

**FINDINGS OF THE BARBERS HILL
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
ENTERPRISE PRODUCTS OPERATING, LLC (#278)**



September 23, 2013

**FINDINGS
OF THE
BARBERS HILL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
ENTERPRISE PRODUCTS OPERATING, LLC
(APPLICATION #278)**

SEPTEMBER 23, 2013

Board Findings of the Barbers Hill 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 Chambers 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 27, 2013. 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 Barbers Hill 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 Barbers Hill 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 #278, 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**.

Board Findings of the Barbers Hill Independent School District

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 Products Operating, LLC 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 Mont Belvieu, Texas is in need of long-term improvement, based on the state's analysis of Chambers County data.

Based on information provided by the Comptroller's Office that focused on the county level, Chambers County is the 91st largest county in the state in terms of population. Population growth in Chambers County is up; the population of Chambers County grew by 2.5 percent between 2009 and 2010, slightly above the state average of 1.8 percent.

September 2011 employment for Chambers County was up 1.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period, based on information provided by the Comptroller's Office. Even with the increase in total employment, however, the unemployment rate in Chambers County was 10.5 percent in September 2011, higher than the state average of 8.5 percent.

Board Findings of the Barbers Hill Independent School District

Chambers County has a higher per capita personal income than the state as a whole. In terms of per capita income, Chambers County's \$45,257 in 2009 ranked 13th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

While the population growth and employment growth are generally positive trends, the higher unemployment rate reported in the analysis prepared by the Comptroller's Office indicates the need for long-term economic growth in the area served by Barbers Hill ISD. The local economy in Chambers County will benefit from economic activity like that associated with the Enterprise #278 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 \$65,000 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 #278 indicates that total employment will be approximately 25 new jobs, of which all 25 will be qualifying jobs.

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

After construction, the project will create 25 new jobs when fully operational. All 25 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 Houston-Galveston Area Council of Governments Region, where Chambers County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Chambers County is \$81,224. That same year, the county annual average wage for all industries was \$52,156. In addition to a salary of \$65,000, each qualifying position will receive medical and dental Insurance, life Insurance, 401K savings plan, vacation and holiday pay and 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 \$40.0 million on the basis of the goal of 25 new qualifying positions for the entire Enterprise #278 project.

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

The project's total investment is \$1.0 billion, resulting in a relative level of investment per qualifying job of \$40.0 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.

In support of Finding 5, the economic impact evaluation states:

Table 1 depicts Enterprise Products Operating, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 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.

Board Findings of the Barbers Hill Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Enterprise Products Operating, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	700	776	1476	\$36,400,000	\$50,600,000	\$87,000,000
2014	725	878	1603	\$38,025,000	\$64,975,000	\$103,000,000
2015	25	145	170	\$1,625,000	\$20,375,000	\$22,000,000
2016	25	143	168	\$1,625,000	\$18,375,000	\$20,000,000
2017	25	135	160	\$1,625,000	\$17,375,000	\$19,000,000
2018	25	137	162	\$1,625,000	\$17,375,000	\$19,000,000
2019	25	145	170	\$1,625,000	\$17,375,000	\$19,000,000
2020	25	161	186	\$1,625,000	\$18,375,000	\$20,000,000
2021	25	176	201	\$1,625,000	\$19,375,000	\$21,000,000
2022	25	186	211	\$1,625,000	\$20,375,000	\$22,000,000
2023	25	194	219	\$1,625,000	\$22,375,000	\$24,000,000
2024	25	163	188	\$1,625,000	\$20,375,000	\$22,000,000
2025	25	147	172	\$1,625,000	\$19,375,000	\$21,000,000
2026	25	135	160	\$1,625,000	\$19,375,000	\$21,000,000
2027	25	129	154	\$1,625,000	\$19,375,000	\$21,000,000
2028	25	129	154	\$1,625,000	\$19,375,000	\$21,000,000

Source: CPA, REMI, Enterprise Products Operating, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Barbers Hill ISD's ad valorem tax base in 2011-2012 was \$3.39 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$669,576. 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, Chambers County and city of Baytown Extra-Territorial Jurisdiction with all property tax incentives sought being granted using estimated market value from Enterprise Products Operating, LLC's application. Enterprise Products Operating, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and city. Table 3 illustrates the estimated tax impact of the Enterprise Products Operating, LLC project on the region if all taxes are assessed.

Board Findings of the Barbers Hill Independent School District

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies (Before Credit Credited)	Barbers Hill ISD M&O and I&S Tax Levies (After Credit Credited)	Chambers County Tax Levy	City of Baytown Extra-Territorial Jurisdiction (ETJ) Tax Levy	Estimated Total Property Taxes
				0.2698	1.0600			0.4968	0.8220	
2014	\$508,750,000	\$508,750,000		\$1,372,608	\$5,392,750	\$6,765,358	\$6,765,358	\$0	\$0	\$6,765,358
2015	\$763,125,000	\$763,125,000		\$2,058,911	\$8,089,125	\$10,148,036	\$10,148,036	\$0	\$0	\$10,148,036
2016	\$997,150,000	\$30,000,000		\$2,690,311	\$318,000	\$3,008,311	\$3,008,311	\$0	\$0	\$3,008,311
2017	\$976,800,000	\$30,000,000		\$2,635,406	\$318,000	\$2,953,406	\$1,476,703	\$0	\$0	\$1,476,703
2018	\$956,450,000	\$30,000,000		\$2,580,502	\$318,000	\$2,898,502	\$1,449,251	\$0	\$1,729,707	\$3,178,958
2019	\$936,100,000	\$30,000,000		\$2,525,598	\$318,000	\$2,843,598	\$1,421,799	\$0	\$3,308,860	\$4,730,659
2020	\$915,750,000	\$30,000,000		\$2,470,694	\$318,000	\$2,788,694	\$1,394,347	\$0	\$4,893,031	\$6,287,377
2021	\$895,400,000	\$30,000,000		\$2,415,789	\$318,000	\$2,733,789	\$1,366,894	\$0	\$4,784,297	\$6,151,191
2022	\$875,050,000	\$30,000,000		\$2,360,885	\$318,000	\$2,678,885	\$1,339,443	\$0	\$4,675,563	\$6,015,006
2023	\$854,700,000	\$30,000,000		\$2,305,981	\$318,000	\$2,623,981	\$1,311,991	\$0	\$4,566,829	\$5,878,819
2024	\$834,350,000	\$834,350,000		\$2,251,076	\$8,844,110	\$11,095,186	\$8,009,738	\$4,144,967	\$6,858,607	\$19,013,313
2025	\$814,000,000	\$814,000,000		\$2,196,172	\$8,628,400	\$10,824,572	\$10,824,572	\$4,043,871	\$6,691,324	\$21,559,767
2026	\$793,650,000	\$793,650,000		\$2,141,268	\$8,412,690	\$10,553,958	\$10,553,958	\$3,942,774	\$6,524,041	\$21,020,773
2027	\$773,300,000	\$773,300,000		\$2,086,363	\$8,196,980	\$10,283,343	\$10,283,343	\$3,841,677	\$6,356,758	\$20,481,778
2028	\$752,950,000	\$752,950,000		\$2,031,459	\$7,981,270	\$10,012,729	\$10,012,729	\$3,740,580	\$6,189,475	\$19,942,784
						Total	\$79,366,472	\$19,713,869	\$56,578,492	\$155,658,833

Assumes School Value Limitation and Tax Abatements from Chambers County and City of Baytown ETJ.

