AMENDED FINDINGS
OF THE

BARBERS HILL
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 #1272

November 12, 2018

AMENDED FINDINGS OF THE BARBERS HILL 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 CHAMBERS §

On the 12th day of November, 2018, a public meeting of the Board of Trustees of the Barbers Hill 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 Amended Application of Enterprise Products Operating LLC (Application #1272) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Amended 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 Barbers Hill Independent School District makes the following findings with respect to the Amended Application of Enterprise Products Operating LLC #1272, and the economic impact of that Application:

On September 27, 2018, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Amended Application from Enterprise Products Operating LLC #1272 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application, as amended, is posted on the Texas Comptroller's website at:

https://comptroller.texas.gov/data/economy/ch313/barbers-1272-enterprise.php.

The Applicant, Enterprise Products Operating LLC (Taxpayer ID 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. The Board of Trustees acknowledges receipt of the Amended Application, along with the required Application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Amended Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Amended Application was delivered to the Chambers County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054. The Amended Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the Amended Application was complete was issued on October 19, 2018.

After receipt of the Amended Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on October 19, 2018 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 **Exhibit A**.

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 Barbers Hill Independent School District. A copy of a report prepared by Education Service Center, Region 12 is attached to these findings as **Exhibit B**. The Texas Commissioner of Education has determined that the project will not impact school enrollment.

The Board of Trustees has confirmed that the taxable value of property in the Barbers Hill Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2017 ISD Summary Worksheet posted on the Texas Comptroller's website at:

https://comptroller.texas.gov/data/property-tax/pvs/2017p/0360369021D.php.

After receipt of the Amended Application, the District submitted a proposed form of Amended 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 Amended Agreement and letter approving same are attached to these findings as **Exhibit C**.

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 Texas Tax Code § 313.024 in the eligibility category of Manufacturing.

Board Finding Number 2.

The Applicant's entire proposed investment in the Barbers Hill Independent School District is $789,704,850—all of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least $65,000 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 Texas Tax Code § 313.021.

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 $31.6 million on the basis of the 25 new qualifying positions committed to by the Applicant for this project. The project's total investment is $789,704,850, resulting in a relative level of investment per qualifying job of $31,588,194.

Board Finding Number 5.

The Applicant has not requested a waiver of the job creation requirement under Texas Tax Code § 313.025(f-1), and the Board finds that the project meets state job creating 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 No. 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)

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	1,000	1,465	2,465	$ 65,000,000	$ 116,960,000	$ 181,960,000
2019	1,500	2,265	3765	$ 97,500,000	$ 198,720,000	$ 296,220,000
2020	1,525	2,392	3917	$ 99,125,000	$ 230,155,000	$ 329,280,000
2021	25	341	366	$ 1,625,000	$ 64,165,000	$ 65,790,000
2022	25	106	131	$ 1,625,000	$ 38,295,000	$ 39,920,000
2023	25	(66)	-41	$ 1,625,000	$ 18,385,000	$ 20,010,000
2024	25	(130)	-105	$ 1,625,000	$ 7,375,000	$ 9,000,000
2025	25	(126)	-101	$ 1,625,000	$ 3,395,000	$ 5,020,000
2026	25	(86)	-61	$ 1,625,000	$ 3,615,000	$ 5,240,000
2027	25	(33)	-8	$ 1,625,000	$ 6,305,000	$ 7,930,000
2028	25	22	47	$ 1,625,000	$ 10,375,000	$ 12,000,000
2029	25	71	96	$ 1,625,000	$ 14,855,000	$ 16,480,000
2030	25	111	136	$ 1,625,000	$ 19,175,000	$ 20,800,000
2031	25	126	151	$ 1,625,000	$ 21,555,000	$ 23,180,000
2032	25	142	167	$ 1,625,000	$ 24,025,000	$ 25,650,000

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, and Chambers 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 and City of Baytown ETJ. 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		BHISD I&S Tax Levy	BHISD M&O Tax Levy	BHISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	**0.2698**	**1.0600**		**0.5527**	**0.8220**	
2018	$ 13,930,122	$ 13,930,122		$ 37,583	$ 147,659	$ 185,243	$ 76,990	$ 114,510	$ 376,743
2019	$ 177,683,591	$ 177,683,591		$ 479,390	$ 1,883,446	$ 2,362,836	$ 982,039	$ 1,460,612	$ 4,805,488
2020	$ 394,852,425	$ 394,852,425		$ 1,065,312	$ 4,185,436	$ 5,250,748	$ 1,091,155	$ 1,858,548	$ 8,200,451
2021	$ 765,589,132	$ 80,000,000		$ 2,065,559	$ 848,000	$ 2,913,559	$ 2,115,667	$ 3,603,585	$ 8,632,812
2022	$ 749,964,864	$ 80,000,000		$ 2,023,405	$ 848,000	$ 2,871,405	$ 2,072,490	$ 3,530,042	$ 8,473,938
2023	$ 734,340,596	$ 80,000,000		$ 1,981,251	$ 848,000	$ 2,829,251	$ 2,029,314	$ 3,456,500	$ 8,315,064
2024	$ 718,716,328	$ 80,000,000		$ 1,939,097	$ 848,000	$ 2,787,097	$ 1,986,137	$ 3,382,957	$ 8,156,191
2025	$ 703,092,060	$ 80,000,000		$ 1,896,942	$ 848,000	$ 2,744,942	$ 1,942,960	$ 3,309,415	$ 7,997,317
2026	$ 687,467,792	$ 80,000,000		$ 1,854,788	$ 848,000	$ 2,702,788	$ 1,899,783	$ 3,235,872	$ 7,838,443
2027	$ 671,843,524	$ 80,000,000		$ 1,812,634	$ 848,000	$ 2,660,634	$ 1,856,606	$ 3,162,330	$ 7,679,570
2028	$ 656,219,256	$ 80,000,000		$ 1,770,480	$ 848,000	$ 2,618,480	$ 1,813,429	$ 3,088,787	$ 7,520,696
2029	$ 640,594,988	$ 80,000,000		$ 1,728,325	$ 848,000	$ 2,576,325	$ 1,770,252	$ 3,015,245	$ 7,361,822
2030	$ 624,970,720	$ 80,000,000		$ 1,686,171	$ 848,000	$ 2,534,171	$ 3,454,151	$ 5,137,447	$ 11.125,768
2031	$ 609,346,452	$ 609,346,452		$ 1,644,017	$ 6,459,072	$ 8,103,089	$ 3,367,797	$ 5,009,011	$ 16,479,897
2032	$ 593,722,184	$ 593,722,184		$ 1,601.862	$ 6,293,455	$ 7,895,318	$ 3,281.443	$ 4,880,574	$ 16,057,335
2033	$ 578,097,916	$ 578,097,916		$ 1,559,708	$ 6,127,838	$ 7,687,546	$ 3,195,089	$ 4,752,138	$ 15,634,774
2034	$ 562,473,648	$ 562,473,648		$ 1,517,554	$ 5,962,221	$ 7,479,775	$ 3,108,736	$ 4,623,702	$ 15,212,212
2035	$ 546,849,380	$ 546,849,380		$ 1,475,400	$ 5,796,603	$ 7,272,003	$ 3,022,382	$ 4,495,266	$ 14,789,651
			Total	$ 28,139,479	$ 45,335,731	$ 73,475,210	$ 39,066,420	$ 62,116,542	$ 174,658,171
			Diff	$ 0	$ 65,219,672	$ 65,219,672	$ 18,577,793	$ 23,619,173	$ 107,416,638

[1]Tax 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	BHISD I&S Tax Levy	BHISD M&O Tax Levy	BHISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes
		Tax Rate[1]	0.2698	1.0600		0.5527	0.8220	
2018	$ 13,930,122	$ 13,930,122	$ 37,583	$ 147,659	$ 185,243	$ 76,990	$ 114,510	$ 376,743
2019	$ 177,683,591	$ 177,683,591	$ 479,390	$ 1,883,446	$ 2,362,836	$ 982,039	$ 1,460,612	$ 4,805,488
2020	$ 394,852,425	$ 394,852,425	$ 1,065,312	$ 4,185,436	$ 5,250,748	$ 2,182,310	$ 3,245,805	$ 10,678,863
2021	$ 765,589,132	$ 765,589,132	$ 2,065,559	$ 8,115,245	$ 10,180,804	$ 4,231,335	$ 6,293,372	$ 20,705,511
2022	$ 749,964,864	$ 749,964,864	$ 2,023,405	$ 7,949,628	$ 9,973,033	$ 4,144,981	$ 6,164,936	$ 20 ,282,950
2023	$ 734,340,596	$ 734,340,596	$ 1,981,251	$ 7,784,010	$ 9,765,261	$ 4,058,627	$ 6,036,500	$ 19,860,388
2024	$ 718,716,328	$ 718,716,328	$ 1,939 ,097	$ 7,618,393	$ 9,557,490	$ 3,972,273	$ 5,908,064	$ 19,437,827
2025	$ 703,092,060	$ 703,092,060	$ 1,896,942	$ 7,452,776	$ 9,349,718	$ 3,885,920	$ 5,779,628	$ 19,015,265
2026	$ 687,467,792	$ 687,467,792	$ 1,854,788	$ 7,287,159	$ 9,141,947	$ 3,799,566	$ 5,651,191	$ 18,592,704
2027	$ 671,843,524	$ 671,843,524	$ 1,812 ,634	$ 7,121,541	$ 8,934,175	$ 3,713,212	$ 5,522,755	$ 18,170,142
2028	$ 656,219,256	$ 656,219,256	$ 1,770,480	$ 6,955,924	$ 8,726,404	$ 3,626,858	$ 5,394,319	$ 17,747,581
2029	$ 640,594,988	$ 640,594,988	$ 1,728,325	$ 6,790,307	$ 8,518,632	$ 3,540,504	$ 5,265,883	$ 17,325,020
2030	$ 624,970, 720	$ 624,970,720	$ 1,686,171	$ 6,624,690	$ 8,310,861	$ 3,454,151	$ 5,137,447	$ 16,902,458
2031	$ 609,346,452	$ 609,346,452	$ 1,644,017	$ 6,459,072	$ 8,103,089	$ 3,367,797	$ 5,009,011	$ 16,479,897
2032	$ 593,722,184	$ 593,722,184	$ 1,601,862	$ 6,293,455	$ 7,895,318	$ 3,281,443	$ 4,880,574	$ 16 ,057,335
2033	$ 578,097,916	$ 578,097,916	$ 1,559,708	$ 6,127,838	$ 7,687,546	$ 3,195,089	$ 4,752,138	$ 15,634,774
2034	$ 562,473,648	$ 562,473,648	$ 1,517,554	$ 5,962,221	$ 7,479,775	$ 3,108,736	$ 4,623,702	$ 15,212,212
2035	$ 546,849,380	$ 546,849,380	$ 1,475,400	$ 5,796,603	$ 7,272,003	$ 3,022,382	$ 4,495,266	$ 14,789,651
		Total	$ 28,139,479	$110,555,403	$ 138,694,882	$ 57,644,213	$ 85,735,715	$ 282,074,809

[1]Tax Rate per $100 Valuation

Board Finding Number 7.

