GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 16, 2019

Greg Poole
Superintendent
Barbers Hill Independent School District
P.O. Box 1108
Mont Belvieu, Texas 77580-1108

Re: 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 1369

Dear Superintendent Poole:

On June 7, 2019, the Comptroller issued written notice that Enterprise Products Operating LLC (applicant) submitted a completed application (Application 1369) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on May 3, 2019, to the Barbers Hill Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

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

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

Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1369.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2019.

Note that any building or improvement existing as of the application review start date of June 7, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

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

Applicant	Enterprise Products Operating LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2017-2018 Average Daily Attendance	5,117
County	Chambers
Proposed Total Investment in District	$469,000,000
Proposed Qualified Investment	$469,000,000
Limitation Amount	$80,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	15*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,288
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,274
Minimum annual wage committed to by applicant for qualified jobs	$67,000
Minimum weekly wage required for non-qualifying jobs	$1,241
Minimum annual wage required for non-qualifying jobs	$64,546
Investment per Qualifying Job	$31,266,667
Estimated M&O levy without any limit (15 years)	$57,918,029
Estimated M&O levy with Limitation (15 years)	$24,927,675
Estimated gross M&O tax benefit (15 years)	$32,990,354

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

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

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	380	515	895	$25,460,000	$42,323,776	$67,783,776
2020	515	773	1288.46	$34,505,000	$68,736,256	$103,241,256
2021	128	315	443	$8,576,000	$34,556,420	$43,132,420
2022	15	116	131	$1,005,000	$18,161,988	$19,166,988
2023	15	47	62	$1,005,000	$11,910,069	$12,915,069
2024	15	11	26	$1,005,000	$7,798,774	$8,803,774
2025	15	(2)	13	$1,005,000	$5,684,566	$6,689,566
2026	15	0	15	$1,005,000	$4,983,551	$5,988,551
2027	15	11	26	$1,005,000	$5,283,884	$6,288,884
2028	15	25	40	$1,005,000	$6,191,530	$7,196,530
2029	15	39	54	$1,005,000	$7,426,218	$8,431,218
2030	15	52	67	$1,005,000	$8,799,892	$9,804,892
2031	15	62	77	$1,005,000	$10,131,147	$11,136,147
2032	15	62	77	$1,005,000	$10,622,502	$11,627,502
2033	15	65	80	$1,005,000	$11,345,386	$12,350,386
2034	15	67	82	$1,005,000	$11,995,332	$13,000,332
2035	15	68	83	$1,005,000	$12,559,613	$13,564,613
2036	15	68	83	$1,005,000	$13,039,722	$14,044,722

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 Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	0.9900		0.5425	0.4367	
2022	$455,023,800	$455,023,800		$1,227,654	$4,504,736	$5,732,390	$2,468,723	$1,986,902	$10,188,015
2023	$445,737,600	$445,737,600		$1,202,600	$4,412,802	$5,615,402	$2,418,340	$1,946,353	$9,980,096
2024	$436,451,400	$436,451,400		$1,177,546	$4,320,869	$5,498,415	$2,367,958	$1,905,804	$9,772,177
2025	$427,165,200	$427,165,200		$1,152,492	$4,228,935	$5,381,427	$2,317,576	$1,865,255	$9,564,259
2026	$417,879,000	$417,879,000		$1,127,438	$4,137,002	$5,264,440	$2,267,194	$1,824,706	$9,356,340
2027	$408,592,800	$408,592,800		$1,102,383	$4,045,069	$5,147,452	$2,216,812	$1,784,157	$9,148,421
2028	$399,306,600	$399,306,600		$1,077,329	$3,953,135	$5,030,465	$2,166,430	$1,743,608	$8,940,503
2029	$390,020,400	$390,020,400		$1,052,275	$3,861,202	$4,913,477	$2,116,048	$1,703,059	$8,732,584
2030	$380,734,200	$380,734,200		$1,027,221	$3,769,269	$4,796,489	$2,065,666	$1,662,510	$8,524,665
2031	$371,448,000	$371,448,000		$1,002,167	$3,677,335	$4,679,502	$2,015,284	$1,621,961	$8,316,747
2032	$362,161,800	$362,161,800		$977,113	$3,585,402	$4,562,514	$1,964,902	$1,581,412	$8,108,828
2033	$352,875,600	$352,875,600		$952,058	$3,493,468	$4,445,527	$1,914,520	$1,540,863	$7,900,909
2034	$343,589,400	$343,589,400		$927,004	$3,401,535	$4,328,539	$1,864,137	$1,500,314	$7,692,991
2035	$334,303,200	$334,303,200		$901,950	$3,309,602	$4,211,552	$1,813,755	$1,459,765	$7,485,072
2036	$325,017,000	$325,017,000		$876,896	$3,217,668	$4,094,564	$1,763,373	$1,419,216	$7,277,153
			Total	$15,784,126	$57,918,029	$73,702,155	$31,740,718	$25,545,888	$130,988,761

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, Chambers County and city of Baytown, with all property tax incentives sought 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.

