures a more limited portion of economic impacts. This study uses county and zipcode-level data in analyzing the economic impacts of the TCEP.

Construction industries serve primarily local markets and it is expected that most of the local direct expenditures for the TCEP's construction will occur in the Ector and Midland County region, specifically in the cities of Odessa and Midland. Both the cities of Odessa and Midland are also designated as Metropolitan Statistical Areas (MSAs). MSAs are regions with strong economic linkages, centered on cities with at least 50,000 residents. In addition, the Odessa and Midland MSAs form a "combined Metropolitan Statistical Area," highlighting the significant economic linkages between the two cities and their MSAs. According to the 2000 Census, both

Odessa and Midland had about 5,000 residents commuting into the other city for work. When commuting data from the 2010 Census is released, it will likely show that number has increased since the 2000 Census.

The labor market links between Odessa and Midland also highlight some of the difficulties in allocating economic impacts of the TCEP among the two MSAs. Jobs during the construction and operating phases of the project will be located in Ector County (in the Odessa MSA) but many of the contractors and others working on the project will be employed by businesses located in Midland County. In addition, employees of businesses located in Ector County may reside in Midland County, just as employees of businesses in Midland may be residents of Ector County.

This analysis uses a combined Ector and Midland County economic model for estimating the overall construction and operating impacts of the TCEP. The model allows for overall project impacts to be allocated among the two counties. Still, the strong economic and labor market (commuting effects) connections between the two counties mean that project impacts are most accurately estimated for the combined Ector and Midland County region, with somewhat less accuracy as impacts are estimated at the individual county level.

#### **Construction Expenditures Included in the Impact Analysis**

Direct project expenditures that are known or likely to go to firms outside the region are excluded from the regional and State of Texas impact analyses. Expenditures related to project financing, insurance and some costs related to project development, such as engineering and acquisition of specialized machinery and equipment manufactured outside of the region and outside of Texas are also excluded from consideration as regional and state economic impacts.

With a population of approximately 135,000, primarily residing in Odessa, Ector County has a relatively small employment base that limits the regional economy's ability to supply the products and services required to construct and operate the TCEP. Construction of the facility will need to draw upon labor, goods and services from outside the county.

Table 1 presents construction project expenditure categories and their inclusion or exclusion from the analysis of the impacts of the TCEP generating facility on Ector and Midland Counties and the State of Texas.

Table 1  
**Examples of Construction Expenditures Included in the TCEP  
 Impact Analysis**

<u>Included in Impact Analysis</u>	<u>Excluded From Impact Analysis</u>
Plant Construction**	Turbine/Gasifier
Natural Gas Interconnection	Pollution Control Equipment
Electrical Interconnection	Chemical Processing Equipment
CO <sub>2</sub> Interconnection	Financing Costs
Other Utilities and Infrastructure	Design & Development Costs
	Site Acquisition/Lease
<b>Total: \$549.3 Million</b>	Legal/Regulatory Costs

\*\*Only a portion of plant construction costs are included. Total construction expenditures are reduced to account for the expected use of some out-of-region firms.

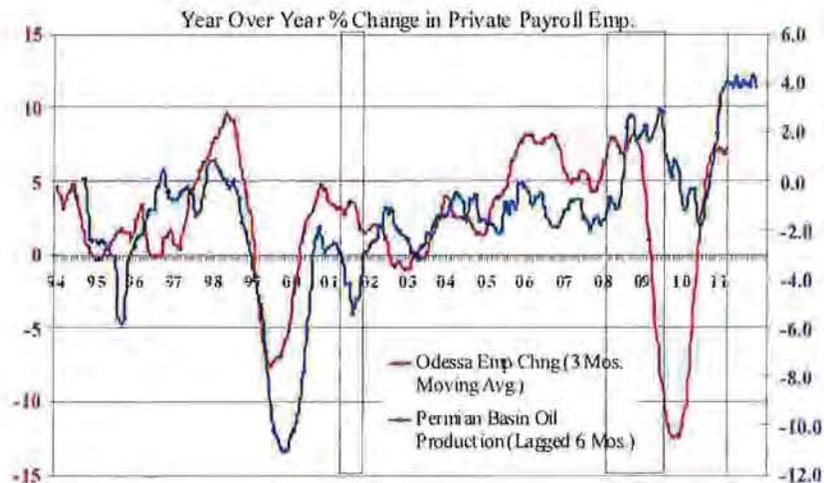
### III. Characteristics of the Ector and Midland County Regional Economy

The Ector and Midland County economic region is characterized by:

- ◆ A very high percentage of employment and economic activity (gross regional product) in oil and gas and their support industries.
- ◆ More cyclical employment growth than Texas or the nation as a whole, largely as a result of fluctuations in oil prices and oil production.
- ◆ Solid population growth but lagging overall Texas growth.
- ◆ Incomes that have risen faster than incomes in Texas or the Nation over the past decade, and that have narrowed the per capita income gap between Ector County and the average for all of Texas and the United States.
- ◆ Job growth that has been especially strong in the natural resources and mining industry super-sector (primarily oil and gas extraction and their support industries), as production responded to high energy prices during the past decade.
- ◆ Average annual wages per job rising more rapidly than the state and national averages, largely attributable to increases in well-paying jobs in the oil and gas industry.

The Ector and Midland County regional economy is more directly connected to the oil and gas industry than any other region in Texas. The region is hyper-sensitive to trends and movements within the oil and gas industry; when the industry grows and expands, the overall regional economy does the same, and when the industry contracts, the regional economy declines (Figure 1). Employment expands not just because of direct growth in oil and gas industries, but also because of increases in economic activity and income that occur in response to expansion of oil production in the region.

Figure 1  
Odessa's Employment Growth Responds to Changes in Oil Production in the Permian Basin



Oil price increases and industry expansion that result in strong economic growth also mean that price decreases and industry contraction bring about weaker economic conditions and job losses in the region. Between 2005 and 2009, Midland ranked first among 200 small metropolitan areas nationally for job growth and Odessa ranked third. But the high oil prices of 2008 fell sharply in 2009, and Midland's one-year employment increase between 2008 and 2009 ranked 136<sup>th</sup> nationally among 200 small metro areas and Odessa ranked 153<sup>rd</sup>.

Figure 2 compares annual changes in Permian Basin oil production to changes in employment in both the Odessa and Midland MSAs. The chart shows that both Odessa's and

Midland's rate of employment growth vary directly with changes in oil production.

Figure 2  
Employment Growth in Odessa and Midland Varies With Oil Production in the Permian Basin

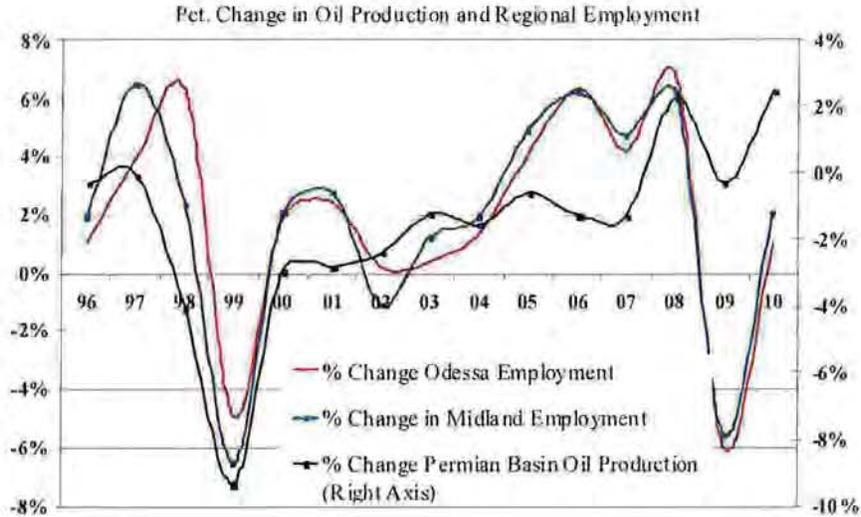
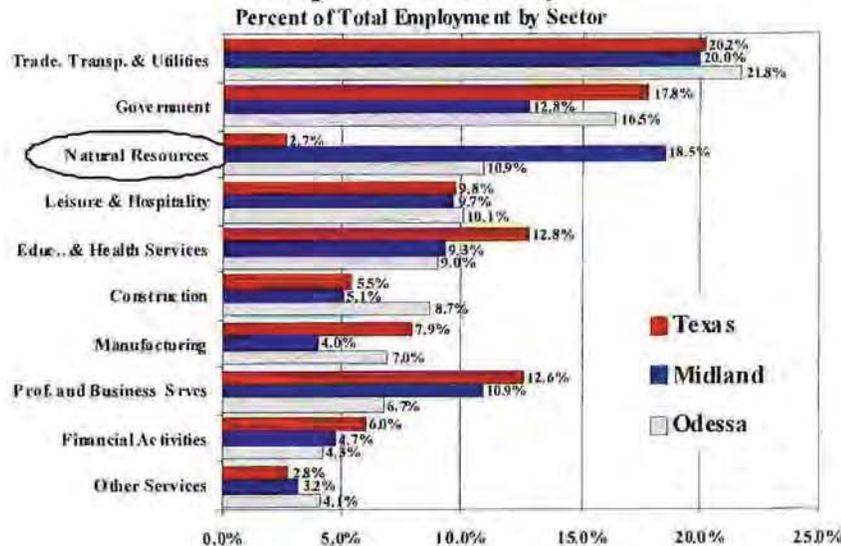


Figure 3 highlights the concentration of natural resource (oil and gas and their support industries) employment in the Midland and Odessa MSAs. The Odessa economy is slightly less sensitive to swings in the oil and gas industry than is Midland, but it may be more sensitive to larger business cycles (including the current cycle) because of a relatively higher concentration of construction employment. The cyclical nature of employment in both MSAs is increased because each has somewhat lower employment concentrations in health care, educational services, and government, than do either Texas or the nation as a whole. These are three industry super-sectors that, until recently, were more stable and less subject to economic cycles.

Figure 3  
 Odessa and Midland Have Higher Concentrations of Natural Resources (Oil and Gas) Employment. High Construction Employment Also Magnifies Cyclical Swings in Odessa's Economy



### The Performance of the Regional Economy

Table 2 summarizes the relative performance of the Odessa and Midland MSAs on some key economic metrics. The cyclical nature of the regional economy is one reason why population growth in the region is somewhat lower than overall growth in Texas, despite wage and salary employment growth during the past decade that far exceeded growth rates in Texas and the U.S. Employment opportunities that can contract as quickly as they expand are likely a deterrent to greater domestic in-migration and population growth in the region. As documented later in this report, construction of the TCEP will provide a large boost to regional employment during the construction phase, but as importantly, the ongoing operations of the facility will provide stable, well-paying jobs for the long-term. In addition, the commodities produced at the facility provide significant opportunities for the regional economy to increase the well-paying jobs and reduce the region's susceptibility to cycle downturns in the economy and the oil and gas industry.

Nevertheless, faster job growth has occurred in the region over the past decade, largely as a result of increases oil production in response to higher prices. Growth in these well-paying jobs

Table 2  
**Relative Economic Performance of the Odessa and Midland MSAs**

	Ector County	Midland County	Texas	USA
Population Growth (2000-09)	11.6%	14.6%	18.3%	8.8%
Wage & Salary Job Growth (2000-09)	19.5%	26.8%	9.6%	-0.6%
Avg. Annual Wage Per Job (2009)	\$42,173	\$47,354	\$45,258	\$45,831
Growth (from 2000-09) in Annual Wages Per Job	54.7%	53.8%	31.5%	30.7%
Avg. Annual Earnings Per Job (2009)**	\$45,951	\$51,292	\$51,468	\$50,695
Growth in Avg. Earnings Per Job (2000-09)	46.9%	28.2%	27.4%	27.0%
Per Capita Income (2009)	\$33,544	\$54,164	\$38,609	\$39,635
Growth in Per Capita Inc. (2000-09)	57.2%	55.3%	35.5%	30.7%

\*\* Average earnings per job includes employer contributions for public insurance and retirement programs and contributions to private health and retirement programs on behalf of employees.

Source: U.S. Bureau of Economic Analysis, Regional Economic Information System (REIS)

resulted in average annual wages in the region increasing more rapidly than annual wages in Texas or the U.S. over the past decade; narrowing the annual wages and per capita income gaps between Ector County and State of Texas averages.

Examining recent job growth trends in Ector County (Table 3) further highlights the role that the oil and gas industry (included in the natural resources industrial “super sector”) has played in recent growth trends in the county. Employment in oil and gas extraction and their support industries grew by 71 percent in the county, accounting for almost one-half of all jobs added between 2005 and 2010, and driving increases in average annual wages in the region. In addition, manufacturing employment, although not as substantial an employer as oil and gas extraction, experienced an impressive 13.9 percent employment increase between 2005 and 2010. Finally, regional construction employment showed impressive between 2005 and 2010, a time when construction activity nationally declined significantly as a result of a deep recession.

**Table 3**  
**Oil & Gas Extraction and Their Support Industries Account**  
**for One-Half of Ector County Job Growth Since 2005**

Industry	Emp 2005	Emp 2010	Growth 2005-10	% Growth 2005-10
Natural Resources & Mining	3,761	6,331	2,570	71.0%
Construction	4,065	5,167	1,102	27.1%
Manufacturing	3,622	4,125	503	13.9%
Trade, Transportation, & Utilities	12,524	12,875	351	2.8%
Information	709	595	-114	-16.1%
Financial Activities	2,311	2,517	207	9.0%
Prof. and Business Services	3,813	3,990	177	4.6%
Educational, & Health Services	5,095	5,322	227	4.5%
Leisure & Hospitality	5,492	5,944	452	8.2%
Other Services	2,410	2,433	23	1.0%
<b>Total, All Industries</b>	<b>43,801</b>	<b>49,399</b>	<b>5,598</b>	<b>12.8%</b>

### **The Texas Clean Energy Project in the Context of the Regional Economy**

This analysis of the regional economy provides some context for considering the impacts that construction and operation of the TCEP will have on the region:

- The demand for construction services created by the TCEP will have especially strong benefits for the Ector and Midland County regional economy because the region has a relatively high concentration of construction employment in the skilled occupations required to build utility, manufacturing, and pipeline structures.
- The TCEP's capture and sale of CO<sub>2</sub> will benefit the oil and gas industry in the region. CO<sub>2</sub> is increasingly necessary for the oil industry to maintain or expand its production in the Permian Basin. Section VII of this report shows how the TCEP's production of CO<sub>2</sub> will increase opportunities for EOR in the Basin. This study demonstrates that the long-term job creation impacts from the TCEP's supply of CO<sub>2</sub> for the region's oil industry will likely exceed the job impacts from construction and operation of the TCEP.
- The TCEP will create as many as 160, stable, well-paying, utility and manufacturing jobs in the region and it will reduce the region's sensitivity to swings in oil and gas markets by producing commodities in demand by a variety of local and national industries.
- By some measures, the Odessa and Midland MSAs rank low among the nation's

small cities on measures of concentrations of technology and technology employment.<sup>4</sup> The TCEP presents an opportunity for the Odessa MSA, and the larger regional economy, to be at the forefront of emerging clean energy technologies.

- Indirectly, the TCEP can help diversify and expand the regional economy through its supply of commodities in demand by regional manufacturers and others. As we note later in this report, only a small percentage of commodities produced by the TCEP and required by manufacturers and others are currently supplied by local sources.

### **The Outlook for the Odessa and Midland MSAs**

The Ector and Midland County regional economies will continue to follow trends in prices and production in oil and gas markets. Diversifying employment in well-paying industries, outside of oil and gas, will take time. The TCEP will be a significant step toward diversification via its production of commodities in demand by industries outside of oil and gas. At the same time, the TCEP can ease and extend the time available for making the transition by supporting the maintenance and expansion of oil production through EOR.

The region can reduce its reliance on the cyclical oil and gas industry either as a result of a decline in production by the industry, which would ultimately leave the region less well off economically, or ideally the region can diversify its industrial base while maintaining or even increasing production in its oil and gas industries. That is the unique role that the TCEP will play in the regional economy.

For the foreseeable future, the economies of the Ector and Midland County and the Odessa and Midland MSAs will continue to be highly cyclical and dependent upon the health of the oil and gas industry. This makes the region especially vulnerable to economic swings because oil and gas markets are affected by world events beyond the control of the industry and even the nation.

