

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

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

**ON THE APPLICATION FOR  
APPRAISED VALUE LIMITATION  
ON QUALIFIED PROPERTY**

**SUBMITTED BY**

***GCC PERMIAN, LLC***

***Comptroller Application Number 1652***

**April 19, 2022**

**RESOLUTION AND FINDINGS OF FACT**  
**of the**  
**ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**  
**BOARD OF TRUSTEES**  
**UNDER CHAPTER 313 OF THE TEXAS TAX CODE**  
**ON THE APPLICATION FOR APPRAISED VALUE LIMITATION**  
**ON QUALIFIED PROPERTY**  
**SUBMITTED BY GCC PERMIAN, LLC**

STATE OF TEXAS §  
COUNTY OF ECTOR §  
ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT §

**PREAMBLE**

On the 19th day of April, 2022, a public meeting of the Board of Trustees of the Ector County Independent School District (the “Board”) was held to solicit input from interested parties on the application by GCC Permian, LLC (“GCC Permian” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the application by GCC Permian for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026, the Board of Trustees of the Ector County Independent School District, in accordance with Texas Tax Code §313.025(e) and (f) and 34 T.A.C. §9.1054, makes the following Findings regarding the Application:

On or about the 21st day of September, 2021, the Board of Trustees for the Ector County Independent School District received an Application for Appraised Value Limitation on Qualified Property from GCC Permian, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for a manufacturing facility, and specifically a plant addition to the existing Ector County GCC Permian facility to produce cement, ready-mixed concrete, and aggregates (the “Property”). See Application, §6.2.1, and Tab 4, attached hereto as Attachment A; see also Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was signed on September 23, 2021 and delivered to the Texas Comptroller of Public Accounts immediately upon the District’s determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about September 27, 2021. Thereafter, the District on behalf of the Applicant, submitted Application Amendment No. 1 dated November 16, 2021 (§§4, and 14; Tabs 4, 11, 12, 13, and 14). The Comptroller issued its notice of completeness and determined the Application complete as of December 10, 2021, the Application Review Start Date.. The Application and Amendment No. 1 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of December 10, 2021, are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for GCC Permian, LLC is 32061586312. GCC Permian is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, as represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §§313.025(a)(1) and 313.031(b) of the Texas Tax Code, 34 T.A.C. §9.1054(a), and Local District Policy. *See* Attachment A at Tab 2.

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.024, 313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value dated March 9, 2022 (the "Certificate Decision"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Ector County Independent School District. A copy of the Financial Impact Study prepared by Culwell Consulting, dated January 20, 2022 (revised January 31, 2022), is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the GCC Permian Application in the Ector County Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category 1 of §313.022 of the Texas Tax Code at the time of the Application Review Start Date. *See* the 2020 Final Property Value Study Report, "2020 ISD Summary Worksheet" attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with GCC Permian regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District pursuant to §48.256(d) of the Texas Education Code. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted (Form 50-826, revised October 2020). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex. Admin. Code

§9.1051 and adopted by §9.1052(a)(6)) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). See copy of April 2022, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller’s Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of GCC Permian’s Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

**Board Finding Number 1.**

*Based on the Application and the Comptroller’s Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(1) as a manufacturing facility.*

In support of Finding Number 1, the Comptroller’s Certificate Decision states:

**Determination required by 313.025(h)**

\* \* \*

Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

\* \* \*

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

See Attachment C. See also Attachment A (Tab 1, §6.2(1) and Tabs 4, 7 and 8) and Attachment D.

**Board Finding Number 2.**

*The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District’s maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period.*

In support of Finding Number 2, the Certificate Decision states:

**Certification decision required by 313.025(d)**

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district’s maintenance and operations *ad valorem tax* revenue lost as a result of the

agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

See Attachment C.

Also in support of Finding Number 2, the Comptroller’s Economic Impact Analysis states:

**Attachment B - Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start**

This [table] represents the Comptroller’s determination that GCC Permian, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2022	\$0	\$0	\$0	\$0
	2023	\$475,142	\$475,142	\$0	\$0
	2024	\$1,728,653	\$2,203,796	\$0	\$0
Limitation Period (10 Years)	2025	\$1,054,700	\$3,258,496	\$2,620,458	\$2,620,458
	2026	\$1,054,700	\$4,313,196	\$2,363,197	\$4,983,654
	2027	\$1,054,700	\$5,367,896	\$2,123,944	\$7,107,598
	2028	\$1,054,700	\$6,422,596	\$1,901,439	\$9,009,036
	2029	\$1,054,700	\$7,477,296	\$1,694,509	\$10,703,545
	2030	\$1,054,700	\$8,531,996	\$1,502,064	\$12,205,610
	2031	\$1,054,700	\$9,586,696	\$1,323,091	\$13,528,701
	2032	\$1,054,700	\$10,641,396	\$1,156,645	\$14,685,346
	2033	\$1,054,700	\$11,696,096	\$1,001,851	\$15,687,197
	2034	\$1,054,700	\$12,750,796	\$857,893	\$16,545,090
	Maintain Viable Presence (5 Years)	2035	\$1,778,711	\$14,529,507	\$0
2036		\$1,654,201	\$16,183,708	\$0	\$16,545,090
2037		\$1,538,407	\$17,722,116	\$0	\$16,545,090
2038		\$1,430,719	\$19,152,834	\$0	\$16,545,090
2039		\$1,330,569	\$20,483,403	\$0	\$16,545,090
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$1,237,429	\$21,720,832	\$0	\$16,545,090
	2041	\$1,150,809	\$22,871,640	\$0	\$16,545,090
	2042	\$1,070,252	\$23,941,892	\$0	\$16,545,090
	2043	\$995,334	\$24,937,227	\$0	\$16,545,090
	2044	\$925,661	\$25,862,888	\$0	\$16,545,090
	2045	\$860,865	\$26,723,753	\$0	\$16,545,090
	2046	\$800,604	\$27,524,357	\$0	\$16,545,090
	2047	\$744,562	\$28,268,919	\$0	\$16,545,090
	2048	\$692,443	\$28,961,361	\$0	\$16,545,090
	2049	\$643,972	\$29,605,333	\$0	\$16,545,090
		<b>\$29,605,333</b>	is greater than	<b>\$16,545,090</b>	
<b>Analysis Summary</b>					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					Yes
NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project. Source: CPA, GCC Permian, LLC					

See Attachment D (at Attachment B thereof).

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

***The new qualifying jobs creation requirement under §313.021(2)(a)(iv)(b) meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant's facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).***

In support of this Finding, Applicant submitted, as Tab 12 to its Application, information regarding the industry standard for the number of jobs for a project with qualified property of this size and type. The Applicant states that in its experience, the industry standard is five (5) workers in this type of industry for a project of this size. Applicant further states that this number will vary depending on the operations and maintenance requirements of the equipment selected, as well as the support and technical assistance offered by the equipment manufacturer. The permanent employees of a project will be responsible for maintaining and servicing the manufacturing equipment and other infrastructures associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations. Therefore, in line with the industry standards for this type of facility, GCC Permian has committed to create five (5) jobs for the manufacturing project within Ector County ISD. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J. *See also Attachments A (§14 of Tab 1) and D.*

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

***The Applicant will create five (5) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$51,650 (\$993.07 per week), an amount equal to at least 110% of the average weekly wage for manufacturing jobs in the County as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.***

*See Attachments A, D and J.*

### **Board Finding Number 5.**

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

In its Application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$1,132.00<sup>1</sup> per week, which exceeds the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). *See Attachments A and D.*

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<sup>1</sup> The weekly wage stated in the Comptroller's Economic Impact Analysis is rounded up by \$1; the Application notes a weekly minimum wage for non-qualified jobs of \$1,131.00.

## Board Finding Number 6.

*Applicant has viable options to locate the proposed manufacturing facility in locations other than Ector County ISD because the company operates globally, with operations in Colorado, Iowa, Minnesota, New Mexico, North Dakota, and South Dakota, with multiple international operations facilities in the State of Chihuahua Mexico. The Applicant's vast footprint enables this project to be built and installed in any of the current operating facilities in the US or Latin America. Therefore, the tax savings realized by the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and Ector County ISD.*

See Attachment A (Tab 5) and Attachment D.

In support of Finding Number 6, the Comptroller's Certificate states, "[t]he Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." The Economic Impact Analysis further states:

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the GCC Permian, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per GCC Permian, LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "GCC's vast footprint enables this project to be built and installed in any of the current operating facilities in the US or Latin America."
  - B. "The ultimate determination for capital investment in a particular country or state depends on the project economics. In the case of the investment on this proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes."
  - C. "Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis and a determining factor for investment in Texas. Without the Chapter 313 value limitation, siting the project in Texas is less attractive. In the current capital constrained environment, the economics of each project are challenged against each other and only the best will have a chance to happen."

See Attachment D.

## Board Finding Number 7.

*The proposed limitation on appraised value for the qualified property is \$100,000,000.*

The Comptroller's Minimum School District Limitation Values Report, effective as of January 1, 2021, provides that the District is a Subchapter B, Category 1 District under Texas Tax Code §313.022, with a minimum limitation of \$100,000,000. See Attachments A and D.

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

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

In support of this Finding, the analysis prepared by Culwell Consulting indicates that the Project would add an estimated \$348,455,250 to the tax base for debt service purposes at the peak investment level for the 2025-26 school year (tax year 2025). See Table 3, Attachment E. The Project remains fully taxable for debt services taxes. As a result, local taxpayers should see some benefit from the addition of the project to the local I&S tax roll. In addition, the estimated potential revenue gains from Supplemental Payments as provided for in the proposed Agreement are estimated to be \$5,554,010. See Table of Estimated Effects of the Ch. 313 Application, Column 12, dated April 5, 2022 (“Estimated Effects Table”), at the last page of Attachment E, and Attachment H (Article VI).

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

*The effect of the Applicant’s proposed project is not expected to increase the District’s instructional facility needs. Ector County ISD can accommodate the student growth anticipated from Applicant’s project with its existing facilities.*

See TEA’s Facilities Impact Review Letter at Attachment F.

### **Board Finding Number 10.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does receive a limitation on appraised value, based on the further estimated depreciation of value provided by Applicant, is shown in Estimated Effects Table at last page of Attachment E (column No. 8, labeled “M&O Taxes Paid After Limitation”) and Table 3 of Attachment E, and the total amount of M&O taxes that would be imposed on the qualified property with the limitation on appraised valued is estimated to be \$20,425,140. Id.*

See also Attachment D.

### **Board Finding Number 11.**

*The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further estimated depreciation of value provided by Applicant, is shown in Estimated Effects Table at last page of Attachment E (column No. 7, labeled “M&O Taxes Paid Before*



*Limitation”) and Table 3 of Attachment E, and the total amount of M&O taxes that would be imposed on the qualified property without the limitation on appraised value is estimated to be \$36,923,169. Id.*

See also Attachment D.

#### **Board Finding Number 12.**

*Based upon the Applicant’s certification that the Application is true and correct, the Comptroller’s Economic Impact Analysis, the Comptroller’s Certificate Decision, and the consultants’ review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when submitted.*

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant’s representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. A Chapter 313 application is a governmental record under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an “official proceeding,” a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

#### **Board Finding Number 13.**

*The Applicant (Taxpayer Id. 32061586312) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller’s acknowledgment that Applicant’s right to transact business in Texas is active as a franchise-tax paying entity subject to taxes imposed by Chapter 171 of the Texas Tax Code.*

See Attachments A, B and C.

**Board Finding Number 14.**

*The project will be located within an area that is currently designated as an enterprise zone. Pursuant to Texas Tax Code §312.2011, designation of an area as an enterprise zone under Chapter 2303 of the Texas Government Code constitutes designation of the area as a reinvestment zone under Chapter 312 of the Texas Tax Code. Portions of Ector County are designated as an enterprise zone based on poverty level. See Tex. Gov't Code §2303.109.*

See Attachment A (Tab 16).

**Board Finding Number 15.**

*Per Applicant's certification in its Application, there are improvements located on the land for the project, consisting of processing and manufacturing equipment for two existing cement processing operations. But, none of the existing equipment will be included in Qualified Property. No construction of Qualified Property has occurred, and construction is scheduled to begin in June 2022.*

See Attachment A (§§7.2, 9 and 13 of Tab 1 and Tab 10).

**Board Finding Number 16.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.*

In support of this Finding, and based on the information provided and certified by Applicant in its Application, the District's Financial Impact Study demonstrates, pursuant to current school finance law (including Texas Education Code §48.256(d)), that the District is projected to incur a revenue protection payment in tax years 2025 (school year 2025-26) in the estimated total amount of \$2,919,260. See Attachment E at Table 3 and Estimated Effects Table (Column 10) at last page of Attachment E. Therefore, any potential negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See proposed Agreement, Article IV, at Attachment H, and Estimated Effects Table at last page of Attachment E.

**Board Finding Number 17.**

*The Board finds that there are no conflicts of interest at the time of its consideration of the Agreement.*

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures

will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it has taken appropriate action to ensure that all other applicable District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it is unaware that any conflict exists as to the Application for which these Findings are being made, as of the time of action on these Findings.

**Board Finding Number 18.**

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

See Attachment D.

**Board Finding Number 19.**

*The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the October, 2020 template Texas Economic Development Act Agreement adopted by the Comptroller, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.*

See Attachment I.

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

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

IT IS FURTHER ORDERED that the new qualified jobs requirement pursuant to §313.021(2)(A)(iv)(b) is hereby WAIVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the Ector County Independent

School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

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

Dated this 19th day of April, 2022.

Ector County Independent School District

By \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Printed Name and Title*

Attest:

By \_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Printed Name and Title*

DRAFT

## LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Applicant's Franchise Tax Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Study
F	TEA's Facilities Impact Letter
G	Comptroller's 2020 Property Value Study Report, "2020 ISD Summary Worksheet"
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's April [REDACTED], 2022 Agreement Review Letter





TAB 1

Pages 1 through 9 of application

# Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

**INSTRUCTIONS:** This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Texas 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 completed application to the Comptroller, separating each section of the documents. 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, and has determined that all assertions of confidentiality are appropriate, the Comptroller will publish all submitted non-confidential application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller's rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project and issue a certificate for a limitation on appraised value to the school board regarding the application by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete by the Comptroller), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/). There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SECTION 1: School District Information

### 1. Authorized School District Representative

September 21, 2021

Date Application Received by District

Dr. Scott

First Name

Muri

Last Name

Superintendent

Title

Ector County Independent School District

School District Name

802 North Sam Houston, Odessa, TX 79761

Street Address

P.O. Box 3912

Mailing Address

Odessa

City

432-456-0000

Phone Number

N/A

Mobile Number (optional)

TX

State

N/A

Fax Number

Scott.Muri@ectorcountysd.org

Email Address

79760-3912

ZIP

2. Does the district authorize the consultant to provide and obtain information related to this application? .....

Yes

No



**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

Fred	Stormer
First Name	Last Name
Shareholder	
Title	
Underwood Law Firm, P.C.	
Firm Name	
806-379-0306	N/A
Phone Number	Fax Number
N/A	fred.stormer@uwlaw.com
Mobile Number (optional)	Email Address

4. On what date did the district determine this application complete? ..... September 27, 2021

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

Luis Carlos	Arias	
First Name	Last Name	
Chief Financial Officer	GCC Permian, LLC	
Title	Organization	
Calle Vicente Suarez y Sexta, Zona Industrial Nombre de Dios		
Street Address		
Calle Vicente Suarez y Sexta, Zona Industrial Nombre de Dios		
Mailing Address		
Chihuahua	Mexico	31105
City	State	ZIP
52 (614) 442-3100	N/A	
Phone Number	Fax Number	
N/A	larias@gcc.com	
Mobile Number (optional)	Business Email Address	

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? .....  Yes  No

2a. If yes, please fill out contact information for that person.

Carlos	Lopez	
First Name	Last Name	
Controller	GCC Permian, LLC	
Title	Organization	
600 South Cherry Street, Suite 1000		
Street Address		
600 South Cherry Street, Suite 1000		
Mailing Address		
Glendale	CO	80246
City	State	ZIP
303-739-5981	N/A	
Phone Number	Fax Number	
N/A	clopezpe@gcc.com	
Mobile Number (optional)	Business Email Address	

3. Does the applicant authorize the consultant to provide and obtain information related to this application? .....  Yes  No

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Brandon \_\_\_\_\_ Westlake \_\_\_\_\_  
 First Name Last Name  
 Partner \_\_\_\_\_  
 Title  
 Cummings Westlake LLC \_\_\_\_\_  
 Firm Name  
 713-266-4456 \_\_\_\_\_ N/A \_\_\_\_\_  
 Phone Number Fax Number  
 bwestlake@cwlp.net \_\_\_\_\_  
 Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district?  Yes  No  
 The total fee shall be paid at the same time the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.  
 1a. If yes, include all transaction information below. Include proof of application fee paid to the school district in **Tab 2**. Any confidential banking information provided will not be publicly posted.

\$75,000 \_\_\_\_\_ Check \_\_\_\_\_  
 Payment Amount Transaction Type  
 GCC Permian, LLC \_\_\_\_\_ Ector County ISD \_\_\_\_\_  
 Payor Payee  
 September 9, 2021 \_\_\_\_\_  
 Date transaction was processed

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A  
 3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? \_\_\_\_\_ GCC Permian, LLC  
 2. Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) \_\_\_\_\_ 32061586312  
 3. Parent Company Name \_\_\_\_\_ GCC of America, Inc.  
 4. Parent Company Tax ID \_\_\_\_\_ 18504299126  
 5. NAICS code \_\_\_\_\_ 327310  
 6. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 6a. If yes, please list application number, name of school district and year of agreement \_\_\_\_\_

SECTION 5: Applicant Business Structure

1. Business Organization of Applicant (corporation, limited liability corporation, etc) \_\_\_\_\_ Limited Liability Company  
 2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No  
 2a. If yes, attach in **Tab 3** a copy of the most recently submitted Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.

**SECTION 5: Applicant Business Structure (continued)**

2b. Texas Franchise Tax Reporting Entity Taxpayer Name

GCC Permian, LLC

2c. Reporting Entity Taxpayer Number

32061586312

3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  N/A

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
- (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051\*  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

\*Note: Applicants requesting eligibility under this category should note that there are additional application and reporting data submission requirements.