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 Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.2698**	**0.9900**		**0.5425**	**0.4367**	
2022	$455,023,800	$80,000,000		$1,227,654	$792,000	$2,019,654	$1,234,361	$1,138,495	$4,392,511
2023	$445,737,600	$80,000,000		$1,202,600	$792,000	$1,994,600	$1,209,170	$1,115,260	$4,319,031
2024	$436,451,400	$80,000,000		$1,177,546	$792,000	$1,969,546	$1,183,979	$1,092,026	$4,245,551
2025	$427,165,200	$80,000,000		$1,152,492	$792,000	$1,944,492	$1,158,788	$1,068,791	$4,172,071
2026	$417,879,000	$80,000,000		$1,127,438	$792,000	$1,919,438	$1,133,597	$1,045,557	$4,098,591
2027	$408,592,800	$80,000,000		$1,102,383	$792,000	$1,894,383	$1,108,406	$1,022,322	$4,025,112
2028	$399,306,600	$80,000,000		$1,077,329	$792,000	$1,869,329	$1,083,215	$999,088	$3,951,632
2029	$390,020,400	$80,000,000		$1,052,275	$792,000	$1,844,275	$1,058,024	$975,853	$3,878,152
2030	$380,734,200	$80,000,000		$1,027,221	$792,000	$1,819,221	$1,032,833	$952,618	$3,804,672
2031	$371,448,000	$80,000,000		$1,002,167	$792,000	$1,794,167	$1,007,642	$929,384	$3,731,192
2032	$362,161,800	$362,161,800		$977,113	$3,585,402	$4,562,514	$1,964,902	$1,581,412	$8,108,828
2033	$352,875,600	$352,875,600		$952,058	$3,493,468	$4,445,527	$1,914,520	$1,540,863	$7,900,909
2034	$343,589,400	$343,589,400		$927,004	$3,401,535	$4,328,539	$1,864,137	$1,500,314	$7,692,991
2035	$334,303,200	$334,303,200		$901,950	$3,309,602	$4,211,552	$1,813,755	$1,459,765	$7,485,072
2036	$325,017,000	$325,017,000		$876,896	$3,217,668	$4,094,564	$1,763,373	$1,419,216	$7,277,153
			Total	**$15,784,126**	**$24,927,675**	**$40,711,801**	**$20,530,703**	**$17,840,964**	**$79,083,468**
			Diff	**$0**	**$32,990,354**	**$32,990,354**	**$11,210,016**	**$7,704,924**	**$51,905,293**
Assumes School Value Limitation and Tax Abatements with the County and City ETJ									

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	2019	$390,020	$390,020	$0	$0
	2020	$1,594,673	$1,984,693	$0	$0
	2021	$2,321,550	$4,306,243	$0	$0
Limitation Period (10 Years)	2022	$792,000	$5,098,243	$3,712,736	$3,712,736
	2023	$792,000	$5,890,243	$3,620,802	$7,333,538
	2024	$792,000	$6,682,243	$3,528,869	$10,862,407
	2025	$792,000	$7,474,243	$3,436,935	$14,299,342
	2026	$792,000	$8,266,243	$3,345,002	$17,644,344
	2027	$792,000	$9,058,243	$3,253,069	$20,897,413
	2028	$792,000	$9,850,243	$3,161,135	$24,058,548
	2029	$792,000	$10,642,243	$3,069,202	$27,127,750
	2030	$792,000	$11,434,243	$2,977,269	$30,105,019
	2031	$792,000	$12,226,243	$2,885,335	$32,990,354
Maintain Viable Presence (5 Years)	2032	$3,585,402	$15,811,645	$0	$32,990,354
	2033	$3,493,468	$19,305,113	$0	$32,990,354
	2034	$3,401,535	$22,706,648	$0	$32,990,354
	2035	$3,309,602	$26,016,250	$0	$32,990,354
	2036	$3,217,668	$29,233,918	$0	$32,990,354
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$3,125,735	$32,359,653	$0	$32,990,354
	2038	$3,033,802	$35,393,455	$0	$32,990,354
	2039	$2,941,868	$38,335,323	$0	$32,990,354
	2040	$2,849,935	$41,185,258	$0	$32,990,354
	2041	$2,758,001	$43,943,259	$0	$32,990,354
	2042	$2,666,068	$46,609,327	$0	$32,990,354
	2043	$2,574,135	$49,183,462	$0	$32,990,354
	2044	$2,482,201	$51,665,663	$0	$32,990,354
	2045	$2,390,268	$54,055,931	$0	$32,990,354
	2046	$2,298,335	$56,354,265	$0	$32,990,354

$56,354,265	is greater than	**$32,990,354**

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.

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Enterprise Products Operating LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Applicant is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. Applicant has gas manufacturing locations in Texas, Louisiana, New Mexico, Colorado, and Wyoming. Applicant also has significant interstate pipeline assets in Louisiana that can and do move product to and from Texas. This allows potential manufacturing facilities to be located in St. Martin Parish, or Assumption Parish, Louisiana and the resulting manufactured product transported to Applicant's facilities in Texas."
  B. "An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment."
  C. "The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas."
  D. "The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project."
  E. "Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain."
  F. "Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas."