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Extra-Territorial Jurisdiction (ETJ) Tax Levy	Estimated Total Property Taxes	
				0.2698	1.0600		0.4968	0.8220		
2014	\$508,750,000	\$508,750,000		\$1,372,608	\$5,392,750	\$6,765,358	\$2,527,419	\$4,182,078	\$13,474,854	
2015	\$763,125,000	\$763,125,000		\$2,058,911	\$8,089,125	\$10,148,036	\$3,791,129	\$6,273,116	\$20,212,281	
2016	\$997,150,000	\$997,150,000		\$2,690,311	\$10,569,790	\$13,260,101	\$4,953,741	\$8,196,872	\$26,410,714	
2017	\$976,800,000	\$976,800,000		\$2,635,406	\$10,354,080	\$12,989,486	\$4,852,645	\$8,029,589	\$25,871,720	
2018	\$956,450,000	\$956,450,000		\$2,580,502	\$10,138,370	\$12,718,872	\$4,751,548	\$7,862,306	\$25,332,726	
2019	\$936,100,000	\$936,100,000		\$2,525,598	\$9,922,660	\$12,448,258	\$4,650,451	\$7,695,023	\$24,793,732	
2020	\$915,750,000	\$915,750,000		\$2,470,694	\$9,706,950	\$12,177,644	\$4,549,354	\$7,527,740	\$24,254,738	
2021	\$895,400,000	\$895,400,000		\$2,415,789	\$9,491,240	\$11,907,029	\$4,448,258	\$7,360,457	\$23,715,743	
2022	\$875,050,000	\$875,050,000		\$2,360,885	\$9,275,530	\$11,636,415	\$4,347,161	\$7,193,174	\$23,176,749	
2023	\$854,700,000	\$854,700,000		\$2,305,981	\$9,059,820	\$11,365,801	\$4,246,064	\$7,025,890	\$22,637,755	
2024	\$834,350,000	\$834,350,000		\$2,251,076	\$8,844,110	\$11,095,186	\$4,144,967	\$6,858,607	\$22,098,761	
2025	\$814,000,000	\$814,000,000		\$2,196,172	\$8,628,400	\$10,824,572	\$4,043,871	\$6,691,324	\$21,559,767	
2026	\$793,650,000	\$793,650,000		\$2,141,268	\$8,412,690	\$10,553,958	\$3,942,774	\$6,524,041	\$21,020,773	
2027	\$773,300,000	\$773,300,000		\$2,086,363	\$8,196,980	\$10,283,343	\$3,841,677	\$6,356,758	\$20,481,778	
2028	\$752,950,000	\$752,950,000		\$2,031,459	\$7,981,270	\$10,012,729	\$3,740,580	\$6,189,475	\$19,942,784	
						Total	\$168,186,787	\$62,831,639	\$103,966,450	\$334,984,877

Source: CPA, Enterprise Products Operating, LLC

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 \$997.1 million to the tax base for debt service purposes at the peak investment level for the 2016-17 school year. The Enterprise #278 project remains fully taxable for debt services taxes, with Barbers Hill ISD currently levying a \$0.2698 per \$100 I&S rate. While the value of the Enterprise #278 project is expected to depreciate over the life of the agreement and beyond, full access to the additional value will add to the District's tax base and assist it in meeting its debt service needs.

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 #278 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 and its 25 permanent jobs once it begins operations. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Barbers Hill 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 Products Operating, LLC's application, "Enterprise is a leading midstream energy company with a large pipeline foot print in the United States. These pipelines provide substantial flexibility in plant location. Enterprise has

Board Findings of the Barbers Hill Independent School District

Gas manufacturing locations in TX, LA, NM, CO, and WY. These pipelines provide substantial flexibility in determining where plants are built. Enterprise has significant assets in Louisiana including interstate pipelines which can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in neighboring states. Like most businesses, for every significant investment we make, there is a thorough review of the tax incentives offered in the region which helps determine Enterprise's long term investment approach in a site selection."

Board Finding Number 9.

During the past two years, 30 projects in the Houston-Galveston Area Council of Governments Region 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 #278. 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 Thirty 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 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Barbers Hill ISD is \$3.68 billion. Barbers Hill 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. Barbers Hill ISD is classified as a "rural" district due to

Board Findings of the Barbers Hill Independent School District

its demographic characteristics. It is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 12.

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

Board Finding Number 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 under current law in nearly every year 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.

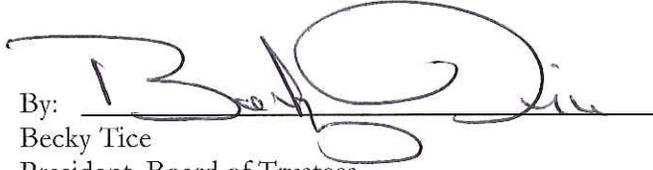
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

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 Barbers Hill 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 Barbers Hill Independent School District.

Board Findings of the Barbers Hill Independent School District

Dated the 23rd day of September 2013.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: 
Becky Tice
President, Board of Trustees

ATTEST:

By: 
Cynthia Erwin
Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

September 23, 2013

President and Members
Board of Trustees
Barbers Hill Independent School District
9600 Eagle Drive
Mont Belvieu, Texas 77580

Re: Recommendations and Findings of the firm Concerning Application of Enterprise Products Operating LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Tice 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 Barbers Hill Independent School District, with respect to the pending Application of Enterprise Products Operating 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. 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 over the course of the Agreement.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Enterprise Products Operating LLC 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". The signature is written in a cursive, flowing style.

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
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

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

September 23, 2013

President and Members
Of the Board of Trustees
Barbers Hill Independent School District
9600 Eagle Drive
Mont Belvieu, Texas 77580

Re: Recommendations and Findings of the Firm Concerning Application of Enterprise Products Operating LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2014

Dear President Tice 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 Barbers Hill Independent School District, with respect to the pending Application of Enterprise Products Operating LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2014. 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 Enterprise Products Operating 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 Barbers Hill ISD
September 23, 2013
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 Enterprise Products Operating 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

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

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

March 27, 2013

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Barbers Hill Independent School District from Enterprise Products Operating LLC (PDH)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Barbers Hill Independent School District is notifying the Applicant Enterprise Products Operating LLC of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on March 25, 2013. The Board voted to accept the application on March 25, 2013. The application was determined completed by the District on March 26, 2013. Please prepare the economic impact report.

