

FINDINGS OF THE YOAKUM
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
ENTERPRISE HYDROCARBONS, L.P.



December 16, 2011

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OF THE
YOAKUM INDEPENDENT
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ENTERPRISE HYDROCARBONS, L.P.

STATE OF TEXAS

§

COUNTY OF DEWITT

§

On the 16th day of December, 2011, a public meeting of the Board of Trustees of the Yoakum Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of the Enterprise Hydrocarbons, L.P. (Enterprise Hydrocarbons) 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 Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Yoakum Independent School District makes the following findings with respect to the application of Enterprise Hydrocarbons, and the economic impact of that application:

On April 8, 2011, the Superintendent of Schools of the Yoakum Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Enterprise Hydrocarbons for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Enterprise Hydrocarbons (Texas Taxpayer Id. 17427797521), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

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

Board Findings of the Yoakum Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the DeWitt County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on June 2, 2011. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

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

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Yoakum Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

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

After receipt of the Application, the District entered into negotiations with Enterprise Hydrocarbons, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

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

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Enterprise Hydrocarbons project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

The economic condition of DeWitt County, Texas is in need of long-term improvement.

Based on information provided by the Comptroller's Office, DeWitt County is the 118th largest in the state in terms of population. Population growth in DeWitt County is positive, although at a relatively slow growth rate. The state population grew by 2.0 percent between 2008 and 2009, while the population of DeWitt County increased by 0.4 percent over the same period.

April 2011 employment for DeWitt County was down 0.6 percent from April 2010, below the state's 1.3 percent increase in total employment during the same period. The unemployment rate in DeWitt County was 7.2 percent in April 2011, lower than the April

2010 state average of 8.0 percent. It is noteworthy that the DeWitt County unemployment rate decreased from 8.0 percent a year ago to the 7.2 percent level in April 2011.

DeWitt County continues to have substantially lower per capita personal income than the state as a whole. In terms of per capita income, DeWitt County's \$30,364 in 2009 ranked 172nd among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While several of these indicators are positive, the relatively slow population growth and lower per capita income are a concern for the long-term economic health of the area. It is anticipated that DeWitt County will benefit from economic activity like that associated with the Enterprise Hydrocarbons project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$75,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Enterprise Hydrocarbons indicates that total employment will be approximately twenty (20) new jobs, all of which will be qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 20 new jobs when fully operational. All 20 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Golden Crescent Regional Planning Commission Region, where Lavaca County is located was \$41,273 in 2009. The annual average manufacturing wage for 2010 for Lavaca County is \$29,575. That same year, the county annual average wage for all industries was \$29,354. In addition to a salary of \$75,000, each qualifying position will receive benefits such as medical and dental insurance, life

insurance, a 401(k) savings plan, vacation and holiday pay, and an employee unit purchase plan.

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 \$46.6 million on the basis of the goal of twenty (20) new qualifying positions for the entire Enterprise Hydrocarbons project.

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

The project's total investment is \$932.2 million, resulting in a relative level of investment per qualifying job of \$46.6 million.

Board Finding Number 5.

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.

Table 1 depicts Enterprise Hydrocarbons' 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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Yoakum ISD's ad valorem tax base in 2010 was \$0.4 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Yoakum ISD's estimated wealth per WADA was \$192,189.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Enterprise Hydrocarbons

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	500	2524	3024	\$26,000,000	\$138,000,000	\$164,000,000
2012	520	3930	4450	\$27,500,000	\$235,500,000	\$263,000,000
2013	20	341	361	\$1,500,000	\$48,500,000	\$50,000,000
2014	20	223	243	\$1,500,000	\$37,500,000	\$39,000,000
2015	20	140	160	\$1,500,000	\$29,500,000	\$31,000,000
2016	20	100	120	\$1,500,000	\$24,500,000	\$26,000,000
2017	20	82	102	\$1,500,000	\$20,500,000	\$22,000,000
2018	20	83	103	\$1,500,000	\$19,500,000	\$21,000,000
2019	20	89	109	\$1,500,000	\$19,500,000	\$21,000,000
2020	20	102	122	\$1,500,000	\$19,500,000	\$21,000,000
2021	20	114	134	\$1,500,000	\$20,500,000	\$22,000,000
2022	20	128	148	\$1,500,000	\$22,500,000	\$24,000,000
2023	20	117	137	\$1,500,000	\$21,500,000	\$23,000,000
2024	20	115	135	\$1,500,000	\$21,500,000	\$23,000,000
2025	20	117	137	\$1,500,000	\$22,500,000	\$24,000,000
2026	20	117	137	\$1,500,000	\$23,500,000	\$25,000,000

Source: CPA, REMI, Enterprise Hydrocarbons, L.P.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Lavaca County with all property tax incentives sought being granted using estimated market value from Enterprise Hydrocarbons' application. Enterprise Hydrocarbons has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Enterprise Hydrocarbons project on the region if all taxes are assessed.

Board Findings of the Yoakum Independent School District

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Yoakum ISD I&S Levy	Yoakum ISD M&O Levy	Yoakum ISD M&O and I&S Tax Levies (Before Credit Credited)	Yoakum ISD M&O and I&S Tax Levies (After Credit Credited)	Lavaca County	Estimated Total Property Taxes
				0.3100	1.0400			0.5257	
2012	\$342,534,480	\$342,534,480		\$1,061,857	\$3,562,359	\$4,624,215	\$4,624,215	\$0	\$4,624,215
2013	\$560,834,480	\$560,834,480		\$1,738,587	\$5,832,679	\$7,571,265	\$7,571,265	\$0	\$7,571,265
2014	\$544,019,480	\$10,000,000		\$1,686,460	\$104,000	\$1,790,460	\$1,790,460	\$285,991	\$2,076,451
2015	\$532,809,480	\$10,000,000		\$1,651,709	\$104,000	\$1,755,709	\$1,288,118	\$420,147	\$1,708,265
2016	\$521,599,480	\$10,000,000		\$1,616,958	\$104,000	\$1,720,958	\$1,256,895	\$685,512	\$1,942,407
2017	\$504,784,480	\$10,000,000		\$1,564,832	\$104,000	\$1,668,832	\$1,210,480	\$663,413	\$1,873,893
2018	\$499,179,480	\$10,000,000		\$1,547,456	\$104,000	\$1,651,456	\$1,195,121	\$1,049,675	\$2,244,796
2019	\$487,969,480	\$10,000,000		\$1,512,705	\$104,000	\$1,616,705	\$1,164,570	\$1,282,628	\$2,447,198
2020	\$476,759,480	\$10,000,000		\$1,477,954	\$104,000	\$1,581,954	\$1,131,860	\$1,253,162	\$2,385,023
2021	\$465,549,480	\$10,000,000		\$1,443,203	\$104,000	\$1,547,203	\$1,101,814	\$1,223,697	\$2,325,511
2022	\$454,339,480	\$454,339,480		\$1,408,452	\$4,725,131	\$6,133,583	\$631,532	\$2,388,463	\$3,019,995
2023	\$443,129,480	\$443,129,480		\$1,373,701	\$4,608,547	\$5,982,248	\$5,491,222	\$2,329,532	\$7,820,754
2024	\$420,709,480	\$420,709,480		\$1,304,199	\$4,375,379	\$5,679,578	\$5,679,578	\$2,211,670	\$7,891,248
2025	\$376,459,480	\$376,459,480		\$1,167,024	\$3,915,179	\$5,082,203	\$5,082,203	\$1,979,047	\$7,061,250
2026	\$336,634,480	\$336,634,480		\$1,043,567	\$3,500,999	\$4,544,565	\$4,544,565	\$1,769,687	\$6,314,253
						Total	\$43,763,901	\$17,542,624	\$61,306,524

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Enterprise Hydrocarbons, L.P.

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Yoakum ISD I&S Levy	Yoakum ISD M&O Levy	Yoakum ISD M&O and I&S Tax Levies	Lavaca County	Estimated Total Property Taxes	
				0.3100	1.0400		0.5257		
2012	\$342,534,480	\$342,534,480		\$1,061,857	\$3,562,359	\$4,624,215	\$1,800,704	\$6,424,919	
2013	\$560,834,480	\$560,834,480		\$1,738,587	\$5,832,679	\$7,571,265	\$2,948,307	\$10,519,572	
2014	\$544,019,480	\$544,019,480		\$1,686,460	\$5,657,803	\$7,344,263	\$2,859,910	\$10,204,173	
2015	\$532,809,480	\$532,809,480		\$1,651,709	\$5,541,219	\$7,192,928	\$2,800,979	\$9,993,907	
2016	\$521,599,480	\$521,599,480		\$1,616,958	\$5,424,635	\$7,041,593	\$2,742,048	\$9,783,641	
2017	\$504,784,480	\$504,784,480		\$1,564,832	\$5,249,759	\$6,814,590	\$2,653,652	\$9,468,242	
2018	\$499,179,480	\$499,179,480		\$1,547,456	\$5,191,467	\$6,738,923	\$2,624,187	\$9,363,110	
2019	\$487,969,480	\$487,969,480		\$1,512,705	\$5,074,883	\$6,587,588	\$2,565,256	\$9,152,844	
2020	\$476,759,480	\$476,759,480		\$1,477,954	\$4,958,299	\$6,436,253	\$2,506,325	\$8,942,578	
2021	\$465,549,480	\$465,549,480		\$1,443,203	\$4,841,715	\$6,284,918	\$2,447,394	\$8,732,312	
2022	\$454,339,480	\$454,339,480		\$1,408,452	\$4,725,131	\$6,133,583	\$2,388,463	\$8,522,046	
2023	\$443,129,480	\$443,129,480		\$1,373,701	\$4,608,547	\$5,982,248	\$2,329,532	\$8,311,780	
2024	\$420,709,480	\$420,709,480		\$1,304,199	\$4,375,379	\$5,679,578	\$2,211,670	\$7,891,248	
2025	\$376,459,480	\$376,459,480		\$1,167,024	\$3,915,179	\$5,082,203	\$1,979,047	\$7,061,250	
2026	\$336,634,480	\$336,634,480		\$1,043,567	\$3,500,999	\$4,544,565	\$1,769,687	\$6,314,253	
						Total	\$94,058,715	\$36,627,160	\$130,685,875

Source: CPA, Enterprise Hydrocarbons, L.P.

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$561 million to the tax base for debt service purposes at the peak investment level for the 2014-15 school year. The Enterprise Hydrocarbons project remains fully taxable for debt services taxes, with Yoakum ISD currently levying a \$0.31 per \$100 I&S rate. The value of the Enterprise Hydrocarbons project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's tax base. A tax base increase at this level should provide benefits for local taxpayers relative to their existing I&S tax burden.

Board Finding Number 7.

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 suggest little underlying enrollment growth based on the impact of the Enterprise Hydrocarbons project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Yoakum ISD as stated in **Attachment D**.

Board Finding Number 8.

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

In support of Finding 8, the economic impact evaluation states:

According to Enterprise Hydrocarbons' application, "Enterprise is a leading midstream energy company with large pipeline foot print in America. These pipelines provide

substantial flexibility in plant location. Enterprise has Gas manufacturing locations in TX, LA, NM, CO, and WY.”

Board Finding Number 9.

During the past two years, one project in the Golden Crescent Regional Planning Commission Region has applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

The Board of Trustees hired consultants to review and verify the information in the Application from Enterprise Hydrocarbons. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant is true and correct.

Board Finding Number 11.

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

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2010 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2010 industrial value for Yoakum ISD is \$51.16 million. Yoakum ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Yoakum ISD is classified as a “rural” school district due to its population characteristics. Given that the value of industrial property in Yoakum ISD is more than \$1 million but less than \$90 million, it is classified as a Category III district which can offer a minimum value limitation of \$10 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 17427797521) 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 13.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first and subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

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

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

Board Findings of the Yoakum Independent School District

Dated the 16th day of December 2011.

YOAKUM INDEPENDENT SCHOOL DISTRICT

By: 

Gary Colman, President, Board of Trustees

ATTEST:

By: 

Terry Boening, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

November 22, 2011

President and Members
Board of Trustees
Yoakum Independent School District
102 McKinnon St.
P.O. Box 737
Yoakum, Texas 77995

Re: Recommendations and Findings of the firm Concerning Application of Enterprise Hydrocarbons, L.P. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Colman and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Yoakum Independent School District, with respect to the pending Application of Enterprise Hydrocarbons, L.P. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Enterprise Hydrocarbons, L.P. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey".

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878

400 W. 15th Street*Suite 1410*Austin, TX 78701-1648

Fax 512-485-7888

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
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KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE MCCOLLOM
CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

November 30, 2011

President and Members
Board of Trustees
Yoakum Independent School District
P.O. Box 737
Yoakum, Texas 77995

*Re: Recommendations and Findings of the Firm Concerning Application of Baylor
County Wind Farm, LLC for Limitation on Appraised Value of Property for School
District Maintenance and Operations Taxes*

Dear President Colman and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Yoakum Independent School District, with respect to the pending Application of Baylor County Wind Farm, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Baylor County Wind Farm, LLC. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

Letter to Yoakum ISD
November 30, 2011
Page 2 of 2

4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Baylor County Wind Farm, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon
For the Firm

Attachment A

Application



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

Form 50-296
(Revised May 2010)

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

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

- notify the Comptroller that the school board has elected to consider the application.

This notice must include:

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

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

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Date application received by district

April 11, 2011

Authorized School District Representative

First Name

Tom

Last Name

Kelley

Title

Superintendent of Yoakum ISD

School District Name

Yoakum Independent School District

Street Address

102 Mckinnon Street

Mailing Address

P O BOX 737

City

Yoakum

State

TX

ZIP

77995

Phone Number

(361)293-3535

Fax Number

(361)293-3162

Mobile Number (optional)

E-mail Address

tkelley@yoakumisd.net

I authorize the consultant to provide and obtain information related to this application..... Yes No

Will consultant be primary contact? Yes No



Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name Kevin

Last Name O'Hanlon

Title Attorney

Firm Name O'Hanlon, McCollom & Demerath, PC

Street Address 808 West Avenue

Mailing Address 808 West Avenue

City Austin

Phone Number 512-494-9949

Mobile Number (Optional)

State TX

ZIP 78701

Fax Number 512-494-9919

E-mail Address kohanlon@808west.com; mhanley@808west.com

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

Signature (Authorized School District Representative)

Tom Kelley

Date 4/21/11

Has the district determined this application complete? [X] Yes [] No

If yes, date determined complete. 4/21/11

Have you completed the school finance documents required by TAC 9.1054(c)(3)? [X] Yes [] No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Checklist	Page X of 16	Check Completed
1 Date application received by the ISD	1 of 16	✓
2 Certification page signed and dated by authorized school district representative	2 of 16	✓
3 Date application deemed complete by ISD	2 of 16	✓
4 Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5 Completed company checklist	12 of 16	✓
6 School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	will provide

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION**Authorized Business Representative (Applicant)**

First Name Curt		Last Name Tate	
Title Tax Director			
Organization Enterprise Products			
Street Address 1100 Louisiana Street			
Mailing Address P.O. Box 4018			
City Houston		State TX	ZIP 77210
Phone Number 713-803-8071		Fax Number 713-803-1388	
Mobile Number (optional)		Business e-mail Address CTate@eprod.com	

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

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

First Name N/A		Last Name	
Title			
Organization			
Street Address			
Mailing Address			
City		State	ZIP
Phone Number		Fax Number	
Mobile Number (optional)		E-mail Address	

I authorize the consultant to provide and obtain information related to this application..... Yes No

Will consultant be primary contact? Yes No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

Last Name

N/A

Title

Firm Name

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Business email Address

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

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

Signature (Authorized Business Representative (Applicant))

Date

[Handwritten Signature]

4/8/2011

GIVEN under my hand and seal of office this 8th day of April, 2011

[Handwritten Signature: Kala Hammons]

Notary Public, State of Texas



My commission expires 8/7/2012

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



FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

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

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)? Yes No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? Yes No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

ENTERPRISE HYDROCARBONS, L.P.

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

32036491259

NAICS code

325120

Is the applicant a party to any other Chapter 313 agreements? Yes No

If yes, please list name of school district and year of agreement.

N/a

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? Yes No

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Limited partnership

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? Yes No
If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? Yes No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? NA Yes No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies? Yes No
- The property will be used as an integral part, or as a necessary auxiliary part, in 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
- Are you requesting that any of the land be classified as qualified investment? Yes No
- Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
- Will any of the proposed qualified investment be leased under an operating lease? Yes No
- Are you including property that is owned by a person other than the applicant? Yes No
- 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

PROJECT DESCRIPTION

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. (Use attachments as necessary)

Please see attachment

Describe the ability of your company to locate or relocate in another state or another region of the state.