G. "The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis."

- Enterprise Products Operating, LLC submitted a confidential discounted cash flow model (DCF) with the application. The "DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment."
- The project site is adjacent to Enterprise Products' facilities. Per Tab 4 of the Application for a Limitation on Appraised Value:
  A. "Enterprise Products Operating LLC ("Enterprise") currently operates the Mont Belvieu Manufacturing Complex. Enterprise proposes to build a new manufacturing NGL fractionator (Frac # 12) in Mont Belvieu, Texas. This project will provide for a greenfield 150 MBPD NGL Frac Unit capable of processing feed with a design basis of 44.7% to 52.6% ethane to produce ethane, propane, commercial grade butane, and untreated natural gasoline."
  B. "Although this is a standalone facility, it will have limited interconnections between the proposed facility and the existing Mont Belvieu Complex. The connections will be limited to utilities, feedstock via pipeline and finished product storage connection via pipeline."
- The 12th fractionator comes on the heels of recent growth in the Mont Belvieu as reported by April 2019 *Greater Baytown* article. According to the article:
  A. "In Mont Belvieu and the surrounding areas of Chambers County, Enterprise continues to invest in natural gas liquids (NGL) fractionation infrastructure to facilitate growing production from the major shale producing regions, especially the Permian Basin where NGL volumes are expected to double over the next four years. In the second quarter of 2018, the partnership's ninth fractionator at the Mont Belvieu area complex went into service. The new unit, which has a nameplate capacity of 85,000 barrels per day (BPD), increased Enterprise's system-wide fractionation capacity to more than 1.2 million BPD."
  B. "Two additional fractionators are under construction adjacent to the main Mont Belvieu complex in Chambers County. The new units will have a combined nameplate capacity of 300,000 BPD and are expected to be in service by the first half of 2020. When completed, Enterprise's fractionation capacity for the Mont Belvieu area complex will be more than 1 million BPD and approximately1.5 million BPD company-wide."
- Enterprise Product Partners, LP, Enterprise Products Operating LLC's parent company does acknowledge potential growth of additional fractionator projects while not naming this particular this particular project in its presentation material – Enterprise Products Partners, LP BAML Energy Credit Conference, June 5, 2019.
- Attached are Railroad Commission of Texas Public GIS Viewer maps depicting pipelines including those owned by Enterprise Products highlighted in turquoise and railroads on and near the project site.

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

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

- ☑ Land has no existing improvements
- ☐ Land has existing improvements *(complete Section 13)*
- ☐ Expansion of existing operation on the land *(complete Section 13)*
- ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Tab # 5

Limitation is a Determining Factor

1. **Does the applicant currently own the land on which the proposed project will occur?**

   Applicant owns the land upon which the facility identified in Tab 7 will be constructed. The land is described in Tab 9.

2. **Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**

   The Applicant has not entered into any agreement with respect to the proposed project.

3. **Does the applicant have current business activities at the location where the proposed project will occur?**

   Attached as Tab #11 is a depiction of the proposed project site. There are no existing improvements at the proposed project site.

4. **Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?**

   Applicant has not made public statements regarding the potential development of the proposed project.

5. **Has the applicant received any local or state permits for activities on the proposed project site?**

   No.

6. **Has the applicant received commitments for state or local incentives for activities at the proposed project site?**

   No.

7. **Is the applicant evaluating other locations not in Texas for the proposed project?**

   Applicant is a leading midstream energy company with a large pipeline footprint in the United States. These pipelines provide substantial flexibility in plant location. Applicant has gas manufacturing locations in Texas, Louisiana, New Mexico, Colorado, and Wyoming. Applicant also has significant interstate pipeline assets in Louisiana that can

and do move product to and from Texas. This allows potential manufacturing facilities to be located in St. Martin Parish, or Assumption Parish, Louisiana and the resulting manufactured product transported to Applicant's facilities in Texas.

Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation. The Chapter 313 Value Limitation, if granted, would make the location in Texas a feasible investment, as is further discussed in Item 10 to Tab 5.

8. **Has the applicant provided capital investment or return on investment information for the proposed project in comparison with alternative investment opportunities?**

   Yes, see Item 10 to Tab 5, as referenced below in the answer to question 10.

9. **Has the applicant provided information related to the applicant's inputs, transportation and market for the proposed project?**

   N/A

10. **Are you submitting information to assist in the determinations as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?**

    See the attached Item 10 to Tab 5.

Key Determining factors:

- The Applicant has submitted in Item 10 to Tab 5 a discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment.
- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.
- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.
- Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.

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- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.

AT THE REQUEST OF THE APPLICANT, SUPPORTING DOCUMENTS IN ITEM 10 TO TAB 5 ARE CONSIDERED PROPRIETARY AND CONFIDENTIAL PURSUANT TO SECTION 313.028 OF THE TEXAS TAX CODE AND SECTION 552.101 OF THE TEXAS GOVERNMENT CODE, DUE TO THE NATURE OF THE FINANCIAL INFORMATION AND ANALYSIS SUBMITTED. Applicant has separately submitted Proprietary and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