Figure 4 shows that employment growth in the Odessa MSA (Ector County) can be accurately modeled using just a few key variables: the U.S. unemployment rate (a measure of overall economic conditions in the country), year-over-year changes in the price of West Texas Intermediate (WTI) crude oil (lagged 6 months because it takes time for price changes to affect production enough to directly and indirectly- via multipliers, affect regional employment), and year-over-year changes in the production of oil in the Texas portion of the Permian Basin. The

Figure 4  
 The U.S. Unemployment Rate, Oil Prices and Oil Production are  
 Primary Determinants of Job Growth in the Odessa MSA

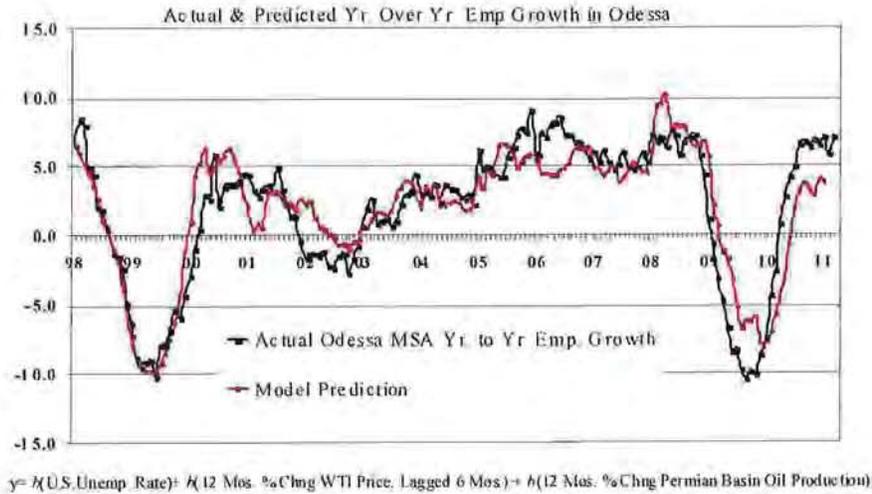
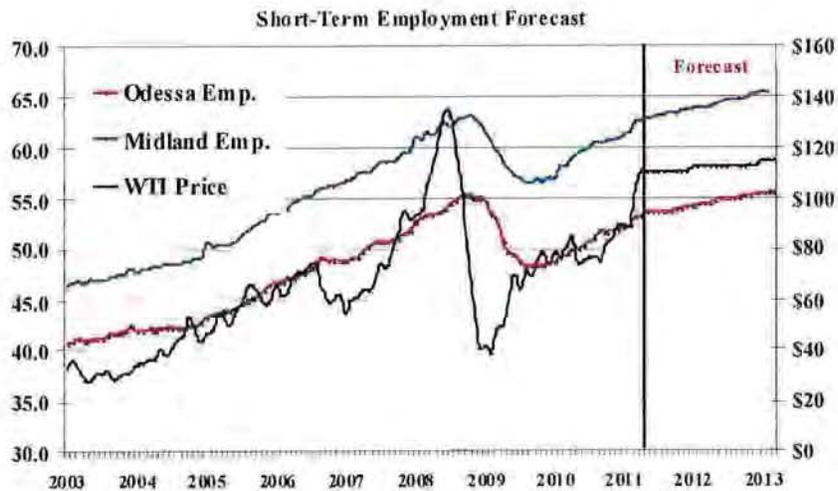


figure shows both the actual year-over-year rate of employment growth and the predicted growth rate based on the three model variables.

Figure 5  
 Baseline (Without TCEP) Employment Forecasts for the Odessa and  
 Midland MSAs



Unfortunately, because oil and gas prices are notoriously difficult to forecast, any model is likely to be better at describing the past than predicting the future. This regional forecast assumes oil prices will remain in a range of \$90 to \$116/bbl over the next two years, prices outside that range would have significant impacts on regional employment growth.

The baseline forecast for employment in the Odessa MSA (in the absence of TCEP) is growth of 5.8 percent in 2011, 2.6 percent in 2012, and 2.4 percent in 2013 (Figure 5). The impact of TCEP construction on regional employment growth and on the baseline forecast is demonstrated in a later section of this report.

#### **IV. Analytical Approach and Impact Methodology**

This study uses an input-output (I/O) methodology to determine the economic and fiscal impacts of the project on the regional economy. The IMPLAN model was chosen because of its ability to construct a model using data from Ector and Midland Counties down to the zip code level, while maintaining rich detail on impacts for hundreds of industrial sectors. In addition to being widely used in regional economic analysis, the model and its methodology have been extensively reviewed in professional and economic journals.

I/O models trace the linkages of inter-industry purchases and output within a given county, region, state or country. I/O models use information on the commodities, goods and services that are required from all industries in order for any specific industry to produce each dollar of output.

In addition, I/O models determine how much of the required inputs can be supplied locally, from within an economic region or study area. For the TCEP, constructing the facility will require hundreds of millions of dollars of increased output by construction industries and the industries that supply goods and services to them. The analysis in this report uses the IMPLAN modeling system to determine how much of the TCEP created increased demand for goods and services will be met by existing industries in the region and how much of the demand for goods and services will be met or “imported” by regions outside of Ector and Midland Counties.

I/O models divide the impacts of a change in expenditures, industry output, or demand, into direct, indirect, and induced impacts. The latter two are so called ‘multiplier effects.’ The three types of impacts are defined as follows:

- Direct effects are the set of expenditures applied to the predictive model (i.e., I/O multipliers) for impact analysis. It is a series (or single) of production changes or expenditures made by producers/consumers as a result of an activity or policy. For TCEP construction, the expenditures applied to the IMPLAN model are those listed in Table 1. Applying these initial changes in demand to the multipliers in an IMPLAN model will then calculate how the region will respond, economically to these initial changes.
- Indirect effects are the impacts that result from the inter-industry transactions that occur in response to the direct effects. For example, for a large construction project, the direct construction expenditures will require construction companies to make purchases from other businesses, and for those businesses to make purchases of goods and services from other businesses in order to supply goods and services, and so on. Expenditures that go to businesses outside the region are considered “leakage” from the region and are not included in the indirect impacts.
- Induced effects are the response by an economy to an initial change (direct effects) that occur as a result of the income received by individuals and households from the direct and indirect project impacts. This money is recirculated through the household spending patterns causing additional local economic activity.

Impacts were modeled for both the construction and operating phase of the project.

Because of the linkages between the Odessa and Midland MSAs (data is available for each separately but they also form a “combined MSA”) the authors of this study constructed a model that includes both Ector and Midland Counties but which also retains the ability to isolate the economic impacts of the TCEP on each county separately. This approach offers a number of advantages in capturing the broader forward and backward inter-industry and labor market linkages in the region, at the same time it allows disaggregation of impacts to the individual county and even zip code level.

A second analysis was performed by modeling project expenditures to determine the TCEP impacts that extend beyond the Ector and Midland County region but which will occur in other areas of Texas.

Ector County and the Odessa MSA are relatively small and less self-sufficient than larger and more populous regional economies. A significant portion of the labor, goods and services required to construct and operate the TCEP must be purchased or imported from outside the region, as indirect and induced economic impacts “leak” from the region and are captured by other areas of the state or the nation. “Leakage” of the economic impacts to outside the region occurs for several reasons, including: the inability of the region to supply the products and services required by the project, because wages and salaries are paid to residents outside of the region, or because income earned as a result of the project is used to make purchases outside of the region.

## **V. Impacts on Regional Output**

In analyzing the TCEP’s impact on Ector and Midland Counties and the State of Texas, the study estimates that approximately \$549.3 million of the \$2.17 billion direct project costs will occur within the region. Expenditures for specialized equipment and machinery used for the TCEP’s generation of electricity, carbon capture, pollution control, and chemical conversion, as well as project financing, engineering, design and development costs will not be captured by businesses in the Ector and Midland County region, or the State of Texas.

At this point in the development of the TCEP, it is not possible to definitively determine the amount of project expenditures that will occur in the region. To account for this, and to avoid overstating local impacts, conservative estimates of the total amount of direct project expenditures were used that allocate only about one-quarter of direct project expenditures within the region (those listed in Table 1).

In addition, linkages in the labor market between the Odessa and Midland MSAs means that although construction jobs and operational jobs at the facility will all be physically located in Ector County, and that County’s employment and property value base will increase accordingly, many jobs at the construction site will be held by businesses and residents of nearby counties, especially Midland.

### **Determining Impacts Among Neighboring Regions**

By convention, direct project expenditures are typically allocated to regions (county, city, state, etc.) based on where a project is located. But many of the businesses and their employees

that will work on the TCEP are located in neighboring Midland County. Thus in allocating direct impacts between the two counties, impacts were allocated based on the percentage of the two-county region's total supply of goods and services in each of 400+ industries that is available in each county.

For example, Ector County contains about 60 percent of the combined Ector and Midland County region's output and employment in the types of construction industries that will be building the TCEP. Thus, this analysis assumes that about 60 percent of direct construction expenditures will go to construction industries in Ector County. A lower percentage (approximately 42 percent - but this amount varies significantly among the many industries that support or will benefit from the construction) of the combined regional output of industries that will support construction of the TCEP is available in Ector County and thus about 42 percent of the indirect impacts resulting from construction of the TCEP will occur in Ector County. More of the direct impacts from construction will benefit Ector County businesses while a higher percentage of the indirect impacts will benefit Midland businesses.

Table 4 presents the total construction related impacts on regional output. Results of this analysis indicate that the \$549.3 million in direct construction project expenditures, occurring over a four year period, will generate an additional \$806 million in business activity for Ector and Midland Counties. Output by businesses in Ector County will increase by about \$446 million during construction and another \$360 million increase in output will occur in Midland County.

Finally \$285 million of increased output in Texas will occur outside the Odessa/Midland region. Total output in the State of Texas, both inside and outside the region is expected to increase by \$1.09 billion during the construction phase of the project.

Table 4	
<b>Total Output Resulting From TCEP Construction</b>	
(Millions of 2011 Dollars)	
<u>Ector County</u>	<u>Total</u>
Direct	\$336.3
Indirect	\$41.1
Induced <sup>5</sup>	<u>\$68.7</u>
<b>Total</b>	<b>\$446.1</b>
<u>Midland County</u>	
Direct	\$213.0
Indirect	\$57.5
Induced	<u>\$89.5</u>
<b>Total</b>	<b>\$360.0</b>
<b>Remainder of Texas</b>	
Direct	-
Indirect	\$119.73
Induced	<u>\$165.27</u>
<b>Total</b>	<b>\$285.00</b>
<b>Grand Total</b>	<b>\$1,091.1</b>

### **Impact of Annual Operations**

The annual operations of the TCEP will increase business output in Ector County by \$180.3 million and will increase business output in Midland County by \$35.5 million. An \$80.2 million increase in business output will occur throughout the remainder of Texas. The impacts that occur as a result of the TCEP's operation will occur annually and will increase over time. The annual impact on regional and state output resulting from TCEP operations is presented in Table 5.

Table 5  
**Annual Impact of  
TCEP Operations**  
(Millions of 2011 Dollars)

<u>Ector County</u>	<u>Total</u>
Direct	\$149.5
Indirect	\$23.9
Induced	<u>\$6.9</u>
<b>Total</b>	<b>\$180.3</b>
<u>Midland County</u>	
Direct	-
Indirect	\$26.5
Induced	<u>\$9.0</u>
<b>Total</b>	<b>\$35.5</b>
<u>Remainder of Texas</u>	
Direct	-
Indirect	\$52.3
Induced	<u>\$27.9</u>
<b>Total</b>	<b>\$80.2</b>
<b>Grand Total</b>	<b>\$296.1</b>

## VI. Job Impacts

Direct construction related jobs will range from 569 to 1,602 over the course of the four-year construction phase of the project. This construction employment estimate is derived using standard methodologies with I/O models. As noted earlier, to avoid overstating the project's impacts, only about one-quarter of the TCEP's direct construction expenditures were used in calculating impacts on the region.

In estimating the employment impacts of the project, the dollar value of the project's construction expenditures occurring in the region is divided by the average productivity (the value of what each worker produces in one year) of workers employed in non-residential construction industries (industrial and utility structures) in the region to arrive at an estimate of the number of

workers needed to complete the project in a single year. Data used in calculating the average productivity of construction workers is reported by the U.S. Census Bureau "Census of Construction Industries" for Texas. Data on industry earnings and employment at the county level is used to calculate the productivity of construction workers in the region and is reported by the U.S. Bureau of Economic Analysis (BEA). Because of the specialized nature of constructing electric-generating facilities, construction management will be provided by firms that operate nationally and internationally. To avoid overstating direct employment impacts from construction and to produce a more conservative estimate of the TCEP's employment impacts, a majority of the construction industry management, supervisory and administrative workers are not counted as employment impacts of the project (although to the extent that these positions work, earn, and spend their earnings in the region they will have a positive impact on economic activity that is not counted here).

The number of on-site construction workers will vary during the construction phase. Based on STCE supplied estimates of the timing of construction expenditures, the allocation of direct, onsite, construction related employment is presented in Table 6. The productivity, practices and staffing patterns of individual companies differ; the employment estimates presented here are based on industry averages in the region and are not specific to any individual company. Thus, they are likely to differ from the estimates of any individual construction company and may vary somewhat by estimates produced by STCE or its contractors. The authors believe, however, that the estimates presented here represent an empirically sound estimate of the employment impacts of the construction phase of the project, an estimate that is not likely to vary significantly from estimates produced by others.

Table 6  
**Employment Impacts of TCEP Construction Phase**

		<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>
<b>Ector County*</b>	Direct (On-Site)	324	588	912	576
	Indirect	38	69	107	68
	<u>Induced</u>	<u>87</u>	<u>158</u>	<u>245</u>	<u>154</u>
	<b>Total</b>	<b>449</b>	<b>814</b>	<b>1,263</b>	<b>798</b>
<b>Midland County</b>	Direct (On-Site)	245	445	691	436
	Indirect	51	93	145	91
	<u>Induced</u>	<u>99</u>	<u>180</u>	<u>279</u>	<u>176</u>
	<b>Total</b>	<b>396</b>	<b>719</b>	<b>1,115</b>	<b>704</b>
On-Site Construction Total		569	1,033	1,602	1,012
<b>Remainder of Texas</b>	Direct	-	-	-	-
	Indirect	53	97	150	95
	<u>Induced</u>	<u>133</u>	<u>241</u>	<u>373</u>	<u>236</u>
	<b>Total</b>	<b>186</b>	<b>337</b>	<b>523</b>	<b>331</b>
<b>Grand Total</b>		<b>1,031</b>	<b>1,871</b>	<b>2,901</b>	<b>1,832</b>

Onsite construction employment is estimated to range from a low of 569 in the first year of construction (2012), to a high of 1,602 during the third year of construction (2014). In addition to the direct construction employment impacts from project expenditures, the indirect and induced expenditures related to the project will support another 125 to 352 jobs in Ector County in a wide variety of industries during the construction phase of the project. Direct construction expenditures are estimated to support or create from 245 to 691 jobs in Midland County during the construction phase of the project with another 150 to 424 jobs created or supported in Midland County as a result of indirect and induced project related expenditures. Finally, project related expenditures that occur outside of the Ector and Midland County region but which are expected to remain within the state of Texas will support another 186 to 523 jobs during project construction.

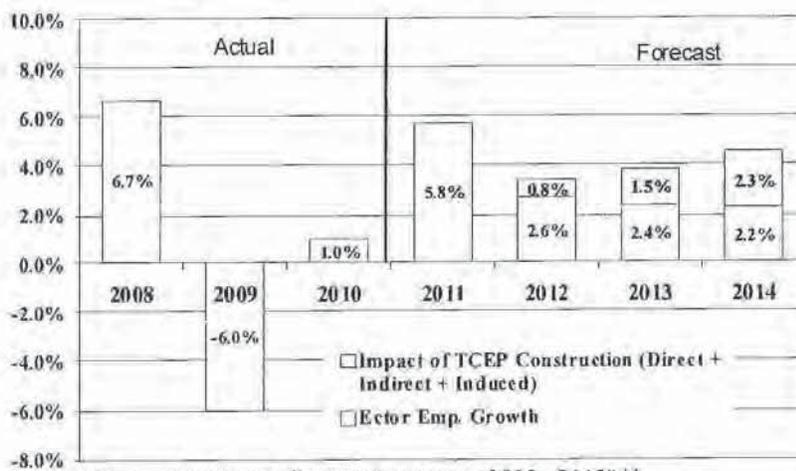
**Impact of TCEP Construction on the Regional Employment Forecast**

Volatility in energy markets makes the Ector and Midland County region susceptible to large swings in employment growth rates. As Figure 7 shows, however, the direct, indirect, and induced employment impacts of constructing the TCEP will provide a level of employment

growth that will either significantly add to regional employment gains, or at worst, cushion the region from employment declines that might otherwise result from changes in oil and gas markets.

The employment impacts estimated in this report are expected to add nearly one percent (.8%) to the employment growth rate of Odessa and Ector County in 2012, and as much as 2.3 percent during the peak year of construction activity in 2014. The increase in Midland's employment growth will range from .6 percent to 1.7 percent during peak construction activity.

Figure 7  
The Emp. Impact of TCEP Construction Dramatically Increases the Ector County Regional Emp. Growth Forecast



Forecast assumes oil prices in a range of \$90 - \$116/bbl

### Job Impacts from Operations

Once constructed, the facility is expected to require approximately 160 higher-wage (averaging over \$65,000/yr) jobs to operate. The production of electricity for the regional grid, along with large volumes of CO<sub>2</sub>, urea for fertilizer, argon and other industrial gases and chemicals as well as materials used in producing construction materials for the region could add as many as an additional 116 jobs (a large percentage in transportation, trucking, and material handling and transport industries) as a result of indirect expenditures in the Ector County. Increases in labor income as a result of the high-wage jobs at the facility, and the large number of indirect jobs it supports, will create or support an additional 67 induced jobs.

		<u>Jobs</u>
<b>Ector* County</b>	Direct	160
	Indirect	116
	<u>Induced</u>	<u>67</u>
	<b>Total</b>	<b>343</b>
<b>Midland County</b>	Direct	-
	Indirect	130
	<u>Induced</u>	<u>76</u>
	<b>Total</b>	<b>206</b>
<b>Remainder of Texas</b>	Direct	-
	Indirect	141
	<u>Induced</u>	<u>169</u>
	<b>Total</b>	<b>310</b>
	<b>Grand Total</b>	<b>859</b>

Another 206 indirect and induced jobs will be created in Midland County as a result of operation of the facility. Finally, 310 jobs will be created or supported outside of Ector and Midland Counties but within Texas. The jobs resulting from TCEP's annual operations that "leak" outside the region (because of the inability of local suppliers to meet the project's needs, or because the income earned by workers related to the TCEP is spent outside the region), present additional economic development opportunities for the regional economy.

Table 7 presents total annual job impacts from TCEP operations. The job impacts resulting from TCEP operations will create jobs in a number of well-paying industries and significantly increase demand for labor, especially skilled labor, in the county.

## VI. Labor Income Impacts

The direct, indirect and induced employment impacts resulting from the construction of the TCEP will increase labor income in the Ector County by \$181 million during the four year construction phase, with annual impacts ranging from \$24.5 million to \$68.9 million over four years. In addition, indirect and induced employment impacts from construction will increase labor income in Midland County by \$158.9 million.

Finally, "leakage" of economic activity from the region will result in employment outside of the region that increases income by another \$80 million in other areas of Texas, beyond the Ector and Midland County region. The impacts of the TCEP's construction on labor income are presented in Table 8.

		<u>Yr1</u>	<u>Yr2</u>	<u>Yr3</u>	<u>Yr4</u>
<b>Ector County</b>	Direct	\$19,054,783	\$34,580,903	\$53,635,686	\$33,875,170
	Indirect	\$2,156,008	\$3,912,755	\$6,068,763	\$3,832,903
	<u>Induced</u>	\$3,263,448	\$5,922,554	\$9,186,002	\$5,801,686
	<b>Total</b>	<b>\$24,474,239</b>	<b>\$44,416,212</b>	<b>\$68,890,451</b>	<b>\$43,509,759</b>
<b>Midland County</b>	Direct	\$14,408,710	\$26,170,922	\$40,638,442	\$25,641,622
	Indirect	\$3,084,615	\$5,598,006	\$8,682,621	\$5,483,761
	<u>Induced</u>	<u>\$3,925,673</u>	<u>\$7,124,370</u>	<u>\$11,050,043</u>	<u>\$6,978,974</u>
	<b>Total</b>	<b>\$21,418,998</b>	<b>\$38,893,298</b>	<b>\$60,371,106</b>	<b>\$38,104,357</b>
<b>Remainder of Texas</b>	Direct	-	-	-	-
	Indirect	\$3,934,348	\$7,140,113	\$11,074,461	\$6,994,396
	<u>Induced</u>	<u>\$6,925,162</u>	<u>\$12,567,886</u>	<u>\$19,493,048</u>	<u>\$12,311,399</u>
	<b>Total</b>	<b>\$10,859,510</b>	<b>\$19,707,999</b>	<b>\$30,567,509</b>	<b>\$19,305,795</b>
<b>Grand Total</b>		<b>\$56,752,747</b>	<b>\$103,017,509</b>	<b>\$159,829,067</b>	<b>\$100,919,911</b>

### Impact of Annual Operations on Labor Income

The annual operating impacts of TCEP will be large and will have lasting impacts on the region. Once fully operational, TCEP is expected to employ approximately 160 workers at the facility. The labor income impacts of TCEP operations are presented in Table 9. The total direct, indirect and induced income impacts (including all non-wage salary and benefits) in Ector County are estimated to be \$24.6 million (in 2015 dollars when the facility is expected to begin operations) with another \$12.3 million of labor income increases occurring in Midland County, and \$16.3 million occurring in other regions of Texas.

Table 9  
Annual Employment & Income Impacts From TCEP  
Operations

		<u>Jobs</u>	<u>Income</u> <u>(2015)</u>	<u>Avg.</u> <u>Wages</u> <u>&amp; Benefits</u>
<b>Ector*</b> <b>County</b>	Direct	160	\$15,636,342	\$97,727
	Indirect	116	\$6,535,314	\$56,339
	<u>Induced</u>	<u>67</u>	<u>\$2,407,801</u>	<u>\$35,937</u>
	<b>Total</b>	<b>343</b>	<b>\$24,579,457</b>	<b>\$71,660</b>
<b>Midland</b> <b>County</b>	Direct			
	Indirect	130	\$8,911,142	\$68,547
	<u>Induced</u>	<u>76</u>	<u>\$3,339,872</u>	<u>\$43,946</u>
	<b>Total</b>	<b>206</b>	<b>\$12,251,014</b>	<b>\$59,471</b>
<b>Remainder</b> <b>of Texas</b>	Direct			
	Indirect	141	\$9,089,988	\$64,468
	<u>Induced</u>	<u>169</u>	<u>\$7,188,922</u>	<u>\$42,538</u>
	<b>Total</b>	<b>310</b>	<b>\$16,278,910</b>	<b>\$52,513</b>
<b>Grand Total</b>		<b>859</b>	<b>\$53,109,381</b>	<b>\$61,827</b>

### Comparison of TCEP Impacts With Regional Wage Levels

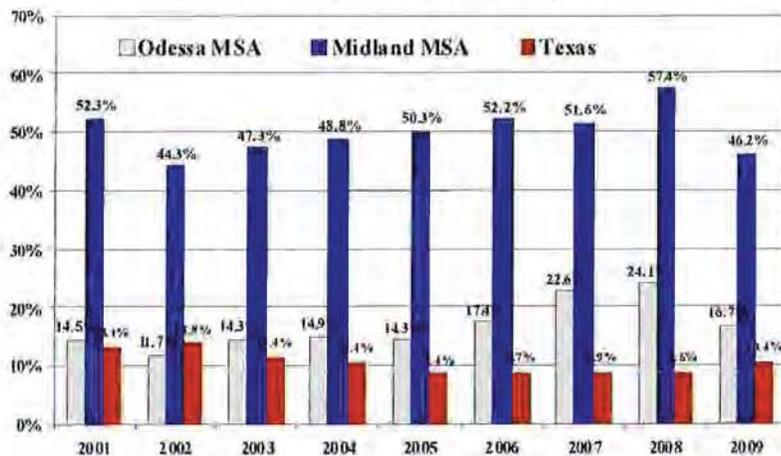
The estimates of wages and benefits per job presented in this study reflect regional pay and benefit levels and are not necessarily an indication of the wage and benefit levels of any individual business. STCE has indicated that annual wages at the facility will average more than \$65,000, or 146 percent of the average annual wage for all industries in Ector County in 2010, and about 118 percent of the average annual manufacturing wage in the county in 2010. The independent estimates of earnings (wages and salaries along with employer contributions for public and private insurance benefit programs) in this report are based on regional industry and occupational earnings data, and are consistent with estimated wage levels provided by STCE and its contractors.

### VII. Impact of TCEP Carbon Capture and Sales of Carbon Dioxide

Ector and Midland Counties rely much more on oil and gas and their support industries to sustain the regional economy than any other area in Texas. Figure 8 shows that the oil and gas

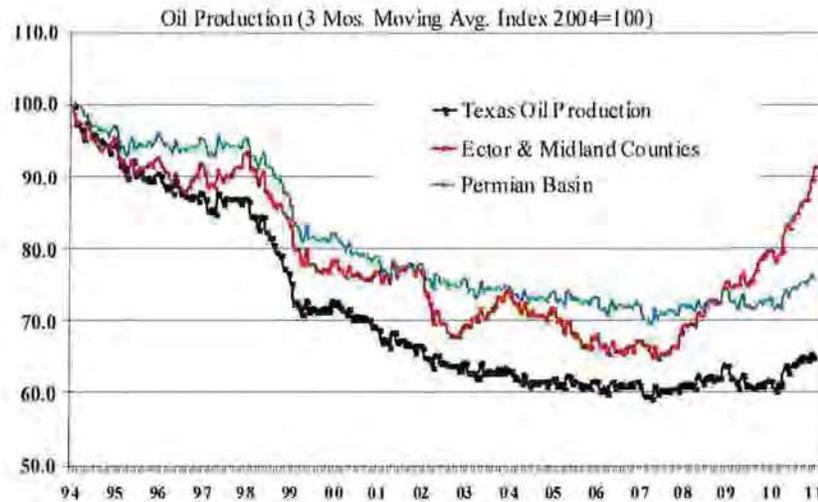
industry, along with industries that support oil and gas extraction, account for one-half of the gross regional product of the Midland MSA (regional product data is available for MSAs not for counties, however the Cities of Odessa and Midland contain about 98 percent of the economic activity in their respective counties). Ector County is less dependent on oil and gas industries but still much more dependent than the State of Texas overall.

Figure 8  
Regionally Output, Especially in Midland County, is Much More Dependent  
on Production in Oil and Gas Industries  
Oil and Gas Industry's Share of Gross Regional Product



Absent increased diversification, the economies of Ector and Midland Counties will continue to closely follow trends and cycles in energy prices and production in the region. The responsiveness of regional employment to changes in oil prices and production was documented earlier in this report. The vulnerability of the regional economy to trends in oil and gas markets is especially acute when considering longer-term trends in oil production in the region and the Permian Basin. Figure 9 shows that until recently, the long-term trends in oil production in Ector and Midland Counties and the Permian Basin were in decline.

Figure 9  
 Until Recently, Oil Production in Ector and Midland Counties Had Been on the Decline – Enhanced Oil Recovery Techniques Can Help Tap Massive Reserves in the Permian Basin



Some EOR techniques inject CO<sub>2</sub> into oil reservoirs when the oil is not amenable to extraction with standard drilling practices. Environmental benefits include permanent sequestration of CO<sub>2</sub> in the oil reservoirs, and at the same time the sequestration process allows for EOR of some of the region’s massive oil reserves. A 2006 study conducted for the U.S. Department of Energy estimates that the remaining oil-in-place in reservoirs in the Permian Basin exceeds the total amount of oil that has been extracted from the region to date.<sup>6</sup>

EOR in the Permian Basin will both increase oil production and extend the productive life of regional oil fields. Increases in oil prices make the use of more costly oil extraction technologies (such as CO<sub>2</sub> flooding) economically viable. Ector and Midland Counties will realize significant economic benefits from the increased use of EOR in the region. These benefits occur not just in the oil and gas extraction industries, and those that support them, but also in industries that benefit from the increased employment and earnings that occur in the region in response to increases in oil production; the so called “multiplier effects”.

**Enhanced Oil Recovery is Limited by Supplies of CO<sub>2</sub>**

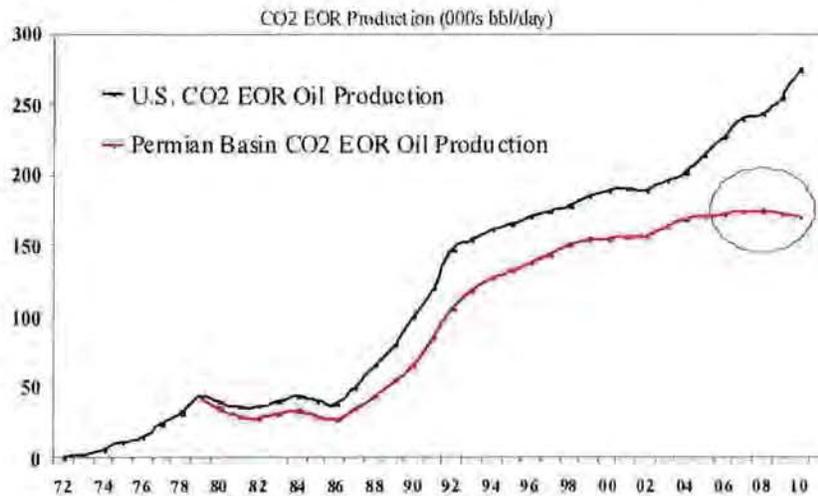
Current supplies of CO<sub>2</sub> appear to be at capacity and recent increases in oil production in the Permian Basin are unlikely to be sustained, as growth in the number of EOR projects in the

region has begun to lag the growth in EOR projects in the U.S. and worldwide.<sup>7</sup> According to a 2010 report:

*"The single largest deterrent to expanding production from CO<sub>2</sub>-EOR today is the lack of large volumes of reliable and affordable CO<sub>2</sub>. Most of the CO<sub>2</sub> used for EOR today comes from natural CO<sub>2</sub> reservoirs, which are limited in capacity. Thus, an attractive market exists for CO<sub>2</sub> emissions captured from industrial sources and power plants for expanding domestic oil production through the application of CO<sub>2</sub>-EOR."<sup>8</sup>*

Figure 10 shows that EOR production in the Permian Basin has just begun to trend downward, while U.S. EOR production continues to increase.<sup>9</sup> Insufficient supplies of CO<sub>2</sub> in the Permian Basin are thought to be primarily responsible. The volume of CO<sub>2</sub> captured, cleaned and compressed for resale for regional EOR is estimated to be enough to increase Permian Basin oil production in the State of Texas by as much as 6.7 million barrels per year<sup>10</sup>, or roughly 2.8 percent of regional production based on 2010 production data,<sup>11</sup> carrying a value of \$670 million dollars at the price for West Texas Intermediate crude, at the time this report was written.

Figure 10  
Recent Growth in Permian Basin EOR Production Has Not Kept Pace With Growth Throughout the U.S. Limited Supply of CO<sub>2</sub> is Thought to be the Primary Reason



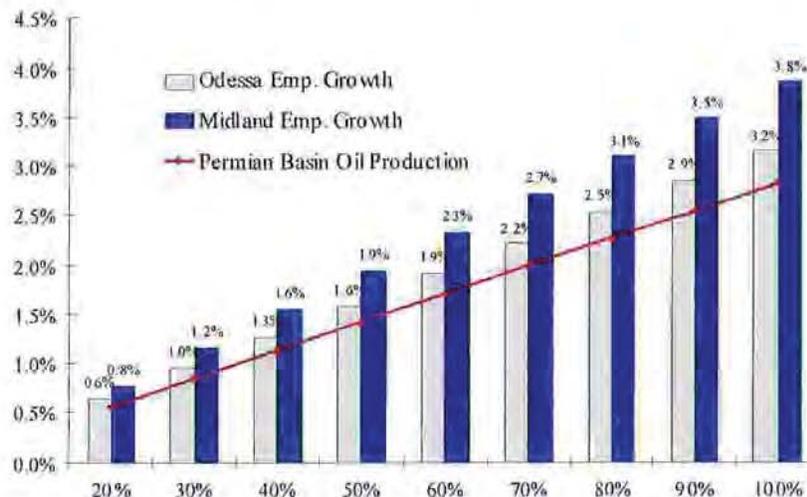
Source: Advanced Resources Int'l, based on Oil and Gas Journal, 2010

Based on models of the relationship between oil prices, oil production, and employment in the region, developed for this study, employment in Ector County could increase from between a

low of .6 percent (if a low percentage of TCEP CO<sub>2</sub> supports increased production in the region) to as much as 3.2 percent (if all TCEP supports increased production in the region). For Midland County the range of employment impacts from the use of TCEP CO<sub>2</sub> for EOR is between a low of .8 percent and a high of 3.8 percent. Given the constraints in CO<sub>2</sub> supply in the Permian Basin it is likely that most or all of the CO<sub>2</sub> captured by the TCEP will be used for EOR and thus it is likely that the region will realize the high end of the job growth estimates related to EOR presented in this report.

Figure 11 presents estimates of increased oil production in the Permian Basin Region of Texas, depending on how much TCEP CO<sub>2</sub> is used for EOR. Figure 11 also estimates the changes in total employment in Ector and Midland County that would occur as result of the use of TCEP CO<sub>2</sub> for EOR. These estimates are econometrically derived measures of how total, non-agricultural employment in Ector and Midland Counties respond to changes in oil production in the region. The calculations are based on historical evidence of the elasticity of total employment in each county with respect to oil production over the past twenty-five years. Over the past decade, with the continued rise in oil prices, regional employment has become more responsive to

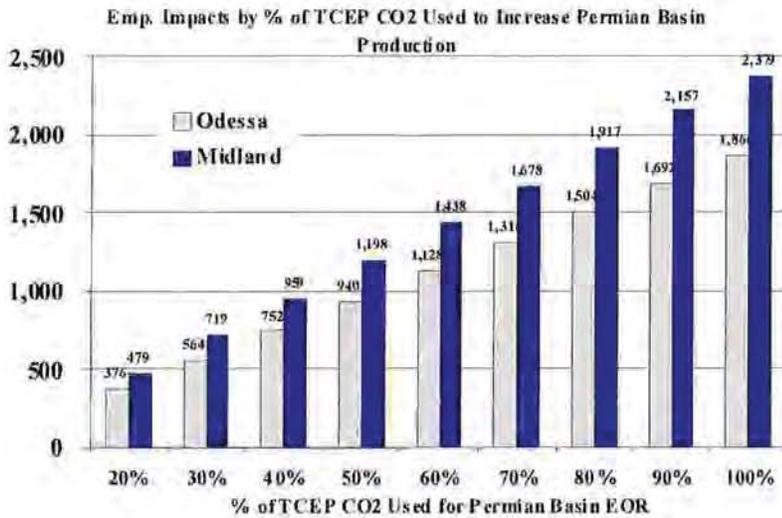
Figure 11  
Potential Impacts on Oil Production and Odessa and Midland Emp. Growth by the Percentage of TCEP CO<sub>2</sub> Used for Enhanced Oil Recovery in the Permian Basin



changes in oil prices and production.