Please note, no construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement. There is no existing property for this project.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application. The wage the Applicant has committed to paying on this project is above the required statutory minimums.

A paper copy of the application will be hand delivered to your office tomorrow. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Chambers County Appraisal District.

Letter to Local Government Assistance & Economic Analysis Division
March 27, 2013
Page 2 of 2

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon". The signature is stylized with several overlapping strokes.

Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
Chambers County Appraisal District

Becky McManus, Barbers Hill ISD



Enterprise Products

P.O. Box 4018 Houston, Texas 77210-4018 713.381.6500
1100 Louisiana Street Houston, Texas 77002-41010 www.eppp.com

March 15, 2013

Barbers Hill ISD
Dr. Greg Poole
PO BOX 1108
Mont Belvieu, TX 77580

Re: Property Tax Abatement Application – Section 313- Value Limitation

Dear Dr. Greg Poole:

Enterprise Products Operating LLC is proposing to construct a new manufacturing facility at our Mont Belvieu complex. This is a green field project with an estimated investment of \$1.1 Billion.

This considerable investment demonstrates our commitment to maintaining our economic presence in the Mont Belvieu area. This new plant also will serve as an economic driver for the Mont Belvieu community at large. The proposed project is expected to directly create approximately 1,500 jobs during construction, which will increase the need for local goods and services and generate incremental state and local tax revenue.

We believe this facility will promote economic growth and welfare to the community by creating approximately twenty five new permanent full-time positions. The wages for these positions will be at least above 110% of the Chambers county average wage rate. Additionally, benefits such as medical, dental, and life insurance will be provided, as well as 401K and pension plans.

We appreciate your consideration of our application and value our economic development partnership. If you have any questions, please feel free to contact me by telephone at 713-381-8071 or by email at ctate@eprod.com.

Sincerely,

Curt Tate
Sr. Tax Director

Enclosures



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

Authorized School District Representative		Date application received by district 3.25.13
First Name Greg	Last Name Poole	
Title Superintendent of Schools		
School District Name Barbers Hill Independent School District		
Street Address 9600 EAGLE DR		
Mailing Address P O BOX 1108		
City MONT BELVIEU	State TX	ZIP 77580-1108
Phone Number (281) 576-2221	Fax Number (281) 576-3410	
Mobile Number (optional)	E-mail Address gpoole@bhisd.net	

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

Will consultant be primary contact? Yes No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

Form fields for consultant information: 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), State (TX), ZIP (78701), Phone Number (512-494-9949), Fax Number (512-494-9919), Mobile Number (Optional), E-mail Address (kohanlon@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) and Date (3/25/13)

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

If yes, date determined complete. 3.26.2013

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Table with 4 columns: Checklist, Page X of 16, Check Completed. Rows include: 1 Date application received by the ISD (1 of 16, X), 2 Certification page signed and dated by authorized school district representative (2 of 16, X), 3 Date application deemed complete by ISD (2 of 16, X), 4 Certification pages signed and dated by applicant or authorized business representative of applicant (4 of 16, X), 5 Completed company checklist (12 of 16, X), 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 supplement)

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Curt		Last Name Tate	
Title Senior Tax Director			
Organization Enterprise Products			
Street Address 1100 Louisiana Street			
Mailing Address P.O. Box 4018			
City Houston		State TX	ZIP 77210
Phone Number 713-831-8071		Fax Number 281-887-7139	
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

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

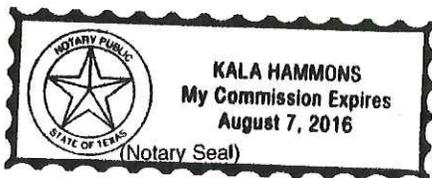
Curt Jato

3/14/2013

GIVEN under my hand and seal of office this 14th day of March, 2013

Kala Hammons

Notary Public, State of Texas



My commission expires 8/7/2016

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 PRODUCTS OPERATING LLC

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

12604305396

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.

Barbers Hill ISD, 2009, 2010, 2011 and 2013 (two pending applications)

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 Liability Corporation

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.)

N/A



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development.
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology.
(7) nuclear electric power generation
(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)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

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 A

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

Enterprise is leading midstream company with large pipeline foot print in TX, LA ,NM,CO and WY. These pipelines provide substantial flexibility in plant location.

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction 3rd Qtr 2013, Begin Hiring New Employees 3rd Qtr 2014 Thru 4th Qtr 2014, Construction Complete 2nd Qtr 2015, Fully Operational 3rd Qtr 2015, Purchase Machinery & Equipment 3rd Qtr. 2013 Thru 1st Qtr 2015

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)?

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? 3rd Qtr. 2015

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
_____	_____
_____	_____
_____	_____
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.)

Seeking tax abatement from Chambers County and City of Baytown

THE PROPERTY

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

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

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: Chambers County City: City of Baytown
(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? 30 Million

What is the amount of appraised value limitation for which you are applying? 30 Million

What is your total estimated qualified investment? 1.1 Billion

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? September, 2013

What is the anticipated date of the beginning of the qualifying time period? September 2013

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? 1.1 Billion

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? [X] 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? [X] 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? [X] Yes [] No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? [X] 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? [X] Yes [] No

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

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

Will the project be on leased land? [] Yes [X] 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. 1,580,310 (Market Value) 2012 (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 2012 (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? 4169

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 25

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? 25

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 \$1,102.75
 110% of the county average weekly wage for manufacturing jobs in the county is \$1,717.65
 110% of the county average weekly wage for manufacturing jobs in the region is 1,136.08

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? \$59,076

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? \$65,000

- 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.)

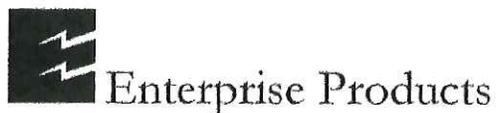
Enterprise offers medical & dental insurance, life insurance ,401K saving plan, vacation & holiday pay and educational assistance.

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.



P.O. Box 4018 Houston, Texas 77210-4018 713.381.6500
1100 Louisiana Houston, Texas 77002 www.eppip.com

March 18, 2013

Barbers Hill ISD
Dr. Greg Poole.
Po Box 1108
Mont Belvieu, TX 77580

Re: Chapter 313 Abatement Application Fee for the PDH Project.

Dear Dr. Poole:

Enterprise Products Operating, LLC herein submits the application fee payment of \$75,000. This payment is submitted in compliance with the Chapter 313 value limitation application fee set by Barbers Hill ISD.

If you have any questions regarding this payment, please call me at 713-381-8071 or ctate@eprod.com

Sincerely,

A handwritten signature in cursive script, appearing to read "Curt Tate".