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

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.

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. 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	2018	$ 147,659	$ 147,659	$ 0	$ 0
	2019	$ 1,883,446	$ 2,031,105	$ 0	$ 0
	2020	$ 4,185,436	$ 6,216,541	$ 0	$ 0
Limitation Period (10 Years)	2021	$ 848,000	$ 7,064,541	$ 7,267,245	$ 7,267,245
	2022	$ 848,000	$ 7,912,541	$ 7,101,628	$ 14,368,872
	2023	$ 848,000	$ 8,760,541	$ 6,936,010	$ 21,304,883
	2024	$ 848,000	$ 9,608,541	$ 6,770,393	$ 28,075,276
	2025	$ 848,000	$ 10,456,541	$ 6,604,776	$ 34,680,052
	2026	$ 848,000	$ 11,304,541	$ 6,439,159	$ 41,119,210
	2027	$ 848,000	$ 12,152,541	$ 6,273,541	$ 47,392,752
	2028	$ 848,000	$ 13,000,541	$ 6,107,924	$ 53,500,676
	2029	$ 848,000	$ 13,848,541	$ 5,942,307	$ 59,442,983
	2030	$ 848,000	$ 14,696,541	$ 5,776,690	$ 65,219,672
Maintain Viable Presence (5 Years)	2031	$ 6,459,072	$ 21,155,613	$ 0	$ 65,219,672
	2032	$ 6,293,455	$ 27,449,069	$ 0	$ 65,219,672
	2033	$ 6,127,838	$ 33,576,907	$ 0	$ 65,219,672
	2034	$ 5,962,221	$ 39,539,127	$ 0	$ 65,219,672
	2035	$ 5,796,603	$ 45,335,731	$ 0	$ 65,219,672
Additional Years as Required by § 313.026(c)(1) (10 Years)	2036	$ 5,630,986	$ 50,966,717	$ 0	$ 65,219,672
	2037	$ 5,465,369	$ 56,432,086	$ 0	$ 65,219,672
	2038	$ 5,299,752	$ 61,731,837	$ 0	$ 65,219,672
	2039	$ 5,134,134	$ 66,865,972	$ 0	$ 65,219,672
	2040	$ 4,968,517	$ 71,834,489	$ 0	$ 65,219,672
	2041	$ 4,802,900	$ 76,637,389	$ 0	$ 65,219,672
	2042	$ 4,637,283	$ 81,274,672	$ 0	$ 65,219,672
	2043	$ 4,471,666	$ 85,746,337	$ 0	$ 65,219,672
	2044	$ 4,306,048	$ 90,052,386	$ 0	$ 65,219,672
	2045	$ 4,140,431	$ 94,192,817	$ 0	$ 65,219,672

$ 94,192,817	is greater than	**$ 65,219,672**

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.

Board Finding Number 12.

The Board of Trustees of the Barbers Hill Independent School District hired consultants to review and verify the information in Amended Application #1272. 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 80 Million Dollars, which is consistent with the minimum values currently set out by Texas Tax Code § 313.027(b).

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 Amended Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Exhibit C, 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 Amended Agreement, it is in the best interest of the District and the State to enter into the attached Amended Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Amended Agreement attached hereto as **Exhibit C** is approved and herby authorized to be executed and delivered by and on behalf of the Barbers Hill Independent School District. It is further ORDERED that these Amended 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 Barbers Hill Independent School District.

Dated the 12th day of November, 2018.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: _____
Becky Tice
President, Board of Trustees

ATTEST:

By: _____
Cynthia Erwin
Secretary, Board of Trustees

Amended Findings and Order of the Barbers Hill 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 #1272)

EXHIBIT A

Comptroller's Amended Economic Impact Analysis

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 19, 2018

AMENDED CERTIFICATION

Greg Poole
Superintendent
Barbers Hill Independent School District
9600 Eagle Drive
Mont Belvieu, Texas 77580

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill Independent School District and Enterprise Products Operating, LLC, Application 1272

Dear Superintendent Poole:

This application (Application 1272) was originally submitted on June 25, 2018, to the Barbers Hill Independent School District (school district) by Enterprise Products Operating LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] On August 3, 2018, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on August 17, 2018. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on September 24, 2018.

On October 2, 2018, Comptroller received an amendment to increase Qualified Investment and Qualified Property in the agreement. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement 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)

The information provided by the applicant related to eligibility has not changed and therefore, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter B.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

The Comptroller previously 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.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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 amendment to the agreement by December 31, 2018.

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,

Lisa Craven

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Enterprise Products Operating LLC (project) applying to Barbers Hill 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.

	Original	**Amendment No. 1**
Applicant	Enterprise Products Operating LLC	Enterprise Products Operating LLC
Tax Code, 313.024 Eligibility Category	Manufacturing	Manufacturing
School District	Barbers Hill ISD	Barbers Hill ISD
2015-2016 Average Daily Attendance	4,785	4,785
County	Chambers	Chambers
Proposed Total Investment in District	$557,204,850	$789,704,850
Proposed Qualified Investment	$557,204,850	$789,704,850
Limitation Amount	$80,000,000	$80,000,000
Qualifying Time Period (Full Years)	2019-2020	2019-2020
Number of new qualifying jobs committed to by applicant	25	25
Number of new non-qualifying jobs estimated by applicant	0	0
Average weekly wage of qualifying jobs committed to by applicant	$1,250	$1,250
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,210.88	$1,210.88
Minimum annual wage committed to by applicant for qualified jobs	$65,000	$65,000
Minimum weekly wage required for non-qualifying jobs	$1,185	$1,185
Minimum annual wage required for non-qualifying jobs	$61,620	$61,620
Investment per Qualifying Job	$22,288,194	$31,588,194
Estimated M&O levy without any limit (15 years)	$78,105,856	$110,555,403
Estimated M&O levy with Limitation (15 years)	$34,544,817	$45,335,731
Estimated gross M&O tax benefit (15 years)	$43,561,038	$65,219,672

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

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	1000	1,465	2,465	$65,000,000	$116,960,000	$181,960,000
2019	1500	2,265	3765.43	$97,500,000	$198,720,000	$296,220,000
2020	1525	2,392	3917	$99,125,000	$230,155,000	$329,280,000
2021	25	341	366	$1,625,000	$64,165,000	$65,790,000
2022	25	106	131	$1,625,000	$38,295,000	$39,920,000
2023	25	(66)	-41	$1,625,000	$18,385,000	$20,010,000
2024	25	(130)	-105	$1,625,000	$7,375,000	$9,000,000
2025	25	(126)	-101	$1,625,000	$3,395,000	$5,020,000
2026	25	(86)	-61	$1,625,000	$3,615,000	$5,240,000
2027	25	(33)	-8	$1,625,000	$6,305,000	$7,930,000
2028	25	22	47	$1,625,000	$10,375,000	$12,000,000
2029	25	71	96	$1,625,000	$14,855,000	$16,480,000
2030	25	111	136	$1,625,000	$19,175,000	$20,800,000
2031	25	126	151	$1,625,000	$21,555,000	$23,180,000
2032	25	142	167	$1,625,000	$24,025,000	$25,650,000

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		Barbers Hil ISD I&S Tax Levy	Barbers Hil ISD M&O Tax Levy	M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.2698**	**1.0600**		**0.5527**	**0.8220**	
2018	$13,930,122	$13,930,122		$37,583	$147,659	$185,243	$76,990	$114,510	$376,743
2019	$177,683,591	$177,683,591		$479,390	$1,883,446	$2,362,836	$982,039	$1,460,612	$4,805,488
2020	$394,852,425	$394,852,425		$1,065,312	$4,185,436	$5,250,748	$2,182,310	$3,245,805	$10,678,863
2021	$765,589,132	$765,589,132		$2,065,559	$8,115,245	$10,180,804	$4,231,335	$6,293,372	$20,705,511
2022	$749,964,864	$749,964,864		$2,023,405	$7,949,628	$9,973,033	$4,144,981	$6,164,936	$20,282,950
2023	$734,340,596	$734,340,596		$1,981,251	$7,784,010	$9,765,261	$4,058,627	$6,036,500	$19,860,388
2024	$718,716,328	$718,716,328		$1,939,097	$7,618,393	$9,557,490	$3,972,273	$5,908,064	$19,437,827
2025	$703,092,060	$703,092,060		$1,896,942	$7,452,776	$9,349,718	$3,885,920	$5,779,628	$19,015,265
2026	$687,467,792	$687,467,792		$1,854,788	$7,287,159	$9,141,947	$3,799,566	$5,651,191	$18,592,704
2027	$671,843,524	$671,843,524		$1,812,634	$7,121,541	$8,934,175	$3,713,212	$5,522,755	$18,170,142
2028	$656,219,256	$656,219,256		$1,770,480	$6,955,924	$8,726,404	$3,626,858	$5,394,319	$17,747,581
2029	$640,594,988	$640,594,988		$1,728,325	$6,790,307	$8,518,632	$3,540,504	$5,265,883	$17,325,020
2030	$624,970,720	$624,970,720		$1,686,171	$6,624,690	$8,310,861	$3,454,151	$5,137,447	$16,902,458
2031	$609,346,452	$609,346,452		$1,644,017	$6,459,072	$8,103,089	$3,367,797	$5,009,011	$16,479,897
2032	$593,722,184	$593,722,184		$1,601,862	$6,293,455	$7,895,318	$3,281,443	$4,880,574	$16,057,335
2033	$578,097,916	$578,097,916		$1,559,708	$6,127,838	$7,687,546	$3,195,089	$4,752,138	$15,634,774
2034	$562,473,648	$562,473,648		$1,517,554	$5,962,221	$7,479,775	$3,108,736	$4,623,702	$15,212,212
2035	$546,849,380	$546,849,380		$1,475,400	$5,796,603	$7,272,003	$3,022,382	$4,495,266	$14,789,651
			Total	**$28,139,479**	**$110,555,403**	**$138,694,882**	**$57,644,213**	**$85,735,715**	**$282,074,809**