Please see attachment

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- New Jobs
- Relocation from Out-of-State
- Consolidation
- Construct New Facility
- Expansion
- Relocation within Texas
- New Business / Start-up
- Expand Existing Facility
- Purchase Machinery & Equipment

PROJECTED TIMELINE

Begin Construction JUNE 2011 Begin Hiring New Employees MAY 2012
 Construction Complete JUNE 2012 Fully Operational JUNE 2012
 Purchase Machinery & Equipment JUNE 2011

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? Yes No

Note: Improvements made before that time may not be considered qualified property.
 When do you anticipate the new buildings or improvements will be placed in service? June 2012



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
N/A	
Total	

Will other incentives be offered by local units of government? Yes No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Applicant seeking tax abatement from Lavaca County with the following percentage abatements through year 7 of the project 1st year 100%, 2nd year 100%, 3rd year 90%, 4th year 85%, 5th year 75%, 6th year 75%, 7th year 60%, 8th -10 year 50%

THE PROPERTY

Identify county or counties in which the proposed project will be located Lavaca

Central Appraisal District (CAD) that will be responsible for appraising the property Lavaca

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Lavaca (100%) City: N/A
(Name and percent of project) (Name and percent of project)

Hospital District: N/A Water District: N/A
(Name and percent of project) (Name and percent of project)

Other (describe): N/A Other (describe): N/A
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? 10 Million

What is the amount of appraised value limitation for which you are applying? 10 Million

What is your total estimated qualified investment? 590 Million

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? December 1, 2011

What is the anticipated date of the beginning of the qualifying time period? December 1, 2011

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? 932.2 Million

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? Yes No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

- (1) in or on the new building or other new improvement for which you are applying? Yes No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? Yes No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? Yes No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? Yes No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? Yes No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? Yes No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements - with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements?

Will the applicant own the land by the date of agreement execution? Yes No

Will the project be on leased land? Yes No



QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

- 1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? ... Yes No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. 0 (Market Value) 2011 (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ... Yes No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? ... Yes No

WAGE AND EMPLOYMENT INFORMATION

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

The last complete calendar quarter before application review start date is the:

First Quarter Second Quarter Third Quarter Fourth Quarter of 2011 (year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC? 3360

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. N/A

Total number of new jobs that will have been created when fully operational 20

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? ... Yes No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? ... Yes No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 20

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).

WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$620.95

110% of the county average weekly wage for manufacturing jobs in the county is \$625.63

110% of the county average weekly wage for manufacturing jobs in the region is \$872.96

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

- §313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$45,400.30

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$75,000

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
- Will each qualifying job require at least 1,600 of work a year? Yes No
- Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
- Will any of the qualifying jobs be retained jobs? Yes No
- Will any of the qualifying jobs be created to replace a previous employee? Yes No
- Will any required qualifying jobs be filled by employees of contractors? Yes No

If yes, what percent? _____

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? Yes No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

See attachment

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? N/A Yes No
- Is Schedule A completed and signed for all years and attached? Yes No
- Is Schedule B completed and signed for all years and attached? Yes No
- Is Schedule C (Application) completed and signed for all years and attached? Yes No
- Is Schedule D completed and signed for all years and attached? Yes No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

**CONFIDENTIALITY NOTICE**

Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

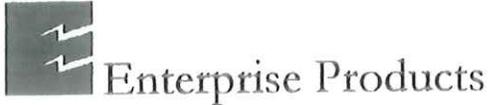
- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS			
	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	N/a
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	N/a
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	N/a
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	N/a
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	N/a
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

*To be submitted with application or before date of final application approval by school board.

Attachment One

See page 4 of application



P.O. Box 4018 Houston, Texas 77210-4018 713.880.6500
2727 North Loop West Houston, Texas 77008-1044 www.epplp.com

May 2, 2011

Yoakum ISD
Attn: Mr. Tom Kelley- Superintendent of Yoakum ISD
Po Box 737
Yoakum, TX 77995

Re: Chapter 313 Abatement Application Fee Payment ----\$75,000.00.

Dear Mr. Kelly:

Enterprise Hydrocarbons, LP herein submits application fee payment of \$ 75,000.00. This payment is submitted in compliance with the Chapter 313 value limitation application fee set by Yoakum ISD.

If you have any questions regarding this payment, please call me at 713-803-8253 or anoor@eprod.com

Sincerely,

A handwritten signature in black ink, appearing to read 'Al Noor'.

Al Noor
Property Tax Manager

Enclosures (1)

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

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

ATTACHMENT THREE

905282 5 000

TX2010 05-166
Ver. 1.0 (9-09/3)

TEXAS FRANCHISE TAX AFFILIATE SCHEDULE

■ Tcode 13253 Annual

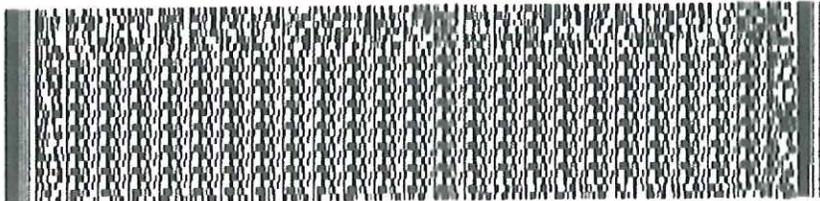
■ Reporting entity taxpayer number	■ Report year	Reporting entity taxpayer name
17605682198	2010	Enterprise Products Partners L.P.

Reporting entity must be included on Affiliate Schedule.

1. Legal name of affiliate		■ 2. Affiliate taxpayer number (if none, use FEI number)		■ 3. Affiliate NAICS code	
ENTERPRISE WHITE RIVER HUB LLC		262204315			
4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	■ 6. Affiliate reporting begin date m m d d y y		■ 7. Affiliate reporting end date m m d d y y	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	010109		123109	
■ 8. Gross receipts subject to throwback in other states (before eliminations)		■ 9. Gross receipts everywhere (before eliminations)			
0.00		0.00			
■ 10. Gross receipts in Texas (before eliminations)		■ 11. Cost of goods sold or compensation (before eliminations)			
0.00		0.00			
Check box if this is a Corporation or Limited Liability Company			Check box if this is an Entity other than a Corporation or Limited Liability Company		
<input checked="" type="checkbox"/>			<input type="checkbox"/>		
1. Legal name of affiliate		■ 2. Affiliate taxpayer number (if none, use FEI number)		■ 3. Affiliate NAICS code	
ENTERPRISE HYDROCARBONS LP		32036491259			
4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	■ 6. Affiliate reporting begin date m m d d y y		■ 7. Affiliate reporting end date m m d d y y	
<input type="checkbox"/>	<input type="checkbox"/>	010109		123109	
■ 8. Gross receipts subject to throwback in other states (before eliminations)		■ 9. Gross receipts everywhere (before eliminations)			
0.00		881745683.00			
■ 10. Gross receipts in Texas (before eliminations)		■ 11. Cost of goods sold or compensation (before eliminations)			
21735460.00		778044467.00			
Check box if this is a Corporation or Limited Liability Company			Check box if this is an Entity other than a Corporation or Limited Liability Company		
<input type="checkbox"/>			<input checked="" type="checkbox"/>		
1. Legal name of affiliate		■ 2. Affiliate taxpayer number (if none, use FEI number)		■ 3. Affiliate NAICS code	
TECO GAS GATHERING LLC		17427219112			
4. Check box if entity is disregarded for franchise tax	5. Check box if this affiliate does NOT have NEXUS in Texas	■ 6. Affiliate reporting begin date m m d d y y		■ 7. Affiliate reporting end date m m d d y y	
<input type="checkbox"/>	<input type="checkbox"/>	010109		123109	
■ 8. Gross receipts subject to throwback in other states (before eliminations)		■ 9. Gross receipts everywhere (before eliminations)			
0.00		2010643.00			
■ 10. Gross receipts in Texas (before eliminations)		■ 11. Cost of goods sold or compensation (before eliminations)			
18038.00		1180845.00			
Check box if this is a Corporation or Limited Liability Company			Check box if this is an Entity other than a Corporation or Limited Liability Company		
<input checked="" type="checkbox"/>			<input type="checkbox"/>		

An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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1062

Enterprise Hydrocarbons L.P.

Summary as of 02/15/2011



Status: Active
Entity Type: Limited Partnership
Federal ID #: 74-2779752
Corporate Comment: The Partnership acts through its General Partner, Enterprise Products Operating LLC.
Tax Year End:
Fiscal Year End: 12/31
Foreign/Domestic: Domestic
Annual Meeting:
Association: EPD

Phone #:
Fax #:
Internal #: 00520

Employees: No

Primary Address

1100 Louisiana Street
Houston Texas 77002 United States

Registered Address

1209 Orange Street
Corporation Trust Center
Wilmington Delaware 19801

Bylaws Information:**Purpose of Business:**

To (i) engage in the field services business of natural gas marketing and financial trading business, and other energy related businesses, (ii) own and operate all Partnership property, and (iii) engage in any other activities as determined by the General Partner as permitted by the Delaware Revised Uniform Limited Partnership Act.

Location of Minute Books:**Location of Seal:**

Date of Original Agreement: Mar 11, 1987

Former Name(s)

	Start Date	End Date
Valero Hydrocarbons, L.P. Comment: Name changed to PG&E Hydrocarbons, L.P.	Mar 11, 1987	Aug 8, 1997
PG&E Hydrocarbons, L.P. Comment: Name changed to El Paso Hydrocarbons, L.P.	Aug 8, 1997	Dec 22, 2000
El Paso Hydrocarbons, L.P. Comment: Name changed to Enterprise Hydrocarbons L.P.	Dec 22, 2000	Oct 4, 2004

Direct Owners

Name	Incorp/Formed in	% Ownership	Units Held
Enterprise Products Texas Operating LLC	Texas	99.000000%	
Enterprise Products Operating LLC	Texas	1.000000%	

Registrations

Jurisdiction	Inc/Qual	Charter No.	Tax ID No.	Date	End Date	Duration
Delaware	Formation	2120069		Mar 11, 1987		Perpetual
	Agent:	The Corporation Trust Company				
	Comment:	Originally formed under the name Valero Hydrocarbons, L.P. on 3/11/87; name changed to PG&E Hydrocarbons, L.P. on 8/8/97; name changed to El Paso Hydrocarbons, L.P. on 12/22/00; name changed to Enterprise Hydrocarbons L.P. on 10/4/04. Certificate of Amendment to Certificate of Limited Partnership filed in Delaware on 6/19/09 reflecting change of address of general partner.				
Harris County, Texas	Registration	1052766		Feb 28, 2007	Feb 28, 2017	
	Comment:	Assumed Name filing under "Enterprise Hydrocarbons, LP"				
Texas	Other			Feb 14, 2007		
	Agent:	CT Corporation System				
	Comment:	Assumed Name for all Texas counties: Enterprise Hydrocarbons, L.P. (a comma has been added to the legal entity's name)				
	Qualification	4910911		Mar 20, 1987		
	Agent:	CT Corporation System				

Narrative(s)

Dec 31, 2001

History History from Formation through December 31, 2001

Initially formed as Valero Hydrocarbons, L.P., a Delaware limited partnership, on 3/11/87. General Partner was Valero Hydrocarbons Company and Valero Management Partnership, L.P. was the Limited Partner. Partnership changed its name to PG&E Hydrocarbons, L.P. on 8/8/97; Valero Hydrocarbons Company changed its name to PG&E Hydrocarbons Company and Valero Management Partnership, L.P. changed its name to PG&E Texas Management Partnership, L.P. Partnership changed its name to El Paso Hydrocarbons, L.P. on 12/22/00; PG&E Hydrocarbons Company changed its name to EPGT Hydrocarbons Company and PG&E Texas Management Partnership, L.P. changed its name to EPGT Management Partnership, L.P. On 12/31/01, EPGT Hydrocarbons Company merged into EPGT Natural Gas Company; El Paso Field Services Management, Inc. made a cash contribution to the Partnership in exchange for a 1% general partnership interest; simultaneously EPGT Natural Gas Company converted its 1% general partnership interest into a 1% limited partnership interest in the Partnership; EPGT Management Partnership, L.P. terminated as a result and its 98% limited partnership interest transferred to EPGT Natural Gas Company; EPGT Natural Gas Company converted into a limited liability company and distributed its assets and its 99% limited partnership interest to El Paso Transmission, L.L.C.; and EPGT Natural Gas, L.L.C. merged into El Paso Field Services Management, Inc.

Mar 1, 2002

Partnership Agreement Sixth Amended and Restated Agreement of Limited Partnership

Amended to reflect the following changes on 3/1/02: (i) El Paso Offshore Gathering & Transmission, L.L.C. contributed the Matagorda and the Leabo Systems to El Paso Hydrocarbons, L.P. in exchange for a 9% limited partnership interest in the Partnership; (ii) El Paso Offshore Gathering & Transmission, L.L.C. distributed its 9% limited partnership interest in the Partnership to El Paso Texas Field Services, L.L.C.; and (iii) El Paso Texas Field Services, L.L.C. distributed its 9% limited partnership interest in the Partnership to El Paso Field Services Holdings Company.

ATTACHMENT 4
APPLICATION FOR TAX ABATEMENT
YOAKUM SCHOOL DISTRICT

1- Proposed Project Description

Enterprise Hydrocarbons, LP is building a new Gas Processing Plant in Lavaca County, Texas.

Yoakum Gas Processing Plant

The Enterprise Yoakum Gas Processing Plant is designed to process 600 mmscf/d of gas at design inlet conditions of 1050 psig and 70 °F. It will operate in both the Ethane Recovery (90.7% Ethane recovery) and Ethane Rejection (11.5% Ethane recovery) Modes. The Yoakum Gas Processing Plant is designed to produce Y-Grade NGL Product at 1,300 psig and Residue Gas at 1,000 psig.

Yoakum Gas Processing Plant consists of the following main processing units and utility systems:

- Inlet Facilities
- Dehydration
- Regeneration
- NGL Recovery Train
- NGL Product Delivery Facilities
- Residue Recompression & Cooling
- Waste Heat Recovery
- Heat Medium
- Fuel Gas
- Methanol Injection
- Drains & Flare
- Instrument & Utility Air
- Potable and Utility Water
- Emergency Generator



Armstrong Gas Processing Facility- Dewitt County, TX

2- Ability to Relocate:

Enterprise is a leading midstream energy company with large pipeline foot print in America. These pipelines provide substantial flexibility in plant location. Enterprise has Gas manufacturing locations in TX, LA, NM, CO, and WY.

3-Benefits:

Enterprise offers Medical and Dental Insurance, Life Insurance, 401K Savings Plan, Vacation & Holiday Pay, Employee Unit Purchase Plan.

5-Allocation of Project Between Districts

N/A

Attachment Six

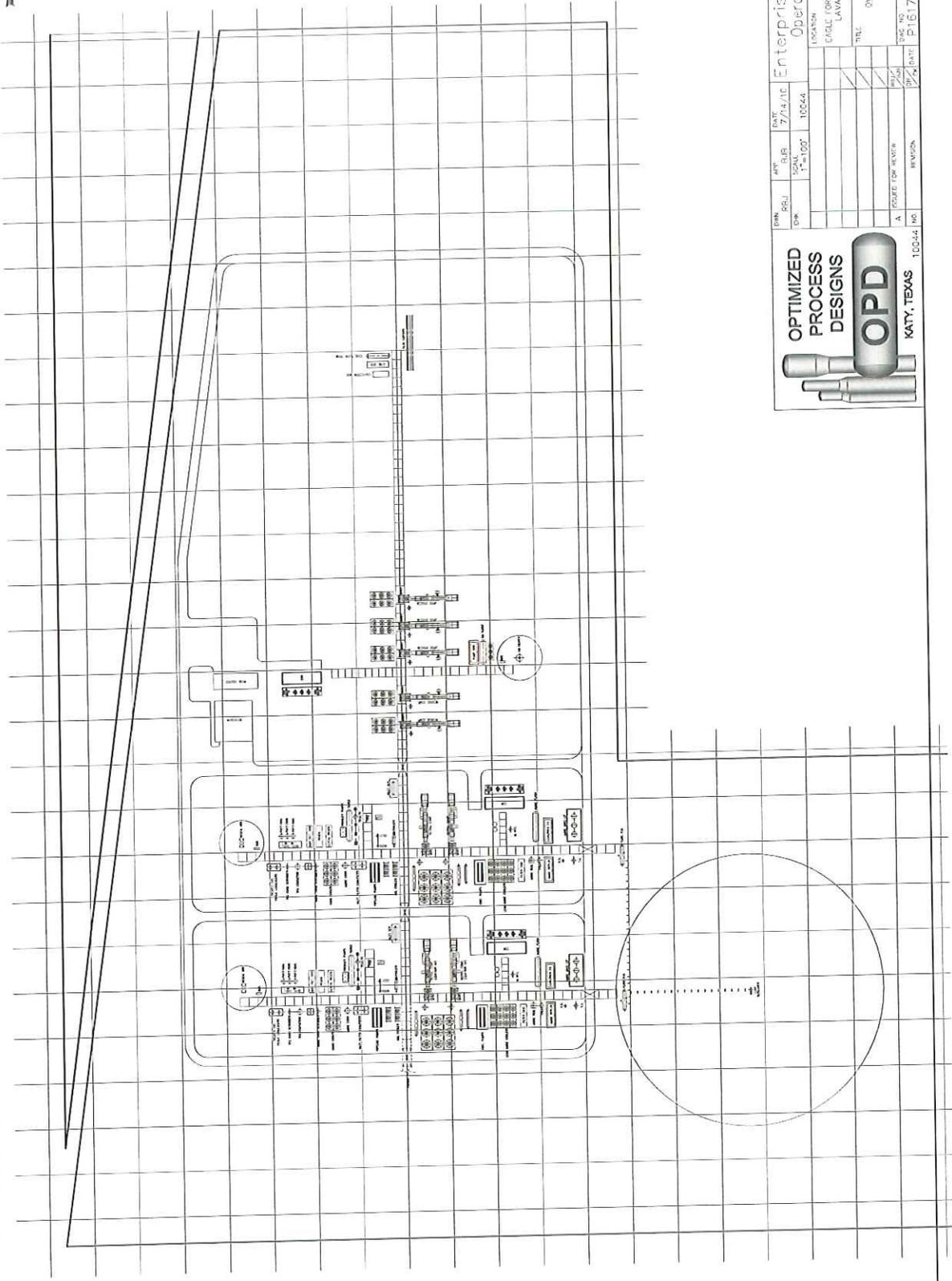
The Qualified Investment for the Yoakum Gas Processing Plant consists of the following main processing units and utility systems:

- Inlet Facilities
- Dehydration
- Regeneration
- NGL Recovery Train
- NGL Product Delivery Facilities
- Residue Recompression & Cooling
- Waste Heat Recovery
- Heat Medium
- Fuel Gas
- Methanol Injection
- Drains & Flare
- Instrument & Utility Air
- Potable and Utility Water
- Emergency Generator

Attachment Eight

The Qualified Investment for the Yoakum Gas Processing Plant consists of the following main processing units and utility systems:

- Inlet Facilities
- Dehydration
- Regeneration
- NGL Recovery Train
- NGL Product Delivery Facilities
- Residue Recompression & Cooling
- Waste Heat Recovery
- Heat Medium
- Fuel Gas
- Methanol Injection
- Drains & Flare
- Instrument & Utility Air
- Potable and Utility Water
- Emergency Generator



**OPTIMIZED
PROCESS
DESIGNS**

OPD
KATY, TEXAS

DATE	REV	BY	DATE	REV	BY
7/14/10	10544				
Enterprise Products Operating L.P.					
LOCATION					
EAGLE FORD GAS PROCESSING PLANT LAVACA COUNTY, TEXAS					
TITLE					
OVERALL SLOTT PLAN					
DRAWING NO.					
P16175-977-0002					
REVISION					
A					
ISSUED FOR REVIEW					
DATE					
9/2/10					
BY					
[Signature]					
100-44					
NO.					
A					

Attachment Ten

Exhibit 1

Project- Land Legal Description (Attachment A)

DESCRIPTION FOR TWO TRACTS TOTALING 97.60 ACRES OF LAND LOCATED IN THE BENJAMIN WHITSON LEAGUE, ABSTRACT NO. 490, IN LAVACA COUNTY, TEXAS, AND BEING ALL OF THE REMAINDER OF A CALLED 104.845 ACRE TRACT OF LAND, IN AN AFFIDAVIT OF HEIRSHIP TO JANICE KUBRICHT, RECORDED IN VOLUME 412, PAGE 105, OFFICIAL RECORDS LAVACA COUNTY, TEXAS, AS DESCRIBED IN THE DEED TO MILVERA KUBRICHT, RECORDED IN VOLUME 293, PAGE 293, DEED RECORDS LAVACA COUNTY, TEXAS, SAID TRACTS BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

TRACT 1: 88.14 ACRES

BEGINNING at a 1-1/4-inch iron pipe found, being at the east corner of said remainder of 104.845 acre tract, being on the southwest line of County Road 394 (variable width-right-of-way), being at the north corner of a called 100 acre tract of land, called Tract 1, in the deed to Anthony Wayne Gueltner and Joan Carol Tyler, recorded in Volume 23, Page 164, Official Records Lavaca County, Texas, described in Volume 144, Page 31, Deed Records Lavaca County, Texas, and being at the east corner and the **POINT OF BEGINNING** of the tract described herein, having grid coordinates of N=13,677,218.59, E=2,571,791.20;

THENCE with the common line of said remainder of 104.845 acre tract and said Tract 1, leaving the southwest line of said County Road 394, the following two (2) courses and distances:

1. S 43° 28' 23" W, a distance of 1,630.92 feet to a 1-inch iron pipe found, being at an interior angle corner in the southeast line of said 104.845 acre tract, and being at the west corner of said Tract 1, and
2. S 46° 38' 28" E, a distance of 1,005.97 feet to a 2-inch iron pipe found, being at an exterior angle corner in the southeast line of said remainder of 104.845 acre tract, being on the southwest line of said Tract 1, and being the north line of the remainder of a called 105 acre tract of land, described in the deed to J. M. Matusek and wife, Georgia Mae Matusek, recorded in Volume 170, Page 231, Deed Records Lavaca County, Texas;

THENCE with the common line of said remainder of 104.845 acre tract and said remainder of 105 acre tract, S 43° 06' 32" W, a distance of 1,042.03 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the south corner of said remainder of 104.845 acre tract, being on the northwest line of said remainder of 105 acre tract, and being at the east corner of a remainder of a called 94.345 acre tract of land, described in the deed to Georgia Matusek, recorded in Volume 293, Page 290, Deed Records Lavaca County, Texas, from which a 3" by 3" concrete square found for reference bears, N 88° 43' 05" E, a distance of 1.44 feet;

THENCE with the common line of said remainder of 104.845 acre tract and said remainder of 94.345 acre tract, N 46° 21' 28" W, a distance of 2,247.98 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the north corner of the remainder said 94.345 acre tract, being on the southeast line of United States Highway 77 (120 foot right-of-way), and being at the west corner of the tract described herein, from which a leaning 3" x 3" concrete square found for reference bears, S 58° 52' 00" W, a distance of 2.42 feet;

THENCE N 51° 25' 37" E, a distance of 2,672.88 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being on the northeast line of said remainder of 104.845 acre tract, being on the southeast line of said U.S. 77, being on the southwest line of said County Road 394, and being at the north corner of the tract described herein;

THENCE, leaving the southeast line of said U.S. 77, with the common line of said remainder of 104.845 acre tract and said County Road 394, S 47° 39' 37" E, a distance of 865.69 feet to the **POINT OF BEGINNING**, containing 88.14 acres of land, more or less, and being all of the southerly remnant of said remainder of 104.845 acre tract of land.

TRACT 2: 9.46 ACRES

BEGINNING at a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being on the northeast line of said remainder of 104.845 acre tract, being on the southwest line of County Road 316 (variable width right-of-way), being on the northwest line of a called 1.09 acre tract of land to the State of Texas, recorded in Volume 196, Page 282, Deed Records Lavaca County, Texas, and being at the east corner and the **POINT OF BEGINNING** of the tract described herein, having grid coordinates of N=13,677,882.01, E=2,571,059.62, from which a disturbed 1/2-inch iron rod found for reference bears, N 85° 10' 02" W, a distance of 6.79 feet;

THENCE with the northwest right-of-way line of U.S. 77, leaving the southwest line of said County Road 316, S 51° 25' 37" W, a distance of 2,488.77 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the intersection of the northwest line of said remainder of 104.845 acre tract with the northwest line of said U.S. 77, being at an exterior corner in the southeast line of the remainder of a called 100 acre tract of land, to Ernest J. Miller, Jr. and wife, Dorothy Jean Miller, recorded in Volume 44, Page 856, Official Records Lavaca County, Texas, described in Volume 139, Page 205, Deed Records Lavaca County, Texas, and being at the south corner of the tract described herein, from which a broken TxDOT Type I concrete monument found for reference bears, N 49° 42' 23" E, a distance of 29.27 feet;

THENCE leaving the northwest line of said U.S. 77, with the common line of said remainder of 104.845 acre tract and said remainder of 100 acre tract, N 43° 37' 38" E, a distance of 108.81 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at an exterior corner in the northwest line of said remainder of 104.845 acre tract, being at the east corner of said remainder of 100 acre tract, being at the south corner of the remainder of a called 209.03 acre tract of land, described in the deed to Berney A. Brzozowski and wife, Evelyn J. Brzozowski, recorded in Volume 352, page 652, Deed Records Lavaca County, Texas, and being at an exterior corner in the northwest line of the tract described herein, from which a 1-inch iron pipe found for reference bears S 82° 56' 10" W, a distance of 0.86 feet;

THENCE with the common line of the remainder of said 104.845 acre tract and said remainder of 209.03 acre tract, the following two (2) courses and distances:

1. N 43° 39' 28" E, a distance of 1,444.46 feet to a 5/8-inch iron rod found, and
2. N 43° 51' 43" E, a distance of 905.00 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the north corner of said remainder of 104.845 acre tract, being at the east corner of said remainder of 209.03 acre tract, being on the southwest line of said County Road 316, and being at the north corner of the tract described herein;

THENCE with the common line of said remainder of 104.845 acre tract and said County Road 316, S 47° 39' 37" E, a distance of 333.36 feet to the **POINT OF BEGINNING**, containing 9.46 acres of land, more or less, and being all of the northerly remnant of said remainder of 104.845 acre tract.

TRACT 1: 88.14 ACRES

TRACT 2: 9.46 ACRES

TOTAL AREA: 97.60 ACRES

Attachment Twelve

Not applicable

Attachment Thirteen

Not applicable

Attachment Fourteen

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Lavaca County	Private	00	0	10	Total, All Industries	\$515
2010	2nd Qtr	Lavaca County	Private	00	0	10	Total, All Industries	\$553
2010	3rd Qtr	Lavaca County	Private	00	0	10	Total, All Industries	\$574
2009	4th Qtr	Lavaca County	Private	00	0	10	Total, All Industries	\$616

$$2258/4 = 564.50 \times 110\% = 620.95$$

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Lavaca County	Private	31	2	31-33	Manufacturing	\$502
2010	2nd Qtr	Lavaca County	Private	31	2	31-33	Manufacturing	\$569
2010	3rd Qtr	Lavaca County	Private	31	2	31-33	Manufacturing	\$551
2009	4th Qtr	Lavaca County	Private	31	2	31-33	Manufacturing	\$653

$$2275/4=568.75 * 110\%=625.63$$

**2009 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$21.43	\$44,583
1. Panhandle Regional Planning Commission	\$18.38	\$38,227
2. South Plains Association of Governments	\$15.67	\$32,596
3. NORTEX Regional Planning Commission	\$19.60	\$40,768
4. North Central Texas Council of Governments	\$23.44	\$48,754
5. Ark-Tex Council of Governments	\$15.14	\$31,489
6. East Texas Council of Governments	\$16.87	\$35,091
7. West Central Texas Council of Governments	\$17.27	\$35,916
8. Rio Grande Council of Governments	\$15.26	\$31,732
9. Permian Basin Regional Planning Commission	\$19.11	\$39,757
10. Concho Valley Council of Governments	\$14.80	\$30,784
11. Heart of Texas Council of Governments	\$17.41	\$36,206
12. Capital Area Council of Governments	\$25.60	\$53,244
13. Brazos Valley Council of Governments	\$15.33	\$31,893
14. Deep East Texas Council of Governments	\$15.46	\$32,151
15. South East Texas Regional Planning Commission	\$25.53	\$53,095
16. Houston-Galveston Area Council	\$22.90	\$47,629
17. Golden Crescent Regional Planning Commission	\$19.84	\$41,273
18. Alamo Area Council of Governments	\$16.82	\$34,984
19. South Texas Development Council	\$13.68	\$28,445
20. Coastal Bend Council of Governments	\$22.10	\$45,967
21. Lower Rio Grande Valley Development Council	\$13.52	\$28,114
22. Texoma Council of Governments	\$18.42	\$38,305
23. Central Texas Council of Governments	\$16.58	\$34,484
24. Middle Rio Grande Development Council	\$13.66	\$28,416

Source: Texas Occupational Employment and Wages

Data published: July 2010

Data published annually, next update will be June 2011.

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

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

Data intended for TAC 313 purposes only.

$$19.84 * 40 = 793.60 * 110\% = 872.96$$

$$41,273 * 110\% = 45,400.30$$

Attachment Fifteen

Description of Benefits:

Enterprise offers Medical and Dental Insurance, Life Insurance, 401K Savings Plan, Vacation & Holiday Pay, Employee Unit Purchase Plan

Attachment Sixteen

Not applicable

Schedule A (Rev. May 2010): Investment

Form 50-296

Enterprise Hydrocarbons, L.P.
Ycakum ISD

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year.	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)								
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2011-2012	2011	\$ 342,200,000				\$ 342,200,000	
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	2011-2012	2011						
	Complete tax years of qualifying time period	1	2012-13	2012	\$ 580,000,000				\$ 580,000,000
		2	2013-14	2013					
		3	2014-15	2014					
		4	2015-16	2015					
		5	2016-17	2016					
		6	2017-18	2017					
		7	2018-19	2018					
		8	2019-20	2019					
		9	2020-21	2020					
		10	2021-22	2021					
	Value Limitation Period	11	2022-23	2022					
		12	2023-24	2023					
13		2024-25	2024						
Continue to Maintain Viable Presence	14	2025-26	2025						
	15	2026-27	2026						
Post-Settle-Up Period	Post-Settle-Up Period								
	Post-Settle-Up Period								

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Column D: Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column E: Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

[Signature]
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

4/8/11

DATE

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Enterprise Hydrocarbons, L.P.**

Form 50-296

Applicant Name
ISD Name

Yeakum ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market Value	Estimated Taxable Value	
					Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
	pre-year 1	2011-2012	2011	334,480	-	-	-	334,480	334,480
Complete tax years of qualifying time period	1	2012-13	2012	334,480	-	342,200,000	-	342,534,480	342,534,480
	2	2013-14	2013	334,480	-	590,000,000	29,500,000	560,834,480	560,834,480
	3	2014-15	2014	334,480	-	572,300,000	28,615,000	544,019,480	10,000,000
	4	2015-16	2015	334,480	-	560,500,000	28,025,000	532,809,480	10,000,000
	5	2016-17	2016	334,480	-	548,700,000	27,435,000	521,599,480	10,000,000
Tax Credit Period (with 50% cap on credit)	6	2017-18	2017	334,480	-	531,000,000	26,550,000	504,784,480	10,000,000
	7	2018-19	2018	334,480	-	525,100,000	26,255,000	499,179,480	10,000,000
	8	2019-20	2019	334,480	-	513,300,000	25,665,000	487,969,480	10,000,000
	9	2020-21	2020	334,480	-	501,500,000	25,075,000	476,759,480	10,000,000
	10	2021-22	2021	334,480	-	489,700,000	24,485,000	465,549,480	10,000,000
Credit Settle-Up Period	11	2022-23	2022	334,480	-	477,900,000	23,895,000	454,339,480	454,339,480
	12	2023-24	2023	334,480	-	466,100,000	23,305,000	443,129,480	443,129,480
	13	2024-25	2024	334,480	-	442,500,000	22,125,000	420,709,480	420,709,480
Post- Settle-Up Period	14	2025-26	2025	334,480	-	398,250,000	22,125,000	376,459,480	376,459,480
Post- Settle-Up Period	15	2026-27	2026	334,480	-	358,425,000	22,125,000	336,634,480	336,634,480

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Curt Jato

4/8/11

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Attachment 22

Lavaca County Resolution

Designation of an Area Within Lavaca County as a Reinvestment Zone Under Section 312.002 (d) of the Texas Tax Code

WHEREAS, the Commissioners Court of Lavaca County (the "County") desires to make available tax abatement relief in the area which is the subject of this resolution in order to encourage the development of primary employment and to attract major investment in the County; and,

WHEREAS, the County has elected to become eligible to participate in tax abatement agreements under the provisions of the Texas Property Redevelopment and Tax Abatement Act (Chapter 312 of the Texas Tax Code); and,

WHEREAS, the County has adopted guidelines and criteria governing tax abatement agreements in a Resolution dated 2-14-2011 (the "Abatement Guidelines and Criteria"); and,

WHEREAS, the County has received an application for tax abatement by Enterprise Products Operating, LLC on 2-14-2011; and,

WHEREAS, a public hearing is required by Chapter 312 of the Texas Tax Code prior to approval of a reinvestment zone; and

WHEREAS, the County published notice of a public hearing to be held on February 14, 2011, regarding the designation of the area described in the attached Exhibit 1 as a reinvestment zone for tax abatement purposes;

WHEREAS, the improvements set forth in the application for tax abatement by Enterprise Products Operating, LLC, are feasible and of benefit to the reinvestment zone after expiration of an abatement agreement; and

WHEREAS, the property described on Exhibit 1 meets the criteria established in the Abatement Guidelines and Criteria; and

WHEREAS, the designation of the reinvestment zone would contribute to the retention or expansion of primary employment or would attract major investment in the reinvestment zone that would be of benefit to the property described on Exhibit 1 and would contribute to the economic development of the County; and

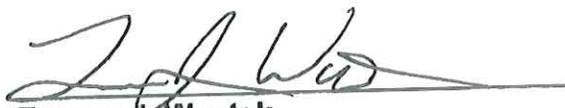
WHEREAS, all interested members of the public were given an opportunity to make comment at the public hearing.

THEREFORE, BE IT ENACTED BY THE COMMISSIONERS COURT OF LAVACA COUNTY, TEXAS:

A reinvestment zone for the purposes of Chapter 312 of the Texas Tax Code is hereby established for the property shown on the attached Exhibit 1.

ADOPTED THE 14th DAY OF February, 2011.