Sr. Tax Director

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 3

Not Applicable

ATTACHMENT 4

Proposed Project Description

ATTACHMENT A
APPLICATION FOR TAX ABATEMENT
BARBERS HILL SCHOOL DISTRICT

1- Proposed Project Description

Enterprise Products Operating LLC (Enterprise) currently operates the Mont Belvieu Manufacturing Complex in Chambers County. Enterprise proposes to construct a Propane Dehydrogenation (PDH) unit at the Complex with a design propylene production capacity of 1.654 billion pound per year. A hydrogen byproduct will also be produced. Both the propylene and hydrogen products will be sent offsite via pipeline.

Manufacturing process:

Fresh Propane feed is fed to the reactors, where dehydrogenation of propane takes place and propylene is formed as a product. The reactor effluent is compressed and cooled to separate a hydrogen rich off-gas, and the condensed hydrocarbon liquid which consists of mainly propylene and propane is then further processed by the cryogenic separation to obtain pure propylene product. The un-reacted propane is recycled to the reaction section. The hydrogen rich off-gas is sent a Hydrogen recovery unit (PSA) to recover the hydrogen.

The new PDH manufacturing unit will include:

- Ten parallel catalytic reactors that convert propane feed to propylene
- One Reactor Charge Heater,
- One Regeneration Air Heater
- One Waste Heat Boiler with duct firing capability
- Two Auxiliary Boilers
- Two Regeneration Air Compressors
- Two Regeneration Air Combustion Turbines
- Cooling tower
- Hydrogen Recovery (PSA) Unit
- Ancillary tanks
- Emergency pumps engines
- Process flare, and
- Wastewater treatment facilities.

2- Ability to Relocate:

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

- a. These pipelines provide substantial flexibility in determining where plants are built
- b. Enterprise has significant assets in Louisiana including interstate pipelines which can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in neighboring states.
- c. Like most businesses, for every significant investment we make, there is a thorough review of the tax incentives offered in the region which helps determine Enterprise's long term investment approach in a site selection

3-Benefits:

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

ATTACHMENT 5

The Proposed Project is located 100% in the Baytown ETJ in Chambers County.

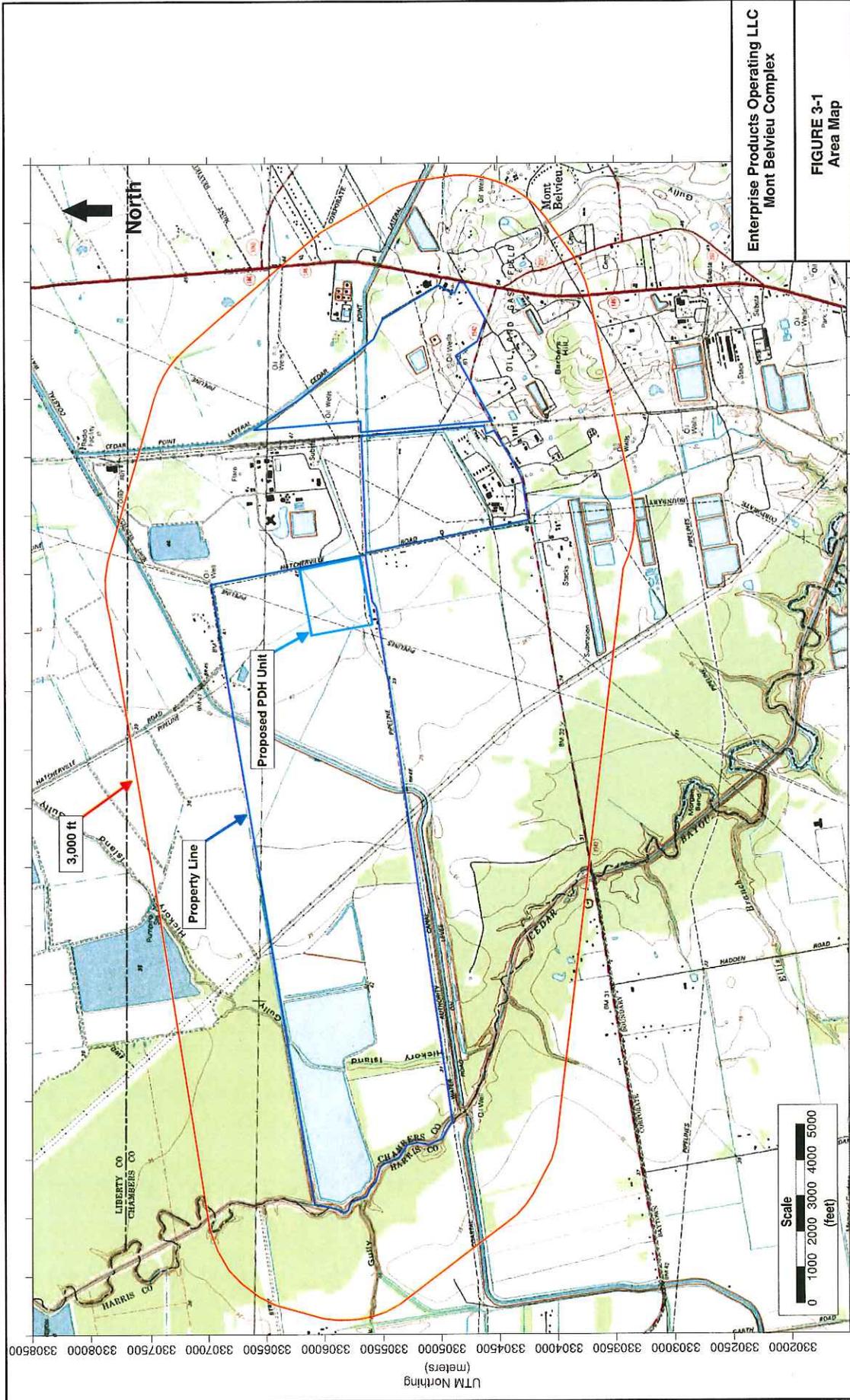
ATTACHMENT 6

Description of Qualified Investment

- Reactor area
- Product Compression, Drying & Chilling
- Deethanizer
- Deoiler
- Regeneration system
- Product Recovery
- Product Purification (Product Splitter and Product Dryers)
- Wastewater Stripper
- PSA Unit
- Steam and condensate
- Refrigeration system
- Instrument Air

