

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

1POINTFIVE P1, LLC

Comptroller Application Number 1570

September 21, 2021

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 1POINTFIVE P1, LLC

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

PREAMBLE

On the 21st day of September, 2021, 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 1PointFive P1, LLC (“1PointFive” 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 1PointFive 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 16th day of February, 2021, the Board of Trustees for the Ector County Independent School District received an Application for Appraised Value Limitation on Qualified Property from 1PointFive, 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 new manufacturing plant, and specifically a direct air capture facility that will produce industrial grade carbon dioxide (CO₂) (the “Property”). *See* Application, §6.2.5, 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 and signed it on March 4, 2021, which was 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 March 4, 2021. The District on behalf of the Applicant, submitted revised applications pages for Amendment No. 01, dated March 30, 2021 (revised §§10 and 14; Tabs 2, 7, 8, 11, 13 and Schedule C), and the Comptroller issued its notice of completeness and determined the Application complete as of April 12, 2021, the Application Review Start Date. Thereafter, Applicant submitted Supplement No. 1, dated April 16, 2021 (Schedule B). The Application, Amendment No. 1 and Supplement No. 1 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of April 12, 2021, are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for 1PointFive P1, LLC is 32076631608. 1PointFive 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 on June 21, 2021 (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 and dated May 21, 2021, is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the 1PointFive 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 the Certificate Decision was issued. *See* the 2020 Preliminary Property Value Study Report, "2020 ISD Summary Worksheet" attached hereto as Attachment G; *see also* Attachment D.

The District's Board of Trustees, by resolution dated August 17, 2021, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until December 31, 2021. The Comptroller was provided notice of this extension, as set out under 34 Texas Administrative Code §9.1054(d). *See* Resolution authorizing extension of consideration period and notice to Applicant, collectively attached hereto as Attachment J.

After receipt of the completed Application, the District entered into negotiations with 1PointFive 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 Section 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 August 30, 2021, 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 1PointFive’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 C.

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 25th 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 25th Anniversary of Limitation Start

This [table] represents the Comptroller’s determination that 1PointFive P1, 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	\$2,494,207	\$2,494,207	\$0	\$0
	2023	\$6,279,172	\$8,773,379	\$0	\$0
	2024	\$7,821,929	\$16,595,308	\$0	\$0
Limitation Period (10 Years)	2025	\$1,054,700	\$17,650,008	\$6,454,352	\$6,454,352
	2026	\$1,054,700	\$18,704,708	\$6,141,475	\$12,595,827
	2027	\$1,054,700	\$19,759,408	\$5,828,598	\$18,424,425
	2028	\$1,054,700	\$20,814,108	\$5,515,721	\$23,940,145
	2029	\$1,054,700	\$21,868,808	\$5,202,843	\$29,142,988
	2030	\$1,054,700	\$22,923,508	\$4,889,966	\$34,032,955
	2031	\$1,054,700	\$23,978,208	\$4,577,089	\$38,610,044
	2032	\$1,054,700	\$25,032,908	\$4,264,212	\$42,874,255
	2033	\$1,054,700	\$26,087,608	\$3,951,335	\$46,825,590
	2034	\$1,054,700	\$27,142,308	\$3,638,458	\$50,464,048
Maintain Viable Presence (5 Years)	2035	\$4,380,280	\$31,522,588	\$0	\$50,464,048
	2036	\$4,067,403	\$35,589,992	\$0	\$50,464,048
	2037	\$3,754,526	\$39,344,518	\$0	\$50,464,048
	2038	\$3,441,649	\$42,786,167	\$0	\$50,464,048
	2039	\$3,128,772	\$45,914,938	\$0	\$50,464,048
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$2,815,895	\$48,730,833	\$0	\$50,464,048
	2041	\$2,503,017	\$51,233,850	\$0	\$50,464,048
	2042	\$2,190,140	\$53,423,991	\$0	\$50,464,048
	2043	\$1,877,263	\$55,301,254	\$0	\$50,464,048
	2044	\$1,564,386	\$56,865,640	\$0	\$50,464,048
	2045	\$1,564,386	\$58,430,026	\$0	\$50,464,048
	2046	\$1,564,386	\$59,994,412	\$0	\$50,464,048
	2047	\$1,564,386	\$61,558,797	\$0	\$50,464,048
	2048	\$1,564,386	\$63,123,183	\$0	\$50,464,048
	2049	\$1,564,386	\$64,687,569	\$0	\$50,464,048
		\$64,687,569	is greater than	\$50,464,048	
Analysis Summary					
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

Source: CPA, 1PointFive P1, LLC

See Attachment D (at Attachment B thereof).

Board Finding Number 3.

The Applicant will create twenty-five (25) 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 \$50,049 (\$962 per week)¹, an amount equal to at least 110% of the County average weekly wage for manufacturing jobs 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 4.

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 \$1,188.75 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.

Board Finding Number 5.

Applicant has viable options to locate the proposed manufacturing facility in locations other than Ector County ISD because Applicant's ability to negotiate, sell and process CO₂, utilize Federal Section 45Q tax credits, and generate and sell negative emissions credits are not limited to any particular state. 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 C.

In support of Finding Number 5, 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 1PointFive P1, LLC's decision to invest capital and construct the project in this state. This is based on information available, including

¹ The annual and weekly wages recited in the Comptroller's Economic Impact Analysis at Attachment D are rounded from the figures in §14 of the Application (\$50,048.90 annual wage and \$962.48 weekly wage).

information provided by the applicant. Specifically, the comptroller notes the following:

- Per 1PointFive P1, LLC in Tab 4 of their Application for a Limitation on Appraised Value:
 - A. “Occidental Petroleum (Oxy), a leading producer of traditional energy resources, and its subsidiary Oxy Low Carbon Ventures (OLCV) have recently formed a joint venture with private equity firm Rusheen Capital Management to finance and deploy large-scale Direct Air Capture (DAC) technology licensed from Carbon Engineering, a clean energy company focused on the commercialization of DAC technology, which captures carbon dioxide directly from the atmosphere.”
 - B. “The DAC facility will be built in or near one of several United States energy basins in which Oxy operates, within reasonable proximity to its existing enhanced oil recovery (EOR) operations, accessible pipeline infrastructure, and sufficient electric, natural gas, and water utilities.”
- Per 1PointFive P1, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “At this time, Oxy would be the primary recipient of CO2 offtake for sequestration. Because the Section 45Q and negative emissions credits are not specific to geographic location, the Project could be located anywhere in the United States and secure the necessary savings resulting from these programs.”
 - B. “Oxy and Oxy Low Carbon Ventures have a traditional energy production and carbon solutions footprint throughout the United States and the majority of their domestic assets are concentrated in the energy basins of Texas, New Mexico, Colorado, Wyoming, and Utah.”
 - C. “1PointFive is actively evaluating target sites in each of these jurisdictions and plans to site the proposed facility in the location that offers the best support for profitability and sustainability over the lifetime of the Project costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.”
 - D. “Property tax is one of the highest annual operating expenses and would be a significant ongoing liability throughout the life of the Project. A Chapter 313 value limitation from Ector County ISD would be critical to reducing up-front operating costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.”

See Attachment D, at Attachment C thereof.

Board Finding Number 6.

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 7.

The revenue gains that will be realized by the school district, if the Application is approved and the Project is built and operational, will be significant in the long term, with specific 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 \$741,625,975 to the tax base at the peak investment level for the 2024-25 school year (tax year 2024). See Attachment E at page 3. The Project remains fully taxable for debt services taxes during and after the Limitation Period, starting January 1, 2025 and ending December 31, 2034. 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 \$10,971,129. See Table of Estimated Effects of the Ch. 313 Application, Column 12, dated September 9, 2021 (“Estimated Effects Table”), at the last page of Attachment E, and Attachment H (Article VI).

Board Finding Number 8.

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 9.

Based on the District’s current tax rate, 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 the total amount of M&O taxes that would be imposed on the qualified property with the limitation on appraised value is estimated to be \$45,784,337. Id.

See also Attachment D.

Board Finding Number 10.

Based on the District’s current tax rate, 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 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 \$96,104,845. Id.

See also Attachment D.

Board Finding Number 11.

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 12.

The Applicant (Taxpayer Id. 32076631608) 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 13.

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 14.

Per Applicant's certification in its Application, there are no existing improvements located on the land for the project and no construction of Qualified Property has occurred. Construction is scheduled to begin in the second quarter of 2022.

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

Board Finding Number 15.

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 year 2025 (school year 2025-26) in the estimated amount of \$7,233,442. See Attachment E, 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 16.

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 17.

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 1PointFive'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 18.

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 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 21st day of September, 2021.

Ector County Independent School District

By _____
Signature

Printed Name and Title

Attest:

By _____
Signature

Printed Name and Title

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 June 10, 2021 Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 12, 2021

Scott Muri
Superintendent
Ector County Independent School District
PO Box 3912
Odessa, TX 79760

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Ector County Independent School District and 1Pointfive P1, LLC, Application 1570

Dear Superintendent Muri:

On March 4, 2021, the Comptroller's office received 1Pointfive P1, LLC's (applicant) application for a limitation on appraised value (Application 1570) from Ector County Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on April 12, 2021.

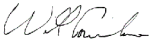
Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5- 5626 or at 512-475- 5626.

Sincerely,

DocuSigned by:


8FDFC70F5753487...
Will Counihan

Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Derek Willis, 1PointFive P1, LLC
Josh Barvin, Oxy Low Carbon Ventures, LLC
Michael Lateur, Duff & Phelps

Tab 1
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/. 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

February 16, 2021

Date Application Received by District

Scott

First Name

Muri

Last Name

Superintendent

Title

Ector County ISD

School District Name

802 N. Sam Houston

Street Address

P.O. Box 3912

Mailing Address

Odessa

City

Texas

State

79760

ZIP

(432) 456-9879

Phone Number

(432) 456-9878

Fax Number

N/A

Mobile Number (optional)

scott.muri@ectorcountysd.org

Email Address

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)

<u>Fred</u>	<u>Stormer</u>
First Name	Last Name
<u>Shareholder</u>	
Title	
<u>Underwood Law Firm, PC, DD</u>	
Firm Name	
<u>(806) 379-0306</u>	<u>N/A</u>
Phone Number	Fax Number
<u>N/A</u>	<u>fred.stormer@uwlaw.com</u>
Mobile Number (optional)	Email Address
	<u>March 4, 2021</u>

4. On what date did the district determine this application complete?

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

<u>Derek</u>	<u>Willis</u>
First Name	Last Name
<u>Vice President and Secretary</u>	<u>1PointFive P1, LLC</u>
Title	Organization
<u>5 Greenway Plaza, Suite 110</u>	
Street Address	
<u>5 Greenway Plaza, Suite 110</u>	
Mailing Address	
<u>Houston</u>	<u>TX</u>
City	State
<u>(713) 497-2556</u>	<u>N/A</u>
Phone Number	Fax Number
<u>N/A</u>	<u>Derek_Willis@oxy.com</u>
Mobile Number (optional)	Business Email Address
	<u>77046</u>
	ZIP

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.

<u>Josh</u>	<u>Barvin</u>
First Name	Last Name
<u>Business Development Manager</u>	<u>Oxy Low Carbon Ventures, LLC</u>
Title	Organization
<u>5 Greenway Plaza, Suite 110</u>	
Street Address	
<u>5 Greenway Plaza, Suite 110</u>	
Mailing Address	
<u>Houston</u>	<u>TX</u>
City	State
<u>(713) 840-3007</u>	<u>N/A</u>
Phone Number	Fax Number
<u>(832) 607-5092</u>	<u>Josh_Barvin@oxy.com</u>
Mobile Number (optional)	Business Email Address
	<u>77046</u>
	ZIP

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)

Michael _____ Lateur _____
 First Name Last Name
 Managing Director _____
 Title
 Duff & Phelps _____
 Firm Name
 (512) 671-5575 _____ N/A _____
 Phone Number Fax Number
 michael.lateur@duffandphelps.com _____
 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.

\$ 100,000.00 _____ Wire Transfer _____
 Payment Amount Transaction Type
 Duff & Phelps, LLC _____ Ector County Independent School District _____
 Payor Payee
 02/24/2021 _____
 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? _____ 1PointFive P1, LLC _____

2. Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter(17 digits) _____ 32076631608 _____

3. Parent Company Name _____ 1Point Five Inc. _____

4. Parent Company Tax ID _____ 86-2318741 _____

5. NAICS code _____ 325120 _____

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 Corporation _____

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

1PointFive P1, LLC

2c. Reporting Entity Taxpayer Number

32076631608

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? ... 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ... 3. Does the applicant have current business activities at the location where the proposed project will occur? ... 4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ... 5. Has the applicant received any local or state permits for activities on the proposed project site? ... 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ... 7. Is the applicant evaluating other locations not in Texas for the proposed project? ... 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ... 9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ... 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? ...

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 ... September 2021
2. Estimated commencement of construction ... Q2 2022
3. Beginning of qualifying time period (MM/DD/YYYY) ... 01/01/2022
4. First year of limitation (YYYY) ... 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
[x] C. January 1 following the commencement of commercial operations
5. Commencement of commercial operations ... Q4 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 [x] 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): Ector County ISD, 1.0547, 100% I&S (ISD): Ector County ISD, 0.1232, 100%
County: Ector County, 0.3650, 100% City: N/A
Hospital District: Ector County HD, 0.1500, 100% Water District: N/A
Other (describe): Odessa College, 0.1890, 100% Other (describe): N/A

SECTION 14: Wage and Employment Information

1. What is the number of new qualifying jobs you are committing to create? 25
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 \$ 1,187.75
 - b. Qualifying job wage minimum option §313.021(5)(A)
-110% of the average weekly wage for manufacturing jobs in the county is \$ 1,552.10
 - c. Qualifying job wage minimum option §313.021(5)(B)
-110% of the average weekly wage for manufacturing jobs in the region is \$ 962.48
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? \$ 50,048.90
7. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? \$ 50,048.90
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"> a) Project boundary and project vicinity, including county and school district boundaries 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 c) Qualified property including location of new buildings or new improvements d) Any existing property within the project area e) Any facilities owned or operated by the applicant having interconnections to the proposed project f) Location of project, and related nearby projects within vicinity map g) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: 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"> 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 establishing the reinvestment zone d) guidelines and criteria for creating the zone
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

Tab 2

Proof of Application Filing Fee Payment

Note regarding application received date and wire transfer date

The Ector County ISD Board meeting to accept the application was originally set for Tuesday, February 16 and the application was emailed to the District's representatives in advance to be submitted to the District on the meeting date. Therefore, February 16 is the submission date stated on the application. Monday, February 15 was a federal holiday for Presidents Day (observed), and banks and corporate offices were closed. Between February 14 and 15, Winter Storm Uri caused record-breaking cold temperatures in Texas and deposited massive amounts of snow and ice across the state, crippling transportation systems and causing rolling blackouts and catastrophic power failures of the state's electric grid. The School Board meeting for February 16 was cancelled and rescheduled for February 23, 2021. The subsequent damage from the winter storm to water and electric infrastructure, as well as sustained electricity service outages effectively displaced many members of the project team, who were not able to process payment for the project application until February 24, when economic development, consultant and company employees were all able to return to normal working conditions.

Transaction Details List View | Deposit Transactions

Post Date	Account Name	Account Number	Bank Code	Transaction Description	Amount	Bank Reference	Customer Reference	Transaction Detail
	General Fund	578638594	FBK	INCOMING MONEY TRANSFER	100,000.00			FROST BANK WIRE IN 21022405044/ SENDER=DUFF AND PHELPS LLC CVC AC/ BENE=ECTOR COUNTY INDEPENDENT SCHOOL/ ORIG TO BNF INFO=DUFF AND PHELPS INVOICE 202102 01/

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*)

Not Applicable

Tab 4

Detailed Description of the Project

Occidental Petroleum (Oxy), a leading producer of traditional energy resources, and its subsidiary Oxy Low Carbon Ventures (OLCV) have recently formed a joint venture with private equity firm Rusheen Capital Management to finance and deploy large-scale Direct Air Capture (DAC) technology licensed from Carbon Engineering, a clean energy company focused on the commercialization of DAC technology, which captures carbon dioxide directly from the atmosphere.

The purpose of the joint venture, named 1PointFive, will be to further OLCV's commitment to reducing the amount of carbon dioxide in the atmosphere by advancing and accelerating carbon capture, utilization, and storage (CCUS) technologies and projects around the world. The significance of the name 1PointFive is the joint venture's mission to achieve climate stabilization and limit global warming to 1.5°C (of which DAC technology is a critical component). Oxy and OLCV will be providing significant financial, operational, and engineering resources to 1PointFive.

As the combined corporate entity for OLCV and its partners' proposed investment, 1PointFive is planning the development of a DAC facility that would produce industrial-grade carbon dioxide gas (CO₂) for its own use, as well as the use of other potential off-takers with similar commercial applications. The DAC facility will be built in or near one of several United States energy basins in which Oxy operates, within reasonable proximity to its existing enhanced oil recovery (EOR) operations, accessible pipeline infrastructure, and sufficient electric, natural gas, and water utilities.

The new DAC facility (the Project) would be the first full-scale commercialization of Carbon Engineering's DAC technology anywhere in the world. The Project combines the operational expertise of Oxy and OLCV, and the innovative technology of Carbon Engineering to capture and permanently remove carbon dioxide directly from the atmosphere. The high-quality CO₂ product manufactured by the DAC facility would be used as industrial gas feedstock by Oxy in their traditional energy production process, specifically through downhole injection at their existing EOR sites, to permanently sequester high volumes of carbon dioxide in underground geological storage. Carbon Engineering's proprietary DAC technology is specifically designed to be deployed at a much larger scale than other DAC designs currently operating and demonstrates a significant advantage over less cost-competitive DAC technology developers and facilities.

The proven DAC technology used by the Project would manufacture a continuous stream of high-quality carbon dioxide gas through the process of heating, treating, and compressing atmospheric air using only carbon-free renewable electricity, natural gas, and water as system inputs. Using large fans to draw in ambient air, the system would use two principal chemical loops and industrial processing units to extract and purify the carbon dioxide components of the air input. The DAC system's two chemical loops are a caustic carbon dioxide capture loop and a solids carbon dioxide purification loop, operated by the carbon dioxide capture and caustic recovery equipment. The closed loop design effectively diminishes the need for material removal and make-up, as the products of each reaction become a reagent for another reaction within the DAC process. The major output streams of the DAC system are compressed CO₂ (for utilization) and CO₂-depleted air (discharged into the surrounding atmosphere).

There are four major process components associated with the proposed DAC facility:

- Air Contactor
- Pellet Reactor
- Pellet Calciner
- Slaker/Hydrator

Additional Project components would include, but not be limited to the following:

- Pellet Separator and Washing
- Pellet Dryer
- CO₂ Purifier and Compressor
- Cooling System
- Compressors
- Evaporators
- Pumps
- Electrical and Instrumentation Controls
- Piping
- Water Treatment Facility
- Buildings

The construction of the plant would include site preparation and earthworks, installation of foundations and supports, fabrication of major equipment and transportation to site, integration of modules and interconnecting works (i.e. piping, electrical, controls), erection of buildings and support infrastructure, utility interconnections, commissioning and start-up, production ramp-up, and handover to operations.