SIGNED AND ENTERED ON THE ABOVE DATE BY THE FOLLOWING MEMBERS OF THE COMMISSIONERS COURT:


Tramer J. Woytek
Lavaca County Judge

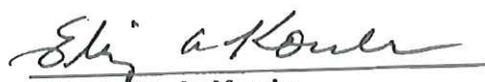

Charles A. Netardus
Lavaca Co. Commissioner Precinct 1

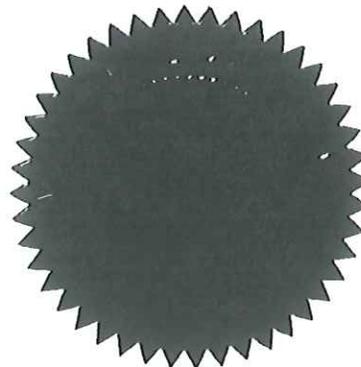

Ronald Berckenhoff
Lavaca Co. Commissioner Precinct 2


David E. Wagner
Lavaca Co. Commissioner Precinct 3


Dennis Kocian
Lavaca Co. Commissioner Precinct 4

Attest:


Elizabeth A. Kouba
Lavaca County Clerk



97.60 Acres
Lavaca County, Texas
Enterprise Hydrocarbons L.P.

EXHIBIT "A"

DESCRIPTION FOR TWO TRACTS TOTALING 97.60 ACRES OF LAND LOCATED IN THE BENJAMIN WHITSON LEAGUE, ABSTRACT NO. 490, IN LAVACA COUNTY, TEXAS, AND BEING ALL OF THE REMAINDER OF A CALLED 104.845 ACRE TRACT OF LAND, IN AN AFFIDAVIT OF HEIRSHIP TO JANICE KUBRICH, RECORDED IN VOLUME 412, PAGE 105, OFFICIAL RECORDS LAVACA COUNTY, TEXAS, AS DESCRIBED IN THE DEED TO MILVERA KUBRICH, RECORDED IN VOLUME 293, PAGE 293, DEED RECORDS LAVACA COUNTY, TEXAS, SAID TRACTS BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

TRACT 1: 88.14 ACRES

BEGINNING at a 1-1/4-inch iron pipe found, being at the east corner of said remainder of 104.845 acre tract, being on the southwest line of County Road 394 (variable width-right-of-way), being at the north corner of a called 100 acre tract of land, called Tract 1, in the deed to Anthony Wayne Guettner and Joan Carol Tyler, recorded in Volume 23, Page 164, Official Records Lavaca County, Texas, described in Volume 144, Page 31, Deed Records Lavaca County, Texas, and being at the east corner and the **POINT OF BEGINNING** of the tract described herein, having grid coordinates of N=13,677,218.59, E=2,571,791.20;

THENCE with the common line of said remainder of 104.845 acre tract and said Tract 1, leaving the southwest line of said County Road 394, the following two (2) courses and distances:

1. S 43° 28' 23" W, a distance of 1,630.92 feet to a 1-inch iron pipe found, being at an interior angle corner in the southeast line of said 104.845 acre tract, and being at the west corner of said Tract 1, and
2. S 46° 38' 28" E, a distance of 1,005.97 feet to a 2-inch iron pipe found, being at an exterior angle corner in the southeast line of said remainder of 104.845 acre tract, being on the southwest line of said Tract 1, and being the north line of the remainder of a called 105 acre tract of land, described in the deed to J. M. Matusek and wife, Georgia Mae Matusek, recorded in Volume 170, Page 231, Deed Records Lavaca County, Texas;

THENCE with the common line of said remainder of 104.845 acre tract and said remainder of 105 acre tract, S 43° 06' 32" W, a distance of 1,042.03 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the south corner of said remainder of 104.845 acre tract, being on the northwest line of said remainder of 105 acre tract, and being at the east corner of a remainder of a called 94.345 acre tract of land, described in the deed to Georgia Matusek, recorded in Volume 293, Page 290, Deed Records Lavaca County, Texas, from which a 3" by 3" concrete square found for reference bears, N 88° 43' 05" E, a distance of 1.44 feet;

THENCE with the common line of said remainder of 104.845 acre tract and said remainder of 94.345 acre tract, N 46° 21' 28" W, a distance of 2,247.98 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the north corner of the remainder said 94.345 acre tract, being on the southeast line of United States Highway 77 (120 foot right-of-way), and being at the west corner of the tract described herein, from which a leaning 3" x 3" concrete square found for reference bears, S 58° 52' 00" W, a distance of 2.42 feet;

THENCE N 51° 25' 37" E, a distance of 2,672.88 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being on the northeast line of said remainder of 104.845 acre tract, being on the southeast line of said U.S. 77, being on the southwest line of said County Road 394, and being at the north corner of the tract described herein;

THENCE, leaving the southeast line of said U.S. 77, with the common line of said remainder of 104.845 acre tract and said County Road 394, S 47° 39' 37" E, a distance of 865.69 feet to the **POINT OF BEGINNING**, containing 88.14 acres of land, more or less, and being all of the southerly remnant of said remainder of 104.845 acre tract of land.

TRACT 2: 9.46 ACRES

BEGINNING at a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being on the northeast line of said remainder of 104.845 acre tract, being on the southwest line of County Road 316 (variable width right-of-way), being on the northwest line of a called 1.09 acre tract of land to the State of Texas, recorded in Volume 196, Page 282, Deed Records Lavaca County, Texas, and being at the east corner and the **POINT OF BEGINNING** of the tract described herein, having grid coordinates of N=13,677,882.01, E=2,571,059.62, from which a disturbed 1/2-inch iron rod found for reference bears, N 85° 10' 02" W, a distance of 6.79 feet;

THENCE with the northwest right-of-way line of U.S. 77, leaving the southwest line of said County Road 316, S 51° 25' 37" W, a distance of 2,488.77 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the intersection of the northwest line of said remainder of 104.845 acre tract with the northwest line of said U.S. 77, being at an exterior corner in the southeast line of the remainder of a called 100 acre tract of land, to Ernest J. Miller, Jr. and wife, Dorothy Jean Miller, recorded in Volume 44, Page 856, Official Records Lavaca County, Texas, described in Volume 139, Page 205, Deed Records Lavaca County, Texas, and being at the south corner of the tract described herein, from which a broken TxDOT Type I concrete monument found for reference bears, N 49° 42' 23" E, a distance of 29.27 feet;

THENCE leaving the northwest line of said U.S. 77, with the common line of said remainder of 104.845 acre tract and said remainder of 100 acre tract, N 43° 37' 38" E, a distance of 108.81 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at an exterior corner in the northwest line of said remainder of 104.845 acre tract, being at the east corner of said remainder of 100 acre tract, being at the south corner of the remainder of a called 209.03 acre tract of land, described in the deed to Berney A. Brzozowski and wife, Evelyn J. Brzozowski, recorded in Volume 352, page 652, Deed Records Lavaca County, Texas, and being at an exterior corner in the northwest line of the tract described herein, from which a 1-inch iron pipe found for reference bears S 82° 56' 10" W, a distance of 0.86 feet;

THENCE with the common line of the remainder of said 104.845 acre tract and said remainder of 209.03 acre tract, the following two (2) courses and distances:

1. N 43° 39' 28" E, a distance of 1,444.46 feet to a 5/8-inch iron rod found, and
2. N 43° 51' 43" E, a distance of 905.00 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the north corner of said remainder of 104.845 acre tract, being at the east corner of said remainder of 209.03 acre tract, being on the southwest line of said County Road 316, and being at the north corner of the tract described herein;

THENCE with the common line of said remainder of 104.845 acre tract and said County Road 316, S 47° 39' 37" E, a distance of 333.36 feet to the POINT OF BEGINNING, containing 9.46 acres of land, more or less, and being all of the northerly remnant of said remainder of 104.845 acre tract.

TRACT 1: 88.14 ACRES
TRACT 2: 9.46 ACRES
TOTAL AREA: 97.60 ACRES

Notes:

1. This property description is accompanied by a separate sketch of even date.
2. All bearings are based on Texas State Plane Coordinate System, South Central Zone (4204), NAD 83 (CORS 1996, EPOCH 2002). All coordinates and distances shown are grid, in U.S. survey feet.
3. Temporary and additional workspace easements as shown on sketch.

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRAVIS §

That I, Neil Hines, a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a survey made on the ground under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas this the 3rd day of December, 2010 A.D.

Surveying And Mapping, Inc.
4801 Southwest Parkway
Parkway Two, Suite 100
Austin, Texas 78735



Neil Hines
Neil Hines
Registered Professional Land Surveyor
No. 5642 - State of Texas

Attachment 24

Lavaca County Resolution

Establishment of Guidelines and Criteria for Entering into Tax Abatement Agreements

WHEREAS, the Texas Property Redevelopment and Tax Abatement Act (Chapter 312 of the Texas Tax Code) provides that a County may consider providing tax abatements for new facilities and structures and for expansion or modernization of existing facilities and structures; and

WHEREAS, by resolution passed and approved on December 13, 2010, the Commissioners' Court of Lavaca County gave notice of its intent to consider providing tax abatements for new development and investments in Lavaca County meeting guidelines and criteria to be adopted by the Commissioners Court, as allowed under Chapter 312 of the Texas Tax Code; and

WHEREAS, under Chapter 312 of the Texas Tax Code, certain guidelines and criteria are necessary prior to the creation of a reinvestment zone or entering into a tax abatement agreement; and

WHEREAS, the Commissioners Court of Lavaca County finds and determines that the guidelines and criteria as hereinafter set out are in the best interest of Lavaca County to encourage certain types of development to the exclusion of others; and

WHEREAS, the Commissioners Court of Lavaca County affirms its absolute discretion to approve and/or reject any application for tax abatement, whether or not an application meets the guidelines as herein stated; and

WHEREAS, the Commissioners Court of Lavaca County finds and determines that it should consider applications for tax abatement and enter into tax abatement agreements which provide for abatements under criteria established by other taxing entities without County participation.

NOW, THEREFORE, BE IT ENACTED BY THE COMMISSIONERS COURT OF LAVACA COUNTY:

Section 1.

Pursuant to the provisions of Section 312.002(d) of the Texas Tax Code, the Commissioners' Court of Lavaca County does hereby adopt the following guidelines and criteria for the Commissioners Court to consider and/or to enter into a tax abatement agreement:

Section 2.

The property subject to the abatement must be located within Lavaca County. Eligible businesses shall include any business duly authorized to operate in the State of Texas and eligible under the provisions of Chapter 312 of the Texas Tax Code, the Texas Property Redevelopment and Tax Abatement Act, the provisions of which are hereby incorporated.

Section 3.

Eligible activities for which an abatement may be granted shall include the lesser of either: (i) the additional assessed value over the base year value; or (ii) actual investment resulting from construction and/or acquisition of fixed assets.

Section 4.

The abatement formula that may be permitted in any abatement agreement for eligible properties valued from \$250,000 to \$500,000 and will prevent the loss of employment, retain or create employment for at least three (3) people, shall be:

- 1) Abatement shall not exceed five (5) years, beginning on January 1st after the signing of the tax abatement agreement.
- 2) Year one (1) will be one hundred percent (100%) abatement.
- 3) Year two (2) will be seventy five percent (75%) abatement.
- 4) Year three (3) will be fifty percent (50%) abatement.
- 5) Year four (4) will be twenty –five percent (25%) abatement.
- 6) Year five (5) will be ten percent (10%) abatement.
- 7) Year six (6) the abatement expires and all taxes are paid.

Section 5.

The abatement formula that may be permitted in any abatement agreement for eligible properties valued from \$500,000 to \$1,000,000 and will prevent the loss of employment, retain or create employment for at least seven (7) people, shall be:

- 1) Abatement shall not exceed five (5) years, beginning on January 1st after the signing of the tax abatement agreement.
- 2) Year one (1) will be one hundred percent (100%) abatement.
- 3) Year two (2) will be one hundred percent (100%) abatement.

- 4) Year three (3) will be seventy-five percent (75%) abatement.
- 5) Year four (4) will be fifty percent (50%) abatement.
- 6) Year five (5) will be twenty-five percent (25%) abatement.
- 7) Year six (6) the abatement expires and all taxes are paid.

Section 6.

The abatement formula that may be permitted in any abatement agreement for eligible properties valued more than \$1,000,000 and will prevent the loss of employment, retain or create employment for at least ten (10) people, shall be:

- 1) Abatement shall not exceed five (5) years, beginning on January 1st after the signing of the tax abatement agreement.
- 2) Year one (1) will be one hundred percent (100%) abatement.
- 3) Year two (2) will be one hundred percent (100%) abatement.
- 4) Year three (3) will be one hundred percent (100%) abatement.
- 5) Year four (4) will be fifty percent (50%) abatement.
- 6) Year five (5) will be twenty-five percent (25%) abatement.
- 7) Year six (6) the abatement expires and all taxes are paid.

Section 7.

The Commissioners Court reserves the right to offer different terms in furtherance of the public interest. Conditions which justify non-standard terms and percentages of abatement include projects over \$10,000,000 of value.

Section 8.

The Commissioners Court may consider an application for abatement when entering into a tax abatement agreement which provides for no abatement to be granted by the County, but which provides for an abatement to be granted by other taxing entities to the extent of the limitations provided under their guidelines and criteria.

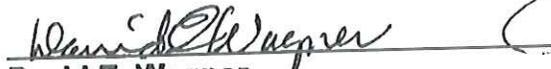
ADOPTED THE 14th DAY OF February, 2011.

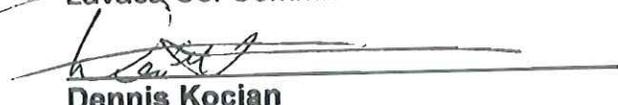
SIGNED AND ENTERED ON THE ABOVE DATE BY THE FOLLOWING MEMBERS OF THE COMMISSIONERS COURT:


Tramer J. Woytek
Lavaca County Judge


Charles A. Netardus
Lavaca Co. Commissioner Precinct 1

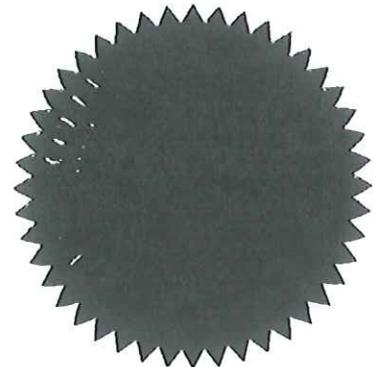

Ronald Berckenhoff
Lavaca Co. Commissioner Precinct 2


David E. Wagner
Lavaca Co. Commissioner Precinct 3


Dennis Kocian
Lavaca Co. Commissioner Precinct 4

Attest:


Elizabeth A. Kouba
Lavaca County Clerk



Attachment B

Certificate of Account Status



[Taxable Entity Search Results](#)

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

[Obtain a certification](#) sufficient for filings with the Secretary of State.

Certification of Account Status

Officers And Directors Information

Entity Information:

**ENTERPRISE HYDROCARBONS
L.P.**

1100 LOUISIANA STREET
HOUSTON, TX 77002-5227

Status:

**TEMPORARY GOOD STANDING
through January 16, 2012**

Registered Agent:

C T CORPORATION SYSTEM
350 N. ST. PAUL ST. STE. 2900
DALLAS, TX 75201

Registered Agent Resignation Date:

State of Formation:

DE

File Number:

0004910911

SOS Registration Date:

March 20, 1987

Taxpayer Number:

17427797521

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Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



June 2, 2011

Mr. Tom Kelley
Superintendent
Yoakum Independent School District
P.O. Box 737
Yoakum, Texas 77995

Dear Superintendent Kelley:

On May 11, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the Yoakum Independent School District (Yoakum ISD) by Enterprise Hydrocarbons, L.P. (Enterprise Hydrocarbons) on April 11, 2011, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Enterprise Hydrocarbons' application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Yoakum ISD is currently classified as a rural school district in Category 3. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$590,000,000) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Enterprise Hydrocarbons is proposing the construction of a manufacturing facility in Lavaca County. Enterprise Hydrocarbons is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Enterprise Hydrocarbons, the Comptroller's recommendation is that Enterprise Hydrocarbons' application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Mr. Tom Kelley
June 2, 2011
Page Two

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution.

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Enterprise Hydrocarbons, L.P.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Yoakum ISD
2008-09 Enrollment in School District	1,539
County	Lavaca
Total Investment in District	\$932,200,000
Qualified Investment	\$590,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	20
Number of qualifying jobs committed to by applicant	20
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,442
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$873
Minimum Annual Wage committed to by applicant for qualified jobs	\$75,000
Investment per Qualifying Job	\$46,610,000
Estimated 15 year M&O levy without any limit or credit:	\$72,460,047
Estimated gross 15 year M&O tax benefit	\$50,294,814
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$49,507,799
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$9,187,037
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$22,952,248
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	68.3%
Percentage of tax benefit due to the limitation	81.7%
Percentage of tax benefit due to the credit.	18.3%

This presents the Comptroller's economic impact evaluation of Enterprise Hydrocarbons (the project) applying to Yoakum Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 20 new jobs when fully operational. All 20 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Golden Crescent Regional Planning Commission Region, where Lavaca County is located was \$41,273 in 2009. The annual average manufacturing wage for 2010 for Lavaca County is \$29,575. That same year, the county annual average wage for all industries was \$29,354. In addition to a salary of \$75,000, each qualifying position will receive benefits such as medical and dental insurance, life insurance, a 401(k) savings plan, vacation and holiday pay, and an employee unit purchase plan. The project's total investment is \$932.2 million, resulting in a relative level of investment per qualifying job of \$46.6 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Enterprise Hydrocarbons' application, "Enterprise is a leading midstream energy company with large pipeline foot print in America. These pipelines provide substantial flexibility in plant location. Enterprise has Gas manufacturing locations in TX, LA, NM, CO, and WY."