ATTACHMENT 7

Map of Qualified Investment



Enterprise Products Operating LLC
Mont Belvieu Complex

FIGURE 3-1
Area Map

411 North Sam Houston Parkway
Suite 400
Houston, Texas 77060



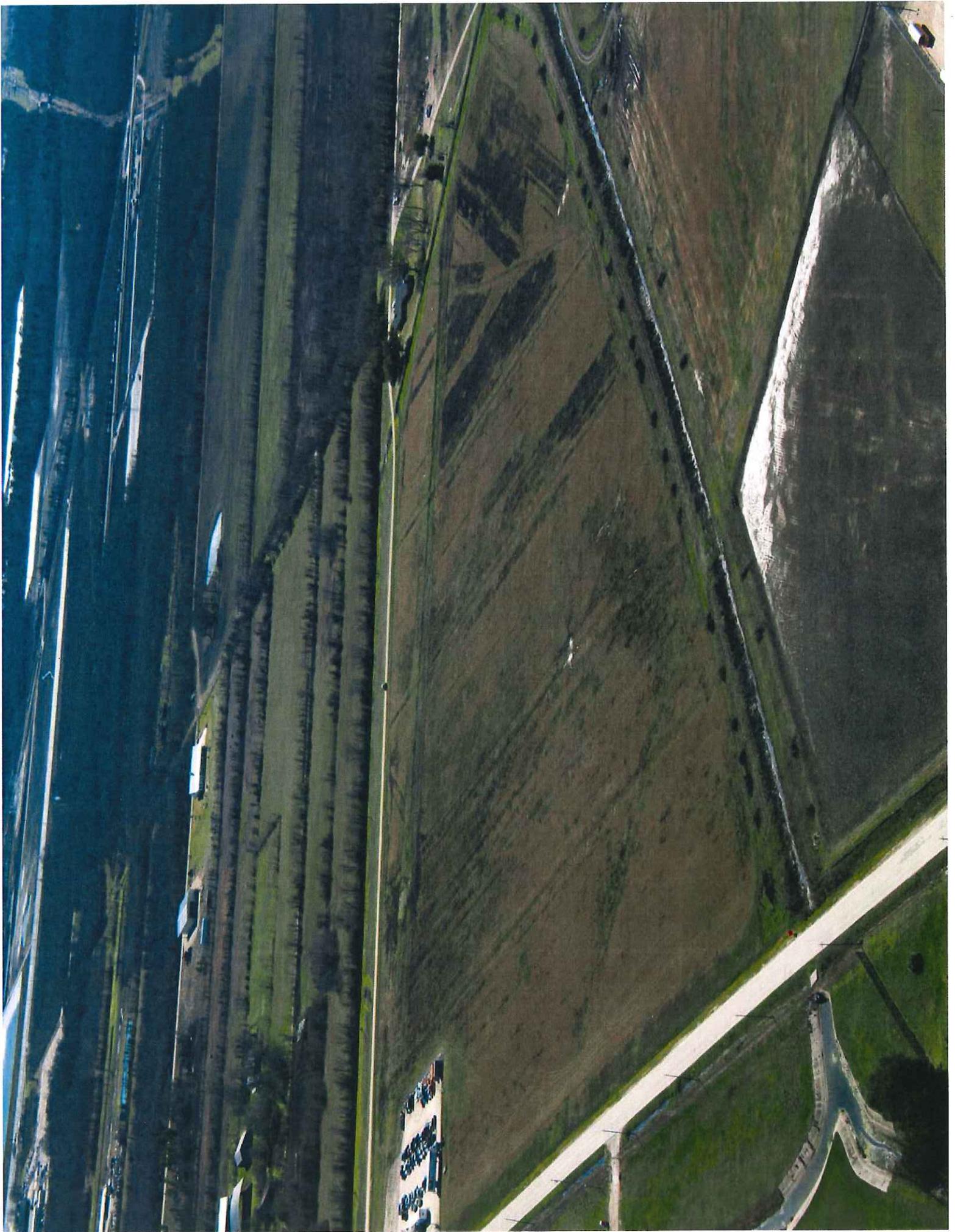
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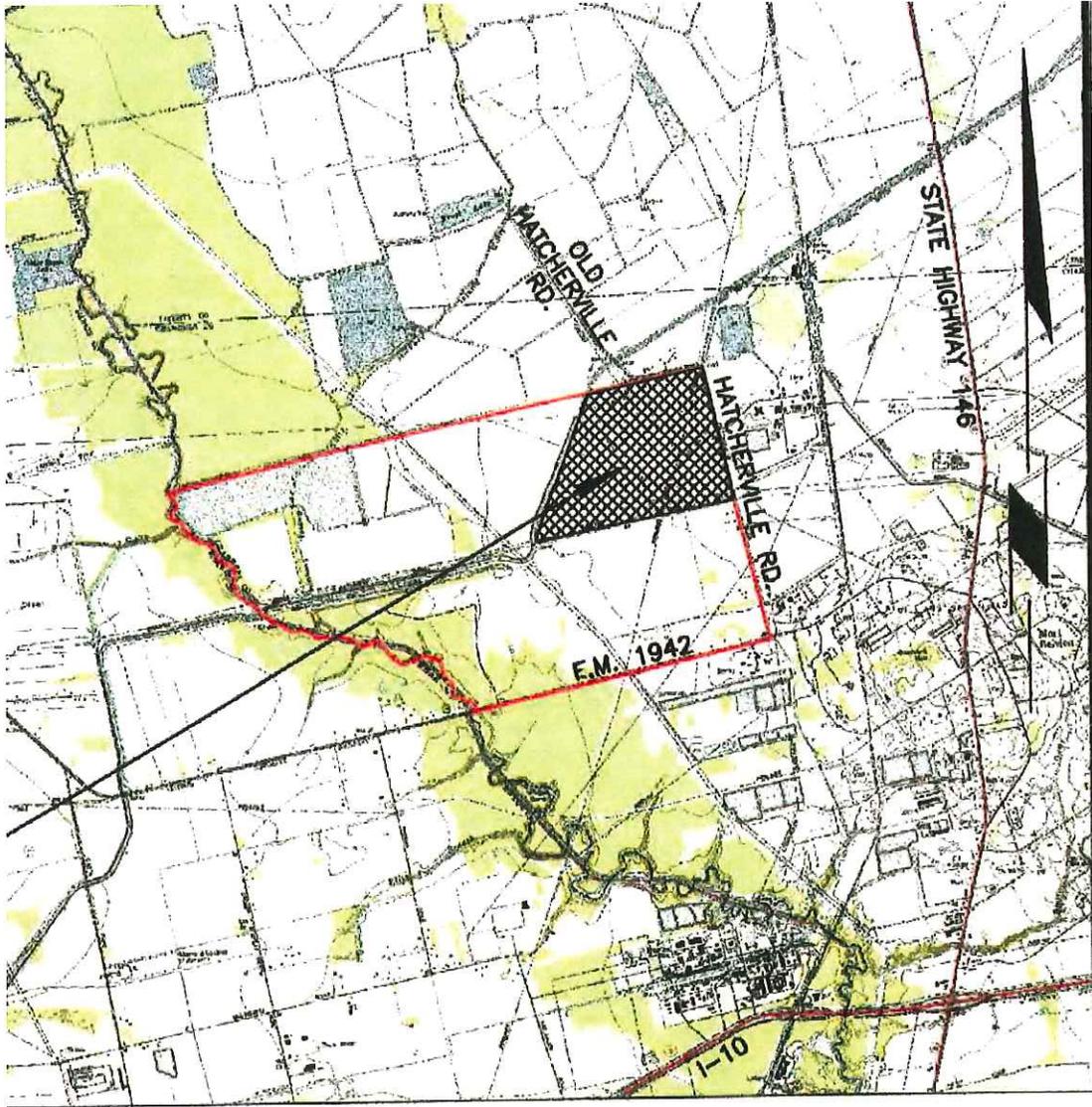
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0 1000 2000 3000 4000 5000
(feet)