There is currently no existing industrial-scale, commercialized deployment of Carbon Engineering's DAC technology deployed anywhere in the world. Once constructed, 1PointFive's Project would become the world's largest DAC facility and carbon capture operation, processing and permanently sequestering approximately 500 kilotons of atmospheric CO₂ per year. The Project would also represent the first significant application for the coupling of DAC technology and EOR operations in the United States. The pairing of DAC technology and CO₂ sequestration through EOR operations would be a significant environmental commitment for the energy industry, providing a pathway for reduced carbon emissions from traditional energy production and the realization of an economically viable model for significant anthropogenic CO₂ sequestration through EOR operations.

The Project and its DAC technology deployment are expected to fundamentally alter the energy landscape by providing a pathway to decarbonize major carbon-emitting industries like fuel production, transportation, and construction. CO₂ credits generated by the plant would be sold into regulated markets like California's Low Carbon Fuel Standards (LCFS) market, as a low-carbon liquid fuel or as emissions offsets directly to corporations committed to decarbonization. Currently, low carbon fuel initiatives are being enacted all over the world, including major markets such as the United States' west coast, Canada, and South America. With countries, industries, and companies continuously looking to offset their CO₂ emissions, it is anticipated that by 2050 the carbon removal industry will be as large as the oil & gas industry is today.

Tab 5

Documentation to Assist in Determining if Limitation is a Determining Factor

The proposed Project would be the largest industrial-scale direct atmospheric air capture and carbon sequestration operation anywhere in the world. Given the wide applicability of Carbon Engineering's process, their DAC technology can be utilized by a variety of industrial and commercial users and could be located anywhere an adequate supply of utility inputs exist. The majority of the manufactured CO₂ from the Project would be permanently sequestered by Oxy's EOR operations but could also be utilized as a feedstock for many other products. The Project becomes more economically viable when there is access to competitively priced renewable electricity, natural gas, and water.

Additional factors that would impact the location and success of the Project include:

- Proximity to a qualified customer for CO₂
- Suitable topography, geotechnical, and logistical conditions
- Labor availability
- Supporting infrastructure
- Initial development costs and recurring tax liabilities
- Permitting and regulatory environment
- Ability to develop or obtain carbon-free electricity to power the facility

The profitability of the Project is dependent on four main factors:

- The ability to negotiate and sell processed CO₂ for permanent sequestration in enhanced oil recovery operations and other potential commercial off-takers
- The ability to utilize Federal Section 45Q tax credits
- The ability to generate and sell negative emissions credits (e.g. California's Low Carbon Fuel Standard)
- The ability to negotiate and secure economic development incentives

At this time, Oxy would be the primary recipient of CO₂ offtake for sequestration. Because the Section 45Q and negative emissions credits are not specific to geographic location, the Project could be located anywhere in the United States and secure the necessary savings resulting from these programs.

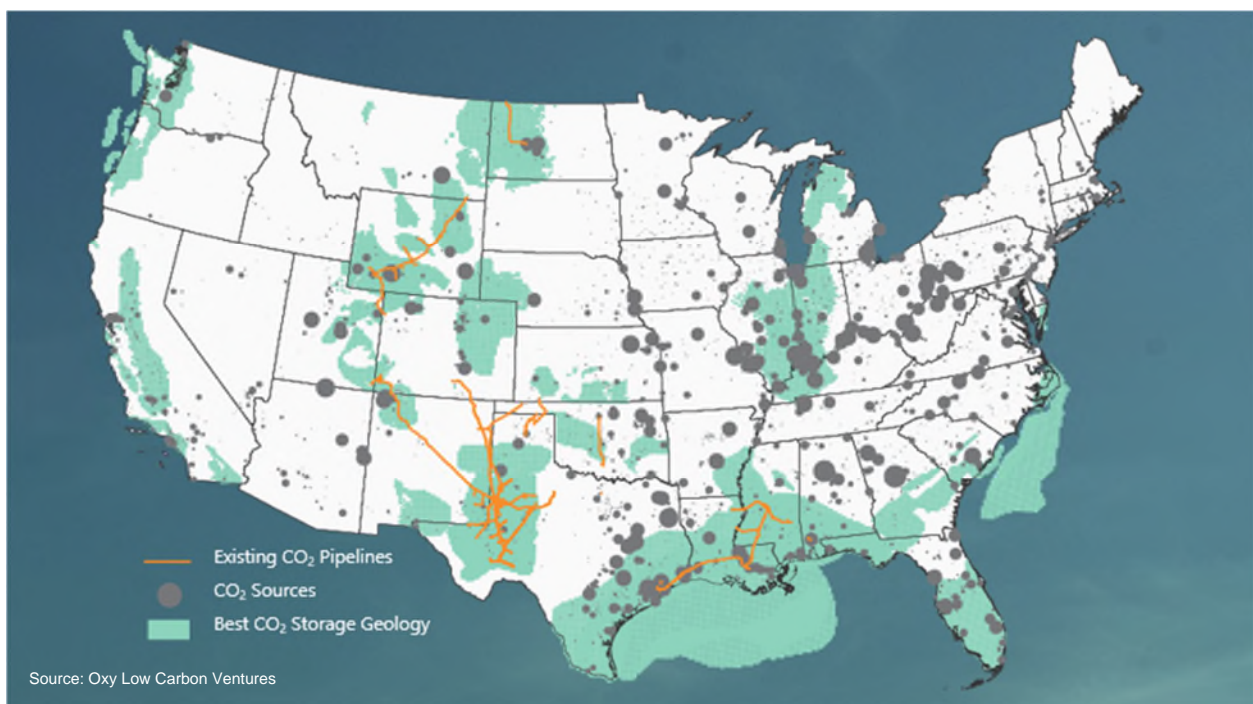
Oxy and Oxy Low Carbon Ventures have a traditional energy production and carbon solutions footprint throughout the United States and the majority of their domestic assets are concentrated in the energy basins of Texas, New Mexico, Colorado, Wyoming, and Utah. 1PointFive is actively evaluating target sites in each of these jurisdictions and plans to site the proposed facility in the location that offers the best support for profitability and sustainability over the lifetime of the Project.

Reducing the Project's ad valorem property tax liability and other significant financial impacts to the maximum extent possible is critical to the final investment decision. Property tax is one of the highest annual operating expenses and would be a significant ongoing liability throughout the life of the Project. A Chapter 313 value limitation from Ector County ISD would be critical to reducing up-front operating

costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.

The potential to develop industrial scale, cost effective CCUS operations exists anywhere there is a relatively short distance between carbon dioxide emission sources and saline formations or other types of aquifers that could be utilized for permanent CO₂ sequestration. If the proposed plan to capture, process and sequester CO₂ from atmospheric air proves prohibitively expensive to fully scale in Texas or other states with significant EOR operations, Oxy and its partners could explore other attractive alternatives to investing in DAC/EOR-coupled technologies.

The following map illustrates CO₂ sequestration hub development potential in the United States:



The potential to capture and sequester emissions from these sources is virtually unlimited, as approximately 2,700MM million tons per annum (MTPA) of CO₂ was emitted from U.S. industrial sources in 2018 and less than 15MM MTPA was captured and sequestered (a target of 110MM MTPA is only 4% of total).

Other CO₂ emissions sources such as ethanol plants make a strong case for the construction of carbon sequestration hubs in areas where plants are concentrated, as the cost of sequestration could be spread over a larger production volume. With the right combination of average pipeline distance, estimated capital investment, adequate geology, and minimum ethanol production volumes, OLCV and its partners could choose to dedicate their limited capital resources to the pursuit of other carbon neutralization opportunities with strong estimated returns on investment, including DAC facilities located at sequestration sites near ethanol production.

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)*

Not applicable

Tab 7**Description of Qualified Investment**

1PointFive's DAC facility, the largest of its kind in the world, would be capable of removing approximately 500 kilotons of atmospheric CO₂ per year. The Project would be constructed on approximately 1,600 acres at a site known as the Shoe Bar Ranch in Ector County and would be located entirely within the boundaries of Ector County Independent School District.

There are four major process components associated with the Project:

- Air Contactor
- Pellet Reactor
- Pellet Calciner
- Slaker/Hydrator

Eligible ancillary and necessary equipment would include the following:

- Pellet Separator and Washing
- Pellet Dryer
- CO₂ Purifier and Compressor
- Cooling System
- Compressors
- Evaporators
- Pumps
- Electrical and Instrumentation Controls
- New Piping
- Water Treatment Facility
- Operations, Maintenance, Measurement, and Monitoring Buildings

Additional equipment and components would be defined during detail design and procured by the EPCM contractor.

The construction of the plant would include site preparation and earthworks, installation of foundations and supports, fabrication of major equipment and transportation to site, integration of modules and interconnecting works (i.e. piping, electrical, controls), erection of buildings and support infrastructure, utility interconnections, commissioning and start-up, production ramp-up, and handover to operations.

Tab 8**Description of Qualified Property**

1PointFive's DAC facility, the largest of its kind in the world, would be capable of removing approximately 500 kilotons of atmospheric CO₂ per year. The Project would be constructed on approximately 1,600 acres at a site known as the Shoe Bar Ranch in Ector County and would be located entirely within the boundaries of Ector County Independent School District.

There are four major process components associated with the Project:

- Air Contactor
- Pellet Reactor
- Pellet Calciner
- Slaker/Hydrator

Eligible ancillary and necessary equipment would include the following:

- Pellet Separator and Washing
- Pellet Dryer
- CO₂ Purifier and Compressor
- Cooling System
- Compressors
- Evaporators
- Pumps
- Electrical and Instrumentation Controls
- New Piping
- Water Treatment Facility
- Operations, Maintenance, Measurement, and Monitoring Buildings

Additional equipment and components would be defined during detail design and procured by the EPCM contractor.

The construction of the plant would include site preparation and earthworks, installation of foundations and supports, fabrication of major equipment and transportation to site, integration of modules and interconnecting works (i.e. piping, electrical, controls), erection of buildings and support infrastructure, utility interconnections, commissioning and start-up, production ramp-up, and handover to operations.

Tab 9

Description of Land

The land on which this proposed project would be developed would **not** be claimed as part of the Qualified Property as described by Texas Statute 313.021(2)(A).

Tab 10

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

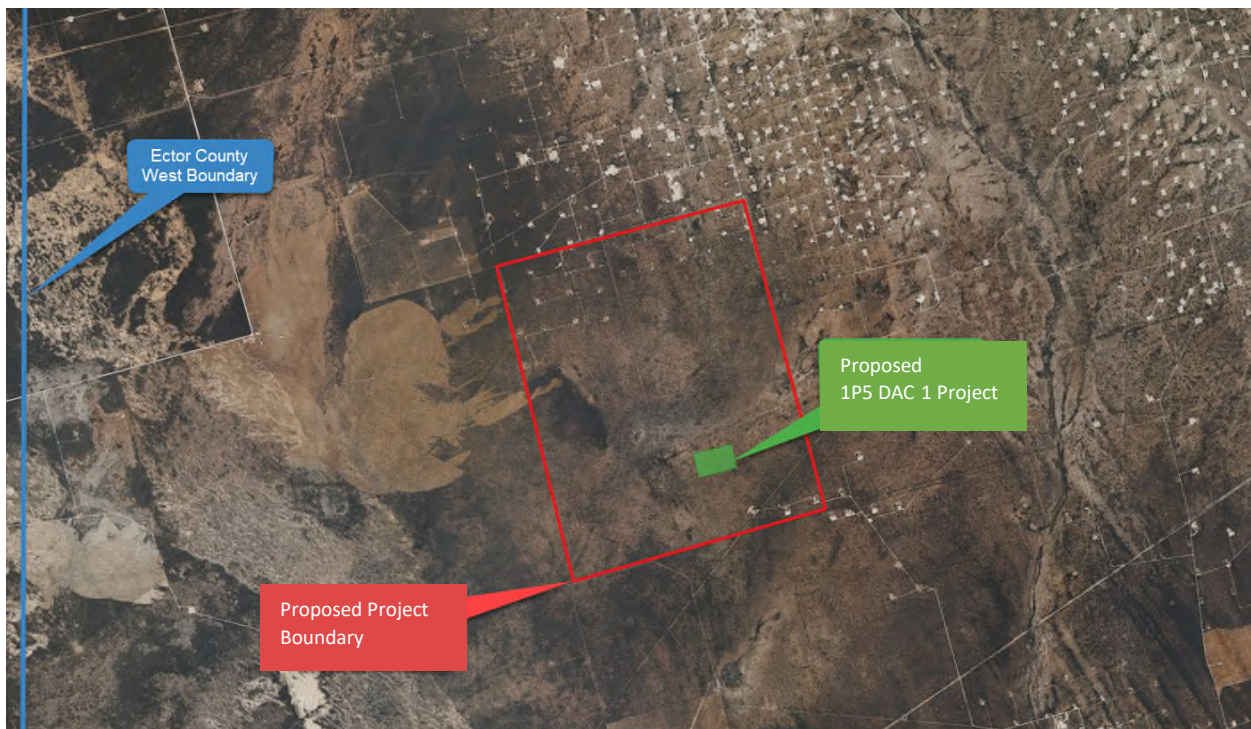
The land on which the Project would be developed would not be claimed as part of the Qualified Property.

Tab 11

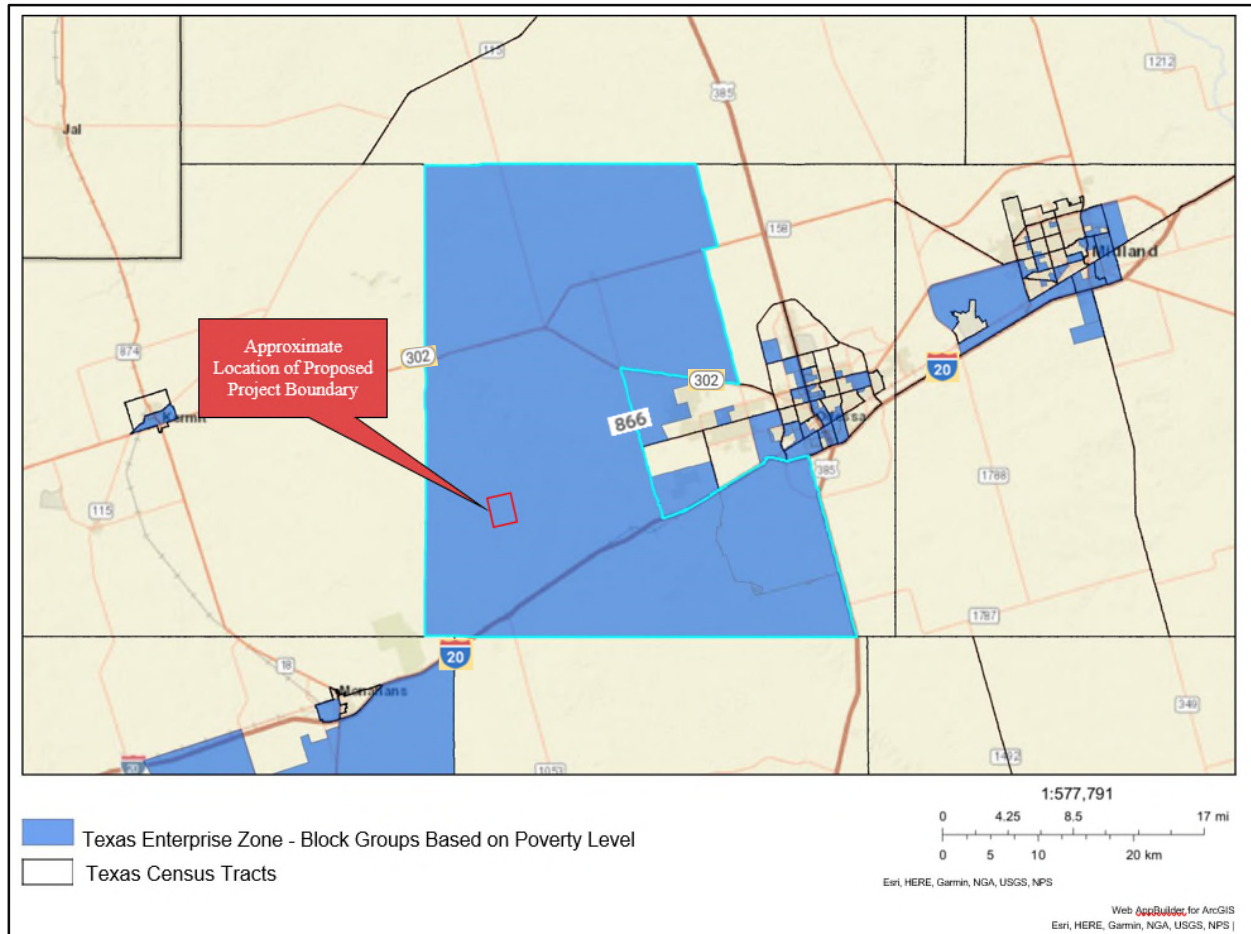
Maps that clearly show:

- a) **Project boundary and project vicinity, including county and school district boundaries**
- 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**
- c) **Qualified property including location of new buildings or new improvements**
- d) **Any existing property within the project area**
- e) **Any facilities owned or operated by the applicant having interconnections to the proposed project**
- f) **Location of project, and related nearby projects within vicinity map**
- g) **Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size**

1PointFive P1, LLC
Ch. 313 Application
Ector County ISD
3/30/21



1PointFive P1, LLC
Ch. 313 Application
Ector County ISD
3/30/21



Tab 12

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

Not applicable

Tab 13

**Calculation of non-qualifying wage target and two possible qualifying job wage requirements with
TWC documentation****Average Weekly Wages for All jobs, All Industries in Ector County (Four Most Recent Quarters)**

County	Year	Quarter	Ownership	Avg. Weekly Wage
Ector County	2019	4	Total All	1,275
Ector County	2020	1	Total All	1,249
Ector County	2020	2	Total All	1,134
Ector County	2020	3	Total All	1,093
Sum Last 4 Quarters				\$ 4,751
Average Weekly Wage				\$ 1187.75

Average Weekly Wages for Manufacturing Jobs in Ector County (Four Most Recent Quarters)

County	Year	Quarter	Ownership	Avg. Weekly Wage
Ector County	2019	4	Private	\$ 1,546
Ector County	2020	1	Private	\$ 1,466
Ector County	2020	2	Private	\$ 1,348
Ector County	2020	3	Private	\$ 1,284
Sum Last 4 Quarters				\$ 5,644
Average Weekly Wage				\$ 1,411
110 % Average Weekly Wage				\$ 1,552.10

Average Weekly Wages for Manufacturing Jobs in Council of Government Region (Most Recent Year)

COG Region	Year	Hourly	Annual	Avg. Weekly Wage
Permian Basin	2019	\$ 21.87	\$ 45,499	\$ 874.98
110 % Average Weekly Wage				\$ 962.48

*Backup documentation provided in following pages

Wage data as provided by Texas Workforce Commission

Year	Period	Area	Ownership	Industry	Average Weekly Wage
2019	04	Ector	Total All	Total, All Industries	1,275
2020	01	Ector	Total All	Total, All Industries	1,249
2020	02	Ector	Total All	Total, All Industries	1,134
2020	03	Ector	Total All	Total, All Industries	1,093

Year	Period	Area	Ownership	Industry	Average Weekly Wage
2019	04	Ector	Total All	Manufacturing	1,546
2020	01	Ector	Total All	Manufacturing	1,466
2020	02	Ector	Total All	Manufacturing	1,348
2020	03	Ector	Total All	Manufacturing	1,284

**2019 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
Panhandle Regional Planning Commission	1	\$22.31	\$46,399
South Plains Association of Governments	2	\$18.97	\$39,448
NORTEX Regional Planning Commission	3	\$20.38	\$42,395
North Central Texas Council of Governments	4	\$32.92	\$68,476
Ark-Tex Council of Governments	5	\$20.09	\$41,780
East Texas Council of Governments	6	\$28.95	\$60,211
West Central Texas Council of Governments	7	\$21.83	\$45,406
Rio Grande Council of Governments	8	\$18.15	\$37,749
Permian Basin Regional Planning Commission	9	\$21.87	\$45,499
Concho Valley Council of Governments	10	\$26.74	\$55,625
Heart of Texas Council of Governments	11	\$22.41	\$46,614
Capital Area Council of Governments	12	\$29.37	\$61,091
Brazos Valley Council of Governments	13	\$17.60	\$36,613
Deep East Texas Council of Governments	14	\$21.06	\$43,796
South East Texas Regional Planning Commission	15	\$25.52	\$53,079
Houston-Galveston Area Council	16	\$28.85	\$60,015
Golden Crescent Regional Planning Commission	17	\$21.43	\$44,565
Alamo Area Council of Governments	18	\$26.64	\$55,401
South Texas Development Council	19	\$18.70	\$38,889
Coastal Bend Council of Governments	20	\$34.94	\$72,668
Lower Rio Grande Valley Development Council	21	\$20.05	\$41,698
Texoma Council of Governments	22	\$18.40	\$38,280
Central Texas Council of Governments	23	\$21.07	\$43,821
Middle Rio Grande Development Council	24	\$22.74	\$47,296
Texas		\$27.25	\$56,673

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

Data published: August 2020.