Source: CPA, Enterprise Products Operating LLC

*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Chambers 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 and City of Baytown ETJ.
The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hil ISD I&S Tax Levy	Barbers Hil ISD M&O Tax Levy	M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.2698**	**1.0600**		**0.5527**	**0.8220**	
2018	$13,930,122	$13,930,122		$37,583	$147,659	$185,243	$76,990	$114,510	$376,743
2019	$177,683,591	$177,683,591		$479,390	$1,883,446	$2,362,836	$982,039	$1,460,612	$4,805,488
2020	$394,852,425	$394,852,425		$1,065,312	$4,185,436	$5,250,748	$1,091,155	$1,858,548	$8,200,451
2021	$765,589,132	$80,000,000		$2,065,559	$848,000	$2,913,559	$2,115,667	$3,603,585	$8,632,812
2022	$749,964,864	$80,000,000		$2,023,405	$848,000	$2,871,405	$2,072,490	$3,530,042	$8,473,938
2023	$734,340,596	$80,000,000		$1,981,251	$848,000	$2,829,251	$2,029,314	$3,456,500	$8,315,064
2024	$718,716,328	$80,000,000		$1,939,097	$848,000	$2,787,097	$1,986,137	$3,382,957	$8,156,191
2025	$703,092,060	$80,000,000		$1,896,942	$848,000	$2,744,942	$1,942,960	$3,309,415	$7,997,317
2026	$687,467,792	$80,000,000		$1,854,788	$848,000	$2,702,788	$1,899,783	$3,235,872	$7,838,443
2027	$671,843,524	$80,000,000		$1,812,634	$848,000	$2,660,634	$1,856,606	$3,162,330	$7,679,570
2028	$656,219,256	$80,000,000		$1,770,480	$848,000	$2,618,480	$1,813,429	$3,088,787	$7,520,696
2029	$640,594,988	$80,000,000		$1,728,325	$848,000	$2,576,325	$1,770,252	$3,015,245	$7,361,822
2030	$624,970,720	$80,000,000		$1,686,171	$848,000	$2,534,171	$3,454,151	$5,137,447	$11,125,768
2031	$609,346,452	$609,346,452		$1,644,017	$6,459,072	$8,103,089	$3,367,797	$5,009,011	$16,479,897
2032	$593,722,184	$593,722,184		$1,601,862	$6,293,455	$7,895,318	$3,281,443	$4,880,574	$16,057,335
2033	$578,097,916	$578,097,916		$1,559,708	$6,127,838	$7,687,546	$3,195,089	$4,752,138	$15,634,774
2034	$562,473,648	$562,473,648		$1,517,554	$5,962,221	$7,479,775	$3,108,736	$4,623,702	$15,212,212
2035	$546,849,380	$546,849,380		$1,475,400	$5,796,603	$7,272,003	$3,022,382	$4,495,266	$14,789,651
			Total	**$28,139,479**	**$45,335,731**	**$73,475,210**	**$39,066,420**	**$62,116,542**	**$174,658,171**
			Diff	**$0**	**$65,219,672**	**$65,219,672**	**$18,577,793**	**$23,619,173**	**$107,416,638**
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, Enterprise Products Operating LLC
*Tax Rate per $100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that 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	2018	$147,659	$147,659	$0	$0
	2019	$1,883,446	$2,031,105	$0	$0
	2020	$4,185,436	$6,216,541	$0	$0
Limitation Period (10 Years)	2021	$848,000	$7,064,541	$7,267,245	$7,267,245
	2022	$848,000	$7,912,541	$7,101,628	$14,368,872
	2023	$848,000	$8,760,541	$6,936,010	$21,304,883
	2024	$848,000	$9,608,541	$6,770,393	$28,075,276
	2025	$848,000	$10,456,541	$6,604,776	$34,680,052
	2026	$848,000	$11,304,541	$6,439,159	$41,119,210
	2027	$848,000	$12,152,541	$6,273,541	$47,392,752
	2028	$848,000	$13,000,541	$6,107,924	$53,500,676
	2029	$848,000	$13,848,541	$5,942,307	$59,442,983
	2030	$848,000	$14,696,541	$5,776,690	$65,219,672
Maintain Viable Presence (5 Years)	2031	$6,459,072	$21,155,613	$0	$65,219,672
	2032	$6,293,455	$27,449,069	$0	$65,219,672
	2033	$6,127,838	$33,576,907	$0	$65,219,672
	2034	$5,962,221	$39,539,127	$0	$65,219,672
	2035	$5,796,603	$45,335,731	$0	$65,219,672
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$5,630,986	$50,966,717	$0	$65,219,672
	2037	$5,465,369	$56,432,086	$0	$65,219,672
	2038	$5,299,752	$61,731,837	$0	$65,219,672
	2039	$5,134,134	$66,865,972	$0	$65,219,672
	2040	$4,968,517	$71,834,489	$0	$65,219,672
	2041	$4,802,900	$76,637,389	$0	$65,219,672
	2042	$4,637,283	$81,274,672	$0	$65,219,672
	2043	$4,471,666	$85,746,337	$0	$65,219,672
	2044	$4,306,048	$90,052,386	$0	$65,219,672
	2045	$4,140,431	$94,192,817	$0	$65,219,672

$94,192,817 is greater than **$65,219,672**

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

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

EXHIBIT B

Summary of Financial Impact on Barbers Hill ISD Prepared by Education Service Center, Region 12

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED ENTERPRISE PRODUCTS OPERATING LLC PROJECT (APPLICATION #1272) ON THE FINANCES OF BARBERS HILL INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 APPRAISED VALUE LIMITATION

PREPARED BY

EDUCATION SERVICE CENTER, REGION 12

OCTOBER 30, 2018

Introduction

Enterprise Products Operating LLC ("Enterprise" or "Company") has submitted an application to the Barbers Hill Independent School District ("BHISD" or "District") requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed project is a new natural gas liquid ("NGL") fractionation manufacturing facility capable of processing raw natural gas into usable products in Mont Belvieu, TX. The company estimates that the total investment in this project will be in excess of $750 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 Barbers Hill Independent School District may grant a value limitation for maintenance and operation taxes in the amount of $80 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 2019-20 and 2020-21 school years. Beginning with the 2021-22 school year, the value of the project would be limited to $80 million for maintenance and operation (M&O) tax purposes and remain limited through the 2030-31 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.

Revenue Protection Payment to Barbers Hill ISD -	$7,322,185
Supplemental Payments to Barbers Hill ISD -	$10,438,585
M&O Taxes Paid to Barbers Hill ISD -	$45,188,071
Total Revenue to Barbers Hill ISD -	$62,948,841
Total Tax Savings to Company after all Payments -	$47,458,902

School Finance Mechanics

The Texas system of public school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&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. Local M&O collections at the compressed tax rate generate Tier I funding. In 2018-19, a school district's Tier I revenue is the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. Beginning with the 2017-18 school year, Additional State Aid for Tax Reduction or ASATR is eliminated. Thus all school districts in the state will be formula funded. 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, and 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. 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.

Barbers Hill ISD is a relatively property rich district per student and so is generating most of M&O 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. BHISD currently has property wealth per weighted ADA in excess of the second equalized wealth level at over $750,000 per weighted ADA. For this reason, BHISD is considered a Chapter 41 or "recapture" district under the current school finance system. Enterprise is requesting that the value of the fractionation facility project be limited to $80,000,000 in years one through ten of the agreement, corresponding to the 2021-22 school year through the 2030-31 school year. The full value of the project would be subject to interest and sinking (I&S) taxes levied by Barbers Hill ISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on BHISD'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 2019-20 through the 2035-36 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. For the purposes of this analysis, final 2017 CPTD values were used as well as 2018 CAD values from Chambers County CAD. BHISD currently has several other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

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 No Limit	CAD Value with Limitation	CPTD No Limit	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP1	2019-20	5,612	6,699	$1.0600	$0.2698	$5,035,673,585	$5,035,673,585	$4,729,537,280	$4,729,537,280	$705,994	$705,994
QTP2	2020-21	5,781	6,900	$1.0600	$0.2698	$5,639,435,617	$5,639,435,617	$5,035,673,585	$5,035,673,585	$729,798	$729,798
L1	2021-22	5,954	7,107	$1.0600	$0.2698	$6,131,202,793	$5,445,613,661	$5,639,435,617	$5,639,435,617	$793,494	$793,494
L2	2022-23	6,133	7,320	$1.0600	$0.2698	$6,753,044,244	$6,083,079,380	$6,131,202,793	$5,445,613,661	$837,561	$743,905
L3	2023-24	6,317	7,540	$1.0600	$0.2698	$7,408,269,994	$6,753,929,398	$6,753,044,244	$6,083,079,380	$895,639	$806,783
L4	2024-25	6,506	7,766	$1.0600	$0.2698	$9,093,398,646	$8,454,682,318	$7,408,269,994	$6,753,929,398	$953,922	$869,666
L5	2025-26	6,702	7,999	$1.0600	$0.2698	$9,288,107,474	$8,665,015,414	$9,093,398,646	$8,454,682,318	$1,136,803	$1,056,954
L6	2026-27	6,903	8,239	$1.0600	$0.2698	$9,141,824,794	$8,534,357,002	$9,288,107,474	$8,665,015,414	$1,127,324	$1,051,698
L7	2027-28	7,110	8,486	$1.0600	$0.2698	$9,839,745,830	$9,247,902,306	$9,141,824,794	$8,534,357,002	$1,077,252	$1,005,669
L8	2028-29	7,323	8,741	$1.0600	$0.2698	$9,956,569,083	$9,380,349,827	$9,839,745,830	$9,247,902,306	$1,125,722	$1,058,012
L9	2029-30	7,543	9,003	$1.0600	$0.2698	$9,761,845,613	$9,201,250,625	$9,956,569,083	$9,380,349,827	$1,105,910	$1,041,907
L10	2030-31	7,769	9,273	$1.0600	$0.2698	$9,803,519,917	$9,258,549,197	$9,761,845,613	$9,201,250,625	$1,052,700	$992,247
MVP1	2031-32	8,002	9,551	$1.0600	$0.2698	$9,755,676,234	$9,755,676,234	$9,803,519,917	$9,258,549,197	$1,026,402	$969,345
MVP2	2032-33	8,242	9,838	$1.0600	$0.2698	$9,552,245,152	$9,552,245,152	$9,755,676,234	$9,755,676,234	$991,644	$991,644
MVP3	2033-34	8,489	10,133	$1.0600	$0.2698	$9,366,111,313	$9,366,111,313	$9,552,245,152	$9,552,245,152	$942,685	$942,685
MVP4	2034-35	8,744	10,437	$1.0600	$0.2698	$9,015,883,097	$9,015,883,097	$9,366,111,313	$9,366,111,313	$897,394	$897,394
MVP5	2035-36	9,006	10,750	$1.0600	$0.2698	$8,838,986,197	$8,838,986,197	$9,015,883,097	$9,015,883,097	$838,677	$838,677

To isolate the impact of the value limitation on the District's finances over this 17 year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2018-19 school year. An ADA of 5,448.982, a WADA of 6,504.118 and an 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 Chambers County CAD certified value for 2018 was used as the 2018 CAD value. This value was used as the basis for subsequent current year (CAD) values in this report. The final 2017 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values, certified to school districts in late July, 2018, were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

On February 1, 2017 the Texas Education Agency issued a notice of a change in practice that will have an impact on the calculation of recapture amounts owed under Chapter 41 of the Texas Education Code. This change is effective for the 2016-17 school year and for future years. The changes have an impact on the way that recapture is calculated for districts that pay recapture and also have approved a local optional homestead exemption (LOHE). Barbers Hill ISD falls into both of these categories and the change in rule has been taken into account for all of the calculations used in this analysis.

The proposed agreement calls for Barbers Hill ISD 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 project into the state and local funding calculations. The other model, shown in **Table 3,** assumes that only the limited value of the 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 estimated 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 $7.322 million over the course of the agreement. The revenue loss by the district, due to the agreement, is estimated to be mostly in the first year of the value limitation period. Most of the reductions in M&O taxes under this agreement are offset by reductions in recapture costs that the district would owe under current school finance law.