Number of new facilities in region [313.026(12)]

During the past two years, one project in the Golden Crescent Regional Planning Commission Region has applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Enterprise Hydrocarbons project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Enterprise Hydrocarbons' 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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Enterprise Hydrocarbons

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	500	2524	3024	\$26,000,000	\$138,000,000	\$164,000,000
2012	520	3930	4450	\$27,500,000	\$235,500,000	\$263,000,000
2013	20	341	361	\$1,500,000	\$48,500,000	\$50,000,000
2014	20	223	243	\$1,500,000	\$37,500,000	\$39,000,000
2015	20	140	160	\$1,500,000	\$29,500,000	\$31,000,000
2016	20	100	120	\$1,500,000	\$24,500,000	\$26,000,000
2017	20	82	102	\$1,500,000	\$20,500,000	\$22,000,000
2018	20	83	103	\$1,500,000	\$19,500,000	\$21,000,000
2019	20	89	109	\$1,500,000	\$19,500,000	\$21,000,000
2020	20	102	122	\$1,500,000	\$19,500,000	\$21,000,000
2021	20	114	134	\$1,500,000	\$20,500,000	\$22,000,000
2022	20	128	148	\$1,500,000	\$22,500,000	\$24,000,000
2023	20	117	137	\$1,500,000	\$21,500,000	\$23,000,000
2024	20	115	135	\$1,500,000	\$21,500,000	\$23,000,000
2025	20	117	137	\$1,500,000	\$22,500,000	\$24,000,000
2026	20	117	137	\$1,500,000	\$23,500,000	\$25,000,000

Source: CPA, REMI, Enterprise Hydrocarbons, L.P.

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Yoakum ISD's ad valorem tax base in 2010 was \$0.4 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Yoakum ISD's estimated wealth per WADA was \$192,189. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Lavaca County with all property tax incentives sought being granted using estimated market value from Enterprise Hydrocarbons' application. Enterprise Hydrocarbons has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Enterprise Hydrocarbons project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Yoakum ISD I&S Levy	Yoakum ISD M&O Levy	Yoakum ISD M&O and I&S Tax Levies (Before Credit Credited)	Yoakum ISD M&O and I&S Tax Levies (After Credit Credited)	Lavaca County	Estimated Total Property Taxes
				0.3100	1.0400			0.5257	
2012	\$342,534,480	\$342,534,480		\$1,061,857	\$3,562,359	\$4,624,215	\$4,624,215	\$0	\$4,624,215
2013	\$560,834,480	\$560,834,480		\$1,738,587	\$5,832,679	\$7,571,265	\$7,571,265	\$0	\$7,571,265
2014	\$544,019,480	\$10,000,000		\$1,686,460	\$104,000	\$1,790,460	\$1,790,460	\$285,991	\$2,076,451
2015	\$532,809,480	\$10,000,000		\$1,651,709	\$104,000	\$1,755,709	\$1,288,118	\$420,147	\$1,708,265
2016	\$521,599,480	\$10,000,000		\$1,616,958	\$104,000	\$1,720,958	\$1,256,895	\$685,512	\$1,942,407
2017	\$504,784,480	\$10,000,000		\$1,564,832	\$104,000	\$1,668,832	\$1,210,480	\$663,413	\$1,873,893
2018	\$499,179,480	\$10,000,000		\$1,547,456	\$104,000	\$1,651,456	\$1,195,121	\$1,049,675	\$2,244,796
2019	\$487,969,480	\$10,000,000		\$1,512,705	\$104,000	\$1,616,705	\$1,164,570	\$1,282,628	\$2,447,198
2020	\$476,759,480	\$10,000,000		\$1,477,954	\$104,000	\$1,581,954	\$1,131,860	\$1,253,162	\$2,385,023
2021	\$465,549,480	\$10,000,000		\$1,443,203	\$104,000	\$1,547,203	\$1,101,814	\$1,223,697	\$2,325,511
2022	\$454,339,480	\$454,339,480		\$1,408,452	\$4,725,131	\$6,133,583	\$631,532	\$2,388,463	\$3,019,995
2023	\$443,129,480	\$443,129,480		\$1,373,701	\$4,608,547	\$5,982,248	\$5,491,222	\$2,329,532	\$7,820,754
2024	\$420,709,480	\$420,709,480		\$1,304,199	\$4,375,379	\$5,679,578	\$5,679,578	\$2,211,670	\$7,891,248
2025	\$376,459,480	\$376,459,480		\$1,167,024	\$3,915,179	\$5,082,203	\$5,082,203	\$1,979,047	\$7,061,250
2026	\$336,634,480	\$336,634,480		\$1,043,567	\$3,500,999	\$4,544,565	\$4,544,565	\$1,769,687	\$6,314,253
						Total	\$43,763,901	\$17,542,624	\$61,306,524

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Enterprise Hydrocarbons, L.P.

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Yoakum ISD I&S Levy	Yoakum ISD M&O Levy	Yoakum ISD M&O and I&S Tax Levies	Lavaca County	Estimated Total Property Taxes	
				0.3100	1.0400		0.5257		
2012	\$342,534,480	\$342,534,480		\$1,061,857	\$3,562,359	\$4,624,215	\$1,800,704	\$6,424,919	
2013	\$560,834,480	\$560,834,480		\$1,738,587	\$5,832,679	\$7,571,265	\$2,948,307	\$10,519,572	
2014	\$544,019,480	\$544,019,480		\$1,686,460	\$5,657,803	\$7,344,263	\$2,859,910	\$10,204,173	
2015	\$532,809,480	\$532,809,480		\$1,651,709	\$5,541,219	\$7,192,928	\$2,800,979	\$9,993,907	
2016	\$521,599,480	\$521,599,480		\$1,616,958	\$5,424,635	\$7,041,593	\$2,742,048	\$9,783,641	
2017	\$504,784,480	\$504,784,480		\$1,564,832	\$5,249,759	\$6,814,590	\$2,653,652	\$9,468,242	
2018	\$499,179,480	\$499,179,480		\$1,547,456	\$5,191,467	\$6,738,923	\$2,624,187	\$9,363,110	
2019	\$487,969,480	\$487,969,480		\$1,512,705	\$5,074,883	\$6,587,588	\$2,565,256	\$9,152,844	
2020	\$476,759,480	\$476,759,480		\$1,477,954	\$4,958,299	\$6,436,253	\$2,506,325	\$8,942,578	
2021	\$465,549,480	\$465,549,480		\$1,443,203	\$4,841,715	\$6,284,918	\$2,447,394	\$8,732,312	
2022	\$454,339,480	\$454,339,480		\$1,408,452	\$4,725,131	\$6,133,583	\$2,388,463	\$8,522,046	
2023	\$443,129,480	\$443,129,480		\$1,373,701	\$4,608,547	\$5,982,248	\$2,329,532	\$8,311,780	
2024	\$420,709,480	\$420,709,480		\$1,304,199	\$4,375,379	\$5,679,578	\$2,211,670	\$7,891,248	
2025	\$376,459,480	\$376,459,480		\$1,167,024	\$3,915,179	\$5,082,203	\$1,979,047	\$7,061,250	
2026	\$336,634,480	\$336,634,480		\$1,043,567	\$3,500,999	\$4,544,565	\$1,769,687	\$6,314,253	
						Total	\$94,058,715	\$36,627,160	\$130,685,875

Source: CPA, Enterprise Hydrocarbons, L.P.

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$72,460,047. The estimated gross 15 year M&O tax benefit, or levy loss, is \$50,294,814.

Attachment 3 includes economic overviews of Lavaca County and DeWitt County.

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.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

June 7, 2011

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Enterprise Hydrocarbons, L.P. project for the Yoakum Independent School District (YISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid and their estimates of the impact of the Enterprise Hydrocarbons, L.P. project on Yoakum ISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels
Director of State Funding

HD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

June 7, 2011

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Enterprise Hydrocarbons, L.P. project on the number and size of school facilities in Yoakum Independent School District (YISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the YISD superintendent, Mr. Tom Kelley, the TEA has found that the Enterprise Hydrocarbons, L.P. project would not have a significant impact on the number or size of school facilities in YISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Helen Daniels".

Helen Daniels
Director of State Funding

HD/hd

Lavaca County

Population

Total county population in 2009 for Lavaca County: 18,539 unchanged 0.0 percent from 2008. State population increased 2.0 percent in the same time period. Lavaca County was the state's 123rd largest county in population in 2009 and the 170th fastest growing county from 2008 to 2009. Lavaca County's population in 2009 was 77.1 percent Anglo (above the state average of 46.7 percent), 6.5 percent African-American (below the state average of 11.3 percent) and 15.5 percent Hispanic (below the state average of 36.9 percent). 2009 population of the largest cities and places in Lavaca County:

Yoakum:	5,441	Hallettsville:	2,461
Shiner:	1,973	Moulton:	950

Economy and Income

Employment

April 2011 total employment in Lavaca County: 9,239, down 2.5 percent from April 2010. State total employment increased 1.3 percent during the same period.

April 2011 Lavaca County unemployment rate: 6.1 percent, down from 6.6 percent in April 2010. The statewide unemployment rate for April 2011 was 8.0 percent, down from 8.2 percent in April 2010.

April 2011 unemployment rate in the city of: NA

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

Lavaca County's ranking in per capita personal income in 2009: 69th with an average per capita income of \$36,736, unchanged 0.0 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

Agricultural cash values in Lavaca County averaged \$74.50 million annually from 2006 to 2009. County total agricultural values in 2009 were up 5.2 percent from 2008. Major agriculture related commodities in Lavaca County during 2009 included:

Hunting	Eggs	Hay	Nursery	Other Beef
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2010 oil and gas production in Lavaca County: 91,651.0 barrels of oil and 37.9 million Mcf of gas. In February 2011, there were 38 producing oil wells and 547 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (June 2010 through September 2010)

Taxable sales in Lavaca County during the third quarter 2010: \$25.01 million, down 0.2 percent from the same quarter in 2009.

Taxable sales during the third quarter 2010 in the city of:

Yoakum:	\$8.68 million, up 3.7 percent from the same quarter in 2009.
Hallettsville:	\$9.23 million, up 2.0 percent from the same quarter in 2009.
Shiner:	\$4.71 million, up 10.2 percent from the same quarter in 2009.
Moulton:	\$978,288.00, down 4.0 percent from the same quarter in 2009.

Annual (2009)

Taxable sales in Lavaca County during 2009: \$99.70 million, down 16.1 percent from 2008.

Lavaca County sent an estimated \$6.23 million (or 0.02 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

Yoakum:	\$34.39 million, down 3.0 percent from 2008.
Hallettsville:	\$36.91 million, down 6.4 percent from 2008.
Shiner:	\$17.23 million, down 7.2 percent from 2008.
Moulton:	\$4.61 million, down 21.1 percent from 2008.

Sales Tax – Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of March 2011: \$600.06 million, up 5.8 percent from March 2010.

Payments to all cities in Lavaca County based on the sales activity month of March 2011: \$210,738.80, up 10.6 percent from March 2010. Payment based on the sales activity month of March 2011 to the city of:

Yoakum:	\$88,992.47, up 4.7 percent from March 2010.
Hallettsville:	\$87,436.21, up 11.4 percent from March 2010.
Shiner:	\$23,124.55, up 31.2 percent from March 2010.
Moulton:	\$11,185.57, up 18.6 percent from March 2010.

Annual (2010)

Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009. Payments to all cities in Lavaca County based on sales activity months in 2010: \$2.06 million, down 0.3 percent from 2009. Payment based on sales activity months in 2010 to the city of:

Yoakum:	\$913,170.99, up 0.6 percent from 2009.
Hallettsville:	\$830,967.82, down 4.2 percent from 2009.
Shiner:	\$209,668.77, up 12.4 percent from 2009.
Moulton:	\$101,560.86, up 1.6 percent from 2009.

Property Tax

As of January 2009, property values in Lavaca County: \$3.01 billion, down 3.1 percent from January 2008 values. The property tax base per person in Lavaca County is \$162,460, above the statewide average of \$85,809. About 30.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Lavaca County's ranking in state expenditures by county in fiscal year 2009: 115th. State expenditures in the county for FY2009: \$79.19 million, down 12.1 percent from FY2008.

In Lavaca County, 11 state agencies provide a total of 62 jobs and \$1.94 million in annualized wages (as of 3rd quarter 2010).

Major state agencies in the county (as of third quarter 2010):

- Department of Transportation
- Health & Human Services Commission
- Department of Family and Protective Services
- Animal Health Commission
- Department of State Health Services

Higher Education

Community colleges in Lavaca County fall 2010 enrollment:
None.

Lavaca County is in the service area of the following:

- Victoria College with a fall 2010 enrollment of 4,290. Counties in the service area include:
Calhoun County
DeWitt County
Gonzales County
Jackson County
Lavaca County
Refugio County
Victoria County

Institutions of higher education in Lavaca County fall 2010 enrollment:
None.

School Districts

Lavaca County had 6 school districts with 14 schools and 1,997 students in the 2009-10 school year. (Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

Ezzell ISD had 59 students in the 2009-10 school year. The average teacher salary was \$39,077. The percentage of students meeting the 2010 TAKS passing standard for all tests was 85 percent.

Hallettsville ISD had 860 students in the 2009-10 school year. The average teacher salary was \$41,593. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.

Moulton ISD had 311 students in the 2009-10 school year. The average teacher salary was \$43,380. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.

Shiner ISD had 552 students in the 2009-10 school year. The average teacher salary was \$42,358. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.

Sweet Home ISD had 120 students in the 2009-10 school year. The average teacher salary was \$40,805. The percentage of students meeting the 2010 TAKS passing standard for all tests was 89 percent.

Vysehrad ISD had 95 students in the 2009-10 school year. The average teacher salary was \$44,763. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

DeWitt County

Population

Total county population in 2009 for DeWitt County: 19,713, up 0.4 percent from 2008. State population increased 2.0 percent in the same time period. DeWitt County was the state's 118th largest county in population in 2009 and the 137th fastest growing county from 2008 to 2009. DeWitt County's population in 2009 was 57.7 percent Anglo (above the state average of 46.7 percent), 10.6 percent African-American (below the state average of 11.3 percent) and 30.5 percent Hispanic (below the state average of 36.9 percent). 2009 population of the largest cities and places in DeWitt County:

Cuero:	6,474	Yorktown:	2,162
Nordheim:	320		

Economy and Income

Employment

April 2011 total employment in DeWitt County: 8,567, down 0.6 percent from April 2010. State total employment increased 1.3 percent during the same period.

April 2011 DeWitt County unemployment rate: 7.2 percent, down from 8.0 percent in April 2010. The statewide unemployment rate for April 2011 was 8.0 percent, down from 8.2 percent in April 2010.

April 2011 unemployment rate in the city of: NA

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

DeWitt County's ranking in per capita personal income in 2009: 172nd with an average per capita income of \$30,364, down 1.2 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

Agricultural cash values in DeWitt County averaged \$61.54 million annually from 2006 to 2009. County total agricultural values in 2009 were down 8.1 percent from 2008. Major agriculture related commodities in DeWitt County during 2009 included:

Hunting	Other Crop	Nursery	Hay	Other Beef
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2010 oil and gas production in DeWitt County: 147,112.0 barrels of oil and 38.0 million Mcf of gas. In February 2011, there were 44 producing oil wells and 297 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (June 2010 through September 2010)

Taxable sales in DeWitt County during the third quarter 2010: \$27.81 million, up 23.7 percent from the same quarter in 2009.

Taxable sales during the third quarter 2010 in the city of:

Cuero:	\$14.69 million, up 20.1 percent from the same quarter in 2009.
Yorktown:	\$2.82 million, up 16.5 percent from the same quarter in 2009.
Nordheim:	\$165,909.00, up 12.8 percent from the same quarter in 2009.

Annual (2009)

Taxable sales in DeWitt County during 2009: \$98.03 million, down 17.1 percent from 2008.

DeWitt County sent an estimated \$6.13 million (or 0.02 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009.

Taxable sales during 2009 in the city of:

Cuero:	\$52.97 million, down 7.4 percent from 2008.
Yorktown:	\$10.06 million, down 31.5 percent from 2008.
Nordheim:	\$623,687.00, up 1.4 percent from 2008.

Sales Tax – Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of March 2011: \$600.06 million, up 5.8 percent from March 2010.

Payments to all cities in DeWitt County based on the sales activity month of March 2011: \$220,361.07, up 48.1 percent from March 2010. Payment based on the sales activity month of March 2011 to the city of:

Cuero:	\$190,445.76, up 62.7 percent from March 2010.
Yorktown:	\$28,448.14, down 4.4 percent from March 2010.
Nordheim:	\$1,467.17, down 24.9 percent from March 2010.

Annual (2010)

Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.

Payments to all cities in DeWitt County based on sales activity months in 2010: \$1.63 million, up 17.2 percent from 2009.