Figure 12 shows the annual jobs impacts that could result from use of TCEP CO<sub>2</sub> to increase oil production in the Permian Basin. The chart shows that impacts from the sale of TCEP CO<sub>2</sub> for use in EOR could be potentially as large, or larger, than the total employment impacts from the annual operations of the facility.

Figure 12  
TCEP Production of CO<sub>2</sub> Could Support EOR Enough to Boost Permian Basin Production by 2.8% and Regional Employment by Between .6% and 3.8%



### VIII. Impact on Regional Development Strategies

The TCEP will provide well paying jobs in a combined, electric power generation and chemical production facility. The manufacturing operations of the facility will help broaden and diversify the industrial base of Ector County into technology-dependent production processes that will provide an important source of supply of commodities used in production processes of industries locally and nationwide. In addition:

- The TCEP will help position the region as a leader in clean energy production while helping the region expand the productive capacity of its existing energy industries.
- Regional demand for industrial gases (of all types) was estimated to be over \$57 million (in producer prices) in 2009, with regional production estimated at less than \$4 million (a detailed analysis of the many industrial gases and the industry demand for

each was not conducted for this study, rather an aggregated measure was used). The TCEP will provide opportunities for “import substitution,” or growing the regional economy by satisfying more of the regional demand for commodities and from within the region and preventing the flow of expenditures outside the region.

- TCEP commodity production may facilitate the location or expansion of “downstream” industrial users of the commodities produced at the TCEP.
- The TCEP will help reduce the highly cyclical nature of the regional employment base by creating well-paying jobs that produce commodities in demand by a variety of industries outside as well as inside of the region.
- The region ranks relatively low among smaller city MSAs on the concentration of technology dependent industries. Location of a state-of-the-art facility such as the TCEP can begin the process of increasing the technology content of the regional economy. The ultimate effect of increasing the technology dependency of the regional economy will be higher wages and incomes.

## **IX. Tax Impacts of Construction and Operations**

The analysis of the fiscal impacts of the TCEP in this study does not consider the impacts of the assessed value of the facility when it becomes operational. The valuation of a large, multi-faceted property such as the TCEP is a complex process that is often the subject of negotiation; estimating the assessed value of the TCEP is beyond the scope of this report. This report does, however, estimate the property tax impacts of the construction phase of the TCEP prior to completion, assessment, and taxation of the facility. The increases of property tax increases estimated during the construction phase occur among businesses in response to the direct, indirect, and induced increases in economic activity that result from construction activity. In addition to property taxes, sales taxes, corporate taxes (franchise tax), and a variety of user fees and license fees as well as other charges are estimated.

Increases in output and income (direct, indirect, and induced) in the region in response to the construction and operation of the TCEP can be used to estimate the taxes, fees, and other payments that will be made to state and local governments in Texas as a result of overall project impacts.

The IMPLAN model was used in this report to determine the changes in output that will occur in Texas in response to the TCEP. The total production (output) of any economy is the sum

of the production of every industry. However, because the production of one industry may be used by another industry and become part of the production or output of that second industry, to avoid counting (or taxing) production twice in measuring the total production of a regional economy, the sum of the value of production of each industry is not used to measure total regional product. Instead, the "value-added" by each industry is used to calculate how much a regional or national economy produces and thus how much economic activity will be subject to taxation.<sup>12</sup> The value-added by each industry is the difference between the value of what it produces and the value of products from other industries that it uses, or takes in, in producing its own goods or services. The total production by an economy is the sum of the value-added by every industry. Total or gross value-added of a region is roughly equivalent to the "gross regional product" of the regional economy.

For every dollar of gross product (regional, state, or national) a percentage will flow, or be paid, to local, state, and federal governments as taxes, fees, licenses, and other payments. How much will be paid depends on the revenue structure and tax rates of each level of government. This report estimates the total change in state and local government revenues that will occur in Texas in response to total changes in value-added from the construction and operation of the TCEP.

Examining the most recent data from the U.S. Census Bureau's "*Census of State and Local Government Finances*," this report estimates that total state and local tax, license and fee revenue as a percentage of value added in Texas equal about 6.2 percent for the types of taxes and fees analyzed in this report. This is an aggregated average across all industries. Individual industries (such as oil and gas) are subject to selective taxes that can significantly alter the percentage of their value-added that is paid to different levels of government. In addition, capital intensive industries pay a much higher percentage of their value-added in taxes than do less capital intensive industries in the State of Texas. Totalling the estimates of the revenue impacts from construction of the TCEP (\$31 million from Table 13 below) results in an estimate of state and local revenue that is about 5.2 percent of the changes in value-added in Texas resulting from construction of the TCEP. Thus the estimates produced here may moderately understate the overall tax revenue impacts from TCEP construction.

Table 13  
**Tax and Fee Revenue Impacts of the TCEP  
 Construction Phase**  
 (2011 Dollars)

Corporate (Franchise)Tax	\$1,385,619
Indirect Bus Tax: Motor Vehicle License	\$155,516
Indirect Bus Tax: Other Taxes	\$1,211,605
Indirect Bus Tax: Non-Tax Fees/Charges	\$713,379
Indirect Bus Tax: Property Tax	\$16,960,967
Indirect Bus Tax: Sales Tax	\$6,812,292
Indirect Bus Tax: Severance Tax	\$444,606
Personal Tax: Income Tax	\$0
Personal Tax: Motor Vehicle License	\$299,971
Personal Tax: Other Non-Taxes	
Fees/Charges	\$2,868,266
Personal Tax: Property Taxes	\$290,208
<b>Total</b>	<b>\$31,142,429</b>

Table 13 shows that the construction phase is expected to yield approximately \$31.1 million as a result of the direct construction activity, the indirect effects on other businesses in the region and throughout Texas, and as a result of the expenditures occurring in Texas as a result of the income earned from project impacts. The timing of these tax revenues will depend upon the schedule of construction activities but the total of \$31.1 million will

be spread over the entire construction period and for a short time following its completion.

Property tax payments by businesses will be the largest source of additional revenue (almost \$17 million) related to the TCEP. Sales tax payments by businesses and individuals will be the next largest source of new revenues with a total of \$6.8 million paid over the construction period.<sup>13</sup>

The economic activity created by the annual operations of the TCEP, as well as the indirect and induced economic activity that result from it, will increase state and local government revenue (excluding property taxes on the TCEP facility) by about \$4 million, including \$2.3 million in sales taxes and \$540,000 in corporate taxes.<sup>14</sup> Table 14 presents estimated fiscal impacts of TCEP operations (not including property taxes paid by the facility).

The estimate of \$4 million of increased revenues from annual operations (excluding property taxes on the TCEP facility) represents about 3.2 percent of the change in value-added in Texas that will occur in response to the annual operations of the TCEP. This percentage is below the Texas average of 6.2 percent because the report does not include an estimate of assessed property value for the TCEP. Including property tax revenues related to the TCEP would

increase taxes as a percentage of value-added to more than twice the 6.2 percent average for all of the Texas economy. This occurs because of a combination of factors including the capital intensive nature of the TCEP and because the revenue structure in Texas relies more on the taxation of capital than many other states.

Table 14  
**Annual Non-Property Tax & Fee Impacts of the TCEP and  
 its Multiplier Impacts**  
 (2011 Dollars)

Corporate (Franchise) Tax	\$536,462
Indirect Bus Tax: Motor Vehicle License	\$60,388
Indirect Bus Tax: Other Taxes	\$379,764
Indirect Bus Tax: Non-Tax Fees/Charges	\$277,010
Indirect Bus Tax: Sales Tax	\$2,261,435
Indirect Bus Tax: Severance Tax	\$8,235
Personal Tax: Income Tax	\$0
Personal Tax: Motor Vehicle License	\$35,180
Personal Tax: Non-Taxes Fees/Charges	\$380,207
Personal Tax: Property Taxes	\$38,799
<b>Total</b>	<b>\$3,977,480</b>

## X. Conclusions

The Texas Clean Energy Project will lead to significant increases in jobs, output and income in the Ector and Midland County region of Texas. The impact from construction activity will provide a base level of employment growth that will amplify non-TCEP related employment increases in the region and it will provide a four-year cushion against the extreme variability in regional employment growth that can occur as a result of fluctuations in oil and gas markets.

As large as the annual impacts associated with the construction of the TCEP will be, however, the annual operation of the facility is likely to have a more profound impact on the regional economy. Using state-of-the art, clean coal technology, the facility will allow the region to gain a foothold into emerging, clean-energy industries. In the process the facility will expand the industrial base of the region by offering stable, well paying jobs that produce commodities in demand by a variety of industries both local and nationally, including industries outside of the oil and gas industry. In doing so, the TCEP reduces the economic risks associated with a region with

a high concentration of production in one industry. The TCEP will make locally produced commodities available to many industries currently purchasing them outside of the region and keep additional business expenditures within the region and it will make the region more attractive for expansion or location of industrial users of the commodities produced by the TCEP.

The long-term economic development potential for the region presented by the TCEP will help speed the process of regional economic diversification, but diversification will take time. More immediately the TCEP's capture of carbon and sale of CO<sub>2</sub> will contribute to the ability of regional oil producers to increase oil production that is so important to regional job growth. The analyses in this report demonstrate the potential impact on Permian Basin oil production that could result from using TCEP produce CO<sub>2</sub> for enhanced oil recovery in the region. The impact on regional job growth resulting from TCEP production of CO<sub>2</sub> is likely to be larger than the overall impact of the TCEP's annual operation.

## Appendix A

### Bibliography of Studies Referencing or Using IMPLAN

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## End Notes

<sup>1</sup> Unless otherwise indicated, all dollar estimates are in 2011 dollars.

<sup>2</sup> This study estimates the aggregate increase in non-federal government revenues but does not allocate the estimated tax revenue gains among levels of Texas government (state, county, or local) or between counties or communities.

<sup>3</sup> A description of the IMPLAN model and technical references is available to readers at [www.Implan.com](http://www.Implan.com). Note: a brief sampling of bibliography of studies is presented in Appendix A.

<sup>4</sup> Ross C. DeVol, et. al., "*Best Performing Cities 2010: Where America's Jobs are Created and Sustained*", Milken Institute, October, 2010.

<sup>5</sup> Induced impacts occur as a result of the expenditures that individuals and households make with the labor income earned as a result of the direct and indirect project impacts.

<sup>6</sup> Advanced Resources International, Inc., "*Basin Oriented Strategies for CO<sub>2</sub> Enhanced Oil Recovery: Permian Basin*", U.S. Department of Energy, 2006.

<sup>7</sup> Bryan Hargrove, L. Stephen Melzer, and Lon Whitman, "A Status Report on North American CO<sub>2</sub> EOR Production and CO<sub>2</sub> Supply," Presentation at the 16<sup>th</sup> Annual CO<sub>2</sub> Flooding Conference, Midland, Texas, December 2010. Data from the annual production report of *Oil and Gas Journal* and other sources cited in the presentation show that CO<sub>2</sub> EOR projects in the Permian Basin have grown, but at a much slower pace than the number of projects worldwide and the U.S. as a whole. The presentation is available online at: [http://co2conference.net/presentations/2010/1-3\\_Hargrove\\_CO2\\_STATUS\\_2010\\_CO2\\_CONF\\_Final.pdf](http://co2conference.net/presentations/2010/1-3_Hargrove_CO2_STATUS_2010_CO2_CONF_Final.pdf)

<sup>8</sup> Advanced Resources International, Inc., "*U.S. Oil Production Potential From Accelerated Deployment of Carbon Capture and Storage*," March, 2010.

<sup>9</sup> Vello A. Kuuskraa, Advanced Resources International, "*Challenges Of Implementing Large-Scale Co<sub>2</sub> Enhanced Oil Recovery With Co<sub>2</sub> Capture and Storage*." White Paper Presented at the Symposium on the Role of Enhanced Oil Recovery in Accelerating the Deployment of Carbon Capture and Storage, Massachusetts Institute of Technology, Energy Initiative, July, 2010.

<sup>10</sup> This figure is estimated based on Summit Clean Energy LLC provided estimates of the volume of CO<sub>2</sub> that the TCEP will capture for sale and/or sequestration, and uses a coefficient of 6mcf of CO<sub>2</sub> per barrel of enhanced oil recovery.

<sup>11</sup> Regional oil production data is from the Railroad Commission of Texas, Online System, Oil and Gas Production Data Query. Accessed via the Internet at: <http://webapps.rrc.state.tx.us/PDQ/generalReportAction.do>.

<sup>12</sup> Most tax systems look to avoid "cascading" taxes that are applied at multiple points in the production process or "value chain".

<sup>13</sup> Sales taxes are collected by businesses and not a direct tax on business profits or capital and are thus an indirect tax on businesses. Sales taxes here include all sales taxes paid by individuals and businesses.

<sup>14</sup> This amount is an estimate of the increased corporate taxes that will be paid from all businesses as a result of the increased economic activity (direct, indirect, and induced) resulting from the operation of the TCEP facility. It is not an estimate of the profitability or tax liability of the facility itself.

Schedule A (Rev. May 2010): Investment

Applicant Name SUMMIT TEXAS CLEAN ENERGY, LLC  
 ISD Name ECTOR COUNTY 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)				0				
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2013-2014	2013	0				
	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)								
Complete tax years of qualifying time period		1	2014-2015	2014	1,187,952,329	14,428,571	1,202,380,900		1,202,380,900
		2	2015-2016	2015	928,468,321	11,276,943	939,745,264		939,745,264
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	420,060,898	5,101,954			425,162,852
		4	2017-2018	2017	277,751,151	3,373,496			281,124,647
		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					

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).

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

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

Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

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

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

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

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

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

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

Richard W Bumphorst  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

May 24, 2013  
 DATE

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

CHECKLIST ITEM # 18

Applicant Name

SUMMIT TEXAS CLEAN ENERGY, LLC

ISD Name

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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	480,000				480,000	480,000
	Complete tax years of qualifying time period	1	2014-2015	2014	480,000	-	-		480,000	480,000
		2	2015-2016	2015	480,000	11,398,571	938,482,340	360,714,270	589,646,641	589,646,641
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	480,000	20,307,356	1,671,972,313	642,637,849	1,050,121,820	100,000,000
		4	2017-2018	2017	480,000	24,337,900	2,003,820,423	770,186,705	1,258,451,618	100,000,000
		5	2018-2019	2018	480,000	34,180,964	2,814,232,699	1,908,437,154	940,456,509	100,000,000
		6	2019-2020	2019	480,000	32,471,916	2,772,019,208	1,870,268,411	934,702,713	100,000,000
		7	2020-2021	2020	480,000	30,848,320	2,730,438,920	1,832,863,043	928,904,198	100,000,000
		8	2021-2022	2021	480,000	29,305,904	2,689,482,336	1,796,205,782	923,062,459	100,000,000
		9	2022-2023	2022	480,000	27,840,609	2,649,140,101	1,760,281,666	917,179,044	100,000,000
		10	2023-2024	2023	480,000	26,448,579	2,609,403,000	1,725,076,033	911,255,545	100,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	480,000	25,126,150	2,570,261,955	1,690,574,512	905,293,592	905,293,592
		12	2025-2026	2025	480,000	23,869,842	2,531,708,025	1,656,763,022	899,294,846	899,294,846
		13	2026-2027	2026	480,000	22,676,350	2,493,732,405	1,623,627,762	893,260,994	893,260,994
Post- Settle-Up Period		14	2027-2028	2027	480,000	21,542,533	2,456,326,419	1,591,155,206	887,193,745	887,193,745
Post- Settle-Up Period		15	2028-2029	2028	480,000	20,465,406	2,419,481,523	1,559,332,102	881,094,826	881,094,826

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.

*Richard W. [Signature]*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*May 24, 2013*

DATE

Schedule C- Application: Employment Information

Applicant Name SUMMIT TEXAS CLEAN ENERGY, LLC  
 ISD Name ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs		
					Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
		pre- year 1	2013-2014	2013	500 FTE	40,000					
	Complete tax years of qualifying time period	1	2014-2015	2014	1600 FTE	40,000					
		2	2015-2016	2015	1400 FTE	40,000	20	48,785	16	48,785	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	1000 FTE	40,000	80	48,785	64	48,785
			4	2017-2018	2017	500 FTE	40,000	125	48,785	100	48,785
			5	2018-2019	2018			125	48,785	100	48,785
			6	2019-2020	2019			125	48,785	100	48,785
			7	2020-2021	2020			125	48,785	100	48,785
			8	2021-2022	2021			125	48,785	100	48,785
			9	2022-2023	2022			125	48,785	100	48,785
			10	2023-2024	2023			125	48,785	100	48,785
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024			125	48,785	100	48,785	
		12	2025-2026	2025			125	48,785	100	48,785	
		13	2026-2027	2026			125	48,785	100	48,785	
Post- Settle-Up Period		14	2027-2028	2027			125	48,785	100	48,785	
Post- Settle-Up Period		15	2028-2029	2028			125	48,785	100	48,785	

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.