Data published annually, next update will likely be July 31, 2021

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 Statistics (OES) 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)*

Date **2/16/2021**
 Applicant Name **1PointFive P1, LLC**
 ISD Name **Ector County ISD**

Form 50-296A
 Revised October 2020

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 tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings 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 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	Stub Year	2021-2022	2021	\$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				\$0	\$0	\$0	\$0	\$0
Complete tax years of qualifying time period	QTP1	2022-2023	2022	\$208,252,800	\$43,747,200	\$0	\$0	\$252,000,000
	QTP2	2023-2024	2023	\$315,684,800	\$66,315,200	\$0	\$0	\$382,000,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$523,937,600	\$110,062,400	\$0	\$0	\$634,000,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				\$634,000,000				

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 2/16/2021

Applicant Name 1PointFive P1, LLC

Form 50-296A

ISD Name Ector County ISD

Revised October 2020

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 tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will not 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*	QTP1 and QTP2	TOTALS FROM SCHEDULE A1		Enter amounts from TOTAL row in Schedule A1 in the row below				
				\$523,937,600	\$110,062,400	\$0	\$0	\$634,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	Gap Year	2024-2025	2024	\$146,272,800	\$30,727,200	\$0	\$0	\$177,000,000
Value limitation period***	1	2025-2026	2025	\$0	\$0	\$0	\$0	\$0
	2	2026-2027	2026	\$0	\$0	\$0	\$0	\$0
	3	2027-2028	2027	\$0	\$0	\$0	\$0	\$0
	4	2028-2029	2028	\$0	\$0	\$0	\$0	\$0
	5	2029-2030	2029	\$0	\$0	\$0	\$0	\$0
	6	2030-2031	2030	\$0	\$0	\$0	\$0	\$0
	7	2031-2032	2031	\$0	\$0	\$0	\$0	\$0
	8	2032-2033	2032	\$0	\$0	\$0	\$0	\$0
	9	2033-2034	2033	\$0	\$0	\$0	\$0	\$0
	10	2034-2035	2034	\$0	\$0	\$0	\$0	\$0
Total Investment made through limitation				\$670,210,400	\$140,789,600	\$0	\$0	\$811,000,000
Continue to maintain viable presence	11	2035-2036	2035			\$0		\$0
	12	2036-2037	2036			\$0		\$0
	13	2037-2038	2037			\$0		\$0
	14	2038-2039	2038			\$0		\$0
	15	2039-2040	2039			\$0		\$0
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2040-2041	2040			\$0		\$0
	17	2041-2042	2041			\$0		\$0
	18	2042-2043	2042			\$0		\$0
	19	2043-2044	2043			\$0		\$0
	20	2044-2045	2044			\$0		\$0
	21	2045-2046	2045			\$0		\$0
	22	2046-2047	2046			\$0		\$0
	23	2047-2048	2047			\$0		\$0
	24	2048-2049	2048			\$0		\$0
	25	2049-2050	2049			\$0		\$0

* 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)

Date **4/16/2021**
 Applicant Name **1PointFive P1, LLC**
 ISD Name Ector County ISD

App#1570_1PointFive P1, LLC_Ector County ISD_Supplement One_04-16-2021

Form 50-296A

Revised October 2020

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new 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>	QTP 1	2022-2023	2022	\$0	\$43,674,250	\$207,905,532	\$15,094,787	\$236,484,995	\$236,484,995
	QTP 2	2023-2024	2023	\$0	\$109,950,012	\$523,402,590	\$38,001,156	\$595,351,446	\$595,351,446
	Gap Year	2024-2025	2024	\$0	\$136,964,116	\$651,999,687	\$47,337,828	\$741,625,975	\$741,625,975
Value Limitation Period	1	2025-2026	2025	\$0	\$131,485,552	\$625,919,700	\$45,444,315	\$711,960,937	\$100,000,000
	2	2026-2027	2026	\$0	\$126,006,987	\$599,839,713	\$43,550,802	\$682,295,898	\$100,000,000
	3	2027-2028	2027	\$0	\$120,528,422	\$573,759,726	\$41,657,289	\$652,630,859	\$100,000,000
	4	2028-2029	2028	\$0	\$115,049,858	\$547,679,739	\$39,763,776	\$622,965,821	\$100,000,000
	5	2029-2030	2029	\$0	\$109,571,293	\$521,599,752	\$37,870,263	\$593,300,782	\$100,000,000
	6	2030-2031	2030	\$0	\$104,092,728	\$495,519,765	\$35,976,750	\$563,635,744	\$100,000,000
	7	2031-2032	2031	\$0	\$98,614,164	\$469,439,778	\$34,083,237	\$533,970,705	\$100,000,000
	8	2032-2033	2032	\$0	\$93,135,599	\$443,359,791	\$32,189,723	\$504,305,667	\$100,000,000
	9	2033-2034	2033	\$0	\$87,657,034	\$417,279,804	\$30,296,210	\$474,640,628	\$100,000,000
	10	2034-2035	2034	\$0	\$82,178,470	\$391,199,817	\$28,402,697	\$444,975,590	\$100,000,000
Continue to maintain viable presence	11	2035-2036	2035	\$0	\$76,699,905	\$365,119,830	\$26,509,184	\$415,310,551	\$415,310,551
	12	2036-2037	2036	\$0	\$71,221,340	\$339,039,843	\$24,615,671	\$385,645,513	\$385,645,513
	13	2037-2038	2037	\$0	\$65,742,776	\$312,959,856	\$22,722,158	\$355,980,474	\$355,980,474
	14	2038-2039	2038	\$0	\$60,264,211	\$286,879,869	\$20,828,645	\$326,315,435	\$326,315,435
	15	2039-2040	2039	\$0	\$54,785,647	\$260,799,882	\$18,935,132	\$296,650,397	\$296,650,397
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2040-2041	2040	\$0	\$49,307,082	\$234,719,895	\$17,041,619	\$266,985,358	\$266,985,358
	17	2041-2042	2041	\$0	\$43,828,517	\$208,639,908	\$15,148,106	\$237,320,320	\$237,320,320
	18	2042-2043	2042	\$0	\$38,349,953	\$182,559,921	\$13,254,592	\$207,655,281	\$207,655,281
	19	2043-2044	2043	\$0	\$32,871,388	\$156,479,934	\$11,361,079	\$177,990,243	\$177,990,243
	20	2044-2045	2044	\$0	\$27,392,823	\$130,399,947	\$9,467,566	\$148,325,204	\$148,325,204
	21	2045-2046	2045	\$0	\$27,392,823	\$130,399,947	\$9,467,566	\$148,325,204	\$148,325,204
	22	2046-2047	2046	\$0	\$27,392,823	\$130,399,947	\$9,467,566	\$148,325,204	\$148,325,204
	23	2047-2048	2047	\$0	\$27,392,823	\$130,399,947	\$9,467,566	\$148,325,204	\$148,325,204
	24	2048-2049	2048	\$0	\$27,392,823	\$130,399,947	\$9,467,566	\$148,325,204	\$148,325,204
	25	2049-2050	2049	\$0	\$27,392,823	\$130,399,947	\$9,467,566	\$148,325,204	\$148,325,204

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 3/30/2021
 Applicant Name 1PointFive P1, LLC
 ISD Name Ector County 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>	QTP 1	2022-2023	2022	1000	\$50,000	0	0	\$0
	QTP 2	2023-2024	2023	1000	\$50,000	0	0	\$0
	Gap Year	2024-2025	2024	1000	\$50,000	0	0	\$0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2025-2026	2025	0	\$0	0	25	\$50,048.90
	2	2026-2027	2026	0	\$0	0	25	\$50,048.90
	3	2027-2028	2027	0	\$0	0	25	\$50,048.90
	4	2028-2029	2028	0	\$0	0	25	\$50,048.90
	5	2029-2030	2029	0	\$0	0	25	\$50,048.90
	6	2030-2031	2030	0	\$0	0	25	\$50,048.90
	7	2031-2032	2031	0	\$0	0	25	\$50,048.90
	8	2032-2033	2032	0	\$0	0	25	\$50,048.90
	9	2033-2034	2033	0	\$0	0	25	\$50,048.90
	10	2034-2035	2034	0	\$0	0	25	\$50,048.90
Years Following Value Limitation Period	11 through 25	2035-2050	2049	0	\$0	0	25	\$50,048.90

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*)

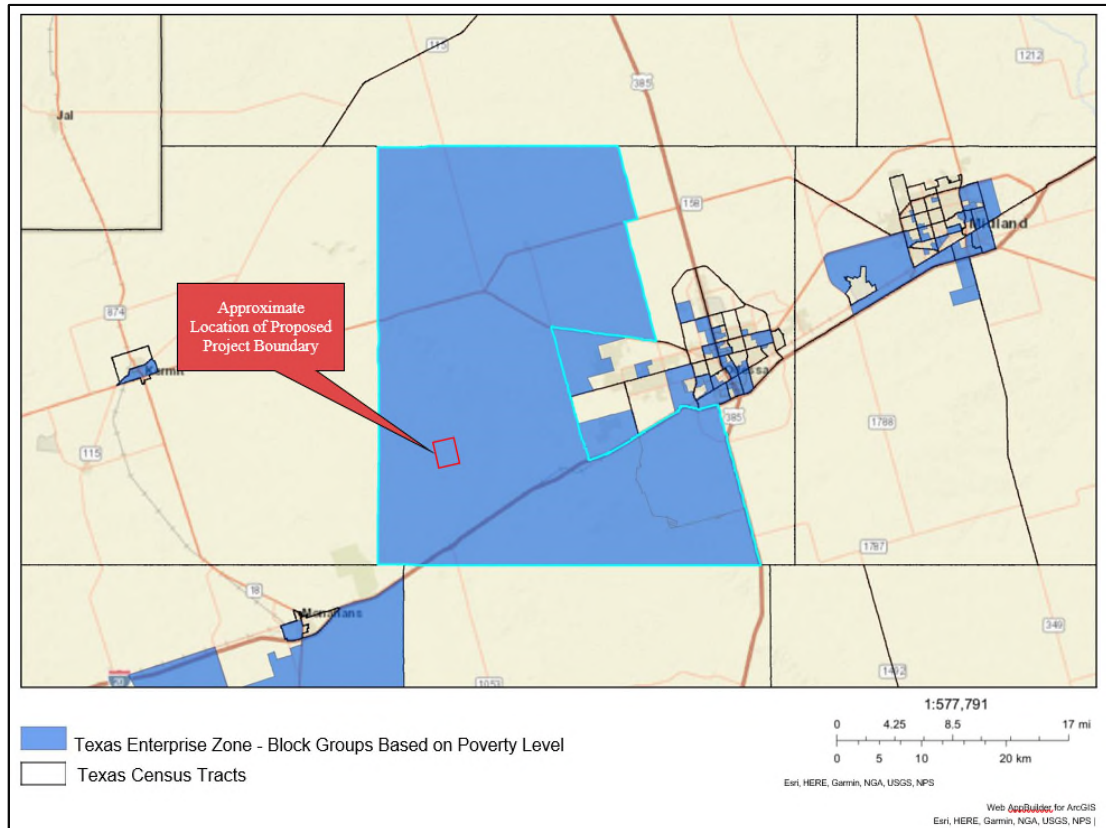
Not applicable

Tab 16

Description of Reinvestment or Enterprise Zone, including:

a) evidence that the area qualifies as an enterprise zone as defined by the Governor's Office

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) legal description of reinvestment zone

Not applicable

c) order, resolution or ordinance establishing the reinvestment zone

Not applicable

d) guidelines and criteria for creating the zone

Not applicable

Tab 17

**Signature and Certification page, signed and dated by Authorized School District
Representative and Authorized Company Representative (*applicant*)**

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.

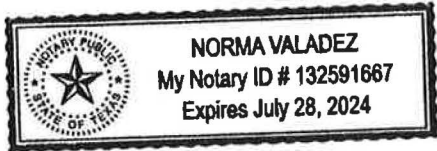
print here -> Scott Muri Superintendent
Print Name (Authorized School District Representative) Title
sign here -> [Signature] Date 3-4-2021
Signature (Authorized School District Representative)

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 -> Derek Willis Vice President and Secretary
Print Name (Authorized Company Representative (Applicant)) Title
sign here -> [Signature] Date 3/2/21
Signature (Authorized Company Representative (Applicant))



(Notary Seal)

GIVEN under my hand and seal of office this, the 2nd day of March 2021
[Signature]
Notary Public in and for the State of Texas
My Commission expires: 7/28/2024

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-A

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 -> Scott Muri
Print Name (Authorized School District Representative)

Superintendent
Title

sign here -> [Signature]
Signature (Authorized School District Representative)

4-1-21
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.

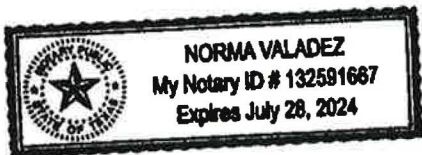
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here -> Derek Willis
Print Name (Authorized Company Representative (Applicant))

Vice President and Secretary
Title

sign here -> [Signature]
Signature (Authorized Company Representative (Applicant))

3/30/21
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

30th day of March, 2021

[Signature: Norma Valadez]
Notary Public in and for the State of Texas

My Commission expires: 7/28/2024

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 : 09/08/2021 12:50:22

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

1POINTFIVE P1, LLC	
Texas Taxpayer Number	32076631608
Mailing Address	PO BOX 300 TULSA, OK 74102-0300
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	11/10/2020
Texas SOS File Number	0803827489
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 21, 2021

Scott Muri
Superintendent
Ector County Independent School District
P.O. Box 3912
Odessa, TX 79760

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 1PointFive P1, LLC, Application 1570

Dear Superintendent Muri:

On April 12, 2021, the Comptroller issued written notice that 1PointFive P1, LLC (applicant) submitted a completed application (Application 1570) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on February 16, 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.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has committed 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 1570.

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).

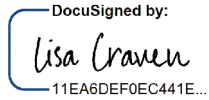
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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, 2021.

Note that any building or improvement existing as of the application review start date of April 12, 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 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 1PointFive P1, 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 1PointFive P1, LLC.