Source: mytopo.com/
Zone: 15
Coordinate Datum: NAD 83





VICINITY MAP



VICINITY MAP
SCALE: 1" = 1 MILE

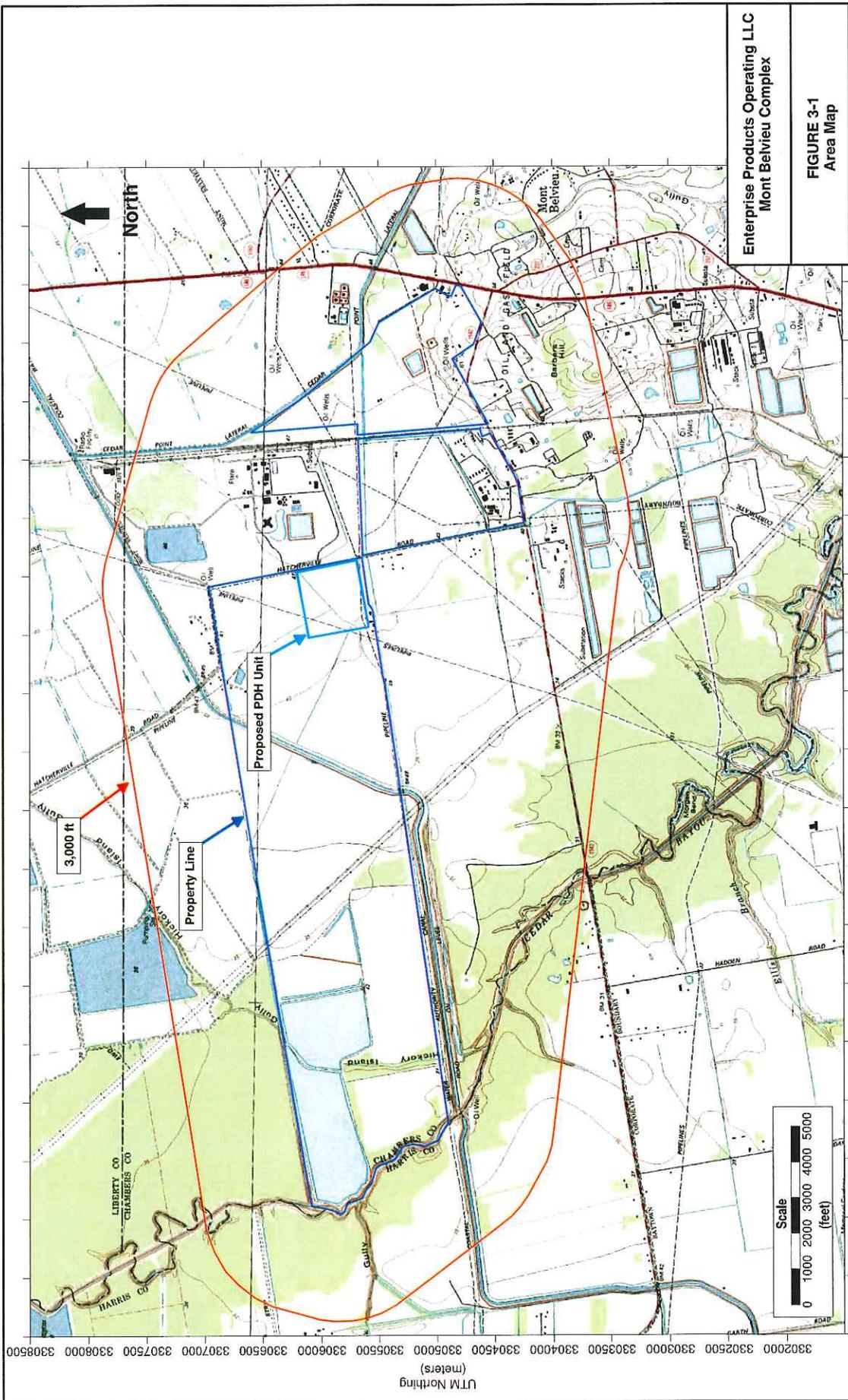
ATTACHMENT 8

Description of Qualified Property

- Ten parallel catalytic reactors that convert propane feed to propylene
- One Reactor Charge Heater,
- One Regeneration Air Heater
- One Waste Heat Boiler with duct firing capability
- Two Auxiliary Boilers
- Two Regeneration Air Compressors
- Two Regeneration Air Combustion Turbines
- Cooling tower
- Hydrogen Recovery (PSA) Unit
- Ancillary tanks
- Emergency pumps engines
- Process flare, and
- Wastewater treatment facilities.

ATTACHMENT 9

Map of Qualified Property Showing location of proposed new investment with Vicinity Map