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Tab # 4

Detailed Description of the Project

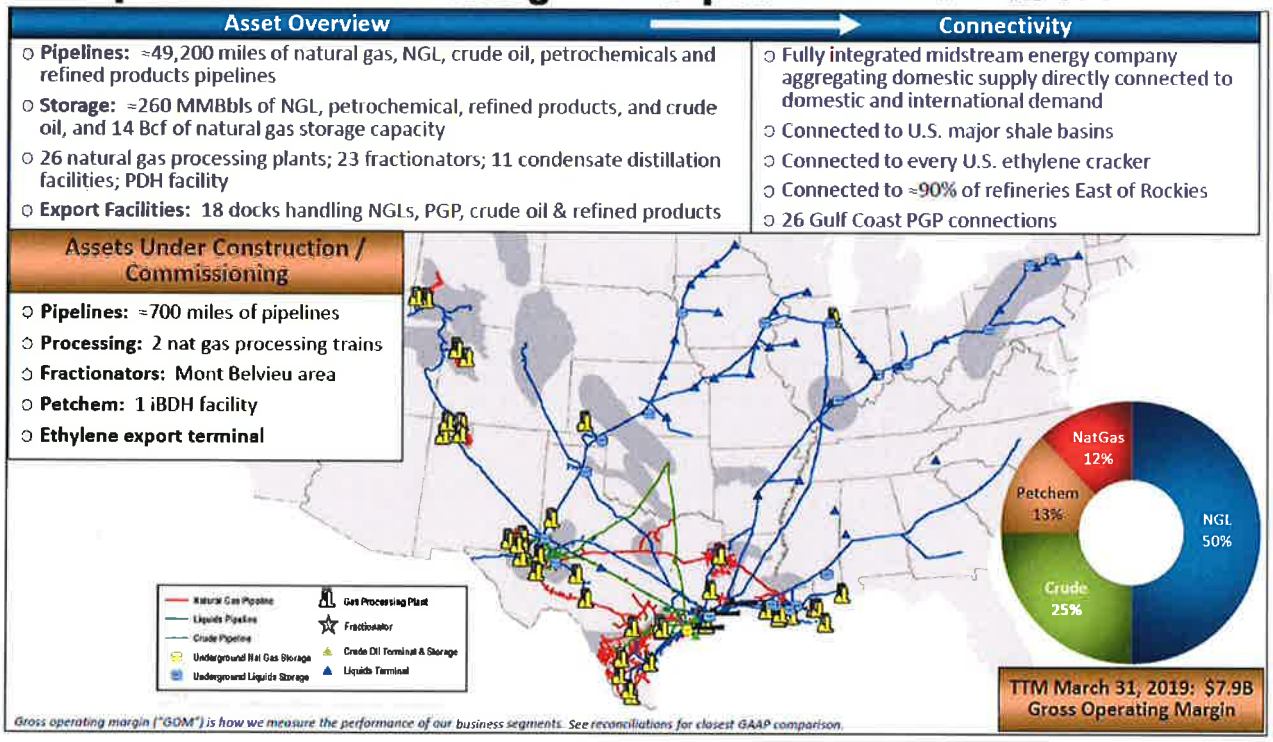
Proposed Project Description

Enterprise Products Operating LLC ("Enterprise") currently operates the Mont Belvieu Manufacturing Complex. Enterprise proposes to build a new manufacturing NGL fractionator (Frac # 12) in Mont Belvieu, Texas. This project will provide for a greenfield 150 MBPD NGL Frac Unit capable of processing feed with a design basis of 44.7% to 52.6% ethane to produce ethane, propane, commercial grade butane, and untreated natural gasoline.

Although this is a standalone facility, it will have limited interconnections between the proposed facility and the existing Mont Belvieu Complex. The connections will be limited to utilities, feedstock via pipeline and finished product storage connection via pipeline.

Enterprise is a leading midstream energy company with large pipeline foot print. These pipelines provide substantial flexibility in plant location.

Enterprise Portfolio of Integrated Pipelines and Facilities



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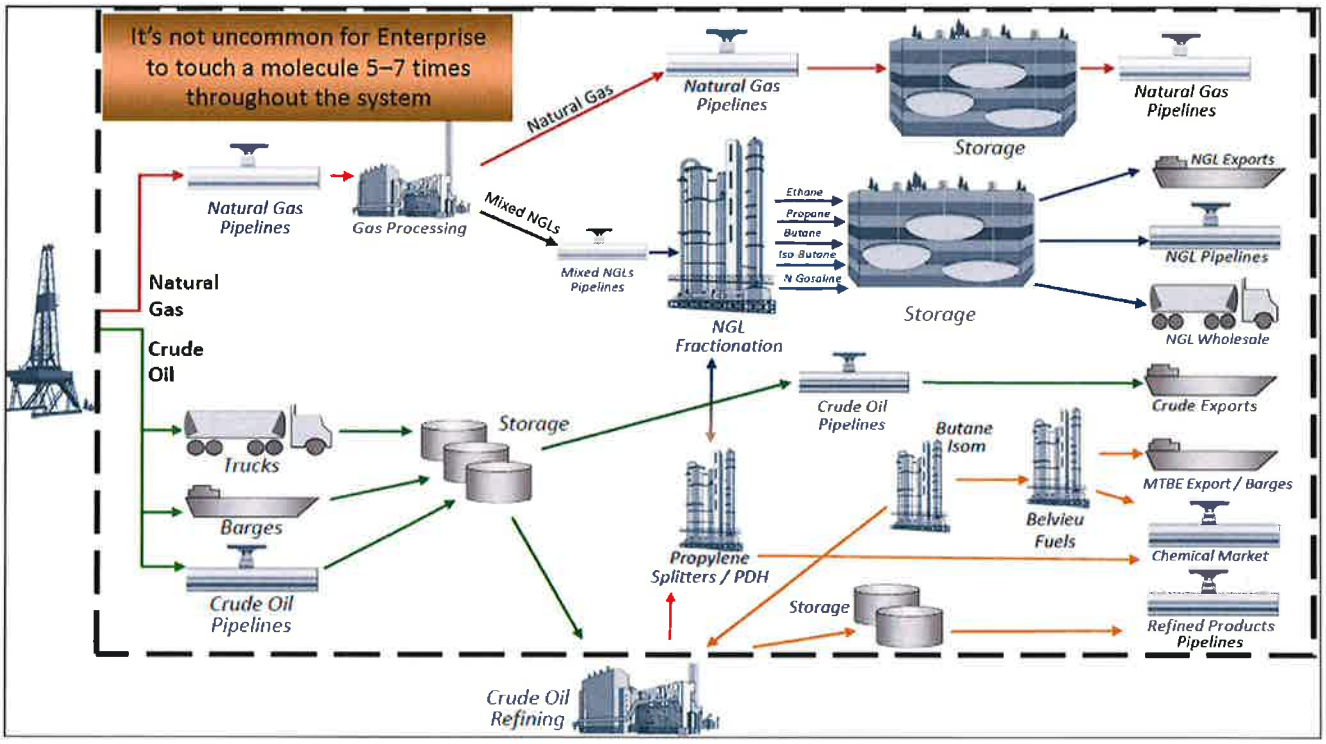
Enterprise Integrated Midstream Value Chain