Payment based on sales activity months in 2010 to the city of:

Cuero:	\$1.37 million, up 18.4 percent from 2009.
Yorktown:	\$249,941.96, up 11.5 percent from 2009.
Nordheim:	\$13,742.26, up 16.8 percent from 2009.

Property Tax

As of January 2009, property values in DeWitt County: \$1.87 billion, up 7.6 percent from January 2008 values. The property tax base per person in DeWitt County is \$94,835, above the statewide average of \$85,809. About 32.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

DeWitt County's ranking in state expenditures by county in fiscal year 2009: 122nd. State expenditures in the county for FY2009: \$71.13 million, up 2.8 percent from FY2008.

In DeWitt County, 12 state agencies provide a total of 448 jobs and \$14.07 million in annualized wages (as of 3rd quarter 2010).

Major state agencies in the county (as of third quarter 2010):

- Department of Criminal Justice
- Department of Transportation
- University of Texas Medical Branch
- Health & Human Services Commission

Higher Education

Community colleges in DeWitt County fall 2010 enrollment:

None.

DeWitt County is in the service area of the following:

Victoria College with a fall 2010 enrollment of 4,290. Counties in the service area include:

- Calhoun County
- DeWitt County
- Gonzales County
- Jackson County
- Lavaca County
- Refugio County
- Victoria County

Institutions of higher education in DeWitt County fall 2010 enrollment:

None.

School Districts

DeWitt County had 6 school districts with 15 schools and 4,244 students in the 2009-10 school year.

(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)

Cuero ISD had 1,870 students in the 2009-10 school year. The average teacher salary was \$43,386. The percentage of students meeting the 2010 TAKS passing standard for all tests was 73 percent.

Meyersville ISD had 163 students in the 2009-10 school year. The average teacher salary was \$41,582. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

Nordheim ISD had 96 students in the 2009-10 school year. The average teacher salary was \$38,701. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.

Westhoff ISD had 42 students in the 2009-10 school year. The average teacher salary was \$47,092. The percentage of students meeting the 2010 TAKS passing standard for all tests was 76 percent.

Yoakum ISD had 1,539 students in the 2009-10 school year. The average teacher salary was \$39,741. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.

Yorktown ISD had 534 students in the 2009-10 school year. The average teacher salary was \$43,102. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
ENTERPRISE HYDROCARBONS, L.P. PROJECT ON THE FINANCES
OF THE YOAKUM INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

May 11, 2011

Final Report

PREPARED BY



Estimated Impact of the Proposed Enterprise Hydrocarbons, L.P. Project on the Finances of the Yoakum Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Enterprise Hydrocarbons, L.P. (Enterprise) has requested that the Yoakum Independent School District (YISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new manufacturing project. An application was submitted to YISD on April 8, 2011. Enterprise proposes to make a total investment of \$590 million to construct a new gas processing plant in YISD.

The Enterprise project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

School Finance Mechanics

Under the provisions of Chapter 313, YISD may offer a minimum value limitation of \$10 million. Based on the application, the qualifying time period would begin with the 2012-13 school year. The full taxable value of the investment is expected to reach \$561 million in 2014-15, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2012-13 and 2013-14 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2012-13 and 2013-14 school years. Beginning in 2014-15, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with YISD currently levying a \$0.31 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, Enterprise indicates that \$560.8 million in taxable value would be in place in the second year under the agreement. In year three (2014-15) of the agreement, the project is expected to go on the tax roll at \$10 million or, if applicable, a higher value limitation amount approved by the YISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

HB 1 established a “target” revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district’s compressed M&O tax rate. The additional four cents of tax effort that a district may levy by Board action are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school district) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed tax rate of \$1.00 plus six cents, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA). A tax rate election is required to exceed \$1.04 M&O tax rate.

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee. Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 750 school districts are funded at the minimum \$120 per WADA level, while approximately 250 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system. Based on the estimates presented here

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Enterprise project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts are held constant at 1,474 students in average daily attendance (ADA) in analyzing the effects of the Enterprise project on the finances of YISD. The District's local tax base reached \$379.9 million for the 2010 tax year. The underlying \$379.9 million taxable value for 2010-11 is maintained for the forecast period in order to isolate the effects of the property value limitation. YISD is not a property-wealthy district, with wealth per WADA of approximately \$182,829 for the 2010-11 school year. These assumptions are summarized in Table 1. While District officials indicated that there should be increases in the local tax base in future years as a result of recent natural gas discoveries and pipeline construction, these increases will take several years to appear on the local tax roll and are not incorporated into the baseline estimates presented here.

School Finance Impact

A baseline model was prepared for YISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influences future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Enterprise facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Enterprise value but imposes the proposed property value limitation effective in the third year, which in this case is the 2014-15 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$11.2 million a year in net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, YISD would experience a revenue loss as a result of the implementation of the value limitation in the 2014-15 school year (-\$293,479). The revenue reduction results from the mechanics of the up to six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study. It appears that similar differences persist between the two models over the course of the agreement, largely a result of the treatment of the four cents equalized at the Austin yield and not subject to recapture for high-wealth districts.

It should be noted that these estimates are prepared under current law for school funding and property taxes, as these statutes existed in May 2011. Legislation is expected to modify the

current school finance formulas beginning with the 2011-12 school year. Once a school finance bill has passed the Legislature and gone into effect, these estimates will be reviewed to determine if the new state funding formulas have an impact on the information presented in this report.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The consequence of the lower deduction in the value study relative to the Chapter 313 reduction in the CAD values is that a school district risks not being fully compensated under the school finance funding formulas for having granted the property value limitation.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$41.1 million over the life of the agreement. In addition, Enterprise would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$9.2 million over the life of the agreement, with no unpaid tax credits anticipated and the state required to reimburse the cost of these tax credits to YISD. The key YISD revenue losses are associated with the four cents equalized to the Austin ISD yield and expected to total approximately \$787,014 over the course of the agreement, with the school district to be reimbursed by the state for the tax credit payments. In total, the potential net tax benefits are estimated to reach \$49.5 million over the life of the agreement.

Facilities Funding Impact

The Enterprise project remains fully taxable for debt services taxes, with YISD currently levying a \$0.31 I&S rate. The value of the Enterprise project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently below what is provided for through the state's facilities program. In 2013-14, the District's wealth per ADA with full access to the additional value is projected to be well above what is provided for through the state's facilities programs. The additional value is expected to help reduce the District's current I&S tax rate to \$0.140 per \$100 in 2012-13—\$0.17 cents of tax effort—with the rate reduction diminishing as the project value depreciates.

The Enterprise project is not expected to affect YISD significantly in terms of enrollment. While as many as 500 FTEs are expected during the two-year construction phase of the project, full-time employment once the plant begins operations is expected to total 20 employees. The experience on other projects is that many construction workers commute to job sites during the week and do not relocate their families during the construction period. The District indicates that it has the capacity to accommodate approximately 130 additional students based on its current campus configuration.

Conclusion

The proposed Enterprise wind energy project enhances the tax base of YISD. It reflects continued capital investment in gas manufacturing or processing, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$49.5 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of YISD in meeting its future debt service obligations.

Table 1 – Base District Information with Enterprise Hydrocarbons, L.P. Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2012-13	1,473.51	2,113.82	\$1.0400	\$0.1400	\$722,398,487	\$722,398,487	\$360,671,933	\$360,671,933	\$170,626	\$170,626
2	2013-14	1,473.51	2,113.82	\$1.0400	\$0.1520	\$940,698,487	\$940,698,487	\$703,206,413	\$703,206,413	\$332,671	\$332,671
3	2014-15	1,473.51	2,113.82	\$1.0400	\$0.1550	\$923,883,487	\$389,864,007	\$921,506,413	\$921,506,413	\$435,944	\$435,944
4	2015-16	1,473.51	2,113.82	\$1.0400	\$0.1560	\$912,673,487	\$389,864,007	\$904,691,413	\$439,938,058	\$427,989	\$208,125
5	2016-17	1,473.51	2,113.82	\$1.0400	\$0.1580	\$901,463,487	\$389,864,007	\$893,481,413	\$438,864,474	\$422,686	\$207,617
6	2017-18	1,473.51	2,113.82	\$1.0400	\$0.1610	\$884,648,487	\$389,864,007	\$882,271,413	\$438,144,986	\$417,383	\$207,276
7	2018-19	1,473.51	2,113.82	\$1.0400	\$0.1620	\$879,043,487	\$389,864,007	\$865,456,413	\$437,000,244	\$409,428	\$206,735
8	2019-20	1,473.51	2,113.82	\$1.0400	\$0.1640	\$867,833,487	\$389,864,007	\$859,851,413	\$436,601,281	\$406,776	\$206,546
9	2020-21	1,473.51	2,113.82	\$1.0400	\$0.1670	\$856,623,487	\$389,864,007	\$848,641,413	\$435,777,410	\$401,473	\$206,156
10	2021-22	1,473.51	2,113.82	\$1.0400	\$0.1690	\$845,413,487	\$389,864,007	\$837,431,413	\$435,252,574	\$396,170	\$205,908
11	2022-23	1,473.51	2,113.82	\$1.0400	\$0.1710	\$834,203,487	\$834,203,487	\$826,221,413	\$434,350,893	\$390,867	\$205,482
12	2023-24	1,473.51	2,113.82	\$1.0400	\$0.1740	\$822,993,487	\$822,993,487	\$815,011,413	\$815,011,413	\$385,563	\$385,563
13	2024-25	1,473.51	2,113.82	\$1.0400	\$0.1790	\$800,573,487	\$800,573,487	\$803,801,413	\$803,801,413	\$380,260	\$380,260
14	2025-26	1,473.51	2,113.82	\$1.0400	\$0.1890	\$756,323,487	\$756,323,487	\$781,381,413	\$781,381,413	\$369,654	\$369,654
15	2026-27	1,473.51	2,113.82	\$1.0400	\$0.2000	\$716,498,487	\$716,498,487	\$737,131,413	\$737,131,413	\$348,720	\$348,720

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$6,878,684	\$6,951,853	\$0	-\$2,415,298	\$0	\$274,790	\$691,017	\$0	\$12,381,045
2	2013-14	\$8,953,926	\$3,526,337	\$0	-\$325,188	\$0	\$357,691	\$287,113	\$0	\$12,799,880
3	2014-15	\$9,052,083	\$1,343,228	\$280,091	\$0	\$0	\$361,613	\$135,835	\$0	\$11,172,849
4	2015-16	\$8,939,804	\$1,511,387	\$224,211	\$0	\$0	\$357,127	\$143,281	\$0	\$11,175,810
5	2016-17	\$8,827,352	\$1,623,492	\$224,557	\$0	\$0	\$352,635	\$147,678	\$0	\$11,175,715
6	2017-18	\$8,658,676	\$1,735,598	\$281,127	\$0	\$0	\$345,897	\$151,092	\$0	\$11,172,390
7	2018-19	\$8,602,451	\$1,903,756	\$169,194	\$0	\$0	\$343,651	\$159,704	\$0	\$11,178,757
8	2019-20	\$8,490,002	\$1,959,809	\$225,590	\$0	\$0	\$339,159	\$160,855	\$0	\$11,175,415
9	2020-21	\$8,377,386	\$2,071,915	\$226,101	\$0	\$0	\$334,660	\$165,238	\$0	\$11,175,300
10	2021-22	\$8,264,939	\$2,184,020	\$226,442	\$0	\$0	\$330,168	\$169,622	\$0	\$11,175,192
11	2022-23	\$7,937,246	\$2,296,126	\$442,030	\$0	\$0	\$317,077	\$169,409	\$0	\$11,161,888
12	2023-24	\$7,830,064	\$2,408,231	\$437,106	\$0	\$0	\$312,795	\$173,722	\$0	\$11,161,920
13	2024-25	\$7,615,876	\$2,520,337	\$539,189	\$0	\$0	\$304,239	\$175,570	\$0	\$11,155,211
14	2025-26	\$7,193,133	\$2,744,548	\$737,720	\$0	\$0	\$287,351	\$178,827	\$0	\$11,141,580
15	2026-27	\$6,812,364	\$3,187,070	\$675,967	\$0	\$0	\$272,140	\$195,864	\$0	\$11,143,406

Table 3--“Value Limitation Revenue Model”--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$6,878,684	\$6,951,853	\$0	-\$2,415,298	\$0	\$274,790	\$691,017	\$0	\$12,381,045
2	2013-14	\$8,953,926	\$3,526,337	\$0	-\$325,188	\$0	\$357,691	\$287,113	\$0	\$12,799,880
3	2014-15	\$3,711,621	\$1,343,228	\$5,620,552	\$0	\$0	\$148,272	\$55,696	\$0	\$10,879,370
4	2015-16	\$3,711,447	\$6,159,152	\$804,802	\$0	\$0	\$148,265	\$278,952	\$0	\$11,102,619
5	2016-17	\$3,711,101	\$6,169,889	\$794,411	\$0	\$0	\$148,251	\$279,971	\$0	\$11,103,624
6	2017-18	\$3,710,584	\$6,177,084	\$787,734	\$0	\$0	\$148,230	\$280,635	\$0	\$11,104,268
7	2018-19	\$3,710,412	\$6,188,532	\$776,458	\$0	\$0	\$148,224	\$281,746	\$0	\$11,105,371
8	2019-20	\$3,710,069	\$6,192,522	\$772,811	\$0	\$0	\$148,210	\$282,113	\$0	\$11,105,724
9	2020-21	\$3,709,557	\$6,200,761	\$765,084	\$0	\$0	\$148,189	\$282,887	\$0	\$11,106,478
10	2021-22	\$3,709,217	\$6,206,010	\$760,175	\$0	\$0	\$148,176	\$283,381	\$0	\$11,106,959
11	2022-23	\$7,937,246	\$6,215,027	\$0	-\$2,737,034	\$0	\$317,077	\$608,316	\$0	\$12,340,632
12	2023-24	\$7,830,064	\$2,408,231	\$437,106	\$0	\$0	\$312,795	\$173,722	\$0	\$11,161,920
13	2024-25	\$7,615,876	\$2,520,337	\$539,189	\$0	\$0	\$304,239	\$175,570	\$0	\$11,155,211
14	2025-26	\$7,193,133	\$2,744,548	\$737,720	\$0	\$0	\$287,351	\$178,827	\$0	\$11,141,580
15	2026-27	\$6,812,364	\$3,187,070	\$675,967	\$0	\$0	\$272,140	\$195,864	\$0	\$11,143,406

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2014-15	-\$5,340,462	\$0	\$5,340,462	\$0	\$0	-\$213,341	-\$80,139	\$0	-\$293,479
4	2015-16	-\$5,228,356	\$4,647,765	\$580,591	\$0	\$0	-\$208,862	\$135,671	\$0	-\$73,191
5	2016-17	-\$5,116,251	\$4,546,397	\$569,854	\$0	\$0	-\$204,384	\$132,293	\$0	-\$72,091
6	2017-18	-\$4,948,093	\$4,441,486	\$506,607	\$0	\$0	-\$197,666	\$129,544	\$0	-\$68,123
7	2018-19	-\$4,892,040	\$4,284,776	\$607,264	\$0	\$0	-\$195,427	\$122,042	\$0	-\$73,385
8	2019-20	-\$4,779,933	\$4,232,713	\$547,220	\$0	\$0	-\$190,949	\$121,258	\$0	-\$69,691
9	2020-21	-\$4,667,829	\$4,128,846	\$538,983	\$0	\$0	-\$186,470	\$117,649	\$0	-\$68,821
10	2021-22	-\$4,555,723	\$4,021,990	\$533,733	\$0	\$0	-\$181,992	\$113,759	\$0	-\$68,233
11	2022-23	\$0	\$3,918,901	-\$442,030	-\$2,737,034	\$0	\$0	\$438,907	\$0	\$1,178,744
12	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Enterprise Hydrocarbons, L.P. Project Property Value Limitation Request Submitted to YISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2012-13	\$342,534,480	\$342,534,480	\$0	\$3,562,359	\$3,562,359	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$560,834,480	\$560,834,480	\$0	\$5,832,679	\$5,832,679	\$0	\$0	\$0	\$0	\$0
3	2014-15	\$544,019,480	\$10,000,000	\$534,019,480	\$5,657,803	\$104,000	\$5,553,803	\$0	\$5,553,803	-\$293,479	\$5,260,323
4	2015-16	\$532,809,480	\$10,000,000	\$522,809,480	\$5,541,219	\$104,000	\$5,437,219	\$467,591	\$5,904,810	-\$73,191	\$5,831,619
5	2016-17	\$521,599,480	\$10,000,000	\$511,599,480	\$5,424,635	\$104,000	\$5,320,635	\$464,064	\$5,784,698	-\$72,091	\$5,712,607
6	2017-18	\$504,784,480	\$10,000,000	\$494,784,480	\$5,249,759	\$104,000	\$5,145,759	\$458,352	\$5,604,110	-\$68,123	\$5,535,987
7	2018-19	\$499,179,480	\$10,000,000	\$489,179,480	\$5,191,467	\$104,000	\$5,087,467	\$456,335	\$5,543,802	-\$73,385	\$5,470,417
8	2019-20	\$487,969,480	\$10,000,000	\$477,969,480	\$5,074,883	\$104,000	\$4,970,883	\$452,135	\$5,423,018	-\$69,691	\$5,353,327
9	2020-21	\$476,759,480	\$10,000,000	\$466,759,480	\$4,958,299	\$104,000	\$4,854,299	\$450,094	\$5,304,393	-\$68,821	\$5,235,571
10	2021-22	\$465,549,480	\$10,000,000	\$455,549,480	\$4,841,715	\$104,000	\$4,737,715	\$445,389	\$5,183,104	-\$68,233	\$5,114,871
11	2022-23	\$454,339,480	\$454,339,480	\$0	\$4,725,131	\$4,725,131	\$0	\$5,502,051	\$5,502,051	\$0	\$5,502,051
12	2023-24	\$443,129,480	\$443,129,480	\$0	\$4,608,547	\$4,608,547	\$0	\$491,026	\$491,026	\$0	\$491,026
13	2024-25	\$420,709,480	\$420,709,480	\$0	\$4,375,379	\$4,375,379	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$376,459,480	\$376,459,480	\$0	\$3,915,179	\$3,915,179	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$336,634,480	\$336,634,480	\$0	\$3,500,999	\$3,500,999	\$0	\$0	\$0	\$0	\$0
					\$72,460,047	\$31,352,270	\$41,107,777	\$9,187,037	\$50,294,814	-\$787,014	\$49,507,799
Tax Credit for Value Over Limit in First 2 Years								<u>Year 1</u>	<u>Year 2</u>	<u>Max Credits</u>	
								\$3,458,359	\$5,728,679	\$9,187,037	
								Credits Earned		\$9,187,037	
								Credits Paid		<u>\$9,187,037</u>	
								Excess Credits Unpaid		\$0	