Enterprise Products Operating LLC
 Mont Belvieu Complex

FIGURE 3-1
 Area Map

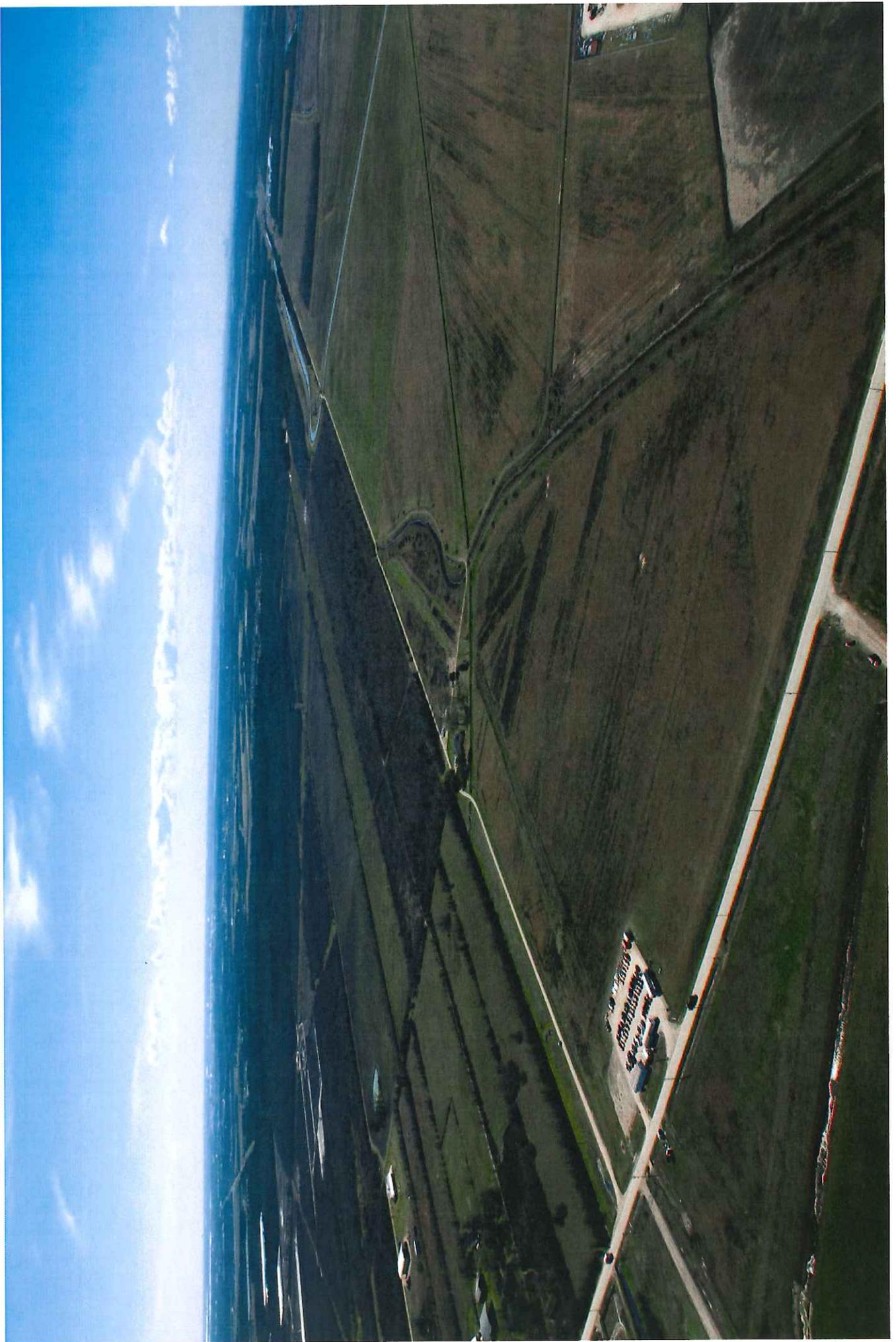
411 North Sam Houston Parkway
 Suite 400,
 Houston, Texas - 77060



UTM Easting (meters)

3090000	309500	310000	310500	311000	311500	312000	312500	313000	313500	314000	314500	315000	315500	316000	316500	317000
---------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Source: mytopo.com/
 Zone: 15
 Coordinate Datum: NAD 83





Search the Web Q&A Community

Settings | Sign In

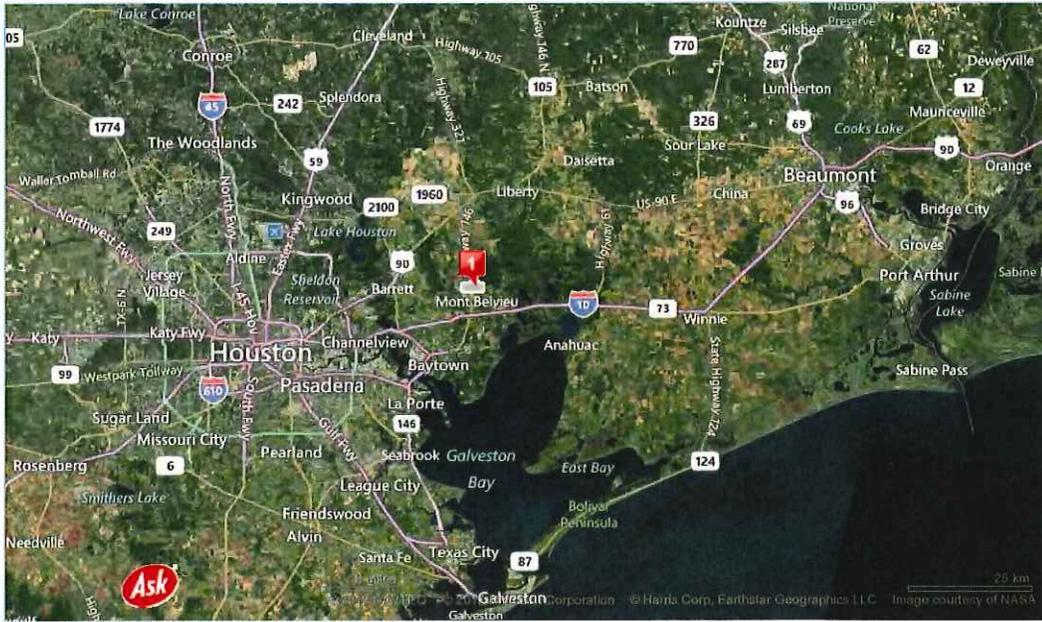
Mont Belvieu, TX [Submit Query](#)

From: To: [Driving Directions](#)

- [Everything](#)
- [Images](#)
- [News](#)
- [Video](#)
- [Q&A](#)
- [Reference](#)
- [Shopping](#)
- [Local](#)
- [Maps](#)
- [Games](#)

Map of Mont Belvieu, TX

[Show Traffic](#) . [Street Map](#) . [Satellite](#) . [Bird's Eye](#)