*Richard W Bonhart*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*May 24, 2013*

DATE

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

CHECKLIST ITEM # 20

Applicant Name

SUMMIT TEXAS CLEAN ENERGY, LLC

ISD Name

ECTOR COUNTY

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)			2013-2014	2013	\$ -	\$ -	\$ -	0%	0%	0%	0%	
	Complete tax years of qualifying time period	1	2014-2015	2014	\$ 26,452,379.80	\$ 1,175,928,520.20	\$ -	0%	0%	0%	0%	
		2	2015-2016	2015	\$ 20,674,395.81	\$ 919,070,868.19	\$ -	0%	0%	0%	0%	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	\$ 9,353,582.74	\$ 415,809,269.26	\$ -	0%	0%	0%	0%
			4	2017-2018	2017	\$ 6,184,742.23	\$ 274,939,904.77	\$ -	0%	0%	0%	0%
			5	2018-2019	2018			\$ -	100%	0%	100%	100%
			6	2019-2020	2019			\$ -	100%	0%	100%	100%
			7	2020-2021	2020			\$ -	100%	0%	100%	100%
			8	2021-2022	2021			\$ -	100%	0%	100%	100%
			9	2022-2023	2022			\$ -	100%	0%	100%	100%
			10	2023-2024	2023			\$ -	100%	0%	100%	100%
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024			\$ -	100%	0%	100%	100%	
		12	2025-2026	2025			\$ -	100%	0%	100%	100%	
		13	2026-2027	2026			\$ -	100%	0%	100%	100%	
Post- Settle-Up Period		14	2027-2028	2027			\$ -	100%	0%	100%	100%	
Post- Settle-Up Period		15	2028-2029	2028			\$ -	0%	0%	0%	0%	

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

*Richard W Burchett*

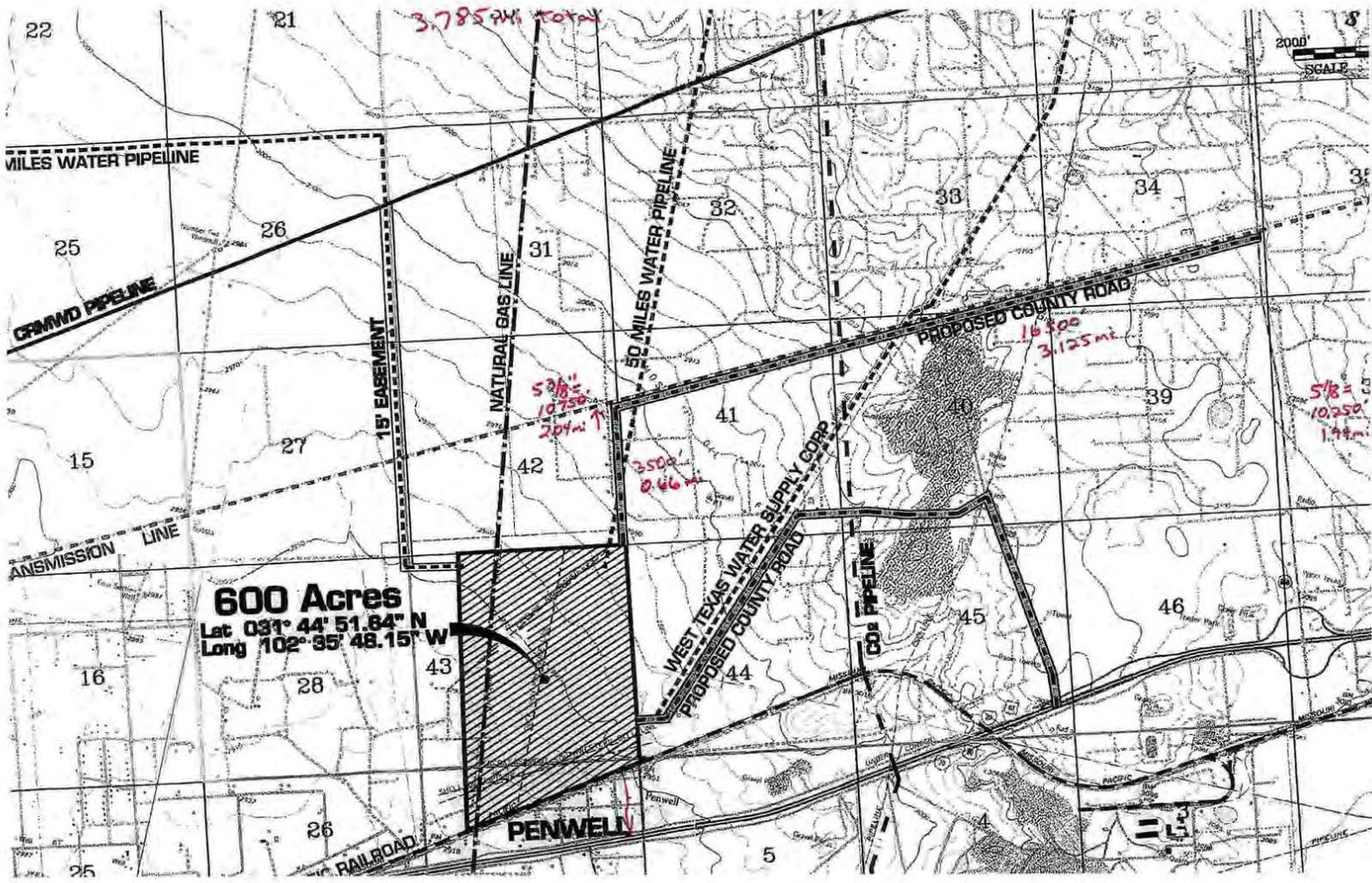
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

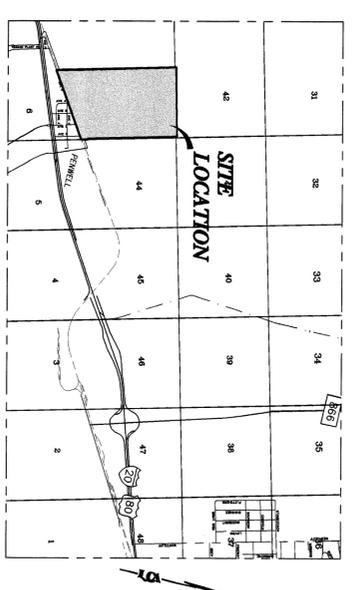
*May 24, 2013*

DATE

**CHECKLIST ITEM #21**

**MAP OF REINVESTMENT ZONE**





- LEGEND**
- ⊕ MENTION WELL
  - POWER POLE
  - OUR ANCHOR
  - ⊙ FJ FENCE POST W/ LR. W. / PLASTIC CAP MARKED LCA ODESSA
  - SET IRON ROD W/ PLASTIC CAP MARKED LCA ODESSA
  - FOUND IRON ROD W/ CAP
  - ⊙ PRELIME MARKER
  - EXISTING LEASE ROAD
  - OVERHEAD ELECTRIC
  - X — EXISTING FENCE

**NOTES:**

- PRELIME LOCATIONS ARE APPROXIMATE BASED ON VISIBLE SURFACE EVIDENCE.
- SECTION CONSTRUCTION BASED ON SURVEY BY STAN PERRY L&S SURVEYED MARCH 1987 AND RECORDED IN ECTOR COUNTY DEED RECORDS FEBRUARY 4, 1988.

**LEGAL DESCRIPTION OF 6010 ACRES OF LAND IN SECTION 43, BLOCK 44, T2S, R44E, T&P RR CO. SURVEY, ECTOR COUNTY, TEXAS.**

Boundary Being More Fully Described By Maps and Bounds As Follows:

BEGINNING at 1/4 Sec. 10, 10.615, 10.917 and 3/4 Sec. 15, 15.615, 15.487, a 5/8" iron rod with aluminum cap marked "LCA ODESSA TX" set in the east line of said Section 6 and 100 feet perpendicular to the centerline of an existing railroad track and being the southerly-southeast corner of this tract;

THENCE N 13°56'57" W with the east line of said Section 6, a distance of 332.03 feet to a 5/8" iron rod with aluminum cap marked "LCA ODESSA TX" set in the south line of said Section 4, a distance of 125 feet to the northwest corner of said Section 6 also being the most easterly southerly corner of this tract;

THENCE S 76°09'54" W with the south line of said Section 44 and the north line of said Section 6, a distance of 28.91 feet to a 5/8" iron rod with aluminum cap marked "LCA ODESSA TX" set in the southwest corner of said Section 44 and the southeast corner of said Section 43 and being an interior all corner of this tract;

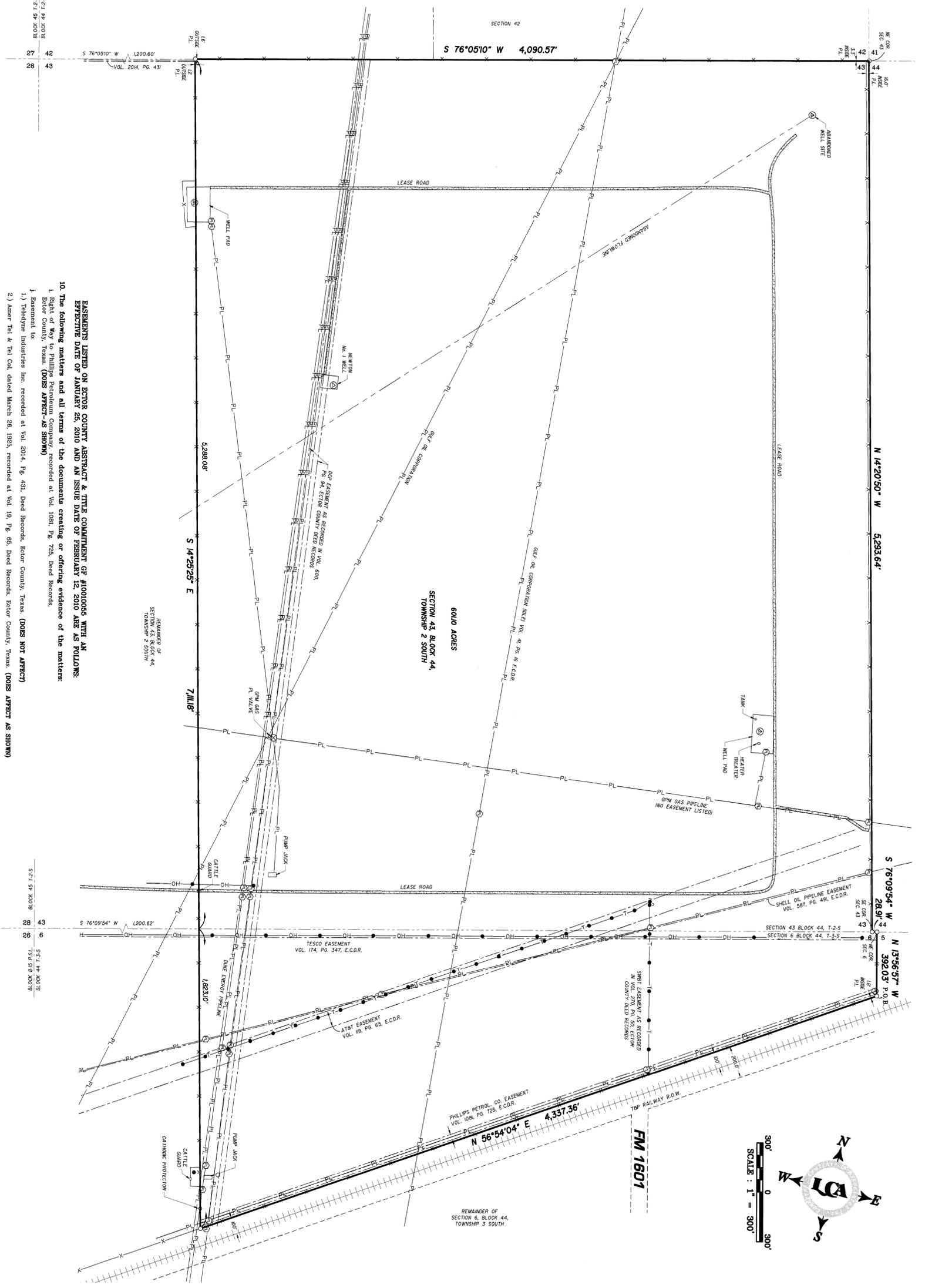
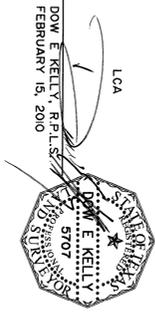
THENCE N 14°25'25" W with the east line of said Section 43 and the west line of said Section 44, a distance of 5288.08 feet to the northwest corner of said Section 44, a distance of 1200.62 feet to the northwest corner of said Section 43 and the northwest corner of said Section 43 also being the northeast corner of this tract;

THENCE S 76°05'10" W with the north line of said Section 43 and the south line of said Section 44, a distance of 4090.57 feet to a 5/8" iron rod with aluminum cap marked "LCA ODESSA TX" set in the northwest corner of this tract, whence a 2" iron pipe found at the common corners of said Sections 42 and 43 and 27 and 28, Block 45, T2S, R44E, T&P RR CO. SURVEY, a distance of 1200.60 feet;

THENCE S 14°25'25" E, a distance of 5288.08 feet pass the south line of said Section 43 and the north line of said Section 6, from this point a 2" iron pipe found at the southwest corner of said Section 43 and the northwest corner of said Section 6 and the southwest corner of said Section 28 bears S 76°09'54" W, a distance of 1200.62 feet, continuing on for a total distance of 7118 feet to a 5/8" iron rod with aluminum cap marked "LCA ODESSA TX" set 100 feet perpendicular to the centerline of said existing railroad track and being the southwest corner of this tract;

THENCE N 56°54'04" E, 100 feet northwesterly and parallel to the centerline of said existing railroad track, a distance of 4337.36 feet to the Point of Beginning, containing 6010 acres of land.

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a false angle of -01°00'03" and a combined grid factor of 0.999263385 near the center of Section 43. Acreage stated is overage surface.



**EASEMENTS LISTED ON ECTOR COUNTY ABSTRACT & TITLE COMMITMENT GP #10010065 WITH AN EFFECTIVE DATE OF JANUARY 23, 2010 AND AN ISSUE DATE OF FEBRUARY 12, 2010 ARE AS FOLLOWS:**

- The following matters and all terms of the documents creating or offering evidence of the matters: Ector County, Texas. (DOES AFFECT-AS SHOWN)
- Basement to:
  - Teletype Industries Inc. recorded at Vol. 1014, Pg. 431, Deed Records, Ector County, Texas. (DOES NOT AFFECT)
  - Amor Tel & Tel Co., dated March 28, 1925, recorded at Vol. 18, Pg. 65, Deed Records, Ector County, Texas. (DOES AFFECT AS SHOWN)
  - Gulf Pipe Line Co., dated June 10, 1935, recorded at Vol. 41, Pg. 16, Deed Records, Ector County, Texas. (DOES AFFECT-NO SPECIFIC LOCATION)
  - Gulf Oil Corp., dated October 24, 1939, recorded at Vol. 60, Pg. 418, Deed Records, Ector County, Texas. (DOES AFFECT-BLANKET)
  - SW Bell Tel Co. dated October 24, 1936, recorded at Vol. 270, Pg. 50, Deed Records, Ector County, Texas. (DOES AFFECT-AS SHOWN)
  - Phillips Petrol Co. recorded at Vol. 285, Pg. 208 and Vol. 49, Pg. 583, Deed Records, Ector County, Texas. (DOES AFFECT-BLANKET)
  - Shell Oil Co. dated August 10, 1970, recorded at Vol. 587, Pg. 481, Deed Records, Ector County, Texas. (DOES AFFECT-AS SHOWN)
  - El Paso Natural Gas Co. dated April 2, 1971, recorded at Vol. 600, Pg. 94, Deed Records, Ector County, Texas. (DOES AFFECT-AS SHOWN)
  - Texas Blue Service Co. dated Feb. 28, 1952, recorded at Vol. 171, Pg. 347, Deed Records, Ector County, Texas. (DOES AFFECT-AS SHOWN)

DESIGNED BY	SCALE	DATE	BY
DRAWN BY	1"=300'	FEBRUARY, 2010	
CHECKED BY	JOB No.	2010-006	
REVIEWED BY	DWG. No.		