Attachment F

Taxable Value of Property

DATE: 07/27/2011
 TIME: 09:52:10

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 052-903/Yoakum ISD
 SCHOOL DISTRICT TOTALS

PAGE: 007
 REPT: PTS265
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	115,922,670	.9895	117,272,033	115,922,670
B. MULTIFAMILY RESIDENCES	2,366,914	N/A	2,366,914	2,366,914
C. VACANT LOTS	2,008,062	N/A	2,008,062	2,008,062
D. RURAL REAL(TAXABLE)	110,637,957	.9812	112,752,090	110,637,957
F1. COMMERCIAL REAL	28,972,490	.9966	29,071,363	28,972,490
F2. INDUSTRIAL REAL	24,911,554	N/A	24,911,554	24,911,554
G. OIL,GAS,MINERALS	71,808,040	1.0664	67,336,811	71,808,040
J. UTILITIES	24,147,580	.8470	28,508,105	24,147,580
L1. COMMERCIAL PERSONAL	16,740,550	N/A	16,740,550	16,740,550
L2. INDUSTRIAL PERSONAL	26,246,040	N/A	26,246,040	26,246,040
M. MOBILE HOMES	4,048,644	N/A	4,048,644	4,048,644
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	307,465	N/A	307,465	307,465
SUBTOTAL	428,117,966		431,569,631	428,117,966
LESS TOTAL DEDUCTIONS	67,446,033		68,221,276	67,446,033
TOTAL TAXABLE VALUE	360,671,933		363,348,355	360,671,933 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED			
ACRES & FARM/RANCH IMP	99,988,116	.9802	102,011,744
PROD VALUE QUALIFIED ACRES	10,649,841	.9916	10,740,346
TAXABLE VALUE	110,637,957		112,752,090

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

Attachment G

Participation Agreement

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

by and between

YOAKUM INDEPENDENT SCHOOL DISTRICT

and

ENTERPRISE HYDROCARBONS L.P.

(Texas Taxpayer ID # 32036491259)

Dated

December 16, 2011

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on June 2, 2011, the Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code, which was presented to the Board of Trustees at the December 16, 2011 public hearing held in connection with the Board's consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Texas Tax Code §313.026 and has carefully considered such The Comptroller's positive recommendation for the project; and,

WHEREAS, the Applicant, pursuant to the provisions of Texas Tax Code § 313.025(b) and 34 Tex. Admin. Code § 9.1054(d), has requested an extension of time for the Board of Trustees to approve the Application, and on December 16, 2011, the Board of Trustees granted such extension until December 31, 2011, and caused timely notice of such extension to be sent to the Texas Comptroller's Office; and,

WHEREAS, on December 16, 2011, 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; and,

WHEREAS, on December 16, 2011, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on December 16, 2011, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, on December 13, 2011, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on June 2, 2011 that the Application be approved; and,

WHEREAS, on December 16, 2011, the Board of Trustees approved the form of this Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such 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

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. 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 Texas Tax Code §313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment in the amount specified in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2014, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of December 16, 2011 and ending on December 31, 2013 is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to the Tax Limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2021. Except as otherwise provided herein, this Agreement will terminate, in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any Tax Credit, to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing December 16, 2011)	January 1, 2011	2011-12	2011	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2014	2014-15	2014	\$ 10 million property value limitation.
4	January 1, 2015	2015-16	2015	\$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2016	2016-17	2016	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2017	2017-18	2017	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2020	2020-21	2020	\$ 10 million property value limitation. Possible tax credit due to Applicant.

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
10	January 1, 2021	2021-22	2021	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” of any specified person or entity means any other person or entity that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with the Applicant. For purposes of this definition, “control” when used with respect to any person or entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

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

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

“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 for the applicable school year, as calculated pursuant to Texas Education Code § 42.005, times the greater of \$100, or any larger amount allowed by 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 Tax Year 2011, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means Enterprise Hydrocarbons L.P., *Texas Taxpayer Identification Number 32036491259*, the company listed in the Preamble of this Agreement who, on April 11, 2011, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicants’ assigns and successors-in-interest and their direct and indirect subsidiaries.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means the Original 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 April 11, 2011 which has been certified by the Comptroller’s office to collectively constitute a complete final Application as of the date of May 20, 2011. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

“Appraisal District” means the Lavaca County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Yoakum Independent School District.

“Commencement Date” means December 16, 2011, the date upon which this Agreement was approved by the District’s Board of Trustees.

“Completed Application Date” means May 20, 2011, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

“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 at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

“County” means Lavaca County, Texas.

“Determination of Breach” shall have the meaning assigned to such term in Section 7.8 of this Agreement

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

“Final Termination Date” means December 31, 2024. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

“Force Majeure” means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant’s Qualified Property or the Applicant’s Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant’s Qualified Property or the Applicant’s Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil

disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment/Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least the number of New Jobs required by Chapter 313 of the Texas Tax Code from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code §45.002 and Article VII §3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Tax Benefit" means an amount (but not less than zero) equal to (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, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) 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 of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Jobs" means the total number of "new jobs" defined by 34 Texas Administrative Code §9.1051, which the Applicant will create in connection with the project described in the Application. In accordance with the requirements of Texas Tax Code §313.024(d), eighty percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means the number of New Jobs the Applicant will create in connection with the project described in the Application, which meet the requirements of Texas Tax Code 313.021(3).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means the period that begins on the Commencement Date (i.e., December 16, 2011) and ends on December 31, 2013.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on

appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

"Tax Credit" means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant's Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules relating thereto.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

The Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052, as applicable.

"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.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, §61.1019), together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is 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** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2, above and the definition of Qualifying Time Period set forth in Section 1.3, above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by Applicant; 2) was first placed in service after May 20, 2011, the completed Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described in **EXHIBIT 3** may not be considered to be the Applicant's Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount apply;

- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant's Qualified Property located on the land described in **EXHIBIT 2**; upon a reasonable request by the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, the Appraised Value of the Applicant's Qualified Investment 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 Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code §313.022 (b) or §313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, all such other payments as are set forth in Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment 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 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 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 any other factors not contained in this Agreement.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the 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.

- (c) any other loss of District revenues which are, or may be attributable to the payment by the Applicant to or on behalf any other third party beneficiary.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5. 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 Lavaca County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax 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 Lavaca County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, and/or under Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, 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 and fee for a period of five (5) years after payment. 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 or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, 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 tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of any expenses under this Section 3.7 and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Sections 3.3(b), 3.4, and 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

If, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the County Appraisal District on 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 by the County Appraisal District.

If as a result of an appraisal 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 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the 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, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District 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.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of Article IV, the parties agree as follows:

(a) **Amounts Exclusive of Indemnity Amounts**

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, 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 IV (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 IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(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 IV, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i), as such limit is allowed or required to be increased by the Legislature in a future year of this

Agreement; however, in such event, it shall not exceed the stipulated Supplemental Payment Amount described in Sections 4.2 and 4.3 below.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the Applicant's "Stipulated Supplemental Payment Amount", which is hereby defined as Thirty-Eight and Three-Tenths Percent (38.3%) of the Net Tax Benefit; or,
- (b) the Aggregate Limit.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full year (Tax Year 2014), the Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

Minus,

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

Multiplied by,

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

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.383;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2014) and continuing thereafter through Tax Year thirteen (Tax Year 2024), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the payment of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3, above for such Tax Year, exceeds the Aggregate Limit for that Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District.

Any of the Applicant's Stipulated Supplemental Payment Amount, which cannot be paid to the District prior to the end of Tax Year thirteen (Tax Year 2024), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, 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 3.4.

- (b) 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 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment under this Article IV 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 IV to support the educational mission of the District and its students. Any designation of such a foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 6.1, 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 8.1.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.4, above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2014 Tax Year, 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 III and IV 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 Section 3.4 and Section 3.6, 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 III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 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. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that 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.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code, and either Comptroller and/or Texas Education Agency Rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Lavaca County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code §22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. 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. 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 Lavaca County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or

certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement, provided however that, notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, 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; and,
- (c) it will meet the applicable minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4. 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 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. 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 the Tax Limitation was allowed 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 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The

Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. 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.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

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 owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date 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 7.4 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 Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

Section 7.6 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:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain as set forth on Schedule C, Column C of its Application.
- (e) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain as set forth on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs as Qualifying Jobs.

- (g) Applicant makes 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, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of, or in consideration for this Agreement are not barred by this provision.
- (h) Applicant fails to comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full tax year which commences after the project has become operational, the Applicant may cure the Material Breach of this Agreement, described in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in Material Breach of this Agreement, such as making a material misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or that the Applicant has otherwise committed a Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material 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 a Material Breach of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not satisfied with such response and/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 whether or not a Material Breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount

of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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.").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) 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 ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Material Breach under Section 7.8, 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 residing in Lavaca County, Texas. The Parties agree to sign a document that designates 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.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, 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 and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, 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 covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. 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 greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. 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 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

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.

**ARTICLE VIII
MISCELLANEOUS PROVISIONS**

Section 8.1. INFORMATION AND NOTICES

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 transmission, with "answer back" or other "advice 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 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.

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

Tom Kelly, Superintendent
YOAKUM INDEPENDENT SCHOOL DISTRICT
102 McKinnon Street
Yoakum, Texas 77995
Fax: (361) 293-6678

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

Notices to the Applicant shall be addressed to:

Curt Tate, Director of Property and Transaction Tax
ENTERPRISE PRODUCTS OPERATING LLC
P.O. Box 4018
Houston, Texas 77210-4018

1100 Louisiana Street
Houston, Texas 77002
Fax: (281-887-7139)

With copies to:

ATTN: RAYMOND ALBRECHT, Assistant General Counsel
ENTERPRISE PRODUCTS OPERATING LLC
P.O. Box 4018
Houston, Texas 77210-4018
1100 Louisiana Street
Houston, Texas 77002

And

Timothy E. Young
Ikard Wynne LLP
2801 Via Fortuna, Suite 501
Austin, Texas 78746
Fax: (512) 275-7333

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

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement the Applicant's Qualified Property not specified in EXHIBIT 3, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. 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 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Lavaca County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. 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 Lavaca County, Texas.

Section 8.8. 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 8.9. 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 a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, 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 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) 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, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

Section 8.11. INTERPRETATION

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. 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. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. 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 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all material representation, information, and facts contained in the Application are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code §9.1053(f)(2)(K).

Section 8.14. 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; the approved and executed copy of this Agreement or any amendment

thereto; and each application requesting Tax Credits under Texas Tax Code §313.103, as follows:

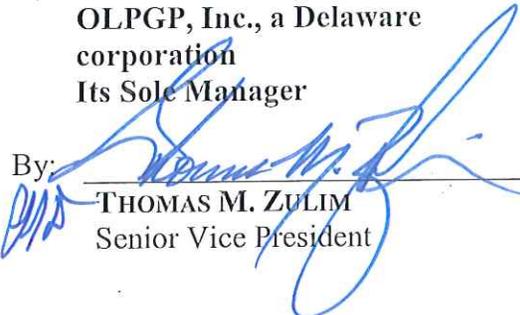
- a. Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 16th day of December, 2011.

ENTERPRISE HYDROCARBONS, L.P.
a Delaware limited partnership

By: **Enterprise Products**
Operating, LLC, a Texas
limited liability company
Its General Partner

By: **Enterprise Products**
OLPGP, Inc., a Delaware
corporation
Its Sole Manager

By: 
THOMAS M. ZULIM
Senior Vice President

YOAKUM INDEPENDENT SCHOOL
DISTRICT

By: 
GARY COLMAN
President
Board of Trustees

Attest:

By: 
TERRY BOENING
Assistant Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Enterprise Products Operating, LLC Reinvestment Zone* was originally created on February 14, 2011 by action of the Lavaca County Commissioners Court. A map of the *Enterprise Products Operating, LLC Reinvestment Zone* is attached, below to this **EXHIBIT 1**.

As a result of the action of the Lavaca County Commissioners Court, the *Enterprise Products Operating, LLC Reinvestment Zone* includes real property within Lavaca County, Texas, more specifically described by the metes and bounds description chart also attached to this **EXHIBIT 1**.

Exhibit 1

Project- Land Legal Description (Attachment A)

DESCRIPTION FOR TWO TRACTS TOTALING 97.60 ACRES OF LAND LOCATED IN THE BENJAMIN WHITSON LEAGUE, ABSTRACT NO. 490, IN LAVACA COUNTY, TEXAS, AND BEING ALL OF THE REMAINDER OF A CALLED 104.845 ACRE TRACT OF LAND, IN AN AFFIDAVIT OF HEIRSHIP TO JANICE KUBRICHT, RECORDED IN VOLUME 412, PAGE 105, OFFICIAL RECORDS LAVACA COUNTY, TEXAS, AS DESCRIBED IN THE DEED TO MILVERA KUBRICHT, RECORDED IN VOLUME 293, PAGE 293, DEED RECORDS LAVACA COUNTY, TEXAS, SAID TRACTS BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

TRACT 1: 88.14 ACRES

BEGINNING at a 1-1/4-inch iron pipe found, being at the east corner of said remainder of 104.845 acre tract, being on the southwest line of County Road 394 (variable width-right-of-way), being at the north corner of a called 100 acre tract of land, called Tract 1, in the deed to Anthony Wayne Gueltner and Joan Carol Tyler, recorded in Volume 23, Page 164, Official Records Lavaca County, Texas, described in Volume 144, Page 31, Deed Records Lavaca County, Texas, and being at the east corner and the **POINT OF BEGINNING** of the tract described herein, having grid coordinates of N=13,677,218.59, E=2,571,791.20;

THENCE with the common line of said remainder of 104.845 acre tract and said Tract 1, leaving the southwest line of said County Road 394, the following two (2) courses and distances:

1. S 43° 28' 23" W, a distance of 1,630.92 feet to a 1-inch iron pipe found, being at an interior angle corner in the southeast line of said 104.845 acre tract, and being at the west corner of said Tract 1, and
2. S 46° 38' 28" E, a distance of 1,005.97 feet to a 2-inch iron pipe found, being at an exterior angle corner in the southeast line of said remainder of 104.845 acre tract, being on the southwest line of said Tract 1, and being the north line of the remainder of a called 105 acre tract of land, described in the deed to J. M. Matusek and wife, Georgia Mae Matusek, recorded in Volume 170, Page 231, Deed Records Lavaca County, Texas;

THENCE with the common line of said remainder of 104.845 acre tract and said remainder of 105 acre tract, S 43° 06' 32" W, a distance of 1,042.03 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the south corner of said remainder of 104.845 acre tract, being on the northwest line of said remainder of 105 acre tract, and being at the east corner of a remainder of a called 94.345 acre tract of land, described in the deed to Georgia Matusek, recorded in Volume 293, Page 290, Deed Records Lavaca County, Texas, from which a 3" by 3" concrete square found for reference bears, N 88° 43' 05" E, a distance of 1.44 feet;

THENCE with the common line of said remainder of 104.845 acre tract and said remainder of 94.345 acre tract, N 46° 21' 28" W, a distance of 2,247.98 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the north corner of the remainder said 94.345 acre tract, being on the southeast line of United States Highway 77 (120 foot right-of-way), and being at the west corner of the tract described herein, from which a leaning 3" x 3" concrete square found for reference bears, S 58° 52' 00" W, a distance of 2.42 feet;

THENCE N 51° 25' 37" E, a distance of 2,672.88 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being on the northeast line of said remainder of 104.845 acre tract, being on the southeast line of said U.S. 77, being on the southwest line of said County Road 394, and being at the north corner of the tract described herein;

THENCE, leaving the southeast line of said U.S. 77, with the common line of said remainder of 104.845 acre tract and said County Road 394, S 47° 39' 37" E, a distance of 865.69 feet to the **POINT OF BEGINNING**, containing 88.14 acres of land, more or less, and being all of the southerly remnant of said remainder of 104.845 acre tract of land.