Mont Belvieu Complex Connectivity

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Enterprise has Flexibility in Connectivity

Mixed NGLs		PetChem		Products	
		19	Ethane		
113	Origins	17	RGP	11	Refineries
22	Fractionators	26	PGP	20	Destinations

If approved the construction will commence in third quarter of 2019 and commercial operations will commence in the fourth quarter of 2020.

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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 Depropanizer 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 Deethanizer 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 heat for manufacturing in the Debutanizer is provided by a hot oil reboiler at the bottom of the column.

Major Plant Components

- DeEthanizer column
- DePropanizer column
- Debutanizer column
- Wet Surface Air Coolers
- Gas fired hot oil and regenerate gas heaters
- Compression Equipment
- Heat exchangers
- Pumps

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- Ancillary Equipment (Nothing constituting Major Equipment)
- Ancillary tanks (See Tank Chart set forth below)

Process Designation	Equipment Type	Size
AMINE STORAGE TANK	TANK	10'-0" OD X 17'-0" HT 10'-0"OD X 17'-0" OAL
LEAN AMINE STORAGETANK	TANK	13'-0" OD X 28'-0" HT 13'-0"OD X 28'-0" OAL
STORM WATER TANK	TANK	11'-6" DIA. X 22'-0" HGH
PROCESS WASTE WATERTANK	TANK	15'-6"OD X 24'-0" HIGH
PROCESS WATER TANK	TANK	44' DIA X 32' HIGH TOP: CONE ROOF
CLARIFIER WATER TANK	TANK	14'-0" I.D. X 12'-0" HT
POTABLE WATER TANK	TANK	9'-0" ID X 12'-0' HT

Enterprise's Mont Belvieu area fractionation and storage complex is the largest in the world and a global pricing point for NGLs.