**ICAE** ENVIRONMENTAL • CIVIL ENGINEERING • LAND SURVEYING  
 Phone # (432) 332-5058 E-Mail: [lca@lcaodessa.com](mailto:lca@lcaodessa.com) F-001363  
 521 North Texas, Odessa TX, 79761 Copyright 2010 ICAE

**SURVEY**

**601.10 ACRES IN SECTION 43, BLOCK 44, T-2-S, & SECTION 6, BLOCK 44, T-3-S, T&P RR CO. SURVEY, ECTOR COUNTY, TEXAS**

Sheet 1 of 1

**CHECKLIST ITEMS #22 AND #23**

**ECTOR COUNTY TAX ABATEMENT AGREEMENT**

**LEGAL DESCRIPTION OF REINVESTMENT ZONE (EXHIBIT A)**

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF ECTOR

THIS TAX ABATEMENT AGREEMENT ("Agreement") is made and entered into by and between ECTOR COUNTY, TEXAS, (the "County") and SUMMIT TEXAS CLEAN ENERGY, LLC ("Company"); the owner of the Property described in Exhibit "A" attached hereto which constitutes the reinvestment zone designated under Chapter 312, Texas Tax Code,

WHEREAS, Company has acquired real property rights in the land described in Exhibit A to this Agreement in Ector County, Texas; and

WHEREAS, on June 13, 2011, the Commissioners' Court of Ector County, Texas, pursuant to Chapter 312, Texas Tax Code, designated approximately 600 (six hundred) acres of land located in Ector County, Texas and described in Exhibit A to this Agreement as the Texas Clean Energy Project Reinvestment Zone (as defined in Paragraph 2(b) of this Agreement); and

WHEREAS, Company intends to construct, operate and maintain the Texas Clean Energy Project, an IGCC with carbon capture and sequestration polygen facility (the "Project") on the Property (as defined in Paragraph 2(d) of this Agreement); and

WHEREAS, Company contemplates that, from time to time during the term of this Agreement, certain financial and other interests in portions of the Project and Improvements (as defined in Paragraph 2(c) of this Agreement) may be transferred to entities and/or investors in the Project (each an "Investor Group").

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, Company and the County hereby agree as follows:

1. Authorization. This Agreement is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, TEXAS TAX CODE, as amended and the Ector County Tax Abatement Guidelines and Criteria as previously adopted by the Commissioners Court of Ector County (the "Guidelines and Criteria"). The Commissioners' Court of Ector County has elected to become eligible to participate in tax abatements and determined that the terms of this Agreement and the Property subject to this Agreement meet the Guidelines and Criteria adopted by the County.

2. Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Certified Appraised Value" shall mean the appraised value, for property tax purposes, of the Property and Improvements as certified by the Ector County Appraisal District for each taxable year, determined in accordance with the Texas Tax Code.

The value of pollution control equipment shall be excluded from the Certified Appraised Value.

(b) "Reinvestment Zone" shall mean that certain area qualifying for tax abatement designated by the Commissioners' Court on June 13, 2011 as the Texas Clean Energy Project Reinvestment Zone pursuant to Guidelines and Criteria adopted by Ector County, and as described in Exhibit A.

(c) "Improvements" shall mean the buildings and structures (or additions, upgrades, or portions thereof) and other improvements, including fixed machinery, equipment and process units, including, without limitation, electrical substations, underground and overhead electrical distribution and transmission facilities, turbines, gasifiers, chemical treatment and manufacturing facilities, fuel storage and handling facilities, transformers, appurtenant electric equipment, communication cable and equipment, utilities, water treatment and injection facilities and data collection facilities to be installed, added, upgraded, or used on the Property by or for Company after the effective date of this Agreement; and all other real and tangible personal property eligible for abatement under Chapter 312 of the Texas Property Tax Code and the Ector County Guidelines and Criteria which relate to the Project. Tangible personal property located on the Property at any time before the period covered by the Agreement is not eligible for abatement, including inventory or supplies located on the Property before the period covered by the Agreement.

(d) "Property" shall mean the tract of land described in Exhibit "A" attached hereto and incorporated herein for all purposes, and all Improvements and tangible personal property located thereon, which comprise the Reinvestment Zone.

(e) "Commissioners' Court" shall mean the governing body of Ector County, Texas.

(f) "Company" shall mean the owner of the rights and interests in the Property, which shall be Summit Texas Clean Energy, LLC and their successors and/or assigns, who are assigned or conveyed rights or interests in the Property, the Project or Project assets, the Investor Group who acquires rights or interests in the Property, the Project or Project assets, or any combination thereof.

(g) "County" shall mean Ector County acting by and through its duly elected and appointed representatives.

(h) "Certificate" means a letter, provided by Company to the County Judge of Ector County, certifying that Company has completed substantial construction activities and/or commissioning of the Project and outlining the Improvements included in the Project. At any time before or after receipt of the Certificate, the County may inspect the Property within the Reinvestment Zone in accordance with this Agreement to determine the status of the Improvements.

3. Administration of Agreement. This Agreement shall be administered by the County Judge of Ector County, Texas.

4. Term. This Agreement and the term of the tax abatement granted hereunder shall be effective for ten (10) full calendar years beginning on January 1 of the next tax year after the date that the County Judge of Ector County receives the Certificate,

5. Construction of the Improvements. Company currently anticipates that it will commence construction on or before late 2011 to early 2012, with a completion goal of January 2015. The estimated cost of the Improvements to be constructed in the Reinvestment Zone is approximately one billion, one hundred million to one billion, two hundred million dollars (\$1.1 to 1.2 billion). For purposes of clarity, the estimated cost excludes the cost of pollution control equipment.

6. Job Creation. Company estimates that it will create approximately one hundred fifty (150) permanent full time jobs at the Project and will make commercially reasonable efforts to employ qualified persons who are residents of Ector County, Texas in such jobs. Each of the persons employed in such jobs shall perform a portion of their work in Ector County, Texas.

7. Local Goods and Services.

(a) Company agrees that it and its contractors, if any, will use commercially reasonable efforts to maximize its use of Ector County businesses in the operation and maintenance of the Improvements and the Project.

(b) Company shall designate a coordinator of local services who will act as a liaison between any individuals, businesses and contractors residing or doing business in Ector County who are interested in obtaining information about providing goods or services related to the construction of the Project.

(c) Notwithstanding anything contained herein to the contrary, the Company shall in no event be obligated hereunder (i) to amend or otherwise change, or attempt to amend or otherwise change, any agreement to which the Company is a party as of the date hereof, or (ii) to hire or retain any person, or to award any contract for materials, supplies, equipment or services to any vendor, supplier, professional, contractor or subcontractor, unless, in the Company's sole discretion, (A) such person is qualified, is willing to perform the work, and satisfies all of the Company's normal standards for employment, and (B) such vendor, supplier, professional, contractor or subcontractor is qualified, financially sound, has an adequate safety record, is willing to perform the work, or provide the materials or services, in the time required and in a competitive manner, and is the lowest qualified responsive bidder who meets all the applicable bid specifications.

8. Tax Abatement.

(a) There shall be granted and allowed hereunder to Company by the County a property tax abatement on the Improvements constructed, expanded, or acquired hereunder in the Reinvestment Zone at a rate of one hundred percent (100%) for ten (10) years, commencing on January 1 of the next tax year after the date that the County Judge of Ector County receives the Certificate.

(b) It is specifically understood and agreed that the abatement granted herein is nonexclusive and does not prevent the County from dealing with any other or subsequent owner or owner of the Project; provided, however, the County agrees that the abatement provided in Paragraph 8(a) above shall extend to Company for the period of the above specified tax abatements.

(c) Company agrees that the Improvements described in Paragraph 2(c), once constructed, shall remain in place and operational, to the extent commercially reasonable, until at least twenty (20) years after the date the Certificate for such Improvements is provided by the Company. If, however, Company is prevented from complying, either totally or in part, with any of the terms or provisions of this Agreement in any way because of matters outside Company's reasonable control, including, without limitation, fire, flood, storm, strike, lockout or other labor trouble, riot, war, rebellion, accident or other acts of God, or from other similar and dissimilar causes beyond the reasonable control of Company and which could not have been reasonably avoided by Company, then upon written notice to the County Judge of Ector County, the affected provisions or requirements of this Agreement shall be suspended during the period of such disability and Company shall be under no obligation to restore the Improvements (this sentence shall be referred to as "Force Majeure").

## 9 Representations.

(a) Company represents that:

(1) Company and its successors or assigns will have a taxable interest in the Improvements to be placed on the Property. If Company or its successors or assigns transfer some or all of their interests in the Improvements to an entity or entities that would not have a taxable interest or interests in the Improvements, then prior to such transfer, Company and the transferee shall enter into a binding agreement under which payments shall be made to the County during each year of the remaining useful life of the Project in lieu of taxes that would be payable if the transferee held a taxable interest in the Improvements. Draft agreements between Company and potential transferees required by this Paragraph 9(a)(1) shall be submitted to the Judge of Ector County for review;

(2) Construction of the proposed Improvements will be performed by Company, its successors or assigns, and/or their contractors and/or subcontractors; and

(3) Company, its successors or assigns each represent that use of the Improvements within the Reinvestment Zone will be consistent with the general purpose of encouraging development or redevelopment of the area during the term of this Agreement; and all representations made in this Agreement are true and correct to the best of Company's knowledge and belief.

(b) The County represents that (1) Reinvestment Zone has been created in accordance with Chapter 312 of the TEXAS TAX CODE and the Guidelines and Criteria, as both exist on the effective date of this Agreement and (2) the Property is located in the Reinvestment Zone.

(c) Company and the County represent that no member of Commissioners' Court owns or leases the Property or the Improvements.

10. Administrative.

(a) Access to and Inspection of Property by County Employees. Company shall allow the County's employees and/or designated representatives of the County access to the Improvements for the purpose of inspecting any Improvements installed to ensure that such Improvements are completed and maintained in accordance with the terms of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Company twenty-four (24) hours' advance written notice and shall be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Company and in accordance with all applicable safety standards. Upon completion of construction, the designated representative of the County shall annually evaluate each facility receiving abatement to ensure compliance with the Agreement, and a formal report shall be made to Commissioners' Court.

(b) On May 1st of each year that this Agreement is in effect Company shall certify to the County, and to the governing body of each taxing unit, that Company is in compliance with each applicable term of this Agreement.

(c) The Chief Appraiser of the Ector County Appraisal District annually shall determine (i) the Certified Appraised Value of the Property and the Improvements and (ii) the taxable value, pursuant to the terms of abatement under this Agreement and the Texas Property Tax Code, of the Property and Improvements. The Chief Appraiser shall record both the abated taxable value and the Certified Appraised Value in the appraisal records. The Certified Appraised Value listed in the appraisal records shall be used to compute the amount of abated taxes that is required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. During the term of this Agreement, each year Company shall furnish the Chief Appraiser with such information required under Chapter 22, TEXAS TAX CODE as may be necessary for the administration of the abatement specified herein.

II. Default.

(a) The County may declare a default hereunder if Company (1) fails, refuses, or neglects to comply with any of the material terms, conditions, or representations of this Agreement and fails to cure during the cure period described herein; or (2) allows ad valorem taxes owed to the County or any other taxing jurisdiction in Ector County to become delinquent and fails either to cure during the cure period or to timely and properly follow the legal procedures for their protest or contest. The County shall not declare a default, and no default will be deemed to have occurred, when the circumstances giving rise to such declaration are the result of Force Majeure.

(b) If the County declares a default of this Agreement, this Agreement shall terminate (after notice and opportunity to cure as provided for herein), and the County,

in such event, shall be entitled to recapture any and all property taxes which have been abated as a result of this Agreement. The County shall notify Company of any default in writing in the manner prescribed herein. The notice shall specify the basis for the declaration of default, and Company shall have sixty (60) days from the date of such notice to cure any default; provided, however, where fulfillment of any obligation requires more than sixty (60) days, performance shall be commenced within sixty (60) days after the receipt of notice, and such performance shall be diligently continued until the default is cured; provided, however, that if such default is not cured within one hundred and eighty (180) days from the date of notice of default from the County, the failure to cure such default shall constitute a default hereunder.

(c) If, at the end of the cure period prescribed herein, Company and the County cannot agree regarding effectiveness of Company's efforts to cure any default, then the parties shall submit their dispute to a mediator, selected by mutual agreement. The mediation session shall be held not more than thirty (30) days following submittal of the parties' dispute. If the parties are unable to reach agreement in the mediation session, then the parties may seek to enforce this Agreement or may recover damages, as the case may be. In the event either party finds it necessary to bring an action to enforce this Agreement, the prevailing party, in addition to any other relief which may be granted, shall be entitled to recover all reasonable and necessary costs incurred by the prevailing party in such action, including an award of reasonable attorneys' fees.

(d) If the default cannot be cured, if the Company fails to cure, or if the County is the prevailing party in an action to enforce the Agreement, then the Company shall be liable for and will pay to the County within sixty (60) days following the termination of this Agreement (1) the amount of all property taxes abated under this Agreement, (2) interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes, and (3) penalties on the amount abated in the year of default at the rate provided for in the Texas Tax Code for delinquent taxes.

12. Changes in Tax Laws. The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement that have retroactive effect.

13. Compliance with State and Local Regulations. Nothing in this Agreement shall be construed to alter or affect the obligations of Company to comply with any ordinance, rule, or regulation of the County or laws of the State of Texas.

14. Assignment of Agreement. This Agreement may not be assigned by Company without the approval of the County by resolution or order of Commissioners' Court, except that Company may assign its rights and responsibilities hereunder without the County's consent to an affiliate entity of Company or to any entity or entities or Investor Group which acquires all or any portion of Company's interest in the Improvements, the Property or the Project; provided, however, that Company shall give written notice of any such assignment to the County, whereupon the County shall cause any property taxes applicable to the interest in the Improvements acquired by the entity or entities or Investor Group to be assessed separately to the entity or entities or Investor Group. Any assignment, including without limitation an assignment to another entity or Investor Group, shall require that all conditions and

obligations in this Agreement applying to the interest acquired by the assignee shall be assumed by the assignee, and upon such assumption, Company (or any entity or Investor Group other than such assignee) shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the assignee. No assignment shall be approved if (a) the County has declared a default hereunder that has not been cured and is not currently in the mediation process described herein, or (b) the assignee is delinquent in the payment of ad valorem taxes owed to the County or any other taxing jurisdiction in Ector County. The parties hereto agree that a transfer of an ownership interest in Company to a third party prior to the date the Agreement takes effect shall not be considered an assignment under the terms of this Agreement.

15. Notice. All notices shall be in writing. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the United States mail, first-class, postage prepaid. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To Company: Summit Texas Clean Energy, LLC  
Attn: Richard W. Burkhardt  
83 S. King Street, Suite 200  
Seattle, Washington 98104

To County: Susan M. Redford  
Ector County Judge  
300 N. Grant Avenue  
Odessa, Texas 79761

Either party may designate a different address by giving the other parties at least ten (10) days' written notice in the manner prescribed above.

16. Entire Agreement. This Agreement and Exhibit A attached hereto contains the entire and integrated tax abatement agreement between the parties and supersedes all other negotiations and agreements between the parties relating to the grant of tax abatement for the Improvements located on the Property, whether written or oral. In the event that there is a conflict between any of the Exhibits to this Agreement or the Guidelines and Criteria and this Agreement, the provisions of this Agreement shall control over the provisions in the Exhibit or the Guidelines and Criteria.

17. Road Maintenance. During construction of the Improvements, Company shall use commercially reasonable efforts to minimize the disruption to all public and County roads caused by the construction process and shall repair any damages caused to County roads by the construction process. After construction, Company shall leave such public and County roads in a state of equal condition as they were prior to construction, excepting normal wear and tear.

18. Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be declared or held to be invalid or

unenforceable by any court, governmental authority or agency having jurisdiction over the subject matter of this Agreement, the remaining terms of this Agreement and the application of such term or provision to any other person or circumstance shall not be affected by such declaration or holding and shall be valid and enforceable as allowed by law.

19. Governing Law. The terms and provisions of this Agreement shall be interpreted in accordance with the laws of the State of Texas.

20. Headings. The section headings contained in this Agreement are for purposes of reference and convenience only and shall not limit or otherwise affect in any way the meaning of this Agreement.

21. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one original.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties as of June 14, 2011.

SUMMIT TEXAS CLEAN ENERGY, LLC

Richard W. Burkhardt

Richard W. Burkhardt  
Its Chief Financial Officer

ECTOR COUNTY, TEXAS

Susan M. Redford  
Susan M. Redford, County Judge

ATTEST

By: Linda Haney

Date of Execution: 6/13/11

On this the 13<sup>th</sup> day of June, 2011, at 10:00 A.M. came on to be held a **REGULAR** meeting of the Ector County Commissioners' Court in the Commissioners' Courtroom, Ector County Administration Building Annex, 1010 E. 8<sup>th</sup> St., Odessa, Texas with the following members present:

Susan M. Redford, County Judge  
Freddie Gardner, Commissioner Precinct #1  
Greg Simmons, Commissioner Precinct #2  
Dale Childers, Commissioner Precinct #3  
Armando Rodriguez, Commissioner Precinct #4  
Minutes taken by Jennifer Martin, Chief Deputy County Clerk

when the following proceedings were had to-wit:

Judge Susan Redford called the meeting to order at 10:05 A. M.

The invocation was led by Commissioner Greg Simmons.

Commissioner Armando Rodriguez led the pledge of allegiance to the United States flag and the pledge of allegiance to the Texas flag.