Applicant	1PointFive P1, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Ector County ISD
2019-2020 Average Daily Attendance	29,754
County	Ector
Proposed Total Investment in District	\$811,000,000
Proposed Qualified Investment	\$634,000,000
Limitation Amount	\$100,000,000
Qualifying Time Period (Full Years)	2022-2023
Number of new qualifying jobs committed to by applicant	25
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$962
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$962
Minimum annual wage committed to by applicant for qualified jobs	\$50,049
Minimum weekly wage required for non-qualifying jobs	\$1,188.75
Minimum annual wage required for non-qualifying jobs	\$61,815
Investment per Qualifying Job	\$32,440,000
Estimated M&O levy without any limit (15 years)	\$96,378,986
Estimated M&O levy with Limitation (15 years)	\$45,914,938
Estimated gross M&O tax benefit (15 years)	\$50,464,048

Table 2 is the estimated statewide economic impact of 1PointFive P1, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2022	1000	1,174	2,174	\$50,000,000	\$117,000,000	\$167,000,000
2023	1000	1,230	2230	\$50,000,000	\$138,000,000	\$188,000,000
2024	1000	1,241	2241	\$50,000,000	\$153,000,000	\$203,000,000
2025	25	202	227	\$1,251,223	\$45,748,778	\$47,000,000
2026	25	95	120	\$1,251,223	\$30,748,778	\$32,000,000
2027	25	14	39	\$1,251,223	\$19,748,778	\$21,000,000
2028	25	(13)	12	\$1,251,223	\$13,748,778	\$15,000,000
2029	25	(8)	17	\$1,251,223	\$11,748,778	\$13,000,000
2030	25	15	40	\$1,251,223	\$11,748,778	\$13,000,000
2031	25	43	68	\$1,251,223	\$13,748,778	\$15,000,000
2032	25	71	96	\$1,251,223	\$16,748,778	\$18,000,000
2033	25	96	121	\$1,251,223	\$19,748,778	\$21,000,000
2034	25	116	141	\$1,251,223	\$22,748,778	\$24,000,000
2035	25	124	149	\$1,251,223	\$23,748,778	\$25,000,000
2036	25	131	156	\$1,251,223	\$25,748,778	\$27,000,000
2037	25	135	160	\$1,251,223	\$27,748,778	\$29,000,000

Source: CPA REMI, 1PointFive P1, 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 ISD M&O and I&S Tax Levies	Ector County Tax Levy	Ector County Hospital Tax Levy	Odessa Junior College Tax Levy	Estimated Total Property Taxes
				0.1232	1.0547		0.3650	0.1500	0.1890	
2022	\$236,484,995	\$236,484,995		\$291,397	\$2,494,207	\$2,785,604	\$863,170	\$354,727	\$446,957	\$4,450,458
2023	\$595,351,446	\$595,351,446		\$733,592	\$6,279,172	\$7,012,764	\$2,173,033	\$893,027	\$1,125,214	\$11,204,038
2024	\$741,625,975	\$741,625,975		\$913,832	\$7,821,929	\$8,735,761	\$2,706,935	\$1,112,439	\$1,401,673	\$13,956,808
2025	\$711,960,937	\$711,960,937		\$877,278	\$7,509,052	\$8,386,330	\$2,598,657	\$1,067,941	\$1,345,606	\$13,398,535
2026	\$682,295,898	\$682,295,898		\$840,725	\$7,196,175	\$8,036,900	\$2,490,380	\$1,023,444	\$1,289,539	\$12,840,263
2027	\$652,630,859	\$652,630,859		\$804,172	\$6,883,298	\$7,687,469	\$2,382,103	\$978,946	\$1,233,472	\$12,281,991
2028	\$622,965,821	\$622,965,821		\$767,618	\$6,570,421	\$7,338,039	\$2,273,825	\$934,449	\$1,177,405	\$11,723,718
2029	\$593,300,782	\$593,300,782		\$731,065	\$6,257,543	\$6,988,609	\$2,165,548	\$889,951	\$1,121,338	\$11,165,446
2030	\$563,635,744	\$563,635,744		\$694,512	\$5,944,666	\$6,639,178	\$2,057,270	\$845,454	\$1,065,272	\$10,607,174
2031	\$533,970,705	\$533,970,705		\$657,959	\$5,631,789	\$6,289,748	\$1,948,993	\$800,956	\$1,009,205	\$10,048,901
2032	\$504,305,667	\$504,305,667		\$621,405	\$5,318,912	\$5,940,317	\$1,840,716	\$756,459	\$953,138	\$9,490,629
2033	\$474,640,628	\$474,640,628		\$584,852	\$5,006,035	\$5,590,887	\$1,732,438	\$711,961	\$897,071	\$8,932,357
2034	\$444,975,590	\$444,975,590		\$548,299	\$4,693,158	\$5,241,456	\$1,624,161	\$667,463	\$841,004	\$8,374,085
2035	\$415,310,551	\$415,310,551		\$511,746	\$4,380,280	\$4,892,026	\$1,515,884	\$622,966	\$784,937	\$7,815,812
2036	\$385,645,513	\$385,645,513		\$475,192	\$4,067,403	\$4,542,596	\$1,407,606	\$578,468	\$728,870	\$7,257,540
2037	\$355,980,474	\$355,980,474		\$438,639	\$3,754,526	\$4,193,165	\$1,299,329	\$533,971	\$672,803	\$6,699,268
2038	\$326,315,435	\$326,315,435		\$402,086	\$3,441,649	\$3,843,735	\$1,191,051	\$489,473	\$616,736	\$6,140,995
2039	\$296,650,397	\$296,650,397		\$365,533	\$3,128,772	\$3,494,304	\$1,082,774	\$444,976	\$560,669	\$5,582,723
			Total	\$11,259,902	\$96,378,986	\$107,638,888	\$33,353,873	\$13,707,071	\$17,270,910	\$171,970,742

Source: CPA, 1PointFive P1, 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 ISD M&O and I&S Tax Levies	Ector County Tax Levy	Ector County Hospital Tax Levy	Odessa Junior College Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1232	1.0547		0.3650	0.1500	0.1890	
2022	\$236,484,995	\$236,484,995		\$291,397	\$2,494,207	\$2,785,604	\$863,170	\$354,727	\$446,957	\$4,450,458
2023	\$595,351,446	\$595,351,446		\$733,592	\$6,279,172	\$7,012,764	\$2,173,033	\$893,027	\$1,125,214	\$11,204,038
2024	\$741,625,975	\$741,625,975		\$913,832	\$7,821,929	\$8,735,761	\$2,706,935	\$1,112,439	\$1,401,673	\$13,956,808
2025	\$711,960,937	\$100,000,000		\$877,278	\$1,054,700	\$1,931,978	\$2,598,657	\$1,067,941	\$1,345,606	\$6,944,183
2026	\$682,295,898	\$100,000,000		\$840,725	\$1,054,700	\$1,895,425	\$2,490,380	\$1,023,444	\$1,289,539	\$6,698,788
2027	\$652,630,859	\$100,000,000		\$804,172	\$1,054,700	\$1,858,872	\$2,382,103	\$978,946	\$1,233,472	\$6,453,393
2028	\$622,965,821	\$100,000,000		\$767,618	\$1,054,700	\$1,822,318	\$2,273,825	\$934,449	\$1,177,405	\$6,207,998
2029	\$593,300,782	\$100,000,000		\$731,065	\$1,054,700	\$1,785,765	\$2,165,548	\$889,951	\$1,121,338	\$5,962,603
2030	\$563,635,744	\$100,000,000		\$694,512	\$1,054,700	\$1,749,212	\$2,057,270	\$845,454	\$1,065,272	\$5,717,208
2031	\$533,970,705	\$100,000,000		\$657,959	\$1,054,700	\$1,712,659	\$1,948,993	\$800,956	\$1,009,205	\$5,471,812
2032	\$504,305,667	\$100,000,000		\$621,405	\$1,054,700	\$1,676,105	\$1,840,716	\$756,459	\$953,138	\$5,226,417
2033	\$474,640,628	\$100,000,000		\$584,852	\$1,054,700	\$1,639,552	\$1,732,438	\$711,961	\$897,071	\$4,981,022
2034	\$444,975,590	\$100,000,000		\$548,299	\$1,054,700	\$1,602,999	\$1,624,161	\$667,463	\$841,004	\$4,735,627
2035	\$415,310,551	\$415,310,551		\$511,746	\$4,380,280	\$4,892,026	\$1,515,884	\$622,966	\$784,937	\$7,815,812
2036	\$385,645,513	\$385,645,513		\$475,192	\$4,067,403	\$4,542,596	\$1,407,606	\$578,468	\$728,870	\$7,257,540
2037	\$355,980,474	\$355,980,474		\$438,639	\$3,754,526	\$4,193,165	\$1,299,329	\$533,971	\$672,803	\$6,699,268
2038	\$326,315,435	\$326,315,435		\$402,086	\$3,441,649	\$3,843,735	\$1,191,051	\$489,473	\$616,736	\$6,140,995
2039	\$296,650,397	\$296,650,397		\$365,533	\$3,128,772	\$3,494,304	\$1,082,774	\$444,976	\$560,669	\$5,582,723
			Total	\$11,259,902	\$45,914,938	\$57,174,840	\$33,353,873	\$13,707,071	\$17,270,910	\$121,506,694
			Diff	\$0	\$50,464,048	\$50,464,048	\$0	\$0	\$0	\$50,464,048

Assumes School Value Limitation.

Source: CPA, 1PointFive P1, 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 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that 1PointFive P1, 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	\$2,494,207	\$2,494,207	\$0	\$0
	2023	\$6,279,172	\$8,773,379	\$0	\$0
	2024	\$7,821,929	\$16,595,308	\$0	\$0
Limitation Period (10 Years)	2025	\$1,054,700	\$17,650,008	\$6,454,352	\$6,454,352
	2026	\$1,054,700	\$18,704,708	\$6,141,475	\$12,595,827
	2027	\$1,054,700	\$19,759,408	\$5,828,598	\$18,424,425
	2028	\$1,054,700	\$20,814,108	\$5,515,721	\$23,940,145
	2029	\$1,054,700	\$21,868,808	\$5,202,843	\$29,142,988
	2030	\$1,054,700	\$22,923,508	\$4,889,966	\$34,032,955
	2031	\$1,054,700	\$23,978,208	\$4,577,089	\$38,610,044
	2032	\$1,054,700	\$25,032,908	\$4,264,212	\$42,874,255
	2033	\$1,054,700	\$26,087,608	\$3,951,335	\$46,825,590
	2034	\$1,054,700	\$27,142,308	\$3,638,458	\$50,464,048
Maintain Viable Presence (5 Years)	2035	\$4,380,280	\$31,522,588	\$0	\$50,464,048
	2036	\$4,067,403	\$35,589,992	\$0	\$50,464,048
	2037	\$3,754,526	\$39,344,518	\$0	\$50,464,048
	2038	\$3,441,649	\$42,786,167	\$0	\$50,464,048
	2039	\$3,128,772	\$45,914,938	\$0	\$50,464,048
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$2,815,895	\$48,730,833	\$0	\$50,464,048
	2041	\$2,503,017	\$51,233,850	\$0	\$50,464,048
	2042	\$2,190,140	\$53,423,991	\$0	\$50,464,048
	2043	\$1,877,263	\$55,301,254	\$0	\$50,464,048
	2044	\$1,564,386	\$56,865,640	\$0	\$50,464,048
	2045	\$1,564,386	\$58,430,026	\$0	\$50,464,048
	2046	\$1,564,386	\$59,994,412	\$0	\$50,464,048
	2047	\$1,564,386	\$61,558,797	\$0	\$50,464,048
	2048	\$1,564,386	\$63,123,183	\$0	\$50,464,048
	2049	\$1,564,386	\$64,687,569	\$0	\$50,464,048
		\$64,687,569	is greater than	\$50,464,048	
Analysis Summary					
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

Source: CPA, 1PointFive P1, 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 1PointFive P1, 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 1PointFive P1, LLC in Tab 4 of their Application for a Limitation on Appraised Value:
 - A. “Occidental Petroleum (Oxy), a leading producer of traditional energy resources, and its subsidiary Oxy Low Carbon Ventures (OLCV) have recently formed a joint venture with private equity firm Rusheen Capital Management to finance and deploy large-scale Direct Air Capture (DAC) technology licensed from Carbon Engineering, a clean energy company focused on the commercialization of DAC technology, which captures carbon dioxide directly from the atmosphere.”
 - B. “The DAC facility will be built in or near one of several United States energy basins in which Oxy operates, within reasonable proximity to its existing enhanced oil recovery (EOR) operations, accessible pipeline infrastructure, and sufficient electric, natural gas, and water utilities.”
- Per 1PointFive P1, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “At this time, Oxy would be the primary recipient of CO2 offtake for sequestration. Because the Section 45Q and negative emissions credits are not specific to geographic location, the Project could be located anywhere in the United States and secure the necessary savings resulting from these programs.”
 - B. “Oxy and Oxy Low Carbon Ventures have a traditional energy production and carbon solutions footprint throughout the United States and the majority of their domestic assets are concentrated in the energy basins of Texas, New Mexico, Colorado, Wyoming, and Utah.”
 - C. “1PointFive is actively evaluating target sites in each of these jurisdictions and plans to site the proposed facility in the location that offers the best support for profitability and sustainability over the lifetime of the Project costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.”
 - D. “Property tax is one of the highest annual operating expenses and would be a significant ongoing liability throughout the life of the Project. A Chapter 313 value limitation from Ector County ISD would be critical to reducing up-front operating costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.”
- On May 24, 2021 the application provided the below responses to the following questions from the Chapter 313 program staff:
 - A. Comptroller Staff Question #1: “Section 8 Question #4, “Has the applicant made public statements in SEC filing or other documents regarding its intentions regarding its intentions regarding the proposed project location?” Is checked No. However, the attached articles include several statements[...]”

- B. Applicant Response #1: “Please see responses to each of the attachments you have shared. In all these articles, the Permian Basin was suggested as the place where Oxy could construct the first of these DAC facilities. The statements made by company representatives are intended to provide information to investors and potential tax equity partners and do not reflect final investment decisions. In no instances has a company representative indicated that Texas has been chosen for the investment of this new technology.
- Article 1: Occidental-backed Company: This article is unsourced as well as provides no direct quotes from any employee within Oxy. Many times people mistakenly refer to Texas as the Permian so our assumption would be that they assumed Permian means Texas. Without the company participating in the unsourced article we have no way to know where this intel was coming from. This article does reference the cost of carbon-removal technologies like DAC is high and they have yet to be deployed on a mass scale, which leads to incentives requests that have been made.
 - Article 2: Insider Q&A: It is well documented that Oxy has ambitious goals to commit to reducing the CO2 emissions and atmospheric carbon levels. CEO Vicki Hollub’s statement about the plans to build a direct air capture in the Permian as well as other areas of the world is consistent with previous ambitious plans to develop this technology to address climate change and create value for shareholders.
 - Article 3: Houston Inno: This article was written after our application was filed and made publicly available. Due to the requirements for applications to be made public by the comptroller’s office we have no control over what is subsequently written. The quotes in this article reaffirm the statements that the Permian is in consideration for this investment and equally important the quote indicates that securing financing is a necessary step. The financing team is awaiting the tax incentive process to be finalized prior to moving forward with project decisions. Moreover the article also references New Mexico as an attractive opportunity for the project and additional investment.
 - 2020 Annual Report: I do not see any mention to Direct Air Capture investments in Ector County, only the reference to existing EOR operations, however all annual reports contain forward looking statements within the meaning of “safe harbor”. See attached document indicating that one should not place undue reliance on expressed or implied forward-looking statements.”
- C. Comptroller Staff Question #2: “Tab 5 of the application predominately includes information regarding alternate state “target sites”. Please address the apparent conflict regarding proposed alternate locations of the project and the announcements that it will be located in Texas.”
- D. Applicant Response #2: “Ector County is the target site for Texas, other target sites have been identified in the competing states of NM, CO and WY (can’t disclose proxy sites in other states due to NDAs):
- DACs could be built in any or all of these states, depending on the best possible cost-benefit outcomes or our and Oxy’s combined analyses
 - Oxy could build a DAC in the Permian, including New Mexico to demonstrate proof of concept but build the majority of its DACs elsewhere, where costs are lower and EOR operations could receive the CO2 production, and other commercial/industrial off-takers could be part of the equation
 - The LCFS benefits and 45Q credits follow them into any US state
 - As a composite (taxes, workforce, real state, utilities, etc.), the Texas site only works if its property tax liabilities are competitive with other states under consideration and right now, in our cross-state analysis, Texas is the highest liability even when incentives are factored in New Mexico, one of the “Permian Basin” sites has a property tax liability approximately half that of the Texas site; not to mention Texas’s nearest competitor can offer an IRB that would abate property tax for 30 years”
- E. Comptroller Staff Question #3: “Please provide more information regarding how the Chapter 313 tax limitation would affect the economic feasibility of the project.”
- F. Applicant Response #3: “The economic feasibility is eroded if the 313 and 381 incentives are not included in the cost-benefit analysis and severely jeopardizes the ability for Texas to win the project investment, job creation and ancillary benefits. Overall we ask that the state should rely on the accurate data previously provided in the application and not what a third party reports or prints about the project.”

- On November 10, 2020 *Reuters* reported that Occidental announced a net-zero target for greenhouse gas emission. Vicki Hollub, Occidental's Chief Executive stated, "Occidental would finance development of the largest ever facility to pull carbon dioxide out of the atmosphere through a process known as direct air capture. Carbon dioxide from the Permian Basin oil field will be stored underground and used to increase pressure in the oil field and speed up production. The project will lower Occidental's oil recovery cost and allow it to partner with companies that need to lower their carbon footprint."
- The Oxy Occidental 2020 Annual Report included the following information:
 - A. "Oxy Low Carbon Ventures, LLC, a subsidiary of Occidental, and Rusheen Capital Management, a private equity firm, have formed a development company, 1PointFive, to finance and deploy Carbon Engineering's large-scale Direct Air Capture (DAC) technology. 1PointFive and Carbon Engineering have signed a licensing agreement enabling the commercial development of the world's largest DAC facility, a first step toward their aspiration to deliver this technology on an industrial scale throughout the United States."
 - B. "The formation of 1PointFive is a significant catalyst that will advance our plans to build the world's largest-scale DAC facility to remove substantial volumes of carbon dioxide emissions from the atmosphere," said Richard Jackson, Oxy Low Carbon Ventures President and Chairman of 1PointFive."
 - C. "As announced in May 2019, the engineering and design for the first facility to be built through this agreement is already underway. Today, the companies released a 'first look' at the design of the plant which, when operational, will be the largest DAC plant in the world, capturing up to one million metric tons of atmospheric CO₂ annually. Currently, the world's largest individual DAC facilities have the capacity to capture several thousand tons of CO₂ per year."
 - D. "The facility will have a land footprint of approximately 100 acres. More than 25,000 hours of Carbon Engineering, Oxy Low Carbon Ventures, and contractor time has been completed on the design and development work so far. The final Front-End Engineering Design for the facility is slated to begin in the first quarter of 2021 with construction expected to start in 2022."
- A March 21, 2021 AP News article, "*Insider Q&A: Occidental wants to be Tesla of carbon capture*," Vicki Hollub, CEO of Occidental Petroleum, answered the following questions:
 - A. "Hollub has invested an undisclosed amount developing a new direct air capture facility that can remove a million metric tons of carbon dioxide from the atmosphere per year; that's compared to thousands of tons per year that most current direct air capture plants remove."
 - B. "Hollub plans to build many more facilities, selling the carbon and what she calls carbon-neutral or carbon-negative oil."
 - C. "The barriers right now are those who are so doubtful of the process and the benefits it's going to provide," Hollub said. "Some talk about the cost being too high, but just like solar and wind, the more we build, the more the cost will come down."
- On August 10, 2020 *Reuters* reported the following:
 - A. "A new venture backed by U.S. oil and gas producer Occidental Petroleum Corp will develop the largest ever facility to pull carbon dioxide out of the atmosphere through a process known as direct air capture, the companies said on Wednesday."
 - B. "The new company, 1PointFive, will develop a facility located on 100 acres in Texas' Permian Basin. It aims to capture up to 1 million metric tons of carbon dioxide from the atmosphere a year, the companies said in a joint statement."
 - C. "Construction will begin in 2022, allowing time to improve plant design and reduce costs. The project will seek financing in the market."
 - D. "The project will benefit from a federal tax credit designed to spur investment in carbon capture and sequestration projects."
- On April 15, 2021 *The Business Journals* Houston Innovation website reported the following:
 - A. "Occidental subsidiary Oxy Low Carbon Ventures and private equity firm Rusheen Capital make up the joint venture developing the world's first commercial-scale direct air capture project. Richard Jackson, president of operations for U.S. onshore resources and carbon management for Oxy, said much of this year will be devoted to the front-end engineering and design of the 1PointFive facility. The joint venture plans to close financing and begin construction in 2022."
 - B. "Earlier this year, 1PointFive selected Australian engineering firm Worley to handle the front-end engineering and design work for the plant. Many more partners will be needed to complete development, Jackson said."