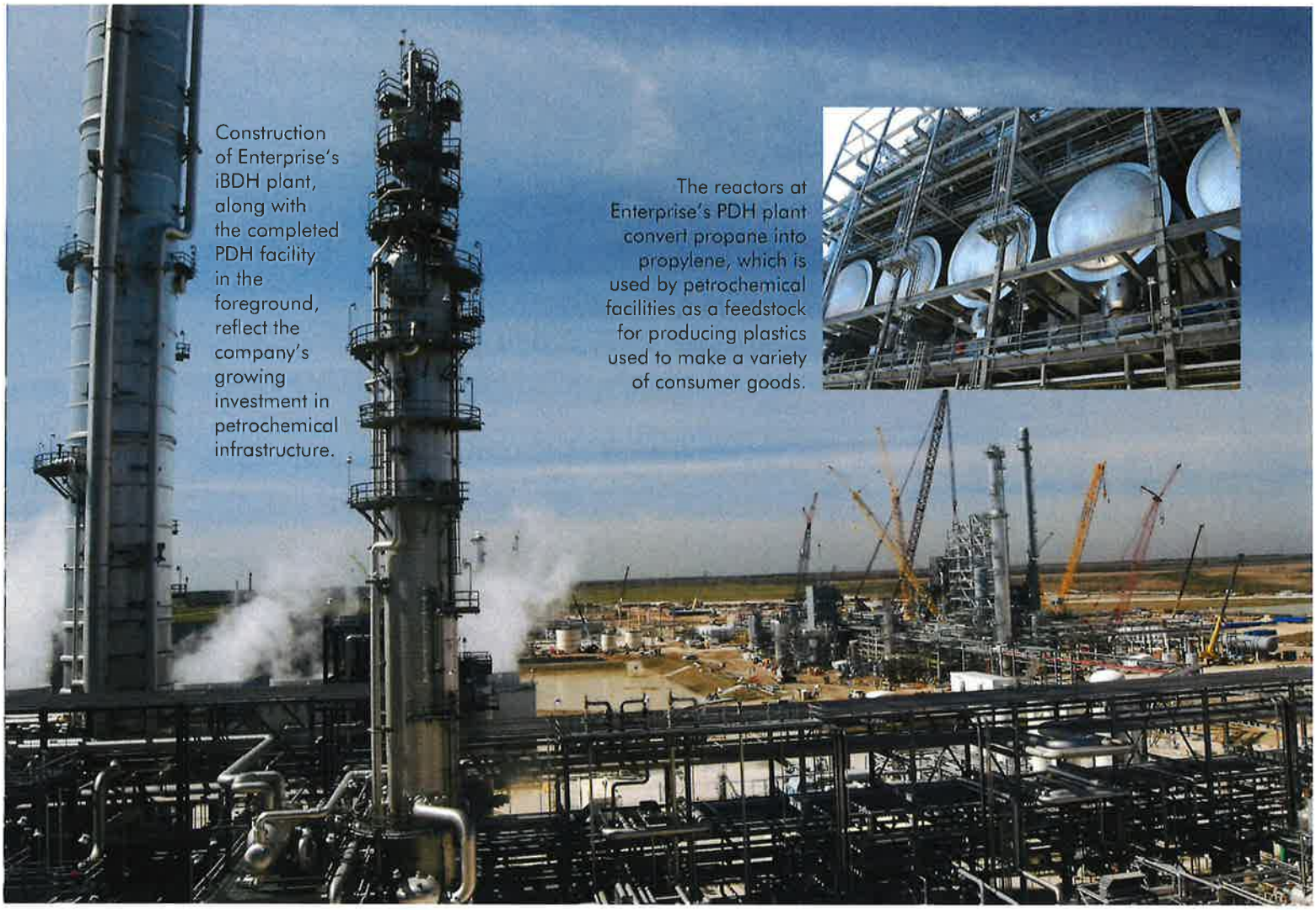
Enterprise helping to lead way

The dramatic and ongoing transformation of the U.S. into the world's largest energy producer has altered traditional supply/demand fundamentals and is driving unprecedented growth and opportunity for Enterprise Products Partners L.P. Amid this changing energy landscape, Enterprise's Mont Belvieu area complex remains the centerpiece of the most extensive integrated midstream network in North America. The projects located either in Mont Belvieu or in surrounding areas of Chambers County, Texas account for the largest share of the partnership's current and recently completed growth capital projects. During 2018, Enterprise completed nearly $2 billion of growth capital projects company wide and currently has more than $5 billion under construction.

In Mont Belvieu and the surrounding areas of Chambers County, Enterprise continues to invest in natural gas liquids (NGL) fractionation infrastructure to facilitate growing production from the major shale producing regions, especially the Permian Basin where NGL volumes are expected to double over the next four years. In the second quarter of 2018, the partnership's ninth fractionator at the Mont Belvieu area complex went into service. The new unit, which has a nameplate capacity of 85,000 barrels per day (BPD), increased Enterprise's system-wide fractionation capacity to more than 1.2 million BPD.

Two additional fractionators are under construction adjacent to the main Mont Belvieu complex in Chambers County. The new units will have a combined nameplate capacity of 300,000 BPD and are expected to be in service by the first half of 2020. When completed, Enterprise's fractionation capacity for the Mont Belvieu area complex will be more than 1 million BPD and approximately 1.5 million BPD company-wide.

In the second quarter of 2018, Enterprise



Construction of Enterprise's iBDH plant, along with the completed PDH facility in the foreground, reflect the company's growing investment in petrochemical infrastructure.

The reactors at Enterprise's PDH plant convert propane into propylene, which is used by petrochemical facilities as a feedstock for producing plastics used to make a variety of consumer goods.

for America's energy renaissance

began service on its propane dehydrogenation (PDH) unit adjacent to the Mont Belvieu area complex. The facility has a nameplate capacity of 1.65 billion pounds per year of polymer grade propylene, consumes 35,000 BPD of propane, and is supported by long-term contracts with investment-grade customers. Enterprise is considering construction of additional PDH capacity to meet the projected strong demand for propylene domestically and abroad.

Adjacent to the PDH facility, construction is under way on Enterprise's isobutane dehydrogenation (iBDH) plant, which extends the company's butane value chain. Completion is expected in the fourth quarter of 2019, at which time the unit will have the capability to produce 937 million pounds of isobutylene annually. The facility will consume up to 30,000 BPD of butane. The two dehydrogenation projects, along with the incremental NGL fractionation capacity, provide feedstocks for an expanding Gulf Coast petrochemical industry, which is investing more than $200 billion and help meet the growing global demand for U.S. hydrocarbons.

With the U.S. becoming a net exporter of many energy products, access to the water has become essential and the Mont Belvieu area is playing a key role by providing pipeline access to export docks at the Houston Ship channel and other important infrastructure. As part of its ethylene export system, Enterprise is converting a storage cavern at the Mont Belvieu complex to hold up to 600 million pounds of ethylene and provides access to eight third-party pipelines within a half-mile. In addition, ethylene for Enterprise's new export terminal expected to be in service in 2019 will be sourced from the Mont Belvieu area complex and delivered by pipeline. As Enterprise expands its capability to provide customers with flow assurance and market choice, its assets in Mont Belvieu and Chambers County will continue to be on the leading edge of those efforts and be source of economic growth for the local community.

ENTERPRISE PRODUCTS PARTNERS L.P.