**SECTION 7: Project Description**

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. If the project is an amendment or a reapplication please specify and provide details regarding the original project.
2. Check the project characteristics that apply to the proposed project:
- Land has no existing improvements
  - Land has existing improvements (complete Section 13)
  - Expansion of existing operation on the land (complete Section 13)
  - Relocation within Texas

SECTION 8: Limitation as Determining Factor

- 1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
- 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
- 3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
- 4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
- 5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
- 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
- 7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
- 9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
- 10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

- 1. Estimated school board ratification of final agreement February 2022
- 2. Estimated commencement of construction June 2022
- 3. Beginning of qualifying time period (MM/DD/YYYY) January 1, 2023
- 4. First year of limitation (YYYY) January 1, 2025
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
  - A. January 1 following the application date
  - B. January 1 following the end of QTP
  - C. January 1 following the commencement of commercial operations
- 5. Commencement of commercial operations September 2024

SECTION 10: The Property

- 1. County or counties in which the proposed project will be located Ector County
- 2. Central Appraisal District (CAD) that will be responsible for appraising the property Ector CAD
- 3. Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

M&O (ISD): <u>Ector County ISD; 100%; \$1.0547</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Ector County ISD; 100%; \$0.12322</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Ector County; 100%; \$0.3650</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Ector County Hosp. Dist; 100%; \$0.1500</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Odessa College; 100%; \$0.1890</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>

**SECTION 10: The Property (continued)**

5. List all state and local incentives as an annual percentage. Include the estimated start and end year of the incentive:
- |   |     |  |     |
|---|-----|--|-----|
| County: _____<br><i>(Incentive type, percentage, start and end year)</i>            | N/A | City: _____<br><i>(Incentive type, percentage, start and end year)</i>             | N/A |
| Hospital District: _____<br><i>(Incentive type, percentage, start and end year)</i> | N/A | Water District: _____<br><i>(Incentive type, percentage, start and end year)</i>   | N/A |
| Other (describe): _____<br><i>(Incentive type, percentage, start and end year)</i>  | N/A | Other (describe): _____<br><i>(Incentive type, percentage, start and end year)</i> | N/A |
6. Is the project located entirely within the ISD listed in Section 1?  Yes  No
- 6a. If no, attach in **Tab 6** maps of the entire project (depicting all other relevant school districts) and additional information on the project scope and size. Please note that only the qualified property within the ISD listed in Section 1 is eligible for the limitation from this application. Please verify that all information in **Tabs 7 and 8**, Section 11, 12 and 13, and map project boundaries pertain to only the property within the ISD listed in Section 1.
7. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)?  Yes  No
- 7a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

**SECTION 11: Texas Tax Code 313.021(1) Qualified Investment**

**NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/).

1. At the time of application, what is the estimated minimum qualified investment required for this school district? . . . . . 100,000,000
2. What is the amount of appraised value limitation for which you are applying? . . . . . 100,000,000
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)?  Yes  No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
- a. a specific and detailed description of the qualified investment you propose to make within the project boundary for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
  - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
  - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period?  Yes  No

**SECTION 12: Texas Tax Code 313.021(2) Qualified Property**

1. Attach a detailed description of the qualified property. [See §313.021(2)] The description must include:
- 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 8**);
  - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (**Tab 8**);
  - 1c. a map or site plan of the proposed qualified property showing the location of the new buildings or new improvements inside the project area boundaries within a vicinity map that includes school district, county and reinvestment zone boundaries (**Tab 11**); and
  - 1d. Will any of the proposed qualified property be used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings or existing improvements inside or outside the project area?  Yes  No
- Note:** Property used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings or existing improvements inside or outside the project area cannot be considered qualified property and will not be eligible for a limitation. See TAC §9.1051(16).

**SECTION 12: Texas Tax Code 313.021(2) Qualified Property (continued)**

2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)?  Yes  No
- 2a. If yes, attach complete documentation including:
- a. legal description of the land (Tab 9);
  - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
  - c. owner (Tab 9);
  - d. the current taxable value of the land, attach estimate if land is part of larger parcel (Tab 9); and
  - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?  Yes  No
- 3a. If yes, attach the applicable supporting documentation:
- a. evidence that the area qualifies as an enterprise zone as defined by the Governor’s Office (Tab 16);
  - b. legal description of reinvestment zone (Tab 16);
  - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
  - d. guidelines and criteria for creating the zone (Tab 16); and
  - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
- 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller’s office within 30 days of the application date.
- What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? \_\_\_\_\_

**SECTION 13: Information on Property Not Eligible to Become Qualified Property**

1. In Tab 10, attach a specific and detailed description of all **existing property within the project boundary**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property within the project boundary that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (statement 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property within the project boundary in response to statements 1 and 2 of this section, provide the following supporting information in Tab 10:
- a. maps and/or detailed site plan;
  - b. surveys;
  - c. appraisal district values and parcel numbers;
  - d. inventory lists;
  - e. existing and proposed property lists;
  - f. model and serial numbers of existing property; or
  - g. other information of sufficient detail and description.
4. Total estimated market value of existing property within the project boundary (that property described in response to statement 1): ..... \$ 83,110,194.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to statement 2): ..... \$ 0.00

**Note:** Investment for the property listed in statement 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property **cannot** become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

- 1. What is the number of new qualifying jobs you are committing to create? ..... 5
- 2. What is the number of new non-qualifying jobs you are estimating you will create? (See TAC 9.1051(14)) ..... 0
- 3. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes  No
  - 3a. If yes, attach evidence of industry standard in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
- 4. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the Texas Workforce Commission website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22). **Note:** If a more recent quarter of information becomes available before the application is deemed complete, updated wage information will be required.
  - a. Non-qualified job wages  
- average weekly wage for all jobs (all industries) in the county is ..... \$ 1,131.00
  - b. Qualifying job wage minimum option §313.021(5)(A)  
-110% of the average weekly wage for manufacturing jobs in the county is ..... \$ 1,570.53
  - c. Qualifying job wage minimum option §313.021(5)(B)  
-110% of the average weekly wage for manufacturing jobs in the region is ..... \$ 993.07
- 5. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
- 6. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... \$ 51,639.50
- 7. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... \$ 51,650.00
- 8. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes  No
- 9. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? .....  Yes  No
  - 9a. If yes, attach in **Tab 13** supporting documentation from the TWC, pursuant to §313.021(3)(F).
- 10. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes  No
  - 10a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

- 1. Complete and attach Schedules A1, A2, B, and C in **Tab 14**. **Note:** Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
- 2. Attach an Economic Impact Analysis, if supplied by an entity other than the Comptroller's office, in **Tab 15**. (*not required*)
- 3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

## APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

ATTACHMENT	
1	Sections 1-16
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> <li>a) Project boundary and project vicinity, including county and school district boundaries</li> <li>b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period</li> <li>c) Qualified property including location of new buildings or new improvements</li> <li>d) Any existing property within the project area</li> <li>e) Any facilities owned or operated by the applicant having interconnections to the proposed project</li> <li>f) Location of project, and related nearby projects within vicinity map</li> <li>g) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size</li> </ul> <p><b>Note:</b> Maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of non-qualifying wage target and two possible qualifying job wage requirements with TWC documentation
14	Schedules A1, A2, B, and C completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> <li>a) evidence that the area qualifies as an enterprise zone as defined by the Governor's Office</li> <li>b) legal description of reinvestment zone</li> <li>c) order, resolution or ordinance establishing the reinvestment zone</li> <li>d) guidelines and criteria for creating the zone</li> </ul>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>





TAB 2

*Proof of Payment of Application Fee*

Please find on the attached page, copy of the check for the \$75,000 application fee to Ector County Independent School District.



GCC Permian, LLC  
 16501 W Murphy St  
 Odessa, TX 79760

Check Number 000000194  
 Check Date 09/09/2021  
 Stub 1 of 1

Payee: ECTOR COUNTY INDEPENDENT  
 SCHOOL DISTRICT  
 802 N. SAM HOUSTON  
 ODESSA TX 79761

Date of Inv	Doc Number	Your Invoice No	Text	Discount	Net Amount
08/19/2021	1900001079	202108-01		0.00	75,000.00
Additional Remarks:				Total	75,000.00

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER



GCC Permian, LLC  
 16501 W Murphy St  
 Odessa, TX 79760

JP MORGAN CHASE BANK, N.A 1-2/210  
 New York, NY

SEVENTY-FIVE THOUSAND\*\*\*\*\*

Pay to the order of:  
 ECTOR COUNTY INDEPENDENT  
 SCHOOL DISTRICT  
 802 N. SAM HOUSTON  
 ODESSA TX 79761

PAYEE	CHECK DATE	CHECK NUMBER	AMOUNT
618945	09/09/2021	000000194	*****75,000.00

*Oliver C.*

*Yacag*

THIS DOCUMENT HAS A TRUE WATERMARK IN THE PAPER • HOLD TO LIGHT TO VIEW.

000000 194 021000021 192845508



TAB 3

Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)

See Attached



## Franchise Tax Account Status

As of : 08/03/2021 16:24:13

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

<b>GCC PERMIAN, LLC</b>	
<b>Texas Taxpayer Number</b>	32061586312
<b>Mailing Address</b>	PO BOX 100 TIJERAS, NM 87059-0100
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	09/16/2016
<b>Texas SOS File Number</b>	0802544446
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201



TAB 4

Detailed Description of the Project

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.

The land buildings and equipment currently located at this Ector County GCC Permian facility is used to produce cement, ready-mixed concrete, and aggregates at the existing facility. This proposed project would add 3,000 tons per day production capacity at this existing Odessa, Texas facility. This proposed plant addition would be located in Ector County and entirely within Ector County ISD.

Below is a list of the major new equipment comprising this plant as follows:

- Limestone Storage
- Raw Mill
- Finish Mill
- Exhaust Gas Conditioning Equipment
- Raw Meal Silo
- Kiln Feed Equipment
- Preheater
- Kiln
- Cooler
- Bag House
- Clinker Conveyor System Equipment
- Cement Mill Feed Equipment
- Cement Mill
- Ammonia Injection Tank
- Compressors
- Electrical Switchgear and main electrical components
- Power Distribution Center
- Instrumentation equipment

Also included in this application are all of the associated concrete foundations, new pipe supports, new intra-plant piping, new intra-plant conduit and connections, new control loops, new safety systems, new fire water protection, new insulation, new pollution control equipment and new utilities necessary to safely operate the new equipment.



CUMMINGS WESTLAKE

GCC PERMIAN, LLC

## Chapter 313 Application Ector County ISD

---

The equipment proposed for this project will share and interconnect with existing equipment sharing the existing limestone crusher, clinker transport, clinker silos, clinker extraction pan and gypsum system. The finish mill contemplated in this project will grind products from the new line as well as the existing system.



## TAB 5

*Documentation to assist in determining if limitation is a determining factor.*

Founded in 1941, GCC is a leading producer of cement, ready-mixed concrete, aggregates, and innovative solutions for the construction industry. With leading edge products and state of the art technologies, our passionate team of nearly 3,000 employees drives our growth.

GCC's operations stretch from the State of Chihuahua in northern Mexico through the U.S in what we refer to as the center cut of the U.S. Our distribution network spreads throughout Latin America.

The company operates globally with operations in Colorado, Iowa, Minnesota, Montana, New Mexico, North Dakota, and South Dakota with multiple international operations facilities in the State of Chihuahua Mexico.

GCC's vast footprint enables this project to be built and installed in any of the current operating facilities in the US or Latin America.

The ultimate determination for capital investment in a particular country or state depends on the project economics. In the case of the investment on this proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis and a determining factor for investment in Texas. Without the Chapter 313 value limitation, siting the project in Texas is less attractive. In the current capital constrained environment, the economics of each project are challenged against each other and only the best will have a chance to happen.



GCC targets the center of North America and Mexico with production facilities in multiple states and The State of Chihuahua, Mexico. The company's distribution extends from Canada through the U.S, Mexico and Latin America







TAB 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

Ector County	100%	\$0.36500
Ector County Hospital District	100%	\$0.15000
Odessa College	100%	\$0.18900
Ector County ISD	100%	\$1.17792



## TAB 7

Description of Qualified Investment

GCC Permian is proposing to add 3,000 tons per day production capacity at its existing Odessa, Texas facility. This proposed plant addition would be located in Ector County and entirely within Ector County ISD.

Below is a list of the major new equipment comprising this plant as follows:

- Limestone Storage
- Raw Mill
- Exhaust Gas Conditioning Equipment
- Raw Meal Silo
- Kiln Feed Equipment
- Preheater
- Kiln
- Cooler
- Bag House
- Clinker transport Equipment
- Cement Mill Feed Equipment
- Cement Mill
- Ammonia Injection Tank
- Compressors
- Electrical Switchgear and main electrical components
- Power Distribution Center
- Instrumentation equipment

Also included in this application are all of the associated concrete foundations, new pipe supports, new intra-plant piping, new intra-plant conduit and connections, new control loops, new safety systems, new fire water protection, new insulation, new pollution control equipment and new utilities necessary to safely operate the new equipment.



## TAB 8

Description of Qualified Property

GCC Permian is proposing to add 3,000 tons per day production capacity at its existing Odessa, Texas facility. This proposed plant addition would be located in Ector County and entirely within Ector County ISD.

Below is a list of the major new equipment comprising this plant as follows:

- Limestone Storage
- Raw Mill
- Exhaust Gas Conditioning Equipment
- Raw Meal Silo
- Kiln Feed Equipment
- Preheater
- Kiln
- Cooler
- Bag House
- Clinker transport Equipment
- Cement Mill Feed Equipment
- Cement Mill
- Ammonia Injection Tank
- Compressors
- Electrical Switchgear and main electrical components
- Power Distribution Center
- Instrumentation equipment

Also included in this application are all of the associated concrete foundations, new pipe supports, new intra-plant piping, new intra-plant conduit and connections, new control loops, new safety systems, new fire water protection, new insulation, new pollution control equipment and new utilities necessary to safely operate the new equipment.



TAB 9

Description of Land

Not applicable. The land on which the new buildings and new improvements will be built, is not being claimed as part of the qualified property described by §313.021(2)(A).



TAB 10

*Description of all property not eligible to become qualified property (if applicable)*

Existing Equipment consists of Processing and Manufacturing Equipment for two existing cement processing operations.

Line 1 existing equipment consists of kiln, kiln feed, cooler, clinker process silo, cement mill, cement feed system, bag house, intermediate cement silo and associated electrical substations and switchgear equipment required for safe operation of the equipment

Line 2 existing equipment consists of kiln, kiln feed, cooler, clinker process silo, cement mill, cement feed system, bag house, intermediate cement silo and associated electrical substations and switchgear equipment required for safe operation of the equipment

Attached is the Ector County CAD appraisal record for the existing equipment



### Ector County Appraisal District

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



**Last Update-Appraisal Info: July 23, 2021**  
**Last Update-Unpaid Tax Amounts: August 2, 2021**  
**Payments made after this date are not reflected in UNPAID TAX AMOUNTS.**

Account Number: 44730.00010.00000

Parcel Number: R100057087

Owner's Information

GCC PERMIAN LLC  
600 S CHERRY ST 10TH FLOOR  
GLENDALE, CO 80246-0001

Property Legal Description

T-3-S BLK 44 SEC 03  
(CARD #1)  
PART S OF RR

Property Location

W MURPHY ST

Land Size

500.8000

Undivided Interest Percent

1.000000

DEED & EXEMPTION INFORMATION

Name	Year	Date	Vol / Pg	Inst.#	Exemptions
GCC PERMIAN LLC	2021	11/21/2016	/	2016-00017115	POL

IMPROVEMENT INFORMATION

Description	Year	SQFT	Value
O42M - OFFICE	1965	11912	\$584,355
WA0M - WAREHOUSE	1965	11448	\$344,602
SB5M - MACH SHOP	1965	8360	\$271,918
SB2M - MACH SHOP	1990	1936	\$82,590
O42M - OFFICE	1965	4332	\$212,510
WC1M - WAREHOUSE	1965	2567	\$69,109
WA1M - WAREHOUSE	1976	988	\$23,164
SP4M - MACH SHOP	1965	14240	\$687,450
SP5M - MACH SHOP	1965	3784	\$139,879
SP2M - MACH SHOP	1965	5292	\$205,309
WC1M - WAREHOUSE	1990	2400	\$80,766
WA1M - WAREHOUSE	1990	10404	\$281,454
WB1M - WAREHOUSE	1965	1848	\$43,765
CN1M - CANOPY	1990	42000	\$1,231,650
CN1M - CANOPY	1990	13816	\$405,154

PROPERTY VALUES

	2021	2020	2019	2018	2017
TOTAL IMPROVEMENT VALUE	\$83,110,194	\$90,305,437	\$104,522,806	\$104,497,269	\$104,497,269
LAND MARKET VALUE	\$125,200	\$125,200	\$125,200	\$125,200	\$125,200
PRODUCTIVITY VALUE	\$0	\$0	\$0	\$0	\$0
TOTAL MARKET VALUE	\$83,235,394	\$90,430,637	\$104,648,006	\$104,622,469	\$104,622,469
10% HOMESTEAD CAP LOSS	\$0	\$0	\$0	\$0	\$0
APPRAISED VALUE	\$83,235,394	\$90,430,637	\$104,648,006	\$104,622,469	\$104,622,469

JURISDICTION VALUES & TAX RATES

	2021 Value	2020 Value	2019 Value	2018 Value	2017 Value
	Tax Rate	Tax Rate	Tax Rate	Tax Rate	Tax Rate
	Tax Amt				
ECTOR COUNTY	\$78,786,320 0.003650 \$287,570.07	\$84,889,250 0.003650	\$91,905,250 0.003650	\$91,879,713 0.003970	\$98,406,039 0.003872
ECTOR COUNTY I S D	\$78,786,320 0.011779 \$928,024.06	\$84,889,250 0.011779	\$91,905,250 0.011779	\$91,879,713 0.012796	\$98,406,039 0.011496
ECTOR CO HOSPITAL DIST	\$78,786,320 0.001500 \$118,179.48	\$84,889,250 0.001500	\$91,905,250 0.001127	\$91,879,713 0.001127	\$98,406,039 0.001179
ODESSA COLLEGE	\$78,786,320 0.001890	\$84,889,250 0.001890	\$91,905,250 0.001868	\$91,879,713 0.001997	\$98,406,039 0.002064

		\$148,906.14
TOTAL ESTIMATED TAX AMOUNT		\$1,482,679.76

ORIGINAL TAX AMOUNTS

Year	TAX	ISD	OC	COU	HOS	ODE	ECUD	GOL	FMLR	CED
2020	\$1,597,518.06	\$999,927.45	\$160,410.97	\$309,845.76	\$127,333.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

UNPAID TAX AMOUNTS

Year	Balance	ISD	OC	COU	HOS	ODE	ECUD	GOL	FMLR	CED
2020	\$625,518.06*	\$391,527.78	\$62,809.90	\$121,322.02	\$49,858.36	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
			<b>Pen/Int:</b> \$118,848.43			<b>Atty Fee:</b> \$148,873.30			<b>Total Due:</b> \$893,239.79	

**Total due for all years: \$893,239.79**

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Developed & Maintained by LX Net Dev



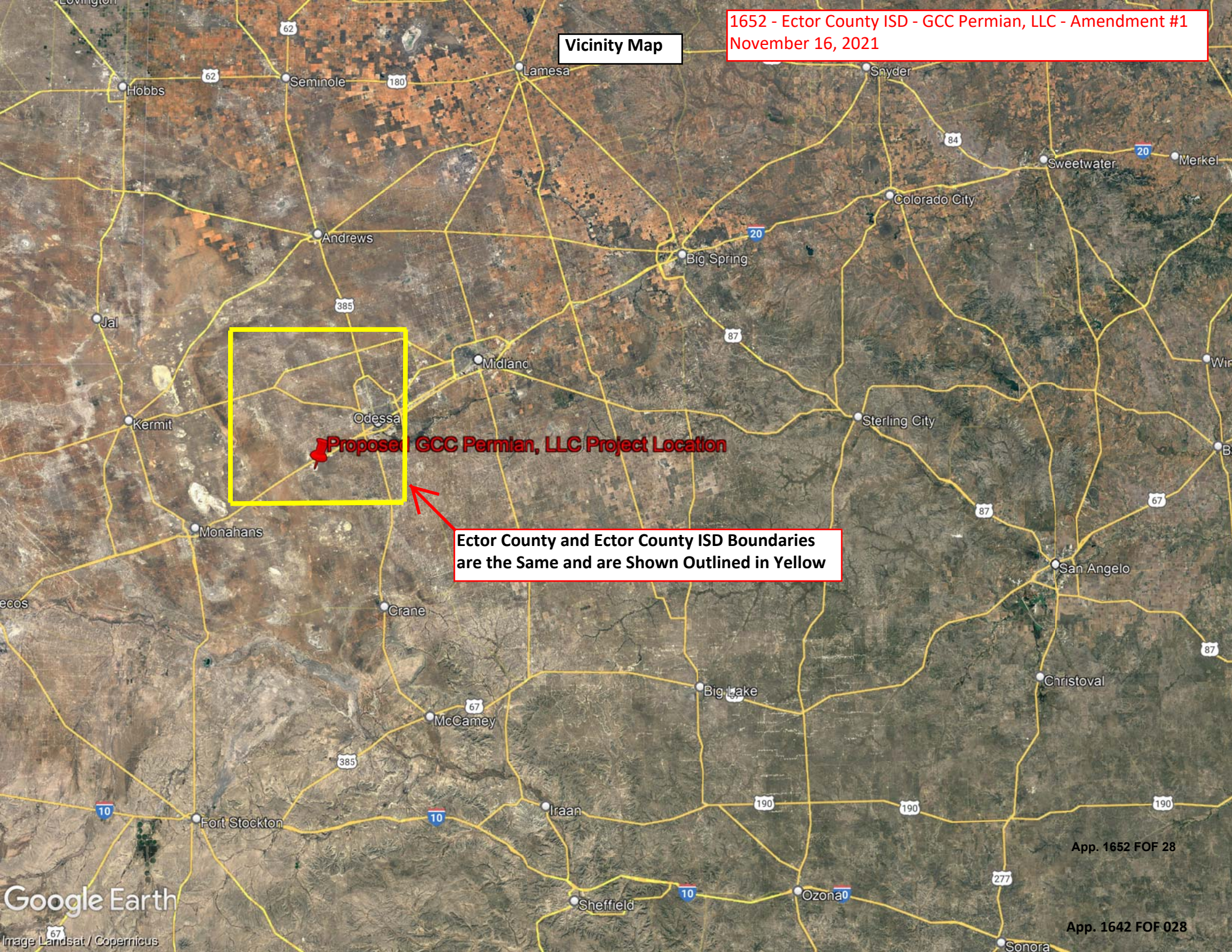
TAB 11

Maps that clearly show:

- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size

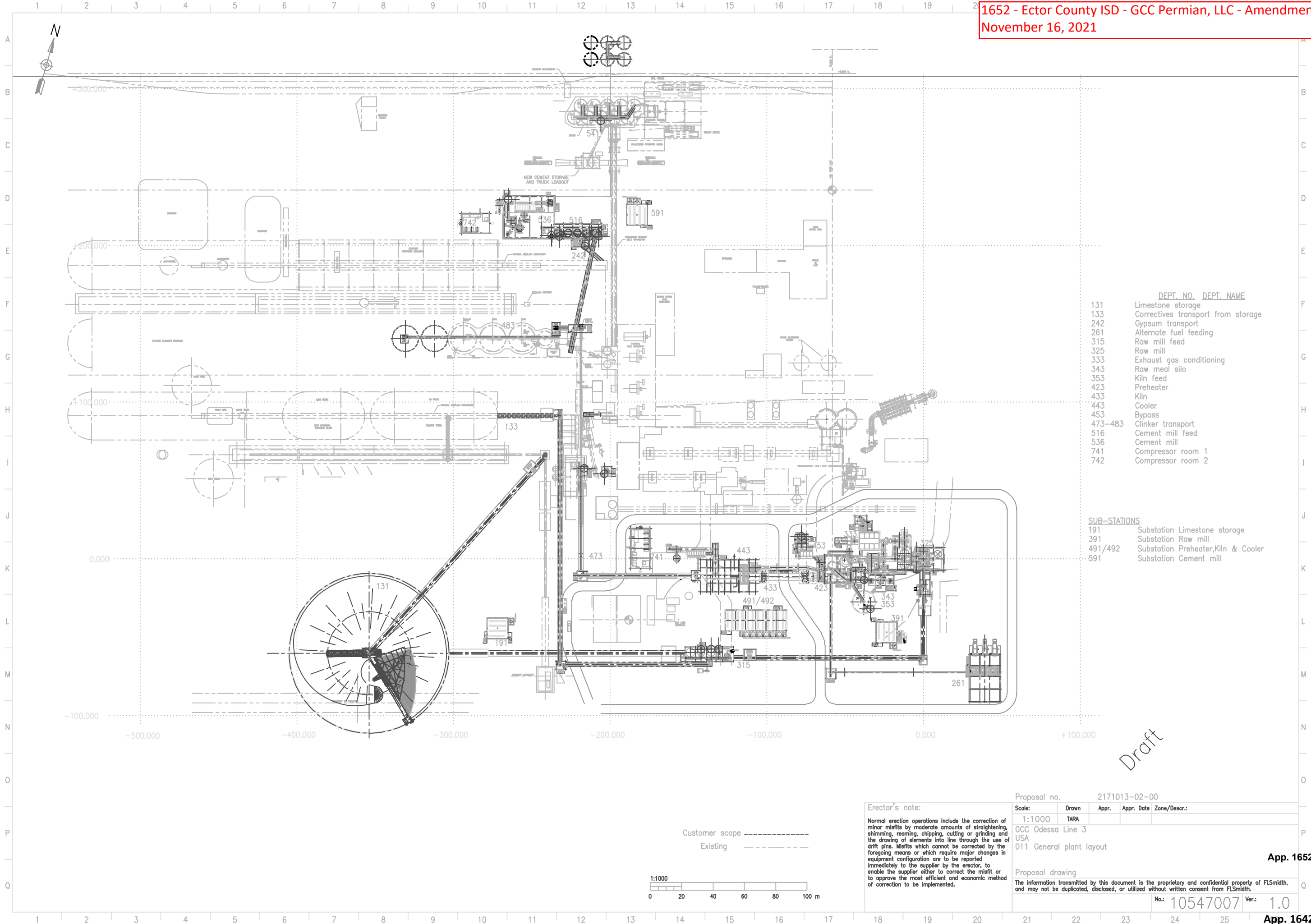


Vicinity Map



**Proposed GCC Permian, LLC Project Location**

**Ector County and Ector County ISD Boundaries  
are the Same and are Shown Outlined in Yellow**



DEPT. NO.	DEPT. NAME
131	Limestone storage
133	Correctives transport from storage
242	Gypsum transport
261	Alternate fuel feeding
315	Raw mill feed
325	Raw mill
333	Exhaust gas conditioning
343	Raw meal silo
353	Kiln feed
423	Preheater
433	Kiln
443	Cooler
453	Bypass
473-483	Clinker transport
516	Cement mill feed
536	Cement mill
741	Compressor room 1
742	Compressor room 2

SUB-STATIONS	DEPT. NAME
191	Substation Limestone storage
391	Substation Raw mill
491/492	Substation Preheater, Kiln & Cooler
591	Substation Cement mill

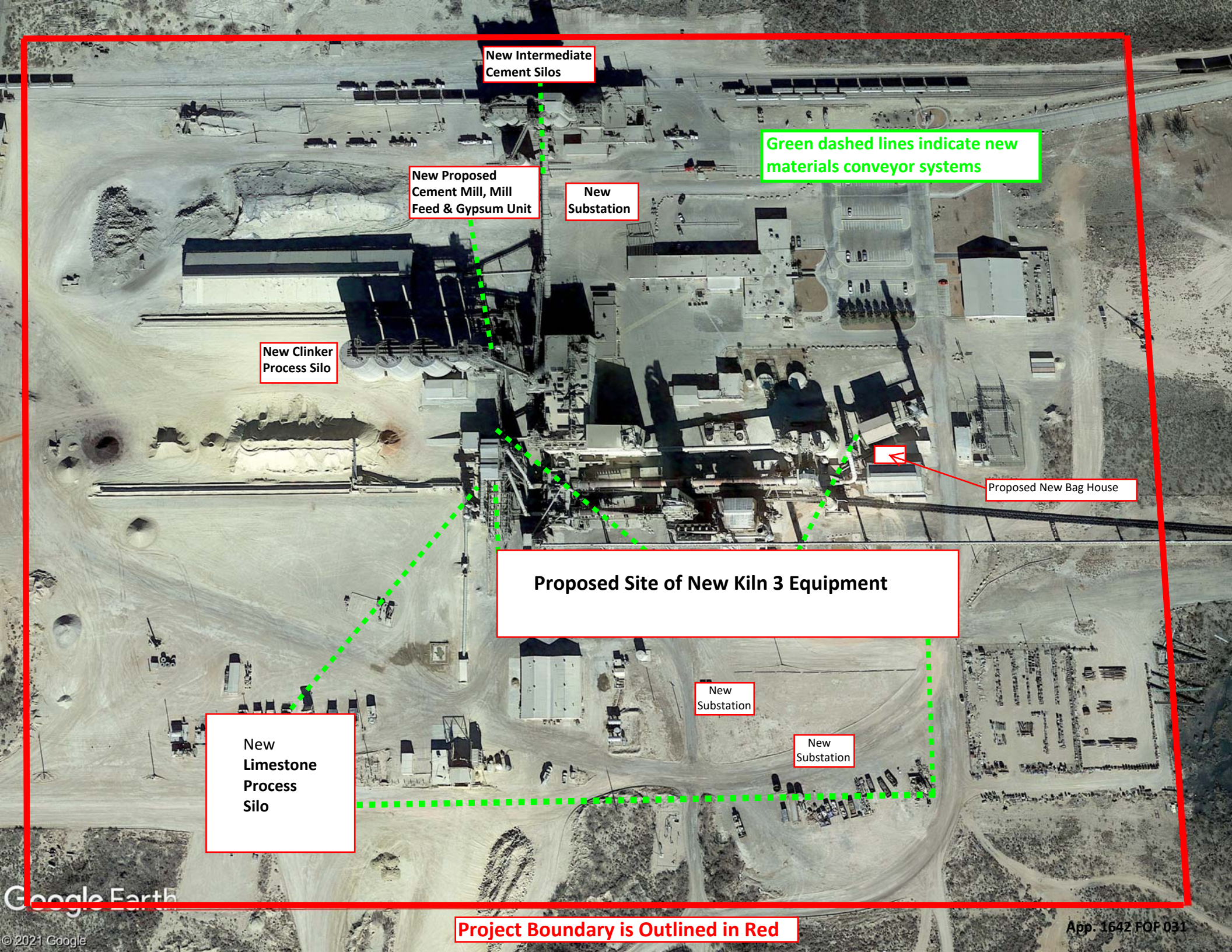
Draft

Erector's note:  
Normal erection operations include the correction of minor misfits by moderate amounts of straightening, shimming, reaming, chipping, cutting or grinding and the drawing of elements into line through the use of drift pins. Misfits which cannot be corrected by the foregoing means or which require major changes in equipment configuration are to be reported immediately to the supplier by the erector, to enable the supplier either to correct the misfit or to approve the most efficient and economic method of correction to be implemented.



Proposal no.	2171013-02-00					
Scale:	Drawn	Appr.	Appr. Date	Zone/Descr.:		
1:1000	TARA					
GCC Odessa Line 3 USA 011 General plant layout						
Proposal drawing						
The information transmitted by this document is the proprietary and confidential property of FLSmidth, and may not be duplicated, disclosed, or utilized without written consent from FLSmidth.						
No.:	10547007				Ver.:	1.0





New Intermediate  
Cement Silos

Green dashed lines indicate new  
materials conveyor systems

New Proposed  
Cement Mill, Mill  
Feed & Gypsum Unit

New  
Substation

New Clinker  
Process Silo

Proposed New Bag House

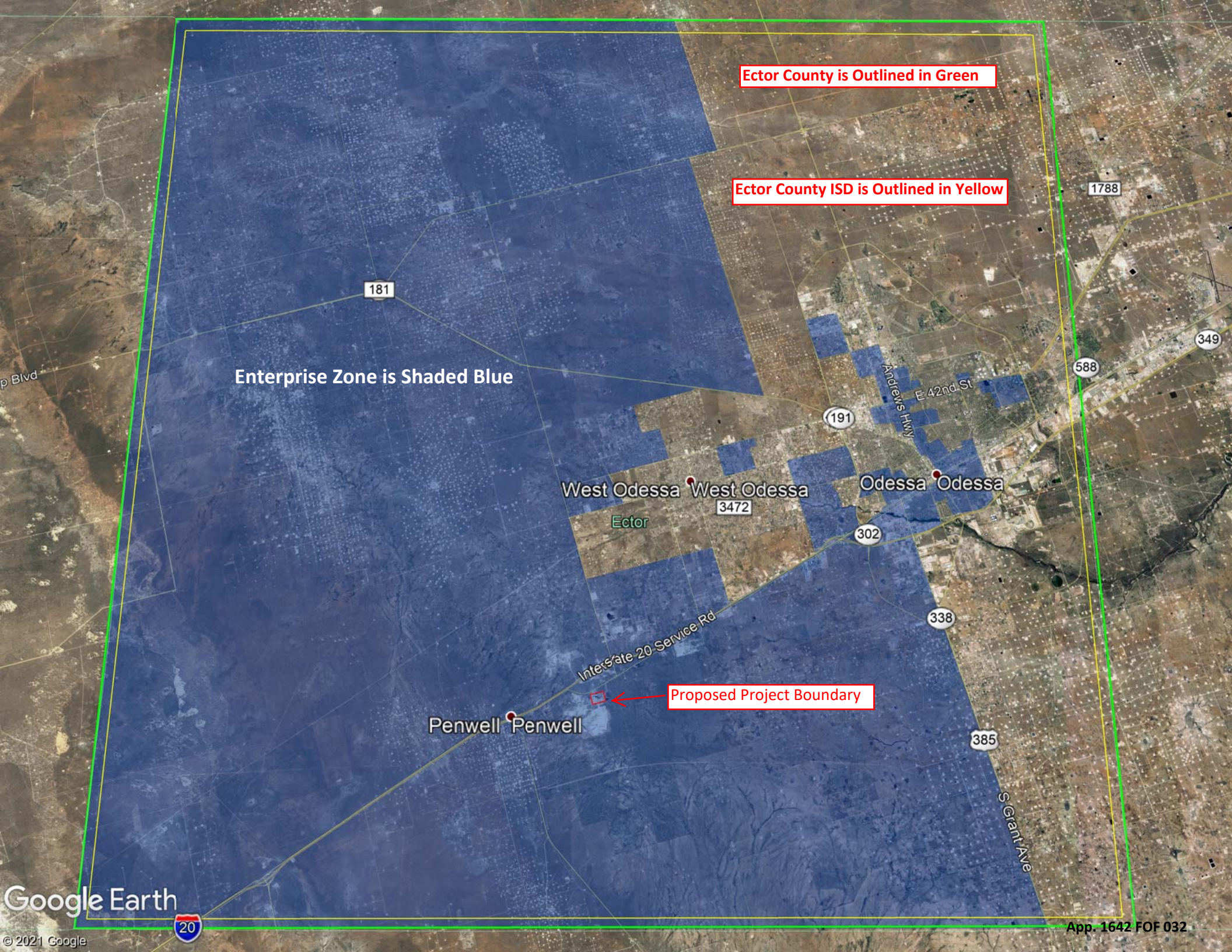
Proposed Site of New Kiln 3 Equipment

New  
Limestone  
Process  
Silo

New  
Substation

New  
Substation

Project Boundary is Outlined in Red

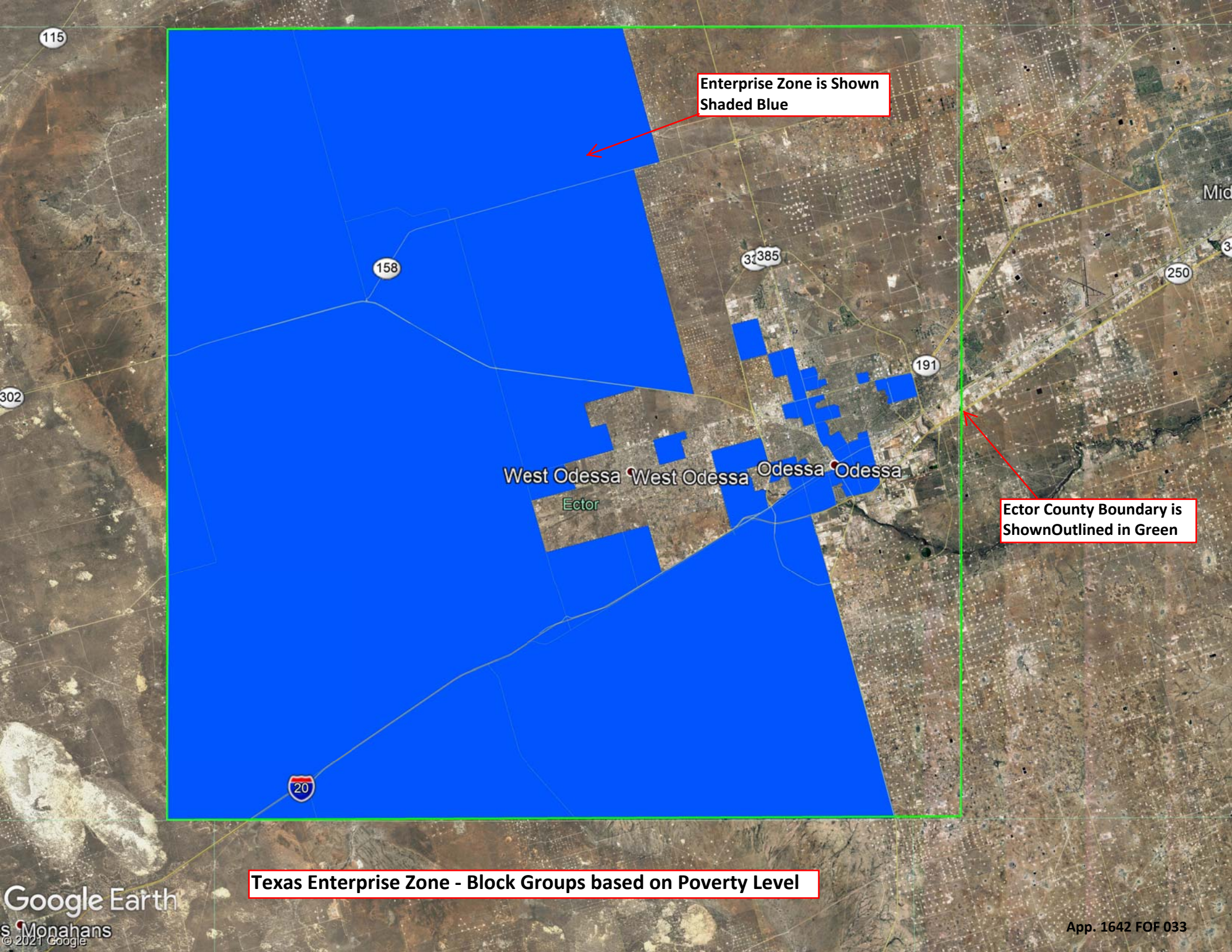


Ector County is Outlined in Green

Ector County ISD is Outlined in Yellow

Enterprise Zone is Shaded Blue

Proposed Project Boundary



Enterprise Zone is Shown Shaded Blue

Ector County Boundary is Shown Outlined in Green

Texas Enterprise Zone - Block Groups based on Poverty Level



TAB 12

*Request for Waiver of Job Creation Requirement and supporting information (if applicable)*

See Attached



**CUMMINGS WESTLAKE**  
PROPERTY TAX ADVISORS

November 16, 2021

Dr. Scott Muri  
Superintendent, Ector County Independent School District  
802 North Sam Houston  
Odessa, TX 79761

**Re: Chapter 313 Jobs Waiver Request**

Dear Superintendent Muri,

GCC Permian, LLC requests that the Ector County Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Tax Code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

GCC Permian, LLC requests that the Board of Trustees make such a finding and waive the job creation requirement for 25 permanent jobs. The size of the project will increase capacity of the current facility; however, the industry standard for employment in this type of industry for this size of project is 5 employees. Accordingly, GCC Permian, LLC has committed to create five (5) total jobs for the project.

This number will vary depending on the operations and maintenance requirements of the equipment selected as well as the support and technical assistance offered by the equipment manufacturer. The permanent employees of a project maintain, and service the manufacturing equipment and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,

Sam A. Gregson  
Senior Consultant

16410 N Eldridge Pkwy | Tomball, Texas 77377

P: 713.266.4456 W: cwlp.net

App. 1652 FOF 35

App. 1642 FOF 035





TAB 13

Calculation of three possible wage requirements with TWC documentation

- 1) Ector County average weekly wage for all jobs (all industries)
  - \$1,163.50 Average Weekly Wage or \$60,502.00 Annualized
- 2) Ector County average weekly wage for all jobs (manufacturing)
  - \$1,546.33 Average Weekly Wage or \$80,408.90 Annualized
- 3) See attached Council of Governments Regional Wage Calculation and Documentation
  - \$962.48 Average Weekly Wage or \$50,048.90 Annualized

**GCC PERMIAN, LLC**  
**TAB 13 TO CHAPTER 313 APPLICATION**

**ECTOR COUNTY**  
**CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
THIRD	2020	\$ 1,095	\$ 56,940
FOURTH	2020	\$ 1,182	\$ 61,464
FIRST	2021	\$ 1,094	\$ 56,888
SECOND	2021	\$ 1,153	\$ 59,956
AVERAGE		\$ 1,131.00	\$ 58,812.00

**ECTOR COUNTY**  
**CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
THIRD	2020	\$ 1,295	\$ 67,340
FOURTH	2020	\$ 1,514	\$ 78,728
FIRST	2021	\$ 1,425	\$ 74,100
SECOND	2021	\$ 1,477	\$ 76,804
AVERAGE		\$ 1,427.75	\$ 74,243.00
X		110%	110%
		\$ 1,570.53	\$ 81,667.30

**CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE**

YEAR	AVG WEEKLY WAGES*	ANNUALIZED
2020	\$ 903	\$ 46,945
X	110%	110%
	\$ 993.07	\$ 51,639.50

\* SEE ATTACHED TWC DOCUMENTATION

1652 - Ector County ISD - GCC Permian, LLC - Amendment #1  
November 16, 2021

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2020	03	Ector	Total All	10	Total, All Industries	0	1,095
2020	04	Ector	Total All	10	Total, All Industries	0	1,182
2021	01	Ector	Total All	10	Total, All Industries	0	1,094
2021	02	Ector	Total All	10	Total, All Industries	0	1,153

1652 - Ector County ISD - GCC Permian, LLC - Amendment #1  
November 16, 2021

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2020	03	Ector	Private	31-33	Manufacturing	2	1,295
2020	04	Ector	Private	31-33	Manufacturing	2	1,514
2021	01	Ector	Private	31-33	Manufacturing	2	1,425
2021	02	Ector	Private	31-33	Manufacturing	2	1,477

**2020 Manufacturing Average Wages by Council of Government Region  
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
<a href="#">Panhandle Regional Planning Commission</a>	1	\$23.32	\$48,501
<a href="#">South Plains Association of Governments</a>	2	\$20.42	\$42,473
<a href="#">NORTEX Regional Planning Commission</a>	3	\$20.64	\$42,928
<a href="#">North Central Texas Council of Governments</a>	4	\$32.34	\$67,261
<a href="#">Ark-Tex Council of Governments</a>	5	\$21.30	\$44,299
<a href="#">East Texas Council of Governments</a>	6	\$29.28	\$60,904
<a href="#">West Central Texas Council of Governments</a>	7	\$21.54	\$44,797
<a href="#">Rio Grande Council of Governments</a>	8	\$19.02	\$39,552
<b>Permian Basin Regional Planning Commission</b>	<b>9</b>	<b>\$22.57</b>	<b>\$46,945</b>
<a href="#">Concho Valley Council of Governments</a>	10	\$27.28	\$56,739
<a href="#">Heart of Texas Council of Governments</a>	11	\$23.41	\$48,696
<a href="#">Capital Area Council of Governments</a>	12	\$29.96	\$62,326
<a href="#">Brazos Valley Council of Governments</a>	13	\$18.41	\$38,286
<a href="#">Deep East Texas Council of Governments</a>	14	\$21.07	\$43,829
<a href="#">South East Texas Regional Planning Commission</a>	15	\$27.38	\$56,957
<a href="#">Houston-Galveston Area Council</a>	16	\$29.83	\$62,050
<a href="#">Golden Crescent Regional Planning Commission</a>	17	\$22.09	\$45,945
<a href="#">Alamo Area Council of Governments</a>	18	\$27.45	\$57,101
<a href="#">South Texas Development Council</a>	19	\$19.20	\$39,945
<a href="#">Coastal Bend Council of Governments</a>	20	\$35.39	\$73,603
<a href="#">Lower Rio Grande Valley Development Council</a>	21	\$20.70	\$43,056
<a href="#">Texoma Council of Governments</a>	22	\$19.18	\$39,897
<a href="#">Central Texas Council of Governments</a>	23	\$21.34	\$44,390
<a href="#">Middle Rio Grande Development Council</a>	24	\$22.98	\$47,809
<b>Texas</b>		\$28.00	\$58,233

110% X \$46,945 = \$51,639.50

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.

Data published: August 2021.

Data published annually, next update will likely be July 31, 2022

Annual Wage Figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas Occupational Employment and Wage Statistics (OEWS) data, and is not to be compared to BLS estimates.

Data intended only for use implementing Chapter 313, Texas Tax Code.



TAB 14

Schedules A1, A2, B and C completed and signed Economic Impact (if applicable)

See attached Schedules A1, A2, B and C

Date 8/19/2021  
 Applicant Name GCC PERMAN, LLC  
 ISD Name ECTOR ISD

1652 - Ector County ISD - GCC Permian, LLC - Amendment #1  
 November 16, 2021

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application	--			0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period		2022-2023	2022	90,100,000	0	0	0	90,100,000
	QTP1	2023-2024	2023	237,700,000	0	0	0	237,700,000
	QTP2	2024-2025	2024	33,200,000	0	0	0	33,200,000
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				361,000,000	0	0	0	361,000,000
				Enter amounts from TOTAL row above in Schedule A2				
<b>Total Qualified Investment (sum of green cells)</b>				270,900,000				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Date 8/19/2021  
 Applicant Name GCC PERMIAN, LLC  
 ISD Name ECTOR ISD

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

1652 - Ector County ISD - GCC Permian, LLC - Amendment #1  
 November 16, 2021

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Other investment made during this year that will <b>not</b> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	<b>TOTALS FROM SCHEDULE A1</b>		361,000,000	0	0	0	361,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2022-2023	2022					
		2023-2024	2023					
	0	2024-2025	2024					
Value limitation period***	1	2025-2026	2025					0
	2	2026-2027	2026					
	3	2027-2028	2027					
	4	2028-2029	2028					
	5	2029-2030	2029					
	6	2030-2031	2030					
	7	2031-2032	2031					
	8	2032-2033	2032					
	9	2033-2034	2033					
	10	2034-2035	2034					
<b>Total Investment made through limitation</b>				361,000,000	0	0	0	361,000,000
Continue to maintain viable presence	11	2035-2036	2035					
	12	2036-2037	2036					
	13	2037-2038	2037					
	14	2038-2039	2038					
	15	2039-2040	2039					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2040-2041	2040					
	17	2041-2042	2041					
	18	2042-2043	2042					
	19	2043-2044	2043					
	20	2044-2045	2044					
	21	2045-2046	2045					
	22	2046-2047	2046					
	23	2047-2048	2047					
	24	2048-2049	2048					
	25	2049-2050	2049					

\* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row**.

\*\* Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

\*\*\* If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.



**Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)**

**1652 - Ector County ISD - GCC Permian, LLC - Amendment #1  
November 16, 2021**

Date  
Applicant Name  
ISD Name

**8/19/2021  
GCC PERMIAN, LLC  
ECTOR ISD**

*Revised October 2020*

				Qualified Property			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 buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	0	0	0	0	0	0
		2023-2024	2023			45,050,000	45,050,000	45,050,000	45,050,000
	0	2024-2025	2024		-	163,900,000	163,900,000	163,900,000	163,900,000
Value Limitation Period	1	2025-2026	2025	0	0	357,390,000	348,455,250	348,455,250	100,000,000
	2	2026-2027	2026	0	0	332,372,700	324,063,383	324,063,383	100,000,000
	3	2027-2028	2027	0	0	309,106,611	301,378,946	301,378,946	100,000,000
	4	2028-2029	2028	0	0	287,469,148	280,282,420	280,282,420	100,000,000
	5	2029-2030	2029	0	0	267,346,308	260,662,650	260,662,650	100,000,000
	6	2030-2031	2030	0	0	248,632,066	242,416,265	242,416,265	100,000,000
	7	2031-2032	2031	0	0	231,227,822	225,447,126	225,447,126	100,000,000
	8	2032-2033	2032	0	0	215,041,874	209,665,827	209,665,827	100,000,000
	9	2033-2034	2033	0	0	199,988,943	194,989,219	194,989,219	100,000,000
	10	2034-2035	2034	0	0	185,989,717	181,339,974	181,339,974	100,000,000
Continue to maintain viable presence	11	2035-2036	2035	0	0	172,970,437	168,646,176	168,646,176	168,646,176
	12	2036-2037	2036	0	0	160,862,506	156,840,944	156,840,944	156,840,944
	13	2037-2038	2037	0	0	149,602,131	145,862,077	145,862,077	145,862,077
	14	2038-2039	2038	0	0	139,129,982	135,651,732	135,651,732	135,651,732
	15	2039-2040	2039	0	0	129,390,883	126,156,111	126,156,111	126,156,111
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2040-2041	2040	0	0	120,333,521	117,325,183	117,325,183	117,325,183
	17	2041-2042	2041	0	0	111,910,175	109,112,420	109,112,420	109,112,420
	18	2042-2043	2042	0	0	104,076,462	101,474,551	101,474,551	101,474,551
	19	2043-2044	2043	0	0	96,791,110	94,371,332	94,371,332	94,371,332
	20	2044-2045	2044	0	0	90,015,732	87,765,339	87,765,339	87,765,339
	21	2045-2046	2045	0	0	83,714,631	81,621,765	81,621,765	81,621,765
	22	2046-2047	2046	0	0	77,854,607	75,908,242	75,908,242	75,908,242
	23	2047-2048	2047	0	0	72,404,784	70,594,665	70,594,665	70,594,665
	24	2048-2049	2048	0	0	67,336,449	65,653,038	65,653,038	65,653,038
	25	2049-2050	2049	0	0	62,622,898	61,057,326	61,057,326	61,057,326

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 8/19/2021  
Applicant Name GCC PERMIAN, LLC  
ISD Name ECTOR ISD

Form 50-296A  
Revised October 2020

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A Number of Construction FTE's	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E Annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2022-2023	2022	350 FTE	52,500	0	0	0
		2023-2024	2023	350 FTE	52,500	0	0	0
	0	2024-2025	2024	350FTE	52,500	0	0	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2025-2026	2025	N/A	N/A		5	51,650
	2	2026-2027	2026	N/A	N/A	0	5	51,650
	3	2027-2028	2027	N/A	N/A	0	5	51,650
	4	2028-2029	2028	N/A	N/A	0	5	51,650
	5	2029-2030	2029	N/A	N/A	0	5	51,650
	6	2030-2031	2030	N/A	N/A	0	5	51,650
	7	2031-2032	2031	N/A	N/A	0	5	51,650
	8	2032-2033	2032	N/A	N/A	0	5	51,650
	9	2033-2034	2033	N/A	N/A	0	5	51,650
10	2034-2035	2034	N/A	N/A	0	5	51,650	
Years Following Value Limitation Period	11 through 25	2035-2050	2035-2049	N/A	N/A	0	5	51,650

Notes: See TAC 9.1051 for definition of non-qualifying jobs.  
Only include jobs on the project site in this school district.



TAB 15

*Economic Impact Analysis, other payments made in the state or other economic information (if applicable)*

None



TAB 16

Description of Reinvestment Zone or Enterprise Zone, including:

- a) Evidence that the area qualifies as an enterprise zone as defined by the Governor's office
- b) Legal description of reinvestment zone\*
- c) Order, resolution, or ordinance established the reinvestment zone\*
- d) Guidelines and criteria for creating the zone\*

- a) The area qualifies as an Enterprise Zone as defined by the Governor's office because it is in a block group within the State of Texas that has a poverty rate of 20 percent or more
- b) Not Applicable
- c) Not Applicable
- d) Not Applicable



TAB 17

Signature and Certification Page; signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

See Attached

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17.

NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print here Dr. Scott Muri
Print Name (Authorized School District Representative)
sign here [Signature]
Signature (Authorized School District Representative)

Superintendent
Title
9-23-21
Date

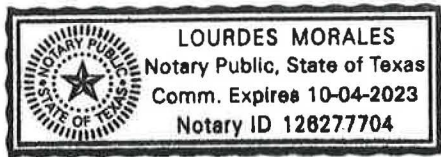
2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here Luis Carlos Arias
Print Name (Authorized Company Representative (Applicant))
sign here [Signature]
Signature (Authorized Company Representative (Applicant))

Chief Financial Officer
Title
09/02/2021
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

2nd day of September, 2021
Lourdes Morales
Notary Public in and for the State of Texas
My Commission expires: October 04, 2023

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

Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-B

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17.

NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print here

Dr. Scott Muri

Print Name (Authorized School District Representative)

Superintendent

Title

sign here

Signature (Authorized School District Representative)

11-18-21

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here

Luis Carlos Arias

Print Name (Authorized Company Representative (Applicant))

Chief Financial Officer

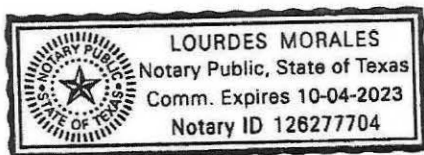
Title

sign here

Signature (Authorized Company Representative (Applicant))

11-16-2021

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

16<sup>th</sup> day of November, 2021

Lourdes Morales

Notary Public in and for the State of Texas

My Commission expires: October 04, 2023

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



## Franchise Tax Account Status

As of : 04/09/2022 13:33:39

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

<b>GCC PERMIAN, LLC</b>	
<b>Texas Taxpayer Number</b>	32061586312
<b>Mailing Address</b>	PO BOX 100 TIJERAS, NM 87059-0100
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	09/16/2016
<b>Texas SOS File Number</b>	0802544446
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201





**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 9, 2022

Dr. Scott Muri  
Superintendent  
Ector County Independent School District  
802 North Sam Houston  
Odessa, Texas 79761

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and GCC Permian, LLC, Application 1652

Dear Superintendent Muri:

On December 10, 2021, the Comptroller issued written notice that GCC Permian, LLC (applicant) submitted a completed application (Application 1652) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on September 21, 2021, to the Ector County Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter B; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.  
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

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

Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1652.

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

**Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

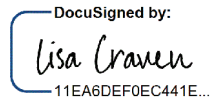
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2022.

Note that any building or improvement existing as of the application review start date of December 10, 2021, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:  
  
11EA6DEF0EC441E...

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of GCC Permian, LLC (project) applying to Ector County Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of GCC Permian, LLC.

Applicant	GCC Permian, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Ector County ISD
2020-2021 Average Daily Attendance	29,754
County	Ector
Proposed Total Investment in District	\$361,000,000
Proposed Qualified Investment	\$270,900,000
Limitation Amount	\$100,000,000
Qualifying Time Period (Full Years)	2023-2024
Number of new qualifying jobs committed to by applicant	5*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$993.27
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$993.07
Minimum annual wage committed to by applicant for qualified jobs	\$51,650
Minimum weekly wage required for non-qualifying jobs	\$1,132
Minimum annual wage required for non-qualifying jobs	\$58,864
Investment per Qualifying Job	\$72,200,000
Estimated M&O levy without any limit (15 years)	\$37,028,493
Estimated M&O levy with Limitation (15 years)	\$20,483,403
Estimated gross M&O tax benefit (15 years)	\$16,545,090

\* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).

**Table 2** is the estimated statewide economic impact of GCC Permian, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2022	350	418	768	\$18,375,000	\$41,625,000	\$60,000,000
2023	350	438	788	\$18,375,000	\$48,625,000	\$67,000,000
2024	350	442	792	\$18,375,000	\$53,625,000	\$72,000,000
2025	5	64	69	\$258,250	\$15,741,750	\$16,000,000
2026	5	27	32	\$258,250	\$9,741,750	\$10,000,000
2027	5	(3)	2	\$258,250	\$5,741,750	\$6,000,000
2028	5	(15)	-10	\$258,250	\$3,741,750	\$4,000,000
2029	5	(16)	-11	\$258,250	\$2,741,750	\$3,000,000
2030	5	(11)	-6	\$258,250	\$1,741,750	\$2,000,000
2031	5	(4)	1	\$258,250	\$2,741,750	\$3,000,000
2032	5	4	9	\$258,250	\$2,741,750	\$3,000,000
2033	5	10	15	\$258,250	\$3,741,750	\$4,000,000
2034	5	15	20	\$258,250	\$3,741,750	\$4,000,000
2035	5	13	18	\$258,250	\$3,741,750	\$4,000,000
2036	5	14	19	\$258,250	\$3,741,750	\$4,000,000

Source: CPA REMI, GCC Permian, LLC

**Table 3** examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Ector County ISD I&S Tax Levy	Ector County ISD M&O Tax Levy	Ector County M&O and I&S Tax Levies	Ector County Tax Levy	Ector County Hosp. Dist. Tax Levy	Odessa College Tax Levy	Estimated Total Property Taxes
				0.1232	1.0547		0.3650	0.1500	0.1890	
2023	\$45,050,000	\$45,050,000		\$55,511	\$475,142	\$530,653	\$164,433	\$67,575	\$85,145	\$847,805
2024	\$163,900,000	\$163,900,000		\$201,958	\$1,728,653	\$1,930,611	\$598,235	\$245,850	\$309,771	\$3,084,467
2025	\$348,455,250	\$348,455,250		\$429,367	\$3,675,158	\$4,104,524	\$1,271,862	\$522,683	\$658,580	\$6,557,649
2026	\$324,063,383	\$324,063,383		\$399,311	\$3,417,896	\$3,817,207	\$1,182,831	\$486,095	\$612,480	\$6,098,614
2027	\$301,378,946	\$301,378,946		\$371,359	\$3,178,644	\$3,550,003	\$1,100,033	\$452,068	\$569,606	\$5,671,711
2028	\$280,282,420	\$280,282,420		\$345,364	\$2,956,139	\$3,301,503	\$1,023,031	\$420,424	\$529,734	\$5,274,691
2029	\$260,662,650	\$260,662,650		\$321,189	\$2,749,209	\$3,070,397	\$951,419	\$390,994	\$492,652	\$4,905,463
2030	\$242,416,265	\$242,416,265		\$298,705	\$2,556,764	\$2,855,470	\$884,819	\$363,624	\$458,167	\$4,562,080
2031	\$225,447,126	\$225,447,126		\$277,796	\$2,377,791	\$2,655,587	\$822,882	\$338,171	\$426,095	\$4,242,735
2032	\$209,665,827	\$209,665,827		\$258,350	\$2,211,345	\$2,469,696	\$765,280	\$314,499	\$396,268	\$3,945,743
2033	\$194,989,219	\$194,989,219		\$240,266	\$2,056,551	\$2,296,817	\$711,711	\$292,484	\$368,530	\$3,669,541
2034	\$181,339,974	\$181,339,974		\$223,447	\$1,912,593	\$2,136,040	\$661,891	\$272,010	\$342,733	\$3,412,673
2035	\$168,646,176	\$168,646,176		\$207,806	\$1,778,711	\$1,986,517	\$615,559	\$252,969	\$318,741	\$3,173,786
2036	\$156,840,944	\$156,840,944		\$193,259	\$1,654,201	\$1,847,461	\$572,469	\$235,261	\$296,429	\$2,951,621
2037	\$145,862,077	\$145,862,077		\$179,731	\$1,538,407	\$1,718,139	\$532,397	\$218,793	\$275,679	\$2,745,008
2038	\$135,651,732	\$135,651,732		\$167,150	\$1,430,719	\$1,597,869	\$495,129	\$203,478	\$256,382	\$2,552,857
2039	\$126,156,111	\$126,156,111		\$155,450	\$1,330,569	\$1,486,018	\$460,470	\$189,234	\$238,435	\$2,374,157
			<b>Total</b>	<b>\$4,326,018</b>	<b>\$37,028,493</b>	<b>\$41,354,511</b>	<b>\$12,814,450</b>	<b>\$5,266,212</b>	<b>\$6,635,427</b>	<b>\$66,070,600</b>

Source: CPA, GCC Permian, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Ector County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Ector County ISD I&S Tax Levy	Ector County ISD M&O Tax Levy	Ector County M&O and I&S Tax Levies	Ector County Tax Levy	Ector County Hosp. Dist. Tax Levy	Odessa College Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1232	1.0547		0.3650	0.1500	0.1890	
2023	\$45,050,000	\$45,050,000		\$55,511	\$475,142	\$530,653	\$164,433	\$67,575	\$85,145	\$762,660
2024	\$163,900,000	\$163,900,000		\$201,958	\$1,728,653	\$1,930,611	\$598,235	\$245,850	\$309,771	\$2,774,696
2025	\$348,455,250	\$100,000,000		\$429,367	\$1,054,700	\$1,484,067	\$1,271,862	\$522,683	\$658,580	\$3,278,611
2026	\$324,063,383	\$100,000,000		\$399,311	\$1,054,700	\$1,454,011	\$1,182,831	\$486,095	\$612,480	\$3,122,937
2027	\$301,378,946	\$100,000,000		\$371,359	\$1,054,700	\$1,426,059	\$1,100,033	\$452,068	\$569,606	\$2,978,161
2028	\$280,282,420	\$100,000,000		\$345,364	\$1,054,700	\$1,400,064	\$1,023,031	\$420,424	\$529,734	\$2,843,518
2029	\$260,662,650	\$100,000,000		\$321,189	\$1,054,700	\$1,375,889	\$951,419	\$390,994	\$492,652	\$2,718,301
2030	\$242,416,265	\$100,000,000		\$298,705	\$1,054,700	\$1,353,405	\$884,819	\$363,624	\$458,167	\$2,601,849
2031	\$225,447,126	\$100,000,000		\$277,796	\$1,054,700	\$1,332,496	\$822,882	\$338,171	\$426,095	\$2,493,549
2032	\$209,665,827	\$100,000,000		\$258,350	\$1,054,700	\$1,313,050	\$765,280	\$314,499	\$396,268	\$2,392,829
2033	\$194,989,219	\$100,000,000		\$240,266	\$1,054,700	\$1,294,966	\$711,711	\$292,484	\$368,530	\$2,299,160
2034	\$181,339,974	\$100,000,000		\$223,447	\$1,054,700	\$1,278,147	\$661,891	\$272,010	\$342,733	\$2,212,048
2035	\$168,646,176	\$168,646,176		\$207,806	\$1,778,711	\$1,986,517	\$615,559	\$252,969	\$318,741	\$2,855,045
2036	\$156,840,944	\$156,840,944		\$193,259	\$1,654,201	\$1,847,461	\$572,469	\$235,261	\$296,429	\$2,655,192
2037	\$145,862,077	\$145,862,077		\$179,731	\$1,538,407	\$1,718,139	\$532,397	\$218,793	\$275,679	\$2,469,328
2038	\$135,651,732	\$135,651,732		\$167,150	\$1,430,719	\$1,597,869	\$495,129	\$203,478	\$256,382	\$2,296,475
2039	\$126,156,111	\$126,156,111		\$155,450	\$1,330,569	\$1,486,018	\$460,470	\$189,234	\$238,435	\$2,135,722
			<b>Total</b>	<b>\$4,326,018</b>	<b>\$20,483,403</b>	<b>\$24,809,421</b>	<b>\$12,814,450</b>	<b>\$5,266,212</b>	<b>\$6,635,427</b>	<b>\$42,890,082</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$16,545,090</b>	<b>\$16,545,090</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,180,517</b>

Source: CPA, GCC Permian, LLC

\*Tax Rate per \$100 Valuation

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

## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that GCC Permian, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2022	\$0	\$0	\$0	\$0
	2023	\$475,142	\$475,142	\$0	\$0
	2024	\$1,728,653	\$2,203,796	\$0	\$0
<b>Limitation Period (10 Years)</b>	2025	\$1,054,700	\$3,258,496	\$2,620,458	\$2,620,458
	2026	\$1,054,700	\$4,313,196	\$2,363,197	\$4,983,654
	2027	\$1,054,700	\$5,367,896	\$2,123,944	\$7,107,598
	2028	\$1,054,700	\$6,422,596	\$1,901,439	\$9,009,036
	2029	\$1,054,700	\$7,477,296	\$1,694,509	\$10,703,545
	2030	\$1,054,700	\$8,531,996	\$1,502,064	\$12,205,610
	2031	\$1,054,700	\$9,586,696	\$1,323,091	\$13,528,701
	2032	\$1,054,700	\$10,641,396	\$1,156,645	\$14,685,346
	2033	\$1,054,700	\$11,696,096	\$1,001,851	\$15,687,197
	2034	\$1,054,700	\$12,750,796	\$857,893	\$16,545,090
<b>Maintain Viable Presence (5 Years)</b>	2035	\$1,778,711	\$14,529,507	\$0	\$16,545,090
	2036	\$1,654,201	\$16,183,708	\$0	\$16,545,090
	2037	\$1,538,407	\$17,722,116	\$0	\$16,545,090
	2038	\$1,430,719	\$19,152,834	\$0	\$16,545,090
	2039	\$1,330,569	\$20,483,403	\$0	\$16,545,090
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2040	\$1,237,429	\$21,720,832	\$0	\$16,545,090
	2041	\$1,150,809	\$22,871,640	\$0	\$16,545,090
	2042	\$1,070,252	\$23,941,892	\$0	\$16,545,090
	2043	\$995,334	\$24,937,227	\$0	\$16,545,090
	2044	\$925,661	\$25,862,888	\$0	\$16,545,090
	2045	\$860,865	\$26,723,753	\$0	\$16,545,090
	2046	\$800,604	\$27,524,357	\$0	\$16,545,090
	2047	\$744,562	\$28,268,919	\$0	\$16,545,090
	2048	\$692,443	\$28,961,361	\$0	\$16,545,090
	2049	\$643,972	\$29,605,333	\$0	\$16,545,090
		<b>\$29,605,333</b>	is greater than	<b>\$16,545,090</b>	

<b>Analysis Summary</b>	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project.  
 Source: CPA, GCC Permian, LLC

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

## Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

### Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the GCC Permian, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per GCC Permian, LLC. in Tab 4 of their Application for a Limitation on Appraised Value:
  - A. “The land buildings and equipment currently located at this Ector County GCC Permian facility is used to produce cement, ready-mixed concrete, and aggregates at the existing facility. This proposed project would add 3,000 tons per day production capacity at this existing Odessa, Texas facility.”
  - B. “The equipment proposed for this project will share and interconnect with existing equipment sharing the existing limestone crusher, clinker transport, clinker silos, clinker extraction pan and gypsum system. The finish mill contemplated in this project will grind products from the new line as well as the existing system.”
- Per GCC Permian, LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “GCC’s vast footprint enables this project to be built and installed in any of the current operating facilities in the US or Latin America.”
  - B. “The ultimate determination for capital investment in a particular country or state depends on the project economics. In the case of the investment on this proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes.”
  - C. “Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis and a determining factor for investment in Texas. Without the Chapter 313 value limitation, siting the project in Texas is less attractive. In the current capital constrained environment, the economics of each project are challenged against each other and only the best will have a chance to happen.”
- A September 16, 2019 article from *World Cement* states the following:
  - A. “Grupo Cementos de Chihuahua, S.A.B. de C.V., or GCC, a supplier and producer of cement and concrete in the United States, Mexico and Canada today announced that it has signed a long-term agreement with a leading US-based energy provider to supply solar and wind power to GCC’s



Odessa, Texas cement plant, thereby covering 100% of the electricity consumed at these operations.”

- B. “The 10-year fixed-price agreement takes effect beginning July 2022 and represents a ~22% decrease from the current electricity price for the Odessa plant, translating into ~US\$4.6 million in total savings for this period.”

**Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 4 of the Application for a Limitation on Appraised Value
- c) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- d) Additional information provided by the Applicant or located by the Comptroller

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

# Supporting Information

Section 8 of the Application for  
a Limitation on Appraised Value

**SECTION 8: Limitation as Determining Factor**

- 1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
- 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
- 3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
- 4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
- 5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
- 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
- 7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
- 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
- 9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
- 10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

**SECTION 9: Projected Timeline**

**NOTE:** Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

- 1. Estimated school board ratification of final agreement February 2022
- 2. Estimated commencement of construction June 2022
- 3. Beginning of qualifying time period (MM/DD/YYYY) January 1, 2023
- 4. First year of limitation (YYYY) January 1, 2025
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
  - A. January 1 following the application date
  - B. January 1 following the end of QTP
  - C. January 1 following the commencement of commercial operations
- 5. Commencement of commercial operations September 2024

**SECTION 10: The Property**

- 1. County or counties in which the proposed project will be located Ector County
- 2. Central Appraisal District (CAD) that will be responsible for appraising the property Ector CAD
- 3. Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

M&O (ISD): <u>Ector County ISD; 100%; \$1.0547</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Ector County ISD; 100%; \$0.12322</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Ector County; 100%; \$0.3650</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Ector County Hosp. Dist; 100%; \$0.1500</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Odessa College; 100%; \$0.1890</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>

# Supporting Information

Attachments provided in Tab 4  
of the Application for a  
Limitation on Appraised Value



TAB 4

Detailed Description of the Project

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.

The land buildings and equipment currently located at this Ector County GCC Permian facility is used to produce cement, ready-mixed concrete, and aggregates at the existing facility. This proposed project would add 3,000 tons per day production capacity at this existing Odessa, Texas facility. This proposed plant addition would be located in Ector County and entirely within Ector County ISD.

Below is a list of the major new equipment comprising this plant as follows:

- Limestone Storage
- Raw Mill
- Finish Mill
- Exhaust Gas Conditioning Equipment
- Raw Meal Silo
- Kiln Feed Equipment
- Preheater
- Kiln
- Cooler
- Bag House
- Clinker Conveyor System Equipment
- Cement Mill Feed Equipment
- Cement Mill
- Ammonia Injection Tank
- Compressors
- Electrical Switchgear and main electrical components
- Power Distribution Center
- Instrumentation equipment

Also included in this application are all of the associated concrete foundations, new pipe supports, new intra-plant piping, new intra-plant conduit and connections, new control loops, new safety systems, new fire water protection, new insulation, new pollution control equipment and new utilities necessary to safely operate the new equipment.



CUMMINGS WESTLAKE

GCC PERMIAN, LLC

## Chapter 313 Application Ector County ISD

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The equipment proposed for this project will share and interconnect with existing equipment sharing the existing limestone crusher, clinker transport, clinker silos, clinker extraction pan and gypsum system. The finish mill contemplated in this project will grind products from the new line as well as the existing system.

# **Supporting Information**

Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value



## TAB 5

*Documentation to assist in determining if limitation is a determining factor.*

Founded in 1941, GCC is a leading producer of cement, ready-mixed concrete, aggregates, and innovative solutions for the construction industry. With leading edge products and state of the art technologies, our passionate team of nearly 3,000 employees drives our growth.

GCC's operations stretch from the State of Chihuahua in northern Mexico through the U.S in what we refer to as the center cut of the U.S. Our distribution network spreads throughout Latin America.

The company operates globally with operations in Colorado, Iowa, Minnesota, Montana, New Mexico, North Dakota, and South Dakota with multiple international operations facilities in the State of Chihuahua Mexico.

GCC's vast footprint enables this project to be built and installed in any of the current operating facilities in the US or Latin America.

The ultimate determination for capital investment in a particular country or state depends on the project economics. In the case of the investment on this proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis and a determining factor for investment in Texas. Without the Chapter 313 value limitation, siting the project in Texas is less attractive. In the current capital constrained environment, the economics of each project are challenged against each other and only the best will have a chance to happen.



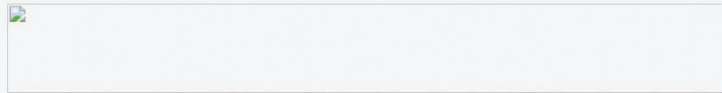
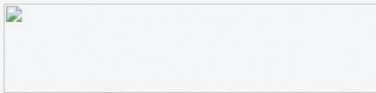


GCC targets the center of North America and Mexico with production facilities in multiple states and The State of Chihuahua, Mexico. The company's distribution extends from Canada through the U.S, Mexico and Latin America



# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller



[https://www.worldcement.com/the-americas/16092019/gcc-signs-long-term-agreement-with-renewable-energy-supplier-for-odessa-texas-cement-plant/ Retrieved 01/31/2022]



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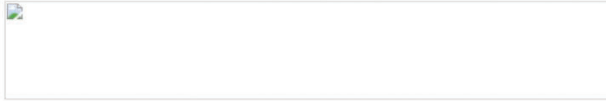
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# GCC signs long term agreement with renewable energy supplier for Odessa, Texas cement plant

Published by David Bizley, Editor

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World Cement, Monday, 16 September 2019 09:00



Grupo Cementos de Chihuahua, S.A.B. de C.V., or GCC, a supplier and producer of cement and concrete in the United States, Mexico and Canada today announced that it has signed a long-term agreement with a leading US-based energy provider to supply solar and wind power to GCC's Odessa, Texas cement plant, thereby covering 100% of the electricity consumed at these operations. Resulting in a reduction of approximately 45 000 metric tons of CO<sub>2</sub>, annually; equivalent to around 9500 passenger vehicles driven for a year, based on the US Environmental Protection Agency estimate.

The 10-year fixed-price agreement takes effect beginning July 2022 and represents a ~22% decrease from the current electricity price for the Odessa plant, translating into ~US\$4.6 million in total savings for this period.

Today's announcement is further reflection of GCC's unwavering commitment to the use of clean energy at both its Mexico and US operations; reducing overall energy costs while successfully mitigating related price fluctuation.

GCC remains focused on implementing global best practices related to sustainability throughout the organization while further strengthening the Company's overall profitability.

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Monday 31 January 2022 09:05

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# Chapter 313 Financial Impact Study

*A financial analysis of the potential Chapter 313 Agreement  
between GCC Permian LLC and the Ector County Independent  
School District*



Prepared January 20, 2022

**REVISED**

**January 31, 2022**

## Overview

On September 21, 2021, GCC Permian LLC (Applicant) submitted an application for appraised value limitation on qualified property to the Ector County Independent School District (ECISD). The Applicant is seeking to add to their concrete manufacturing project and is requesting ECISD agree to limit the maintenance and operations (M&O) taxable value of the project to \$100,000,000 for a ten-year period. As put forth in the application, the first year of the value limitation period would be the 2025 tax year.

Culwell Consulting was engaged by ECISD to analyze the impact of the potential value limitation agreement upon the overall M&O revenue of ECISD. A value limitation agreement entered into by the parties provides ECISD protection against any loss in M&O revenue due to the granting of the \$100 million value limitation. This report provides the programmatic details, pertinent aspects of the Texas school finance system, and in-depth analysis needed to understand the long-term impact of such an agreement upon the ECISD M&O general fund.

This analysis concludes a value limitation agreement would result in ECISD foregoing \$2,919,260 in M&O revenue in the first year of the value limitation period, the 2025-2026 school year. After payout of these losses, the Applicant's tax savings are estimated to be \$13,578,769. This estimate of the Applicant's tax savings does not account for any supplemental payments made to ECISD. Any potential Ch. 313 agreement will not affect the Applicant's taxable value for Interest and Sinking (I&S) tax rate purposes.

## Background

In 2001, the 77th Texas Legislature passed HB 1200 enacting the Texas Economic Development Act with the intent to attract qualified economic development to Texas by limiting the M&O taxes paid by the company. Established under Ch. 313 of the Texas Tax Code, the program has become more commonly referred to as Ch. 313.

The Ch. 313 program enables school districts to limit the M&O taxable value of qualified economic development projects for a ten-year period. The State of Texas Comptroller sets the value limitation amount for each school district. At the time the application was deemed complete by the Texas Comptroller, ECISD is permitted to grant a value limitation of \$100 million.

Several types of projects are eligible to receive value limitations under Chapter 313 of the Tax Code. Behind Tab 4 of the Application, it states, "This proposed project would add 3,000 tons per day production capacity at this existing Odessa, Texas facility. This proposed plant addition would be located in Ector County and entirely within Ector County ISD." This type of manufacturing project qualifies under Texas Tax Code 313.024(b)(1).

## GCC Permian LLC Application

The application from GCC Permian LLC (Applicant) was presented to and accepted by the ECISD School Board on September 21, 2021. In their application, the Applicant requested a \$100 million value limitation be applied to their manufacturing project beginning in the 2025 tax year. Within the Application, Schedule B behind Tab 14 outlines the estimated taxable value schedule of the project for a 25-year period. In Amendment #1 to the Application submitted to the Comptroller on November 16, 2021, the Applicant updated their investment and taxable value schedules. The values below reflect those in Amendment #1.

Texas Tax Code 313.027(f)(3) requires an agreement holder to maintain a viable presence within the school district for five years after the value limitation expires; therefore, this analysis concludes after the last year of this viable presence period, the 2039-2040 school year. Below is a modified version of Schedule B displaying the estimated taxable values of the project beginning with each year prior to limitation period and concluding five years after the value limitation expires.

### GCC Permian LLC Taxable Values, Schedule B of Application

	Year	School Year (YYYY-YYYY)	Tax Year YYYY	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Qualifying Time Period	0	2022-2023	2022	\$0	\$0
	1	2023-2024	2023	\$45,050,000	\$45,050,000
	2	2024-2025	2024	\$163,900,000	\$163,900,000
Value Limitation Period	1	2025-2026	2025	\$348,455,250	\$100,000,000
	2	2026-2027	2026	\$324,063,383	\$100,000,000
	3	2027-2028	2027	\$301,378,946	\$100,000,000
	4	2028-2029	2028	\$280,282,420	\$100,000,000
	5	2029-2030	2029	\$260,662,650	\$100,000,000
	6	2030-2031	2030	\$242,416,265	\$100,000,000
	7	2031-2032	2031	\$225,447,126	\$100,000,000
	8	2032-2033	2032	\$209,665,827	\$100,000,000
	9	2033-2034	2033	\$194,989,219	\$100,000,000
	10	2034-2035	2034	\$181,339,974	\$100,000,000
Continue to maintain viable presence	11	2035-2036	2035	\$168,646,176	\$168,646,176
	12	2036-2037	2036	\$156,840,944	\$156,840,944
	13	2037-2038	2037	\$145,862,077	\$145,862,077
	14	2038-2039	2038	\$135,651,732	\$135,651,732
	15	2039-2040	2039	\$126,156,111	\$126,156,111

As a result of such limitation being granted, the project will receive two taxable values beginning in the 2025 tax year: one, a valuation of \$100 million for M&O tax purposes, and the second, a full taxable valuation assessed by the local appraisal district for ECISD's I&S tax purposes. This duality will continue for the ten-year limitation period after which, starting with the 2035-2036 school year, the project

will receive a single taxable value for M&O and I&S tax purposes. Any taxable value of the project outside the ten-year limitation period is fully taxable for M&O tax purposes.

## **Calculation of Revenue Loss**

The Ch. 313 Agreement (Agreement) prepared by the Underwood Law Firm P.C. ensures that ECISD is protected against any loss in revenue incurred by the district's M&O general fund. During each year of the limitation period, the Agreement calls for the annual calculation of loss in M&O revenue. If and when a revenue loss occurs, the Agreement requires the Applicant to hold the school district harmless and pay the school district this calculated amount.

To identify a loss in revenue, two school finance models are established and the outputs compared. One model serves as the control utilizing the full M&O taxable value of the project; the second model substitutes the limited value of \$100 million for the full taxable value. Any revenue loss is accounted for by deducting the resulting M&O revenue of the control model from that of the limited value model.

## **Note on School Finance**

To fund the maintenance and operation of Texas public schools, the state's school finance system relies on local tax collections and state aid. The method of determining state aid is a complex system that further breaks funding into two major components referred to as Tier I and Tier II. Tier I funding is based on the M&O taxes at the compressed rate, program allotments, and ADA and special student populations. Tier II is the enrichment tier based on the tax effort above the school district's compressed rate. State aid works to fill the gap between local revenue and the total funding the school district is entitled to through the state finance system.

In the Spring of 2019, the 86<sup>th</sup> Texas Legislature passed House Bill 3 which made significant changes to the school finance system in Texas. In passing HB 3, the Legislature sought to equalize funding across school districts, increase teacher compensation, improve learning outcomes, and reduce property taxes.

Of particular note to this analysis, HB 3 now requires the use of current-year local taxable values as opposed to prior-year taxable values when determining state aid. The 2019-20 school year, the first in which this method of calculating state aid was used, differs from the prior school finance system under which state aid was based on the prior year's Comptroller certified property values. However, in specifically addressing the Ch. 313 program, HB 3 states that calculations determining the school districts' revenue loss must continue to use the prior year local taxable values when determining the state aid allotted to the school district.

Due in part to this reliance on prior year values when determining state aid, the first year of the limitation period often results in a loss in revenue for the school district. Under the terms of the agreement, the Applicant is required to hold the district harmless from any such losses. Estimates of revenue losses are based on the current

school finance system and the taxable values provided by the Applicant. **Any future changes in the school finances system or in the project’s taxable value as compared to those put forth in the application, may result in different levels of revenue loss than described in this report.**

## Data

The project’s taxable values are accessed from Schedule B, behind Tab 14 of the Application. School district level data was obtained from ECISD in September of 2021 and includes the adopted 2021-2022 M&O tax rate of \$1.0517. In developing the comparison scenarios, all variables and funding factors were held constant as of the 2021-2022 school year with the exception of the project’s taxable value and the district’s resulting tax collections.

**Future calculations will utilize the concurrent statewide school funding system, school district data and tax rates, as well as the appraised value of the Applicant’s project as determined by the Ector County Appraisal District.**

## Results

Table 1 displays ECISD total M&O revenue after including the full taxable value of the project. Table 2 shows the total M&O revenue after substituting the \$100 million limitation value. The highlighted rows outline the ten-year value limitation period.

**Table 1 – M&O Revenue at Full Project Taxable Value**

	School Year	M&O Revenue from Local Taxes	M&O Revenue from State	Total Recapture	Total M&O General Fund
Qualifying Time Period	2022-2023	\$167,205,227	\$127,619,946	\$0	\$294,825,173
	2023-2024	\$181,955,046	\$123,906,699	\$0	\$305,861,745
	2024-2025	\$172,855,093	\$106,339,037	\$0	\$279,194,131
Value Limitation Period	2025-2026	\$168,048,081	\$115,837,883	\$0	\$283,885,964
	2026-2027	\$167,791,551	\$121,174,148	\$0	\$288,965,699
	2027-2028	\$167,552,979	\$121,430,629	\$0	\$288,983,608
	2028-2029	\$167,331,107	\$121,669,154	\$0	\$289,000,261
	2029-2030	\$167,124,766	\$121,890,985	\$0	\$289,015,751
	2030-2031	\$166,932,869	\$122,097,287	\$0	\$289,030,156
	2031-2032	\$166,754,404	\$122,289,148	\$0	\$289,043,552
	2032-2033	\$166,588,432	\$122,467,578	\$0	\$289,056,010
	2033-2034	\$166,434,078	\$122,633,518	\$0	\$289,067,596
	2034-2035	\$190,068,611	\$125,821,197	\$0	\$315,889,809
Maintain Viable Presence	2035-2036	\$192,036,873	\$99,362,134	\$0	\$291,399,007
	2036-2037	\$190,446,744	\$97,056,648	\$0	\$287,503,393
	2037-2038	\$188,922,577	\$98,667,996	\$0	\$287,590,574
	2038-2039	\$187,460,938	\$100,190,714	\$0	\$287,651,652
	2039-2040	\$187,361,073	\$101,788,551	\$0	\$289,149,624



**Table 2 – M&O Revenue at Limited Project Taxable Value**

	School Year	M&O Revenue from Local Taxes	M&O Revenue from State	Total Recapture	Total M&O General Fund
Qualifying Time Period Qualifying Time Period	2022-2023	\$167,205,227	\$127,619,946	\$0	\$294,825,173
	2023-2024	\$181,955,046	\$123,906,699	\$0	\$305,861,745
	2024-2025	\$172,855,093	\$106,339,037	\$0	\$279,194,131
Value Limitation Period	2025-2026	\$165,435,077	\$115,531,627	\$0	\$280,966,704
	2026-2027	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2027-2028	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2028-2029	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2029-2030	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2030-2031	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2031-2032	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2032-2033	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2033-2034	\$165,435,077	\$123,814,412	\$0	\$289,249,489
	2034-2035	\$189,213,159	\$126,862,281	\$0	\$316,075,440
	2035-2036	\$192,036,904	\$101,348,332	\$0	\$293,385,237
Maintain Viable Presence	2036-2037	\$190,446,744	\$97,056,648	\$0	\$287,503,393
	2037-2038	\$188,922,577	\$98,667,996	\$0	\$287,590,574
	2038-2039	\$187,460,938	\$100,190,714	\$0	\$287,651,652
	2039-2040	\$187,361,073	\$101,788,551	\$0	\$289,149,624

Table 3 displays the outcome of comparing the M&O general fund totals within these two models. The column entitled, “School District Revenue Loss,” displays instances in which the projected M&O revenue in Table 2 is less than in Table 1. In doing this, Table 3 captures each instance in which ECISD’s M&O general fund is negatively impacted by ECISD having granted a value limitation agreement. As shown below, it is estimated that ECISD will forego \$2,919,260 in M&O revenue during the 2025-2026 school year. At this time, no revenue loss is anticipated beyond the first year of the limitation period.

The project is estimated to reach a peak taxable value of \$348 million during the 2025-2026 school year, the first year of the limitation period, followed by steady depreciation in value. Any change in the project’s taxable value schedule, school district data or tax rates, or legislative changes to the school finance system may result in additional revenue losses. Of note, it is typically the case that any appreciation of taxable value within the limitation period will result in additional revenue losses for the school district.

The final column, “Company Tax Savings,” displays the tax savings in each year of the limitation with the Applicant’s total savings over the ten-year period totaling \$13,578,769.

**Table 3 - Projected School District Revenue Loss & Company Tax Savings**

School Year	Project Full Taxable Value (I&S Value)	Project Limited Tax Value (M&O Value)	M&O Tax Rate	M&O Taxes Paid Before Limitation	M&O Taxes Paid After Limitation	Tax Savings Before District Calculations	School District Revenue Loss	Company Tax Savings Before Supplemental Payment
2022-2023	\$0	\$0	\$1.0517	\$0	\$0	\$0	\$0	\$0
2023-2024	\$45,050,000	\$45,050,000	\$1.0517	\$473,791	\$473,791	\$0	\$0	\$0
2024-2025	\$163,900,000	\$163,900,000	\$1.0517	\$1,723,736	\$1,723,736	\$0	\$0	\$0
2025-2026	\$348,455,250	\$100,000,000	\$1.0517	\$3,664,704	\$1,051,700	\$2,613,004	-\$2,919,260	-\$306,256
2026-2027	\$324,063,383	\$100,000,000	\$1.0517	\$3,408,175	\$1,051,700	\$2,356,475	\$0	\$2,356,475
2027-2028	\$301,378,946	\$100,000,000	\$1.0517	\$3,169,602	\$1,051,700	\$2,117,902	\$0	\$2,117,902
2028-2029	\$280,282,420	\$100,000,000	\$1.0517	\$2,947,730	\$1,051,700	\$1,896,030	\$0	\$1,896,030
2029-2030	\$260,662,650	\$100,000,000	\$1.0517	\$2,741,389	\$1,051,700	\$1,689,689	\$0	\$1,689,689
2030-2031	\$242,416,265	\$100,000,000	\$1.0517	\$2,549,492	\$1,051,700	\$1,497,792	\$0	\$1,497,792
2031-2032	\$225,447,126	\$100,000,000	\$1.0517	\$2,371,027	\$1,051,700	\$1,319,327	\$0	\$1,319,327
2032-2033	\$209,665,827	\$100,000,000	\$1.0517	\$2,205,056	\$1,051,700	\$1,153,356	\$0	\$1,153,356
2033-2034	\$194,989,219	\$100,000,000	\$1.0517	\$2,050,702	\$1,051,700	\$999,002	\$0	\$999,002
2034-2035	\$181,339,974	\$100,000,000	\$1.0517	\$1,907,153	\$1,051,700	\$855,453	\$0	\$855,453
2035-2036	\$168,646,176	\$168,646,176	\$1.0517	\$1,773,652	\$1,773,652	\$0	\$0	\$0
2036-2037	\$156,840,944	\$156,840,944	\$1.0517	\$1,649,496	\$1,649,496	\$0	\$0	\$0
2037-2038	\$145,862,077	\$145,862,077	\$1.0517	\$1,534,031	\$1,534,031	\$0	\$0	\$0
2038-2039	\$135,651,732	\$135,651,732	\$1.0517	\$1,426,649	\$1,426,649	\$0	\$0	\$0
2039-2040	\$126,156,111	\$126,156,111	\$1.0517	\$1,326,784	\$1,326,784	\$0	\$0	\$0
<b>Totals</b>				<b>\$36,923,169</b>	<b>\$20,425,140</b>	<b>\$16,498,029</b>	<b>-\$2,919,260</b>	<b>\$13,578,769</b>

## Supplemental Payment

The two parties are able to negotiate a supplemental payment, which allows for a partial sharing of the Applicant's tax savings with the school district. Under Texas Tax Code 313.027(i), these payments may not exceed \$100 per average daily attendance (ADA) and may only occur from the first year of the qualifying time period through the third year after the value limitation expires. In the case of school districts with an ADA below 500, the tax code allows for a maximum annual payment of \$50,000. The exact terms of the supplemental payment are set in the final Ch. 313 Agreement.

## Facilities Impact

The project remains fully taxable for I&S tax purposes over the course of the taxable life of the project and should have significant positive impact on ECISD's debt service. The Applicant intends to invest a total of \$361 million resulting in a peak taxable value of \$348 million in the 2025-2026 school year. If applied to ECISD's 2021 tax base, this taxable value would increase the district's I&S tax base by roughly 2.2%.

The project's taxable value is assumed to depreciate quickly, with an average annual reduction in value of \$15.9 million until slowing to an average annual rate of \$10 million by the 2037 tax year. This addition of long-term value combined with the overall increase to the tax base should provide ECISD the ability to service existing debt through a reduced I&S tax rate and offer a more diverse tax base for future debt issuances.

## **Conclusion**

The total estimated ECISD revenue losses of \$2,919,260 and Applicant tax savings of \$13,578,769 are based on the assumptions used in this report. The terms of these calculations are set in the Ch. 313 Agreement and will require the use of the concurrent year's school finance system, assessed taxable value of the project, school district level taxable values and tax rates, and school district student population data. Changes to any of these factors may result in revenue losses and company tax savings in different amounts than estimated in this report.

The Ch. 313 Agreement prepared by the Underwood Law Firm P.C. ensures that ECISD is protected against any loss in revenue and defines the supplemental payment allowing the district to share in the applicant's long-term tax savings. With the Ch. 313 Agreement in place, the proposed project is financially beneficial for both the Ector County Independent School District and the applicant GCC Permian LLC.

## Estimated Effects of the Ch. 313 Application from GCC Permian LLC Project upon the Finances of the Ector County Independent School District

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	School Year	Tax Year	Project Full Taxable Value (I&S Value)*	Project Limited Tax Value (M&O Value)	M&O Tax Rate#	M&O Taxes Paid Before Limitation	M&O Taxes Paid After Limitation	Tax Savings Before District Calculations	Estimate of Revenue Protection Payment	Net Tax Benefit	Supplemental Payment\$ (40%)	Total Company Tax Savings	
Qualifying Time Period	2022-2023	2022	\$0	\$0	\$1.0517	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Qualifying Time Period	2023-2024	2023	\$45,050,000	\$45,050,000	\$1.0517	\$473,791	\$473,791	\$0	\$0	\$0	\$0	\$0	
	2024-2025	2024	\$163,900,000	\$163,900,000	\$1.0517	\$1,723,736	\$1,723,736	\$0	\$0	\$0	\$0	\$0	
Value Limitation Period	2025-2026	2025	\$348,455,250	\$100,000,000	\$1.0517	\$3,664,704	\$1,051,700	\$2,613,004	-\$2,919,260	-\$306,256	\$0	-\$306,256	
	2026-2027	2026	\$324,063,383	\$100,000,000	\$1.0517	\$3,408,175	\$1,051,700	\$2,356,475	\$0	\$2,356,475	\$942,590	\$1,413,885	
	2027-2028	2027	\$301,378,946	\$100,000,000	\$1.0517	\$3,169,602	\$1,051,700	\$2,117,902	\$0	\$2,117,902	\$847,161	\$1,270,741	
	2028-2029	2028	\$280,282,420	\$100,000,000	\$1.0517	\$2,947,730	\$1,051,700	\$1,896,030	\$0	\$1,896,030	\$758,412	\$1,137,618	
	2029-2030	2029	\$260,662,650	\$100,000,000	\$1.0517	\$2,741,389	\$1,051,700	\$1,689,689	\$0	\$1,689,689	\$675,876	\$1,013,813	
	2030-2031	2030	\$242,416,265	\$100,000,000	\$1.0517	\$2,549,492	\$1,051,700	\$1,497,792	\$0	\$1,497,792	\$599,117	\$898,675	
	2031-2032	2031	\$225,447,126	\$100,000,000	\$1.0517	\$2,371,027	\$1,051,700	\$1,319,327	\$0	\$1,319,327	\$527,731	\$791,596	
	2032-2033	2032	\$209,665,827	\$100,000,000	\$1.0517	\$2,205,056	\$1,051,700	\$1,153,356	\$0	\$1,153,356	\$461,342	\$692,013	
	2033-2034	2033	\$194,989,219	\$100,000,000	\$1.0517	\$2,050,702	\$1,051,700	\$999,002	\$0	\$999,002	\$399,601	\$599,401	
	2034-2035	2034	\$181,339,974	\$100,000,000	\$1.0517	\$1,907,153	\$1,051,700	\$855,453	\$0	\$855,453	\$342,181	\$513,272	
Maintain Viable Presence	2035-2036	2035	\$168,646,176	\$168,646,176	\$1.0517	\$1,773,652	\$1,773,652	\$0	\$0	\$0	\$0	\$0	
	2036-2037	2036	\$156,840,944	\$156,840,944	\$1.0517	\$1,649,496	\$1,649,496	\$0	\$0	\$0	\$0	\$0	
	2037-2038	2037	\$145,862,077	\$145,862,077	\$1.0517	\$1,534,031	\$1,534,031	\$0	\$0	\$0	\$0	\$0	
	2038-2039	2038	\$135,651,732	\$135,651,732	\$1.0517	\$1,426,649	\$1,426,649	\$0	\$0	\$0	\$0	\$0	
	2039-2040	2039	\$126,156,111	\$126,156,111	\$1.0517	\$1,326,784	\$1,326,784	\$0	\$0	\$0	\$0	\$0	
<b>Totals</b>						<b>\$36,923,169</b>	<b>\$20,425,140</b>	<b>\$16,498,029</b>	<b>-\$2,919,260</b>	<b>\$13,578,769</b>	<b>\$5,554,010</b>	<b>\$8,024,759</b>	

### Summary of Estimated Ch. 313 Payments to Ector County ISD

<b>Total M&amp;O Taxes</b> \$20,425,140	<b>Total Revenue Protection Payment</b> \$2,919,260	<b>Total Supplemental Payment</b> \$5,554,010
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**NOTE:** The terms of these calculations are set in the Ch. 313 Agreement; however, each year's calculation during the limitation period requires the use of the concurrent year's school finance system, assessed taxable value of the project, school district level taxable values and tax rates, and school district student population data. These calculations are based upon the current school finance system as of the date of preparation below. Changes to any of these factors may result in revenue losses and company tax savings in different amounts than estimated in this document.

\*The project taxable values utilized here are based on those provided in the application submitted by the Company. Calculations made for active agreements during the value limitation period will be based upon the assessed value as determined by the county central appraisal district.

#The M&O tax rate used is based on the district's adopted 2021-2022 M&O tax rate. All future calculations will use the corresponding year's adopted M&O tax rate.

\$The supplemental payment shown represents 40% of the "Net Tax Benefit" as defined by the Agreement

**IMPORTANT:** You must provide a copy of this letter to the law firm working on the value limitation agreement. Please keep this letter with your district's records.

December 13, 2021

Tammy Hawkins, President  
Board of Trustees  
Ector County Independent School District  
PO Box 3912  
Odessa, TX 79760-3912

Dear President Hawkins:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed GCC Permian, LLC project #1652 on the number and size of school facilities in Ector County Independent School District (ECISD). Based on an examination of ECISD enrollment and the number of potential new jobs, the TEA has determined that the GCC Permian, LLC project should not have a significant impact on the number or size of school facilities in ECISD.

Please feel free to contact me by phone at (512) 463-8732 or by email at [amy.copeland@tea.texas.gov](mailto:amy.copeland@tea.texas.gov) if you have any questions.

Sincerely,



Amy Copeland  
Director of State Funding

Cc: Dr. Scott Muri, Superintendent


**Taxes**

Property Tax Assistance

**2020 ISD Summary Worksheet****068-Ector /Ector County****068-901/Ector County ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2020 WTD Mean Ratio</b>	<b>2020 PTAD Value Estimate</b>	<b>2020 Value Assessed</b>
<b>A - SINGLE-FAMILY</b>	7,099,373,352	0.9590	7,402,891,921	7,099,373,352
<b>B - MULTIFAMILY</b>	712,079,510	0.9121	780,703,333	712,079,510
<b>C1 - VACANT LOTS</b>	199,037,068	N/A	199,037,068	199,037,068
<b>C2 - COLONIAL LOTS</b>	0	N/A	0	0
<b>D1 ACRES - QUALIFIED OPEN-SPACE LAND</b>	3,187,791	0.5562	5,731,251	3,187,791
<b>D2 - FARM &amp; RANCH IMP</b>	8,460,319	N/A	8,460,319	8,460,319
<b>E - NON-AG LAND AND IMPROVEMENTS</b>	81,355,719	N/A	81,355,719	81,355,719
<b>F1 - COMMERCIAL REAL</b>	2,526,550,223	0.8937	2,827,067,498	2,526,550,223
<b>F2 - INDUSTRIAL REAL</b>	658,569,269	N/A	658,569,269	658,569,269
<b>G - ALL MINERALS</b>	1,442,600,517	1.0089	1,429,874,633	1,442,600,517
<b>J - ALL UTILITIES</b>	518,864,830	0.8421	616,155,837	518,864,830

<b>L1 - COMMERCIAL PERSONAL</b>	3,262,161,645	1.0140	3,217,121,938	3,262,161,645
<b>L2 - INDUSTRIAL PERSONAL</b>	138,326,247	N/A	138,326,247	138,326,247
<b>M1 - MOBILE HOMES</b>	480,906,911	N/A	480,906,911	480,906,911
<b>N - INTANGIBLE PERSONAL PROPERTY</b>	0	N/A	0	0
<b>O - RESIDENTIAL INVENTORY</b>	5,315,854	N/A	5,315,854	5,315,854
<b>S - SPECIAL INVENTORY</b>	105,009,538	N/A	105,009,538	105,009,538
<b>Subtotal</b>	17,241,798,793	0	17,956,527,336	17,241,798,793
<b>Less Total Deductions</b>	1,811,545,221	0	1,872,432,595	1,811,545,221
<b>Total Taxable Value</b>	15,430,253,572	0	16,084,094,741	15,430,253,572

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M & O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
15,691,223,115	15,430,253,572	15,199,514,638	14,938,545,095

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
260,969,543	491,708,477

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

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

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

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

### Value Taxable For I & S Purposes

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
15,753,224,271	15,492,254,728	15,261,515,794	15,000,546,251

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

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

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

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

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

### 068-901-02/Ector County ISD



<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2020 WTD Median Ratio</b>	<b>2020 PTAD Value Estimate</b>	<b>2020 Value Assigned</b>
<b>A - SINGLE-FAMILY</b>	7,099,373,352	0.9590	7,402,891,921	7,099,373,352
<b>B - MULTIFAMILY</b>	712,079,510	0.9121	780,703,333	712,079,510
<b>C1 - VACANT LOTS</b>	199,037,068	N/A	199,037,068	199,037,068
<b>C2 - COLONIAL LOTS</b>	0	N/A	0	0
<b>D1 ACRES - QUALIFIED OPEN-SPACE LAND</b>	3,187,791	0.5562	5,731,251	3,187,791
<b>D2 - FARM &amp; RANCH IMP</b>	8,460,319	N/A	8,460,319	8,460,319
<b>E - NON-AG LAND AND IMPROVEMENTS</b>	81,355,719	N/A	81,355,719	81,355,719
<b>F1 - COMMERCIAL REAL</b>	2,526,550,223	0.8937	2,827,067,498	2,526,550,223
<b>F2 - INDUSTRIAL REAL</b>	658,569,269	N/A	658,569,269	658,569,269
<b>G - ALL MINERALS</b>	1,442,600,517	1.0089	1,429,874,633	1,442,600,517
<b>J - ALL UTILITIES</b>	518,864,830	0.8421	616,155,837	518,864,830
<b>L1 - COMMERCIAL PERSONAL</b>	3,262,161,645	1.0140	3,217,121,938	3,262,161,645
<b>L2 - INDUSTRIAL PERSONAL</b>	138,326,247	N/A	138,326,247	138,326,247
<b>M1 - MOBILE HOMES</b>	480,906,911	N/A	480,906,911	480,906,911
<b>N - INTANGIBLE PERSONAL PROPERTY</b>	0	N/A	0	0

<b>O - RESIDENTIAL INVENTORY</b>	5,315,854	N/A	5,315,854	5,315,854
<b>S - SPECIAL INVENTORY</b>	105,009,538	N/A	105,009,538	105,009,538
<b>Subtotal</b>	17,241,798,793		17,956,527,336	17,241,798,793
<b>Less Total Deductions</b>	1,811,545,221		1,872,432,595	1,811,545,221
<b>Total Taxable Value</b>	15,430,253,572		16,084,094,741	15,430,253,572

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

### Value Taxable For M & O Purposes

<b>T1</b>	<b>T2</b>	<b>T3</b>	<b>T4</b>
15,691,223,115	15,430,253,572	15,199,514,638	14,938,545,095

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50 % of the loss to the Local Optional Percentage Homestead Exemption</b>
260,969,543	491,708,477

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

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

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

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

**Value Taxable For I & S Purposes**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>
15,753,224,271	15,492,254,728	15,261,515,794	15,000,546,251

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

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

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

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

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

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by and between

**ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**

and

**GCC PERMIAN, LLC**

*(Texas Taxpayer ID #32061586312)*

Comptroller Application #1652

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Dated

April 19, 2022

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

*STATE OF TEXAS* §

*COUNTY OF ECTOR* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **GCC PERMIAN, LLC**, Texas Taxpayer Identification Number 32061586312 hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

**RECITALS**

**WHEREAS**, on September 21, 2021, the Superintendent of Schools of the Ector County Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

**WHEREAS**, on September 21, 2021, the Board of Trustees has acknowledged receipt of the Application and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCGB (LOCAL), and agreed to consider the Application;

**WHEREAS**, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, the District and the Texas Comptroller’s Office have determined that the Application is complete and December 10, 2021 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

**WHEREAS**, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Ector County Appraisal District established in Ector County, Texas (the “Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

**WHEREAS**, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on March 9, 2022, issued a certificate for limitation on

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

**WHEREAS**, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, on April 19, 2022, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

**WHEREAS**, on April 19, 2022, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

**WHEREAS**, on April 19, 2022, pursuant to the provisions of 313.025(f-1) of the Texas Tax Code, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the Texas Tax Code;

**WHEREAS**, on April 11, 2022, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

**WHEREAS**, on April 19, 2022, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

## **ARTICLE I** **DEFINITIONS**

**Section 1.1 DEFINITIONS.** Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means **GCC PERMIAN, LLC**, (Texas Taxpayer ID # 32061586312), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on September 21, 2021. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Ector County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Ector County Independent School District.

“Commercial Operation” means the date on which the project described in the Application becomes commercially operational and capable of being placed into service, such that such project has been constructed and is capable of producing cement, ready-mixed concrete, and aggregates.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Ector County, Texas.

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

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means acts of God, war, fires, explosions, hurricanes, floods, pandemics, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each Party must inform the other in writing with proof of receipt within 60 business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.



“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.027 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

**Section 1.2 NEGOTIATED DEFINITIONS.** Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of this Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Additional Loss” shall have the same meaning as assigned to such term in Section 4.4 of this Agreement.

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

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Section 313.027(i) of the TEXAS TAX CODE. For purposes of this Agreement, and as further provided in Article VI herein, the amount of the Annual Limit shall be equal to the greater of \$50,000 or an amount calculated for each calendar year by multiplying the District's Average Daily Attendance, as calculated pursuant to Section 48.005 of the TEXAS EDUCATION CODE based upon the District's Average Daily Attendance for the 2020-21 school year certified by the Texas Comptroller (which the Parties agree is 29,754, rounded to the nearest whole number), times \$100. The Annual Limit shall first be computed for the first Tax Year (including any partial Tax Year) of the Qualifying Time Period, which commences under this Agreement as provided in Section 2.3.C.i.

“Applicable School Finance Law” means Chapters 48 and 49 of the TEXAS EDUCATION CODE, and other applicable provisions of the TEXAS EDUCATION CODE, the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE); Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to the District; and, the Constitution and general laws of the State applicable to the school districts of the State, including specifically, the applicable rules, regulations and interpretations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State; and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant's ad valorem tax obligation or the M&O Amount in Section 4.2 of this Agreement to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Applicant's Stipulated Supplemental Payment Amount” means, for purposes of Article VI, for any Tax Year during the term of this Agreement, an amount equal to forty percent (40%) of the “Net Tax Benefit,” as such term is defined in this Section 1.2, for such Tax Year.

“M&O Amount” means the revenue protection payment required as part of this Agreement as set out in TEXAS EDUCATION CODE Section 48.256(d) and shall have the meaning assigned to such term in Section 4.2 of the Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE, or other lawful authority, and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under the applicable provisions of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, as applicable, less (iii) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 49 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, as applicable.

“Net Tax Benefit” means, for purposes of Article VI, for any Tax Year during the term of this Agreement, an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such Tax Year if this Agreement had not been entered into by the Parties; minus (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due from Applicant to the District or any other governmental entity, including the State of Texas, for such Tax Year, plus (B) any payments due to the District under Section 4.2 of this Agreement for such Tax Year.

“New M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.ii of this Agreement.

“Original M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.i of this Agreement.

“Project” means an approximately 3,000 tons per day increased production capacity project at the Odessa, Texas facility to produce cement, ready mix concrete, and aggregates, as described in this Agreement and constituting the Qualified Investment and Qualified Property.

“Third Party Consultant” shall have the same meaning as assigned to such term in Section 4.5 of this Agreement.

**ARTICLE II**  
**AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

**Section 2.1. AUTHORITY.** This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

**Section 2.2. PURPOSE.** In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

**Section 2.3. TERM OF THE AGREEMENT.**

A. The Application Review Start Date for this Agreement is December 10, 2021, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is April 19, 2022.

C. The Qualifying Time Period for this Agreement:

- i. Starts on January 1, 2023, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE; and
- ii. Ends on December 31, 2024, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2025, the first complete Tax Year that begins after the end of Qualifying Time Period; and,
- ii. Ends on December 31, 2034.

E. The Final Termination Date for this Agreement is December 31, 2039.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

**Section 2.4. TAX LIMITATION.** So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been

terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. One Hundred Million Dollars (\$100,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.022(b) of the TEXAS TAX CODE.

**Section 2.5. TAX LIMITATION ELIGIBILITY.** In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of \$100,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$1,132 for all New Non-Qualifying Jobs created by the Applicant.

**Section 2.6. TAX LIMITATION OBLIGATIONS.** In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

**ARTICLE III**  
**QUALIFIED PROPERTY**

**Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.** At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

**Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.** The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

**Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.** The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.** In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date Commercial Operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

**Section 3.5. QUALIFYING USE.** The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as a manufacturing facility.

**ARTICLE IV**  
**PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF THE PARTIES.** Subject to the limitations contained in this Agreement (including Section 6.7), it is the intent of the Parties that the District shall, in accordance with the

provisions of Section 313.027(f)(1) of the TEXAS TAX CODE and Section 48.256(d) of the TEXAS EDUCATION CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue resulting, at least in part, because or on account of entering into this Agreement and application of the Tax Limitation set out in Section 2.4 to Applicant's Qualified Property. Payments for such loss shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement, IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCES TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT. Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of this Agreement, including without limitation any increase in the M&O Amount calculated under Section 4.2 to be paid to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Property.

The Parties expressly understand and agree that for all Tax Years to which the Tax Limitation amount set out in Section 2.4 is applied to Applicant's Qualified Property that is the subject of this Agreement, the calculation of negative financial consequences will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may periodically change in accordance with changes in Applicable School Finance Law. The Parties further agree that printouts and projections produced during the negotiations and approval of this Agreement are: (i) for illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party; (ii) based upon current Applicable School Finance Law which is subject to change by statute, by administrative regulation (or interpretation thereof), or by judicial decision at any time; and (iii) may change in future years to reflect changes in Applicable School Finance Law.

**Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT.** Subject to Section 6.7, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Approval Date and ending on the Final Termination Date (as set out in **EXHIBIT 5**), the "M&O Amount," shall be determined in compliance with Applicable School Finance Law in effect for such year and according to the following formula:

A. The M&O Amount owed by Applicant to District (also known as the revenue protection payment as set out in TEXAS EDUCATION CODE Section 48.256(d)) means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions:

- i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for such school year, calculated in accordance with TEXAS EDUCATION CODE Section 48.256(d), had this

Agreement not been entered into by the Parties and the Applicant's Qualified Property had been subject to the District's ad valorem maintenance and operations tax without any limitation on value at the rate applicable for such Tax Year. For purposes of this calculation, the Third Party Consultant (as defined in Section 4.5) will base its calculations upon (1) the total Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District for the District's maintenance and operations ad valorem tax purposes, save and except for the Applicant's Qualified Property subject to this Agreement, plus (2) the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's debt service (interest and sinking fund) ad valorem tax purposes (which total Taxable Values for the Applicant's Qualified Property subject to this Agreement shall be used in lieu of the total Taxable Values for such applicable Tax Year as certified by the Appraisal District for the Applicant's Qualified Property subject to this Agreement for the District's maintenance and operations ad valorem tax purposes).

- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for such school year, calculated in accordance with TEXAS EDUCATION CODE Section 48.256(d), with the Limitation Amount specified in Section 2.4 applied to Applicant's Qualified Property.

B. In making the calculations for the M&O Amount required by this Section 4.2 of this Agreement:

- i. The Taxable Value of property for each school year will be determined under Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for any year during the Tax Limitation Period under this Section 4.2, the New M&O Revenue will reflect the Tax Limitation Amount stated in Section 2.4 for such year.
- v. As applicable, the methodology for the calculations made under this Section 4.2 shall include the limited values as set forth in other existing limitation agreements, if any.

**Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE.** Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 6.7 of this Agreement, and in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State or another school district, pursuant to Chapter 49 of the TEXAS



EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, as applicable, because of the District's participation in this Agreement, Applicant shall make payments to District, up to the M&O Amount set forth in this Agreement that are necessary to offset any negative impact on the District as a result of its participation in this Agreement.

**Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES.** To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant shall also pay to or on behalf of the District on an annual basis all M&O Revenue losses, and other costs as they are incurred by the District that arise from entering this Agreement (the "Additional Loss"), including without limitation to: (a) any loss incurred by the District resulting from a judicial challenge to this Agreement; (b) any reasonable attorneys' fees or other costs incurred by the District due to any amendment, audit, legal defense, or enforcement of this Agreement brought by or against either party or person or entity, irrespective of whether or not this Agreement or any interpretation thereof by the District is ultimately determined to be valid; and (c) any non-reimbursed reasonable costs or fees incurred by the District and reasonably necessary to administer or maintain this Agreement, either directly or indirectly, including without limitation costs paid to the Appraisal District based on the values of the Qualified Property used for the District's debt service (interest and sinking fund) that exceeds the Tax Limitation Amount provided in Section 2.4 herein. Notwithstanding anything to the contrary in Section 4.8, payment for such Additional Loss shall be made by Applicant no later than 30 days following written notice that such Additional Loss is due and owing, together with supporting calculations by the Third Party Consultant and copies of invoices (redacted as needed) for any such non-reimbursed costs and fees paid.

**Section 4.5. CALCULATIONS TO BE MADE BY THIRD PARTY CONSULTANT.** All calculations under this Agreement shall be made annually by an independent third party consultant (the "Third Party Consultant") selected and appointed each year by the District.

**Section 4.6. DATA FOR CALCULATIONS.** The calculations for payments under this Agreement shall be initially based upon the valuations placed upon all taxable property in the District, including the Applicant's Qualified Property by the Ector County Appraisal District in its annual certified appraisal roll submitted to the District pursuant to TEXAS TAX CODE § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party Consultant selected under Section 4.5. The certified appraisal roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party Consultant to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party Consultant shall be adjusted from time-to-time by the Third Party Consultant to reflect actual amounts, subsequent adjustments by the Ector County Appraisal District to the District's certified appraisal roll, or any other changes in student counts, tax collections, or other applicable data.