- C. "This probably won't be the only time Oxy considers building a DAC plant in the Permian Basin. Being able to put these plants next to existing pipeline and reservoir infrastructure is critical that the CO2 can be permanently sequestered, Jackson said. For that reason, the Permian region in West Texas and New Mexico present attractive opportunities for additional projects."

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? ... 2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ... 3. Does the applicant have current business activities at the location where the proposed project will occur? ... 4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ... 5. Has the applicant received any local or state permits for activities on the proposed project site? ... 6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ... 7. Is the applicant evaluating other locations not in Texas for the proposed project? ... 8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ... 9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ... 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? ...

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 ... September 2021
2. Estimated commencement of construction ... Q2 2022
3. Beginning of qualifying time period (MM/DD/YYYY) ... 01/01/2022
4. First year of limitation (YYYY) ... 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 ... Q4 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 [x] 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): Ector County ISD, 1.0547, 100% I&S (ISD): Ector County ISD, 0.1232, 100%
County: Ector County, 0.3650, 100% City: N/A
Hospital District: Ector County HD, 0.1500, 100% Water District: N/A
Other (describe): Odessa College, 0.1890, 100% Other (describe): N/A

Supporting Information

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

Tab 4

Detailed Description of the Project

Occidental Petroleum (Oxy), a leading producer of traditional energy resources, and its subsidiary Oxy Low Carbon Ventures (OLCV) have recently formed a joint venture with private equity firm Rusheen Capital Management to finance and deploy large-scale Direct Air Capture (DAC) technology licensed from Carbon Engineering, a clean energy company focused on the commercialization of DAC technology, which captures carbon dioxide directly from the atmosphere.

The purpose of the joint venture, named 1PointFive, will be to further OLCV's commitment to reducing the amount of carbon dioxide in the atmosphere by advancing and accelerating carbon capture, utilization, and storage (CCUS) technologies and projects around the world. The significance of the name 1PointFive is the joint venture's mission to achieve climate stabilization and limit global warming to 1.5°C (of which DAC technology is a critical component). Oxy and OLCV will be providing significant financial, operational, and engineering resources to 1PointFive.

As the combined corporate entity for OLCV and its partners' proposed investment, 1PointFive is planning the development of a DAC facility that would produce industrial-grade carbon dioxide gas (CO₂) for its own use, as well as the use of other potential off-takers with similar commercial applications. The DAC facility will be built in or near one of several United States energy basins in which Oxy operates, within reasonable proximity to its existing enhanced oil recovery (EOR) operations, accessible pipeline infrastructure, and sufficient electric, natural gas, and water utilities.

The new DAC facility (the Project) would be the first full-scale commercialization of Carbon Engineering's DAC technology anywhere in the world. The Project combines the operational expertise of Oxy and OLCV, and the innovative technology of Carbon Engineering to capture and permanently remove carbon dioxide directly from the atmosphere. The high-quality CO₂ product manufactured by the DAC facility would be used as industrial gas feedstock by Oxy in their traditional energy production process, specifically through downhole injection at their existing EOR sites, to permanently sequester high volumes of carbon dioxide in underground geological storage. Carbon Engineering's proprietary DAC technology is specifically designed to be deployed at a much larger scale than other DAC designs currently operating and demonstrates a significant advantage over less cost-competitive DAC technology developers and facilities.

The proven DAC technology used by the Project would manufacture a continuous stream of high-quality carbon dioxide gas through the process of heating, treating, and compressing atmospheric air using only carbon-free renewable electricity, natural gas, and water as system inputs. Using large fans to draw in ambient air, the system would use two principal chemical loops and industrial processing units to extract and purify the carbon dioxide components of the air input. The DAC system's two chemical loops are a caustic carbon dioxide capture loop and a solids carbon dioxide purification loop, operated by the carbon dioxide capture and caustic recovery equipment. The closed loop design effectively diminishes the need for material removal and make-up, as the products of each reaction become a reagent for another reaction within the DAC process. The major output streams of the DAC system are compressed CO₂ (for utilization) and CO₂-depleted air (discharged into the surrounding atmosphere).

There are four major process components associated with the proposed DAC facility:

- Air Contactor
- Pellet Reactor
- Pellet Calciner
- Slaker/Hydrator

Additional Project components would include, but not be limited to the following:

- Pellet Separator and Washing
- Pellet Dryer
- CO₂ Purifier and Compressor
- Cooling System
- Compressors
- Evaporators
- Pumps
- Electrical and Instrumentation Controls
- Piping
- Water Treatment Facility
- Buildings

The construction of the plant would include site preparation and earthworks, installation of foundations and supports, fabrication of major equipment and transportation to site, integration of modules and interconnecting works (i.e. piping, electrical, controls), erection of buildings and support infrastructure, utility interconnections, commissioning and start-up, production ramp-up, and handover to operations.

There is currently no existing industrial-scale, commercialized deployment of Carbon Engineering's DAC technology deployed anywhere in the world. Once constructed, 1PointFive's Project would become the world's largest DAC facility and carbon capture operation, processing and permanently sequestering approximately 500 kilotons of atmospheric CO₂ per year. The Project would also represent the first significant application for the coupling of DAC technology and EOR operations in the United States. The pairing of DAC technology and CO₂ sequestration through EOR operations would be a significant environmental commitment for the energy industry, providing a pathway for reduced carbon emissions from traditional energy production and the realization of an economically viable model for significant anthropogenic CO₂ sequestration through EOR operations.

The Project and its DAC technology deployment are expected to fundamentally alter the energy landscape by providing a pathway to decarbonize major carbon-emitting industries like fuel production, transportation, and construction. CO₂ credits generated by the plant would be sold into regulated markets like California's Low Carbon Fuel Standards (LCFS) market, as a low-carbon liquid fuel or as emissions offsets directly to corporations committed to decarbonization. Currently, low carbon fuel initiatives are being enacted all over the world, including major markets such as the United States' west coast, Canada, and South America. With countries, industries, and companies continuously looking to offset their CO₂ emissions, it is anticipated that by 2050 the carbon removal industry will be as large as the oil & gas industry is today.

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

The proposed Project would be the largest industrial-scale direct atmospheric air capture and carbon sequestration operation anywhere in the world. Given the wide applicability of Carbon Engineering's process, their DAC technology can be utilized by a variety of industrial and commercial users and could be located anywhere an adequate supply of utility inputs exist. The majority of the manufactured CO₂ from the Project would be permanently sequestered by Oxy's EOR operations but could also be utilized as a feedstock for many other products. The Project becomes more economically viable when there is access to competitively priced renewable electricity, natural gas, and water.

Additional factors that would impact the location and success of the Project include:

- Proximity to a qualified customer for CO₂
- Suitable topography, geotechnical, and logistical conditions
- Labor availability
- Supporting infrastructure
- Initial development costs and recurring tax liabilities
- Permitting and regulatory environment
- Ability to develop or obtain carbon-free electricity to power the facility

The profitability of the Project is dependent on four main factors:

- The ability to negotiate and sell processed CO₂ for permanent sequestration in enhanced oil recovery operations and other potential commercial off-takers
- The ability to utilize Federal Section 45Q tax credits
- The ability to generate and sell negative emissions credits (e.g. California's Low Carbon Fuel Standard)
- The ability to negotiate and secure economic development incentives

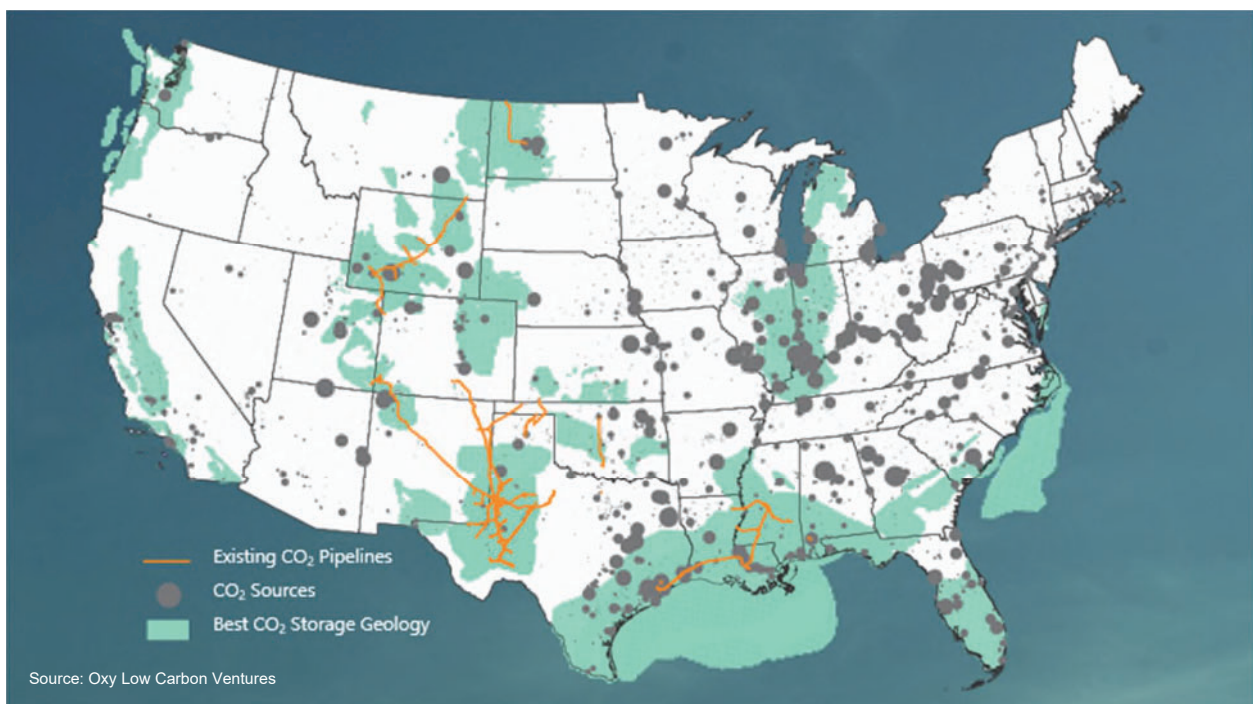
At this time, Oxy would be the primary recipient of CO₂ offtake for sequestration. Because the Section 45Q and negative emissions credits are not specific to geographic location, the Project could be located anywhere in the United States and secure the necessary savings resulting from these programs.

Oxy and Oxy Low Carbon Ventures have a traditional energy production and carbon solutions footprint throughout the United States and the majority of their domestic assets are concentrated in the energy basins of Texas, New Mexico, Colorado, Wyoming, and Utah. 1PointFive is actively evaluating target sites in each of these jurisdictions and plans to site the proposed facility in the location that offers the best support for profitability and sustainability over the lifetime of the Project.

costs, increasing return on investment, and maintaining the long-term economic viability of the Project. The Project is not economically viable at the proposed site in Texas without a Chapter 313 value limitation.

The potential to develop industrial scale, cost effective CCUS operations exists anywhere there is a relatively short distance between carbon dioxide emission sources and saline formations or other types of aquifers that could be utilized for permanent CO₂ sequestration. If the proposed plan to capture, process and sequester CO₂ from atmospheric air proves prohibitively expensive to fully scale in Texas or other states with significant EOR operations, Oxy and its partners could explore other attractive alternatives to investing in DAC/EOR-coupled technologies.

The following map illustrates CO₂ sequestration hub development potential in the United States:



The potential to capture and sequester emissions from these sources is virtually unlimited, as approximately 2,700MM million tons per annum (MTPA) of CO₂ was emitted from U.S. industrial sources in 2018 and less than 15MM MTPA was captured and sequestered (a target of 110MM MTPA is only 4% of total).

Other CO₂ emissions sources such as ethanol plants make a strong case for the construction of carbon sequestration hubs in areas where plants are concentrated, as the cost of sequestration could be spread over a larger production volume. With the right combination of average pipeline distance, estimated capital investment, adequate geology, and minimum ethanol production volumes, OLCV and its partners could choose to dedicate their limited capital resources to the pursuit of other carbon neutralization opportunities with strong estimated returns on investment, including DAC facilities located at sequestration sites near ethanol production.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Ector County ISD– 1Pointfive P1, LLC App. #1570

Comptroller Questions (via email on May 24, 2021):

1. Section 8 Question #4, “Has the applicant made public statements in SEC filing or other documents regarding its intentions regarding its intentions regarding the proposed project location?” Is checked No. However, the attached articles include several statements such as the following:
 - a. “The new company, 1PointFive, will develop a facility located on 100 acres in Texas’ Permian Basin. It aims to capture up to 1 million metric tons of carbon dioxide from the atmosphere a year, the companies said in a joint statement.” (This quote pulled from “*Occidental-backed company will build new U.S.*”)
 - b. “How many of these would you like Occidental to build?... “You can put it anywhere you want to put it. So by combining it with oil reservoirs, that’s the best of all worlds. To be able to provide the world with negative carbon oil, while also being able to meet the needs of the world to use oil. We shouldn’t kill fossil fuels. We’ve got to just figure out how to make fossil fuels emission-less, and that’s what our drive is.” (*“Insider Q&A: Occidental wants to be Tesla of capture”*)
 - c. “We plan to build direct air capture in the Permian, and Wyoming, along with Abu Dhabi and Algeria, and we believe we can help others by building direct air capture for them in their areas of operation. (*“Insider Q&A: Occidental wants to be Tesla of capture”*)
 - d. “The Permian Basin extends throughout West Texas and southeast New Mexico and is one of the largest and most active oil basins in the United States, accounting for more than 36% of total United States oil production in 2020... By exploiting the natural synergies between Permian Resources and Permian EOR, Occidental is able to deliver unique short- and long-term advantages, efficiencies and expertise across its Permian Basin operations...The Permian Basin’s concentration of large conventional reservoirs, favorable CO2 flooding performance and the expansive CO2 transportation and processing infrastructure has resulted in decades of high-value enhanced oil production.” (“Per the **Oxy Occidental 2020 Annual Report**”)
2. Tab 5 of the application predominately includes information regarding alternate state “target sites”. Please address the apparent conflict regarding proposed alternate locations of the project and the announcements that it will be located in Texas.
3. Please provide more information regarding how the Chapter 313 tax limitation would affect the economic feasibility of the project.

Applicant Response (via email on May 24, 2021):

1. The approval of this application is imperative for the success of the development of the proposed DAC plant in Texas, as well as potential subsequent investments. Our answer to section 8 Question #4 shall still remain “No”. The applicant has not made its intentions regarding the proposed project location, the Permian Basin is not Ector County nor is it Texas specific. The reference to the Permian in this context is generally the sedimentary basin located in Southwestern US, including New Mexico. Oxy and our firm is evaluating potential sites in New Mexico and are in the midst of active incentive negotiations. Unfortunately due to NDA restrictions we are unable to share more specifics around these discussions but they are extensive and have caught the full attention of the executive team of our client. Please see the following responses to your email questions below. Please see responses to each of the attachments you have shared. In all these articles, the Permian Basin was suggested as the place where Oxy could construct the first of these DAC facilities. The statements made by company representatives are intended to provide information to investors and potential tax equity partners and do not reflect

final investment decisions. In no instances has a company representative indicated that Texas has been chosen for the investment of this new technology.

- a. **Article 1: Occidental-backed Company:**
This article is unsourced as well as provides no direct quotes from any employee within Oxy. Many times people mistakenly refer to Texas as the Permian so our assumption would be that they assumed Permian means Texas. Without the company participating in the unsourced article we have no way to know where this intel was coming from. This article does reference the cost of carbon-removal technologies like DAC is high and they have yet to be deployed on a mass scale, which leads to incentives requests that have been made.
 - b. **Article 2: Insider Q&A**
It is well documented that Oxy has ambitious goals to commit to reducing the CO2 emissions and atmospheric carbon levels. CEO Vicki Hollub's statement about the plans to build a direct air capture in the Permian as well as other areas of the world is consistent with previous ambitious plans to develop this technology to address climate change and create value for shareholders.
 - c. **C. Article 3: Houston Inno**
This article was written after our application was filed and made publicly available. Due to the requirements for applications to be made public by the comptroller's office we have no control over what is subsequently written. The quotes in this article reaffirm the statements that the Permian is in consideration for this investment and equally important the quote indicates that securing financing is a necessary step. The financing team is awaiting the tax incentive process to be finalized prior to moving forward with project decisions. Moreover the article also references New Mexico as an attractive opportunity for the project and additional investment.
 - d. **D. 2020 Annual Report:**
I do not see any mention to Direct Air Capture investments in Ector County, only the reference to existing EOR operations, however all annual reports contain forward looking statements within the meaning of "safe harbor". See attached document indicating that one should not place undue reliance on expressed or implied forward-looking statements.
2. Ector County is the target site for Texas, other target sites have been identified in the competing states of NM, CO and WY (can't disclose proxy sites in other states due to NDAs)
 - a. DACs could be built in any or all of these states, depending on the best possible cost-benefit outcomes or our and Oxy's combined analyses
 - b. Oxy could build a DAC in the Permian, including New Mexico to demonstrate proof of concept but build the majority of its DACs elsewhere, where costs are lower and EOR operations could receive the CO2 production, and other commercial/industrial off-takers could be part of the equation
 - c. The LCFS benefits and 45Q credits follow them into any US state
 - d. As a composite (taxes, workforce, real state, utilities, etc.), the Texas site only works if its property tax liabilities are competitive with other states under consideration and right now, in our cross-state analysis, Texas is the highest liability even when incentives are factored in
 - e. New Mexico, one of the "Permian Basin" sites has a property tax liability approximately half that of the Texas site; not to mention Texas's nearest competitor can offer an IRB that would abate property tax for 30 years
 3. The economic feasibility is eroded if the 313 and 381 incentives are not included in the cost-benefit analysis and severely jeopardizes the ability for Texas to win the project investment, job creation and ancillary benefits. Overall we ask that the state should rely on the accurate data previously provided in the application and not what a third party reports or prints about the project.



COMMODITIES NEWS NOVEMBER 10, 2020 / 11:00 AM / UPDATED 6 MONTHS AGO

Occidental Petroleum announces net-zero target for greenhouse gas emissions

By Reuters Staff

2 MIN READ



FILE PHOTO: The logo for Occidental Petroleum is displayed on a screen on the floor at the New York Stock Exchange (NYSE) in New York, U.S., April 30, 2019. REUTERS/Brendan McDermid

(Reuters) - Occidental Petroleum Corp [OXY.N](#) on Tuesday laid out a target to reduce greenhouse gas emissions at its operations to net zero by 2040, becoming the latest oil and gas company to set long-term climate goals. U.S. Supreme Court takes up Mississippi case that could limit abortion rights

Oil and gas producers, under pressure from investors who want to see the industry operate more cleanly, have announced new emissions targets this year even as they have slashed spending and production following a coronavirus-driven plunge in crude prices.

Occidental will provide detail on its net-zero target by the end of November when it releases its sustainability report, Chief Executive Vicki Hollub said on an earnings call with analysts.