TRACT 2: 9.48 ACRES

BEGINNING at a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being on the northeast line of said remainder of 104.845 acre tract, being on the southwest line of County Road 316 (variable width right-of-way), being on the northwest line of a called 1.09 acre tract of land to the State of Texas, recorded in Volume 196, Page 282, Deed Records Lavaca County, Texas, and being at the east corner and the **POINT OF BEGINNING** of the tract described herein, having grid coordinates of N=13,677,882.01, E=2,571,059.62, from which a disturbed 1/2-inch iron rod found for reference bears, N 85° 10' 02" W, a distance of 6.79 feet;

THENCE with the northwest right-of-way line of U.S. 77, leaving the southwest line of said County Road 316, S 51° 25' 37" W, a distance of 2,488.77 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the intersection of the northwest line of said remainder of 104.845 acre tract with the northwest line of said U.S. 77, being at an exterior corner in the southeast line of the remainder of a called 100 acre tract of land, to Ernest J. Miller, Jr. and wife, Dorothy Jean Miller, recorded in Volume 44, Page 856, Official Records Lavaca County, Texas, described in Volume 139, Page 205, Deed Records Lavaca County, Texas, and being at the south corner of the tract described herein, from which a broken TxDOT Type I concrete monument found for reference bears, N 49° 42' 23" E, a distance of 29.27 feet;

THENCE leaving the northwest line of said U.S. 77, with the common line of said remainder of 104.845 acre tract and said remainder of 100 acre tract, N 43° 37' 38" E, a distance of 108.81 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at an exterior corner in the northwest line of said remainder of 104.845 acre tract, being at the east corner of said remainder of 100 acre tract, being at the south corner of the remainder of a called 209.03 acre tract of land, described in the deed to Berney A. Brzozowski and wife, Evelyn J. Brzozowski, recorded in Volume 352, page 652, Deed Records Lavaca County, Texas, and being at an exterior corner in the northwest line of the tract described herein, from which a 1-inch iron pipe found for reference bears S 82° 56' 10" W, a distance of 0.86 feet;

THENCE with the common line of the remainder of said 104.845 acre tract and said remainder of 209.03 acre tract, the following two (2) courses and distances:

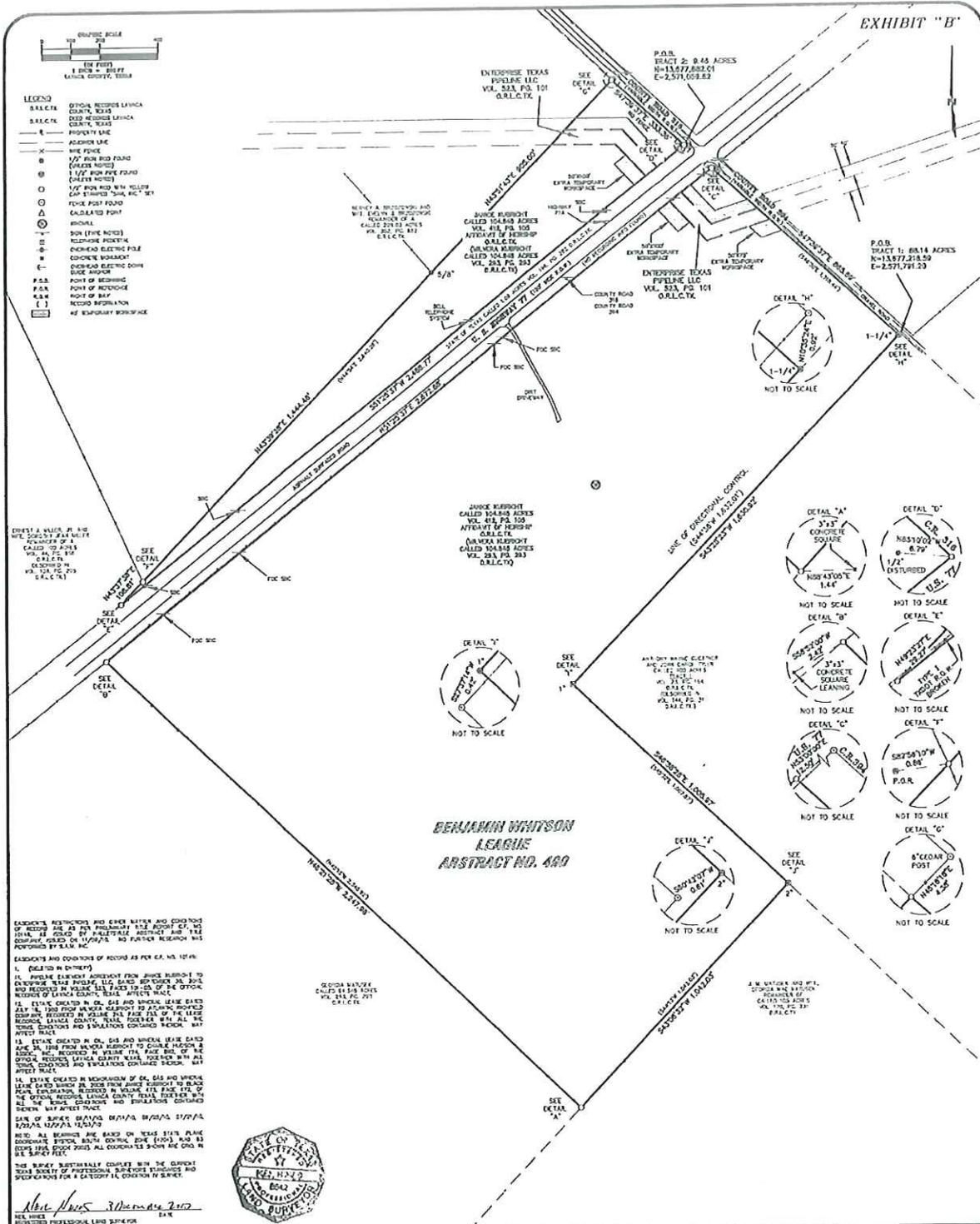
1. N 43° 39' 28" E, a distance of 1,444.46 feet to a 5/8-inch iron rod found, and
2. N 43° 51' 43" E, a distance of 905.00 feet to a 1/2-inch iron rod with a plastic cap stamped "S.A.M. Inc." set, being at the north corner of said remainder of 104.845 acre tract, being at the east corner of said remainder of 209.03 acre tract, being on the southwest line of said County Road 316, and being at the north corner of the tract described herein;

THENCE with the common line of said remainder of 104.845 acre tract and said County Road 316, S 47° 39' 37" E, a distance of 333.36 feet to the **POINT OF BEGINNING**, containing 9.46 acres of land, more or less, and being all of the northerly remnant of said remainder of 104.845 acre tract.

TRACT 1: 88.14 ACRES

TRACT 2: 9.46 ACRES

TOTAL AREA: 97.60 ACRES



- LEGEND**
- OPTIONAL RECORDS LAVACA COUNTY, TEXAS
 - OPTIONAL RECORDS LAVACA COUNTY, TEXAS
 - PROPERTY LINE
 - ACRES LINE
 - WIRE FENCE
 - 1/2" IRON ROD FOUND (OVERSIGHT)
 - 1 1/2" IRON PIPE FOUND (OVERSIGHT)
 - 1/4" IRON ROD WITH YELLOW CAP STAMPED "SUN, INC." SET
 - FENCE POST FOUND
 - CALCULATED POINT
 - BRANCH
 - BOX (FIVE NOTES)
 - RELOCATED POINT-M
 - OVERHEAD ELECTRIC POLE
 - CONCRETE WOLLCRUT
 - OVERHEAD ELECTRIC DOME
 - WOOD SHED
 - P.O.B. POINT OF BEGINNING
 - P.O.S. POINT OF SURRENDER
 - R.O.P. ROOT OF BAY
 - REC'D. REVISION
 - ADJ. BOUNDARY MONUMENT

EASEMENTS, RESTRICTIONS AND OTHER MATTER AND CONDITIONS OF RECORD ARE AS PER INSTRUMENT TITLE REFERRED TO, AND SHOULD BE MADE BY REFERENCED INSTRUMENT AND THE COMPANY, HEREON THEREIN, NO FURTHER RESEARCH WAS PERFORMED BY S.A.M. INC.

EASEMENTS AND CONDITIONS OF RECORD AS PER C.F. NO. 10146:

1. (SEE TO BE CORRECTED)
11. FURTHER EASEMENT AGREEMENT FROM JUDGE HERRINGTON TO ENTERPRISE TEXAS PIPELINE LLC, DATED SEPTEMBER 20, 2011, AND RECORDED IN PUBLIC RECORDS IN BOOK 10 OF THE OFFICIAL RECORDS OF LAVACA COUNTY, TEXAS, AFFECTS THIS TRACT.
12. ESTATE CREATED IN OIL, GAS AND MINERAL LEASE DATED JULY 18, 1989 FROM JAMES HERRINGTON TO ATANKA SERVICE COMPANY, RECORDED IN VOLUME 114, PAGE 215, OF THE OFFICIAL RECORDS, LAVACA COUNTY, TEXAS, TOGETHER WITH ALL OTHER EASEMENTS AND EMBODIMENTS CONTAINED THEREIN, MAY AFFECT THIS TRACT.
13. ESTATE CREATED IN OIL, GAS AND MINERAL LEASE DATED APRIL 24, 1989 FROM JAMES HERRINGTON TO BLACK HOLLOW & BLACK HOLLOW, INC., RECORDED IN VOLUME 114, PAGE 215, OF THE OFFICIAL RECORDS, LAVACA COUNTY, TEXAS, TOGETHER WITH ALL OTHER EASEMENTS AND EMBODIMENTS CONTAINED THEREIN, MAY AFFECT THIS TRACT.
14. ESTATE CREATED IN MINORITIES OF OIL, GAS AND MINERAL LEASE DATED APRIL 24, 1989 FROM JAMES HERRINGTON TO BLACK HOLLOW & BLACK HOLLOW, INC., RECORDED IN VOLUME 114, PAGE 215, OF THE OFFICIAL RECORDS, LAVACA COUNTY, TEXAS, TOGETHER WITH ALL OTHER EASEMENTS AND EMBODIMENTS CONTAINED THEREIN, MAY AFFECT THIS TRACT.

DATE OF SURVEY: DECEMBER 18, 2012/13
 12/18/13 12:57:13

NOTE: ALL BEARINGS ARE BASED ON TEXAS STATE PLANE COORDINATE SYSTEM, NORTH ZONE, ZONE 14N, AND IS ASSUMED THAT EPOCH 2011.0 ALL COORDINATES FROM THE GRID, IN ALL SURVEY FEET.

THIS SURVEY SUBSTANTIALLY COMPLIES WITH THE CURRENT TEXAS SOCIETY OF PROFESSIONAL SURVEYORS STANDARDS AND SPECIFICATIONS FOR A CATEGORY II, COMMON SURVEY.

Mark News 3/12/2014 2:02
 M.A. NEWS
 REGISTERED PROFESSIONAL LAND SURVEYOR
 TEXAS REGISTRATION NUMBER 8212



4801 SOUTHWEST PARKWAY
 PARKWAY TWO, SUITE 100
 AUSTIN, TEXAS 78735
 (512) 447-0575
 FAX: (512) 572-3029
 EMAIL: SAM@SAMINC.BIZ

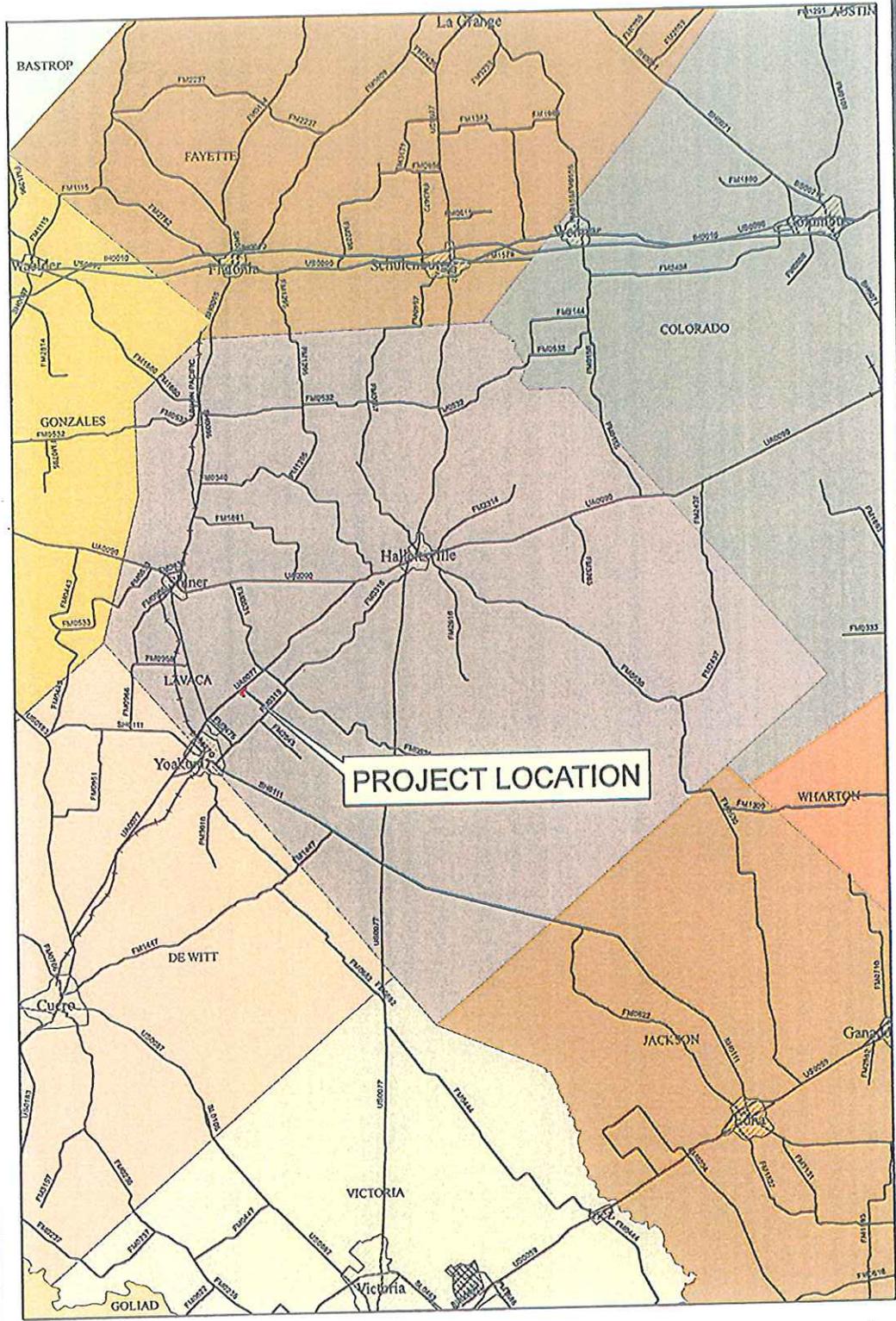
PROJECT: EOG ENTERPRISE TEXAS PIPELINE LLC
JOB NUMBER: 30099
DATE: 12/03/10
SCALE: 1"=200'
SURVEYOR: M. NEWS
TECHNICIAN: W.C. DICKSON SR
DRAWING: TC-1C-024.0000 TOWNSHIP-TITLE-REVISED
FIELDNOTES: WORD/FIN/094
PARTYCHIEF: M.M./S.L./J.B.
FIELDBOOKS: 6928/6557/6970/6992

BEING ALL OF THE REMAINDER OF A CALLED 104.845 ACRE TRACT OF LAND IN THE BENJAMIN WHITSON LEAGUE, ABSTRACT NO. 490, IN LAVACA COUNTY, TEXAS

SHEET 1
 OF 1-SHEETS

DWG. NO. DWG

DATE



PROJECT LOCATION

VICINITY MAP
LAVACA COUNTY



EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Yoakum Independent School District and the *Enterprise Products Operating, LLC Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located within the boundaries on the map and/or chart attached to EXHIBIT 1 is included.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of Train Number 1 of a new gas processing plant designed to process 300mmscf/d of gas at design inlet conditions of 1050 psig and 70°F. It will operate in both the Ethane recovery (90.7% ethane recovery) and Ethane rejection (11.5% Ethane recovery) Modes. The plant will be designed to produce Y-grade NGL Product at 1,300 psig and residue gas up to 1,000 psig. The plant will consist of the following main processing units and utility systems:

- Inlet Facilities
- Dehydration
- Regeneration
- 1 NGL Recovery Train
- NGL Product Delivery Facilities
- Residue Recompression & Cooling
- Waste Heat Recovery
- Heat Medium
- Fuel Gas
- Methanol Injection
- Drains & Flare
- Instrument & Utility Air
- Potable & Utility Water
- Emergency Generator

The facility will also include parking, road and other site improvements, as well as all Applicant owned equipment necessary to provide the facility with electrical, water and wastewater services, telecommunications and data processing services as necessary for plant operations. The facility will also require personal property. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement.