
FINDINGS
OF THE
PECOS-BARSTOW-TOYAH
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
ENTERPRISE PRODUCTS OPERATING, LLC
(Texas Taxpayer ID #12604305396)
(Application #1161)

December 15, 2016

FINDINGS OF THE PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY ENTERPRISE PRODUCTS OPERATING, LLC

STATE OF TEXAS §
 §
COUNTY OF REEVES §

On the 15th day of December, 2016, a public meeting of the Board of Trustees of the Pecos-Barstow-Toyah Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application of Enterprise Products Operating, LLC (Application #1161) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees reviewed and acknowledged its conflict of interest policies, then solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District’s administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Pecos-Barstow-Toyah Independent School District makes the following findings with respect to the Application of Enterprise Products Operating, LLC #1161, and the economic impact of that Application:

On November 15, 2016, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Enterprise Products Operating, LLC #1161 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. An amendment to that Application was received on November 11, 2016. A copy of the Application, as amended, is attached as **Attachment A**.

The Applicant, Enterprise Products Operating, LLC (Taxpayer Id. No. 12604305396) (“Applicant”), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The Board of Trustees acknowledges receipt of the Application, along with the required application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Reeves 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 § 313.026, and a determination that the Application was complete was issued on November 29, 2016. A copy of the Comptroller’s completeness letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on November 30, 2016 pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Pecos-Barstow-Toyah Independent School District. A copy of a report prepared by the Region 12 Education Service Center is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Pecos-Barstow-Toyah Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code,

in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Attachment G**.

The Texas Commissioner of Education has determined that the project will not impact school enrollment, as stated in **Attachment H**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Section 313.024 (1), Texas Tax Code, in the eligibility category of Manufacturing.

Board Finding Number 2.

The Applicant's entire proposed investment in the Pecos-Barstow-Toyah ISD is \$477,993,750, \$257,381,250 of which is proposed to be Qualified Investment under Section 313.021, Texas Tax Code.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$60,000 per year. The review of the Application by the State Comptroller's Office indicates that this amount-based on Texas Workforce Commission data-complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Section 313.021, Texas Tax Code.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$47 million on the basis of the 10 new qualifying positions committed to by the Applicant for this project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$477,993,750, resulting in a relative level of investment per qualifying job of \$47,799,375.

Board Finding Number 5.

The Applicant has not requested a waiver of the job creation requirement under Section 313.25(f-1), Texas Tax Code.

In support of Finding 5, the Board notes that the number of jobs proposed for this project (10 jobs) meets state job creation requirements.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

In support of Finding 6, the economic impact evaluation states:

Table 2 depicts this project’s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller’s office calculated the economic impact based on 15 years of annual investment and employment levels.

Table 2: Estimated Statewide Economic Impact of Enterprise Products Operating, LLC (modeled):

| Table 2: Estimated Statewide Economic Impact of Enterprise Products Operating, LLC (modeled) | | | | | | |
|---|-------------------|---------------------------|--------------|------------------------|---------------------------|---------------|
| Year | Employment | | | Personal Income | | |
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2017 | 150 | 169 | 319 | \$ 9,000,000 | \$ 14,300,000 | \$ 23,300,000 |
| 2018 | 160 | 223 | 383 | \$ 9,600,000 | \$ 20,300,000 | \$ 29,900,000 |
| 2019 | 160 | 243 | 403 | \$ 9,600,000 | \$ 24,000,000 | \$ 33,600,000 |
| 2020 | 160 | 254 | 414 | \$ 9,600,000 | \$ 27,100,000 | \$ 36,700,000 |
| 2021 | 160 | 252 | 412 | \$ 9,600,000 | \$ 29,100,000 | \$ 38,700,000 |
| 2022 | 10 | 97 | 107 | \$ 600,000 | \$ 14,500,000 | \$ 15,100,000 |
| 2023 | 10 | 76 | 86 | \$ 600,000 | \$ 12,400,000 | \$ 13,000,000 |
| 2024 | 10 | 63 | 73 | \$ 600,000 | \$ 11,000,000 | \$ 11,600,000 |
| 2025 | 10 | 58 | 68 | \$ 600,000 | \$ 10,300,000 | \$ 10,900,000 |
| 2026 | 10 | 56 | 66 | \$ 600,000 | \$ 10,100,000 | \$ 10,700,000 |
| 2027 | 10 | 58 | 68 | \$ 600,000 | \$ 10,200,000 | \$ 10,800,000 |
| 2028 | 10 | 43 | 53 | \$ 600,000 | \$ 8,900,000 | \$ 9,500,000 |
| 2029 | 10 | 41 | 51 | \$ 600,000 | \$ 8,500,000 | \$ 9,100,000 |
| 2030 | 10 | 41 | 51 | \$ 600,000 | \$ 8,500,000 | \$ 9,100,000 |
| 2031 | 10 | 41 | 51 | \$ 600,000 | \$ 8,500,000 | \$ 9,100,000 |
| 2032 | 10 | 43 | 53 | \$ 600,000 | \$ 8,700,000 | \$ 9,300,000 |

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reeves 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 and tax abatement with the county. The difference noted in the last line is the difference between Table 3 and Table 4:

Table 4: Estimated Direct Ad Valorem Taxes with all property tax incentives sought

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | PBTISD I&S Tax Levy | PBTISD M&O Tax Levy | PBTISD M&O and I&S Tax Levies | Reeves County Tax Levy | Reeves County Hospital District Tax Levy | Estimated Total Property Taxes | |
|------|---------------------------------|---------------------------------|------------------------------------|---------------------|-------------------------------|------------------------|--|--------------------------------|-----------------------|
| | | | Tax Rate¹ 0.0550 | 1.0400 | | 0.49952 | 0.2288 | | |
| 2017 | \$ 183,843,750 | \$ 183,843,750 | \$ 101,114 | \$ 1,911,975 | \$ 2,013,089 | \$ 193,036 | \$ 420,671 | \$ 2,626,796 | |
| 2018 | \$ 257,381,250 | \$ 257,381,250 | \$ 141,560 | \$ 2,676,765 | \$ 2,818,325 | \$ 270,250 | \$ 588,940 | \$ 3,677,515 | |
| 2019 | \$ 367,687,500 | \$ 30,000,000 | \$ 202,228 | \$ 312,000 | \$ 514,228 | \$ 386,072 | \$ 841,343 | \$ 1,741,643 | |
| 2020 | \$ 551,531,250 | \$ 30,000,000 | \$ 303,342 | \$ 312,000 | \$ 615,342 | \$ 579,108 | \$ 1,262,014 | \$ 2,456,464 | |
| 2021 | \$ 735,375,000 | \$ 30,000,000 | \$ 404,456 | \$ 312,000 | \$ 716,456 | \$ 772,144 | \$ 1,682,685 | \$ 3,171,285 | |
| 2022 | \$ 720,667,500 | \$ 30,000,000 | \$ 396,367 | \$ 312,000 | \$ 708,367 | \$ 3,026,804 | \$ 1,649,031 | \$ 5,384,202 | |
| 2023 | \$ 705,960,000 | \$ 30,000,000 | \$ 388,278 | \$ 312,000 | \$ 700,278 | \$ 2,965,032 | \$ 1,615,378 | \$ 5,280,688 | |
| 2024 | \$ 691,252,500 | \$ 30,000,000 | \$ 380,189 | \$ 312,000 | \$ 692,189 | \$ 2,903,261 | \$ 1,581,724 | \$ 5,177,173 | |
| 2025 | \$ 676,545,000 | \$ 30,000,000 | \$ 372,100 | \$ 312,000 | \$ 684,100 | \$ 2,841,489 | \$ 1,548,070 | \$ 5,073,659 | |
| 2026 | \$ 661,837,500 | \$ 30,000,000 | \$ 364,011 | \$ 312,000 | \$ 676,011 | \$ 2,779,718 | \$ 1,514,417 | \$ 4,970,145 | |
| 2027 | \$ 647,130,000 | \$ 30,000,000 | \$ 355,922 | \$ 312,000 | \$ 667,922 | \$ 2,717,946 | \$ 1,480,763 | \$ 4,866,630 | |
| 2028 | \$ 632,422,500 | \$ 30,000,000 | \$ 347,832 | \$ 312,000 | \$ 659,832 | \$ 2,656,175 | \$ 1,447,109 | \$ 4,763,116 | |
| 2029 | \$ 619,774,050 | \$ 619,774,050 | \$ 340,876 | \$ 6,445,650 | \$ 6,786,526 | \$ 2,603,051 | \$ 1,418,167 | \$ 10,807,744 | |
| 2030 | \$ 607,378,569 | \$ 607,378,569 | \$ 334,058 | \$ 6,316,737 | \$ 6,650,795 | \$ 2,550,990 | \$ 1,389,804 | \$ 10,591,589 | |
| 2031 | \$ 595,230,998 | \$ 595,230,998 | \$ 327,377 | \$ 6,190,402 | \$ 6,517,779 | \$ 2,499,970 | \$ 1,362,008 | \$ 10,379,757 | |
| 2032 | \$ 583,326,378 | \$ 583,326,378 | \$ 320,830 | \$ 6,066,594 | \$ 6,387,424 | \$ 2,449,971 | \$ 1,334,767 | \$ 10,172,162 | |
| 2033 | \$ 571,659,850 | \$ 571,659,850 | \$ 314,413 | \$ 5,945,262 | \$ 6,259,675 | \$ 2,400,971 | \$ 1,308,072 | \$ 9,968,719 | |
| 2034 | \$ 560,226,653 | \$ 560,226,653 | \$ 308,125 | \$ 5,826,357 | \$ 6,134,482 | \$ 2,352,952 | \$ 1,281,911 | \$ 9,769,344 | |
| | | | Total | \$ 5,703,077 | \$ 44,499,744 | \$ 50,202,820 | \$ 36,948,938 | \$ 23,726,873 | \$ 110,878,631 |
| | | | Diff | \$ 0 | \$ 63,340,251 | \$ 63,340,251 | \$ 6,601,829 | \$ 0 | \$ 40,031,855 |

¹Tax Rate per \$100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant’s project on the region if all taxes are assessed.

Table 3: Estimated Direct Ad Valorem Taxes without Property Tax Incentives

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | PBTISD I&S Tax Levy | PBTISD M&O Tax Levy | PBTISD M&O and I&S Tax Levies | Reeves County Tax Levy | Reeves County Hospital District Tax Levy | Estimated Total Property Taxes |
|--------------|---------------------------------|---------------------------------|-----------------------|-----------------------|-------------------------------|------------------------|--|--------------------------------|
| | | | Tax Rate ¹ | 0.0550 | 1.0400 | 0.4200 | 0.2288 | |
| 2017 | \$ 183,843,750 | \$ 183,843,750 | \$ 101,114 | \$ 1,911,975 | \$ 2,013,089 | \$ 772,144 | \$ 420,671 | \$ 3,205,904 |
| 2018 | \$ 257,381,250 | \$ 257,381,250 | \$ 141,560 | \$ 2,676,765 | \$ 2,818,325 | \$ 1,081,001 | \$ 588,940 | \$ 4,488,266 |
| 2019 | \$ 367,687,500 | \$ 367,687,500 | \$ 202,228 | \$ 3,823,950 | \$ 4,026,178 | \$ 1,544,288 | \$ 841,343 | \$ 6,411,808 |
| 2020 | \$ 551,531,250 | \$ 551,531,250 | \$ 303,342 | \$ 5,735,925 | \$ 6,039,267 | \$ 2,316,431 | \$ 1,262,014 | \$ 9,617,712 |
| 2021 | \$ 735,375,000 | \$ 735,375,000 | \$ 404,456 | \$ 7,647,900 | \$ 8,052,356 | \$ 3,088,575 | \$ 1,682,685 | \$ 12,823,616 |
| 2022 | \$ 720,667,500 | \$ 720,667,500 | \$ 396,367 | \$ 7,494,942 | \$ 7,891,309 | \$ 3,026,804 | \$ 1,649,031 | \$ 12,567,144 |
| 2023 | \$ 705,960,000 | \$ 705,960,000 | \$ 388,278 | \$ 7,341,984 | \$ 7,730,262 | \$ 2,965,032 | \$ 1,615,378 | \$ 12,310,672 |
| 2024 | \$ 691,252,500 | \$ 691,252,500 | \$ 380,189 | \$ 7,189,026 | \$ 7,569,215 | \$ 2,903,261 | \$ 1,581,724 | \$ 12,054,199 |
| 2025 | \$ 676,545,000 | \$ 676,545,000 | \$ 372,100 | \$ 7,036,068 | \$ 7,408,168 | \$ 2,841,489 | \$ 1,548,070 | \$ 11,797,727 |
| 2026 | \$ 661,837,500 | \$ 661,837,500 | \$ 364,011 | \$ 6,883,110 | \$ 7,247,121 | \$ 2,779,718 | \$ 1,514,417 | \$ 11,541,255 |
| 2027 | \$ 647,130,000 | \$ 647,130,000 | \$ 355,922 | \$ 6,730,152 | \$ 7,086,074 | \$ 2,717,946 | \$ 1,480,763 | \$ 11,284,782 |
| 2028 | \$ 632,422,500 | \$ 632,422,500 | \$ 347,832 | \$ 6,577,194 | \$ 6,925,026 | \$ 2,656,175 | \$ 1,447,109 | \$ 11,028,310 |
| 2029 | \$ 619,774,050 | \$ 619,774,050 | \$ 340,876 | \$ 6,445,650 | \$ 6,786,526 | \$ 2,603,051 | \$ 1,418,167 | \$ 10,807,744 |
| 2030 | \$ 607,378,569 | \$ 607,378,569 | \$ 334,058 | \$ 6,316,737 | \$ 6,650,795 | \$ 2,550,990 | \$ 1,389,804 | \$ 10,591,589 |
| 2031 | \$ 595,230,998 | \$ 595,230,998 | \$ 327,377 | \$ 6,190,402 | \$ 6,517,779 | \$ 2,499,970 | \$ 1,362,008 | \$ 10,379,757 |
| 2032 | \$ 583,326,378 | \$ 583,326,378 | \$ 320,830 | \$ 6,066,594 | \$ 6,387,424 | \$ 2,449,971 | \$ 1,334,767 | \$ 10,172,162 |
| 2033 | \$ 571,659,850 | \$ 571,659,850 | \$ 314,413 | \$ 5,945,262 | \$ 6,259,675 | \$ 2,400,971 | \$ 1,308,072 | \$ 9,968,719 |
| 2034 | \$ 560,226,653 | \$ 560,226,653 | \$ 308,125 | \$ 5,826,357 | \$ 6,134,482 | \$ 2,352,952 | \$ 1,281,911 | \$ 9,769,344 |
| Total | | | \$5,703,077 | \$ 107,839,995 | \$ 113,543,071 | \$ 43,550,767 | \$ 23,726,873 | \$ 150,910,486 |

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

Board Finding Number 8.

The effect of the Applicant’s proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District’s facility needs, with current trends suggesting little underlying enrollment growth based on the impact of the project.

In support of Finding 8, the Board refers to the finding of the Texas Commissioner of Education at **Attachment H** to these findings.

Board Finding Number 9.

The Applicant’s 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.

In support of finding No. 9, **Attachment B** of the economic impact study contains a year-by-year analysis as depicted in the following table:

| | 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 | 2016 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| | 2017 | \$ 1,911,975 | \$ 1,911,975 | \$ 0 | \$ 0 |
| | 2018 | \$ 2,676,765 | \$ 4,588,740 | \$ 0 | \$ 0 |
| Limitation Period (10 Years) | 2019 | \$ 312,000 | \$ 4,900,740 | \$ 3,511,950 | \$ 3,511,950 |
| | 2020 | \$ 312,000 | \$ 5,212,740 | \$ 5,423,925 | \$ 8,935,875 |
| | 2021 | \$ 312,000 | \$ 5,524,740 | \$ 7,335,900 | \$ 16,271,775 |
| | 2022 | \$ 312,000 | \$ 5,836,740 | \$ 7,182,942 | \$ 23,454,717 |
| | 2023 | \$ 312,000 | \$ 6,148,740 | \$ 7,029,984 | \$ 30,484,701 |
| | 2024 | \$ 312,000 | \$ 6,460,740 | \$ 6,877,026 | \$ 37,361,727 |
| | 2025 | \$ 312,000 | \$ 6,772,740 | \$ 6,724,068 | \$ 44,085,795 |
| | 2026 | \$ 312,000 | \$ 7,084,740 | \$ 6,571,110 | \$ 50,656,905 |
| | 2027 | \$ 312,000 | \$ 7,396,740 | \$ 6,418,152 | \$ 57,075,057 |
| | 2028 | \$ 312,000 | \$ 7,708,740 | \$ 6,265,194 | \$ 63,340,251 |
| Maintain Viable Presence (5 Years) | 2029 | \$ 6,445,650 | \$ 14,154,390 | \$ 0 | \$ 63,340,251 |
| | 2030 | \$ 6,316,737 | \$ 20,471,127 | \$ 0 | \$ 63,340,251 |
| | 2031 | \$ 6,190,402 | \$ 26,661,530 | \$ 0 | \$ 63,340,251 |
| | 2032 | \$ 6,066,594 | \$ 32,728,124 | \$ 0 | \$ 63,340,251 |
| | 2033 | \$ 5,945,262 | \$ 38,673,386 | \$ 0 | \$ 63,340,251 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2034 | \$ 5,826,357 | \$ 44,499,744 | \$ 0 | \$ 63,340,251 |
| | 2035 | \$ 5,709,830 | \$ 50,209,574 | \$ 0 | \$ 63,340,251 |
| | 2036 | \$ 5,595,633 | \$ 55,805,207 | \$ 0 | \$ 63,340,251 |
| | 2037 | \$ 5,483,721 | \$ 61,288,928 | \$ 0 | \$ 63,340,251 |
| | 2038 | \$ 5,374,046 | \$ 66,662,974 | \$ 0 | \$ 63,340,251 |
| | 2039 | \$ 5,266,565 | \$ 71,929,540 | \$ 0 | \$ 63,340,251 |
| | 2040 | \$ 5,161,234 | \$ 77,090,774 | \$ 0 | \$ 63,340,251 |
| | 2041 | \$ 5,058,009 | \$ 82,148,783 | \$ 0 | \$ 63,340,251 |
| | 2042 | \$ 4,956,849 | \$ 87,105,632 | \$ 0 | \$ 63,340,251 |
| | 2043 | \$ 4,857,712 | \$ 91,963,345 | \$ 0 | \$ 63,340,251 |
| | | \$ 91,963,345 | is greater than | \$ 63,340,251 | |

| | |
|--|------------|
| 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 |
|--|------------|

Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant’s decision to invest capital and construct the project in this state.

Board Finding Number 11.

The ability of the Applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Findings Nos. 10 and 11, **Attachment C** of the economic impact study states:

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. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Enterprise Products Operating, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Eddy County, New Mexico is a competing location for the proposed project. Enterprise has the infrastructure already in place to build the project in Eddy County. The State of New Mexico offers a comprehensive and aggressive package of incentives which are highly competitive with those offered by the State of Texas.”
 - B. “The property tax burden has a direct impact on the proposed project’s economic viability and the decision to invest in Texas.”
 - C. “The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.”
 - D. “An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incent the Applicant to invest capital in Reeves County, Texas rather than making an alternative investment.”
- The Applicant provided confidential cash flow models with application #1161 indicating that a Chapter 313 limitation agreement would result in an increased internal rate of return. The applicant stated in Tab 5 that capital “investments by the Applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.”

- Pursuant to the attached *Bloomberg* article, dated June 20, 2016, “[i]n two years, pipeline giant Enterprise Products Partners LP will be capable of processing 800 million cubic feet of natural gas a day in an energy-rich stretch of West Texas and southeastern New Mexico known as the Delaware Basin.” Additionally, “Enterprise’s expansion includes a new gas-processing plant anchored by long-term commitments from an unnamed producer.” Although “Enterprise has yet to decide where to build the processing plant,” the applicant stated that the new plant “will handle 300 million cubic feet a day.”
- Attached map indicates project location in relation to adjacent natural gas and natural gas liquid pipelines.

Supporting Information

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

Board Finding Number 12.

The Board of Trustees of the Pecos-Barstow-Toyah Independent School District hired consultants to review and verify the information in Application #1161. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Texas Tax Code, § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer Id. 12604305396) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16.

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 enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

[Signature Page to Follow]

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Pecos-Barstow-Toyah Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the official minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Pecos-Barstow-Toyah Independent School District.

Dated the 15th day of December, 2016.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By: 
Gail Box
President, Board of Trustees

ATTEST:

By: 
Bertha Natividad
Secretary, Board of Trustees

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT A
Application of
Enterprise Products Operating, LLC



P.O. Box 4018 Houston, Texas 77210-4018
1100 Louisiana Houston, Texas 77002 www.enterpriseproducts.com

November 10, 2016

Superintendent Jim Haley
Pecos Barstow Toyah ISD
1302 S. Park Street
Pecos, Texas 79772

Re: Application for Chapter 313 Value Limitation Agreement submitted by Enterprise Products Operating, LLC

Dear Superintendent Haley:

Enterprise Products Operating LLC ("Enterprise") submitted an application for a Chapter 313 Value Limitation Agreement for a potential new cryogenic natural gas processing plant to be constructed near Orla (the "Orla Plant"). The District accepted the application and caused it to be filed with the Texas Comptroller of Public Accounts ("CPA") as Application No. 1141 on June 27, 2016. At the time Application No. 1141 was submitted, Enterprise did not yet own the real property where the proposed project was to be located. Enterprise was in negotiations to acquire a 100-acre tract of land at the time of submission of Application No. 1141, submitted a map of that property as the planned reinvestment zone and indicated the application would be supplemented once the real property was acquired and the reinvestment zone was designated. Enterprise was unable to acquire the 100-acre tract described in Tab No. 11 to Application No. 1141 due to circumstances outside its control. The CPA issued a Certificate of Limitation for Application No. 1141 on August 5, 2016. Enterprise has now acquired a 118.71-acre tract of land suitable for a proposed Orla Plant; however, Application No. 1141 may not be amended since a Certificate of Limitation has been issued.

Accordingly, Enterprise is withdrawing Application No. 1141. Enterprise Products plans to submit a new application for the proposed Orla Plant containing the revised property description. A copy of the new application is submitted with this letter. The application is in the same form and substance as Application No. 1141, with the following differences:

1. The Authorized School District Consultant has changed and we have added an authorized Company Consultant.
2. The answers to Section 8 of the Application have been updated.
3. Section 12 of the Application has been changed to reflect that the proposed project will be located within a Reinvestment Zone by the time this Application is submitted to the District at its meeting on November 15, 2016.
4. Section 14 of the Application and Tab 13 to the Application have been updated for current employment and wage information.
5. Tab 9 has been updated to describe the 118.71-acre tract of land where the proposed Orla Plant would be constructed. Consistent with Application No. 1141, the land upon which the new buildings or new improvements will be built WILL NOT be a part of the qualified property described by Section 313.021 (2) (A) of the Texas Tax Code.



P.O. Box 4018 Houston, Texas 77210-4018
1100 Louisiana Houston, Texas 77002 www.enterpriseproducts.com

6. Tab 11 has been updated by using maps that reflect the 118.71-acre tract of land where the proposed Orla Plant would be constructed.
7. Tab 16 has been updated to reflect the Reinvestment Zone to be created by action of the Reeves County Commissioners Court on November 14, 2016.

As we did with Application No. 1141, we have submitted an economic analysis as part of Tab 5 of the application that we deem to be proprietary and confidential, and request that this information be kept confidential and transmitted separately when the District's consultants forward the new application to the CPA.

No construction has occurred at the proposed site of the Orla Plant. We anticipate construction of the project, if approved, would commence as soon as practicable after issuance of a completeness letter by the CPA, making the Qualifying Time Period consist of 2017 and 2018, with the limitation then taking effect in 2019.

We believe this proposed investment demonstrates our commitment to growing our economic presence in the PBT ISD, promoting economic growth and jobs for your community. We respectfully request consideration of the project for an Agreement for Value Limitation under Chapter 313 of the Texas Tax Code.

If you have any questions, please feel free to contact me by telephone at 713-381-8071 or by email at ctate@eprod.com.

Sincerely,

A handwritten signature in blue ink that reads "Curt Tate". The signature is written in a cursive style and is contained within a rectangular box.

Curt Tate
Sr. Tax Director



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

Economic Development
and Analysis
Form 50-296-A

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

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

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

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

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its 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 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, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to 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 www.texasahead.org/tax_programs/chapter313/. 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

Date Application Received by District

First Name

Last Name

Title

School District Name

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number (optional)

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)

First Name _____ Last Name _____

Title _____

Firm Name _____

Phone Number _____ Fax Number _____

Mobile Number (optional) _____ Email Address _____

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

5. Has the district determined that the electronic copy and hard copy are identical? Yes No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

First Name _____ Last Name _____

Title _____ Organization _____

Street Address _____

Mailing Address _____

City _____ State _____ ZIP _____

Phone Number _____ Fax Number _____

Mobile Number (optional) _____ Business Email Address _____

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

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

First Name _____ Last Name _____

Title _____ Organization _____

Street Address _____

Mailing Address _____

City _____ State _____ ZIP _____

Phone Number _____ Fax Number _____

Mobile Number (optional) _____ Business Email Address _____

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

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

First Name _____ Last Name _____

Title _____

Firm Name _____

Phone Number _____ Fax Number _____

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 time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

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? _____

2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) _____

3. List the NAICS code _____

4. Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No

4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) _____

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 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.

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

5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

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

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.
2. Check the project characteristics that apply to the proposed project:

| | |
|---|--|
| <input type="checkbox"/> Land has no existing improvements | <input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>) |
| <input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>) | <input type="checkbox"/> Relocation within Texas |

SECTION 8: Limitation as Determining Factor

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

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

Application for Appraised Value Limitation on Qualified Property

SECTION 9: Projected Timeline

1. Application approval by school board _____
 2. Commencement of construction _____
 3. Beginning of qualifying time period _____
 4. First year of limitation _____
 5. Begin hiring new employees _____
 6. Commencement of commercial operations _____
 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (*date your application is finally determined to be complete*)? Yes No
- Note:** Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? _____

SECTION 10: The Property

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

| | |
|--|---|
| County: _____ <small>(Name, tax rate and percent of project)</small> | City: _____ <small>(Name, tax rate and percent of project)</small> |
| Hospital District: _____ <small>(Name, tax rate and percent of project)</small> | Water District: _____ <small>(Name, tax rate and percent of project)</small> |
| Other (describe): _____ <small>(Name, tax rate and percent of project)</small> | Other (describe): _____ <small>(Name, tax rate and percent of project)</small> |
5. Is the project located entirely within the ISD listed in Section 1? Yes No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? _____
2. What is the amount of appraised value limitation for which you are applying? _____

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

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? Yes No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone?

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

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

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

SECTION 14: Wage and Employment Information

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

2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of _____
 (year)

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

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

4. What is the number of new qualifying jobs you are committing to create?

5. What is the number of new non-qualifying jobs you are estimating you will create?

6. 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

6a. If yes, attach evidence 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.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC 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 from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).

a. Average weekly wage for all jobs (all industries) in the county is

b. 110% of the average weekly wage for manufacturing jobs in the county is

c. 110% of the average weekly wage for manufacturing jobs in the region is

8. 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)

9. What is the minimum required annual wage for each qualifying job based on the qualified property?

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property?

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No

12. 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

12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. 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

13a. 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, C, and D 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 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

| TAB | ATTACHMENT |
|-----|---|
| 1 | Pages 1 through 11 of Application |
| 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 vicinity 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) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic 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 three possible wage requirements with TWC documentation |
| 14 | Schedules A1, A2, B, C and D 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 a 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* <p>* To be submitted with application or before date of final application approval by school board</p> |
| 17 | Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i> |

Exhibit 1

Attachment 4a.

| School District & Application Number | Applying Entity | Application Date | First Full Tax Year |
|--|--|------------------|---------------------|
| Barbers Hill ISD No. 166 | Enterprise Products Operating LLC | 9/1/2009 | 2010 |
| Barbers Hill ISD No. 178 | Enterprise Products Operating LLC | 8/30/2010 | 2011 |
| Barbers Hill ISD No. 192 | Enterprise Products Operating, LLC | 7/20/2010 | 2012 |
| Barbers Hill ISD No. 253 | Enterprise Products Operating, LLC | 11/20/2012 | 2014 |
| Barbers Hill ISD No. 254 | Enterprise Products Operating, LLC | 11/20/2012 | 2014 |
| Barbers Hill ISD No. 278 | Enterprise Products Operating, LLC | 3/28/2013 | 2014 |
| Barbers Hill ISD No. 349 | Enterprise Products Operating, LLC | 9/23/2013 | 2015 |
| Barbers Hill ISD No. 363 | Enterprise Products Operating, LLC | 11/18/2013 | 2015 |
| Barbers Hill ISD No. 364 | Enterprise Products Operating, LLC | 11/18/2013 | 2015 |
| Yoakum ISD No. 187 | Enterprise Hydrocarbons, L.P. | 4/11/2011 | 2012 |
| Pecos Bartsow Toyah ISD No. 1122 | Delaware Basin Gas Processing LLC | 12/17/2015 | 2018 |

Tab # 2

Proof of Payment of Application Fee

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

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

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

Tab # 3

**Documentation of Combined Group
Membership under Texas Tax Code
171.0001(7)**

Texas Franchise Tax Extension Affiliate List

1087

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

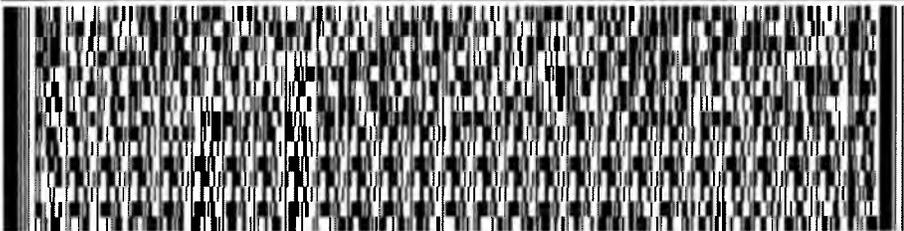
| | | |
|-------------|------|-----------------------------------|
| 17605682198 | 2016 | Enterprise Products Partners L.P. |
|-------------|------|-----------------------------------|

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|--|--|---|
| 1. ENTERPRISE PRODUCTS OLPGP INC ■ | 12004832015 | ■ <input type="checkbox"/> |
| 2. ENTERPRISE GTMGP LLC ■ | 32011348052 | ■ <input checked="" type="checkbox"/> |
| 3. ENTERPRISE PRODUCTS OPERATING LLC ■ | 12604305396 | ■ <input type="checkbox"/> |
| 4. ENTERPRISE PRODUCTS TEXAS OPERATING LLC ■ | 32033241277 | ■ <input type="checkbox"/> |
| 5. CHUNCHULA PIPELINE CO LLC ■ | 17605733926 | ■ <input type="checkbox"/> |
| 6. HSC PIPELINE PARTNERSHIP LLC ■ | 12604307731 | ■ <input type="checkbox"/> |
| 7. SORRENTO PIPELINE COMPANY LLC ■ | 17605733884 | ■ <input type="checkbox"/> |
| 8. CAJUN PIPELINE COMPANY LLC ■ | 17605733942 | ■ <input type="checkbox"/> |
| 9. ENTERPRISE LOU-TEX NGL PIPELINE LP ■ | 17606156218 | ■ <input type="checkbox"/> |
| 10. SAILFISH PIPELINE COMPANY LLC ■ | 17605231061 | ■ <input type="checkbox"/> |
| 11. MORAY PIPELINE COMPANY LLC ■ | 32001747669 | ■ <input type="checkbox"/> |
| 12. PORT NECHES PIPELINE LLC ■ | 32033241426 | ■ <input type="checkbox"/> |
| 13. PORT NECHES GP LLC ■ | 14320514335 | ■ <input type="checkbox"/> |
| 14. ADAMANA LAND COMPANY LLC ■ | 260430539 | ■ <input checked="" type="checkbox"/> |
| 15. GROVES RGP PIPELINE LLC ■ | 32033241269 | ■ <input type="checkbox"/> |
| 16. MAPLETREE LLC ■ | 32008535687 | ■ <input type="checkbox"/> |
| 17. MID-AMERICA PIPELINE COMPANY LLC ■ | 11326187801 | ■ <input type="checkbox"/> |
| 18. ENTERPRISE TERMINALS & STORAGE LLC ■ | 17316595366 | ■ <input type="checkbox"/> |
| 19. SEMINOLE PIPELINE COMPANY ■ | 17310998624 | ■ <input type="checkbox"/> |
| 20. ENTERPRISE OFFSHORE DEVELOPMENT LLC ■ | 481262448 | ■ <input checked="" type="checkbox"/> |
| 21. DEEP GULF DEVELOPMENT LLC ■ | 481262451 | ■ <input checked="" type="checkbox"/> |

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



| | | | |
|-------|--------------------------|----|--------------------------|
| VE/DE | <input type="checkbox"/> | FM | <input type="checkbox"/> |
|-------|--------------------------|----|--------------------------|



7004

Texas Franchise Tax Extension Affiliate List

2037

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

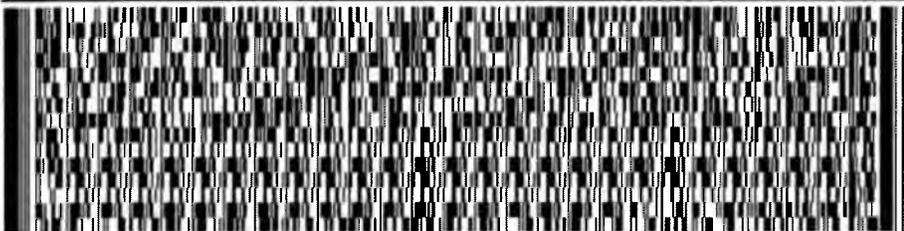
| | | |
|-------------|------|-----------------------------------|
| 17605682198 | 2016 | Enterprise Products Partners L.P. |
|-------------|------|-----------------------------------|

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|--|--|---|
| 1. OLEFINS TERMINAL LLC ■ | 10613112969 | ■ <input type="checkbox"/> |
| 2. ENTERPRISE NGL PIPELINE LLC ■ | 17605901721 | ■ <input type="checkbox"/> |
| 3. ENTERPRISE GAS PROCESSING LLC ■ | 32000814668 | ■ <input type="checkbox"/> |
| 4. ENTERPRISE NGL PRIVATE LINES & STOR ■ | 17605601230 | ■ <input type="checkbox"/> |
| 5. NORCO-TAFT PIPELINE LLC ■ | 32038546837 | ■ <input checked="" type="checkbox"/> |
| 6. ENTERPRISE FRACTIONATION LLC ■ | 17605595838 | ■ <input type="checkbox"/> |
| 7. ENTERPRISE WHITE RIVER HUB LLC ■ | 262204315 | ■ <input checked="" type="checkbox"/> |
| 8. ENTERPRISE HYDROCARBONS LP ■ | 17427797521 | ■ <input type="checkbox"/> |
| 9. TECO GAS GATHERING LLC ■ | 17427219112 | ■ <input type="checkbox"/> |
| 10. TECO GAS PROCESSING LLC ■ | 17427531029 | ■ <input type="checkbox"/> |
| 11. DEP HOLDINGS LLC ■ | 32024280920 | ■ <input type="checkbox"/> |
| 12. DIXIE PIPELINE COMPANY ■ | 15808648065 | ■ <input type="checkbox"/> |
| 13. ENTERPRISE PROPANE TERMINALS & STORAGE LLC ■ | 32038546811 | ■ <input checked="" type="checkbox"/> |
| 14. BELVIEU ENVIRONMENTAL FUEL LLC ■ | 32033241293 | ■ <input type="checkbox"/> |
| 15. ENTERPRISE TERMINALLING LLC ■ | 32033241392 | ■ <input type="checkbox"/> |
| 16. ENTERPRISE GAS LIQUIDS LLC ■ | 17605827744 | ■ <input type="checkbox"/> |
| 17. BELLE ROSE NGL PIPELINE LLC ■ | 17605980204 | ■ <input type="checkbox"/> |
| 18. WILPRISE PIPELINE COMPANY LLC ■ | 17315282248 | ■ <input checked="" type="checkbox"/> |
| 19. ENTERPRISE GTM HOLDINGS LP ■ | 32019523714 | ■ <input type="checkbox"/> |
| 20. CAMERON HIGHWAY PIPELINE GP LLC ■ | 32011680413 | ■ <input type="checkbox"/> |
| 21. CAMERON HIGHWAY PIPELINE I LP ■ | 32035757460 | ■ <input type="checkbox"/> |

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Texas Comptroller Official Use Only



| | | | |
|-------|--------------------------|----|--------------------------|
| VE/DE | <input type="checkbox"/> | FM | <input type="checkbox"/> |
|-------|--------------------------|----|--------------------------|



7004

307 7

Texas Franchise Tax Extension Affiliate List

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

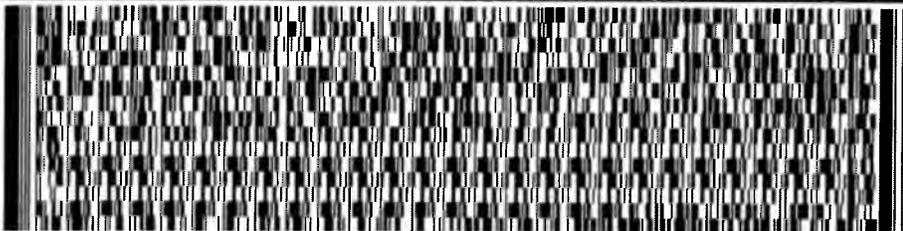
| | | |
|-------------|------|-----------------------------------|
| 17605682198 | 2016 | Enterprise Products Partners L.P. |
|-------------|------|-----------------------------------|

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|---|--|---|
| 1. ENTERPRISE GTM OFFSHORE OPERATING C | 17606108797 | <input type="checkbox"/> |
| 2. HIGH ISLAND OFFSHORE SYSTEM LLC | 32003942136 | <input type="checkbox"/> |
| 3. ENTERPRISE GC LLC | 17603908272 | <input type="checkbox"/> |
| 4. ENTERPRISE TEXAS PIPELINE LLC | 32033274252 | <input type="checkbox"/> |
| 5. ENTERPRISE INTRASTATE LLC | 32018625346 | <input type="checkbox"/> |
| 6. MANTA RAY GATHERING COMPANY LLC | 17603908256 | <input type="checkbox"/> |
| 7. FLEXTREND DEVELOPMENT COMPANY LLC | 17604705834 | <input type="checkbox"/> |
| 8. POSEIDON PIPELINE COMPANY LLC | 30117725876 | <input type="checkbox"/> |
| 9. ENTERPRISE GTM HATTIESBURG STORAGE | 260430539 | <input checked="" type="checkbox"/> |
| 10. ENTERPRISE FIELD SERVICES LLC | 17605434558 | <input type="checkbox"/> |
| 11. ARIZONA GAS STORAGE LLC | 753073720 | <input checked="" type="checkbox"/> |
| 12. ENTERPRISE NEW MEXICO VENTURES LLC | 32038620384 | <input checked="" type="checkbox"/> |
| 13. INDEPENDENCE HUB LLC | 12017900536 | <input type="checkbox"/> |
| 14. TRI-STATES NGL PIPELINE LLC | 731545893 | <input checked="" type="checkbox"/> |
| 15. Acadian Gas LLC | 17606192692 | <input type="checkbox"/> |
| 16. Acadian Gas Pipeline System | 30114482745 | <input checked="" type="checkbox"/> |
| 17. Calcasieu Gas Gathering System | 751921219 | <input checked="" type="checkbox"/> |
| 18. Pontchartrain Natural Gas System | 32038543008 | <input checked="" type="checkbox"/> |
| 19. Enterprise Lou-Tex Propylene P/L LP | 17606182511 | <input type="checkbox"/> |
| 20. Neches Pipeline System | 32038543016 | <input checked="" type="checkbox"/> |
| 21. Sabine Propylene Pipeline LLC | 17606524878 | <input type="checkbox"/> |

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| | | | |
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| VE/DE | <input type="checkbox"/> | FM | <input type="checkbox"/> |
|-------|--------------------------|----|--------------------------|



7004

Texas Franchise Tax Extension Affiliate List

4077

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

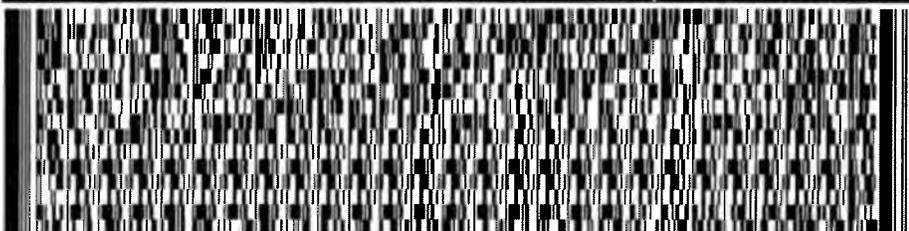
| | | |
|-------------|------|-----------------------------------|
| 17605682198 | 2016 | Enterprise Products Partners L.P. |
|-------------|------|-----------------------------------|

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|--|--|---|
| 1. Tejas-Magnolia Energy LLC ■ | 17604816557 | ■ <input type="checkbox"/> |
| 2. TXO-ACADIAN GAS PIPELINE LLC ■ | 17606192437 | ■ <input type="checkbox"/> |
| 3. MCN ACADIAN GAS PIPELINE LLC ■ | 17606193369 | ■ <input type="checkbox"/> |
| 4. CYPRESS GAS PIPELINE LLC ■ | 32000444169 | ■ <input type="checkbox"/> |
| 5. CYPRESS GAS MARKETING LLC ■ | 17606192734 | ■ <input type="checkbox"/> |
| 6. EVANGELINE GULF COAST GAS LLC ■ | 17606195190 | ■ <input type="checkbox"/> |
| 7. MCN PELICAN INTERSTATE GAS LLC ■ | 32000444037 | ■ <input type="checkbox"/> |
| 8. ENTERPRISE ARIZONA GAS LLC ■ | 32046802008 | ■ <input checked="" type="checkbox"/> |
| 9. CHAMA GAS SERVICES LLC ■ | 262623562 | ■ <input checked="" type="checkbox"/> |
| 10. DUNCAN ENERGY PARTNERS LP ■ | 32035074254 | ■ <input type="checkbox"/> |
| 11. SOUTH TEXAS NGL PIPELINES LLC ■ | 12057125515 | ■ <input type="checkbox"/> |
| 12. MONT BELVIEU CAVERNS LLC ■ | 32025100366 | ■ <input type="checkbox"/> |
| 13. DEP OFFSHORE PORT SYSTEM LLC ■ | 32036569153 | ■ <input type="checkbox"/> |
| 14. ENTERPRISE PATHFINDER LLC ■ | 32038546803 | ■ <input checked="" type="checkbox"/> |
| 15. ENTERPRISE OFFSHORE PORT SYSTEM LLC ■ | 32034730849 | ■ <input type="checkbox"/> |
| 16. BELVIEU ENVIRONMENTAL FUELS GP LLC ■ | 14320468979 | ■ <input type="checkbox"/> |
| 17. ENTERPRISE PRODUCTS PARTNERS LP ■ | 17605682198 | ■ <input type="checkbox"/> |
| 18. ENTERPRISE PRODUCTS MARKETING COMPANY LLC ■ | 32040663711 | ■ <input type="checkbox"/> |
| 19. ENTERPRISE BIG THICKET PIPELINE SYSTEM LLC ■ | 32040849898 | ■ <input type="checkbox"/> |
| 20. ENTERPRISE GP LLC ■ | 32003429126 | ■ <input type="checkbox"/> |
| 21. ENTERPRISE NGL PIPELINES II LLC ■ | 13521670102 | ■ <input type="checkbox"/> |

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Texas Comptroller Official Use Only



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|-------|--------------------------|----|--------------------------|
| VE/DE | <input type="checkbox"/> | FM | <input type="checkbox"/> |
|-------|--------------------------|----|--------------------------|



7004

5087

Texas Franchise Tax Extension Affiliate List

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

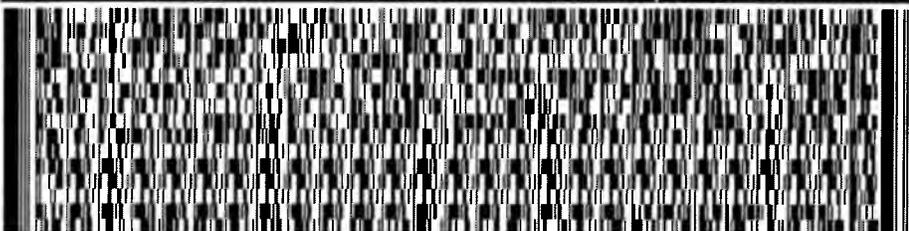
| | | |
|-------------|------|-----------------------------------|
| 17605682198 | 2016 | Enterprise Products Partners L.P. |
|-------------|------|-----------------------------------|

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|--|--|---|
| 1. ENTERPRISE MARINE SERVICES LLC | 32036641424 | <input type="checkbox"/> |
| 2. ENTERPRISE CRUDE GP LLC | 17606569634 | <input type="checkbox"/> |
| 3. ENTERPRISE REFINED PRODUCTS COMPANY LLC | 12056619377 | <input type="checkbox"/> |
| 4. ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC | 12604310461 | <input type="checkbox"/> |
| 5. TEPPCO O/S PORT SYSTEM LLC | 32034730971 | <input type="checkbox"/> |
| 6. ENTERPRISE CRUDE PIPELINE LLC | 17707047704 | <input type="checkbox"/> |
| 7. ENTERPRISE SEAWAY LP | 32036094699 | <input type="checkbox"/> |
| 8. ENTERPRISE TE PARTNERS LP | 17602910584 | <input type="checkbox"/> |
| 9. ENTERPRISE CRUDE OIL LLC | 32033266233 | <input type="checkbox"/> |
| 10. ENTERPRISE PRODUCTS BBCT LLC | 15106562265 | <input type="checkbox"/> |
| 11. ENTERPRISE JONAH GAS GATHERING COMPANY | 830317360 | <input checked="" type="checkbox"/> |
| 12. DEAN PIPELINE COMPANY LLC | 32033266241 | <input type="checkbox"/> |
| 13. PANOLA PIPELINE COMPANY LLC | 32033266225 | <input type="checkbox"/> |
| 14. QUANAH PIPELINE COMPANY LLC | 32033266258 | <input type="checkbox"/> |
| 15. WILCOX PIPELINE COMPANY LLC | 32033266217 | <input type="checkbox"/> |
| 16. TCTM LP | 32036219791 | <input type="checkbox"/> |
| 17. CHAPARRAL PIPELINE COMPANY LLC | 32033266266 | <input type="checkbox"/> |
| 18. QP-LS LLC | 262708528 | <input checked="" type="checkbox"/> |
| 19. ENTERPRISE LOUISIANA PIPELINE LLC | 32040255385 | <input type="checkbox"/> |
| 20. RIO GRANDE PIPELINE COMPANY | 17314849120 | <input type="checkbox"/> |
| 21. ENTERPRISE MIDSTREAM COMPANIES LLC | 32033266191 | <input type="checkbox"/> |

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|-------|--------------------------|----|--------------------------|
| VE/DE | <input type="checkbox"/> | FM | <input type="checkbox"/> |
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7004

Texas Franchise Tax Extension Affiliate List

687

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

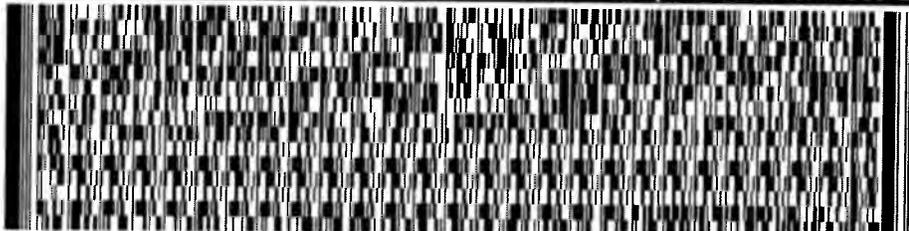
| | | |
|-------------|------|-----------------------------------|
| 17605682198 | 2016 | Enterprise Products Partners L.P. |
|-------------|------|-----------------------------------|

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|---|--|---|
| 1. CTCO OF TEXAS LLC ■ | 32019601221 | ■ <input type="checkbox"/> |
| 2. ENTERPRISE LOGISTIC SERVICES LLC ■ | 12735713096 | ■ <input type="checkbox"/> |
| 3. JMRS TRANSPORT SERVICES, Inc ■ | 17606894404 | ■ <input type="checkbox"/> |
| 4. CHANNELVIEW FLEETING SERVICES, LLC ■ | 32041556773 | ■ <input type="checkbox"/> |
| 5. ENTERPRISE GATHERING LLC ■ | 32041546337 | ■ <input type="checkbox"/> |
| 6. ENTERPRISE REFINED PRODUCTS MARKETING CO. LLC ■ | 32042316094 | ■ <input type="checkbox"/> |
| 7. ENTERPRISE PRODUCTS PIPELINE COMPANY LLC ■ | 17602440707 | ■ <input type="checkbox"/> |
| 8. ENTERPRISE TE INVESTMENTS LLC ■ | 17604475172 | ■ <input type="checkbox"/> |
| 9. ENERGY VENTURES LLC ■ | 260430539 | ■ <input checked="" type="checkbox"/> |
| 10. ECO PROPERTY LLC ■ | 422740972 | ■ <input checked="" type="checkbox"/> |
| 11. ENTERPRISE PELICAN PIPELINE LP ■ | 32036470576 | ■ <input type="checkbox"/> |
| 12. ENTERPRISE GATHERING II LLC ■ | 32041737100 | ■ <input type="checkbox"/> |
| 13. ENTERPRISE EF78 LLC ■ | 32051233677 | ■ <input type="checkbox"/> |
| 14. ENTERPRISE HOUSTON SHIP CHANNEL LP ■ | 17418029207 | ■ <input type="checkbox"/> |
| 15. ENTERPRISE BEAUMONT MARINE WEST SPLT PRODUCTS ■ | 32044233248 | ■ <input type="checkbox"/> |
| 16. ENTERPRISE APPELT LLC ■ | 32049430864 | ■ <input type="checkbox"/> |
| 17. ENTERPRISE HOUSTON SHIP CHANNEL GP LLC ■ | 32003152140 | ■ <input type="checkbox"/> |
| 18. ENTERPRISE BEAUMONT MARINE WEST LP ■ | 15221051855 | ■ <input type="checkbox"/> |
| 19. ENTERPRISE BEAUMONT MARINE WEST GP LLC ■ | 32044631995 | ■ <input type="checkbox"/> |
| 20. ENTERPRISE TERMINALING SERVICES GP LLC ■ | 32044313164 | ■ <input type="checkbox"/> |
| 21. ENTERPRISE TERMINALING SERVICES LP ■ | 32044313115 | ■ <input type="checkbox"/> |

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|-------|--------------------------|----|--------------------------|
| VE/DE | <input type="checkbox"/> | FM | <input type="checkbox"/> |
|-------|--------------------------|----|--------------------------|



Texas Franchise Tax Extension Affiliate List

107

■ Tcode 13298

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

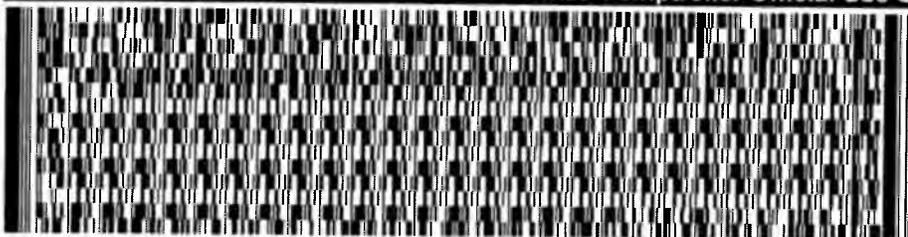
| | | |
|-------------|------|-----------------------------------|
| 17605682198 | 2016 | Enterprise Products Partners L.P. |
|-------------|------|-----------------------------------|

| LEGAL NAME OF AFFILIATE | AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number) | CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS |
|---|--|---|
| 1. ENTERPRISE NATURAL GAS PIPELINE LLC ■ | 32056290938 | ■ <input type="checkbox"/> |
| 2. RED RIVER CRUDE OIL LLC ■ | 32058406870 | ■ <input type="checkbox"/> |
| 3. RED RIVEER CRUDE PIPELINE LLC ■ | 32058406896 | ■ <input type="checkbox"/> |
| 4. ROCKY MOUNTAIN CRUDE OIL LLC ■ | 32058443550 | ■ <input type="checkbox"/> |
| 5. ENTERPRISE ACQUISITION HOLDINGS LLC ■ | 32057061049 | ■ <input type="checkbox"/> |
| 6. ENTERPRISE FIELD SERVICES (OFFSHORE) LLC ■ | 32057284526 | ■ <input type="checkbox"/> |
| 7. ■ | | ■ <input type="checkbox"/> |
| 8. ■ | | ■ <input type="checkbox"/> |
| 9. ■ | | ■ <input type="checkbox"/> |
| 10. ■ | | ■ <input type="checkbox"/> |
| 11. ■ | | ■ <input type="checkbox"/> |
| 12. ■ | | ■ <input type="checkbox"/> |
| 13. ■ | | ■ <input type="checkbox"/> |
| 14. ■ | | ■ <input type="checkbox"/> |
| 15. ■ | | ■ <input type="checkbox"/> |
| 16. ■ | | ■ <input type="checkbox"/> |
| 17. ■ | | ■ <input type="checkbox"/> |
| 18. ■ | | ■ <input type="checkbox"/> |
| 19. ■ | | ■ <input type="checkbox"/> |
| 20. ■ | | ■ <input type="checkbox"/> |
| 21. ■ | | ■ <input type="checkbox"/> |

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| | | | |
|-------|--------------------------|----|--------------------------|
| VE/DE | <input type="checkbox"/> | FM | <input type="checkbox"/> |
|-------|--------------------------|----|--------------------------|



7004

Tab # 4

Detailed Description of the project

Proposed Project Description

The proposed project is the construction of a new gas plant capable of processing up to 900MMSCFD of well-head gas in Reeves County, Texas. The plant will include inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system with truck loading capabilities.

The project is a cryogenic natural gas processing plant that will process raw natural gas by removing contaminants or impurities and creating pipeline-quality residue gas and natural gas liquids. Natural gas liquids are a mixture of products such as ethane, propane, normal butane, isobutane and natural gasoline.

Raw natural gas produced at the well-head contains varying amounts of natural gas liquids ("NGLs"). This rich natural gas in its raw form is usually not acceptable for transportation in the nation's major natural gas pipeline systems or for commercial use as a fuel. Natural gas processing plants remove the NGLs from the natural gas stream, enabling the natural gas to meet transmission pipeline and commercial quality specifications.

Summary of plant feed stock and finished products

1. Feedstock Source: Raw Natural Gas produced at the well-head and transported through gathering systems from various producers in the Permian Basin.
2. Final Products Produced:
 - a. Mixed NGL's: The mixed NGL's will be transported via pipeline from the plant to multiple markets for storage and further fractionation.
 - b. Natural Gas: The residue gas will be compressed and delivered to a newly constructed pipeline adjacent to the facility to be delivered to multiple markets.
3. Interconnections
 - a. The plant will be interconnected via newly constructed pipelines to allow the final products to be delivered to the market.

The new cryogenic plant facility will consist of the following components:

- Inlet Slug Catchers
- Inlet Separation and Filtration
- Amine treating for CO₂ Removal
- TEG dehydration for H₂O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression units
- Heat Medium Systems
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 5

Documentation to assist in determining if limitation is a determining factor

AT THE REQUEST OF THE APPLICANT SUPPORTING DOCUMENTS ARE CONSIDERED PROPRIETY AND CONFIDENTIAL DUE TO THE NATURE OF THE FINANCIAL INFORMATION ANALYSIS SUBMITTED. Applicant has submitted Propriety and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.

Key Investment Determination Factors

- Enterprise Products Operating, LLC is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. Enterprise has manufacturing locations in Texas, and other states, including Louisiana, New Mexico, Colorado, and Wyoming. Enterprise also has significant assets in New Mexico including gathering systems and interstate pipelines that can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in the neighboring State of New Mexico or elsewhere.
- Eddy County, New Mexico is a competing location for the proposed project. Enterprise has the infrastructure already in place to build the project in Eddy County. The State of New Mexico offers a comprehensive and aggressive package of incentives which are highly competitive with those offered by the State of Texas. Enterprise just recently constructed the South Eddy Gas Plant which went into service in May 2016. This project received comprehensive tax abatement from Eddy County and the State of New Mexico.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.

- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.
- Capital investments by the Applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.
- The Applicant is submitting the attached discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment in Reeves County, Texas.
- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incent the Applicant to invest capital in Reeves County, Texas rather than making an alternative investment.

Item 10 to Tab 5

AT THE REQUEST OF THE APPLICANT SUPPORTING DOCUMENTS ARE CONSIDERED PROPRIETY AND CONFIDENTIAL DUE TO THE NATURE OF THE FINANCIAL INFORMATION ANALYSIS SUBMITTED. Applicant has submitted Propriety and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.



Orla Gas Plant

With Limitation Agreement

Property Tax Department

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Terminal Year |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|---------------|
| Plant Throughput (MMBTU/Day) | - | 300,000 | 300,000 | 300,000 | 300,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | - |
| Processing Fee (\$/MMBTU) | - | 0.29 | 0.30 | 0.30 | 0.30 | 0.31 | 0.33 | 0.34 | 0.34 | 0.35 | 0.36 | 0.37 | - |
| Revenue (\$) | - | 31,755,000 | 32,548,875 | 33,862,597 | 102,889,985 | 105,154,735 | 107,783,603 | 110,478,193 | 113,240,148 | 116,071,152 | 118,972,931 | 121,947,254 | - |
| Property Value (\$) | 183,843,750 | 257,381,250 | 367,687,500 | 551,531,250 | 735,375,000 | 720,667,500 | 705,960,000 | 691,252,500 | 676,545,000 | 661,837,500 | 647,130,000 | 632,422,500 | - |
| Service Factor | 0.25 | 0.35 | 0.50 | 0.75 | 1.00 | 0.98 | 0.96 | 0.94 | 0.92 | 0.90 | 0.88 | 0.86 | - |
| Operating Expenses (\$) | - | (5,800,000) | (5,945,000) | (6,093,625) | (6,247,897) | (6,402,344) | (6,556,803) | (6,711,265) | (6,865,727) | (7,020,190) | (7,174,652) | (7,329,114) | - |
| Property Tax (\$) | (1,420,223) | (1,988,312) | (2,840,446) | (4,260,668) | (5,680,891) | (5,567,273) | (5,453,656) | (5,340,038) | (5,226,420) | (5,112,802) | (4,999,184) | (4,885,566) | - |
| Capex (\$) | (183,843,750) | (73,537,500) | (110,306,250) | (183,843,750) | (183,843,750) | - | - | - | - | - | - | - | 663,517,516 |
| Terminal Value | - | - | - | - | - | - | - | - | - | - | - | - | 663,517,516 |
| Free Cash Flow (\$) | (185,263,973) | (49,570,812) | (86,542,821) | (160,835,447) | (105,672,553) | 80,381,117 | 82,643,445 | 84,959,490 | 87,330,596 | 89,758,139 | 92,243,531 | 94,788,217 | 663,517,516 |
| Cumulative Free Cash Flow (\$) | (185,263,973) | (234,834,785) | (321,377,605) | (482,213,052) | (587,885,605) | (507,504,487) | (424,861,043) | (339,901,552) | (252,570,956) | (162,812,817) | (70,569,286) | 24,218,931 | 687,736,446 |

| | |
|----------------------|-------------|
| As of: | 1/1/2017 |
| Total Investment: | 795,000,000 |
| Property Tax Rate : | 0.77% |
| Depreciation Rate: | 2.00% |
| Capitalization Rate: | 8.00% |

| | |
|--------------------------------------|---------------|
| IRR | 10.12% |
| Total Business Value with Limitation | \$341,029,557 |



Orla Gas Plant

With No Limitation Agreement

Property Tax Department

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Terminal Year |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|
| Plant Throughput (MMBTU/Day) | - | 300,000 | 300,000 | 300,000 | 300,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | 900,000 | - |
| Processing Fee (\$/MMBTU) | - | 0.29 | 0.30 | 0.30 | 0.30 | 0.32 | 0.33 | 0.34 | 0.34 | 0.35 | 0.36 | 0.37 | - |
| Revenue (\$) | - | 31,755,000 | 32,548,575 | 33,362,597 | 102,589,985 | 105,154,735 | 107,783,603 | 110,478,193 | 113,240,148 | 116,071,152 | 118,972,931 | 121,947,254 | - |
| Property Value (\$) | 183,843,750 | 257,381,250 | 367,687,500 | 551,531,250 | 735,375,000 | 720,667,500 | 705,960,000 | 691,252,500 | 676,545,000 | 661,837,500 | 647,130,000 | 632,422,500 | - |
| Service Factor | 0.25 | 0.35 | 0.50 | 0.75 | 1.00 | 0.98 | 0.96 | 0.94 | 0.92 | 0.90 | 0.88 | 0.86 | - |
| Operating Expenses (\$) | - | (5,800,000) | (5,945,000) | (6,093,625) | (6,237,897) | (19,206,344) | (19,686,503) | (20,178,665) | (20,683,132) | (21,200,210) | (21,730,216) | (22,273,471) | - |
| Property Tax (\$) | (3,189,362) | (4,465,107) | (6,378,724) | (9,568,085) | (12,757,447) | (12,502,298) | (12,247,149) | (11,992,000) | (11,736,851) | (11,481,703) | (11,226,554) | (10,971,405) | - |
| Capex (\$) | (183,843,750) | (73,537,500) | (110,306,250) | (183,843,750) | (183,843,750) | - | - | - | - | - | - | - | 620,916,649 |
| Terminal Value | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Free Cash Flow (\$) | (187,033,112) | (52,047,607) | (90,081,099) | (166,142,864) | (112,749,109) | 73,446,092 | 75,849,951 | 78,307,528 | 80,820,165 | 83,389,239 | 86,016,162 | 88,702,378 | 620,916,649 |
| Cumulative Free Cash Flow (\$) | (187,033,112) | (239,080,718) | (329,161,817) | (495,304,681) | (608,053,789) | (534,607,697) | (458,757,746) | (380,450,218) | (299,630,054) | (216,240,815) | (130,224,653) | (41,522,275) | 579,394,374 |

| | |
|----------------------|-------------|
| As of: | 1/1/2017 |
| Total Investment: | 795,000,000 |
| Property Tax Rate : | 1.73% |
| Depreciation Rate: | 2.00% |
| Capitalization Rate: | 8.00% |

| | |
|---|---------------|
| IRR | 8.66% |
| Total Business Value without Limitation | \$282,228,038 |

Tab # 6

**Description of how project is located in
more than one district...**

Not applicable to this proposed project

Tab # 7

Description of Qualified Investment

The proposed Gas Plant project will construct a new gas plant capable of processing up to 900MMSCFD of well-head gas. The plant will include inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system with truck loading capabilities.

The project is a cryogenic natural gas processing plant that will process raw natural gas by removing contaminants or impurities and creating pipeline-quality residue gas and natural gas liquids.

The new cryogenic plant facility will consist of the following components:

- Inlet Slug Catchers
- Inlet Separation and Filtration
- Amine treating for CO₂ Removal
- TEG dehydration for H₂O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression units
- Heat Medium Systems
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 8

Description of Qualified Property

The proposed Gas Plant project will construct a new gas plant capable of processing up to 900MMSCFD of well-head gas. The plant will include inlet compression, inlet treating and dehydration, a cryogenic plant and a stabilizer system with truck loading capabilities.

The project is a cryogenic natural gas processing plant that will process raw natural gas by removing contaminants or impurities and creating pipeline-quality residue gas and natural gas liquids.

The new cryogenic plant facility will consist of the following components:

- Inlet Slug Catchers
- Inlet Separation and Filtration
- Amine treating for CO₂ Removal
- TEG dehydration for H₂O Removal
- Thermal Oxidizers
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plants
- Residue Recompression units
- Heat Medium Systems
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 9

Description of Land

The Land upon which the new buildings or new improvements will be built WILL NOT be a part of the qualified property described by §313.021(2)(A).

Legal Description:

Description of a 118.71 acre facility site located on the property of Texas Pacific Land Trust,

located in T&P RR Co. Survey, A-591, Section 31, BLK. 56, T2, Reeves County, Texas and being more fully described in Volume 165, Page 182, and described as follows:

COMMENCING at a found 1" iron pipe located at the Southwest corner Section 30, also being the POINT OF BEGINNING, and having coordinates of X=1,979, 397.64 and Y=11,548,428.87, for the Northwest corner of the herein described facility site:

Thence North 89 degrees 21 minutes 52 seconds East, for a distance of 3631.96 feet to a point;
Thence South 36 degrees 59 minutes 25 seconds East, for a distance of 1705.04 feet to a point;
Thence North 87 degrees 51 minutes 47 seconds West, for a distance of 4668.20 feet to a point;
Thence North 00 degrees 21 minutes 59 seconds East, for a distance of 1147.53 feet to a point being the said POINT OF BEGINNING.

Tab # 10

Description of all property not eligible to become qualified property

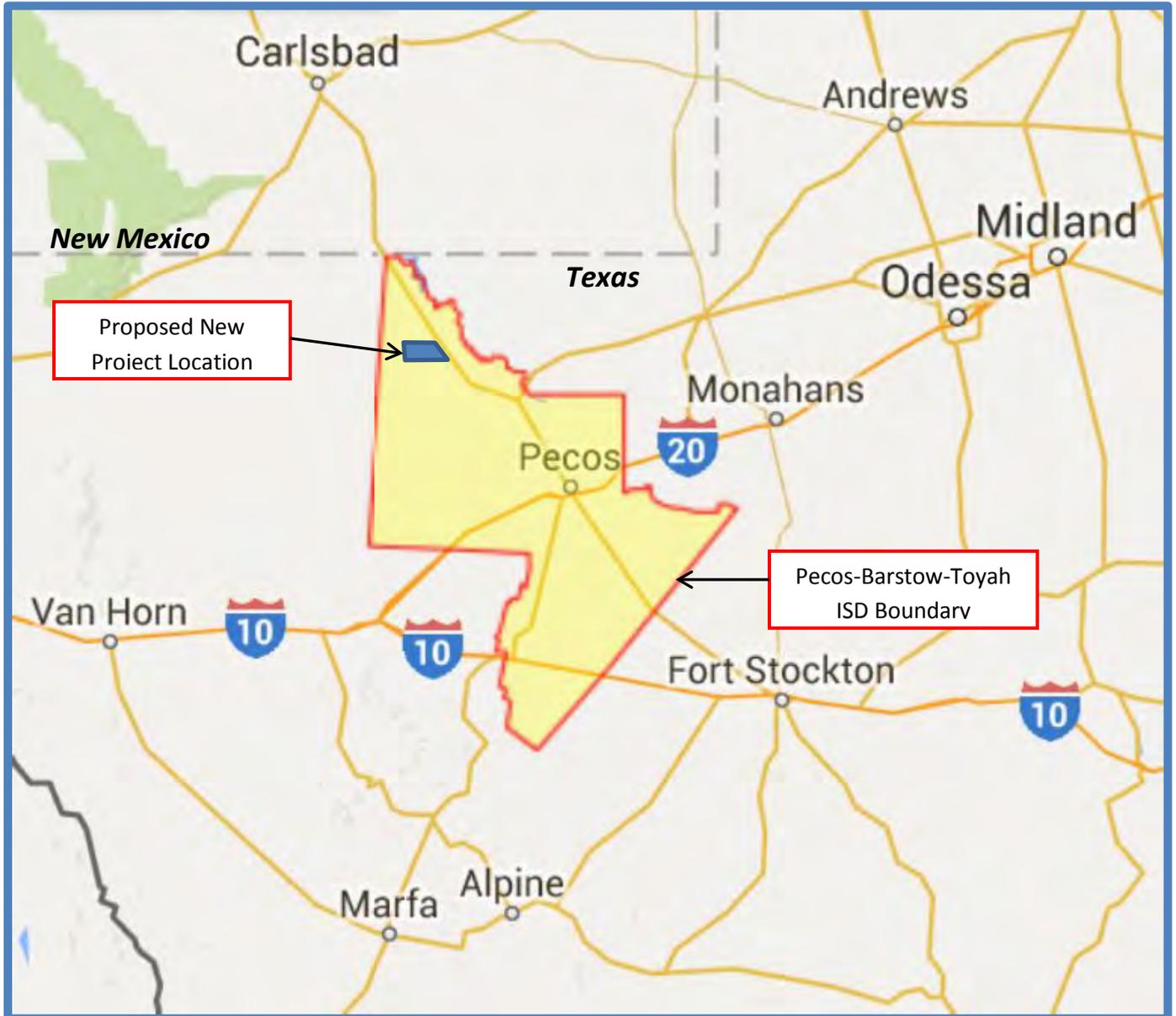
Not Applicable – All property will be eligible to become qualified property

Tab # 11

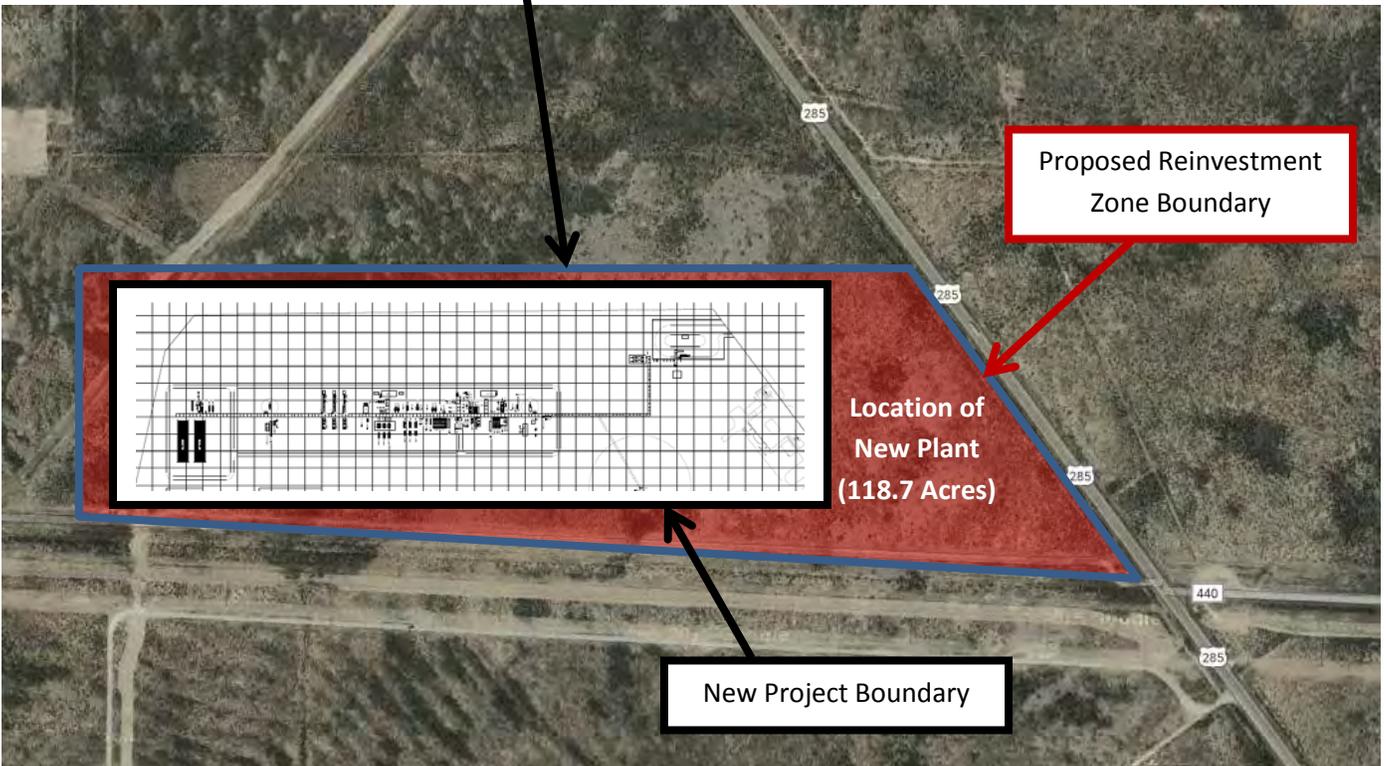
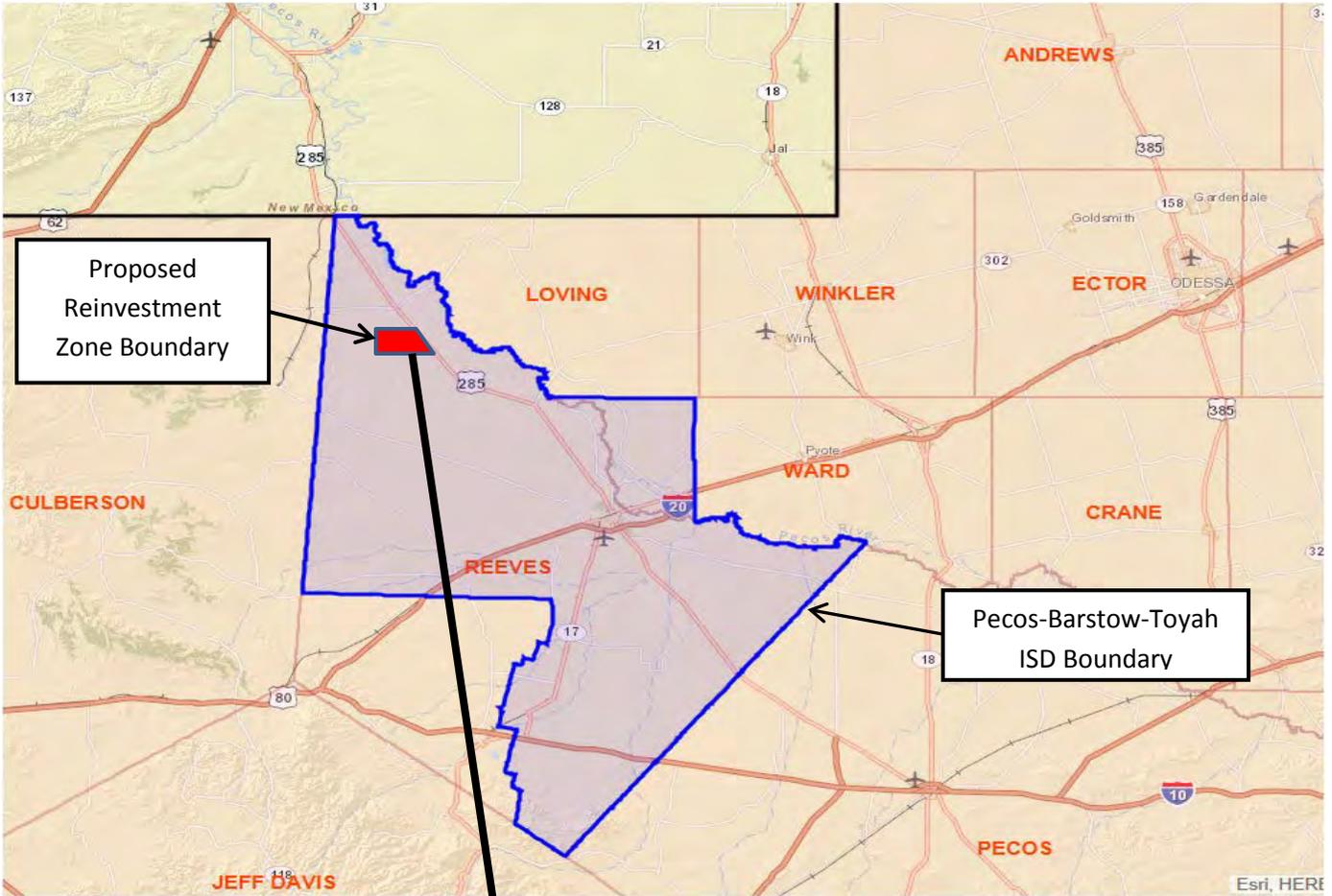
Maps that clearly show:

- a) **Project Vicinity** – See following map labeled “Project Vicinity Map”
- b) **Qualified Investment** – See following map labeled “Qualified Investment / Qualified Property Map”
- c) **Qualified Property** – See following map labeled “Qualified Investment / Qualified Property Map”
- d) **Existing Property** - There is no existing property on the land.
- e) **Land location and vicinity map** – See following map labeled “Project Vicinity Map”
- f) **Reinvestment Zone within vicinity map, showing the actual or proposed boundaries and size** – See following map labeled “Proposed Reinvestment Zone Map”

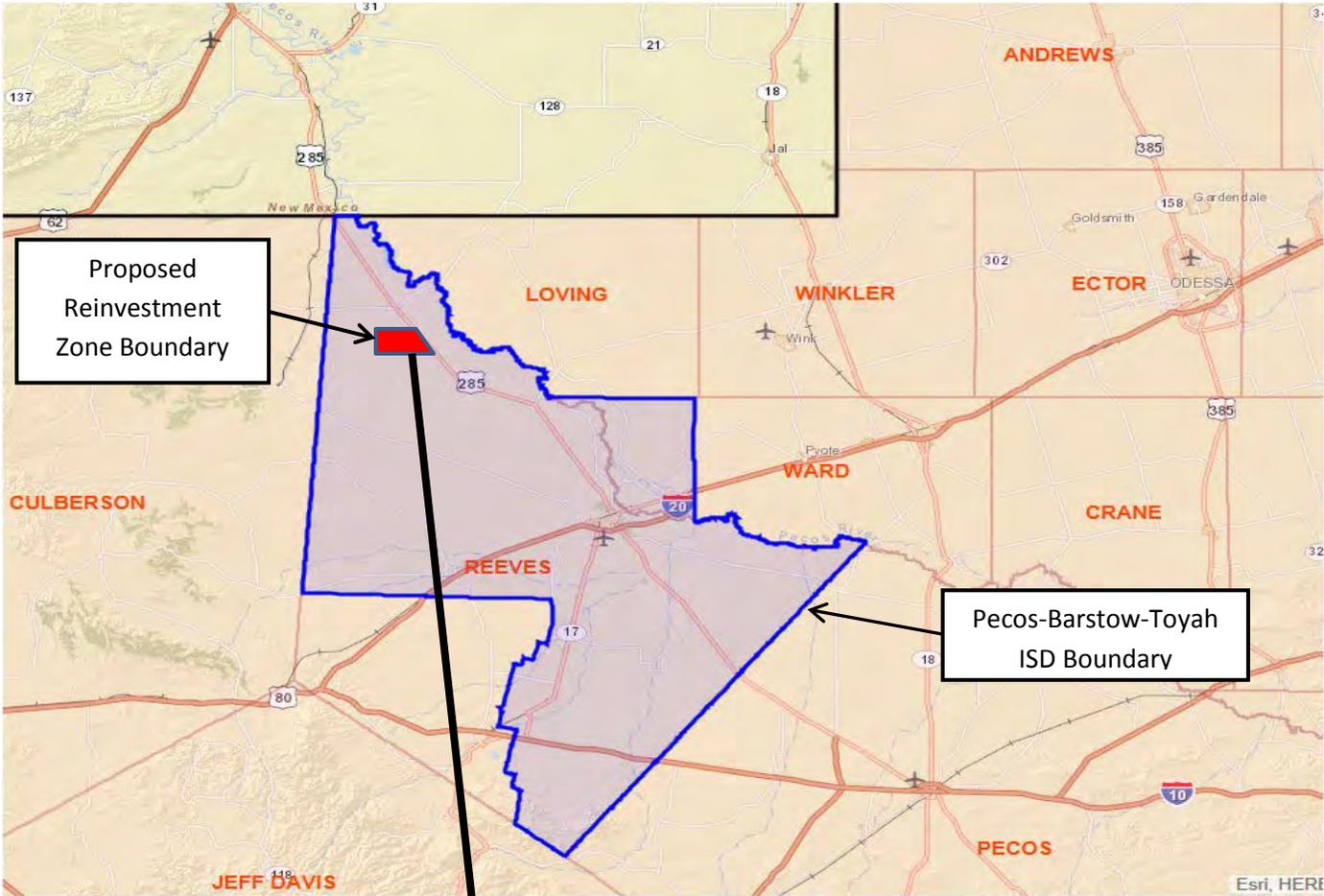
Project Vicinity Map



Qualified Investment / Qualified Property Map



Proposed Reinvestment Zone Map



Tab # 12

Request for Waiver of Job Creation Requirement and supporting information

Not Applicable – No request will be made for a waiver of Job Creation

Tab # 13

Calculation of three possible wage requirements with TWC documentation

**2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

| COG | Wages | |
|---|----------------|-----------------|
| | Hourly | Annual |
| Texas | \$24.41 | \$50,778 |
| 1. Panhandle Regional Planning Commission | \$20.64 | \$42,941 |
| 2. South Plains Association of Governments | \$17.50 | \$36,408 |
| 3. NORTEX Regional Planning Commission | \$23.28 | \$48,413 |
| 4. North Central Texas Council of Governments | \$25.03 | \$52,068 |
| 5. Ark-Tex Council of Governments | \$18.46 | \$38,398 |
| 6. East Texas Council of Governments | \$19.84 | \$41,270 |
| 7. West Central Texas Council of Governments | \$19.84 | \$41,257 |
| 8. Rio Grande Council of Governments | \$18.32 | \$38,109 |
| 9. Permian Basin Regional Planning Commission | \$25.18 | \$52,382 |
| 10. Concho Valley Council of Governments | \$18.80 | \$39,106 |
| 11. Heart of Texas Council of Governments | \$21.41 | \$44,526 |
| 12. Capital Area Council of Governments | \$29.98 | \$62,363 |
| 13. Brazos Valley Council of Governments | \$18.78 | \$39,057 |
| 14. Deep East Texas Council of Governments | \$17.30 | \$35,993 |
| 15. South East Texas Regional Planning Commission | \$30.41 | \$63,247 |
| 16. Houston-Galveston Area Council | \$26.44 | \$54,985 |
| 17. Golden Crescent Regional Planning Commission | \$23.73 | \$49,361 |
| 18. Alamo Area Council of Governments | \$19.96 | \$41,516 |
| 19. South Texas Development Council | \$15.87 | \$33,016 |
| 20. Coastal Bend Council of Governments | \$25.97 | \$54,008 |
| 21. Lower Rio Grande Valley Development Council | \$16.17 | \$33,634 |
| 22. Texoma Council of Governments | \$19.04 | \$39,595 |
| 23. Central Texas Council of Governments | \$18.04 | \$37,533 |
| 24. Middle Rio Grande Development Council | \$22.24 | \$46,263 |

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

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

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
|------|---------|---------------|-----------|----------|-------|----------|-----------------------|------------------|
| 2016 | 2nd Qtr | Reeves County | Private | 00 | 0 | 10 | Total, All Industries | \$711 |
| 2016 | 1st Qtr | Reeves County | Private | 00 | 0 | 10 | Total, All Industries | \$722 |
| 2015 | 4th Qtr | Reeves County | Private | 00 | 0 | 10 | Total, All Industries | \$751 |
| 2015 | 3rd Qtr | Reeves County | Private | 00 | 0 | 10 | Total, All Industries | \$715 |

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
|------|---------|---------------|-----------|----------|-------|----------|---------------|------------------|
| 2016 | 2nd Qtr | Reeves County | Private | 31 | 2 | 31-33 | Manufacturing | \$518 |
| 2016 | 1st Qtr | Reeves County | Private | 31 | 2 | 31-33 | Manufacturing | \$648 |
| 2015 | 4th Qtr | Reeves County | Private | 31 | 2 | 31-33 | Manufacturing | \$783 |
| 2015 | 3rd Qtr | Reeves County | Private | 31 | 2 | 31-33 | Manufacturing | \$607 |

Calculations of Wages for Reeves County

Based on Most Recent Data Available

| Average Weekly Wage for all jobs (all Industries) in the County | | |
|--|---------|-----------------|
| Year | Period | Wages |
| 2016 | 2nd Qtr | \$711.00 |
| 2016 | 1st Qtr | \$722.00 |
| 2015 | 4thQtr | \$751.00 |
| 2015 | 3rd Qtr | \$715.00 |
| Average | | \$724.75 |

| 110% of Average Weekly Wage for Manufacturing jobs in the County | | |
|---|---------|-----------------|
| Year | Period | Wages |
| 2016 | 2nd Qtr | \$518.00 |
| 2016 | 1st Qtr | \$648.00 |
| 2015 | 4thQtr | \$783.00 |
| 2015 | 3rd Qtr | \$607.00 |
| Average Weekly Wage | | \$639.00 |
| 110% of Average Weekly Wage | | \$702.90 |

| 110% of Average Weekly Wage for Manufacturing jobs in the Region | |
|---|-------------------|
| Permian Basin Regional Planning Commission | |
| Rate per Hour | \$25.18 |
| Hours Per Week | 40 |
| Average Weekly Wage | \$1,007.20 |
| 110% of Average Weekly Wage | \$1,107.92 |

| | |
|---|--------------------|
| Minimum Required Annual(52 weeks) Wage | \$57,611.84 |
|---|--------------------|

Tab # 14

**Schedule A1, A2, B, C and D completed
and signed economic impact (if applicable)**

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Date: 11/10/2016
 Applicant Name: Enterprise Products Operating, LLC
 ISD Name: Pecos Barstow Toyah ISD

| PROPERTY INVESTMENT AMOUNTS | | | | | (Estimated Investment in each year. Do not put cumulative totals.) | | | | |
|--|------|--|---|---|---|--|--|---|--|
| | Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C Other new investment made during this year that will <u>not</u> become Qualified Property [NOTE] | Column D Other new investment made during this year that may become Qualified Property [NOTE] | Column E Total Investment (Sum of Columns A+B+C+D) | |
| Investment made before filing complete application with district | | | | | | | | | |
| Investment made after filing complete application with district | | | | | | | | | |
| Investment made after filing complete application with district, but before final board approval of application | - | | 2016 | 0 | | | | 0 | |
| Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period | | Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period) | | 0 | | | | 0 | |
| Complete tax years of qualifying time period | | | | | | | | | |
| | QTP1 | 2017-2018 | 2017 | 183,843,750 | 0 | | | 183,843,750 | |
| | QTP2 | 2018-2019 | 2018 | 73,537,500 | 0 | | | 73,537,500 | |
| Total Investment through Qualifying Time Period [ENTER this row in Schedule A2] | | | | 257,381,250 | | - | | 257,381,250 | |
| Total Qualified Investment (sum of green cells) | | | | 257,381,250 | | Enter amounts from TOTAL row above in Schedule A2 | | | |

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 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—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.

PROPERTY INVESTMENT AMOUNTS

| | | | | | (Estimated investment in each year. Do not put cumulative totals.) | | | | |
|---|-------------------------|---|--|--|---|---|---|---|----------------------------|
| | | | | | Column A | Column B | Column C | Column D | Column E |
| | | | | | 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) |
| Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | | | Enter amounts from TOTAL row in Schedule A1 in the row below | | | | |
| Total Investment from Schedule A1* | | | | | 257,381,250 | - | - | - | 257,381,250 |
| Each year prior to start of value limitation period** | | | | | | | | | |
| <i>Insert as many rows as necessary</i> | | | | | | | | | |
| STUB | 2016-2017 | 2016 | | | - | - | - | - | - |
| QTP1 | 2017-2018 | 2017 | | | 183,843,750 | - | - | - | 183,843,750 |
| QTP2 | 2018-2019 | 2018 | | | 73,537,500 | - | - | - | 73,537,500 |
| 1 | 2019-2020 | 2019 | | | 110,306,250 | - | - | - | 110,306,250 |
| 2 | 2020-2021 | 2020 | | | 183,843,750 | - | - | - | 183,843,750 |
| 3 | 2021-2022 | 2021 | | | 183,843,750 | - | - | - | 183,843,750 |
| 4 | 2022-2023 | 2022 | | | - | - | - | - | - |
| 5 | 2023-2024 | 2023 | | | - | - | - | - | - |
| 6 | 2024-2025 | 2024 | | | - | - | - | - | - |
| 7 | 2025-2026 | 2025 | | | - | - | - | - | - |
| 8 | 2026-2027 | 2026 | | | - | - | - | - | - |
| 9 | 2027-2028 | 2027 | | | - | - | - | - | - |
| 10 | 2028-2029 | 2028 | | | - | - | - | - | - |
| Total Investment made through limitation | | | | | 477,993,750 | - | - | - | 477,993,750 |
| Continue to maintain viable presence | | | | | | | | | |
| 11 | 2029-2030 | 2029 | | | | | | | |
| 12 | 2030-2031 | 2030 | | | | | | | |
| 13 | 2031-2032 | 2031 | | | | | | | |
| 14 | 2032-2033 | 2032 | | | | | | | |
| 15 | 2033-2034 | 2033 | | | | | | | |
| 16 | 2034-2035 | 2034 | | | | | | | |
| 17 | 2035-2036 | 2035 | | | | | | | |
| 18 | 2036-2037 | 2036 | | | | | | | |
| 19 | 2037-2038 | 2037 | | | | | | | |
| 20 | 2038-2039 | 2038 | | | | | | | |
| 21 | 2039-2040 | 2039 | | | | | | | |
| 22 | 2040-2041 | 2040 | | | | | | | |
| 23 | 2041-2042 | 2041 | | | | | | | |
| 24 | 2042-2043 | 2042 | | | | | | | |
| 25 | 2043-2044 | 2043 | | | | | | | |

* 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 313.026(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 **11/10/2016**
 Applicant Name **Enterprise Products Operating, LLC**
 ISD Name **Pecos Barstow Toyah ISD**

Form 50-296A
 Revised May 2014

| | 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> | STUB | 2016-2017 | 2016 | 0 | 0 | 0 | 0 | 0 | 0 |
| | QTP1 | 2017-2018 | 2017 | 0 | 0 | 183,843,750 | 183,843,750 | 183,843,750 | 183,843,750 |
| | QTP2 | 2018-2019 | 2018 | 0 | 0 | 257,381,250 | 257,381,250 | 257,381,250 | 257,381,250 |
| | 1 | 2019-2020 | 2019 | 0 | 0 | 367,687,500 | 367,687,500 | 367,687,500 | 30,000,000 |
| | 2 | 2020-2021 | 2020 | 0 | 0 | 551,531,250 | 551,531,250 | 551,531,250 | 30,000,000 |
| | 3 | 2021-2022 | 2021 | 0 | 0 | 735,375,000 | 735,375,000 | 735,375,000 | 30,000,000 |
| | 4 | 2022-2023 | 2022 | 0 | 0 | 720,667,500 | 720,667,500 | 720,667,500 | 30,000,000 |
| | 5 | 2023-2024 | 2023 | 0 | 0 | 705,960,000 | 705,960,000 | 705,960,000 | 30,000,000 |
| | 6 | 2024-2025 | 2024 | 0 | 0 | 691,252,500 | 691,252,500 | 691,252,500 | 30,000,000 |
| | 7 | 2025-2026 | 2025 | 0 | 0 | 676,545,000 | 676,545,000 | 676,545,000 | 30,000,000 |
| | 8 | 2026-2027 | 2026 | 0 | 0 | 661,837,500 | 661,837,500 | 661,837,500 | 30,000,000 |
| | 9 | 2027-2028 | 2027 | 0 | 0 | 647,130,000 | 647,130,000 | 647,130,000 | 30,000,000 |
| | 10 | 2028-2029 | 2028 | 0 | 0 | 632,422,500 | 632,422,500 | 632,422,500 | 30,000,000 |
| | 11 | 2029-2030 | 2029 | 0 | 0 | 619,774,050 | 619,774,050 | 619,774,050 | 30,000,000 |
| | 12 | 2030-2031 | 2030 | 0 | 0 | 607,378,569 | 607,378,569 | 607,378,569 | 30,000,000 |
| | 13 | 2031-2032 | 2031 | 0 | 0 | 595,230,998 | 595,230,998 | 595,230,998 | 30,000,000 |
| | 14 | 2032-2033 | 2032 | 0 | 0 | 583,326,378 | 583,326,378 | 583,326,378 | 30,000,000 |
| | 15 | 2033-2034 | 2033 | 0 | 0 | 571,659,850 | 571,659,850 | 571,659,850 | 30,000,000 |
| | 16 | 2034-2035 | 2034 | 0 | 0 | 560,226,653 | 560,226,653 | 560,226,653 | 30,000,000 |
| | 17 | 2035-2036 | 2035 | 0 | 0 | 549,022,120 | 549,022,120 | 549,022,120 | 30,000,000 |
| | 18 | 2036-2037 | 2036 | 0 | 0 | 538,041,678 | 538,041,678 | 538,041,678 | 30,000,000 |
| | 19 | 2037-2038 | 2037 | 0 | 0 | 527,280,844 | 527,280,844 | 527,280,844 | 30,000,000 |
| | 20 | 2038-2039 | 2038 | 0 | 0 | 516,735,227 | 516,735,227 | 516,735,227 | 30,000,000 |
| | 21 | 2039-2040 | 2039 | 0 | 0 | 506,400,523 | 506,400,523 | 506,400,523 | 30,000,000 |
| | 22 | 2040-2041 | 2040 | 0 | 0 | 496,272,512 | 496,272,512 | 496,272,512 | 30,000,000 |
| 23 | 2041-2042 | 2041 | 0 | 0 | 486,347,062 | 486,347,062 | 486,347,062 | 30,000,000 | |
| 24 | 2042-2043 | 2042 | 0 | 0 | 476,620,121 | 476,620,121 | 476,620,121 | 30,000,000 | |
| 25 | 2043-2044 | 2043 | 0 | 0 | 467,087,718 | 467,087,718 | 467,087,718 | 30,000,000 | |

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.

Date

11/10/2016

Schedule C: Employment Information

Applicant Name

Enterprise Products Operating, LLC

Form 50-296A

ISD Name

Pecos Barstow Toyah ISD

Revised May 2014

| | Construction | | Non-Qualifying Jobs | | Qualifying Jobs | | |
|--|---------------|-------------------------|---|--|---|--|--|
| | Column A | Column B | Column C | Column D | Column E | | |
| | Year | School Year (YYYY-YYYY) | Number of Construction FTE's or man-hours (specify) | Average annual wage rates for construction workers | Number of non-qualifying jobs applicant estimates it will create (cumulative) | Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Average annual wage of new qualifying jobs |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | STUB | 2016-2017 | 0 | - | 0 | 0 | - |
| | QTP1 | 2017-2018 | 150 FTE | 60,000 | 0 | 0 | - |
| | QTP2 | 2018-2019 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| | 1 | 2019-2020 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| | 2 | 2020-2021 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| | 3 | 2021-2022 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| | 4 | 2022-2023 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| | 5 | 2023-2024 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| | 6 | 2024-2025 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| | 7 | 2025-2026 | 150 FTE | 60,000 | 0 | 10 | 60,000 |
| 8 | 2026-2027 | 150 FTE | 60,000 | 0 | 10 | 60,000 | |
| 9 | 2027-2028 | 150 FTE | 60,000 | 0 | 10 | 60,000 | |
| 10 | 2028-2029 | 150 FTE | 60,000 | 0 | 10 | 60,000 | |
| Years Following Value Limitation Period | 11 through 25 | 2029-2044 | 150 FTE | 60,000 | 0 | 10 | 60,000 |

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

- C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No
- If yes, answer the following two questions:
 - C1a. Will the applicant request a job waiver, as provided under 313.025(-1)? Yes No
 - C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Date

11/10/2016

Schedule D: Other Incentives (Estimated)

Applicant Name

Enterprise Products Operating, LLC

Form 50-296A

ISD Name

Pecos Barstow Toyah ISD

Revised May 2014

| State and Local Incentives for which the Applicant intends to apply (Estimated) | | | | | | |
|---|--|---------------------------|---------------------|-----------------------------------|------------------|---------------------|
| Incentive Description | Taxing Entity (as applicable) | Beginning Year of Benefit | Duration of Benefit | Annual Tax Levy without Incentive | Annual Incentive | Annual Net Tax Levy |
| Tax Code Chapter 311 | County: City: | | | | | |
| Tax Code Chapter 312 | County: Reeves County City: Other: | 2017 | 5 Years | 1,750,000 | 75% | 437,500 |
| Local Government Code Chapters 380/381 | County: City: Other: | | | | | |
| Freeport Exemptions | | | | | | |
| Non-Annexation Agreements | | | | | | |
| Enterprise Zone/Project | | | | | | |
| Economic Development Corporation | | | | | | |
| Texas Enterprise Fund | | | | | | |
| Employee Recruitment | | | | | | |
| Skills Development Fund | | | | | | |
| Training Facility Space and Equipment | | | | | | |
| Infrastructure Incentives | | | | | | |
| Permitting Assistance | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| TOTAL | | | | 1,750,000 | | 437,500 |

Additional information on incentives for this project:

Tab # 15

**Economic Impact Analysis, other
payments made in the state of other
economic information**

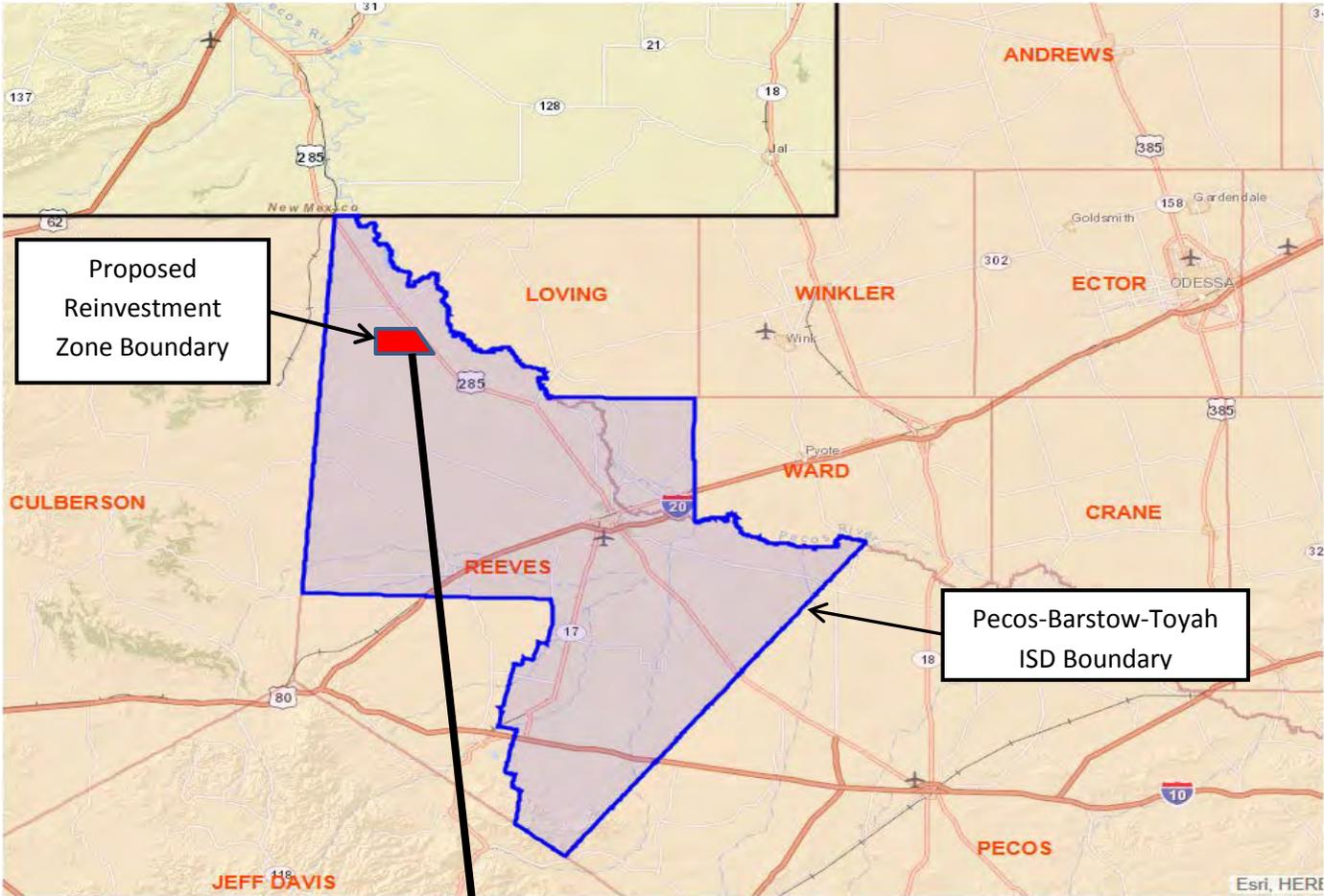
Not Applicable

Tab # 16

Description of Reinvestment Zone

The Reinvestment Zone was created by Reeves County under Chapter 312 of the Texas Tax Code. Guidelines and Criteria for Creating the Reinvestment Zone are attached

Proposed Reinvestment Zone Map



**RESOLUTION OF THE
REEVES COUNTY COMMISSIONERS COURT**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE IN CONNECTION WITH AN ECONOMIC DEVELOPMENT AGREEMENT UNDER CHAPTER 381 OF THE TEXAS LOCAL GOVERNMENT CODE, SUCH REINVESTMENT ZONE LOCATED IN A PORTION OF REEVES COUNTY, TEXAS, TO BE KNOWN AS THE “EP REINVESTMENT ZONE”; ESTABLISHING THE BOUNDARIES THEREOF; PROVIDING FOR AN EFFECTIVE DATE; AND ACCEPTING THE APPLICATION FOR CHAPTER 381 ECONOMIC DEVELOPMENT INCENTIVES SUBMITTED BY ENTERPRISE PRODUCTS OPERATING LLC.

WHEREAS, Reeves County, Texas, (the “County”) desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. TEXAS TAX CODE § 312.401), for the purpose of authorizing Economic Development Agreement, as authorized by Chapter 381 of the TEXAS LOCAL GOVERNMENT CODE; and,

WHEREAS, the County desires to encourage the retention or expansion of primary employment and to attract major investment in the County that would be a benefit to property in a reinvestment zone created by the County and that would contribute to the economic development of the County and encourage commercial activity in the County;

WHEREAS, on November 14, 2016, the Reeves County Commissioners Court held a hearing, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone as described on EXHIBIT A appended hereto; and,

WHEREAS, the Reeves County Commissioners Court at such public hearing invited any interested person to appear and speak for or against (1) the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone, and (2) acceptance of a Chapter 381 Application for Economic Development Incentives, for the County to consider entering into a Chapter 381 Economic Development Agreement with Enterprise Products Operating LLC;

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone;

WHEREAS, the County wishes to (1) create a reinvestment zone consisting of the same real property as described on EXHIBIT A to be known as the “EP Reinvestment Zone” and (2) accept the Chapter 381 Application for Economic Development Incentives by Enterprise

Products Operating LLC, which has been found to be compliant with the County's Chapter 381 Economic Development Policy Guidelines and Criteria;

NOW THEREFORE, BE IT RESOLVED BY THE REEVES COUNTY COMMISSIONERS COURT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct and are incorporated into this Resolution as findings of fact.

SECTION 2. That the Reeves County Commissioners Court, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of the "EP Reinvestment Zone" has been properly called, held, and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone;
- (b) That the boundaries of the "EP Reinvestment Zone" be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A";
- (c) That creation of the boundaries as described in "EXHIBIT A" will result in economic benefits to the County and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the "EP Reinvestment Zone" described in "EXHIBIT A" meets the criteria set forth in TEXAS TAX CODE §312.401 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of the County.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Reeves County Commissioners Court, hereby creates a reinvestment zone under the provisions of TEXAS TAX CODE § 312.401, encompassing the area described by the descriptions in "EXHIBIT A," and such reinvestment zone is hereby designated and shall hereafter be referred to as the "EP Reinvestment Zone".

SECTION 4. That the "EP Reinvestment Zone" shall take effect upon adoption of this Resolution by the County Commissioners Court and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That the Reeves County Commissioners Court already has found and resolved that the County is eligible to enter into economic development agreements pursuant to Chapter 381 of the TEXAS LOCAL GOVERNMENT CODE.

SECTION 6. That the Reeves County Commissioners Court accepts the Chapter 381 Application for Economic Development Incentives by Enterprise Products Operating LLC, which has been found to be compliant with the County's Chapter 381 Economic Development Policy Guidelines and Criteria.

SECTION 7. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the Reeves County Commissioners Court, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, TEXAS GOVERNMENT CODE, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Reeves County of the State of Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

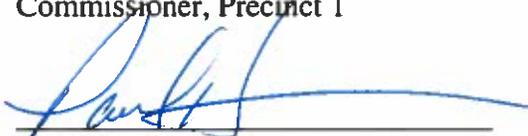
PASSED, APPROVED, AND ADOPTED on this 14th day of November, 2016.

REEVES COUNTY, TEXAS

By: 
The Honorable W. J. Bang
County Judge

By: 
Rojelio Alvarado
Commissioner, Precinct 1

By: 
Louise Moore
Commissioner, Precinct 2

By: 
Paul Hinojos
Commissioner, Precinct 3

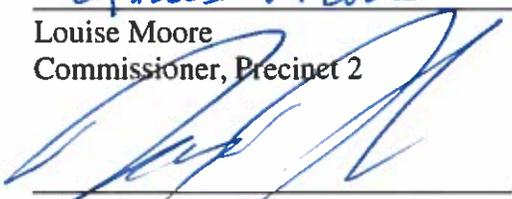
By: 
Tony Trujillo
Commissioner, Precinct 4

EXHIBIT A

LEGAL DESCRIPTION OF THE "EP REINVESTMENT ZONE"

Description of a **118.71** acre facility site located on the property of Texas Pacific Land Trust, located in T & P RR Co. Survey, A-591, Section 31, BLK. 56, T2, Reeves County, Texas and being more fully described in Volume 165, Page 182, and described as follows:

COMMENCING at a found 1" iron pipe located at the Southwest corner Section 30, also being the **POINT OF BEGINNING**, and having coordinates of X=1,979,397.64 and Y=11,548,428.87, for the Northwest corner of the herein described facility site:

Thence North 89 degrees 21 minutes 52 seconds East, for a distance of 3631.96 feet to a point;
Thence South 36 degrees 59 minutes 25 seconds East, for a distance of 1705.04 feet to a point;
Thence North 87 degrees 51 minutes 47 seconds West, for a distance of 4668.20 feet to a point;
Thence North 00 degrees 21 minutes 59 seconds East, for a distance of 1147.53 feet to a point being the said **POINT OF BEGINNING**.

***GUIDELINES AND
CRITERIA FOR GRANTING
TAX ABATEMENT IN
REINVESTMENT ZONES
CREATED BY
REEVES COUNTY –
UPDATED EDITION FOR
2013***

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN REINVESTMENT ZONES
CREATED BY REEVES COUNTY**

WHEREAS, taxing units for Texas and the nation now use Tax Abatement to successfully attract industry to their localities and Reeves County deems it necessary to compete with these localities by having the ability to offer Tax Abatements, and

WHEREAS, Tax Abatement is a useful tool to attract new wealth and employment into Reeves County and is the highest civic priority, and

WHEREAS, any tax Incentive offered by Reeves County will be limited to new and existing businesses that bring added wealth and employment into the community, and

WHEREAS, an eligible taxing jurisdiction, under Texas law, must establish Guidelines and Criteria to be eligible to offer Tax Abatement prior to granting Tax Abatement, and said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-fourths vote of the governing body, and

WHEREAS, all applicants for Tax Abatement will be considered on a case-by-case basis and established Guidelines and Criteria shall not be construed or implied that Reeves County is under obligation to grant Tax Abatement or other tax incentives to an applicant:

NOW THEREFORE BE IT RESOLVED, in consideration of these premises, the Guidelines and Criteria for granting Tax Abatement in reinvestment zones are hereby established for Reeves County.

DEFINITIONS

- (a) **ABATEMENT:** The full or partial exemption from ad valorem taxes of certain property in a reinvestment zone for economic development purposes.
- (b) **ABATEMENT AGREEMENT:** A contract between a property owner and Reeves County for the Abatement of tax on qualified Real Property located within the Reinvestment Zone, or Tangible Personal Property, or both, as authorized by V.T.C.A., Tax Code, Section 312.204.
- (c) **BASE YEAR VALUE:** The assessed value of eligible property January 1 preceding the execution of an Abatement Agreement as herein defined, plus (if applicable) the agreed upon value of eligible property improvements made after January 1 but before the execution of an Abatement Agreement.
- (d) **DEFERRED MAINTENANCE:** Improvements necessary for continued operation which do not improve productivity or alter the process of technology.

- (e) **DISTRIBUTION CENTER FACILITY:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.
- (f) **EXPANSION OF EXISTING FACILITIES OR STRUCTURES:** The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.
- (g) **EXISTING FACILITY OR STRUCTURE:** A facility as of the date of execution of the Abatement Agreement, located in or on Real Property eligible for tax abatement.
- (h) **FACILITY:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be placed in or on said Real Property.
- (i) **IMPROVEMENTS TO REAL PROPERTY OR IMPROVEMENTS:** The construction, addition to, structural upgrading or, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
- (j) **MANUFACTURING FACILITY:** A facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
- (k) **MODERNIZATION** means the complete or partial reconstruction or installation of a facility similar or expanded production capacity. Modernization may result from the constructions, alteration or installation of buildings, structures, fixed machinery or equipment. Modernization is not the repair or reconditioning of machinery or building.
- (l) **NEW FACILITY:** The construction of a Facility on previously undeveloped Real Property eligible for tax abatement.
- (m) **NEW PERMANENT JOB:** A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement.
- (n) **OTHER BASIC INDUSTRY:** A facility other than a distribution center facility, a regional service facility or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities and services a market of which fifty percent (50%) of revenues come from outside of Reeves County.
- (o) **OWNER:** The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from a public entity, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
- (p) **PRODUCTIVE LIFE:** The number of years a Facility is expected to be in service.
- (q) **REAL PROPERTY:** Land on which Improvements are to be made or fixtures placed.
- (r) **REGIONAL SERVICES FACILITY:** A Facility, the primary purpose of which is to service or repair goods or materials and which creates job opportunities with Reeves County.
- (s) **REINVESTMENT ZONE:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.
- (t) **TANGIBLE PERSONAL PROPERTY:** Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.

ABATEMENT AUTHORIZED-Section 2

- (a) **ELIGIBLE FACILITIES** Upon application, eligible facilities shall be considered for Tax Abatement as hereinafter provided:
- a. Distribution Center Facilities
 - b. Manufacturing Facilities
 - c. Regional Services Facilities
 - d. Oil & Gas Processing and Field Services
 - e. Any other industry that Reeves County determines will add to the County's economic base and result in the creation of new permanent jobs within Reeves County.
- (b) **CREATION OF NEW VALUE** Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between the property owner or lessee and Reeves County subject to such limitations as Reeves County may require.
- (c) **EXISTING AND NEW FACILITIES** for the purpose of modernization or expansion, existing or new facilities may be granted Tax Abatement.
- (d) **ELIGIBLE PROPERTY** Abatement may be granted to the value of buildings, structures, fixed machinery and equipment, size improvements and related fixed improvements necessary to the operation and administration of the facility
- (e) **PARTIALLY ELIGIBLE** Partially eligible for abatements are modernization projects which are intended to replace existing equipment or facilities when the existing equipment and facilities will be removed, thus eliminating existing value from the tax rolls. In this event, the value of the existing facility and equipment shall be frozen at the time of the abatement agreement and shall be frozen throughout the abatement period. The eligible abatable value of the new project shall be the difference between the total new investment amount and the existing tax value of the equipment and/or facility to be removed.
- (f) **INELIGIBLE PROPERTY** The following types of property shall be fully taxable and ineligible for Tax Abatement: land, supplies, inventories, furnishings, and other forms of movable personal property, housing, Deferred Maintenance, property to be rented or leased except for as provided in Section 2 (g) and property with a productive life of less than ten (10) years.
- (g) **LEASED FACILITIES** If a new facility is to be constructed by a third party for lease to an eligible applicant for abatement, then the building owner may also be eligible for abatement or other agreement may be executed and signed by the lessor and lessee.
- (h) **ECONOMIC QUALIFICATION** In order to be eligible to receive Tax Abatement, the planned improvement must have an increased ad valorem tax value of \$1,000,000.00 based upon the Reeves County Appraisal District assessment of eligible property, and must add at least five (5) new permanent jobs. It must retain, increase or create payroll on a permanent basis. A company meeting the criteria and guidelines for tax abatement, as set forth herein, shall be eligible for a tax abatement as follows:

| Capital Investment | Or | Jobs Created | Max. Term | Abatement |
|--------------------------|----|--------------|-----------|-----------|
| \$1,000,000 - 9,999,999 | | 5-10 | 3 years | 20% |
| \$10,000,000- 24,999,99 | | 11-15 | 5 years | 20% |
| \$25,000,000-49,999,999 | | 16-20 | 5 years | 20%-30% |
| \$50,000,000-100,999,999 | | 21-35 | 10 years | 20%-40% |
| \$101,000,000 or more | | 36 or more | 10 years | 30%-50% |

- (i) Terms of the Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement.
- (j) TAX ABATEMENT STANDARDS. The following factors, among others shall be considered in determining the qualifications for Tax Abatement.
- (1) Type and value of proposed improvements;
 - (2) Productive life of proposed improvements;
 - (3) Number of existing jobs to be retained by the use of proposed improvements;
 - (4) Type and number of new jobs to be created by the use of improvements;
 - (5) Expected annual payroll to be created;
 - (6) If the projected new jobs will be held by persons residing in the taxing units of Reeves County;
 - (7) Financing structure and the time period and amount of expenditures;
 - (8) If the improvements are compatible with all applicable land use regulations; and
 - (9) If the operation will be comparable with environmental laws and will have no negative impact on quality of life.
 - (10) Ability to provide an upfront financial contribution to Reeves County Road Reconstruction and Maintenance Fund or other projects.
- (k) Reeves County may reject an application for Tax Abatement for failure to meet any of the above listed under Section 2U).
- (l) TAXABILITY From the execution of the Abatement agreement to the end of the Agreement period, the effect on taxes due and payable shall be as follows:
- (1) the value of ineligible property as provided in section 2 (f) shall be fully taxable; and
 - (2) the base year value of existing eligible property as determined each year shall be fully taxable
 - (3) After the agreement period. All existing property plus the property considered as eligible property in this Agreement shall be fully taxable.
- (m) If a property under an Abatement Agreement is sold, the Agreement may be transferred to the new owner only with the consent of the Commissioner's Court. The Agreement may not be transferred if the new owner owes delinquent taxes in any of the taxing units affected by the abatement.

APPLICATION – Section 3

- (a) If a request for Tax Abatement is not in an existing Reinvestment Zone, an application must be made to Reeves County for creating a Reinvestment Zone. The written application must contain a plat with means and bounds or lot and block or section and block description of the Reinvestment Zone. The application shall be accompanied by

an application fee of one thousand dollars (\$1,000) as authorized by Section 312.002(e) of the Texas Tax Code.

- (b) An application for Tax Abatement must contain the following: a general description of the proposed use and general nature and extent of modernization, expansion or improvements to be undertaken, a description of the improvements, a map and description of the property, and a time schedule for undertaking and completing the improvements, and the investment for each stage of the improvements with proof of adequate financing. The application should contain information contained in Sec 2 (1).
- (c) Reeves County shall give notice as provided by the Texas Property Tax Code, i.e. (1) written notice shall be given to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located no later than that seventh day before the public hearing before the Governing Body of Reeves County, and (2) publication shall be made in a newspaper of general circulation within such taxing jurisdiction no later than the seventh day before the public hearing. Reeves County, through public hearing, shall afford the applicant, the designated representatives of the governing bodies, and other Interested parties, referenced herein, a chance to show cause why Abatement should or should not be granted.

RECAPTURE-Section 4

- (a) In the event that the Owner or its assignee (1) allows its ad valorem taxes owed Reeves County to become delinquent and fails to timely and properly follow the legal procedures for their process and/or contest; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the Cure Period in and after described, the agreement then may be terminated and taxes previously abated will be recaptured in the manner provided by the abatement agreement.
- (b) Should Reeves County determine that the company or individual is in default according to the terms and conditions of its agreement, Reeves County shall notify the company or individual of such default in writing at the address stated in the Agreement, and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the Agreement may be terminated.
- (c) In the event that the Owner or its assignee sells, leases, transfers, or otherwise conveys property subject to a tax abatement agreement to a governmental entity or other tax-exempt organization, the Owner will be considered to be in default and will be subject to the recapture provisions established by these guidelines and by the governing tax abatement agreement.

ADMINISTRATION-Section 5

- (a) The Reeves County Appraisal District appraiser shall annually determine an assessment of the real and personal property comprising the reinvestment zone.

ADMINISTRATION-Section 5

- (a) The Reeves County Appraisal District appraiser shall annually determine an assessment of the real and personal property comprising the reinvestment zone.
- (b) The property owner shall each year certify to the County, compliance with all terms of the agreement. The County may cancel or modify the agreement if the owner fails to comply with the terms of the Agreement and shall collect all taxes as 100% of the assessed value of the property before entering into the Tax Abatement Agreement.
- (c) The owner shall agree to permit the County to inspect the operation to verify compliance with the terms of the Agreement.

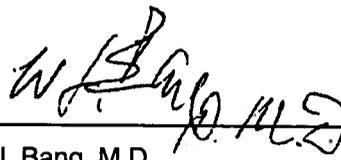
AGREEMENT-Section 6

- (a) Upon approval, the County shall formally pass a resolution and execute an Agreement with the Applicant and if applicable, the owner of the facility, which shall include:(1) the estimated value to be abated and the base year value;(2) percent of value to be abated each year;(3) the commencement date and termination date of the Abatement;(4) the proposed use of the facility, time schedule of construction, property description and improvement list; and (5) obligations in the event of default, violation of terms of the Agreement, delinquent taxes, recapture, administration and assignment. Such agreement shall be executed at a date agreed between the applicant and Reeves County.
- (b) Applicant agrees to purchase all supplies and equipment locally, if possible.

SUNSET PROVISION- Section 7

These Guidelines and Criteria shall remain in force for two (2) years after their adoption unless amended by three-fourths vote of the Commissioner's Court.

PASSED AND ADOPTED ON THIS THE 7th DAY OF SEPTEMBER, 2011.



W.J. Bang, M.D.
Reeves County Judge



W.J. Bang, M.D.
Reeves County Judge

**APPLICATION FOR COMMERCIAL OR INDUSTRIAL TAX ABATEMENT
REEVES COUNTY, TEXAS**

FILING INSTRUCTIONS:

This application must be submitted to the appropriate taxing jurisdiction before any construction begins to be eligible for tax abatement. This filing acknowledges familiarity and assumed conformance with "GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT" In Reeves County, Texas (copy attached). This application will become a part of any later agreement or contract, and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED TO:

Reeves County
100 East 4th Street
Pecos, Texas 79772

Section I – APPLICANT INFORMATION

Date of Application: ___ / ___ / ___

Applicant Name:

Company Name: _____

Address: _____

Phone: _____ Fax: _____

Applicant's Representative on this project:

Name: _____

Address: _____

Phone: _____

Type of Ownership: Corporation Partnership
Proprietorship

Total Current Number Employees: _____

Corporate Annual Sales per Year: _____

Annual Report Submitted? Yes No

Section II – FACILITY INFORMATION

Place a check mark in the box on those statements which are applicable to your company:

(a) This application is for a: New Facility Expansion Modernization

(b) Is the company a producer, manufacturer or distributor of goods and services of which 50 percent or more are distributed outside of Reeves County? (If yes, provide documentation as Attachment 1)

Yes No

(c) Check the following target industry which is applicable to your company

Distribution Facility

Manufacturing Facility

Regional Services Facility

Oil & Gas Field Services

This project is not included in the above target industries, but has the potential of generating additional significant economic development opportunities in Reeves County. (Provide documentation)

(d) The existing facility to be modernized or expanded or the property where the new facility is to be built is located in a designated Reinvestment Zone.

(e) New Company to Reeves County

If New Company checked, which of the following statements apply to the project:

The project will add at least _____ in real estate assessed valuation

The project will add at least _____ of personal property assessed valuation

The project will add at least _____ new permanent jobs

Existing Company

If Existing company checked, which of the following statements apply to the project:

The project will add at least _____ in real estate assessed valuation

The project will add at least _____ of personal property assessed valuation

The project will add at least _____ new permanent jobs

(f) Address of proposed facility: _____

(g) Legal Description of proposed facility: _____

(h) Description of product or service to be provided: _____

Section III – FACILITY DESCRIPTION

Please attach the following:

Attachment 2

- (a) A general description of the improvements to be undertaken
- (b) A descriptive list of the improvements for which tax abatement is requested, including:
 - (1) Description of construction and location of all proposed improvements of the Real Property or Existing Facility, and;
 - (2) List of new equipment and cost of the equipment
- (c) A list of any and all Tangible Personal Property presently existing on the Real Property or located in an existing facility.
- (d) A proposed time schedule for undertaking and completing the proposed improvements.

Attachment 3

- (a) A site map indicating the approximate location of improvements on the Real Property Facility or Existing Facility together with the location of any or all Existing facilities located on the Real Property or Facility.

Attachment 4

- (a) A statement of the additional value to the Real Property or Facility as a result of the proposed improvements
- (b) A statement of the assessed value of the Real Property, Facility or Existing Facility for the base year (Attach tax assessment for property from the Reeves County Appraisal District).

Section IV – FACILITY IMPACT INFORMATION

Part A-Current Investment in Existing Improvements: _____

Part B-Permanent Employment Estimates:

- (1) If existing facility, what is the current plant employment: _____
- (2) Estimated number of new jobs to be created and time frame for creation of jobs:
New Jobs _____ Time Frame _____
- (3) Opening of Improvements: (Month) _____ of (Year) _____,

Part C-Permanent Payroll Estimates:

- (1) If existing facility, what is the current plant payroll: _____
- (2) Estimated amount of new payroll: _____

T

Part D-Construction and Employment Estimates:

- (1) Construction start: Month _____ Year 20 _____
- (2) Number of Construction jobs: At Start _____ Peak _____ Finish _____

Part E-School District Impact Estimates:

Give Estimated number of: Families transferred to area _____
 Children added to ISD _____

Part F - Estimated Appraised Value on Site:

| | LAND | PERSONAL PROPERTY | IMPROVEMENTS |
|--|-------|----------------------|--------------|
| Value of Existing Facility Before New Construction (From Appraisal District) | _____ | _____ | _____ |
| Value of New Improvements | _____ | _____ | _____ |
| Estimated Total Value After Improvements | _____ | _____ | _____ |

Section V. DECLARATION

To the best of my knowledge, the above Information is an accurate description of project details.

Company Official Signature

Printed Name of Company Official

Title of Company Official

Address

City /State /Zip Code

Telephone Number

Email Address

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 → Jim Haley Superintendent
Print Name (Authorized School District Representative) Title

sign here → [Signature] 11/15/16
Signature (Authorized School District Representative) Date

2. Authorized Company Representative (Applicant) Signature and Notarization

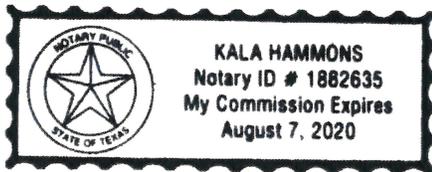
I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best 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 → Curt Tate Senior Tax Director
Print Name (Authorized Company Representative (Applicant)) Title

sign here → [Signature] 11/10/2016
Signature (Authorized Company Representative (Applicant)) Date

GIVEN under my hand and seal of office this, the
10th day of November 2016
Kala Hammons
Notary Public in and for the State of Texas
 My Commission expires: 8/7/2020



(Notary Seal)

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.

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT B
Franchise Account Status of
Enterprise Products Operating, LLC



Franchise Tax Account Status

As of : 12/09/2016 16:10:36

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

| ENTERPRISE PRODUCTS OPERATING LLC | |
|--|---|
| Texas Taxpayer Number | 12604305396 |
| Mailing Address | PO BOX 4018 HOUSTON, TX 77210-4018 |
| Right to Transact Business in Texas | ACTIVE |
| State of Formation | TX |
| Effective SOS Registration Date | 06/30/2007 |
| Texas SOS File Number | 0800838920 |
| Registered Agent Name | C T CORPORATION SYSTEM |
| Registered Office Street Address | 1999 BRYAN ST., STE. 900 DALLAS, TX 75201 |

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT C
Comptroller Letter of
November 29, 2016 Certifying
Application as Complete



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 29, 2016

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Enterprise Products Operating, LLC, Application 1161

Dear Superintendent Haley:

On November 16, 2016, the Comptroller's office received from Pecos-Barstow-Toyah Independent School District (ISD) an application from Enterprise Products Operating, LLC (applicant) for a limitation on appraised value (Application 1161).

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 November 29, 2016.

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 ISD 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 Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-8597 or at 512-936-8597.

Sincerely,



Will Counihan

Director

Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Curt Tate, Enterprise Products
Tim Young, Ikard Wynne, LLP

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT D
Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 30, 2016

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Enterprise Products Operating, LLC, Application 1161

Dear Superintendent Haley:

On November 29, 2016, the Comptroller issued written notice that Enterprise Products Operating, LLC (applicant) submitted a completed application (Application 1161) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on November 15, 2016, to the Pecos-Barstow-Toyah 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 C; 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. |
| 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 1161. |

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

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.

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 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, 2016.

Note that any building or improvement existing as of the application review start date of November 29, 2016, 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,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Enterprise Products Operating, LLC (project) applying to Pecos-Barstow-Toyah 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 Enterprise Products Operating, LLC.

| | |
|---|------------------------------------|
| Applicant | Enterprise Products Operating, LLC |
| Tax Code, 313.024 Eligibility Category | Manufacturing |
| School District | Pecos-Barstow-Toyah ISD |
| 2014-2015 Average Daily Attendance | 2270 |
| County | Reeves |
| Proposed Total Investment in District | \$477,993,750 |
| Proposed Qualified Investment | \$257,381,250 |
| Limitation Amount | \$30,000,000 |
| Qualifying Time Period (Full Years) | 2017-2018 |
| Number of new qualifying jobs committed to by applicant | 10 |
| Number of new non-qualifying jobs estimated by applicant | 0 |
| Average weekly wage of qualifying jobs committed to by applicant | \$1,153.85 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$1,108.08 |
| Minimum annual wage committed to by applicant for qualified jobs | \$60,000 |
| Minimum weekly wage required for non-qualifying jobs | \$725.75 |
| Minimum annual wage required for non-qualifying jobs | \$37,739 |
| Investment per Qualifying Job | \$47,799,375 |
| Estimated M&O levy without any limit (15 years) | \$107,839,995 |
| Estimated M&O levy with Limitation (15 years) | \$44,499,744 |
| Estimated gross M&O tax benefit (15 years) | \$63,340,251 |

Table 2 is the estimated statewide economic impact of Enterprise Products Operating, LLC (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2017 | 150 | 169 | 319 | \$9,000,000 | \$14,300,000 | \$23,300,000 |
| 2018 | 160 | 223 | 383 | \$9,600,000 | \$20,300,000 | \$29,900,000 |
| 2019 | 160 | 243 | 403 | \$9,600,000 | \$24,000,000 | \$33,600,000 |
| 2020 | 160 | 254 | 414 | \$9,600,000 | \$27,100,000 | \$36,700,000 |
| 2021 | 160 | 252 | 412 | \$9,600,000 | \$29,100,000 | \$38,700,000 |
| 2022 | 10 | 97 | 107 | \$600,000 | \$14,500,000 | \$15,100,000 |
| 2023 | 10 | 76 | 86 | \$600,000 | \$12,400,000 | \$13,000,000 |
| 2024 | 10 | 63 | 73 | \$600,000 | \$11,000,000 | \$11,600,000 |
| 2025 | 10 | 58 | 68 | \$600,000 | \$10,300,000 | \$10,900,000 |
| 2026 | 10 | 56 | 66 | \$600,000 | \$10,100,000 | \$10,700,000 |
| 2027 | 10 | 58 | 68 | \$600,000 | \$10,200,000 | \$10,800,000 |
| 2028 | 10 | 43 | 53 | \$600,000 | \$8,900,000 | \$9,500,000 |
| 2029 | 10 | 41 | 51 | \$600,000 | \$8,500,000 | \$9,100,000 |
| 2030 | 10 | 41 | 51 | \$600,000 | \$8,500,000 | \$9,100,000 |
| 2031 | 10 | 41 | 51 | \$600,000 | \$8,500,000 | \$9,100,000 |
| 2032 | 10 | 43 | 53 | \$600,000 | \$8,700,000 | \$9,300,000 |

Source: CPA REMI, Enterprise Products Operating, 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 ¹ | Pecos-Barstow-Toyah ISD I&S Tax Levy | Pecos-Barstow-Toyah ISD M&O Tax Levy | Pecos-Barstow-Toyah M&O and I&S Tax Levies | Reeves County Tax Levy | Reeves County Hospital District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|--------------------------------------|--------------------------------------|--|------------------------|--|--------------------------------|
| | | | 0.0550 | 0.0550 | 1.0400 | | 0.4200 | 0.2288 | |
| 2017 | \$183,843,750 | \$183,843,750 | | \$101,114 | \$1,911,975 | \$2,013,089 | \$772,144 | \$420,671 | \$3,205,904 |
| 2018 | \$257,381,250 | \$257,381,250 | | \$141,560 | \$2,676,765 | \$2,818,325 | \$1,081,001 | \$588,940 | \$4,488,266 |
| 2019 | \$367,687,500 | \$367,687,500 | | \$202,228 | \$3,823,950 | \$4,026,178 | \$1,544,288 | \$841,343 | \$6,411,808 |
| 2020 | \$551,531,250 | \$551,531,250 | | \$303,342 | \$5,735,925 | \$6,039,267 | \$2,316,431 | \$1,262,014 | \$9,617,712 |
| 2021 | \$735,375,000 | \$735,375,000 | | \$404,456 | \$7,647,900 | \$8,052,356 | \$3,088,575 | \$1,682,685 | \$12,823,616 |
| 2022 | \$720,667,500 | \$720,667,500 | | \$396,367 | \$7,494,942 | \$7,891,309 | \$3,026,804 | \$1,649,031 | \$12,567,144 |
| 2023 | \$705,960,000 | \$705,960,000 | | \$388,278 | \$7,341,984 | \$7,730,262 | \$2,965,032 | \$1,615,378 | \$12,310,672 |
| 2024 | \$691,252,500 | \$691,252,500 | | \$380,189 | \$7,189,026 | \$7,569,215 | \$2,903,261 | \$1,581,724 | \$12,054,199 |
| 2025 | \$676,545,000 | \$676,545,000 | | \$372,100 | \$7,036,068 | \$7,408,168 | \$2,841,489 | \$1,548,070 | \$11,797,727 |
| 2026 | \$661,837,500 | \$661,837,500 | | \$364,011 | \$6,883,110 | \$7,247,121 | \$2,779,718 | \$1,514,417 | \$11,541,255 |
| 2027 | \$647,130,000 | \$647,130,000 | | \$355,922 | \$6,730,152 | \$7,086,074 | \$2,717,946 | \$1,480,763 | \$11,284,782 |
| 2028 | \$632,422,500 | \$632,422,500 | | \$347,832 | \$6,577,194 | \$6,925,026 | \$2,656,175 | \$1,447,109 | \$11,028,310 |
| 2029 | \$619,774,050 | \$619,774,050 | | \$340,876 | \$6,445,650 | \$6,786,526 | \$2,603,051 | \$1,418,167 | \$10,807,744 |
| 2030 | \$607,378,569 | \$607,378,569 | | \$334,058 | \$6,316,737 | \$6,650,795 | \$2,550,990 | \$1,389,804 | \$10,591,589 |
| 2031 | \$595,230,998 | \$595,230,998 | | \$327,377 | \$6,190,402 | \$6,517,779 | \$2,499,970 | \$1,362,008 | \$10,379,757 |
| 2032 | \$583,326,378 | \$583,326,378 | | \$320,830 | \$6,066,594 | \$6,387,424 | \$2,449,971 | \$1,334,767 | \$10,172,162 |
| 2033 | \$571,659,850 | \$571,659,850 | | \$314,413 | \$5,945,262 | \$6,259,675 | \$2,400,971 | \$1,308,072 | \$9,968,719 |
| 2034 | \$560,226,653 | \$560,226,653 | | \$308,125 | \$5,826,357 | \$6,134,482 | \$2,352,952 | \$1,281,911 | \$9,769,344 |
| | | | Total | \$5,703,077 | \$107,839,995 | \$113,543,071 | \$43,550,767 | \$23,726,873 | \$150,910,486 |

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reeves 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 and tax abatement with the county.

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

| Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought | | | | | | | | | |
|--|---------------------------------|---------------------------------|-----------------------|--------------------------------------|--------------------------------------|--|------------------------|--|--------------------------------|
| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate ¹ | Pecos-Barstow-Toyah ISD I&S Tax Levy | Pecos-Barstow-Toyah ISD M&O Tax Levy | Pecos-Barstow-Toyah M&O and I&S Tax Levies | Reeves County Tax Levy | Reeves County Hospital District Tax Levy | Estimated Total Property Taxes |
| | | | | 0.0550 | 1.0400 | | 0.4200 | 0.2288 | |
| 2017 | \$183,843,750 | \$183,843,750 | | \$101,114 | \$1,911,975 | \$2,013,089 | \$193,036 | \$420,671 | \$2,626,796 |
| 2018 | \$257,381,250 | \$257,381,250 | | \$141,560 | \$2,676,765 | \$2,818,325 | \$270,250 | \$588,940 | \$3,677,515 |
| 2019 | \$367,687,500 | \$30,000,000 | | \$202,228 | \$312,000 | \$514,228 | \$386,072 | \$841,343 | \$1,741,643 |
| 2020 | \$551,531,250 | \$30,000,000 | | \$303,342 | \$312,000 | \$615,342 | \$579,108 | \$1,262,014 | \$2,456,464 |
| 2021 | \$735,375,000 | \$30,000,000 | | \$404,456 | \$312,000 | \$716,456 | \$772,144 | \$1,682,685 | \$3,171,285 |
| 2022 | \$720,667,500 | \$30,000,000 | | \$396,367 | \$312,000 | \$708,367 | \$3,026,804 | \$1,649,031 | \$5,384,202 |
| 2023 | \$705,960,000 | \$30,000,000 | | \$388,278 | \$312,000 | \$700,278 | \$2,965,032 | \$1,615,378 | \$5,280,688 |
| 2024 | \$691,252,500 | \$30,000,000 | | \$380,189 | \$312,000 | \$692,189 | \$2,903,261 | \$1,581,724 | \$5,177,173 |
| 2025 | \$676,545,000 | \$30,000,000 | | \$372,100 | \$312,000 | \$684,100 | \$2,841,489 | \$1,548,070 | \$5,073,659 |
| 2026 | \$661,837,500 | \$30,000,000 | | \$364,011 | \$312,000 | \$676,011 | \$2,779,718 | \$1,514,417 | \$4,970,145 |
| 2027 | \$647,130,000 | \$30,000,000 | | \$355,922 | \$312,000 | \$667,922 | \$2,717,946 | \$1,480,763 | \$4,866,630 |
| 2028 | \$632,422,500 | \$30,000,000 | | \$347,832 | \$312,000 | \$659,832 | \$2,656,175 | \$1,447,109 | \$4,763,116 |
| 2029 | \$619,774,050 | \$619,774,050 | | \$340,876 | \$6,445,650 | \$6,786,526 | \$2,603,051 | \$1,418,167 | \$10,807,744 |
| 2030 | \$607,378,569 | \$607,378,569 | | \$334,058 | \$6,316,737 | \$6,650,795 | \$2,550,990 | \$1,389,804 | \$10,591,589 |
| 2031 | \$595,230,998 | \$595,230,998 | | \$327,377 | \$6,190,402 | \$6,517,779 | \$2,499,970 | \$1,362,008 | \$10,379,757 |
| 2032 | \$583,326,378 | \$583,326,378 | | \$320,830 | \$6,066,594 | \$6,387,424 | \$2,449,971 | \$1,334,767 | \$10,172,162 |
| 2033 | \$571,659,850 | \$571,659,850 | | \$314,413 | \$5,945,262 | \$6,259,675 | \$2,400,971 | \$1,308,072 | \$9,968,719 |
| 2034 | \$560,226,653 | \$560,226,653 | | \$308,125 | \$5,826,357 | \$6,134,482 | \$2,352,952 | \$1,281,911 | \$9,769,344 |
| | | | Total | \$5,703,077 | \$44,499,744 | \$50,202,820 | \$36,948,938 | \$23,726,873 | \$110,878,631 |
| | | | Diff | \$0 | \$63,340,251 | \$63,340,251 | \$6,601,829 | \$0 | \$40,031,855 |

Source: CPA, Enterprise Products Operating, LLC

¹Tax 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 Enterprise Products Operating, 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 | 2016 | \$0 | \$0 | \$0 | \$0 |
| | 2017 | \$1,911,975 | \$1,911,975 | \$0 | \$0 |
| | 2018 | \$2,676,765 | \$4,588,740 | \$0 | \$0 |
| Limitation Period (10 Years) | 2019 | \$312,000 | \$4,900,740 | \$3,511,950 | \$3,511,950 |
| | 2020 | \$312,000 | \$5,212,740 | \$5,423,925 | \$8,935,875 |
| | 2021 | \$312,000 | \$5,524,740 | \$7,335,900 | \$16,271,775 |
| | 2022 | \$312,000 | \$5,836,740 | \$7,182,942 | \$23,454,717 |
| | 2023 | \$312,000 | \$6,148,740 | \$7,029,984 | \$30,484,701 |
| | 2024 | \$312,000 | \$6,460,740 | \$6,877,026 | \$37,361,727 |
| | 2025 | \$312,000 | \$6,772,740 | \$6,724,068 | \$44,085,795 |
| | 2026 | \$312,000 | \$7,084,740 | \$6,571,110 | \$50,656,905 |
| | 2027 | \$312,000 | \$7,396,740 | \$6,418,152 | \$57,075,057 |
| | 2028 | \$312,000 | \$7,708,740 | \$6,265,194 | \$63,340,251 |
| Maintain Viable Presence (5 Years) | 2029 | \$6,445,650 | \$14,154,390 | \$0 | \$63,340,251 |
| | 2030 | \$6,316,737 | \$20,471,127 | \$0 | \$63,340,251 |
| | 2031 | \$6,190,402 | \$26,661,530 | \$0 | \$63,340,251 |
| | 2032 | \$6,066,594 | \$32,728,124 | \$0 | \$63,340,251 |
| | 2033 | \$5,945,262 | \$38,673,386 | \$0 | \$63,340,251 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2034 | \$5,826,357 | \$44,499,744 | \$0 | \$63,340,251 |
| | 2035 | \$5,709,830 | \$50,209,574 | \$0 | \$63,340,251 |
| | 2036 | \$5,595,633 | \$55,805,207 | \$0 | \$63,340,251 |
| | 2037 | \$5,483,721 | \$61,288,928 | \$0 | \$63,340,251 |
| | 2038 | \$5,374,046 | \$66,662,974 | \$0 | \$63,340,251 |
| | 2039 | \$5,266,565 | \$71,929,540 | \$0 | \$63,340,251 |
| | 2040 | \$5,161,234 | \$77,090,774 | \$0 | \$63,340,251 |
| | 2041 | \$5,058,009 | \$82,148,783 | \$0 | \$63,340,251 |
| | 2042 | \$4,956,849 | \$87,105,632 | \$0 | \$63,340,251 |
| | 2043 | \$4,857,712 | \$91,963,345 | \$0 | \$63,340,251 |
| | | \$91,963,345 | is greater than | \$63,340,251 | |
| 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, Enterprise Products Operating, 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 Enterprise Products Operating, 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 Enterprise Products Operating, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Eddy County, New Mexico is a competing location for the proposed project. Enterprise has the infrastructure already in place to build the project in Eddy County. The State of New Mexico offers a comprehensive and aggressive package of incentives which are highly competitive with those offered by the State of Texas.”
 - B. “The property tax burden has a direct impact on the proposed project’s economic viability and the decision to invest in Texas.”
 - C. “The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.”
 - D. “An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incent the Applicant to invest capital in Reeves County, Texas rather than making an alternative investment.”
- The applicant provided confidential cash flow models with application #1161 indicating that a Chapter 313 limitation agreement would result in an increased internal rate of return. The applicant stated in Tab 5 that capital “investments by the Applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.”
- Pursuant to the attached *Bloomberg* article, dated June 20, 2016, “[i]n two years, pipeline giant Enterprise Products Partners LP will be capable of processing 800 million cubic feet of natural gas a

day in an energy-rich stretch of West Texas and southeastern New Mexico known as the Delaware Basin.” Additionally, “Enterprise’s expansion includes a new gas-processing plant anchored by long-term commitments from an unnamed producer.” Although “Enterprise has yet to decide where to build the processing plant,” the applicant stated that the new plant “will handle 300 million cubic feet a day.”

- Attached map indicates project location in relation to adjacent natural gas and natural gas liquid pipelines.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) 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 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

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.
2. Check the project characteristics that apply to the proposed project:

| | |
|---|--|
| <input checked="" type="checkbox"/> Land has no existing improvements | <input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>) |
| <input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>) | <input type="checkbox"/> Relocation within Texas |

SECTION 8: Limitation as Determining Factor

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

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

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

AT THE REQUEST OF THE APPLICANT SUPPORTING DOCUMENTS ARE CONSIDERED PROPRIETY AND CONFIDENTIAL DUE TO THE NATURE OF THE FINANCIAL INFORMATION ANALYSIS SUBMITTED. Applicant has submitted Propriety and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.

Key Investment Determination Factors

- Enterprise Products Operating, LLC is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. Enterprise has manufacturing locations in Texas, and other states, including Louisiana, New Mexico, Colorado, and Wyoming. Enterprise also has significant assets in New Mexico including gathering systems and interstate pipelines that can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in the neighboring State of New Mexico or elsewhere.
- Eddy County, New Mexico is a competing location for the proposed project. Enterprise has the infrastructure already in place to build the project in Eddy County. The State of New Mexico offers a comprehensive and aggressive package of incentives which are highly competitive with those offered by the State of Texas. Enterprise just recently constructed the South Eddy Gas Plant which went into service in May 2016. This project received comprehensive tax abatement from Eddy County and the State of New Mexico.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.

- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in Reeves County, Texas.
- Capital investments by the Applicant are allocated to projects based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive this project will not meet the required rate of return to move forward with the investment.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.
- The Applicant is submitting the attached discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment in Reeves County, Texas.
- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incent the Applicant to invest capital in Reeves County, Texas rather than making an alternative investment.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Enterprise Is the Latest to Bet on Mexico's Thirst for U.S. Gas

by Harry Weber
[t HarryRWeber](#)

[f](#) [t](#) [h](#)

- ▶ Company expanding in energy-rich play of Texas, New Mexico
- ▶ Build-out will allow more U.S. natural gas to flow to Mexico

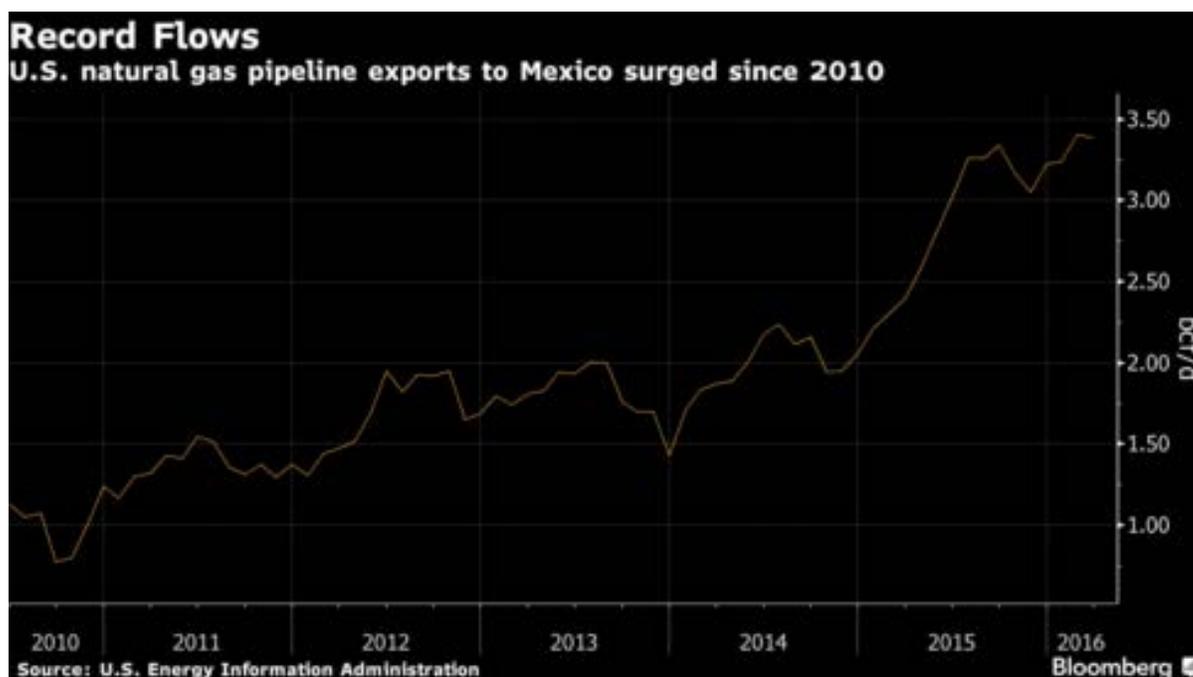
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In two years, pipeline giant Enterprise Products Partners LP will be capable of processing 800 million cubic feet of natural gas a day in an energy-rich stretch of West Texas and southeastern New Mexico known as the Delaware Basin -- 20 times what it could handle in 2012.

Behind this rapid expansion in one of America's most prolific oil and gas plays is a big bet on a different market: Mexico. Once Enterprise removes liquids from the gas in the basin, the fuel will flow into pipelines delivering supplies to the southerly neighbor, among other places, Enterprise spokesman Rick Rainey said by phone Monday.



Enterprise is “going to service the burgeoning demand for natural gas in Mexico,” Ed Hirs, an energy economist at the University of Houston, said by phone. “They are staking a claim to the market.”

The Houston-based company won’t be the only one. Spectra Energy Corp., Sempra Energy and TransCanada Corp. are also involved in [multibillion-dollar projects](#) that will help bring more shale gas to Mexico, creating a new outlet for the glut of supply that has been pooling up in the U.S. Their investments are a testament to the shift in Mexico’s energy industry since the country opened markets to private spending in 2013.

Enterprise’s expansion includes a new gas-processing plant anchored by long-term commitments from an unnamed producer. Rainey declined to say how much the company is spending on the build-out.

Stacked Plays

Enterprise has yet to decide where to build the processing plant, which will handle 300 million cubic feet a day. It is the third gas-processing complex of its kind that Enterprise has announced in less than two years. The company’s South Eddy facility in New Mexico began service earlier this year and a joint-venture processing site in western Texas is set to begin service in the third quarter.

“Producers in the Delaware Basin need access to the markets for their products, and what we are doing is providing them with this infrastructure that’s going to allow

them to do it," Rainey said. "One of those markets, of course, is Mexico."

The Delaware Basin is part of the Permian, the most prolific U.S. oil-producing region which also boasts rich deposits of gas and natural gas liquids, according to the U.S. Energy Information Administration. Because of its multiple geologic zones at differing depths known as "stacked plays," the Delaware offers years of drilling opportunities and superior economics, Rainey said.

Liquid Demand

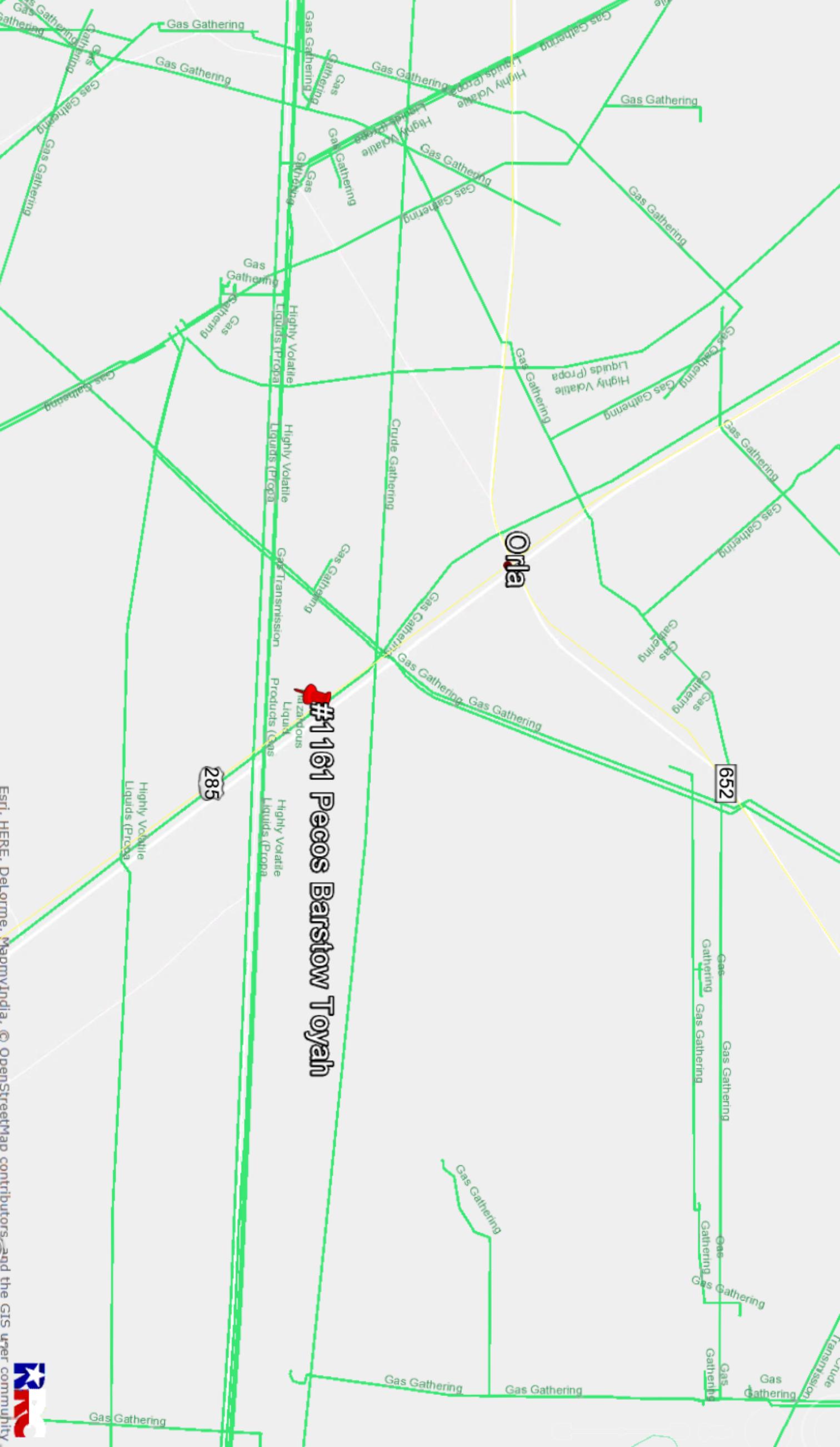
"There is an increased demand for natural gas and the NGLs can be recovered and consumed locally by the petrochemical companies on the Gulf Coast or exported," Darryl Rogers, a managing director at IHS Energy in Houston, said by phone. "Enterprise has an export terminal, and they would love to export more NGLs across it."

U.S. gas exports to Mexico are set to increase because of growing power demand and flat gas production in Mexico, the EIA said in a report this month. U.S. net natural gas exports to Mexico may reach 6 billion cubic feet a day by 2026 from 2.9 billion last year, according to Rogers.

Before it's here, it's on the Bloomberg Terminal. **T** [LEARN MORE](#)

[Read More](#)

Mexico, Natural Gas, Energy, Texas, Delaware, New Mexico



Orda

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#1161 Pecos Barstow Toyah



Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT E
Summary of Financial Impact on
Pecos-Barstow-Toyah ISD Prepared by
Jigsaw School Finance Solutions, LLC

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
ENTERPRISE PRODUCTS OPERATING, LLC PROJECT
(APPLICATION #1161) ON THE FINANCES OF
PECOS-BARSTOW-TOYAH INDEPEDNET SCHOOL DISTRICT
UNDER A REQUESTED CHAPTER 313 APPRAISED VALUE
LIMITATION

DECEMBER 12, 2016

PREPARED BY
EDUCATION SERVICE CENTER, REGION 12
WACO, TX



Introduction

Enterprise Products Operating, LLC (“Enterprise”) has submitted an application to the Pecos-Barstow-Toyah Independent School District (“PBTISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Tax Code. Enterprise has proposed a potential new cryogenic natural gas processing plant to be constructed near Orla, TX. The company estimates that the total investment in this project will be \$735.4 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Pecos-Barstow-Toyah Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$30 million dollars for a period of ten years.

The Application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2017-18 and 2018-19 school years. Beginning with the 2019-20 school year, the value of the project would be limited to \$30 million for M&O tax purposes and remain limited through the 2028-29 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

School Finance Mechanics

The Texas system of public school funding is based on an ad valorem property tax. Schools levy a tax rate for M&O and iI&S against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller’s Property Tax Division (CPTD). Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. The Tier 1 formulas start with a Basic Allotment per student of \$5,140. Calculations that use the number of students in average daily attendance, the number of students who participate in special programs, adjustments for size, sparsity, and location determine a Total Cost of Tier 1. A local fund assignment is determined by multiplying the district’s compressed tax rate by the previous year (CPTD) property value. This formula determines the local ad valorem property

taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. Thus school districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid. Pennies of tax rate that districts levy over and above the compressed tax rate and up to \$1.17 generate additional state and local funding in Tier 2 Level 1 and Tier 2 Level 2. Current funding formulas provide for a Guaranteed Yield per penny per WADA of \$77.53 for Tier 2 Level 1 and a Guaranteed Yield per penny per WADA of \$31.95 in Tier 2 Level 2.

PBTISD is a relatively property rich per student district thus generating most of its Maintenance and Operation revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of \$514,000 per weighted ADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of \$319,500 per weighted ADA is subject to recapture on revenues collected on pennies that exceed six pennies over the compressed rate. PBTISD currently has property wealth per weighted ADA in excess of the first equalized wealth level at over \$1.1 million per weighted ADA. For this reason, PBTISD is considered a Chapter 41 or "recapture" district under the current school finance system. Enterprise is requesting that the value of the natural gas processing plant project be limited to \$30,000,000 in years three through ten of the agreement, corresponding to the 2019-20 school year through the 2018-29 school year. The full value of the project would be subject to interest and sinking taxes (I&S) levied by PBTISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on PBTISD's future revenue is critical information that will be very useful to the District when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2017-18 through the 2033-34 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue Protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 17 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation M&O tax collections and current year (CAD) values and prior year (CPTD) values for each year of the agreement. Current year (CAD) values and prior year (CPTD) values were forecast both with the full project

value and with the limited value of the project. PBTISD currently has other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

To isolate the impact of the value limitation on the District's finances over this 17 year agreement, average daily attendance and M&O tax rates were held constant at levels that existed in the 2016-17 school year. An ADA of 2,269.67, a WADA of 3,197.80, and a M&O tax rate of \$1.06 are used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Reeves County and Ward County Appraisal Districts certified the District's 2016 current year (CAD) net taxable values at \$3,731,542,845. These values were used as the basis for subsequent current year (CAD) values in this report. The final 2015 T1 and T2 Comptroller Property Tax Division (CPTD) values also certified to school districts in late July were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

The proposed agreement calls for PBTISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model illustrated in **Table 2** incorporates the full value of the Enterprise project into the state and local funding calculations. The other model shown in **Table 3** assumes that only the limited value of the Enterprise project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**.

Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was calculated for each year of the agreement. **Table 4**, which summarizes the difference between the two models, indicates that there will be a total revenue loss of \$7.54 million over the course of the agreement. Most of the revenue loss by the district, due to the agreement, is in the first three years of the value limitation period. The losses in the fourth through tenth years indicate a reduction in Tier 2 local revenue as a result of the value limitation under the current school finance system and the additions and subtractions of the base value of the district due to other value limitation agreements. Most of the reduction in M&O taxes under this agreement is offset by a reduction in recapture costs that the district would owe under current school finance law.

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the M&O value of the Enterprise project to be limited to \$30 million starting in tax year 2019 (school year 2019-20) and remaining limited through tax year 2028 (school year 2028-29). The potential gross and net tax savings to

Enterprise are shown in **Table 5**. As stated earlier, an M&O tax rate of \$1.06 and a collection rate of 100% is used throughout the calculations in this report. **Table 5** shows gross tax savings due to the limitation of just over \$64.5 million over the length of the contract. Tax savings net of the Revenue Protection Payments are estimated to be \$57.02 million. This amount does not include any Supplemental Payments negotiated in the agreement.

Facilities Funding Impact on the District

Reports submitted by Enterprise show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the District and will enhance the District's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of \$35 per ADA per penny of tax effort. PBTISD has property wealth per ADA that exceeds this amount and is thus not eligible for this state assistance. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Conclusion

The Enterprise project proposed in this application will benefit the community, the district, PBTISD, and the taxpayer, Enterprise. The community will receive economic development, the taxpayer will enjoy savings on property taxes, and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will enjoy a vastly increased value available for I&S tax rate and collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas legislature could take action that could potentially change the impact of this agreement on the finances of PBTISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors that could change and will impact the estimates of this agreement include changes to property values, district tax rates, and student enrollment.

Table 1- Base District Information with Enterprise Products Operating, LLC. Project

| Year of Agreement | School Year | ADA | WADA | M&O Tax Rate | I&S Tax Rate | CAD Value with Project | CAD Value with Limitation | CPTD with Project | CPTD With Limitation | CPTD Value with Project per WADA | CPTD Value with Limitation per WADA |
|-------------------|-------------|----------|----------|--------------|--------------|------------------------|---------------------------|-------------------|----------------------|----------------------------------|-------------------------------------|
| STUB | 2016-17 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$3,731,542,845 | \$3,731,542,845 | \$3,929,981,753 | \$3,929,981,753 | \$1,228,964 | \$1,228,964 |
| QPT 1 | 2017-18 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,020,386,595 | \$3,923,542,845 | \$3,731,542,845 | \$3,731,542,845 | \$1,166,909 | \$1,166,909 |
| QTP 2 | 2018-19 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,078,924,095 | \$4,043,924,095 | \$4,020,386,595 | \$3,923,542,845 | \$1,257,235 | \$1,226,951 |
| 1 | 2019-20 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,189,230,345 | \$3,816,542,845 | \$4,078,924,095 | \$4,043,924,095 | \$1,275,541 | \$1,264,596 |
| 2 | 2020-21 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,373,074,095 | \$3,816,542,845 | \$4,189,230,345 | \$3,816,542,845 | \$1,310,035 | \$1,193,490 |
| 3 | 2021-22 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,556,917,845 | \$3,816,542,845 | \$4,373,074,095 | \$3,816,542,845 | \$1,367,526 | \$1,193,490 |
| 4 | 2022-23 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,671,029,878 | \$3,945,362,378 | \$4,556,917,845 | \$3,816,542,845 | \$1,425,017 | \$1,193,490 |
| 5 | 2023-24 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,652,157,792 | \$3,941,197,792 | \$4,671,029,878 | \$3,945,362,378 | \$1,460,701 | \$1,233,774 |
| 6 | 2024-25 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,633,410,643 | \$3,937,158,143 | \$4,652,157,792 | \$3,941,197,792 | \$1,454,799 | \$1,232,472 |
| 7 | 2025-26 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,488,087,845 | \$3,806,542,845 | \$4,633,410,643 | \$3,937,158,143 | \$1,448,937 | \$1,231,208 |
| 8 | 2026-27 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,605,275,626 | \$3,938,438,126 | \$4,488,087,845 | \$3,806,542,845 | \$1,403,492 | \$1,190,363 |
| 9 | 2027-28 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,586,251,267 | \$3,934,121,267 | \$4,605,275,626 | \$3,938,438,126 | \$1,440,139 | \$1,231,609 |
| 10 | 2028-29 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,619,356,415 | \$3,981,933,915 | \$4,586,251,267 | \$3,934,121,267 | \$1,434,190 | \$1,230,259 |
| 11 | 2029-30 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,596,246,233 | \$4,561,246,233 | \$4,619,356,415 | \$3,981,933,915 | \$1,444,542 | \$1,245,210 |
| 12 | 2030-31 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,574,510,871 | \$4,539,510,871 | \$4,596,246,233 | \$4,561,246,233 | \$1,437,315 | \$1,426,370 |
| 13 | 2031-32 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,391,573,843 | \$4,356,573,843 | \$4,574,510,871 | \$4,539,510,871 | \$1,430,518 | \$1,419,573 |
| 14 | 2032-33 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$4,374,269,223 | \$4,339,269,223 | \$4,391,573,843 | \$4,356,573,843 | \$1,373,311 | \$1,362,366 |
| 15 | 2033-34 | 2,269.67 | 3,197.80 | \$1.0600 | \$0.0510 | \$3,731,542,845 | \$4,322,202,695 | \$4,374,269,223 | \$4,339,269,223 | \$1,367,900 | \$1,356,955 |

Table 2 - "Baseline Revenue Model" - Project Value Added with No Value Limitation

| Year of Agreement | School Year | 199/5812 - Foundation School Fund | 199/5811 - Available School Fund | M&O Rev From Local Taxes (net of recapture and up to compressed rate) | M&O Rev From Local Taxes (up to \$06 above compressed rate; no recapture) | M&O Rev From Local Taxes (net of any recapture) | Recapture at the \$514.00 Level "Level 1 EWL" | Recapture at the \$319,500 Level "Level 2 EWL" | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------------|----------------------------------|---|---|---|---|--|-----------------|--------------------|
| STUB | 2016-17 | \$312,338 | \$880,634 | \$16,466,504 | \$2,238,926 | \$0 | \$20,848,924 | \$0 | \$0 | \$19,898,402 |
| QPT 1 | 2017-18 | \$239,973 | \$880,634 | \$18,518,600 | \$2,412,232 | \$0 | \$21,685,266 | \$0 | \$0 | \$22,051,438 |
| QTP 2 | 2018-19 | \$239,973 | \$880,634 | \$17,557,990 | \$2,447,354 | \$0 | \$23,231,251 | \$0 | \$0 | \$21,125,951 |
| 1 | 2019-20 | \$239,973 | \$880,634 | \$17,777,359 | \$2,513,538 | \$0 | \$24,114,944 | \$0 | \$0 | \$21,411,503 |
| 2 | 2020-21 | \$239,973 | \$880,634 | \$18,080,543 | \$2,623,844 | \$0 | \$25,650,198 | \$0 | \$0 | \$21,824,993 |
| 3 | 2021-22 | \$239,973 | \$880,634 | \$18,093,120 | \$2,734,151 | \$0 | \$27,476,059 | \$0 | \$0 | \$21,947,876 |
| 4 | 2022-23 | \$239,973 | \$880,634 | \$17,855,470 | \$2,802,618 | \$0 | \$28,854,829 | \$0 | \$0 | \$21,778,694 |
| 5 | 2023-24 | \$239,973 | \$880,634 | \$17,402,855 | \$2,791,295 | \$0 | \$29,118,723 | \$0 | \$0 | \$21,314,756 |
| 6 | 2024-25 | \$239,973 | \$880,634 | \$17,398,853 | \$2,780,046 | \$0 | \$28,935,253 | \$0 | \$0 | \$21,299,506 |
| 7 | 2025-26 | \$239,973 | \$880,634 | \$16,945,411 | \$2,692,853 | \$0 | \$27,935,467 | \$0 | \$0 | \$20,758,870 |
| 8 | 2026-27 | \$239,973 | \$880,634 | \$17,857,542 | \$2,763,165 | \$0 | \$28,195,214 | \$0 | \$0 | \$21,741,313 |
| 9 | 2027-28 | \$239,973 | \$880,634 | \$17,386,777 | \$2,751,751 | \$0 | \$28,475,735 | \$0 | \$0 | \$21,259,134 |
| 10 | 2028-29 | \$239,973 | \$880,634 | \$17,569,080 | \$2,771,614 | \$0 | \$28,624,484 | \$0 | \$0 | \$21,461,300 |
| 11 | 2029-30 | \$239,973 | \$880,634 | \$17,375,580 | \$2,757,748 | \$0 | \$28,586,882 | \$0 | \$0 | \$21,253,934 |
| 12 | 2030-31 | \$239,973 | \$880,634 | \$17,374,937 | \$2,744,707 | \$0 | \$28,370,172 | \$0 | \$0 | \$21,240,249 |
| 13 | 2031-32 | \$239,973 | \$880,634 | \$16,790,498 | \$2,634,944 | \$0 | \$27,125,240 | \$0 | \$0 | \$20,546,048 |
| 14 | 2032-33 | \$239,973 | \$880,634 | \$17,341,605 | \$2,624,562 | \$0 | \$26,401,087 | \$0 | \$0 | \$21,086,773 |
| 15 | 2033-34 | \$239,973 | \$880,634 | \$17,338,268 | \$2,614,322 | \$0 | \$26,233,759 | \$0 | \$0 | \$21,073,197 |

Table 3 - "Value Limitation Revenue Model" - Project Value Added With Value Limit

| Year of Agreement | School Year | 199/5812 - Foundation School Fund | 199/5811 - Available School Fund | M&O Rev From Local Taxes (net of recapture and up to compressed rate) | M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture) | M&O Rev From Local Taxes (net of any recapture) | Recapture at the \$514,000 Level | Recapture at the \$319,500 Level | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------------|----------------------------------|---|--|---|----------------------------------|----------------------------------|-----------------|--------------------|
| STUB | 2016-17 | \$312,338 | \$880,634 | \$16,466,504 | \$2,238,926 | \$0 | \$20,848,924 | \$0 | \$0 | \$19,898,402 |
| QPT 1 | 2017-18 | \$239,973 | \$880,634 | \$18,092,023 | \$2,354,126 | \$0 | \$21,143,405 | \$0 | \$0 | \$21,566,755 |
| QTP 2 | 2018-19 | \$239,973 | \$880,634 | \$17,799,162 | \$2,426,354 | \$0 | \$22,640,079 | \$0 | \$0 | \$21,346,123 |
| 1 | 2019-20 | \$239,973 | \$880,634 | \$16,400,193 | \$2,289,926 | \$0 | \$21,765,235 | \$0 | \$0 | \$19,810,725 |
| 2 | 2020-21 | \$239,973 | \$880,634 | \$17,268,028 | \$2,289,926 | \$0 | \$20,897,400 | \$0 | \$0 | \$20,678,560 |
| 3 | 2021-22 | \$239,973 | \$880,634 | \$17,268,028 | \$2,289,926 | \$0 | \$20,897,400 | \$0 | \$0 | \$20,678,560 |
| 4 | 2022-23 | \$239,973 | \$880,634 | \$17,822,815 | \$2,367,217 | \$0 | \$21,630,809 | \$0 | \$0 | \$21,310,639 |
| 5 | 2023-24 | \$239,973 | \$880,634 | \$17,282,908 | \$2,364,719 | \$0 | \$22,129,070 | \$0 | \$0 | \$20,768,233 |
| 6 | 2024-25 | \$239,973 | \$880,634 | \$17,282,381 | \$2,362,295 | \$0 | \$22,089,200 | \$0 | \$0 | \$20,765,282 |
| 7 | 2025-26 | \$239,973 | \$880,634 | \$16,752,942 | \$2,283,926 | \$0 | \$21,312,487 | \$0 | \$0 | \$20,157,473 |
| 8 | 2026-27 | \$239,973 | \$880,634 | \$17,835,017 | \$2,363,063 | \$0 | \$21,549,364 | \$0 | \$0 | \$21,318,686 |
| 9 | 2027-28 | \$239,973 | \$880,634 | \$17,280,530 | \$2,360,473 | \$0 | \$22,060,683 | \$0 | \$0 | \$20,761,609 |
| 10 | 2028-29 | \$239,973 | \$880,634 | \$17,497,238 | \$2,389,160 | \$0 | \$22,322,101 | \$0 | \$0 | \$21,007,004 |
| 11 | 2029-30 | \$239,973 | \$880,634 | \$19,700,560 | \$2,736,748 | \$0 | \$25,911,902 | \$0 | \$0 | \$23,557,914 |
| 12 | 2030-31 | \$239,973 | \$880,634 | \$17,366,516 | \$2,723,707 | \$0 | \$28,028,593 | \$0 | \$0 | \$21,210,828 |
| 13 | 2031-32 | \$239,973 | \$880,634 | \$16,777,583 | \$2,613,944 | \$0 | \$26,788,155 | \$0 | \$0 | \$20,512,133 |
| 14 | 2032-33 | \$239,973 | \$880,634 | \$17,333,033 | \$2,603,562 | \$0 | \$26,059,659 | \$0 | \$0 | \$21,057,201 |
| 15 | 2033-34 | \$239,973 | \$880,634 | \$17,329,678 | \$2,593,322 | \$0 | \$25,892,349 | \$0 | \$0 | \$21,043,606 |

Table 4 - "Baseline Revenue Model" Less "Value Limitation Model"

| Year of Agreement | School Year | 199/5812 - Foundation School Fund | 199/5811 - Available School Fund | M&O Rev From Local Taxes (net of recapture and up to compressed rate) | M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture) | M&O Rev From Local Taxes (net of any recapture) | Recapture at the \$514,000 Level | Recapture at the \$319,500 Level | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------------|----------------------------------|---|--|---|----------------------------------|----------------------------------|-----------------|--------------------|
| STUB | 2016-17 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QPT 1 | 2017-18 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| QTP 2 | 2018-19 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | 2019-20 | \$0 | \$0 | -\$1,377,166 | -\$223,613 | \$0 | -\$2,349,709 | \$0 | \$0 | -\$1,600,779 |
| 2 | 2020-21 | \$0 | \$0 | -\$812,514 | -\$333,919 | \$0 | -\$4,752,798 | \$0 | \$0 | -\$1,146,433 |
| 3 | 2021-22 | \$0 | \$0 | -\$825,091 | -\$444,225 | \$0 | -\$6,578,659 | \$0 | \$0 | -\$1,269,316 |
| 4 | 2022-23 | \$0 | \$0 | -\$32,654 | -\$435,401 | \$0 | -\$7,224,021 | \$0 | \$0 | -\$468,055 |
| 5 | 2023-24 | \$0 | \$0 | -\$119,947 | -\$426,576 | \$0 | -\$6,989,653 | \$0 | \$0 | -\$546,523 |
| 6 | 2024-25 | \$0 | \$0 | -\$116,472 | -\$417,752 | \$0 | -\$6,846,053 | \$0 | \$0 | -\$534,224 |
| 7 | 2025-26 | \$0 | \$0 | -\$192,470 | -\$408,927 | \$0 | -\$6,622,980 | \$0 | \$0 | -\$601,397 |
| 8 | 2026-27 | \$0 | \$0 | -\$22,525 | -\$400,103 | \$0 | -\$6,645,850 | \$0 | \$0 | -\$422,627 |
| 9 | 2027-28 | \$0 | \$0 | -\$106,247 | -\$391,278 | \$0 | -\$6,415,053 | \$0 | \$0 | -\$497,525 |
| 10 | 2028-29 | \$0 | \$0 | -\$71,842 | -\$382,454 | \$0 | -\$6,302,383 | \$0 | \$0 | -\$454,295 |
| 11 | 2029-30 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$2,674,980 | \$0 | \$0 | \$2,303,980 |
| 12 | 2030-31 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 13 | 2031-32 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 | 2032-33 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 15 | 2033-34 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Table 5: Estimated Financial Impact of the Enterprise Products Operating, LLC Property Value Limitation Request to Pecos-Barstow-Toyah ISD

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Assumed M&O Tax Rate | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | Tax Benefit to Company Before Revenue Protection | School District Revenue Losses | Estimated Net Tax Benefits |
|-------------------|-------------|---------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|----------------------------------|--|--------------------------------|----------------------------|
| QPT 1 | 2017-18 | \$183,843,750 | \$183,843,750 | \$0 | 1.0600 | \$1,948,744 | \$1,948,744 | \$0 | \$0 | \$0 | \$0 |
| QTP 2 | 2018-19 | \$257,381,250 | \$257,381,250 | \$0 | 1.0600 | \$2,728,241 | \$2,728,241 | \$0 | \$0 | \$0 | \$0 |
| 1 | 2019-20 | \$367,687,500 | \$30,000,000 | \$337,687,500 | 1.0600 | \$3,897,488 | \$318,000 | \$3,579,488 | \$3,579,488 | -\$1,600,779 | \$1,978,709 |
| 2 | 2020-21 | \$551,531,250 | \$30,000,000 | \$521,531,250 | 1.0600 | \$5,846,231 | \$318,000 | \$5,528,231 | \$5,528,231 | -\$1,146,433 | \$4,381,798 |
| 3 | 2021-22 | \$735,375,000 | \$30,000,000 | \$705,375,000 | 1.0600 | \$7,794,975 | \$318,000 | \$7,476,975 | \$7,476,975 | -\$1,269,316 | \$6,207,659 |
| 4 | 2022-23 | \$720,667,500 | \$30,000,000 | \$690,667,500 | 1.0600 | \$7,639,076 | \$318,000 | \$7,321,076 | \$7,321,076 | -\$468,055 | \$6,853,021 |
| 5 | 2023-24 | \$705,960,000 | \$30,000,000 | \$675,960,000 | 1.0600 | \$7,483,176 | \$318,000 | \$7,165,176 | \$7,165,176 | -\$546,523 | \$6,618,653 |
| 6 | 2024-25 | \$691,252,500 | \$30,000,000 | \$661,252,500 | 1.0600 | \$7,327,277 | \$318,000 | \$7,009,277 | \$7,009,277 | -\$534,224 | \$6,475,053 |
| 7 | 2025-26 | \$676,545,000 | \$30,000,000 | \$646,545,000 | 1.0600 | \$7,171,377 | \$318,000 | \$6,853,377 | \$6,853,377 | -\$601,397 | \$6,251,980 |
| 8 | 2026-27 | \$661,837,500 | \$30,000,000 | \$631,837,500 | 1.0600 | \$7,015,478 | \$318,000 | \$6,697,478 | \$6,697,478 | -\$422,627 | \$6,274,850 |
| 9 | 2027-28 | \$647,130,000 | \$30,000,000 | \$617,130,000 | 1.0600 | \$6,859,578 | \$318,000 | \$6,541,578 | \$6,541,578 | -\$497,525 | \$6,044,053 |
| 10 | 2028-29 | \$632,422,500 | \$30,000,000 | \$602,422,500 | 1.0600 | \$6,703,679 | \$318,000 | \$6,385,679 | \$6,385,679 | -\$454,295 | \$5,931,383 |
| 11 | 2029-30 | \$619,774,050 | \$619,774,050 | \$0 | 1.0600 | \$6,569,605 | \$6,569,605 | \$0 | \$0 | \$0 | \$0 |
| 12 | 2030-31 | \$607,378,569 | \$607,378,569 | \$0 | 1.0600 | \$6,438,213 | \$6,438,213 | \$0 | \$0 | \$0 | \$0 |
| 13 | 2031-32 | \$595,230,998 | \$595,230,998 | \$0 | 1.0600 | \$6,309,449 | \$6,309,449 | \$0 | \$0 | \$0 | \$0 |
| 14 | 2032-33 | \$583,326,378 | \$583,326,378 | \$0 | 1.0600 | \$6,183,260 | \$6,183,260 | \$0 | \$0 | \$0 | \$0 |
| 15 | 2033-34 | \$571,659,850 | \$571,659,850 | \$0 | 1.0600 | \$6,059,594 | \$6,059,594 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | \$103,975,438 | \$39,417,105 | \$64,558,333 | \$64,558,333 | -\$7,541,174 | \$57,017,159 |

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, student enrollment and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this report.

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT F
Comptroller's 2015 ISD Summary Worksheet
For Pecos-Barstow-Toyah ISD



Glenn Hegar
Texas Comptroller of Public Accounts

Taxes

Property Tax

SCHOOL AND APPRAISAL DISTRICTS PROPERTY VALUE STUDY 2015 REPORT

2015 ISD Summary Worksheet

195/Reeves

195-901/Pecos-Barstow-Toyah ISD

| Category | Local Tax Roll Value | 2015 WTD Mean Ratio | 2015 PTAD Value Estimate | 2015 Value Assigned |
|---------------------------------------|-----------------------------|----------------------------|---------------------------------|----------------------------|
| A. Single-Family Residences | 236,981,950 | N/A | 236,981,950 | 236,981,950 |
| B. Multi-Family Residences | 4,361,320 | N/A | 4,361,320 | 4,361,320 |
| C1. Vacant Lots | 22,145,420 | N/A | 22,145,420 | 22,145,420 |
| C2. Colonia Lots | 0 | N/A | 0 | 0 |
| D1. Rural Real(Taxable) | 10,402,740 | N/A | 10,402,740 | 10,402,740 |
| D2. Real Prop Farm & Ranch | 665,460 | N/A | 665,460 | 665,460 |
| E. Real Prop NonQual Acres | 38,534,820 | N/A | 38,534,820 | 38,534,820 |
| F1. Commercial Real | 154,955,220 | N/A | 154,955,220 | 154,955,220 |
| F2. Industrial Real | 354,212,000 | N/A | 354,212,000 | 354,212,000 |
| G. Oil, Gas, Minerals | 1,456,349,744 | N/A | 1,456,349,744 | 1,456,349,744 |
| J. Utilities | 381,586,530 | N/A | 381,586,530 | 381,586,530 |
| L1. Commercial Personal | 86,800,890 | N/A | 86,800,890 | 86,800,890 |
| L2. Industrial Personal | 391,804,290 | N/A | 391,804,290 | 391,804,290 |
| M. Other Personal | 12,486,080 | N/A | 12,486,080 | 12,486,080 |
| N. Intangible Personal Prop | 0 | N/A | 0 | 0 |

| | | | | |
|---------------------------------|---------------|-----|---------------|---------------------|
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 0 | N/A | 0 | 0 |
| Subtotal | 3,151,286,464 | | 3,151,286,464 | 3,151,286,464 |
| Less Total Deductions | 362,784,901 | | 362,784,901 | 362,784,901 |
| Total Taxable Value | 2,788,501,563 | | 2,788,501,563 | 2,788,501,563 T2 |

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 |
|---------------|---------------|---------------|---------------|
| 2,806,493,531 | 2,788,501,563 | 2,806,493,531 | 2,788,501,563 |

| Loss To the Additional \$10,000 Homestead Exemption | 50% of the loss to the Local Optional Percentage Homestead Exemption |
|--|---|
| 17,991,968 | 0 |

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 |
|---------------|---------------|---------------|---------------|
| 2,968,303,531 | 2,950,311,563 | 2,968,303,531 | 2,950,311,563 |

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

238/Ward

195-901/Pecos-Barstow-Toyah ISD

| Category | Local Tax Roll Value | 2015 WTD Mean Ratio | 2015 PTAD Value Estimate | 2015 Value Assigned |
|-----------------------------|-----------------------------|----------------------------|---------------------------------|----------------------------|
| A. Single-Family Residences | 2,471,200 | N/A | 2,471,200 | 2,471,200 |
| B. Multi-Family Residences | 0 | N/A | 0 | 0 |
| C1. Vacant Lots | 1,762,300 | N/A | 1,762,300 | 1,762,300 |
| C2. Colonia Lots | 0 | N/A | 0 | 0 |
| D1. Rural Real(Taxable) | 289,890 | N/A | 289,890 | 289,890 |
| D2. Real Prop Farm & Ranch | 197,340 | N/A | 197,340 | 197,340 |
| E. Real Prop NonQual Acres | 4,134,830 | N/A | 4,134,830 | 4,134,830 |
| F1. Commercial Real | 338,010 | N/A | 338,010 | 338,010 |
| F2. Industrial Real | 103,872,490 | N/A | 103,872,490 | 103,872,490 |
| G. Oil, Gas, Minerals | 900,221,210 | N/A | 900,221,210 | 900,221,210 |
| J. Utilities | 101,049,260 | N/A | 101,049,260 | 101,049,260 |
| L1. Commercial Personal | 3,973,880 | N/A | 3,973,880 | 3,973,880 |
| L2. Industrial Personal | 26,546,920 | N/A | 26,546,920 | 26,546,920 |
| M. Other Personal | 522,110 | N/A | 522,110 | 522,110 |
| N. Intangible Personal Prop | 0 | N/A | 0 | 0 |

| | | | | |
|---------------------------------|---------------|-----|---------------|---------------------|
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 0 | N/A | 0 | 0 |
| Subtotal | 1,145,379,440 | | 1,145,379,440 | 1,145,379,440 |
| Less Total Deductions | 3,899,250 | | 3,899,250 | 3,899,250 |
| Total Taxable Value | 1,141,480,190 | | 1,141,480,190 | 1,141,480,190 T2 |

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 |
|---------------|---------------|---------------|---------------|
| 1,141,480,190 | 1,141,480,190 | 1,141,480,190 | 1,141,480,190 |

| Loss To the Additional \$10,000 Homestead Exemption | 50% of the loss to the Local Optional Percentage Homestead Exemption |
|--|---|
| 0 | 0 |

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 |
|---------------|---------------|---------------|---------------|
| 1,141,480,190 | 1,141,480,190 | 1,141,480,190 | 1,141,480,190 |

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

195-901/Pecos-Barstow-Toyah ISD

| Category | Local Tax Roll Value | 2015 WTD Mean Ratio | 2015 PTAD Value Estimate | 2015 Value Assigned |
|---------------------------------------|-----------------------------|----------------------------|---------------------------------|----------------------------|
| A. Single-Family Residences | 239,453,150 | N/A | 239,453,150 | 239,453,150 |
| B. Multi-Family Residences | 4,361,320 | N/A | 4,361,320 | 4,361,320 |
| C1. Vacant Lots | 23,907,720 | N/A | 23,907,720 | 23,907,720 |
| C2. Colonia Lots | 0 | N/A | 0 | 0 |
| D1. Rural Real(Taxable) | 10,692,630 | N/A | 10,692,630 | 10,692,630 |
| D2. Real Prop Farm & Ranch | 862,800 | N/A | 862,800 | 862,800 |
| E. Real Prop NonQual Acres | 42,669,650 | N/A | 42,669,650 | 42,669,650 |
| F1. Commercial Real | 155,293,230 | N/A | 155,293,230 | 155,293,230 |
| F2. Industrial Real | 458,084,490 | N/A | 458,084,490 | 458,084,490 |
| G. Oil, Gas, Minerals | 2,356,570,954 | N/A | 2,356,570,954 | 2,356,570,954 |
| J. Utilities | 482,635,790 | N/A | 482,635,790 | 482,635,790 |
| L1. Commercial Personal | 90,774,770 | N/A | 90,774,770 | 90,774,770 |
| L2. Industrial Personal | 418,351,210 | N/A | 418,351,210 | 418,351,210 |
| M. Other Personal | 13,008,190 | N/A | 13,008,190 | 13,008,190 |
| N. Intangible Personal Prop | 0 | N/A | 0 | 0 |

| | | | | |
|---------------------------------|---------------|-----|---------------|---------------------|
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 0 | N/A | 0 | 0 |
| Subtotal | 4,296,665,904 | | 4,296,665,904 | 4,296,665,904 |
| Less Total Deductions | 366,684,151 | | 366,684,151 | 366,684,151 |
| Total Taxable Value | 3,929,981,753 | | 3,929,981,753 | 3,929,981,753 T2 |

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

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT G
Proposed Agreement Between
Pecos-Barstow-Toyah ISD and
Enterprise Products Operating, LLC



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 12, 2016

Jim Haley
Superintendent
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Pecos-Barstow-Toyah Independent School District and Enterprise Products Operating, LLC, Application 1161

Dear Superintendent Haley:

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 Pecos-Barstow-Toyah Independent School District and Enterprise Products Operating, 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 it complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

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

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Curt Tate, Enterprise Products
Tim Young, Ikard Wynne LLP

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

by and between

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

and

ENTERPRISE PRODUCTS OPERATING LLC

(Texas Taxpayer ID # 12604305396)

Comptroller Application # 1161

Dated

December 15, 2016

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 December 15, 2016, 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 December 15, 2016, 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 December 12, 2016, 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 December 15, 2016, 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 Enterprise Products Operating LLC, (Texas Taxpayer ID #12604305396) 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 November 15, 2016. 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 Reeves County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Pecos-Barstow-Toyah Independent School District.

“Commercial Operations” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing NGL Product and Residue Gas and achieving a Qualifying Investment of no less than \$30 million dollars.

“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 Reeves County, Texas.

“District” or “School District” means the Pecos-Barstow-Toyah 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 C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means 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 those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (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 313.054 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 Agreement, the conflict shall be resolved by reference to Section 10.9.C.

"Aggregate Limit" means, for any Tax Year during the term of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the school year immediately preceding each year for which the Annual Limit is calculated, rounded to the whole number by \$100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2016. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

"Applicable School Finance Law" means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically

at the time the computation, calculation or obligation of either party under this Agreement is performed.

“Commencement Date” means December 15, 2016, the start of the Qualifying Time Period.

“Commercial Operations” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing NGL Product and Residue Gas and achieving a Qualifying Investment of no less than \$30 million dollars.

“Cumulative Payments” means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

“Lost M&O Revenue” means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

“New M&O Revenue” means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

“Net Tax Benefit” means 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 all Tax Years during the term of this Agreement 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 all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

“Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District’s tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant’s Qualified Property for M&O purposes will not be used.

“Revenue Protection Amount” means the amount calculated pursuant to Section 4.2 of this Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the

Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

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

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is November 29, 2016, 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 December 15, 2016.

C. The Qualifying Time Period for this Agreement:

- i. Starts on, the Application Approval Date.
- ii. End on December 31, 2018, 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, 2018, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
- ii. Ends on December 31, 2027, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2032.

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. Thirty Million Dollars (\$30,000,000).

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 313.052 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 \$30,000,000 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 \$753.00 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 property used for manufacturing.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, 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, be compensated by Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by District.**

The calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year following the start of Commercial Operations, and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the school finance report and projected revenue protection payment amounts 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. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,
- iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE LOST M&O REVENUE BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the District for Lost M&O Revenue for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula: The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- 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 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations under this Section 4.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District, with the consent of the Applicant. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following: Any other reasonable and necessary costs to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

In the event that the calculations made under this Agreement by the Third Party should become the subject of litigation, the Parties stipulate that the Third Party's participation in any such dispute shall be limited to

providing the court or administrative body with jurisdiction over such dispute with an explanation of the methodology used in reaching the Third Party's calculation so as to assist the court or administrative body.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified appraisal roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. 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 to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified appraisal roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party 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, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, which are, or may be required under the terms or because of the execution of this Agreement.

For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars (\$15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve such dispute as provided in Section 4.7.

Section 4.7. RESOLUTION OF DISPUTES. Should the Applicant disagree with the Third Party calculations made pursuant to Article 4 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party shall issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the certified calculations of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days 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 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees. Any such appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the Applicant's receipt of the Third Party's final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 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/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or 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 Investment and/or 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 who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.9. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 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, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District, up to the Annual Limitation amount set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, as a result of its participation in this Agreement. Such calculation shall take into account any

adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for 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 that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

- (a) Amounts Exclusive of Article IV and Article V Payments

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI, (the “Supplemental Payments”). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant’s obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

- (b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

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 42.005 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 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 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; and

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) (Tax Year 2017), the District, or its successor beneficiary should one be designated under Section 6.7 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under section 6.2 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's 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 IV, 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.

Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. 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 selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.5.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.7, above.

Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.7 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first 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 the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that 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 reduction in accordance with the provisions of Section 7.1, 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 reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, 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 forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

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; or

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 not greater than sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant 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 Reeves 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 Reeves 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 sixty (60) 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 7.2 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 sixty (60) 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 \$30,000,000 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:

Jim Haley
Superintendent (or his successor)
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, TX 79772
Phone: (432) 447-7201
Facsimile: (432) 447-3076
Email: jhaley@pbtisd.esc18.net

With a copy to:

Sara Hardner Leon
Powell & Leon, LLP
115 Wild Basin #106
Austin, Texas 78746
Phone: (512) 494-1177
Facsimile: (512) 494-1188
Email: sleon@powell-leon.com

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

Enterprise Products Operating LLC
Attn: Curt Tate, Senior Director, Tax
P.O. Box 4018
Houston, Texas 77210-4018
(713) 381-8071 Telephone
(281) 887-7139 Facsimile

Or:
Enterprise Products Operating LLC

Attn: Curt Tate, Senior Director, Tax
1100 Louisiana Street
Houston, Texas 77002
(713) 381-8071 Telephone

With copies to:
Enterprise Products Operating LLC
Attn: General Counsel
P.O. Box 4018
Houston, Texas 77002

And:
Timothy E. Young
Ikard Wynne LLP
2901 Via Fortuna, Suite 450
Austin, Texas 78746
(512) 275-7880 Telephone
(512) 275-7333 Facsimile

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.

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 Reeves County.

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

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention

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

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

Section 10.9. INTERPRETATION.

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

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

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

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

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

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

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

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

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

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District 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).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 15th day of December, 2016.

ENTERPRISE PRODUCTS OPERATING LLC

**PECOS-BARSTOW-TOYAH
INDEPENDENT SCHOOL DISTRICT**

ENTERPRISE PRODUCTS OPERATING LLC

By: 
**GAIL BOX
PRESIDENT, BOARD OF TRUSTEES**

**By: Enterprise Products OLPGP, Inc., its sole
manager**

By: 
Name: Penny R. Houy
Title: Vice President, Tax

ATTEST:
By: 
**BERTHA NATIVIDAD
SECRETARY, BOARD OF TRUSTEES**

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

On November 14, pursuant to Tex. Tax Code § 312.401 the Reeves County Commissioner's Court, by action at a duly posted public meeting created the *EP Reinvestment Zone* within the boundaries of the Pecos-Barstow-Toyah Independent School District. The legal description of the aforesaid *EP Reinvestment Zone* is as follows:

Description of a **118.71** acre facility site located on the property of Texas Pacific Land Trust, located in T&P RR Co. Survey, A-591, Section 31, BLK. 56, T2, Reeves County, Texas and being more fully described in Volume 165, Page 182, and described as follows:

COMMENCING at a found 1" iron pipe located at the Southwest corner Section 30, also being the **POINT OF BEGINNING**, and having coordinates of X=1,979,397.64 and Y=11,548,428.87, for the Northwest corner of the herein described facility site:

Thence North 89 degrees 21 minutes 52 seconds East, for a distance of 3631.96 feet to a point;

Thence South 36 degrees 59 minutes 25 seconds East, for a distance of 1705.04 feet to a point;

Thence North 87 degrees 51 minutes 47 seconds West, for a distance of 4668.20 feet to a point;

Thence North 00 degrees 21 minutes 59 seconds East, for a distance of 1147.53 feet to a point being the said **POINT OF BEGINNING**.

A map of the *EP Reinvestment Zone* is attached as the next page of this **EXHIBIT 1**. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the *EP Reinvestment Zone*.

Proposed Reinvestment Zone Map

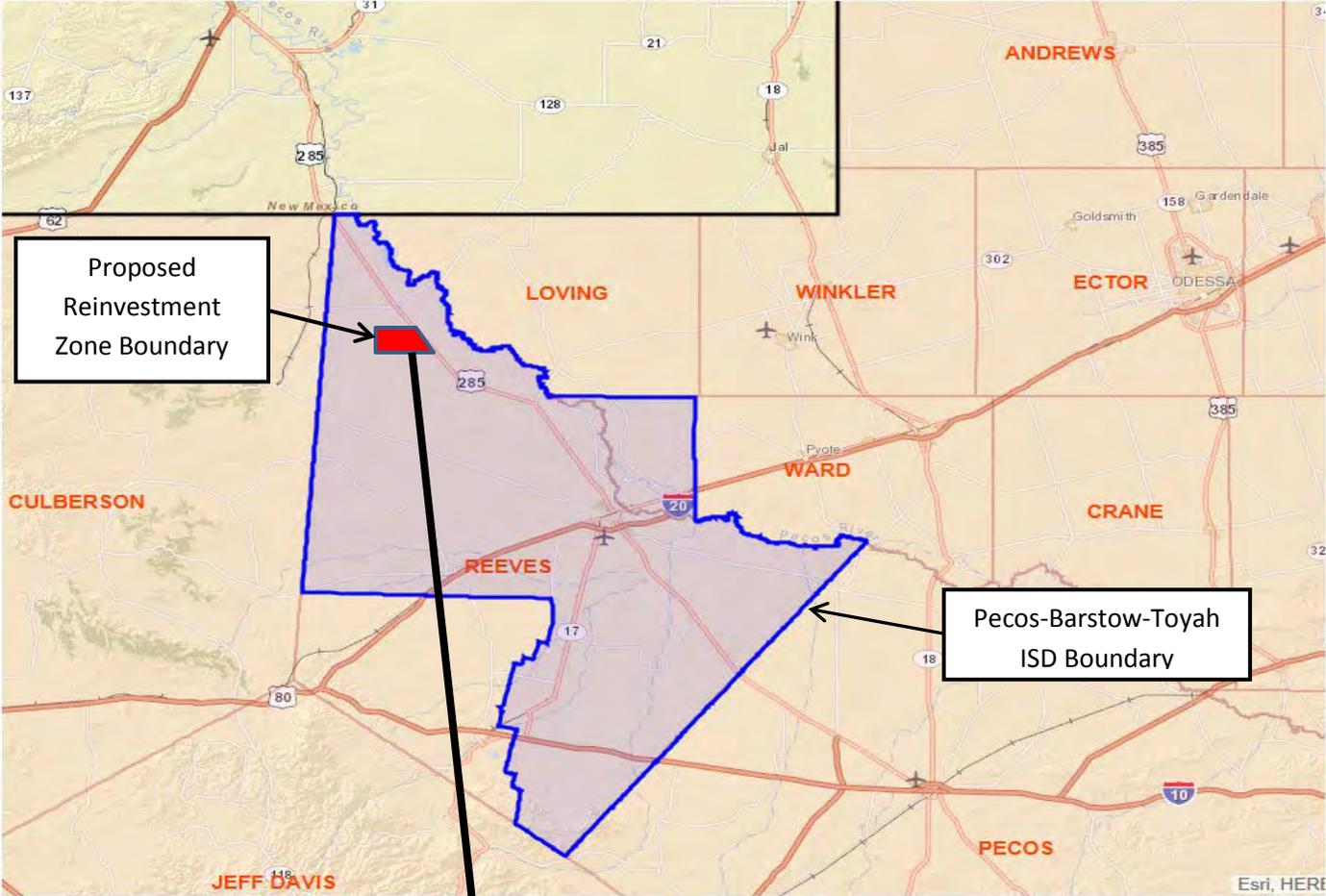


EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land upon which the Qualified Investment shall be made and upon which the Qualified Property shall located shall be one hundred percent (100%) contained within the boundaries of the *EP Reinvestment Zone* which is located within the boundaries of the Pecos-Barstow-Toyah Independent School District. The legal description of the aforesaid *EP Reinvestment Zone* is as follows:

Description of a **118.71** acre facility site located on the property of Texas Pacific Land Trust, located in T&P RR Co. Survey, A-591, Section 31, BLK. 56, T2, Reeves County, Texas and being more fully described in Volume 165, Page 182, and described as follows:

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Thence South 36 degrees 59 minutes 25 seconds East, for a distance of 1705.04 feet to a point;

Thence North 87 degrees 51 minutes 47 seconds West, for a distance of 4668.20 feet to a point;

Thence North 00 degrees 21 minutes 59 seconds East, for a distance of 1147.53 feet to a point being the said **POINT OF BEGINNING**.

A map of the *EP Reinvestment Zone* is attached as the last page **EXHIBIT 1**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

This Agreement covers Qualified Investment located within Pecos-Barstow-Toyah ISD in an amount of not less than \$30 Million made during the Qualifying Time Period property necessary for the commercial operations of a new cryogenic fractionation plant as more fully described in Tab 7 of the Application.

Project Description

The Proposed Orla Gas Plant use cryogenic fractionation to separate ethane and heavier hydrocarbons from raw wellhead gas to produce marketable natural gas.

The Proposed Orla Gas Plant is designed to process up to 900 mmscf/d of gas.

The cryogenic facility will consist of the following process areas:

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine treating for CO₂ Removal
- TEG dehydration for H₂O Removal
- Thermal Oxidizer
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plant
- Residue Recompression units
- Heat Medium System • Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

All Qualified Investment will be located within the boundaries indicated on the map attached on the last page of **EXHIBIT 1**, to wit:

Description of a **118.71** acre facility site located on the property of Texas Pacific Land Trust, located in T&P RR Co. Survey, A-591, Section 31, BLK. 56, T2, Reeves County, Texas and being more fully described in Volume 165, Page 182, and described as follows:

COMMENCING at a found 1" iron pipe located at the Southwest corner Section 30, also being the **POINT OF BEGINNING**, and having coordinates of X=1,979,397.64 and Y=11,548,428.87, for the Northwest corner of the herein described facility site:

Thence North 89 degrees 21 minutes 52 seconds East, for a distance of 3631.96 feet to a point;

Thence South 36 degrees 59 minutes 25 seconds East, for a distance of 1705.04 feet to a point;

Thence North 87 degrees 51 minutes 47 seconds West, for a distance of 4668.20 feet to a point;

Thence North 00 degrees 21 minutes 59 seconds East, for a distance of 1147.53 feet to a point being the said **POINT OF BEGINNING**.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Pecos-Barstow-Toyah ISD necessary for the commercial operations of a new cryogenic fractionation plant as more fully described in Tab 8 of the Application.

Project Description

The Proposed Orla Gas Plant use cryogenic fractionation to separate ethane and heavier hydrocarbons from raw wellhead gas to produce marketable natural gas.

The Proposed Orla Gas Plant is designed to process up to 900 mmscf/d of gas.

The cryogenic facility will consist of the following process areas:

- Inlet Slug Catcher
- Inlet Separation and Filtration
- Amine treating for CO₂ Removal
- TEG dehydration for H₂O Removal
- Thermal Oxidizer
- Molecular Sieve Dehydration
- GSP Cryogenic Gas Plant
- Residue Recompression units
- Heat Medium Systems
- Flare System (common for all trains)
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

All Qualified Property will be located within the boundaries indicated on the map attached on the last page of **EXHIBIT 1**, to wit:

Description of a **118.71** acre facility site located on the property of Texas Pacific Land Trust, located in T&P RR Co. Survey, A-591, Section 31, BLK. 56, T2, Reeves County, Texas and being more fully described in Volume 165, Page 182, and described as follows:

COMMENCING at a found 1" iron pipe located at the Southwest corner Section 30, also being the **POINT OF BEGINNING**, and having coordinates of X=1,979,397.64 and Y=11,548,428.87, for the Northwest corner of the herein described facility site:

Thence North 89 degrees 21 minutes 52 seconds East, for a distance of

Agreement for Limitation on Appraised Value

Between Pecos-Barstow-Toyah ISD and Enterprise Products Operating, LLC
December 15, 2016

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)*

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Thence South 36 degrees 59 minutes 25 seconds East, for a distance of
1705.04 feet to a point;
Thence North 87 degrees 51 minutes 47 seconds West, for a distance of
4668.20 feet to a point;
Thence North 00 degrees 21 minutes 59 seconds East, for a distance of
1147.53 feet to a point being the said **POINT OF BEGINNING**.

Agreement for Limitation on Appraised Value

Between Pecos-Barstow-Toyah ISD and Enterprise Products Operating, LLC
December 15, 2016

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)*

Findings and Order of the Pecos-Barstow-Toyah Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
Enterprise Products Operating, LLC (Tax ID 12604305396) (Application # 1161)

ATTACHMENT H
Letter from the Texas Commissioner of
Education Regarding Impact on
Enrollment

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

December 5, 2016

Gail Box, President
Board of Trustees
Pecos-Barstow-Toyah Independent School District
PO Box 869
Pecos, TX 79772-0869

Dear Mrs. Box:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Enterprise Products Operating LLC #1161 project on the number and size of school facilities in Pecos-Barstow-Toyah Independent School District (PBTISD). Based on an examination of PBTISD enrollment and the number of potential new jobs, the TEA has determined that the Enterprise Products Operating LLC #1161 project should not have a significant impact on the number or size of school facilities in PBTISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,



Al McKenzie
Director of State Funding

AM/rk
Cc: Jim Haley