BAML ENERGY CREDIT CONFERENCE

June 5, 2019

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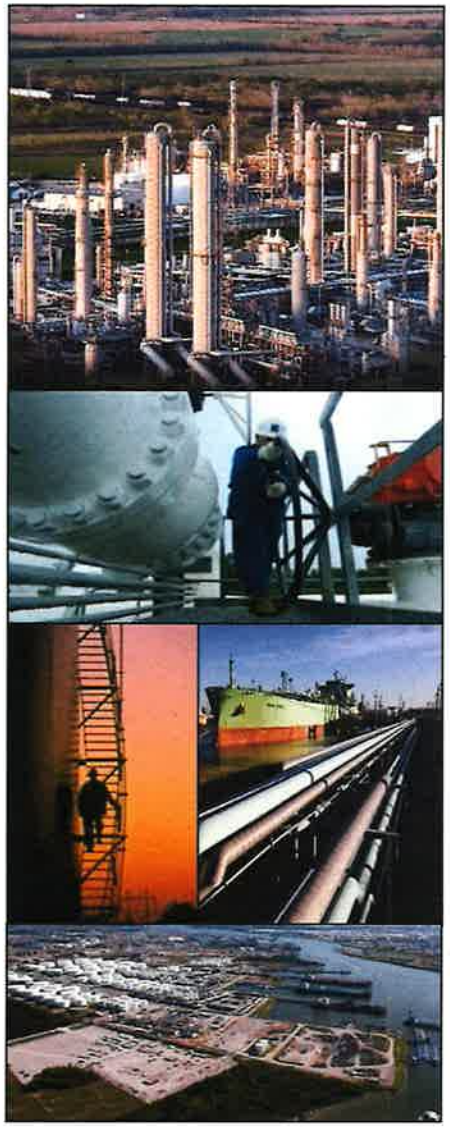
MORE GROWTH ON THE HORIZON

Potential $5–$10 Billion of Opportunities



- Producer driven projects
  - Additional gas processing plants
  - Increase crude pipeline capacity from Permian Basin
  - Add natural gas, NGL and other crude pipeline capacity
  - Expand existing and build additional NGL fractionators
  - Expand Seaway crude oil pipeline capacity
- Demand driven projects
  - PDH 2 and 3
  - Expand LPG export capacity
  - Expand Aegis ethane pipeline
  - Additional marine terminal capacity (multi-product)
  - Offshore crude oil port

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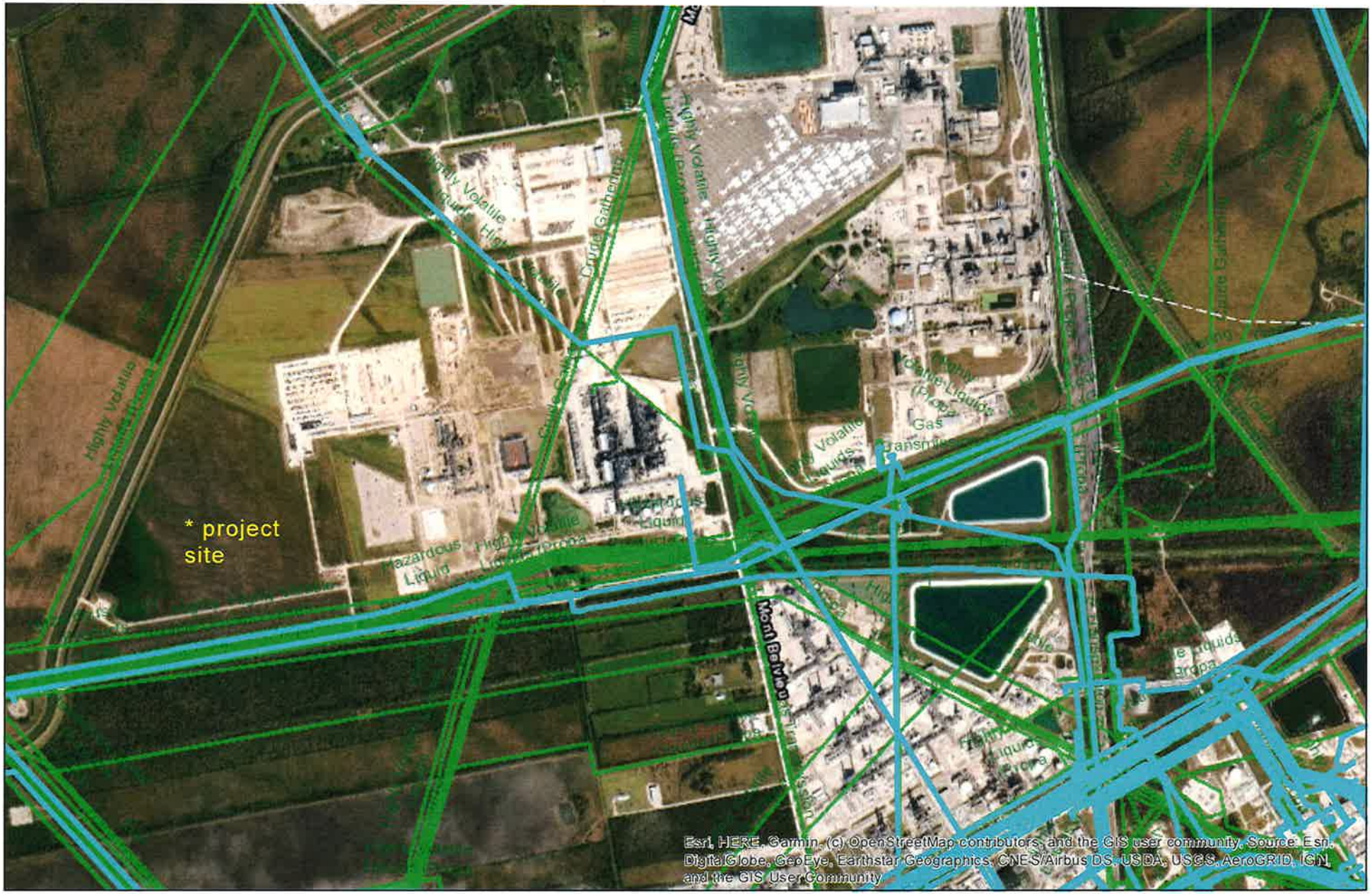