## RESOLUTION

1. To consider and approved a Resolution for the 60<sup>th</sup> Anniversary of the Rose of Sharon Missionary Baptist Church and to recognize Theresa Ellis as an active member of the church since 1951.  
Armando Rodriguez, Commissioner, Precinct #4

Commissioner Rodriguez made a motion to approve a Resolution for the 60<sup>th</sup> Anniversary of the Rose of Sharon Missionary Baptist Church and to recognize Theresa Ellis as an active member of the church since 1951; Commissioner Simmons seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

<input checked="" type="checkbox"/> Commissioner Gardner	<input checked="" type="checkbox"/> Commissioner Simmons
<input checked="" type="checkbox"/> Commissioner Childers	<input checked="" type="checkbox"/> Commissioner Rodriguez

## SPECIAL REQUESTS / DONATIONS

2. To approve the extension of the May 23, Burn Ban in Ector County.  
Susan M. Redford, County Judge

A motion was made by Commissioner Simmons with a second by Commissioner Gardner to approve a 30 day extension of the May 23, Burn Ban in Ector County. **MOTION PASSED. 4-0**

Voting for Motion:

<input checked="" type="checkbox"/> Commissioner Gardner	<input checked="" type="checkbox"/> Commissioner Simmons
<input checked="" type="checkbox"/> Commissioner Childers	<input checked="" type="checkbox"/> Commissioner Rodriguez

3. Consider and approve a resolution declaring the property owned by Summit Texas Clean Energy, LLC as a reinvestment zone for purposes of economic development.  
Susan M. Redford, County Judge

Commissioner Gardner made a motion to approve a resolution declaring the property owned by Summit Texas Clean Energy, LLC as a reinvestment zone for purposes of economic development; Commissioner Rodriguez seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

<input checked="" type="checkbox"/> Commissioner Gardner	<input checked="" type="checkbox"/> Commissioner Simmons
<input checked="" type="checkbox"/> Commissioner Childers	<input checked="" type="checkbox"/> Commissioner Rodriguez

4. To consider, discuss or take any necessary action to approve a Tax Abatement Agreement with Summit Texas Clean Energy, LLC and authorize the County Judge to sign.  
Susan M. Redford, County Judge

A motion was made by Commissioner Childers with a second by Commissioner Gardner to approve a Tax Abatement Agreement with Summit Texas Clean Energy, LLC and to authorize the County Judge to sign.

**MOTION PASSED. 4-0**

Voting for Motion:

<input checked="" type="checkbox"/> Commissioner Gardner	<input checked="" type="checkbox"/> Commissioner Simmons
<input checked="" type="checkbox"/> Commissioner Childers	<input checked="" type="checkbox"/> Commissioner Rodriguez

5. To approve a donation form the Ector County Bingo Board for the installation of a security alarm system, to approve a budget amendment to General Fund, Donated Revenues, 001-4147 and to Senior Citizens Center, Contract Services, 001-630-5309 in the amount of \$8,740 and to authorize the County Judge to sign the agreement with Guardian Security Solutions.  
Donna Greaves, Senior Citizens

Commissioner Simmons made a motion to approve a donation form the Ector County Bingo Board for the installation of a security alarm system, to approve a budget amendment to General Fund, Donated Revenues, 001-4147 and to Senior Citizens Center, Contract Services, 001-630-5309 in the amount of \$8,740 and to authorize the County Judge to sign the agreement with Guardian Security Solutions; Commissioner Gardner seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

<input checked="" type="checkbox"/> Commissioner Gardner	<input checked="" type="checkbox"/> Commissioner Simmons
<input checked="" type="checkbox"/> Commissioner Childers	<input checked="" type="checkbox"/> Commissioner Rodriguez

6. To discuss and approve the use of County property north of Moss Arena by Mike Leverington, West Texas Garden Tractor Pullers Association.  
Freddie Gardner, Commissioner, Precinct #1

A motion was made by Commissioner Gardner with a second by Commissioner Childers to approve the use of County property north of Moss Arena by Mike Leverington, West Texas Garden Tractor Pullers Association. **MOTION PASSED. 4-0**

Voting for Motion:

<input checked="" type="checkbox"/> Commissioner Gardner	<input checked="" type="checkbox"/> Commissioner Simmons
<input checked="" type="checkbox"/> Commissioner Childers	<input checked="" type="checkbox"/> Commissioner Rodriguez

7. To accept a report on line item 01-710-5510, Major Building Projects and discuss and take any action necessary to complete the re-carpet for Commissioner's Courtroom and offices.  
Octavio Carrillo, Building Maintenance

Commissioner Simmons made a motion to move forward with the carpeting project and to use existing funds in the line item; Commissioner Childers seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

<input checked="" type="checkbox"/> Commissioner Gardner	<input checked="" type="checkbox"/> Commissioner Simmons
<input checked="" type="checkbox"/> Commissioner Childers	<input checked="" type="checkbox"/> Commissioner Rodriguez

8. To consider, discuss or take any necessary action regarding the Permian Basin Forensic Center.  
Susan M. Redford, County Judge

A motion was made by Commissioner Childers with a second by Commissioner Rodriguez to accept donation of the Permian Basing Forensic Center and to authorize the formation of a committee to proceed with operating the center on a regional basis. **MOTION PASSED. 3-1**

Voting for Motion:

Commissioner Gardner                       Commissioner Childers    Commissioner Rodriguez

Voting against Motion:

Commissioner Simmons

9. To discuss fuel costs for the West Odessa Volunteer Fire Department and take any necessary action.  
Susan M. Redford, County Judge

Jimmy Ellis with the West Odessa Volunteer Fire Department appeared before the court to request additional funds for fuel costs due to the increase of fire runs because of record drought conditions in Ector County.

Commissioner Gardner a motion to allow \$4,877 fuel bill to be forgiven and to add monthly contract fee to today's payment schedule; Commissioner Rodriguez seconded the motion. **MOTION PASSED. 3-1**

Voting for Motion:

Commissioner Gardner                       Commissioner Childers    Commissioner Rodriguez

Voting against Motion:

Commissioner Simmons

## **AWARDS OF BIDS PROPOSALS**

10. To approve, reject or take any other action on the Purchasing Cooperative Inter-local Agreement with Plainview Independent School District, and authorize the County Judge.  
Kenneth Lind, Purchasing

A motion was made by Commissioner Simmons with a second by Commissioner Childers to approve the Purchasing Cooperative Inter-local Agreement with Plainview Independent School District, and to authorize signature of the County Judge. **MOTION PASSED. 4-0**

Voting for Motion:

Commissioner Gardner                       Commissioner Simmons  
 Commissioner Childers                       Commissioner Rodriguez

11. To consider and approve the termination of the award for the jail door and lock repair and maintenance services for the Ector County Law Enforcement Detention Center.  
Kenneth Lind, Purchasing

Commissioner Simmons made a motion to approve the termination on the timetable as presented; Commissioner Gardner seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

Commissioner Gardner                       Commissioner Simmons  
 Commissioner Childers                       Commissioner Rodriguez

12. To consider and approve the termination of the award for food services for the Ector County Juvenile Detention Center, the Ector County Law Enforcement Detention Center, and the Ector County Elderly Nutrition Program.  
Kenneth Lind, Purchasing

A motion was made by Commissioner Simmons with a second by Commissioner Gardner to approve the termination of the award for food services for the Ector County Juvenile Detention Center, the Ector County Law Enforcement Detention Center, and the Ector County Elderly Nutrition Program.

**MOTION PASSED. 4-0**

Voting for Motion:

✓ Commissioner Gardner  
✓ Commissioner Childers

✓ Commissioner Simmons  
✓ Commissioner Rodriguez

13. To approve, reject or modify proposal specifications on the following: a.) food services for the Ector County Juvenile Detention Center; b.) food services for the Ector County Law Enforcement Detention Center; and c.) food services for the Ector County Elderly Nutrition program.  
Kenneth Lind, Purchasing

Commissioner Simmons made a motion to approve the proposal specifications on the following: a.) food services for the Ector County Juvenile Detention Center; b.) food services for the Ector County Law Enforcement Detention Center; and c.) food services for the Ector County Elderly Nutrition program; Commissioner Gardner seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

✓ Commissioner Gardner  
✓ Commissioner Childers

✓ Commissioner Simmons  
✓ Commissioner Rodriguez

**CONTRACTS / AGREEMENTS / GRANTS**

14. To consider approval of a two-year renewal of the agreement between Ector County and Carehere, LLC, for management of the Ector County Family Wellness Center.  
Patricia Patton, Human Resources

A motion was made by Commissioner Simmons for approval of a two-year renewal of the agreement between Ector County and Carehere, LLC, for management of the Ector County Family Wellness Center. Commissioner Simmons modified the motion approve the two year renewal minus the two programs that were added this past year. Commissioner Childers seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

✓ Commissioner Gardner  
✓ Commissioner Childers

✓ Commissioner Simmons  
✓ Commissioner Rodriguez

15. To consider and approve an agreement between Western Marketing and Ector County to provide a Diesel Exhaust Fluid (DEF) container to Equipment Services and authorize the County Judge to sign the agreement.  
Trent Norman, Equipment Services

Commissioner Childers made a motion to approve an agreement between Western Marketing and Ector County to provide a Diesel Exhaust Fluid (DEF) container to Equipment Services and authorize the County Judge to sign the agreement; Commissioner Simmons seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

✓ Commissioner Gardner  
✓ Commissioner Childers

✓ Commissioner Simmons  
✓ Commissioner Rodriguez

**PERSONNEL REQUESTS**

16. To consider approval to hire a CPS Legal Secretary at a Step 5.  
Cindy Weir-Nutter, County Attorney

A motion was made by Judge Redford with a second by Commissioner Rodriguez for approval to hire a CPS Legal Secretary at a Step 5. **MOTION PASSED. 5-0**

Voting for Motion:

Judge Redford

Commissioner Gardner

Commissioner Childers

Commissioner Simmons

Commissioner Rodriguez

## SALE TO FORECLOSE ON PROPERTY

17. To consider selling the property located at 2118 Judy for \$15,000.00, which is less than the market value specified in the judgment of foreclosure against the property and is also less than the total amount of judgment against the property.  
Susan M. Redford, County Judge

Commissioner Gardner made a motion to deny selling the property located at 2118 Judy for \$15,000 and to go with the original offer, which is less than the market value specified in the judgment of foreclosure against the property and is also less than the total amount of judgment against the property; Commissioner Simmons seconded the motion.

**MOTION PASSED. 4-0**

Voting for Motion:

Commissioner Gardner

Commissioner Childers

Commissioner Simmons

Commissioner Rodriguez

## 18. CONSENT AGENDA

- a. \$500.00 from 004-980-5172 Election Resources to 004-980-5351 Telephone.  
Mitzi Sheible, Elections  
Amended: \$500 from 004-980-5172 Election Resources, and \$500 from 004-980-5193 Postage to 004-980-5351 Telephone, \$1,000.
- b. \$954.00 from 001-300-5103 Salaries, Full Time to 001-300-5104 Salaries, Part time.  
Wanda Modarelli, Compliance
- c. \$1,000.00 from 001-710-5241 Building Materials to 001-710-5189 Botanical Supplies.  
Octavio Carrillo, Building Maintenance
- d. \$2,650.00 from 001-170-5103 Salaries, Full Time to 001-170-5309 Contract Services.  
Cindy Weir-Nutter
- e. \$30,000.00 from 001-421-5105 Contract Salaries; \$6,000.00 to 001-421-5309 Contract Services and \$24,000.00 to 001-421-5182 Drugs and Medical.  
Mark Donaldson, Sheriff

A motion was made by Commissioner Simmons with a second by Commissioner Childers to approve Items a, b, c, & e with amendment to Item a. from \$500 to \$1,000 and to table Item d. until next meeting.

**MOTION PASSED. 4-0**

Voting for Motion:

Commissioner Gardner

Commissioner Childers

Commissioner Simmons

Commissioner Rodriguez

## BUDGET / FINANCIAL

19. To consider, approve or take any necessary action regarding the Pretrial Intervention budget for the remainder of Fiscal Year 2010-2011.  
Cindy Weir-Nutter, County Attorney

The County Attorney, Cindy Weir-Nutter appeared before the court to give a power point presentation on the Pretrial Intervention program.

Commissioner Gardner made a motion to approve the budget for the Pretrial Intervention program for the remainder of FY 2010-2011; Commissioner Rodriguez seconded the motion. The motion and second was changed to table the item until the next court meeting. **MOTION PASSED. 4-0**

Voting for Motion:

<u>✓</u> Commissioner Gardner	<u>✓</u> Commissioner Simmons
<u>✓</u> Commissioner Childers	<u>✓</u> Commissioner Rodriguez

20. To consider a budget amendment to General Fund, Jail, Special Departmental Equipment, 001-420-5507 and to Donated Revenues, 001-4171 in the amount of \$363,862 for the purchase of cameras.  
David R. Austin, County Auditor

A motion was made by Commissioner Simmons with a second by Commissioner Gardner to approve a budget amendment to General Fund, Jail, Special Departmental Equipment, 001-420-5507 and to Donated Revenues, 001-4171 in the amount of \$363,862 for the purchase of cameras. **MOTION PASSED. 4-0**

Voting for Motion:

<u>✓</u> Commissioner Gardner	<u>✓</u> Commissioner Simmons
<u>✓</u> Commissioner Childers	<u>✓</u> Commissioner Rodriguez

21. To consider a budget amendment to Debt Service Fund, Tax Notes Principal 2010 Refunding, 021-900-5561 in the amount of \$370,000, to Tax Notes Interest 2010 Refunding, 021-900-5567, in the amount of \$14,576 and to Unreserved Fund Balance, 021-3310 in the amount of \$43 from Tax Notes Principal \$17,113 and from Tax Notes Interest 2010, 021-900-5566, in the amount of \$71,506.  
David R. Austin, County Auditor

Commissioner Simmons made a motion to a budget amendment to Debt Service Fund, Tax Notes Principal 2010 Refunding, 021-900-5561 in the amount of \$370,000, to Tax Notes Interest 2010 Refunding, 021-900-5567, in the amount of \$14,576 and to Unreserved Fund Balance, 021-3310 in the amount of \$43 from Tax Notes Principal \$17,113 and from Tax Notes Interest 2010, 021-900-5566, in the amount of \$71,506; Commissioner Childers seconded the motion. **MOTION PASSED. 4-0**

Voting for Motion:

<u>✓</u> Commissioner Gardner	<u>✓</u> Commissioner Simmons
<u>✓</u> Commissioner Childers	<u>✓</u> Commissioner Rodriguez

22. To consider and approve the Accounts Payable Fund Requirements Report for June 13, 2011 and to review County financial statements and reports.  
David R. Austin, County Auditor

A motion was made by Commissioner Childers with a second by Commissioner Gardner to approve the Accounts Payable Fund Requirements Report for June 13, 2011 and to review County financial statements and reports. **MOTION PASSED. 4-0**

Voting for Motion:

<u>✓</u> Commissioner Gardner	<u>✓</u> Commissioner Simmons
<u>✓</u> Commissioner Childers	<u>✓</u> Commissioner Rodriguez

#### 11:10 A.M.

A motion was made by Commissioner Childers with second by Commissioner Simmons to adjourn to Executive Session. **MOTION PASSED. 4-0**

#### 11:20 P.M.

Commissioner Childers made a motion to reconvene in General Session: Commissioner Simmons seconded the motion. **MOTION PASSED. 4-0**

## EXECUTIVE SESSION

23. To consider and discuss legal matters pursuant to Title 5, Chapter 551, Section 551.071.  
Susan M. Redford, County Judge

No action taken on Item #23.

24. To consider real estate issues/transactions pursuant to Title 5, Chapter 551, Section 551.072.  
Susan M. Redford, County Judge

A motion was made by Commissioner Simmons with a second by Commissioner Childers to approve a memorandum as discussed in Executive Session. **MOTION PASSED. 4-0**

Voting for Motion:

Commissioner Gardner

Commissioner Simmons

Commissioner Childers

Commissioner Rodriguez

25. To consider and discuss personnel matters pursuant to Title 5, Chapter 551, Section 551.074.  
Susan M. Redford, County Judge

No action taken on Item #24.