Hollub touted an August announcement that a unit of Occidental would finance development of the largest ever facility to pull carbon dioxide out of the atmosphere through a process known as direct air capture. Carbon dioxide from the Permian Basin oil field will be stored underground and used to increase pressure in the oil field and speed up production.

The project will lower Occidental's oil recovery costs and allow it to partner with companies that need to lower their own carbon footprint, Hollub said.

Royal Dutch Shell has laid out a strategy to reduce greenhouse gas emissions to net zero by 2050. BP plans to increase its renewable power capacity 20-fold by 2030 while reducing its oil output by 40% and diverting more funds to low-carbon investments.

Occidental's direct air capture project will not require much investment in 2021, Hollub said. The producer will not spend more than \$2.9 billion on new projects next year, an amount that would keep its oil and gas output flat.

It posted a bigger-than-expected quarterly loss on Monday and has cut jobs and production this year, piling pressure on a company that took on significant debt to acquire Anadarko Petroleum for \$38 billion last year.

Shares dipped to \$12.09, down 1.1% in trading on Tuesday.

Reporting by Jennifer Hiller in Houston, Editing by Franklin Paul, Paul Simao and Sonya Hepinstall

Our Standards: [The Thomson Reuters Trust Principles.](#)

Oxy Low Carbon Ventures, Rusheen Capital Management Create Development Company 1PointFive to Deploy Carbon Engineering's Direct Air Capture Technology

HOUSTON, SANTA MONICA, Calif., and SQUAMISH, British Columbia (August 19, 2020) – Oxy Low Carbon Ventures, LLC, a subsidiary of Occidental, and Rusheen Capital Management, a private equity firm, have formed a development company, 1PointFive, to finance and deploy Carbon Engineering's large-scale Direct Air Capture (DAC) technology. 1PointFive and Carbon Engineering have signed a licensing agreement enabling the commercial development of the world's largest DAC facility, a first step toward their aspiration to deliver this technology on an industrial scale throughout the United States.

1PointFive's mission is to reduce the amount of carbon dioxide (CO₂) in the atmosphere using Carbon Engineering's DAC technology. This technology provides a pathway to bolster Paris Agreement-aligned efforts aimed at limiting increases in global temperature to 1.5 degrees Celsius. In 2018, the Intergovernmental Panel on Climate Change (IPCC) issued a [report](#) indicating that in addition to significant emissions reductions, removing atmospheric CO₂ is necessary to attain the 1.5 degrees Celsius goal.

"The formation of 1PointFive is a significant catalyst that will advance our plans to build the world's largest-scale DAC facility to remove substantial volumes of carbon dioxide emissions from the atmosphere," said Richard Jackson, Oxy Low Carbon Ventures President and Chairman of 1PointFive. "Occidental has over 40 years of carbon dioxide management experience, and Oxy Low Carbon Ventures is applying our technical ingenuity and engineering skill to help make large-scale DACs a reality. This is an important step toward realizing our vision for a new, sustainable low-carbon economy, and we are dedicated to working with Rusheen and Carbon Engineering to ensure this critical technology becomes a global emissions reduction solution."

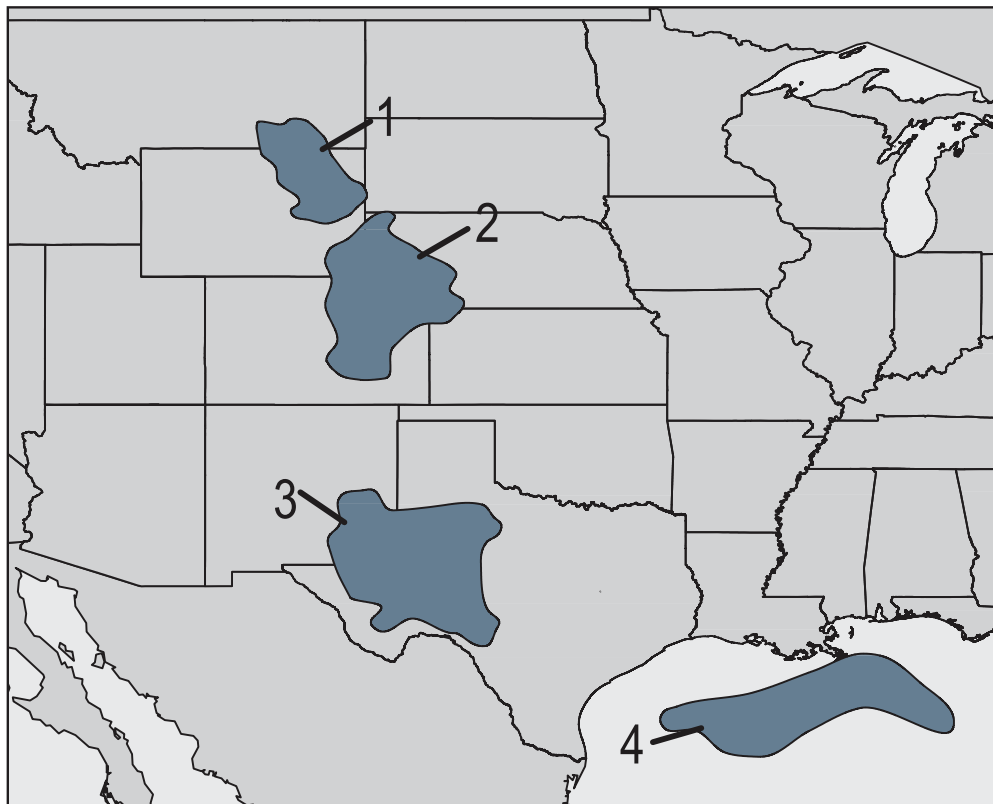
As [announced in May 2019](#), the engineering and design for the first facility to be built through this agreement is already underway. Today, the companies released a 'first look' at the design of the plant which, when operational, will be the largest DAC plant in the world, capturing up to one million metric tons of atmospheric CO₂ annually. Currently, the world's largest individual DAC facilities have the capacity to capture several thousand tons of CO₂ per year.

The facility will have a land footprint of approximately 100 acres. More than 25,000 hours of Carbon Engineering, Oxy Low Carbon Ventures, and contractor time has been completed on the design and development work so far. The final Front-End Engineering Design for the facility is slated to begin in the first quarter of 2021 with construction expected to start in 2022.

The CO₂ captured at the facility will be permanently, safely and securely stored deep underground in geological formations by Occidental. It will be used in lower-carbon oil production, which permanently stores CO₂ as part of the process, and for geologic sequestration to deliver permanent carbon removal, a solution to counteract hard-to-eliminate emissions and help businesses achieve their net zero targets. With DAC, atmospheric CO₂ can also be used as a feedstock to create low-carbon products like plastics and concrete.

Occidental has been permanently storing CO₂ for more than 40 years, with nearly 20 million metric tons sequestered in its operations annually. The company has two U.S. Environmental Protection Agency-approved monitoring, reporting and verification plans to validate the integrity, transparency and permanence of the entire sequestration process. Occidental's contributions to the venture include engineering, project development and other technology performance assistance that will provide support for the development and financing of the DAC plant.

"The Carbon Engineering business model is to license our technology to developers around the world to enable rapid and widespread global deployment of DAC technology," said Steve Oldham, Carbon Engineering's CEO. "This partnership marks Carbon Engineering's first licensing agreement in the U.S. and is a critical next step in the commercialization of DAC technology. It will prove the technology at large, climate-relevant scale, validate the cost, and demonstrate that DAC is now a feasible, available and affordable tool that can be added to the

**DOMESTIC ASSETS** ^(a)

1. Powder River Basin
2. DJ Basin
3. Permian Basin
4. Gulf of Mexico

(a) Map represents geographic outlines of the respective basins.

The Permian Basin

The Permian Basin extends throughout West Texas and southeast New Mexico and is one of the largest and most active oil basins in the United States, accounting for more than 36% of total United States oil production in 2020.

Occidental manages its Permian Basin operations through two business units: Permian Resources, which includes unconventional opportunities, and Permian EOR, which utilizes EOR techniques such as CO₂ floods and waterfloods. Occidental has a leading position in the Permian Basin, producing approximately 13% of total oil in the basin. By exploiting the natural synergies between Permian Resources and Permian EOR, Occidental is able to deliver unique short- and long-term advantages, efficiencies and expertise across its Permian Basin operations.

Permian Resources unconventional oil development projects provide very short-cycle investment payback, averaging less than two years, and generate some of the highest margin and returns of any oil and gas projects in the world. These investments contribute cash flow, while increasing long-term value and sustainability through higher return on capital employed. Occidental's oil and gas operations in Permian Resources include approximately 1.6 million net acres. In 2020, new well design and flowback methods were implemented, which helped lower the overall well cost while improving recovery. Overall in 2020, Permian Resources produced approximately 435 Mboe/d from approximately 6,000 gross wells. Additionally in 2020, Permian Resources added 122 million barrels of oil equivalent (MMboe) to Occidental's proved reserves for improved recovery additions.

The Permian Basin's concentration of large conventional reservoirs, favorable CO₂ flooding performance and the expansive CO₂ transportation and processing infrastructure has resulted in decades of high-value enhanced oil production. With 34 active CO₂ floods and over 40 years of experience, Occidental is the industry leader in Permian Basin CO₂ flooding, which can increase ultimate oil recovery by 10% to 25%. Technology improvements, such as the recent trend toward vertical expansion of the CO₂ flooded interval into residual oil zone targets, continue to yield more recovery from existing projects. Occidental's share of production from Permian EOR was approximately 140 Mboe/d in 2020.

Significant opportunities also remain to gain additional recovery by expanding Occidental's existing CO₂ projects into new portions of reservoirs that have only been water-flooded. Permian EOR has a large inventory of future CO₂ projects, which could be developed over the next 20 years or accelerated, depending on market conditions. In addition, OLCV continues making progress towards supplying anthropogenic, or man-made, CO₂ for the purpose of carbon capture, utilization and storage in Occidental's Permian EOR operations.

In 2020, Occidental spent approximately \$1.1 billion of capital in the Permian Basin, of which over 87% was spent on Permian Resources assets. Also in 2020, Occidental divested of certain non-core, largely non-operated acreage in the Permian Basin. In 2021, Occidental expects to allocate approximately 38% of its worldwide capital budget to the Permian Basin.

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But Hollub's ambitions are bigger. Under her leadership, Hollub has invested an undisclosed amount developing a new direct air capture facility that can remove a million metric tons of carbon dioxide from the atmosphere per year; that's compared to thousands of tons per year that most current direct air capture plants remove.

The facility will suck in air and separate the carbon dioxide using chemicals. The carbon dioxide can then be stored underground or used by industry. Hollub plans to build many more facilities, selling the carbon and what she calls carbon-neutral or carbon-negative oil.

"The barriers right now are those who are so doubtful of the process and the benefits it's going to provide," Hollub said. "Some talk about the cost being too high, but just like solar and wind, the more we build, the more the cost will come down."

Occidental says its operations and its use of power, heat and steam emitted 28.4 million tons of carbon dioxide equivalent in 2019. The company currently stores 20 million tons of carbon dioxide underground annually.

Hollub's ideas are appreciated by OPEC Secretary General Mohammed Barkindo and top executives from British Petroleum and Royal Dutch Shell, but she says "the U.S. CEOs, I don't really get much feedback from them on this, face-to-face."

Q: Why was it important to you to invest in this technology?

A: There is a business case to do it, and whenever you can find a business case that also does good things for the environment, for the communities, for the world, that is certainly a winning scenario. We believe direct air capture does all of that.

It creates value for our shareholders by increasing the recovery of oil that we can get out of our existing reservoirs and lowers the cost and ensures sustainability of that oil production over time.



19 MINUTES AGO

22 MINUTES AGO

ENVIRONMENT

AUGUST 19, 2020 / 9:44 AM / UPDATED 9 MONTHS AGO

Occidental-backed company will build new U.S. CO2 removal plant

By Reuters Staff



(Reuters) - A new venture backed by U.S. oil and gas producer Occidental Petroleum Corp will develop the largest ever facility to pull carbon dioxide out of the atmosphere through a process known as direct air capture, the companies said on Wednesday.

Minutes to touchdown: the moment a Belarusian dissident knew his time was up

NOW READING Occidental-backed company will build new U.S. CO2 removal plant

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sustainability-focused private equity firm Rusheen Capital Management LLC to license the direct air capture (DAC) technology developed by Canada's Carbon Engineering.

Interest in DAC has grown in recent years, from companies seeking to offset their climate impact to public officials worried about the slow pace of international agreements to cut emissions.

The cost of carbon-removal technologies like DAC however is high, and they have yet to be deployed on a mass scale. Environmentalists have also argued that they reflect a lack of resolve to end the use of fossil fuels.

The new company, 1PointFive, will develop a facility located on 100 acres in Texas' Permian Basin. It aims to capture up to 1 million metric tons of carbon dioxide from the atmosphere a year, the companies said in a joint statement.

Construction will begin in 2022, allowing time to improve plant design and reduce costs. The project will seek financing in the market.

Carbon dioxide captured at the Texas facility will be stored underground and used to increase pressure in the oil field and speed up production.

The project will benefit from a federal tax credit designed to spur investment in carbon capture and sequestration projects.

Carbon Engineering has a pilot plant in British Columbia that has been operating since 2015.

The Minutes to touchdown: the moment a Belarusian dissident knew his time was up in prison

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How a Houston oil giant is pushing the needle on commercial-scale direct air capture



 Vicki Hollub - Occidental

Speaking at the CERAWeek by IHS Markit 2021 conference, Oxy President and CEO Vicki Hollub said she expects the company to be a carbon management company, not only an oil company, in the next 15 to 20 years.

Courtesy Occidental

By [Chris Mathews](#) - Reporter

April 15, 2021, 10:53am CDT

For a transition to a renewable energy infrastructure to occur, we have to develop commercial-scale clean technology. Many energy experts agree that such a transition will require the assistance of the oil and gas sector, and when it comes to funding clean energy development, one Houston-based oil giant is putting its money where its mouth is.

A joint venture subsidiary under Houston-based Occidental Petroleum Corp. (NYSE: OXY) is developing what will be the largest direct air capture facility in the world once completed. The joint venture, called 1PointFive Inc., plans to construct a direct air capture facility capable of extracting up to 1 million metric tons of atmospheric carbon dioxide annually.

The plant will capture CO₂ and process it into an industrial gas for use by Oxy and other upstream oil and gas firms in enhanced oil recovery. The product is sequestered in the geological formations underground to keep it out of the atmosphere.

Occidental subsidiary Oxy Low Carbon Ventures and private equity firm Rushdeen Capital make up the joint venture developing the world's first commercial-scale direct air capture project. [Richard Jackson](#), president of operations for U.S. onshore resources and carbon management for Oxy, said much of this year will be devoted to the front-end engineering and design of the 1PointFive facility. The joint venture plans to close financing and begin construction in 2022.

"There are different technologies which fit different sizes and scale, but I think this will be significantly larger than any that have been put together so far," Jackson said.

1PointFive plans to build the massive direct air capture (DAC) plant in the heart of Texas oil and gas country — the Permian Basin. [Tax incentive applications filed](#) with the state show that 1PointFive is considering building the DAC plant in Ector County, which contains Odessa, Texas.

The development of the DAC project is expected to require 1,000 workers at its peak, according to tax incentive applications. Jackson said the workforce needed to develop such critical infrastructure is significant. Earlier this year, 1PointFive selected Australian engineering firm Worley to handle the front-end engineering and design work for the plant. Many more partners will be needed to complete development, Jackson said.

"While it's on us as a company like Oxy to prove and de-risk the business model, we think once we do that, there will be many beneficiaries — from the climate to the labor to the value chain and the workers that it can create," Jackson said.

One necessary step before construction can go forward is securing financing. The development of such a large DAC plant will cost hundreds of millions of dollars — possibly billions of dollars as you look out over decades, Jackson said. The joint venture will need capital to help support the build out. Chicago-based United Airlines (Nasdaq: UAL) announced late last year that it would make a multimillion-dollar investment in 1PointFive.

This probably won't be the only time Oxy considers building a DAC plant in the Permian Basin. Being able to put these plants next to existing pipeline and reservoir infrastructure is critical that the CO₂ can be permanently sequestered, Jackson said. For that reason, the Permian region in West Texas and New Mexico present attractive opportunities for additional projects.

"The opportunity is obviously to build more in the Permian for scale for our current CO₂ injection and storage," Jackson said. "We store about 18 million tons per year, so this would be 1/18th of our total injection and storage."

Oxy is involved with several other innovative projects tackling the problem of carbon emissions. Oxy Low Carbon Ventures is capturing emissions from two White Energy ethanol plants in the Texas Panhandle for injection and sequestration in order to make carbon-neutral oil. In March, Oxy and Houston-based liquefied natural gas company NextDecade agreed to [build a carbon pipeline and storage facility](#) near NextDecade's proposed LNG terminal in Brownsville, Texas. Oxy would transport the CO₂ captured at the NextDecade terminal for sequestration.

Earlier in April, Oxy Low Carbon Ventures and Houston-based bioengineering startup Cemvita Factory announced plans to construct a bio-ethylene pilot plant that would apply human-made CO₂ instead of hydrocarbon-sourced feedstocks. The pilot project will serve as a starting point to scale the technology, jointly developed by Cemvita and Oxy Low Carbon Ventures, which showed to be competitive with hydrocarbon-sourced ethylene processes in lab tests.

Speaking at the [CERAWEEK by IHS Markit 2021 conference](#), Oxy President and CEO [Vicki Hollub](#) said she expects the company to be a carbon management company, not just an oil company, in the next 15 to 20 years.

Keep Digging

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- United teaming with corporations in sustainable fuel effort
- NextDecade, Oxy to partner on low-carbon plans
- LNG co. looks to 2021 for next step on project

Chapter 313 Financial Impact Study

*A financial analysis of the potential Chapter 313 Agreement
between 1PointFive P1 LLC and the Ector County Independent
School District*



Prepared May 21, 2021

Overview

On February 23, 2021, 1PointFive P1 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 develop a 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 \$7,255,369 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 \$43,208,679. 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, the Applicant provides a detailed description of the proposed project as the, "development of a DAC [Direct Air Capture] facility that would produce industrial-grade carbon dioxide gas (CO₂) for its own use, as well as the use of other potential off-takers with similar commercial applications." This type of project qualifies under Texas Tax Code 313.024(b)(1).

1PointFive P1 LLC Application

The application from 1PointFive P1 LLC was presented to and accepted by the ECISD School Board on February 23, 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.

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.

1PointFive P1 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	1	2022-2023	2022	\$236,484,995	\$236,484,995
Qualifying Time Period	2	2023-2024	2023	\$595,351,446	\$595,351,446
Gap Year	-	2024-2025	2024	\$741,625,975	\$741,625,975
Value Limitation Period	1	2025-2026	2025	\$711,960,937	\$100,000,000
	2	2026-2027	2026	\$682,295,898	\$100,000,000
	3	2027-2028	2027	\$652,630,859	\$100,000,000
	4	2028-2029	2028	\$622,965,821	\$100,000,000
	5	2029-2030	2029	\$593,300,782	\$100,000,000
	6	2030-2031	2030	\$563,635,744	\$100,000,000
	7	2031-2032	2031	\$533,970,705	\$100,000,000
	8	2032-2033	2032	\$504,305,667	\$100,000,000
	9	2033-2034	2033	\$474,640,628	\$100,000,000
	10	2034-2035	2034	\$444,975,590	\$100,000,000
Continue to maintain viable presence	11	2035-2036	2035	\$415,310,551	\$415,310,551
	12	2036-2037	2036	\$385,645,513	\$385,645,513
	13	2037-2038	2037	\$355,980,474	\$355,980,474
	14	2038-2039	2038	\$326,315,435	\$326,315,435
	15	2039-2040	2039	\$296,650,397	\$296,650,397

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 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 86th 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 pulled from Schedule B, behind Tab 14 of the Application. School district level data was obtained from the Texas Education Agency 2020-2021 Summary of Finances, April 9, 2021 Update, and includes the ECISD 2020-2021 adopted M&O tax rate of \$1.0547. In developing the comparison scenarios, all variables and funding factors were held constant as of the 2020-2021 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 Year 1	2022-2023	\$165,237,092	\$127,426,165	\$0	\$292,663,257
Qualifying Year 2	2023-2024	\$169,022,056	\$125,086,158	\$0	\$294,108,214
Gap Year	2024-2025	\$170,564,814	\$121,002,367	\$0	\$291,567,180
Value Limitation Period	2025-2026	\$170,251,936	\$119,249,989	\$0	\$289,501,925
	2026-2027	\$169,939,059	\$119,562,806	\$0	\$289,501,866
	2027-2028	\$169,626,182	\$119,875,625	\$0	\$289,501,807
	2028-2029	\$169,313,305	\$120,188,442	\$0	\$289,501,747
	2029-2030	\$169,000,428	\$120,501,261	\$0	\$289,501,688
	2030-2031	\$168,687,551	\$120,814,078	\$0	\$289,501,629
	2031-2032	\$168,374,673	\$121,126,895	\$0	\$289,501,569
	2032-2033	\$168,061,796	\$121,439,714	\$0	\$289,501,510
	2033-2034	\$167,748,919	\$121,752,531	\$0	\$289,501,450
	2034-2035	\$167,436,042	\$122,065,349	\$0	\$289,501,391
Maintain Viable Presence	2035-2036	\$167,123,165	\$122,378,167	\$0	\$289,501,332
	2036-2037	\$166,810,288	\$122,690,985	\$0	\$289,501,272
	2037-2038	\$166,497,410	\$122,980,139	\$0	\$289,477,549
	2038-2039	\$166,184,533	\$123,292,927	\$0	\$289,477,461
	2039-2040	\$165,871,656	\$123,605,717	\$0	\$289,477,373

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 Year 1	2022-2023	\$165,237,092	\$127,426,165	\$0	\$292,663,257
Qualifying Year 2	2023-2024	\$169,022,056	\$125,086,158	\$0	\$294,108,214
Gap Year	2024-2025	\$170,564,814	\$121,002,367	\$0	\$291,567,180
Value Limitation Period	2025-2026	\$163,797,584	\$118,448,972	\$0	\$282,246,556
	2026-2027	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2027-2028	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2028-2029	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2029-2030	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2030-2031	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2031-2032	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2032-2033	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2033-2034	\$163,797,584	\$126,044,092	\$0	\$289,841,677
	2034-2035	\$163,797,584	\$126,044,092	\$0	\$289,841,677
Maintain Viable Presence	2035-2036	\$167,123,165	\$126,477,788	\$0	\$293,600,953
	2036-2037	\$166,810,288	\$122,690,985	\$0	\$289,501,272
	2037-2038	\$166,497,410	\$122,980,139	\$0	\$289,477,549
	2038-2039	\$166,184,533	\$123,292,927	\$0	\$289,477,461
	2039-2040	\$165,871,656	\$123,605,717	\$0	\$289,477,373

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, 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 \$7,255,369 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 \$741 million during the 2024-2025 school year, the year prior to the start 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 \$43,208,679.

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	\$236,484,995	\$236,484,995	\$1.0547	\$2,494,207	\$2,494,207	\$0	\$0	\$0
2023-2024	\$595,351,446	\$595,351,446	\$1.0547	\$6,279,172	\$6,279,172	\$0	\$0	\$0
2024-2025	\$741,625,975	\$741,625,975	\$1.0547	\$7,821,929	\$7,821,929	\$0	\$0	\$0
2025-2026	\$711,960,937	\$100,000,000	\$1.0547	\$7,509,052	\$1,054,700	\$6,454,352	-\$7,255,369	-\$801,017
2026-2027	\$682,295,898	\$100,000,000	\$1.0547	\$7,196,175	\$1,054,700	\$6,141,475	\$0	\$6,141,475
2027-2028	\$652,630,859	\$100,000,000	\$1.0547	\$6,883,298	\$1,054,700	\$5,828,598	\$0	\$5,828,598
2028-2029	\$622,965,821	\$100,000,000	\$1.0547	\$6,570,421	\$1,054,700	\$5,515,721	\$0	\$5,515,721
2029-2030	\$593,300,782	\$100,000,000	\$1.0547	\$6,257,543	\$1,054,700	\$5,202,843	\$0	\$5,202,843
2030-2031	\$563,635,744	\$100,000,000	\$1.0547	\$5,944,666	\$1,054,700	\$4,889,966	\$0	\$4,889,966
2031-2032	\$533,970,705	\$100,000,000	\$1.0547	\$5,631,789	\$1,054,700	\$4,577,089	\$0	\$4,577,089
2032-2033	\$504,305,667	\$100,000,000	\$1.0547	\$5,318,912	\$1,054,700	\$4,264,212	\$0	\$4,264,212
2033-2034	\$474,640,628	\$100,000,000	\$1.0547	\$5,006,035	\$1,054,700	\$3,951,335	\$0	\$3,951,335
2034-2035	\$444,975,590	\$100,000,000	\$1.0547	\$4,693,158	\$1,054,700	\$3,638,458	\$0	\$3,638,458
2035-2036	\$415,310,551	\$415,310,551	\$1.0547	\$4,380,280	\$4,380,280	\$0	\$0	\$0
2036-2037	\$385,645,513	\$385,645,513	\$1.0547	\$4,067,403	\$4,067,403	\$0	\$0	\$0
2037-2038	\$355,980,474	\$355,980,474	\$1.0547	\$3,754,526	\$3,754,526	\$0	\$0	\$0
2038-2039	\$326,315,435	\$326,315,435	\$1.0547	\$3,441,649	\$3,441,649	\$0	\$0	\$0
2039-2040	\$296,650,397	\$296,650,397	\$1.0547	\$3,128,772	\$3,128,772	\$0	\$0	\$0
Totals				\$87,605,607	\$37,141,559	\$50,464,048	-\$7,255,369	\$43,208,679

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 \$670 million resulting in a peak taxable value of \$741 million in the 2024-2025 school year. If applied to ECISD's 2020 tax base, this taxable value would increase the district's I&S tax base by roughly 4.7%.

After this estimated taxable value is observed in the 2024-2025 school year, the project's taxable value is assumed to depreciate with an average annual reduction in value of \$29.67 million through the value limitation period. Although this represents a significant annual reduction, the project's taxable value is estimated to be \$415 million in the 2035-2036 school year, the first year the project is fully taxable for M&O tax purposes. 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 \$7,255,369 and Applicant tax savings of \$43,208,679 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 1PointFive P1 LLC.

Estimated Effects of the Ch. 313 Application from 1PointFive P1 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	School District Revenue Loss	Net Tax Benefit	Supplemental Payment\$	Total Company Tax Savings
Qualifying Year 1	2022-2023	2022	\$236,484,995	\$236,484,995	\$1.0517	\$2,487,113	\$2,487,113	\$0	\$0	\$0	\$0	\$0
Qualifying Year 2	2023-2024	2023	\$595,351,446	\$595,351,446	\$1.0517	\$6,261,311	\$6,261,311	\$0	\$0	\$0	\$0	\$0
Gap Year	2024-2025	2024	\$741,625,975	\$741,625,975	\$1.0517	\$7,799,680	\$7,799,680	\$0	\$0	\$0	\$0	\$0
Value Limitation Period	2025-2026	2025	\$711,960,937	\$100,000,000	\$1.0517	\$7,487,693	\$1,051,700	\$6,435,993	-\$7,233,442	-\$797,449	\$0	-\$797,449
	2026-2027	2026	\$682,295,898	\$100,000,000	\$1.0517	\$7,175,706	\$1,051,700	\$6,124,006	\$0	\$6,124,006	\$1,531,001	\$4,593,004
	2027-2028	2027	\$652,630,859	\$100,000,000	\$1.0517	\$6,863,719	\$1,051,700	\$5,812,019	\$0	\$5,812,019	\$1,453,005	\$4,359,014
	2028-2029	2028	\$622,965,821	\$100,000,000	\$1.0517	\$6,551,732	\$1,051,700	\$5,500,032	\$0	\$5,500,032	\$1,375,008	\$4,125,024
	2029-2030	2029	\$593,300,782	\$100,000,000	\$1.0517	\$6,239,744	\$1,051,700	\$5,188,044	\$0	\$5,188,044	\$1,297,011	\$3,891,033
	2030-2031	2030	\$563,635,744	\$100,000,000	\$1.0517	\$5,927,757	\$1,051,700	\$4,876,057	\$0	\$4,876,057	\$1,219,014	\$3,657,043
	2031-2032	2031	\$533,970,705	\$100,000,000	\$1.0517	\$5,615,770	\$1,051,700	\$4,564,070	\$0	\$4,564,070	\$1,141,017	\$3,423,052
	2032-2033	2032	\$504,305,667	\$100,000,000	\$1.0517	\$5,303,783	\$1,051,700	\$4,252,083	\$0	\$4,252,083	\$1,063,021	\$3,189,062
	2033-2034	2033	\$474,640,628	\$100,000,000	\$1.0517	\$4,991,795	\$1,051,700	\$3,940,095	\$0	\$3,940,095	\$985,024	\$2,955,072
	2034-2035	2034	\$444,975,590	\$100,000,000	\$1.0517	\$4,679,808	\$1,051,700	\$3,628,108	\$0	\$3,628,108	\$907,027	\$2,721,081
Maintain Viable Presence	2035-2036	2035	\$415,310,551	\$415,310,551	\$1.0517	\$4,367,821	\$4,367,821	\$0	\$0	\$0	\$0	\$0
	2036-2037	2036	\$385,645,513	\$385,645,513	\$1.0517	\$4,055,834	\$4,055,834	\$0	\$0	\$0	\$0	\$0
	2037-2038	2037	\$355,980,474	\$355,980,474	\$1.0517	\$3,743,847	\$3,743,847	\$0	\$0	\$0	\$0	\$0
	2038-2039	2038	\$326,315,435	\$326,315,435	\$1.0517	\$3,431,859	\$3,431,859	\$0	\$0	\$0	\$0	\$0
	2039-2040	2039	\$296,650,397	\$296,650,397	\$1.0517	\$3,119,872	\$3,119,872	\$0	\$0	\$0	\$0	\$0
Totals						\$96,104,845	\$45,784,337	\$50,320,507	-\$7,233,442	\$43,087,065	\$10,971,129	\$32,115,937

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, school district student population data and other relevant 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 Applicant. 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 assumed 2021-2022 M&O tax rate. All future calculations will use the corresponding year's adopted M&O tax rate.

\$Per the Ch. 313 Agreement, the supplemental payment shown represents 25% of the Net Tax Benefit.

Summary of Estimated Financial Impact

Total Estimated School District Revenue Loss	Total Supplemental Payments	Total Company Tax Savings
\$7,233,442	\$10,971,129	\$32,115,937



Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.

April 12, 2021

Delma Abalos, President
Board of Trustees
Ector County Independent School District
P O BOX 3912
Odessa, Texas 79760-3912

Dear President Abalos:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the 1PointFive P1, LLC, project #1570 on the number and size of school facilities in Ector County Independent School District (ECISD). Based on the email communication with the ECISD superintendent, Scott R Muri, the TEA has determined that the 1PointFive P1, 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 if you have any questions.

Sincerely,

Amy Copeland
Director of State Funding

Cc: Scott R Muri, Superintendent


Taxes

Property Tax Assistance

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

Category	Local Tax Roll Value	2020 WTD Mean Ratio	2020 PTAD Value Estimate	2020 Value Assigned
A - SINGLE-FAMILY	7,099,373,352	0.9590	7,402,891,921	7,099,373,352
B - MULTIFAMILY	712,079,510	0.9121	780,703,333	712,079,510
C1 - VACANT LOTS	199,037,068	N/A	199,037,068	199,037,068
C2 - COLONIAL LOTS	0	N/A	0	0
D1 ACRES - QUALIFIED OPEN-SPACE LAND	3,187,791	0.5562	5,731,251	3,187,791
D2 - FARM & RANCH IMP	8,460,319	N/A	8,460,319	8,460,319
E - NON-AG LAND AND IMPROVEMENTS	81,355,719	N/A	81,355,719	81,355,719
F1 - COMMERCIAL REAL	2,526,550,223	0.8937	2,827,067,498	2,526,550,223
F2 - INDUSTRIAL REAL	658,569,269	N/A	658,569,269	658,569,269
G - ALL MINERALS	1,442,600,517	1.0089	1,429,874,633	1,442,600,517
J - ALL UTILITIES	518,864,830	0.7968	651,185,781	518,864,830

L1 - COMMERCIAL PERSONAL	3,262,161,645	1.0140	3,217,121,938	3,262,161,645
L2 - INDUSTRIAL PERSONAL	138,326,247	N/A	138,326,247	138,326,247
M1 - MOBILE HOMES	480,906,911	N/A	480,906,911	480,906,911
N - INTANGIBLE PERSONAL PROPERTY	0	N/A	0	0
O - RESIDENTIAL INVENTORY	5,315,854	N/A	5,315,854	5,315,854
S - SPECIAL INVENTORY	105,009,538	N/A	105,009,538	105,009,538
Subtotal	17,241,798,793	0	17,991,557,280	17,241,798,793
Less Total Deductions	1,811,545,221	0	1,872,432,595	1,811,545,221
Total Taxable Value	15,430,253,572	0	16,119,124,685	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

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

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

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

T7	T8	T9	T10
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

Category	Local Tax Roll Value	2020 WTD Median Ratio	2020 PTAD Value Estimate	2020 Value Assigned
A - SINGLE-FAMILY	7,099,373,352	0.9590	7,402,891,921	7,099,373,352
B - MULTIFAMILY	712,079,510	0.9121	780,703,333	712,079,510
C1 - VACANT LOTS	199,037,068	N/A	199,037,068	199,037,068
C2 - COLONIAL LOTS	0	N/A	0	0
D1 ACRES - QUALIFIED OPEN-SPACE LAND	3,187,791	0.5562	5,731,251	3,187,791
D2 - FARM & RANCH IMP	8,460,319	N/A	8,460,319	8,460,319
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L2 - INDUSTRIAL PERSONAL	138,326,247	N/A	138,326,247	138,326,247
M1 - MOBILE HOMES	480,906,911	N/A	480,906,911	480,906,911
N - INTANGIBLE PERSONAL PROPERTY	0	N/A	0	0

O - RESIDENTIAL INVENTORY	5,315,854	N/A	5,315,854	5,315,854
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Subtotal	17,241,798,793		17,991,557,280	17,241,798,793
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Total Taxable Value	15,430,253,572		16,119,124,685	15,430,253,572

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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**

by and between

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

and

1POINTFIVE P1, LLC

(Texas Taxpayer ID #32076631608)

Comptroller Application #1570

Dated

September 21, 2021

**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 **1POINTFIVE P1, LLC**, Texas Taxpayer Identification Number 32076631608 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 February 16, 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 February 16, 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 April 12, 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 June 21, 2021, 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, by resolution dated August 17, 2021, extended the statutory deadline by which the District must consider the Application until December 31, 2021, and the Comptroller was provided notice of such extension as set out under 34 Texas Admin. Code Section 9.1054(d);

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 September 21, 2021, 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 September 21, 2021, 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 August 30, 2021, 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 September 21, 2021, 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 **1POINTFIVE P1, LLC**, (Texas Taxpayer ID # 32076631608), 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 February 16, 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 industrial grade carbon dioxide gas (CO₂).

“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 2019-20 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 twenty-five percent (25%) of the “Net Tax Benefit,” as such term is defined in this Section 1.2, for such Tax Year.

“Cumulative Payments” means, for any Tax Year during the term of this Agreement, the total of all payments, calculated under Article IV, V and VI of this Agreement, for such Tax Year which are paid by or owed by the Applicant to the District, plus all payments, calculated under Article IV, V and VI of this Agreement, paid by or owed by the Applicant for all previous Tax Years during the term of this Agreement.

“Cumulative Unadjusted Tax Benefit” means, for any Tax Year during the term of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit for all previous Tax Years during the term of this Agreement.

“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 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 Articles IV and V 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.

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

“Unadjusted Tax Benefit” means, for any Tax Year during the term of this Agreement, the

total of all gross tax savings calculated for such Tax Year by multiplying the amount equal to (a) the Taxable Value of the Applicant's Qualified Property used for the District's debt service (interest and sinking fund) property tax purposes for such Tax Year, minus (b) the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations ad valorem tax purposes for such Tax Year, by the District's maintenance and operations tax rate for such Tax Year.

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 April 12, 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 September 21, 2021.

C. The Qualifying Time Period for this Agreement:

- i. Starts on January 1, 2022, 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, 2023, 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 date of commencement of Commercial Operation; 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 \$1,188.75 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 Sections 4.11 and 6.3), 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 the provisions of Sections 4.11 and 6.3, 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 Sections 4.11 and 6.3 of this Agreement, 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 limit 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 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). 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. RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification containing the calculations prepared and delivered pursuant to Section 4.7, the Applicant may appeal the findings, in writing, to the Third Party Consultant within fifteen (15) District business days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.7 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) District business days of receipt of the Applicant's appeal, the Third Party Consultant will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party Consultant may be made, in writing, to the District's Board of Trustees within fifteen (15) District business days of the Applicant's receipt of the Third Party Consultant's final determination of the certification containing the calculations in accordance with District Policy GF (LOCAL). Applicant shall timely make all payments as required by this Agreement. Applicant's obligation under Section 4.8 to make any payments to the District pursuant to Consultant's final determination shall not abate during any appeal of Consultant's final determination under this Section 4.9.

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 or for any other reason 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.

Section 4.11. CUMULATIVE PAYMENT LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from the second Tax Year of the Tax Limitation Period (Tax Year 2026) and ending with and including the Tax Year 2035, which is the first Tax Year following the end of the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the Applicant's Cumulative Unadjusted Tax Benefit for such Tax Year. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.11, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.11. Any of the Cumulative Payments which cannot be paid to the District

prior to the end of the third Tax Year following the end of the Tax Limitation Period (*i.e.*, the Tax Year 2035) because such payment would exceed the Applicant's Cumulative Unadjusted Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

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 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 6.2 below, starting with the first complete or partial year of the Qualifying Time Period, and continuing through the 3rd year following the end of the Tax Limitation Period.

Section 6.1(a) 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 6.1(b) 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 6.1(b), 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 Articles IV and V with respect to such Tax Year:

Multiplied by

The number 0.25;

Minus

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

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 6.1(c) 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 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 31st 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 and 6.2, 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 and 6.2 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 6.1(d) 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 6.2. 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 6.2.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 (i) \$50,000 or (ii) \$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 2019-20 Average Daily Attendance of 29,754, rounded to the whole number.

Section 6.3. 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 Sections 4.11 and 6.3 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 6.4. OPTION TO TERMINATE AGREEMENT. In the event any payment otherwise due from the Applicant to the District under Article IV, 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 6.3, 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 6.3 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 6.4 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 6.3 regarding the annual limitation of payments and Section 6.4 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 6.4 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, TX 79760
Phone #: (432) 456-9879
Fax #: (432) 456-9878
Email: scott.muri@ectorcountyisd.org

With a copy to:

Underwood Law Firm, P.C.
Attn: Fred Stormer
500 South Taylor, LB 233, Suite 1200
Amarillo, TX 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:

Derek Willis, Vice President and Secretary
1PointFive P1, LLC
5 Greenway Plaza, Suite 110
Houston, TX 77046
Phone: (713) 497-2556
Email: derek_willis@oxy.com

With a copy to:

Josh Barvin, Business Development Manager
1PointFive P1, LLC
5 Greenway Plaza, Suite 110
Houston, TX 77046
Phone: (713) 840-30007
Email: josh_barvin@oxy.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, Texas.

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 _____, 2021.

1POINTFIVE P1, LLC

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

ATTEST:

BY: _____

NAME: _____

TITLE: _____

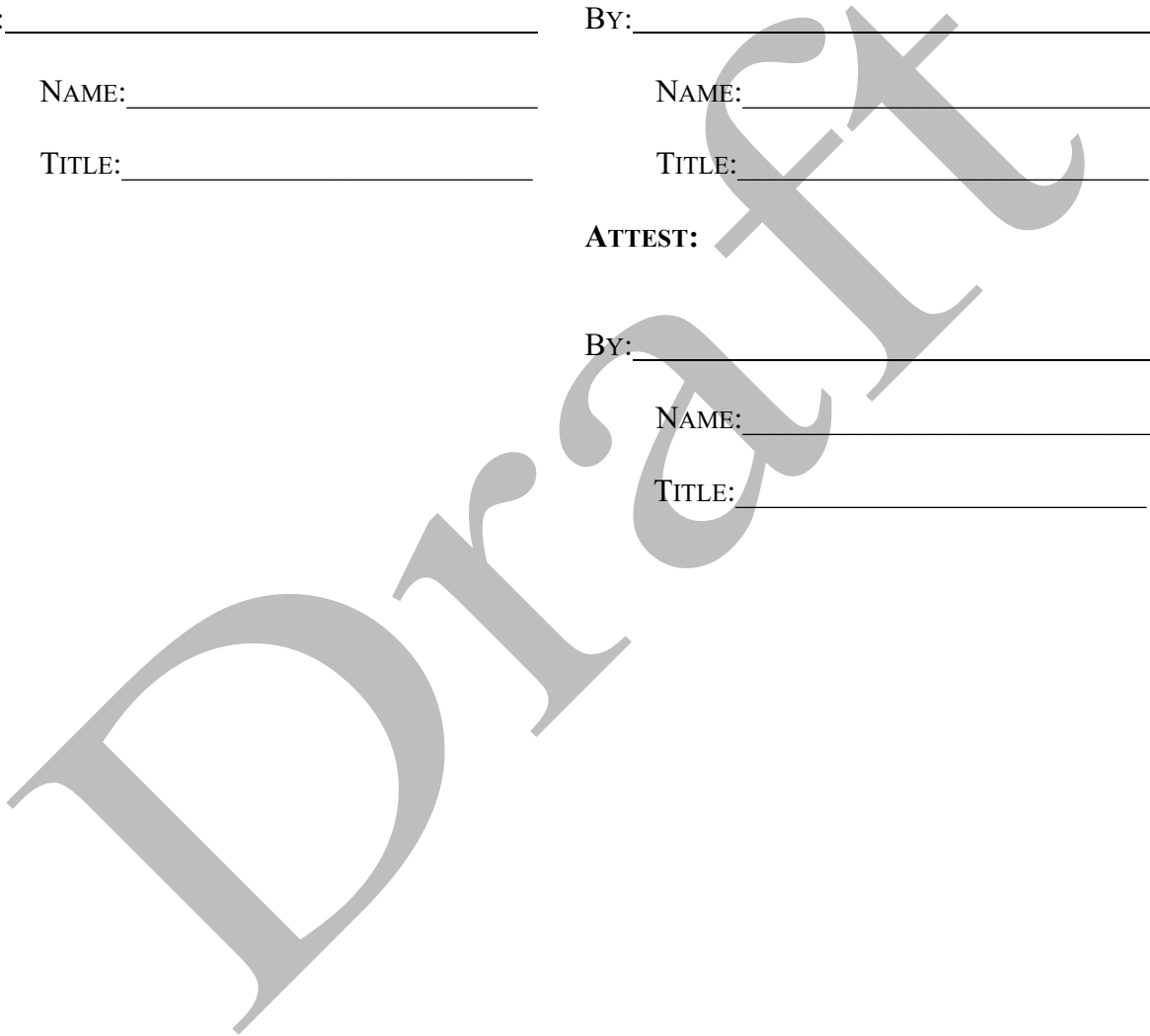
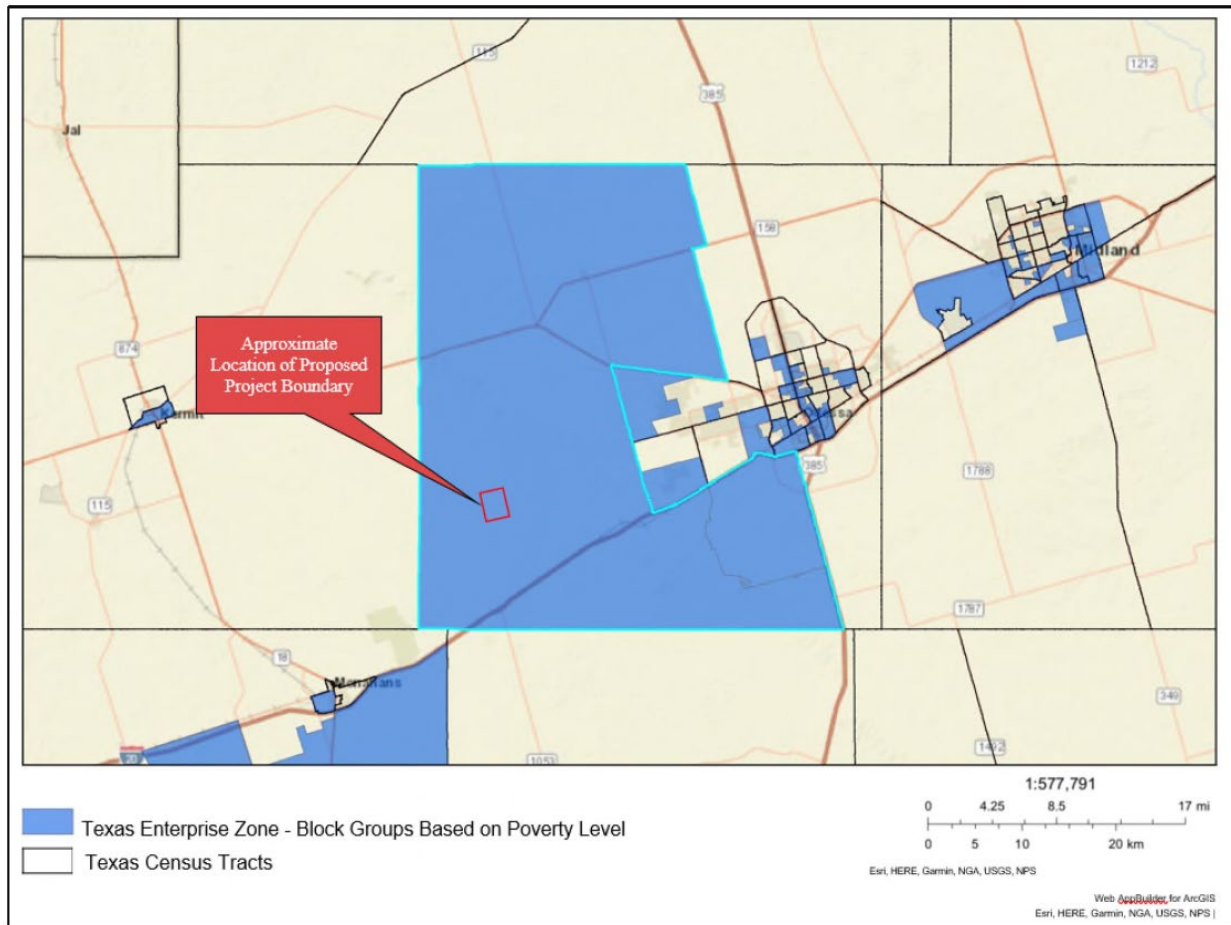


EXHIBIT 1

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 IPointFive P1, LLC
(App. No. 1570), September 21, 2021
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

1PointFive's DAC facility, the largest of its kind in the world, would be capable of removing approximately 500 kilotons of atmospheric CO₂ per year. The Project would be constructed on approximately 1,600 acres at a site known as the Shoe Bar Ranch in Ector County and would be located entirely within the boundaries of Ector County Independent School District.

There are four major process components associated with the Project:

- Air Contactor
- Pellet Reactor
- Pellet Calciner
- Slaker/Hydrator

Eligible ancillary and necessary equipment would include the following:

- Pellet Separator and Washing
- Pellet Dryer
- CO₂ Purifier and Compressor
- Cooling System
- Compressors
- Evaporators
- Pumps
- Electrical and Instrumentation Controls
- New Piping
- Water Treatment Facility
- Operations, Maintenance, Measurement, and Monitoring Buildings

Additional equipment and components would be defined during detail design and procured by the EPCM contractor.

The construction of the plant would include site preparation and earthworks, installation of foundations and supports, fabrication of major equipment and transportation to site, integration of modules and interconnecting works (i.e. piping, electrical, controls), erection of buildings and support infrastructure, utility interconnections, commissioning and start-up, production ramp-up, and handover to operations.

MAP OF QUALIFIED INVESTMENT



Agreement for Limitation on Appraised Value
Between Ector County ISD and IPointFive P1, LLC
(App. No. 1570), September 21, 2021
Exhibit 3

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

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

1PointFive's DAC facility, the largest of its kind in the world, would be capable of removing approximately 500 kilotons of atmospheric CO₂ per year. The Project would be constructed on approximately 1,600 acres at a site known as the Shoe Bar Ranch in Ector County and would be located entirely within the boundaries of Ector County Independent School District.

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MAP OF QUALIFIED PROPERTY



Agreement for Limitation on Appraised Value
Between Ector County ISD and IPointFive P1, LLC
(App. No. 1570), September 21, 2021
Exhibit 4

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

EXHIBIT 4

**EXHIBIT 5
AGREEMENT SCHEDULE**

	<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
Limitation Pre-Years	0	January 1, 2021	2021-22	2021	QTP Pre Year
	QTP 1	January 1, 2022	2022-23	2022	QTP year 1, begins January 1, 2022
	QTP 2	January 1, 2023	2023-24	2023	QTP year 2, ends December 31, 2023
	Gap Year	January 1, 2024	2024-25	2024	No appraisal limitation
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 IPointFive P1, LLC
(App. No. 1570), September 21, 2021
Exhibit 5

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



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 30, 2021

Scott Muri
Superintendent
Ector County Independent School District
P.O. Box 3912
Odessa, TX 79760

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 1PointFive P1, LLC, Application 1570

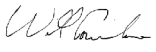
Dear Superintendent Muri:

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 1PointFive P1, 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 Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-5626, or at 512-475-5626.

Sincerely,

DocuSigned by:

8FDFC70F5753487...

Will Counihan

Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Derek Willis, 1PointFive P1, LLC
Josh Barvin, Oxy Low Carbon Ventures, LLC
Michael Lateur, Duff & Phelps



Scott Muri, Ed. D.
Superintendent of Schools
432-456-9879
802 N. Sam Houston, Odessa, TX 79761
Superintendent@ectorcountysd.org

August 18, 2021

1PointFive P1, LLC
c/o Stephen Kuntz
Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, TX 77010

via email: stephen.kuntz@nortonrosefulbright.com

Re: Request for Extension on Application of 1Pointfive P1, LLC
For an Appraised Value Limitation Agreement
Comptroller App. No. 1570

Dear Mr. Kuntz:

Please be advised that at a properly called meeting of the Ector County Independent School District Board of Trustees on August 17, 2021, the Board took action on the request for an extension to consider the application of 1Pointfive P1, LLC for an Appraised Value Limitation Agreement with Ector County ISD. The District approved the request and has granted the extension on the application until December 31, 2021. Enclosed is copy of the Resolution granting the extension. The Board's action will be reflected in the Minutes of this meeting.

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

Sincerely,

Scott Muri, Ed.D., Superintendent

OUR students...THE future

**RESOLUTION OF THE BOARD OF TRUSTEES OF
ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT**

The Board of Trustees of Ector County Independent School District (“the District”) does hereby make the following resolution regarding a pending application by 1PointFive P1, LLC (“1P51”) for an appraised value limitation agreement under Texas Tax Code, Chapter 313:

WHEREAS, on or about February 16, 2021, 1P51 submitted to the District an application under Texas Tax Code, Chapter 313 (the “Application”) for an appraised value limitation agreement (“Agreement”) and the application was deemed complete by the District on March 4, 2021;

WHEREAS, on or about March 4, 2021, the Application was received by the Texas Comptroller of Public Accounts (the “Texas Comptroller”) and the Texas Comptroller issued a letter deeming the Application complete, dated April 12, 2021, advising that it would move forward with its economic impact evaluation, and triggering the Application Review Start Date;

WHEREAS, Texas Tax Code §313.025(b) requires that the Board approve or disapprove an application before the 151st day after the date the application is deemed complete by the Texas Comptroller (the “Deadline”), unless the Texas Comptroller’s economic impact evaluation has not been received or an extension is agreed to by the Board and 1P51;

WHEREAS, due to ongoing negotiations between the District and 1P51, it is likely that the Agreement will not be approved by the Comptroller in time for the Board to issue its Findings of Fact and approve the Application and an Agreement before the Deadline; and

WHEREAS, on or about July 26, 2021, 1P51 submitted a request to the District to extend the Deadline in order to continue negotiations, a copy of which is attached here to as Exhibit “A.”

NOW BE IT THEREFORE RESOLVED, that the statements contained in the preamble of this Resolution are true and correct and adopted as findings of fact and operative provisions hereof, and that it is in the District’s best interest to extend the Deadline as requested;

BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant 1P51’s request, and extend the Deadline until December 31, 2021; and

BE IT FURTHER RESOLVED, the Superintendent, or his designee, is directed to provide notice to 1P51 and the Comptroller's Office of the Board's decision to grant 1P51's request, and extend the Deadline until December 31, 2021.

Passed and approved by the Ector County Independent School District Board of Trustees on this 17th day of August, 2021.

Ector County Independent School District


By: President of the Board of Trustees


By: Secretary of the Board of Trustees

EXHIBIT A

NORTON ROSE FULBRIGHT

Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, Texas 77010-3095
United States

Stephen A. Kuntz
Partner
Direct line +1 713 651 5241
stephen.kuntz@nortonrosefulbright.com

Tel +1 713 651 5151
Fax +1 713 651 5246
nortonrosefulbright.com

VIA E-MAIL TO: Fred.Stormer@nrlaw.com
James.Wester@nrlaw.com

July 26, 2021

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

Re: Ector County ISD Chapter 313 Application No. (the "Application")
Applicant: IPointFive P1, LLC

Request for Extension of Time until December 31, 2021, for Required Action on the Application

Dear Dr. Muri:

By letter dated April 12, 2021 (the "Completeness Letter"), the Texas Comptroller of Public Accounts (the "Comptroller") determined that the Application was complete, and on June 21, 2021, the Comptroller issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to Ector County ISD.

The remaining steps to be completed are for Ector County ISD and IPointFive P1, LLC to prepare and negotiate the Chapter 313 agreement and submit it to the Comptroller for review and approval, and then the Application and Comptroller-approved agreement can be placed on a meeting agenda of the Ector County ISD Board of Trustees for approval or disapproval.

As the Comptroller issued the Completeness Letter with respect to the Application on April 12, 2021, the last day of the 151-day period for the Ector County ISD Board of Trustees to approve or disapprove the Application and the agreement is Friday, September 10, 2021.

We believe it is prudent for Ector County ISD and IPointFive P1, LLC to extend the 151-day period until December 31, 2021, to allow sufficient time for the remaining steps to be completed.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

82642440 1:1000205425

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP, Norton Rose Fulbright South Africa (incorporated as Deneys Reitz, Inc.), each of which is a separate legal entity, are members of Norton Rose Fulbright Verein, a Swiss Verein. Details of each entity, with certain regulatory information, are at nortonrosefulbright.com. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients.

Dr. Scott Muri
Superintendent
Ector County Independent School District
July 26, 2021
Page 2

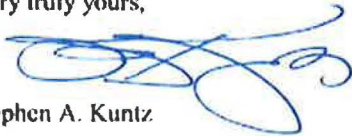
NORTON ROSE FULBRIGHT

Accordingly, and pursuant to Section 313.025(b) of the Texas Tax Code and Comptroller Rule §9.1054(d), 1PointFive P1, LLC respectfully requests that Ector County ISD approve an extension of the 151-day period for approving or disapproving the Application until Friday, December 31, 2021, such extension to be by agreement between Ector County ISD and 1PointFive P1, LLC.

If you have any questions, please do not hesitate to call me at (713) 651-5241.

Thank you for your consideration and assistance.

Very truly yours,



Stephen A. Kuntz

cc: Mr. Fred Stormer
Via e-mail to: Fred.Stormer@uwlaw.com

Mr. James Wester
Via e-mail to: James.Wester@uwlaw.com

Mr. Michael R. Horne
Via e-mail to: Michael.Horne@oxy.com

Mr. Kevin Buffington
Via e-mail to: Kevin.Buffington@duffandphelps.com

Mr. Michael Latour
Via e-mail to: Michael.Latour@duffandphelps.com

Mr. Doug Heinz
Via e-mail to: Doug.Heinz@duffandphelps.com

Mr. Anthony Schum
Via e-mail to: Anthony.Schum@duffandphelps.com