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

Year of Agreement	School Year	Foundation School Fund	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	Recapture at the $319,500 Level	Other State Aid	Total General Fund
QTP1	2019-20	$1,969,892	$1,089,796	$41,439,485	$3,021,404	$0	$8,917,250	$0	$0	$47,520,578
QTP2	2020-21	$1,836,209	$2,043,368	$42,395,100	$3,383,661	$0	$13,999,256	$0	$0	$49,658,338
L1	2021-22	$1,405,018	$1,089,796	$42,511,305	$3,678,722	$0	$18,800,723	$0	$0	$48,684,841
L2	2022-23	$1,091,418	$2,043,368	$41,933,280	$4,051,827	$0	$25,597,162	$0	$0	$49,119,893
L3	2023-24	$679,902	$2,352,773	$41,492,436	$4,444,962	$0	$32,590,264	$0	$0	$48,970,074
L4	2024-25	$639,381	$1,089,796	$48,277,370	$5,456,039	$0	$42,656,617	$0	$0	$55,462,586
L5	2025-26	$646,450	$2,043,368	$39,458,648	$5,572,864	$0	$53,422,426	$0	$0	$47,721,331
L6	2026-27	$645,428	$1,089,796	$39,179,176	$5,485,095	$0	$52,239,072	$0	$0	$46,399,495
L7	2027-28	$649,582	$2,043,368	$41,529,973	$5,903,847	$0	$56,867,485	$0	$0	$50,126,771
L8	2028-29	$652,465	$2,352,773	$38,861,679	$5,973,941	$0	$60,704,012	$0	$0	$47,840,859
L9	2029-30	$650,632	$1,089,796	$39,138,501	$5,857,107	$0	$58,479,955	$0	$0	$46,736,036
L10	2030-31	$651,138	$2,043,368	$38,924,386	$5,882,112	$0	$59,110,813	$0	$0	$47,501,004
MVP1	2031-32	$650,184	$1,089,796	$39,682,403	$5,853,406	$0	$57,874,359	$0	$0	$47,275,789
MVP2	2032-33	$649,738	$2,043,368	$37,979,784	$5,731,347	$0	$57,542,667	$0	$0	$46,404,237
MVP3	2033-34	$648,421	$2,352,773	$37,648,414	$5,619,667	$0	$56,012,700	$0	$0	$46,269,275
MVP4	2034-35	$644,961	$1,089,796	$38,353,948	$5,409,530	$0	$51,804,883	$0	$0	$45,498,235
MVP5	2035-36	$643,799	$2,043,368	$37,904,532	$5,303,392	$0	$50,485,330	$0	$0	$45,895,091

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

Year of Agreement	School Year	Foundation School Fund	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
QTP1	2019-20	$1,969,892	$1,089,796	$41,439,485	$3,021,404	$0	$8,917,250	$0	$0	$47,520,578
QTP2	2020-21	$1,836,209	$2,043,368	$42,395,100	$3,383,661	$0	$13,999,256	$0	$0	$49,658,338
L1	2021-22	$1,312,079	$1,089,796	$37,805,426	$3,267,368	$0	$16,650,710	$0	$0	$43,474,670
L2	2022-23	$1,557,795	$2,043,368	$42,379,192	$3,649,848	$0	$18,451,601	$0	$0	$49,630,203
L3	2023-24	$1,127,375	$2,352,773	$41,855,057	$4,052,358	$0	$25,684,237	$0	$0	$49,387,563
L4	2024-25	$694,074	$1,089,796	$49,101,497	$5,072,809	$0	$35,445,326	$0	$0	$55,958,177
L5	2025-26	$641,247	$2,043,368	$39,481,529	$5,199,009	$0	$47,168,626	$0	$0	$47,365,154
L6	2026-27	$640,414	$1,089,796	$39,103,312	$5,120,614	$0	$46,240,258	$0	$0	$45,954,138
L7	2027-28	$644,593	$2,043,368	$41,701,067	$5,548,741	$0	$50,777,956	$0	$0	$49,937,770
L8	2028-29	$647,650	$2,352,773	$38,855,376	$5,628,210	$0	$54,948,122	$0	$0	$47,484,010
L9	2029-30	$646,004	$1,089,796	$39,064,620	$5,520,750	$0	$52,947,886	$0	$0	$46,321,171
L10	2030-31	$646,596	$2,043,368	$38,906,147	$5,555,130	$0	$53,679,345	$0	$0	$47,151,240
MVP1	2031-32	$648,664	$1,089,796	$41,862,484	$5,853,406	$0	$55,694,278	$0	$0	$49,454,350
MVP2	2032-33	$649,738	$2,043,368	$37,979,784	$5,731,347	$0	$57,542,667	$0	$0	$46,404,237
MVP3	2033-34	$648,421	$2,352,773	$37,648,414	$5,619,667	$0	$56,012,700	$0	$0	$46,269,275
MVP4	2034-35	$644,961	$1,089,796	$38,353,948	$5,409,530	$0	$51,804,883	$0	$0	$45,498,235
MVP5	2035-36	$643,799	$2,043,368	$37,904,532	$5,303,392	$0	$50,485,330	$0	$0	$45,895,091

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

Year of Agreement	School Year	Foundation School Fund	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
QTP1	2019-20	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP2	2020-21	$0	$0	$0	$0	$0	$0	$0	$0	$0
L1	2021-22	-$92,939	$0	-$4,705,879	-$411,353	$0	-$2,150,013	$0	$0	-$5,210,171
L2	2022-23	$466,377	$0	$445,913	-$401,979	$0	-$7,145,561	$0	$0	$0
L3	2023-24	$447,473	$0	$362,621	-$392,604	$0	-$6,906,027	$0	$0	$0
L4	2024-25	$54,693	$0	$824,127	-$383,230	$0	-$7,211,291	$0	$0	$0
L5	2025-26	-$5,203	$0	$22,880	-$373,855	$0	-$6,253,801	$0	$0	-$356,178
L6	2026-27	-$5,013	$0	-$75,864	-$364,481	$0	-$5,998,814	$0	$0	-$445,357
L7	2027-28	-$4,988	$0	$171,094	-$355,106	$0	-$6,089,529	$0	$0	-$189,001
L8	2028-29	-$4,815	$0	-$6,302	-$345,732	$0	-$5,755,890	$0	$0	-$356,849
L9	2029-30	-$4,627	$0	-$73,881	-$336,357	$0	-$5,532,069	$0	$0	-$414,865
L10	2030-31	-$4,542	$0	-$18,240	-$326,982	$0	-$5,431,468	$0	$0	-$349,764
MVP1	2031-32	-$1,521	$0	$2,180,081	$0	$0	-$2,180,081	$0	$0	$0
MVP2	2032-33	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP3	2033-34	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP4	2034-35	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP5	2035-36	$0	$0	$0	$0	$0	$0	$0	$0	$0

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to $80 million starting in school year 2021-22 and remaining limited through school year 2030-31. 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 $65.2 million over the length of the contract. Net tax savings are estimated to be $57.9 million. To estimate supplemental payments to the school district of $100 per ADA, a growth model of ADA was applied to the base ADA of 5449, which was the ADA for BHISD through the end of the first six-weeks of the 2018-19 school year. The growth factor used was 3.0%, which is in line with the last six years of ADA data from TEA as well as demographic studies done by the district.

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 for I&S taxes 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. BHISD has property wealth per WADA 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.

Table 5 Estimated Financial Impact on Barbers Hill ISD from the Enterprise Products Operating LLC Project

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	School District Benefit $100 per ADA	Company Tax Benefit
QTP1	2019-20	$177,683,591	$177,683,591	$0	1.0600	$1,883,446	$1,883,446	$0	$0	$0	$0	$561,247	-$561,247
QTP2	2020-21	$394,852,425	$394,852,425	$0	1.0600	$4,185,436	$4,185,436	$0	$0	$0	$0	$578,084	-$578,084
L1	2021-22	$765,589,132	$80,000,000	$685,589,132	1.0600	$8,115,245	$848,000	$7,267,245	$7,267,245	-$5,210,171	$2,057,074	$595,427	$1,461,647
L2	2022-23	$749,964,864	$80,000,000	$669,964,864	1.0600	$7,949,628	$848,000	$7,101,628	$7,101,628	$0	$7,101,628	$613,290	$6,488,338
L3	2023-24	$734,340,596	$80,000,000	$654,340,596	1.0600	$7,784,010	$848,000	$6,936,010	$6,936,010	$0	$6,936,010	$631,688	$6,304,322
L4	2024-25	$718,716,328	$80,000,000	$638,716,328	1.0600	$7,618,393	$848,000	$6,770,393	$6,770,393	$0	$6,770,393	$650,639	$6,119,754
L5	2025-26	$703,092,060	$80,000,000	$623,092,060	1.0600	$7,452,776	$848,000	$6,604,776	$6,604,776	-$356,178	$6,248,598	$670,158	$5,578,440
L6	2026-27	$687,467,792	$80,000,000	$607,467,792	1.0600	$7,287,159	$848,000	$6,439,159	$6,439,159	-$445,357	$5,993,801	$690,263	$5,303,538
L7	2027-28	$671,843,524	$80,000,000	$591,843,524	1.0600	$7,121,541	$848,000	$6,273,541	$6,273,541	-$189,001	$6,084,541	$710,971	$5,373,570
L8	2028-29	$656,219,256	$80,000,000	$576,219,256	1.0600	$6,955,924	$848,000	$6,107,924	$6,107,924	-$356,849	$5,751,075	$732,300	$5,018,775
L9	2029-30	$640,594,988	$80,000,000	$560,594,988	1.0600	$6,790,307	$848,000	$5,942,307	$5,942,307	-$414,865	$5,527,442	$754,269	$4,773,172
L10	2030-31	$624,970,720	$80,000,000	$544,970,720	1.0600	$6,624,690	$848,000	$5,776,690	$5,776,690	-$349,764	$5,426,925	$776,897	$4,650,028
MVP1	2031-32	$609,346,452	$609,346,452	$0	1.0600	$6,459,072	$6,459,072	$0	$0	$0	$0	$800,204	-$800,204
MVP2	2032-33	$593,722,184	$593,722,184	$0	1.0600	$6,293,455	$6,293,455	$0	$0	$0	$0	$824,210	-$824,210
MVP3	2033-34	$578,097,916	$578,097,916	$0	1.0600	$6,127,838	$6,127,838	$0	$0	$0	$0	$848,936	-$848,936
MVP4	2034-35	$562,473,648	$562,473,648	$0	1.0600	$5,962,221	$5,962,221	$0	$0	$0	$0	$0	$0
MVP5	2035-36	$546,849,380	$546,849,380	$0	1.0600	$5,796,603	$5,796,603	$0	$0	$0	$0	$0	$0
TOTALS						**$110,407,743**	**$45,188,071**	**$65,219,672**	**$65,219,672**	**-$7,322,185**	**$57,897,487**	**$10,438,585**	**$47,458,902**

*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, 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.

Conclusion

The Enterprise project proposed in this application will benefit the community, the district, BHISD, 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 also enjoy an increased value available for I&S tax 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 Barbers Hill ISD 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 which could change, and will impact the estimates of this agreement, include changes to property values, district tax rates and student enrollment.