May 21, 2019

#1369 Barbers Hill -Enterprise Products Operating LLC

1 inch = 1,505 feet

PREPARED BY:

RAILROAD COMMISSION of TEXAS

P.O. BOX 12967
AUSTIN, TX 78711-2967

0 0.2 0.4 0.6 0.8
Miles

0 625 1,250 2,500 3,750 5,000
Feet

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Source: RRC Public GIS Viewer

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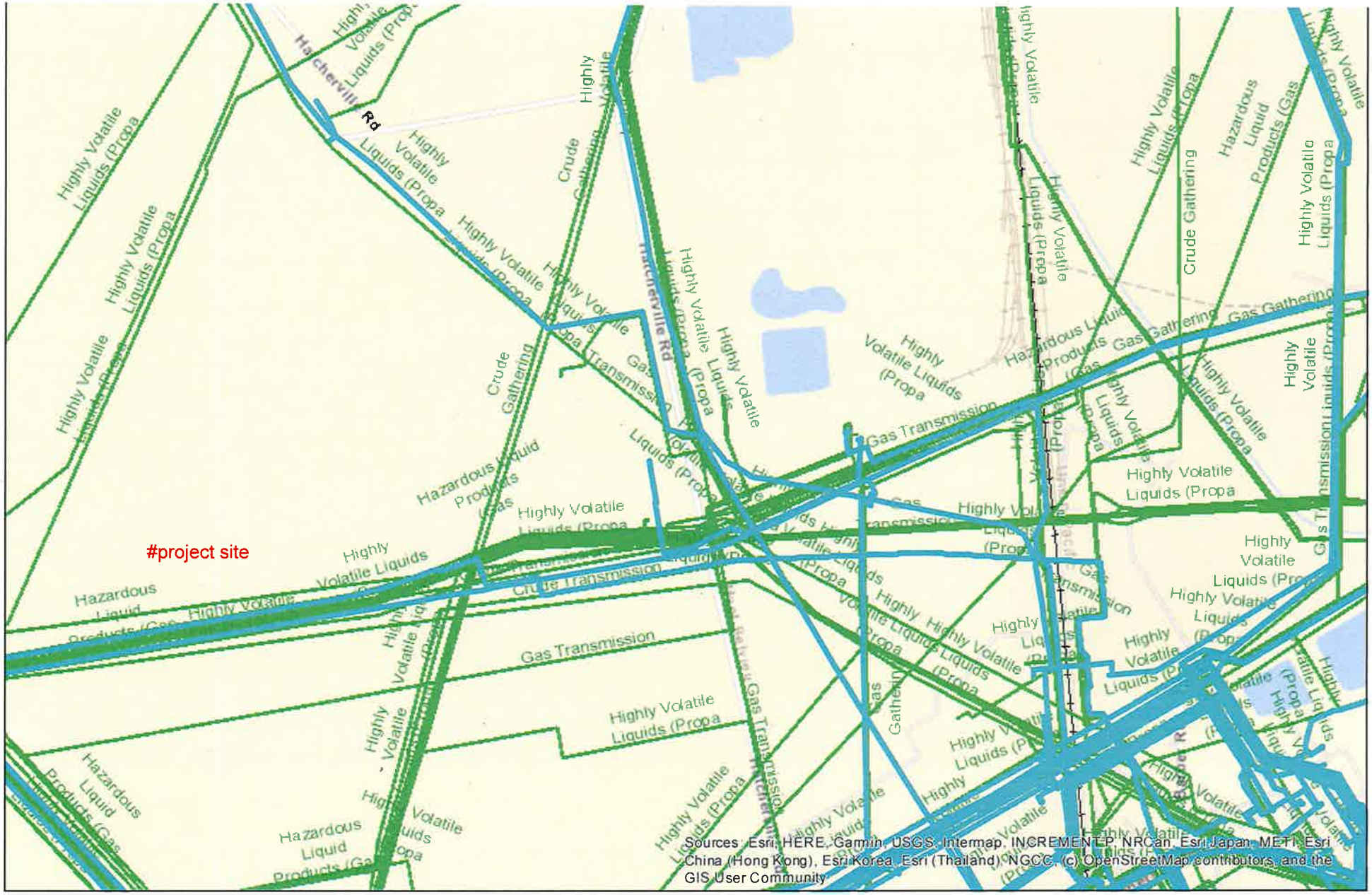

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#1369 Barbers Hill - Enterprise Products Operating LLC

May 21, 2019

1 inch = 3,009 feet

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0 0.45 0.9 1.35 1.8
Miles

0 1,250 2,500 5,000 7,500 10,000
Feet

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