**11:21 A. M.**

With no further business to discuss, Commissioner Childers made a motion with a second by Commissioner Simmons to adjourn to the call of the chair. **MOTION PASSED. 4-0**

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**THE STATE OF TEXAS**

**COUNTY OF ECTOR**

I, Linda Haney, County Clerk, do hereby attest to the accuracy of the proceedings of the  
**Regular Commissioners Court meeting held June 13, 2011.**

\_\_\_\_\_  
**LINDA HANEY, COUNTY CLERK**  
**ECTOR COUNTY, TEXAS**

## EXHIBIT A

Legal Description  
For a 601.10 Acre Tract of Land  
In Section 43, Block 44, T2S,  
And Section 6, Block 44, T3S,  
T&P RR. Co. Survey,  
Ector County, Texas

Boundary Being More Fully Described By Metes and Bounds As Follows:

Legal Description For a 601.10 Acre Tract of Land (In Section 43, Block 44, T-2-S, And Section 6, Block 44, T-3-S, T&P RR. Co. Survey, Ector County, Texas, boundary being more fully described by metes and bounds as follows:

BEGINNING at (Y= 10,605,109.17' and X= 1,595,446.88') a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set in the east line of said Section 6 and 100 feet perpendicular to the centerline of an existing railroad track and being the southerly southeast corner of this tract;

THENCE N 13°56'57" W with the east line of said Section 6, a distance of 392.03 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set in the south line of Section 44, Block 44, T2S and at the northeast corner of said Section 6 also being the most easterly southeast corner of this tract;

THENCE S 76°09'54" W with the south line of said Section 44 and the north line of said Section 6, a distance of 28.91 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set for the southwest corner of said Section 44 and the southeast corner of said Section 43 and being an interior ell corner of this tract;

THENCE N 14°20'50" W with the east line of said Section 43 and the west line of said Section 44, a distance of 5293.64 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set for the northwest corner of said Section 44 and the northeast corner of said Section 43 also being the northeast corner of this tract;

THENCE S 76°05'10" W with the north line of said Section 43 and the south line of Section 42 this Block, a distance of 4090.57 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set at the northwest corner of this tract, whence a 2" Iron pipe found at the common corners of said Sections 42 and 43 and 27 and 28, Block 45, T2S bears S 76°05'10" W, a distance of 1200.60 feet;

THENCE S 14°25'25" E, at a distance of 5288.08 feet pass the south line of said Section 43 and the north line of said Section 6, from this point a 2" Iron pipe found at the southwest corner of said Section 43 and the northwest corner of said Section 6 and the southeast corner of said Section 28 bears S 76°09'54" W, a distance of 1200.62 feet, continuing on for a total distance of 7111.18 feet to a 5/8" Iron rod with aluminum cap marked "LCA ODESSA TX" set 100 feet perpendicular to the centerline of said existing railroad track and being the southwest corner of this tract;

THENCE N 56°54'04" E 100 feet northwesterly and parallel to the centerline of said existing railroad track, a distance of 4337.36 feet to the Point of Beginning, containing 601.10 acres of land.

Bearings, distances and coordinates are relative to the Texas Coordinate System, 1983 NAD, Central Zone, with a theta angle of -01°10'03" and a combined grid factor of 0.999829385 near the center of Section 43. Acreage stated is average surface.

TOGETHER WITH THAT CERTAIN EASMENT BEING DESCRIBED AS FOLLOWS:

ALL RIGHT, TITLE AND INTEREST OF THE GRANTOR IN AND TO THAT CERTAIN WATER PIPELINE BASEMENT EXECUTED BY SCHUBERT RANCH, INC. CONVEYING TO TELEDYNE INDUSTRIES, INC. DATED AUGUST 5, 1981. A 15' WATER LINE EASMENT ACROSS A PORTION OF SECTION 43, BLOCK 44, T-2-S AND SECTIONS 28, 27 AND 26, T-2-S, T&P RAILWAY COMPANY SURVEY, ECTOR COUNTY, TEXAS, RECORDED IN VOLUME 2014, PAGE 428, OFFICIAL PUBLIC RECORDS, ECTOR COUNTY, TEXAS.

**CHECKLIST ITEM #24**

**Guidelines and Criteria for Reinvestment Zone**

## **ADOPTED ECTOR COUNTY GUIDELINES AND CRITERIA FOR TAX ABATEMENT**

### **I. PURPOSE**

Ector County, herein referred to as “the County,” is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider recommending tax abatement to stimulate growth and development. Any such incentive shall be provided in accordance with the procedures and criteria outlined in this document. However, nothing in these guidelines shall imply or suggest, or be construed to imply or suggest, that the County is under any obligation to provide any incentive to any applicant. All such applications for tax abatement shall be considered on an individual basis with regard to both the qualification for abatement and the amount of any abatement.

### **II. DEFINITIONS**

As used within these guidelines and criteria, the following words or phrases shall have the following meaning:

1. **Abatement of Taxes:** To exempt from ad valorem taxation all or part of the value of certain Improvements placed on land located in the Zone for commercial/industrial development purposes for a period of time not to exceed ten (10) years.
2. **Affected Jurisdictions:** The City of Odessa, the County of Ector, the Ector County Independents School District, the Ector County Hospital District, Odessa Junior College.
3. **Abatement Agreement:** A contract between a property owner and the Affected Jurisdictions for the abatement of taxes on property located within the Zone as authorized V.T.C.A., Tax Code, Section 312.204(a).
4. **Base Year Value:** The assessed value of the property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.
5. **Commercial Facilities:** Facilities classified as commercial include office, service, or retail.
6. **Distribution Facility:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.

7. **Existing Facility or Structure:** A Facility as of the date of execution of the Tax Abatement Agreement, located in or on Real Property eligible for tax abatement.
8. **Facility:** The commercial or industrial improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
9. **Improvements to Real Property:** Shall mean the construction, addition to, structural upgrading of, replacement of, or completion of any Facility to be located upon Real Property, as herein defined or any Tangible Personal Property to be placed in or on said Real Property.
10. **Job:** Means a new permanent job that has provided at least 1820 hours of employment a year to an employee and is intended to exist during the period of a contract. Except for tax abatement purposes, it must be for a qualified employee provided for a qualified business.
11. **Manufacturing Facility:** A facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
12. **New Facility:** The construction of a new facility on previously undeveloped Real Property eligible for tax abatement in the Reinvestment Zone.
13. **Other Basic Industry:** A facility other than a distribution center facility, a research facility, a regional service facility, or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities and services a market either within or outside of Ector County, Texas.
14. **Owner:** The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from an Affected Jurisdiction, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon. In the case of land leased from private property owner, both the owner and lessee shall be deemed subject to execution of the Tax Abatement Agreement.
15. **Productive Life:** The number of years a commercial or industrial facility is expected to be in service.
16. **Qualified Business:** A business that is located in or committed to location in the Zone. The business must retain this qualified status throughout the specified period.
17. **Real Property:** Land on which improvements are to be made or fixtures placed.

18. **Regional Services Facility:** A facility, the primary purpose of which is to service or repair goods or materials and which creates job opportunities within the Affected Jurisdictions.
19. **Reinvestment Zone:** Real property designated as a Reinvestment Zone under the provisions of V.T.C.A. Tax Code, Section 312.202.
20. **Renovation of Existing Facilities or Structures:** The addition of buildings, structure, machinery or equipment to a facility after the date of execution of an Abatement Agreement.
21. **Tangible Personal Property:** Any Personal Property, not otherwise defined herein, and which is necessary for the property operation of any type of commercial or industrial facility.

### III. GUIDELINES AND CRITERIA

Improvements eligible for abatement include the following:

Aquaculture/agriculture facility,  
Distribution center facility,  
Manufacturing facility,  
Office building,  
Regional entertainment/ tourism facility,  
Renewable power facility and fixtures,  
Research facility,  
Historic building in a designated area, or  
Other basic industry.

Requests for abatement will be evaluated according to factors including, but not limited to, the following:

- (1) **Jobs.** Projected new jobs created, including the number and type of new jobs, the number and type of jobs retained, the average payroll, and the number of local persons hired.
- (2) **Fiscal Impact.** The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible property, any County financed infrastructure improvements that will be required by the facility, any infrastructure improvements proposed to be made by the facility, and the compatibility of the project with the County's master plan for development.
- (3) **Community Impact.** The pollution, if any, as well as other potential negative environmental impact on the health and safety of the community

resulting from the proposed project; whether the project will revitalize a depressed area; potential business opportunities for local vendors; alternative development possibilities for the proposed site; the impact on other taxing entities; and/or whether the improvement is expected to solely or primarily have the effect of transferring employment from one part of Ector County to another.

#### IV. ABATEMENT AUTHORIZED

- (a) **Authorized Date.** A facility shall be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction; provided, that such facility meets the criteria for granting tax abatement in reinvestment zones created by Ector County pursuant to these Guidelines and Criteria. Property may be exempted from taxation under these guidelines for a period not to exceed the statutory limitations.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of or increase in value to eligible improvements made subsequent to the filing of an application for tax abatement and specified in the abatement agreement between the County and the property owner or lessee and lessor, subject to such limitations as the Tax Abatement Statute and these Guidelines and Criteria may require.
- (c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes that leads to additional job creation expansion that leads to additional job creation. If the modernization project includes replacement of a facility existing at the time of application, the abated value shall be the value of the new unit(s) less the value of the old unit(s).
- (d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and office space 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 abatement:
  - (1) land,
  - (2) animals,
  - (3) inventories,
  - (4) supplies,
  - (5) tools,
  - (6) furnishings, and other forms of movable personal property (except as provided below),
  - (7) vehicles,

- (8) vessels,
- (9) aircraft,
- (10) housing or residential property,
- (11) hotels/motels, restaurants
- (12) fauna,
- (13) flora,
- (14) retail facilities,
- (15) any improvements including those involved in the production, storage or distribution of natural gas or fluids that are not integral to the operation of the facility, and
- (16) property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.

This provision shall not be interpreted to disallow abatement for property located in the Odessa Industrial Park. Nor shall this provision be interpreted to disallow abatement where the eligible property to be abated may be located on or affixed to land owned by the State or a subdivision of the State, but is wholly owned by the party seeking the abatement.

Equipment constituting personal property located in the reinvestment zone shall remain eligible for abatement provided the equipment is awaiting installation to become a permanent part of a fixture located or to be constructed in the reinvestment zone that is or will be eligible for property tax abatement, including any replacement parts.

- (f) **Owned/Leased Facilities.** If leased property is granted abatement, the agreement shall be executed with the lessor and lessee. If the eligible property to be abated is located on or affixed to leased land, but is wholly owned by the party seeking the abatement, the agreement shall be executed only with the owner of the property to be abated.
- (g) **Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement. The value of new eligible properties shall be abated according to the approved agreement between the applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement.

The abatement may be extended from the date of the initial agreement by modification provided the statutory requirements for modification are met.

- (h) **Construction in Progress.** If a qualifying facility has not been placed in service as of January 1 following execution of the abatement agreement, the taxpayer may apply for a one-year extension of the term of abatement.

Said extension must be applied for prior to the end of the calendar year in which the abatement agreement is executed.

- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
  - (1) The value of ineligible property as provided in Part IV(e) shall be fully taxable.
  - (2) The base year value of existing eligible property, meaning the value of the property for the year in which the abatement agreement is executed, shall be fully taxable.
  - (3) The additional value of eligible property shall be taxable as provided for by the applicable abatement agreement between the owner and the County.

#### V. APPLICATION FOR TAX ABATEMENT

- (a) Any present or potential owner of taxable property in Ector County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County.
- (b) The application shall consist of a completed application form accompanied by:
  - (1) a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken;
  - (2) a descriptive list of the improvements that will be a part of the facility;
  - (3) a map and property description or a site plan;
  - (4) a time schedule for undertaking and completing the planned improvements;
  - (5) for modernized facilities, a statement of the assessed value of the facility, separately stated for real and personal property, for the tax year immediately preceding the application; and,
  - (6) Financial and other information as deemed appropriate for evaluating the financial capacity and other factors of the applicant.

- (c) Upon receipt of a completed application, the County receiving such application shall notify in writing the presiding officer of the legislative body of each affected jurisdiction. Before acting upon the application, the County shall through public hearings as described below afford the applicant and the designated representative of any affected jurisdiction and any member of the public the opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on an agenda of the legislative body of the County to be posted at least twenty (20) days prior to the hearing.
- (d) The County shall approve or deny the application for tax abatement within sixty (60) days after receipt of the application. The presiding officer of the County shall notify the applicant of the approval or disapproval promptly thereafter.
- (e) Statutory Requirements: Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be: (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners Court evaluates the application against the criteria described in these guidelines and decides by majority vote whether to designate the property for which the abatement is sought as a reinvestment zone. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect. An order designating an area as a reinvestment zone is valid for five years from the date of designation. Once the area is designated as a reinvestment zone, the Commissioners Court may then arrange to consider for approval of the tax abatement agreement between the applicant and the county, which it may do at any regularly scheduled meeting, provided notice requirements are met. At least seven days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, along with a copy of the proposed tax abatement agreement. At the regularly scheduled meeting, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement, or to decline.
- (f) Expedited consideration of application. If the County determines that the application should receive expedited consideration, the Commissioners Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners Court, provided the County meets the procedural prerequisites for each step.
- (g) A request for a reinvestment zone for the purpose of abatement shall not be granted if the County finds that the request for the abatement was filed

after commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.

- (h) Variance. Requests for variance from the provisions of Subsections (a) through (e) of Part IV may be made in written form to the County Commissioners Court. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of the request for variance requires a three-fourths (3/4) vote of the Ector County Commissioners Court.

## VI. PUBLIC HEARING

- (a) If, after a public hearing, the County Commissioners Court weighs the relevant factors listed in these guidelines and determines that granting the abatement is not in the best interests of the County, the Court shall deny the abatement.
- (b) Neither a reinvestment zone nor an abatement agreement shall be authorized if it is determined that:
  - (1) There would be a substantial and unreasonable adverse affect on the provision of government services or the overall tax base of the County.
  - (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) Planned or potential use of the property violates any other governmental codes or any applicable law.

## VII. AGREEMENT

- (a) After approval of the tax abatement application, the County shall formally pass a resolution and execute an agreement with the owner of the facility and the lessee involved, if any, which shall include:
  - (1) Estimated value to be abated and the base year value.
  - (2) Percent of value to be abated each year.
  - (3) The commencement date and the termination date of abatement.

- (4) The proposed use of the facility, nature of construction, time schedule for undertaking and completing the planned improvements, map, property description, and improvements list.
  - (5) Contractual obligations in the event of default, including a provision for cancellation and recapture of delinquent taxes, provisions for administration and assignment as provided herein, and any other provision that may be required for uniformity or by state law.
  - (6) Performance criteria for continuation of the abatement.
  - (7) Amount of investment and average number of jobs involved for the period of abatement.
  - (8) A provision that the contract shall meet all of the requirements of Texas Tax Code Sec. 312, et. seq.
- (b) Such agreement shall be executed within sixty (60) days after approval of the agreement.
  - (c) The County shall make its own determination of abatement which shall not bind any other affected taxing entity.

#### VIII. RECAPTURE

- (a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues production of product or service for any reason other than fire, explosion, or other casualty or accident or natural disaster for a period of more than one (1) year during the abatement period, then the agreement shall terminate and so shall the abatement of taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.
- (b) Should the County determine that the owner is in default of the agreement, the County shall notify the owner of the defect in writing at the address stated in the agreement, and if such defect is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement shall be terminated. Where cure of the proposed defect requires action undertaken over a period of time, the contract will not be considered to be in default if the performing party has undertaken efforts to cure the defect and is diligently pursuing those efforts.
- (c) In the event that the company or individual:

- (1) allows its ad valorem taxes owed the County to become delinquent, and to remain delinquent for a period of thirty (30) days following notice of the delinquency without instituting proper legal procedures for their protest and/or contest; or
- (2) violates in a way any of the terms and conditions of the abatement agreement and fails to cure same during the Cure Period;

the agreement shall be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination. A failure to abide by estimated timelines for construction will not be considered to be a material breach of this agreement, provided the owner makes a reasonable effort to meet the estimated timeline.

#### IX. ADMINISTRATION

- (a) The Chief Appraiser of the Ector County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving the abatement shall furnish the designee of the County with such information as may be necessary to determine continued eligibility for abatement. Once the value has been established, the Chief Appraiser shall notify the County of the amount of assessment. Additionally, the County designee shall notify the County of the number of new or retained employees associated with the facility or generated by the abatement agreement. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions of the amount of the assessment.
- (b) The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to prevent unreasonable interference with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the owner in accordance with its safety standards.
- (c) Upon completion of construction the County shall annually evaluate each facility and report possible violations of the contract and/or agreement to the County.
- (d) All proprietary information acquired by the County for purposes of monitoring compliance with the terms and conditions of an abatement agreement shall be considered confidential.

X. ASSIGNMENT

- (a) Abatement may not be transferred or assigned by the owner to a new owner of the same property.

XI. SUNSET PROVISION

- (a) These guidelines are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its agreements will be reviewed by the County to determine whether the goals of these guidelines and the Tax Abatement Statute have been achieved. Based on that review, these guidelines may be modified, renewed or eliminated. Such actions shall not affect existing contracts.
- (b) Prior to the date for review, as defined above, these Guidelines may be modified by a two-thirds (2/3) vote of the Ector County Commissioners Court, as provided for by the laws of the State of Texas.

XII. SEVERABILITY AND LIMITATIONS

- (a) In the event that any section, clause, sentence, paragraph, or any part of these guidelines is, for any reason, adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of the guidelines.
- (b) Property that is in a reinvestment zone and that is owned or leased by a member of the Ector County Commissioners Court is excluded from property tax abatement.
- (c) If this Guideline Statement has omitted any mandatory requirement of the applicable tax abatement laws of the State of Texas, then such requirement is hereby incorporated as a part of these guidelines.

XIII. RESERVATION OF RIGHTS

These Guidelines and Criteria do not affect the County's right to enter into abatement agreements for property located within the City of Odessa pursuant to the existing agreement between the County and the City, regardless of whether such abatement agreements meet the criteria announced by these Guidelines.

\_\_\_\_\_  
Susan M. Redford, Ector County Judge

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Freddie Gardner, Commissioner, Precinct 1

\_\_\_\_\_  
Barbara Graff, Commissioner, Precinct 2

\_\_\_\_\_  
Armando Rodríguez, Commissioner, Precinct 4

Attest:

\_\_\_\_\_  
Linda Haney  
Ector County Clerk