EXHIBIT C

Proposed Amended Agreement between Barbers Hill Independent School District and Enterprise Products Operating LLC

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 26, 2018

AMENDED AGREEMENT

Greg Poole
Superintendent
Barbers Hill Independent School District
9600 Eagle Drive
Mont Belvieu, Texas 77580

Re: Amendment Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill Independent School District and Enterprise Products Operating, LLC, Application 1272

Dear Superintendent Poole:

This office has been provided with the Amended Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill 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 the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov 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 and Leon, LLP
Curt Tate, Enterprise Products
Tim Young, Ikard Wynne LLP

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

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by and between

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

and

ENTERPRISE PRODUCTS OPERATING LLC

(Texas Taxpayer ID #12604305396)

Comptroller Application #1272

Original Agreement Dated

September 24, 2018

Amended Agreement Dated

November 12, 2018

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

STATE OF TEXAS §
COUNTY OF CHAMBERS §

THIS AMENDED AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **BARBERS HILL INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **ENTERPRISE PRODUCTS OPERATING LLC**, Texas Taxpayer Identification Number 12604305396, hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on June 25, 2018, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on June 25, 2018, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, on June 26, 2018, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and August 3, 2018 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

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

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on August 17, 2018, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

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

WHEREAS, on September 24, 2018, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on September 24, 2018, 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 September 21, 2018, the Texas Comptroller's Office approved the form of the original Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Original Agreement");

WHEREAS, on September 24, 2018, the Board of Trustees approved the form of the Original Agreement, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

WHEREAS, on September 28, 2018, pursuant to Board Policy CCG (LOCAL), the Superintendent of Schools of the District, acting as the agent for the District, received from the Applicant an Amendment to the Application (the "Amended Application") seeking approval to increase the Qualified Investment described in the Application and the Original Agreement;

WHEREAS, on October 2, 2018, the Amended Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller's office have determined that the Amended Application is complete;

WHEREAS, the Texas Comptroller's Office reviewed the Amended Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on October 19, 2018 issued an amended completeness letter;

WHEREAS, on October 19, 2018, the Texas Comptroller's Office, having reviewed the Amended Application pursuant to Section 313.025 of the TEXAS TAX CODE, issued an amended certificate for limitation on appraised value of the property described in the Amended Application and provided the certificate to the District;

WHEREAS, on October 26, 2018, the Texas Comptroller's Office approved the form of the Amended Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Amended Agreement"); and

WHEREAS, on November 12, 2018, the Board of Trustees approved the form of the Amended Agreement, and authorized the Board President and Secretary to execute and deliver such Amended Agreement to the Applicant.

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 Amended 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 Amended 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 June 25, 2018. 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 Chambers County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Barbers Hill Independent School District.

"*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 Chambers County, Texas.

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

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

"*Force Majeure*" means 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 313.027 of the TEXAS TAX CODE.

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

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

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

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates

another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of 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 2019. 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 January 1, 2019, 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 products from natural gas liquids and achieving a Qualifying Investment of no less than $80 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 the 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 operations 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 August 3, 2018, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is September 24, 2018.

C. The Qualifying Time Period for this Agreement:

i. Starts on, January 1, 2019.
ii. Ends on December 31, 2020, 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, 2021, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
ii. Ends on December 31, 2030, 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, 2035.

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. Eighty Million Dollars ($80,000,000).

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

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

A. Have completed the Applicant's Qualified Investment in the amount of $80,000,000 during the Qualifying Time Period;

B. Have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. Pay an average weekly wage of at least $1,185.00 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 the 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 the 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 the 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 any 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 an 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 January 31 of the year 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. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, should the Applicant disagree with the Third Party's certification containing the calculations (the "Certified 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 Certified Calculations, 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 Certified Calculations. Within ten (10) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the Certified Calculations (the "Final Certification of Calculations"). Thereafter, the Applicant may appeal the Final Certification of Calculations to the District's Board of Trustees. Any such appeal by the Applicant of the Final Certification of Calculations may be made, in writing, to the District's Board of Trustees within thirty (30) days of the Applicant's receipt of the Final Certification of 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, the 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 the District, up to the Annual Limitation amount set forth in Section 7.1, that are necessary to offset any negative impact on the 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 the District.

Section 4.10. CUMULATIVE PAYMENT LIMITATION. Notwithstanding any other provision in this Agreement, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Qualifying Time Period commences under this Agreement as provided in Section 2.3.C.i, and ending with the first Tax Year following the end of the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the amount of 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. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.10, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section 4.10. Any of the Cumulative Payments which cannot be paid to the District prior to the end of the first Tax Year following the end of the Tax Limitation Period because such payment would exceed the Applicant's Cumulative Unadjusted Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to 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, or any greater amount that may be then permitted by law.

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 2033), the District, or its successor beneficiary should one be designated under Section 6.5 below, shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceeds the Aggregate Limit.

A. 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, which, by virtue of the application of the payment limitation set forth in Section 7.1 below, are not payable to the District for such Tax Year, such sums shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the Payment limit set forth in Section 7.1. Any of the Supplemental Payments which are not paid to the District after the third Tax Year following the end of the Tax Limitation Period because such payment would exceed the payment limitation under this Section will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

B. Pursuant to TEXAS TAX CODE § 313.027(i), the parties agree that Supplemental Payments under this Section 6 shall be owed for each year of the period beginning in the first year of the Qualifying Time Period (2019 Tax Year) and ending the third year after the date the Applicant's eligibility for a limitation agreement expires (2033 Tax Year).

For illustrative purposes, the Supplemental Payment schedule is:

Tax Year	Supplemental Payment Owed
2019	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2020	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2021	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2022	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2023	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2024	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2025	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2026	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2027	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2028	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2029	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2030	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2031	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2032	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year
2033	Greater of $50,000 or $100 multiplied by the District's ADA for the previous school year

Section 6.4. 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 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that all or any portion of the Applicant's payments under this Article VI ("Directed Payments") 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 to receive Directed Payments 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 6.5 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 Chambers 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 Chambers 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 $80,000,000 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:

Dr. Greg Poole (or his successor)
Superintendent of Schools
Barbers Hill Independent School District
9600 Eagle Drive
P.O. Box 1108
Barbers Hill, TX 77580
Phone: (281) 576-2221
Facsimile: (281) 576-5879
Email: gpoole@bhisd.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 Chambers 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 12th day of November 2018.

ENTERPRISE PRODUCTS OPERATING LLC

By: _____
Penny R. Houy
Vice President, Tax

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: _____
Becky Tice
President, Board of Trustees

ATTEST:

By: _____
Cynthia Erwin
Secretary, Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

ENTERPRISE PRODUCTS OPERATING LLC 2013 PROPERTY DESCRIPTION

88.077 ACRES

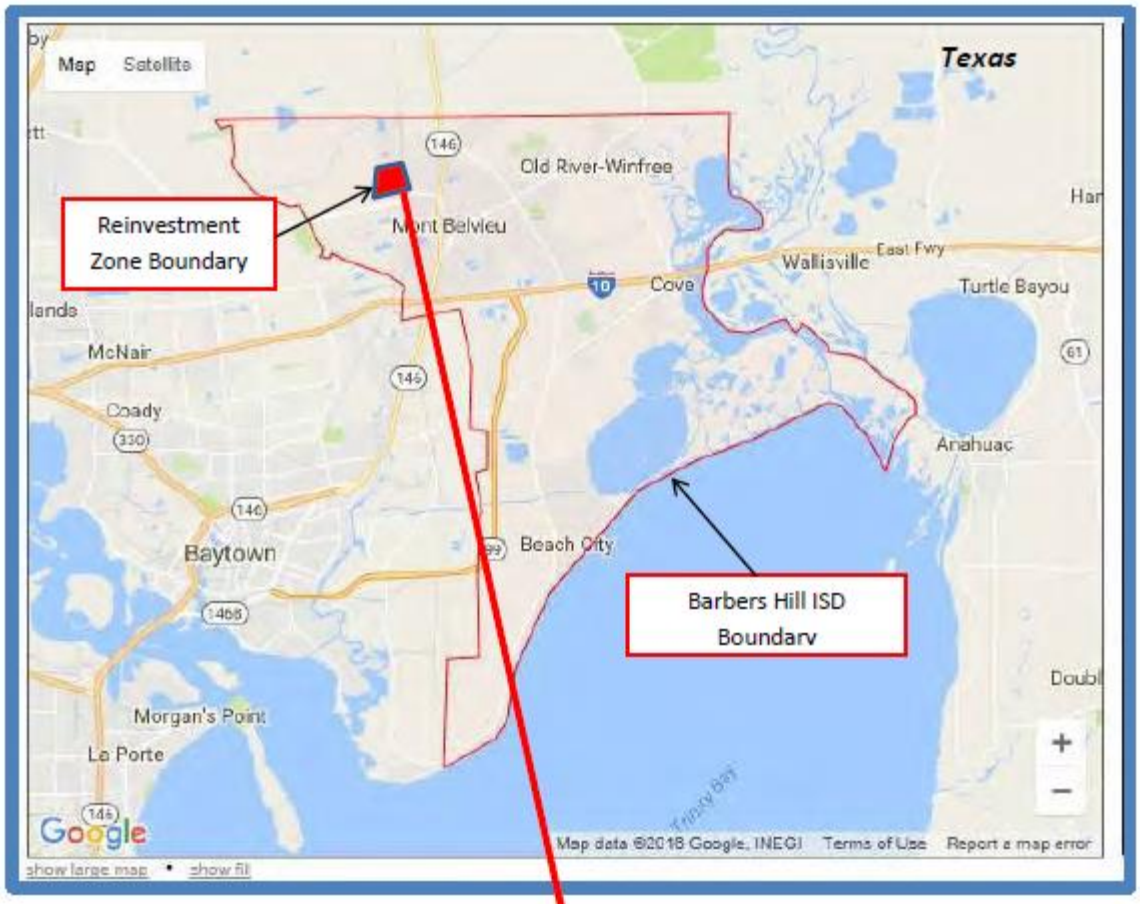
All that certain tract or parcel of land containing 88.077 acres of land, more or less, being a part of and out of the residue of a called 2,214-acre tract conveyed to Albert N. Nelson, Jr., et al by deed dated August 23, 1950 and recorded in Volume 126, Page 225, Deed Records of the Chambers County (C.C.D.R.), situated in the HANNAH NASH SURVEY, Abstract No. 20, Chambers County, Texas; said 88.077 acre tract being the same property conveyed to Gary R. Nelson by deed dated July 10, 2000 and recorded in Volume 00-464, Page 384, Official Public Records of the Chambers County, Texas (O.P.R.C.C.T).

8.437 ACRES

Being a tract or parcel of land containing 8.437 acres of land situated in the HANNAH NASH SURVEY, Abstract Number 20, Chambers County, Texas; being all of a called 6.854-acre tract, all of a called 1.262 acre tract, and all of a called 0.3214 acre tract described as "Tracts 1, 2 and 3" conveyed to Missouri Pacific Railroad Company (now known as Union Pacific Railroad Company) as described in deed recorded in Volume 95-279, Page 567 of the Official Public Record of Chambers County, Texas (O.P.R.C.C.T.).