**Section 4.7. DELIVERY OF CALCULATIONS.** On or before November 1 of each year for which this Agreement is effective, the Third Party Consultant appointed pursuant to Section 4.5 shall forward

to the Parties a certification containing the calculations required under Articles IV, V and VI of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party Consultant shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party Consultant's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party Consultant shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party Consultant shall preserve all documents pertaining to the calculation and fee for a period of four (4) years after payment. The Applicant shall not be liable for any of Third Party Consultant's costs resulting from a review or audit of the Third Party Consultant's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party Consultant pursuant to Section 4.8, if such fee is timely paid.

**Section 4.8. PAYMENT BY APPLICANT.** The Applicant shall pay any amount determined by the Third Party Consultant to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party Consultant for all calculations under this Agreement under Section 4.7, above, plus any unpaid amount due and owing under Section 4.4, or incurred by the District to its attorneys, auditors or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement application filed with or sent to the State of Texas which are, or may be, required under the terms or because of the execution of this Agreement. Notwithstanding the foregoing, for no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses to the Third Party Consultant under this Section 4.8 and Section 4.7, above, in excess of Fifteen Thousand Dollars (\$15,000.00). Except that, for any Tax Year outside of the Tax Limitation Period and for which the required Comptroller's Biennial Report is not due, Applicant shall not be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 which exceeds Seven Thousand Five Hundred Dollars (\$7,500). Payment for all amounts due and owing not made on or before the January 31 or any amount invoiced by or on behalf of the District and not paid within 30 days from the due date shall be considered delinquent. For delinquent payments, the Applicant shall be subject to penalty and interest in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE. Penalties on said amounts shall be calculated in accordance with Section 33.01(a) of the Texas Tax Code, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the Texas Tax Code, or its successor statute.

**Section 4.9. CHALLENGING CALCULATION RESULTS.** The Applicant may appeal the Third Party Consultant's results, in writing, within thirty (30) days of receipt of such results. The Third Party Consultant will issue a final determination of the calculations within fifteen (15) District business days of receiving Applicant's appeal. The Applicant may appeal the final determination of the

Third Party Consultant to the District within fifteen (15) District business days of its receipt, pursuant to District Policy GF (LOCAL). Applicant shall timely make all payments as required by this Agreement. Applicant's obligation under Section 4.8 to make payments to District pursuant to the Third Party Consultant's final determination shall not abate during an appeal of Third Party Consultant's final determination under this Section 4.9; provided, the District shall within thirty (30) days reimburse to Applicant the amount of any overpayment established by a final determination.

**Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.** If at the time the Third Party Consultant selected and appointed under Section 4.5 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved, the Third Party Consultant shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District. If as a result of an appeal the Taxable Value of the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party Consultant who shall immediately issue new calculations required by this Agreement for the applicable year or years using the new Taxable Value. Upon completion of the new calculations, the Third Party Consultant shall transmit the new calculations to the Parties. In the event the new calculations result in a change of any amount paid or payable by the Applicant under this Agreement, the Party owing funds to the other Party shall pay any amounts owed within thirty (30) days of receipt of the new calculations from the Third Party Consultant.

## **ARTICLE V**

### **PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES**

**Section 5.1. EXTRAORDINARY EXPENSES.** In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for the following:

All non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project proposed by the Applicant that are not directly funded in state aid formulas, including, without limitation, expenses for the purchase or lease of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Project.

**Section 5.2. PAYMENTS.** Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

## **ARTICLE VI**

### **SUPPLEMENTAL PAYMENTS**

**Section 6.1. SUPPLEMENTAL PAYMENTS.** Applicant shall make annual Supplemental Payments to

the District, as set out in this Article VI. The Supplemental Payments made to the District are in addition to any payments the District is entitled to receive under Articles IV and V. The Supplemental Payments to the District shall not exceed the Supplemental Payment Limitation set out in Section 6.6 below, starting with the first complete or partial year of the Qualifying Time Period, and continuing through the 3<sup>rd</sup> year following the end of the Tax Limitation Period.

**Section 6.2 ANNUAL CALCULATION OF APPLICANT'S STIPULATED SUPPLEMENTAL PAYMENT AMOUNT—SUBJECT TO AGGREGATE LIMIT.** For any Tax Year during the term of this Agreement, the District shall be entitled to receive Supplemental Payments that do not exceed the lesser of:

- A. the “Applicant's Stipulated Supplemental Payment Amount,” as such term is defined in Section 1.2. for such Tax Year; or,
- B. the “Aggregate Limit,” as such term is defined in Section 1.2, for such Tax Year.

**Section 6.3 ANNUAL CALCULATION OF APPLICANT'S STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.** The Parties agree that for each Tax Year of this Agreement, beginning with the first complete or partial year of the Qualifying Time Period, which commences under this Agreement as provided in Section 2.3.C.i, the Applicant's Stipulated Supplemental Payment Amount, described in Section 6.2, will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Minus*

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Multiplied by*

The District's maintenance and operations tax rate for such Tax Year, or the applicable school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

*Minus*

Any amounts previously paid to the District under Section 4.2 with respect to such Tax

Year:

*Multiplied by*

The number 0.40;

*Minus*

Any amounts previously paid to the District under this Article VI with respect to such Tax Year.

If the amount calculated above results in a negative number, then the Applicant's Stipulated Supplemental Payment Amount shall be zero. In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party Consultant described in Section 4.5, above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

**Section 6.4 CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT.** For each Tax Year of this Agreement beginning with the first complete or partial year of the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending on December 31<sup>st</sup> of the third Tax Year following the end of the Tax Limitation Period, the District shall not be entitled to receive Supplemental Payments, computed under Sections 6.1 through 6.6, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement, the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under Sections 6.1 through 6.6 for such Tax Year exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article VI, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of the third Tax Year following the end of the Tax Limitation Period because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

**Section 6.5 CALCULATION OF SUPPLEMENTAL PAYMENTS TO THE DISTRICT.**

A. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant, and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party Consultant selected and appointed pursuant to Section 4.5.

B. The calculations made by the Third Party Consultant shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.7.

C. The payment of all amounts due under this Article VI shall be made as set forth in Section 4.8.

**Section 6.6. SUPPLEMENTAL PAYMENT LIMITATION.** Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in Average Daily Attendance, as defined by Section 48.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C.i. and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant.

B. Supplemental Payments may only be made during the period starting with the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. The limitation in Section 6.6.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 48.005 of the TEXAS EDUCATION CODE, based upon the District's 2020-21 Average Daily Attendance of 29,754, rounded to the whole number.

**Section 6.7. ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning with the second Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V and VI, of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and

operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then such excess amount of payments otherwise due from the Applicant to the District under Articles IV, V and VI shall be deferred and carried forward from year to year, and to the extent not limited by this Section 6.7 in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. Subject to the requirements of Section 7.1, any such deferred and carried forward excess which cannot be paid to the District on or before the Final Termination Date of this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

**Section 6.8. OPTION TO TERMINATE AGREEMENT.** In the event that any payment otherwise due from the Applicant to the District under Section 4.2 or 4.3, Article V or Article VI of this Agreement with respect to a Tax Year is subject to a deferral in accordance with the provisions of Section 6.7, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a deferral under Section 6.7 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 6.8 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the deferral giving rise to the option occurred. Additionally, in the event that prior to the beginning of the Tax Limitation Period, the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, prior to the beginning of the Tax Limitation Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately upon giving such written notice to the District.

## **ARTICLE VII**

### **ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**Section 7.1. EFFECT OF OPTIONAL TERMINATION.** Upon the exercise of the option to terminate, pursuant to Section 6.7 regarding the annual limitation of payments and Section 6.8 regarding the option to terminate, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

**ARTICLE VIII**  
**ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 8.1. APPLICANT’S OBLIGATION TO MAINTAIN VIABLE PRESENCE.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

**Section 8.2. REPORTS.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller’s website and starting on the first such due date after the Application Approval Date.

**Section 8.3. COMPTROLLER’S REPORT ON CHAPTER 313 AGREEMENTS.** During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller’s report, as required by Section 313.032 of the TEXAS TAX CODE.

**Section 8.4. DATA REQUESTS.** Upon the written request of the District, the State Auditor’s Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations, or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

**Section 8.5. SITE VISITS AND RECORD REVIEW.** The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor’s Office to have reasonable access to the Applicant’s Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant’s Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than ninety-six (96) hours prior written notice, and will be conducted in such a manner so as not



to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

**Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.**

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with

those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

**Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.** The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

## **ARTICLE IX**

### **MATERIAL BREACH OR EARLY TERMINATION**

**Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.** The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

**Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and,

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a “Determination of Breach and Notice of Contract Termination”) and provide a copy to the Comptroller.

### **Section 9.3. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have thirty (30) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within thirty (30) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Ector County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Ector County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the thirty (30) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

### **Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.**

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 6.8 and 7.1 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the thirty (30) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

**Section 9.5. LIMITATION OF OTHER DAMAGES.** Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

**Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT.** Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make

\$100,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

**Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS.** Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

**Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS**

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

**ARTICLE X.**  
**MISCELLANEOUS PROVISIONS**

**Section 10.1. INFORMATION AND NOTICES.**

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

**To the District:**

Ector County Independent School District  
Attn: Dr. Scott Muri, Superintendent  
(or the successor Superintendent)  
802 N. Sam Houston  
Odessa, Texas 79760  
Phone #: (432) 456-9879  
Fax #: (432) 456-9878  
Email: scott.muri@ectorcountysd.org

**With a copy to:**

Underwood Law Firm, P.C.  
Attn: Fred Stormer  
500 South Taylor, LB 233, Suite 1200  
Amarillo, Texas 79101  
Phone #: (806) 379-0306  
Fax #: (806) 379-0316  
Email: fred.stormer@uwlaw.com

**And:**

Culwell Consulting, LLC  
Attn: Chris Grammer  
1303 Darter Lane  
Austin, Texas 78746  
Phone #: (512) 914-1328  
Email: chris@culwellconsulting.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:



**To Applicant:**

Luis Carlos Arias, Chief Financial Officer  
GCC Permian, LLC  
Calle Vicente Suarez y Sexta,  
Zona Industrial Nombre de Dias  
Chihuahua, Mexico 31105  
Phone: 52 (614) 442-3100  
Email: larias@gcc.com

**With a copy to:**

Carlos Lopez, Controller  
GCC Permian, LLC  
600 South Cherry Street, Suite 1000  
Glendale, Colorado 80246  
Phone: (303) 739-5981  
Email: clopezpe@gcc.com

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

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

**Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.**

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
  - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
  - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
  - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

### **Section 10.3. ASSIGNMENT.**

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

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

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

**Section 10.4. MERGER.** This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

**Section 10.5. GOVERNING LAW.** This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of

the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Ector County.

**Section 10.6. AUTHORITY TO EXECUTE AGREEMENT.** Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

**Section 10.7. SEVERABILITY.** If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term “Law” shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

**Section 10.8. PAYMENT OF EXPENSES.** Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

**Section 10.9. INTERPRETATION.**

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words “include,” “includes,” and “including” when used in this Agreement shall be deemed in such case to be followed by the phrase “, but not limited to,”. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

**Section 10.10. EXECUTION OF COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

**Section 10.11. PUBLICATION OF DOCUMENTS.** The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

**Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.** The Applicant shall immediately notify the District and the Comptroller's office in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

**Section 10.13. DUTY TO DISCLOSE.** If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

**Section 10.14. CONFLICTS OF INTEREST.**

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this

Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

**Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.** Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

**Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.**

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

- B. Delivery is deemed complete as follows:
- i. When delivered if delivered personally or sent by express courier service;
  - ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
  - iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
  - iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

*[signatures follow on next page]*

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this \_\_\_\_ day of \_\_\_\_\_, 2022.

**GCC PERMIAN, LLC**

**ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

**ATTEST:**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

*DRAFT*

## EXHIBIT 1

### DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

Ector County is a designated enterprise zone, based on poverty level. See link to Enterprise Zone Finder on this page <https://gov.texas.gov/business/page/texas-enterprise-zone-program> and map below.



**Agreement for Limitation on Appraised Value**  
Between Ector County ISD and GCC Permian, LLC  
(App. No. 1652), April 19, 2022  
Exhibit 1

*Texas Economic Development Act Agreement*  
*Comptroller Form 50-826 (October 2020)*

## EXHIBIT 1



**EXHIBIT 2**

**DESCRIPTION AND LOCATION OF LAND**

All Qualified Property owned by the Applicant is located within the boundaries of the project area, Ector County Independent School District, Ector County and the Enterprise Zone, as depicted in **EXHIBITS 1, 3 and 4.**

Draft

### EXHIBIT 3

#### APPLICANT'S QUALIFIED INVESTMENT

GCC Permian is proposing to add 3,000 tons per day production capacity at its existing Odessa, Texas facility. This proposed plant addition would be located in Ector County and entirely within Ector County ISD.

Below is a list of the major new equipment comprising this plant as follows:

- Limestone Storage
- Raw Mill
- Exhaust Gas Conditioning Equipment
- Raw Meal Silo
- Kiln Feed Equipment
- Preheater
- Kiln
- Cooler
- Bag House
- Clinker transport Equipment
- Cement Mill Feed Equipment
- Cement Mill
- Ammonia Injection Tank
- Compressors
- Electrical Switchgear and main electrical components
- Power Distribution Center
- Instrumentation equipment

Also included in this Agreement are all of the associated concrete foundations, new pipe supports, new intra-plant piping, new intra-plant conduit and connections, new control loops, new safety systems, new fire water protection, new insulation, new pollution control equipment and new utilities necessary to safely operate the new equipment.

# MAP OF QUALIFIED INVESTMENT



Agreement for Limitation on Appraised Value  
Between Ector County ISD and GCC Permian, LLC  
(App. No. 1652), April 19, 2022  
Exhibit 3

Texas Economic Development Act Agreement  
Comptroller Form 50-826 (October 2020)

## EXHIBIT 4

### DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

GCC Permian is proposing to add 3,000 tons per day production capacity at its existing Odessa, Texas facility. This proposed plant addition would be located in Ector County and entirely within Ector County ISD.

Below is a list of the major new equipment comprising this plant as follows:

- Limestone Storage
- Raw Mill
- Exhaust Gas Conditioning Equipment
- Raw Meal Silo
- Kiln Feed Equipment
- Preheater
- Kiln
- Cooler
- Bag House
- Clinker transport Equipment
- Cement Mill Feed Equipment
- Cement Mill
- Ammonia Injection Tank
- Compressors
- Electrical Switchgear and main electrical components
- Power Distribution Center
- Instrumentation equipment

Also included in this Agreement are all of the associated concrete foundations, new pipe supports, new intra-plant piping, new intra-plant conduit and connections, new control loops, new safety systems, new fire water protection, new insulation, new pollution control equipment and new utilities necessary to safely operate the new equipment.

MAP OF QUALIFIED PROPERTY



Agreement for Limitation on Appraised Value  
Between Ector County ISD and GCC Permian, LLC  
(App. No. 1652), April 19, 2022  
Exhibit 4

Texas Economic Development Act Agreement  
Comptroller Form 50-826 (October 2020)

**EXHIBIT 5  
AGREEMENT SCHEDULE**

	<b><u>Year of Agreement</u></b>	<b><u>Date of Appraisal</u></b>	<b><u>School Year</u></b>	<b><u>Tax Year</u></b>	<b><u>Summary Description</u></b>
Limitation Pre-Years	0	January 1, 2021	2021-22	2021	QTP Pre Year
	0	January 1, 2022	2022-23	2022	QTP Pre Year
	QTP 1	January 1, 2023	2023-24	2023	QTP year 1, begins January 1, 2023
	QTP 2	January 1, 2024	2024-25	2024	QTP year 2, ends December 31, 2024
Limitation Period (10 Years)	1	January 1, 2025	2025-26	2025	\$100 million appraisal limitation
	2	January 1, 2026	2026-27	2026	\$100 million appraisal limitation
	3	January 1, 2027	2027-28	2027	\$100 million appraisal limitation
	4	January 1, 2028	2028-29	2028	\$100 million appraisal limitation
	5	January 1, 2029	2029-30	2029	\$100 million appraisal limitation
	6	January 1, 2030	2030-31	2030	\$100 million appraisal limitation
	7	January 1, 2031	2031-32	2031	\$100 million appraisal limitation
	8	January 1, 2032	2032-33	2032	\$100 million appraisal limitation
	9	January 1, 2033	2033-34	2033	\$100 million appraisal limitation
	10	January 1, 2034	2034-35	2034	\$100 million appraisal limitation
Maintain a Viable Presence (5 Years)	11	January 1, 2035	2035-36	2035	No appraisal limitation; must maintain a viable presence
	12	January 1, 2036	2036-37	2036	No appraisal limitation; must maintain a viable presence
	13	January 1, 2037	2037-38	2037	No appraisal limitation; must maintain a viable presence
	14	January 1, 2038	2038-39	2038	No appraisal limitation; must maintain a viable presence
	15	January 1, 2039	2039-40	2039	No appraisal limitation; must maintain a viable presence

**Agreement for Limitation on Appraised Value**  
Between Ector County ISD and GCC Permian, LLC  
(App. No. 1652), April 19, 2022  
Exhibit 5

*Texas Economic Development Act Agreement  
Comptroller Form 50-826 (October 2020)*



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

April 11, 2022

Dr. Scott Muri  
Superintendent  
Ector County Independent School District  
802 North Sam Houston  
Odessa, Texas 79761

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and GCC Permian, LLC, Application 1652

Dear Superintendent Muri:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and GCC Permian, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at [desiree.caufield@cpa.texas.gov](mailto:desiree.caufield@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

DocuSigned by:

A handwritten signature in black ink, appearing to read "Will Counihan", is written over a blue DocuSign signature line.

8FDFG70F5753487...

Will Counihan

Director

Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.  
Luis Carlos, GCC Permian, LLC  
Carlos Lopez, GCC Permian, LLC  
Brandon Westlake, Cummings Westlake LLC



**CUMMINGS WESTLAKE**  
PROPERTY TAX ADVISORS

November 16, 2021

Dr. Scott Muri  
Superintendent, Ector County Independent School District  
802 North Sam Houston  
Odessa, TX 79761

**Re: Chapter 313 Jobs Waiver Request**

Dear Superintendent Muri,

GCC Permian, LLC requests that the Ector County Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Tax Code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

GCC Permian, LLC requests that the Board of Trustees make such a finding and waive the job creation requirement for 25 permanent jobs. The size of the project will increase capacity of the current facility; however, the industry standard for employment in this type of industry for this size of project is 5 employees. Accordingly, GCC Permian, LLC has committed to create five (5) total jobs for the project.

This number will vary depending on the operations and maintenance requirements of the equipment selected as well as the support and technical assistance offered by the equipment manufacturer. The permanent employees of a project maintain, and service the manufacturing equipment and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,

Sam A. Gregson  
Senior Consultant