431.0 ACRES

A 431.0-acre tract of land situated in the HANNAH NASH LEAGUE, Abstract No.20, Chambers County, Texas, being out of and a part of the residue of 2,214 acres conveyed to Albert N. Nelson, Jr., by Albert N. Nelson, et ux, by deed dated December 31, 1959, and recorded in Volume 218 at Page 248 of the Deed Records of Chambers County, Texas, and a 13.354 acre tract of land conveyed to Albert N. Nelson, Jr., et al, by Chambers County, Texas, by deed dated September 1, 1995, and recorded in Volume 276 at Page 338 of the Official Public Records of Chambers County, Texas.


Map
Satellite
Texas
Reinvestment Zone Boundary
Old River-Winfree
Mont Belvieu
Wallisville
East Fwy
Cove
Turtle Bayou
McNair
Coady
Anahuac
Baytown
Beach City
Barbers Hill ISD Boundary
Morgan's Point
La Porte
Map data ©2018 Google, INEGI
Terms of Use
Report a map error
show large map
show fil

Reinvestment Zone Boundary

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

431.0 ACRES

FIELD NOTES of a 431.0 acre tract of land situated in the Hannah Nash League, Abstract No. 20, Chambers County, Texas, being out of and a part of the residue of 2214 acres conveyed to Albert N. Nelson, Jr., by Albert N. Nelson, et ux, by deed dated December 31, 1959, and recorded in Volume 218 at Page 248 of the Deed Records of Chambers County, Texas, and a 13.354 acre tract of land conveyed to Albert N. Nelson, Jr., et al, by Chambers County, Texas, by deed dated September 1, 1995, and recorded in Volume 276 at Page 338 of the Official Public Records of Chambers County, Texas. This 431.0 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: Bearings indicated hereon are based on field ties to monumentation indicated in a survey map dated December 14, 2010, certified on December 15, 2010, prepared by Michael Chandler and titled, "SURVEY OF TWO TRACTS OF LAND SITUATED IN THE HANNAH NASH SURVEY A-20 CHAMBERS COUNTY, TEXAS".

BEGINNING (P.O.B.-TRACT 1) at a capped iron rod found for the Southeast comer of this tract of land, a Southeast comer of said residue of 2214 acres, the Southwest comer of a 6.854 acre tract of land called Tract 1 conveyed to Missouri Pacific Railroad Company by Albert N. Nelson, Jr., et al, by deed dated August 31, 1995, and recorded in Volume 279 at Page 567 of the Official Public Records of Chambers County, Texas, the Northwest comer of a 1.576 acre easement conveyed to Missouri Pacific Railroad Company by Patti K. Kroll by deed dated August 3, 1995, and recorded in Volume 277 at Page 184 of the Official Public Records of Chambers County, Texas, and in the North line of 117.91 acres conveyed to Patti K. Kroll by Irene Ulrich Massey by deed dated July 3, 1990, and recorded in Volume 184 at Page 85 of the Official Public Records of Chambers County, Texas.

THENCE South 77°53'02" West with the South line of this tract of land, the South line of said residue of 2214 acres, and the North line of said 117.91 acres a distance of 3895.55 feet to a *Y*≈ inch iron rod found for the Southwest comer of this tract of land, a Southwest comer of said residue of 2214 acres, and the Southeast comer of a 32.35 acre tract of land called Tract 1 awarded to Coastal Industrial Water Authority by instrument dated February 23, 1973, and recorded in Volume 359 at Page 119 of the Deed Records of Chambers County, Texas. From this comer a 5/8 inch iron rod found for the Northwest comer of said 117.91 acres, and the Northeast comer of 110.79 acres called Parcel "A" conveyed to Coastal Industrial Water Authority by Lillian U. Keyser, et al, by deed dated January 30, 1970, and recorded in Volume 312 at Page 473 of the Deed Records of Chambers County, Texas, bears South 77°53'02" West a distance of 43.87 feet ,

THENCE North 12°08'29" West with a West line of this tract of land, a West line of said residue of 2214 acres, and an East line of said 32.35 acres, at a distance of 1.57 feet found a 5/8 inch iron rod, in all a total distance of 69.21 feet to a Y2 inch iron rod found for an interior comer of this tract of land, an interior comer of said residue of 2214 acres, and a Northeast comer of said 32.35 acres.

THENCE South 77°51'31" West with a South line of this tract of land, a South line of said residue of 2214 acres, and a North line of said 32.35 acres a distance of 40.53 feet to ainch iron rod found for a Southwest comer of this tract of land, a Southwest comer of said residue of 2214 acres, and an interior comer of said 32.35 acres.

THENCE in a Northerly direction with a West line of this tract of land, a West line of said residue of 2214 acres, an East line of said 32.35 acres, and a curve to the right, having a central angle of 33°56'10", a radius of 735.00 feet, an arc length of 435.34 feet, and a chord bearing and distance of North 04°45'25" East 429.00 feet to ainch iron rod found for the point of tangency of this tract of land.

THENCE North 21°20'31" East with a West line of this tract of land, a West line of said residue of 2214 acres, and an East line of said 32.35 acres a distance of 4813.02 feet to ainch iron rod found for an angle comer of this tract of land, an angle comer of said residue of 2214 acres, the Northeast comer of said 32.35 acres, and the Southeast comer of a 6.05 acre tract of land conveyed to Coastal Industrial Water Authority by Vera Honsinger, et al, by deed dated June 4, 1971, and recorded in Volume 328 at Page 697 of the Deed Records of Chambers County, Texas.

THENCE North 21°27'31" East with a West line of this tract of land, a West line of said residue of 2214 acres, and an East line of said 6.05 acres a distance of 72.87 feet to a 2 inch iron pipe found for the Northwest corner of this tract of land, the Northwest comer of said residue of 2214 acres, the Southwest comer of a 5.999 acre tract of land conveyed to Shawn Pool by Robert W. Jay, et ux, by deed dated July 13, 2009, and recorded in Volume 1128 at Page 228 of the Official Public Records of Chambers County, Texas, in the North line of said Nash League, and in the South line of the W. B. Bass Survey, Abstract No. 596, Chambers County, Texas.

THENCE North 78°21'04" East with a North line of this tract of land, a North line of said residue of 2214 acres, the North line of said Nash League, the South line of said Bass Survey, and the South line of said 5.999 acres a distance of 823.17 feet to a 2 inch iron pipe found for a Northeast corner of this tract of land, a Northeast corner of said residue of 2214 acres, and in the occupied West right of way line of Old Hatcherville Road.

THENCE South 31°56'22" East with an East line of this tract of land, an East line of said residue of 2214 acres, and the occupied West right of way line of Old Hatcherville Road a distance of 42.62 feet to a I inch iron pipe found for an interior comer of this tract of land, an interior comer of said residue of 2214 acres, and an angle comer of Old Hatcherville Road.

THENCE North 77°52'50" East with a North line of this tract of land, a North line of said residue of 2214 acres, the South right of way line of Old Hatcherville Road, and the South right of way line of New Hatcherville Road a distance of 2676.93 feet to a 5/8 inch iron rod found bent for the Northeast comer of this tract of land, the Northeast comer of said residue of 2214 acres, and an angle comer of said Hatcherville Road.

THENCE South 13°31'09" East with an East line of this tract of land, an East line of said residue of 2214 acres, and the West right of way line of Hatcherville Road a distance of 1753.00 feet to a *Yz* inch iron rod found for a Southeast comer of this tract of land, a Southeast comer of said residue of 2214 acres, and the North or Northeast comer of a 1.262 acre tract of land called Tract 3 conveyed to Missouri Pacific Railroad Company by Albert N. Nelson, Jr., et al, by deed dated August 31, 1995, and recorded in Volume 279 at Page 567 of the Official Public Records of Chambers County, Texas. From this comer a *Yz* inch iron rod found bent in the West right of way line of Hatcherville Road bears South 13°31'09" East a distance of 826.43 feet.

THENCE South 39°04'00" West with an East line of this tract of land, an East line of said residue of 2214 acres, the West line of said 1.262 acres, the West line of 0.3214 of an acre tract of land called Tract 2, and a 6.854 acre tract of land called Tract 1 conveyed to Missouri Pacific Railroad Company in said deed recorded in Volume 279 at Page 567 of the Official Public Records of Chambers County, Texas, a distance of 1931.82 feet to a *Yz* inch iron rod found for the point of curvature of this tract of land.

THENCE in a Southerly direction with an East line of this tract of land, an East line of said residue of 2214 acres, the West line of said 6.854 acres, an a curve to the left, having a central angle of 26°38'41", a radius of 1960.10 feet, an arc length of 911.52 feet, and a chord bearing and distance of South 25°44'39" West 903.33 feet to a *Yz* inch iron rod found for the point of tangency of this tract of land.

THENCE South 12°25'19" West with an East line of this tract of land, an East line of said residue of 2214 acres, and the West line of said 6.854 acres a distance of 915.31 feet to the **PLACE OF BEGINNING,** containing within said boundaries 431.0 acres of land, more or less.

Map
Satellite
Texas
Reinvestment Zone Boundary
Old River-Winfree
Mont Belvieu
Wallisville
East Fwy
Cove
Turtle Bayou
McNair
Coady
Anahuac
Baytown
Beach City
Barbers Hill ISD Boundary
Morgan's Point
La Porte
Google
Map data ©2018 Google, INEGI
Terms of Use
Report a map error
show large map
show fil

Reinvestment Zone Boundary
New Project Boundary

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Proposed Project Description

Enterprise Products Operating LLC ("Enterprise") currently operates the Mont Belvieu Manufacturing Complex. Enterprise proposes to build a new manufacturing NGL fractionator facility consisting of two trains capable of processing 300 MBPD, a Deisobutanizer Unit and a Natural Gasoline Hydrotreater Unit in Mont Belvieu, Texas. If the proposed project is approved, the construction schedule projects construction to commence in the fourth quarter of 2018, with commercial operations anticipated to commence in the second quarter of 2020.

NGL Manufacturing Fractionation Plant

NGL manufacturing is the process of fractionating raw NGL mix produced by natural gas processing plants into discrete NGL purity components (i.e., ethane, propane, normal butane, iso-butane, and natural gasoline).

The manufacturing process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture.

The pipeline feed mixture is processed in feed filter, feed coalescer, and amine contractors to remove particulates, sulfides, and carbon dioxide. The sweetened feed is then dehydrated and fed to the Deethanizer column. The Deethanizer is used to manufacture the feed into two fractions. The overhead vapor fraction consists of ethane and lighter components and is condensed by heat exchange against propylene refrigerant. (Propylene vapor from the Deethanizer condenser is first compressed in a two-stage machine and then is condensed in a wet-surface air cooler. The liquid propylene is then sub-cooled against low –temperature ethane before being fed back to the Deethanizer column condenser as refrigerant.) A portion of the condensed ethane is pumped out of the unit as ethane product to the existing storage facility, and the balance is refluxed back to the column. The Bottom fraction from the column, consisting mainly of propane and heavier components, is fed to the Depropazizer column. Heat for the manufacturing is provided by a number of reboilers, including a hot oil reboiler at the bottom of the column.

The Depropanizer column takes the feed from the Deethanizer bottom and separates it into a propane and lighter fraction, which goes overhead, and a butane and heavier fraction, which exits the bottom. Condensing for the column is provided by a heat pump circuit and a wet surface air cooler. The propane heat pump circuit exchanges against the Depropanizer side reboiler and two reboilers attached to the Deethanzier column. The wet-surface air cooler is used to sub-cool the condensed propane. Part of the propane is refluxed back to the column and the balance is sent to the existing storage complex as product. Heat for manufacturing is provided by a hot oil reboiler at the bottom of the column.

The stream from the bottom of the Depropanizer is fed to the Debutanizer column, which manufactures it into an overhead stream containing mixed butanes (primarily normal butane and isobutene) and a bottoms gasoline stream which contains pentanes and heavier gasses. Part of the overhead butane stream

is refluxed back to the column and the balance is sent to storage tanks as an intermediate feed for other units or as commercial butane product. The bottoms gasoline is routed to existing gasoline treating facilities. Condensing for the Debutanizer is provided by the Deethanizer Upper Side Reboiler, and and heat for manufacturing in the Debutanizer is provided by a hot oil reboiler at the bottom of the column.

Deisobutanizer Unit

The deisobutanizer (DIB) unit is used to manufacture isobutene and normal butane from mixed butane streams.

The Butane mixtures arrive at the Mont Belvieu Complex via pipeline and enter the DIB unit from the butamer units, or from the Mont Belvieu Complex storage facility, as commercial butane mixtures. The mixed butanes are routed to the deisobutanzier distillation column, where the manufacturing of isobutene and normal butane occurs. The overhead vapor stream from the column is isobutene, which is compressed into liquid phase isobutene. The liquefied isobutene product is split into two streams, one providing reflux for the column, and the remaining stream sent to the storage area or delivered to other Enterprise units as feed material.

Natural Gasoline Hydrotreater Manufacturing Plant

Hydrotreating is a manufacturing process that removes sulfur from natural gasoline. Natural gasoline is a product of fractionating raw NGL mix.

The manufacturing process is accomplished by applying hydrogen, heat, and pressure to the natural gasoline in the presence of a catalyst.

Natural gasoline feed from the NGL Fractionators is pumped to the appropriate pressure for the reaction section and filtered to remove particulates. The liquid feed is combined with a hydrogen rich recycle gas before routing to reactor feed/effluent exchangers. The gasoline and hydrogen mix is first heated against the reactor effluent in the feed/effluent exchangers and heated to the reactor inlet temperature by the reactor charge heater. In the reactor, sulfur is removed from the gasoline by combining with hydrogen to form hydrogen sulfide in the presence of a catalyst. The reactor effluent is cooled against the feed in the feed/effluent exchangers and further in the reactor effluent air cooler. After cooling, liquid gasoline is separated from hydrogen in the separator drum. The hydrogen rich vapor from the separator drum is routed to a knockout drum to remove liquid droplets before routing to the recycle gas compressor. The recycle gas compressor pressurizes the hydrogen rich recycle gas so it can be recycled to mix with the liquid feed. Make-up hydrogen is added to the recycle gas to replace hydrogen consumed by the reaction section.

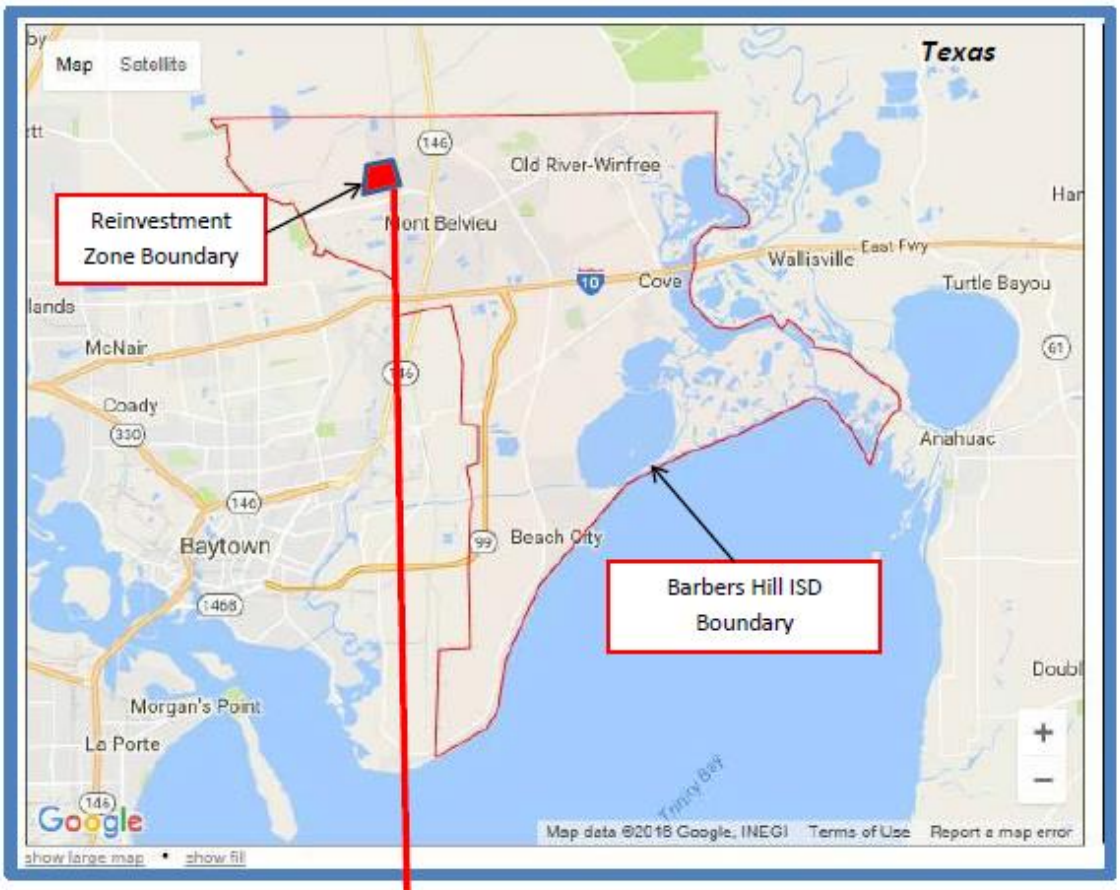
The liquid from the separator drum is routed to the stabilizer section to remove dissolved hydrogen, hydrogen sulfide, and light ends. The liquid is preheated against the stabilizer bottoms in the feed/bottoms exchanger before heading to the stabilizer column. The stabilizer is a trayed distillation column that boils the light components out of the gasoline with heat input from a fired heater type reboiler fed by a pump. The desulfurized gasoline bottoms product is cooled in the feed/bottoms exchanger and further in the product air cooler. The vapor from the stabilizer is cooled and partially condensed in the stabilizer condenser. The liquid and vapor are separated in the stabilizer reflux drum. The liquid is returned to the top of the stabilizer as reflux. The vapor from the stabilizer is further cooled by a

postcondenser to limit gasoline losses and the residual vapor vent is routed to a caustic scrubber to remove hydrogen sulfide before use a fuel in the fired heaters.

Frac #10 consisting of 2 trains, DIB & Hydrotreator proposed facility
List of Improvements

Plant Components

- DeEthanizer column
- DePropanizer column
- Debutanizer column
- Wet Surface Air Coolers
- Gas fired regenerant gas heaters
- Gas fired hot oil heaters
- Compression Equipment
- Deisobutanizer column
- Ancillary tanks
- Fired charge heater
- Reactor
- Heat exchangers
- Compressor
- Stabilizer column
- Fired reboiler
- Scrubber column
- Ancillary equipment


Map
Satellite
Texas
Reinvestment Zone Boundary
Old River-Winfree
Mont Belvieu
Wallisville
East Fwy
Cove
Turtle Bayou
McNair
Coady
Anahuac
Baytown
Beach City
Barbers Hill ISD Boundary
Morgan's Point
La Porte
Google
Map data ©2018 Google, INEGI
Terms of Use
Report a map error
show large map
show fill

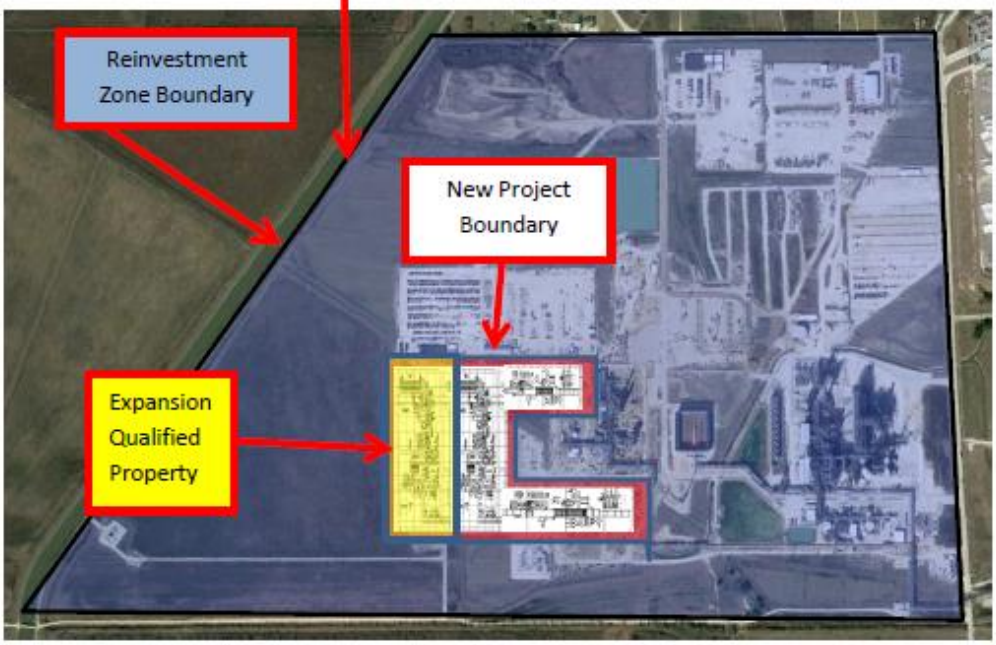

Reinvestment Zone Boundary
New Project Boundary
Expansion Qualified Property

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Proposed Project Description

Enterprise Products Operating LLC ("Enterprise") currently operates the Mont Belvieu Manufacturing Complex. Enterprise proposes to build a new manufacturing NGL fractionator facility consisting of two trains capable of processing 300 MBPD, a Deisobutanizer Unit and a Natural Gasoline Hydrotreater Unit in Mont Belvieu, Texas. If the proposed project is approved, the construction schedule projects construction to commence in the fourth quarter of 2018, with commercial operations anticipated to commence in the second quarter of 2020.

NGL Manufacturing Fractionation Plant

NGL manufacturing is the process of fractionating raw NGL mix produced by natural gas processing plants into discrete NGL purity components (i.e., ethane, propane, normal butane, iso-butane, and natural gasoline).

The manufacturing process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture.

The pipeline feed mixture is processed in feed filter, feed coalescer, and amine contractors to remove particulates, sulfides, and carbon dioxide. The sweetened feed is then dehydrated and fed to the Deethanizer column. The Deethanizer is used to manufacture the feed into two fractions. The overhead vapor fraction consists of ethane and lighter components and is condensed by heat exchange against propylene refrigerant. (Propylene vapor from the Deethanizer condenser is first compressed in a two-stage machine and then is condensed in a wet-surface air cooler. The liquid propylene is then sub-cooled against low –temperature ethane before being fed back to the Deethanizer column condenser as refrigerant.) A portion of the condensed ethane is pumped out of the unit as ethane product to the existing storage facility, and the balance is refluxed back to the column. The Bottom fraction from the column, consisting mainly of propane and heavier components, is fed to the Depropazizer column. Heat for the manufacturing is provided by a number of reboilers, including a hot oil reboiler at the bottom of the column.

The Depropanizer column takes the feed from the Deethanizer bottom and separates it into a propane and lighter fraction, which goes overhead, and a butane and heavier fraction, which exits the bottom. Condensing for the column is provided by a heat pump circuit and a wet surface air cooler. The propane heat pump circuit exchanges against the Depropanizer side reboiler and two reboilers attached to the Deethanzier column. The wet-surface air cooler is used to sub-cool the condensed propane. Part of the propane is refluxed back to the column and the balance is sent to the existing storage complex as product. Heat for manufacturing is provided by a hot oil reboiler at the bottom of the column.

The stream from the bottom of the Depropanizer is fed to the Debutanizer column, which manufactures it into an overhead stream containing mixed butanes (primarily normal butane and isobutene) and a bottoms gasoline stream which contains pentanes and heavier gasses.

Part of the overhead butane stream is refluxed back to the column and the balance is sent to storage tanks as an intermediate feed for other units or as commercial butane product. The bottoms gasoline is routed to existing gasoline treating facilities. Condensing for the Debutanizer is provided by the Deethanizer Upper Side Reboiler, and and heat for manufacturing in the Debutanizer is provided by a hot oil reboiler at the bottom of the column.

Deisobutanizer Unit

The deisobutanizer (DIB) unit is used to manufacture isobutene and normal butane from mixed butane streams.

The Butane mixtures arrive at the Mont Belvieu Complex via pipeline and enter the DIB unit from the butamer units, or from the Mont Belvieu Complex storage facility, as commercial butane mixtures. The mixed butanes are routed to the deisobutanzier distillation column, where the manufacturing of isobutene and normal butane occurs. The overhead vapor stream from the column is isobutene, which is compressed into liquid phase isobutene. The liquefied isobutene product is split into two streams, one providing reflux for the column, and the remaining stream sent to the storage area or delivered to other Enterprise units as feed
material.

Natural Gasoline Hydrotreater Manufacturing Plant

Hydrotreating is a manufacturing process that removes sulfur from natural gasoline. Natural gasoline is a product of fractionating raw NGL mix.

The manufacturing process is accomplished by applying hydrogen, heat, and pressure to the natural gasoline in the presence of a catalyst.

Natural gasoline feed from the NGL Fractionators is pumped to the appropriate pressure for the reaction section and filtered to remove particulates. The liquid feed is combined with a hydrogen rich recycle gas before routing to reactor feed/effluent exchangers. The gasoline and hydrogen mix is first heated against the reactor effluent in the feed/effluent exchangers and heated to the reactor inlet temperature by the reactor charge heater. In the reactor, sulfur is removed from the gasoline by combining with hydrogen to form hydrogen sulfide in the presence of a catalyst. The reactor effluent is cooled against the feed in the feed/effluent exchangers and further in the reactor effluent air cooler. After cooling, liquid gasoline is separated from hydrogen in the separator drum. The hydrogen rich vapor from the separator drum is routed to a knockout drum to remove liquid droplets before routing to the recycle gas compressor. The recycle gas compressor pressurizes the hydrogen rich recycle gas so it can be recycled to mix with the liquid feed. Make-up hydrogen is added to the recycle gas to replace hydrogen consumed by the reaction section.

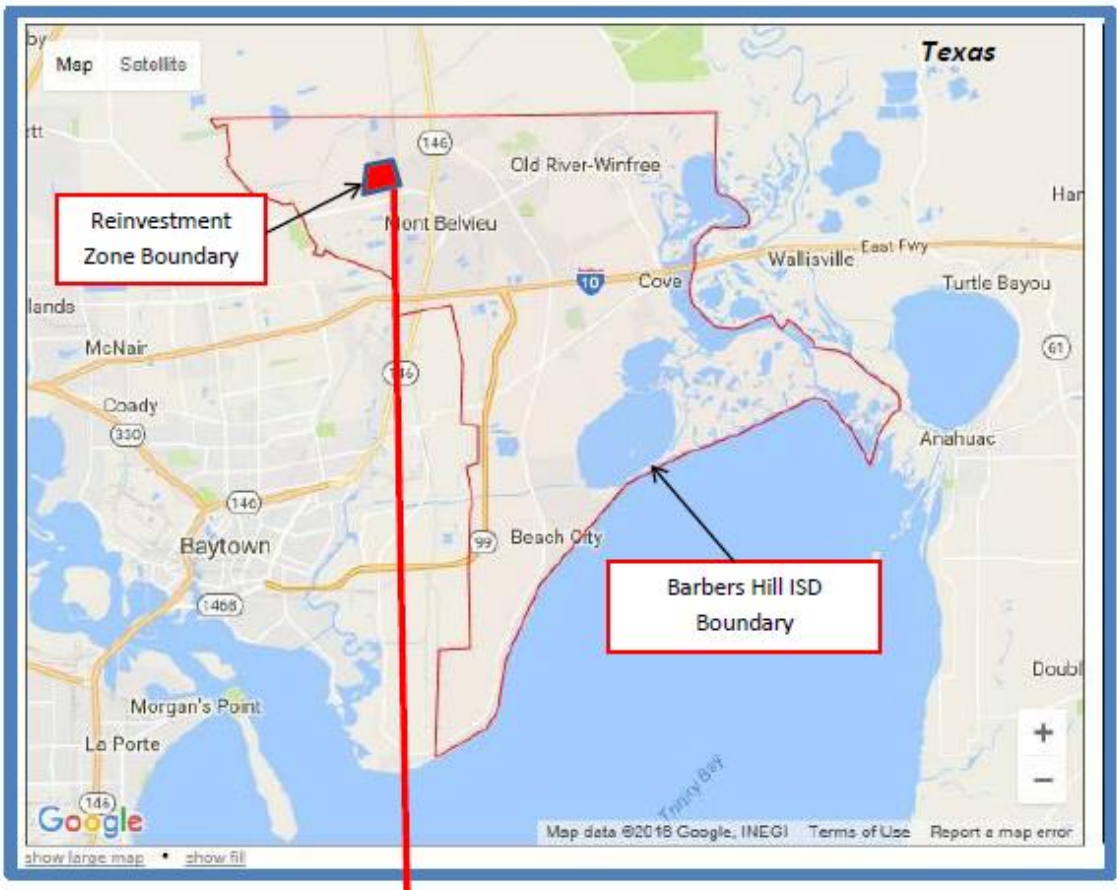
The liquid from the separator drum is routed to the stabilizer section to remove dissolved hydrogen, hydrogen sulfide, and light ends. The liquid is preheated against the stabilizer bottoms in the feed/bottoms exchanger before heading to the stabilizer column. The stabilizer is a trayed distillation column that boils the light components out of the gasoline with heat input from a fired heater type reboiler fed by a pump. The desulfurized gasoline bottoms product is cooled in the feed/bottoms exchanger and

further in the product air cooler. The vapor from the stabilizer is cooled and partially condensed in the stabilizer condenser. The liquid and vapor are separated in the stabilizer reflux drum. The liquid is returned to the top of the stabilizer as reflux. The vapor from the stabilizer is further cooled by a postcondenser to limit gasoline losses and the residual vapor vent is routed to a caustic scrubber to remove hydrogen sulfide before use a fuel in the fired heaters.

Frac #10 consisting of 2 trains, DIB & Hydrotreator proposed facility
List of Improvements

Plant Components

- DeEthanizer column
- DePropanizer column
- Debutanizer column
- Wet Surface Air Coolers
- Gas fired regenerant gas heaters
- Gas fired hot oil heaters
- Compression Equipment
- Deisobutanizer column
- Ancillary tanks
- Fired charge heater
- Reactor
- Heat exchangers
- Compressor
- Stabilizer column
- Fired reboiler
- Scrubber column
- Ancillary equipment


Map
Satellite
Texas
Reinvestment Zone Boundary
Old River-Winfree
Mont Belvieu
Wallisville
East Fwy
Cove
Turtle Bayou
McNair
Coady
Anahuac
Baytown
Beach City
Barbers Hill ISD Boundary
Morgan's Point
La Porte
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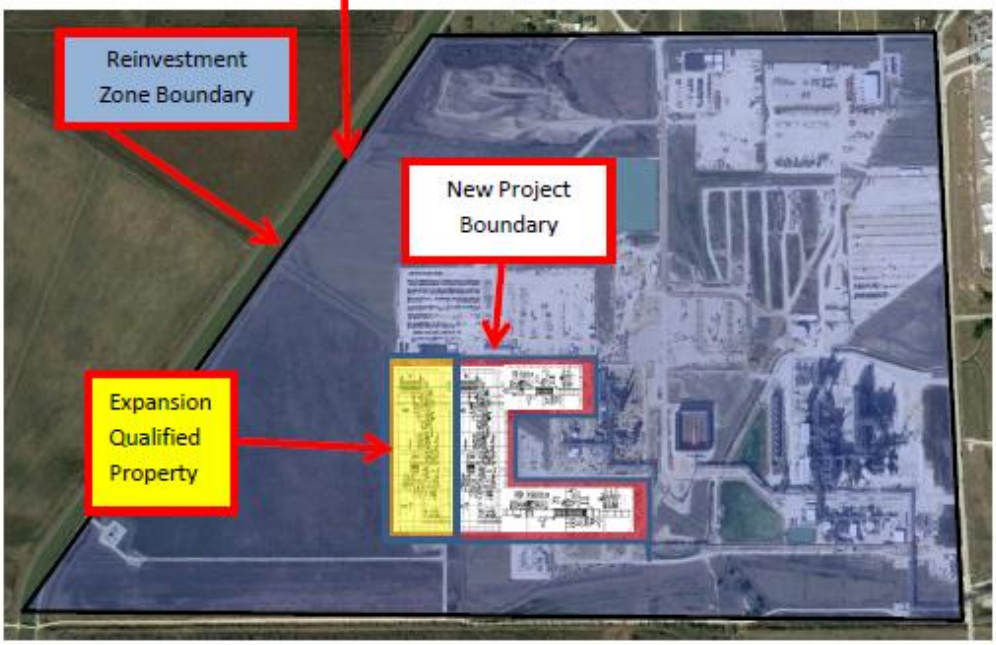
show fill


Reinvestment Zone Boundary
New Project Boundary
Expansion Qualified Property