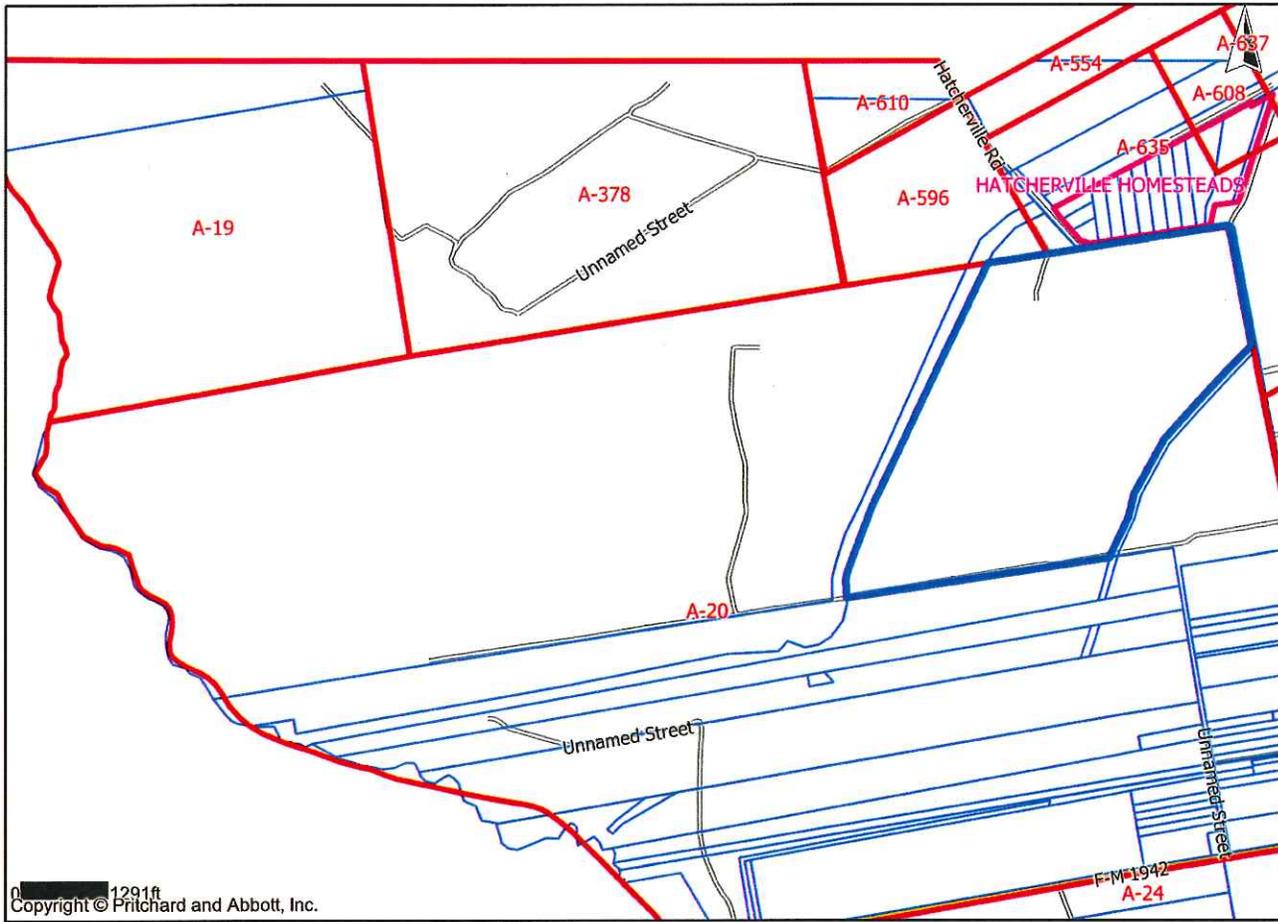


[Send To](#) . [Print](#)

ATTACHMENT 10

Land Description

Property Record Report



PROPERTY INFORMATION

Parcel Id: 13707
 Account Number: 00020-00100-00100-070001
 Name: MONT BELVIEU CAVERNS LLC
 Owner Interest: 1.0
 Acres: 1658.3
 Sale Volume: 1244
 Sale Page: 632
 Sale Deed Date: 2011-01-07 00:00:00.0
 Exemptions:
 User Code 1:
 User Code 2:
 User Code 3:
 User Code 4:
 User Code 5:
 User Code 6:
 Jur/Loc Code: 61
 Exempt:
 Prop Street Num:
 Prop Street Name: HATCHERVILLE RD
 Prop Street Dir:
 Abst/Subdiv:
 Abst Number:
 Block:
 Tract/Lot:
 Legal 1: 20 TR 1-1 H NASH
 Legal 2:
 Legal 3:
 Legal 4:
 Cat Code Pri: D2
 Export Date: 2013-01-17 00:00:00.0

GIS WEB SERVICE AGREEMENT

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

Chambers County Appraisal District

Chief Appraiser - Michael L. Fregia, RPA



Official Website

Hosted By Pritchard & Abbott, Inc.



General Real Estate Property Details

[New Property Search](#)

[Go To Previous Page](#)

Property ID:

Account / Geo Number:

Property Legal Description:

Survey / Sub Division Abstract:

Property Location:

Block:

Owner Information:

Section / Lot:

[View Building Detail Information](#)

[View Land Detail Information](#)

Previous Owner:

[View Previous Owner Information](#)

Deed Information:

Volume:
 Page:
 File Number:
 Deed Date:

Property Detail:

Property Exempt:
 Category/SPTB Code:
 Total Acres:
 Total Living Sqft:
 Owner Interest:
 Homestead Exemption:

The map link above is not affiliated with this website. It is a 3rd party GIS link to provide additional information only.

Click the button above for a printable version of this record with all available details.

Homestead Cap Value:	0
Land Ag/Timber Value:	0
Land Market Value:	1,580,310
Improvement Value:	0
Property Market Value:	1,580,310

Ag Form 1-d-1

Timber Form 1-d-1

Jur Code	Description	Market Value	Homestead	Total Exemption	Taxable
00	CHAMBERS AD	1,580,310		0	1,580,310
01	CHAMBERS COUNTY	1,580,310		0	1,580,310
01R	CHAMBERS COUNTY ROAD	1,580,310		0	1,580,310
31	BARBERS HILL ISD	1,580,310		0	1,580,310
31IS	BARBERS HILL ISD I&S	1,580,310		0	1,580,310

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Version 1.8.5

ATTACHMENT 11

**ORDER DESIGNATION/CREATING
ENTERPRISE PRODUCTS OPERATING, LLC 2013
REINVESTMENT ZONE**

**ORDER DESIGNATION/CREATING
ENTERPRISE PRODUCTS OPERATING, LLC 2013
REINVESTMENT ZONE**

On FEBRUARY 26, 2013, at a regular, public meeting of the Commissioner's Court of CHAMBERS COUNTY, TEXAS ("the Court"), the Court conducted a hearing on the application of ENTERPRISE PRODUCTS OPERATING, LLC for the creation of the ENTERPRISE PRODUCTS OPERATING, LLC 2013 Reinvestment Zone.

The Court finds and declares that:

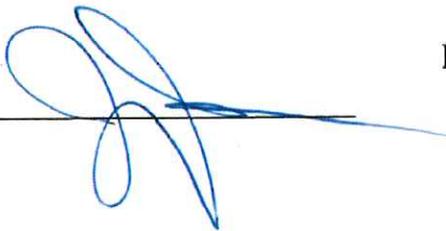
1. The Court has adopted tax abatement guidelines and policies which are now in effect, thereby electing to become eligible to participate in tax abatement.
2. The request for designation of the ENTERPRISE PRODUCTS OPERATING, LLC 2013 REINVESTMENT ZONE was timely received.
3. All notices and legal requirements have been given and/or satisfied prior to the consideration by the Court of the creation of the reinvestment zone. Specifically, notice of today's hearing was published in the manner required by law and notice was timely given to the presiding officer of other taxing units of government as required by law.
4. The designation of the reinvestment zone will contribute to the retention or expansion of primary employment and will attract major investment in the zone that will be a benefit to the property to be included in the zone and will contribute to the economic development of the COUNTY and surrounding area.
5. The improvements sought to be made are feasible and practical and will be a benefit to the land to be included in the reinvestment zone.
6. The area requested to be designated as a reinvestment zone meets the criteria for designation as such in one of more ways as specifically provided by law.

Therefore, upon motion made by Commissioner Nelson
seconded by Commissioner Senac and unanimously passed, be it
RESOLVED and ORDERED by the Court that the 527.514-acre tract of land,
more or less, described in the attached Exhibit "FIELD NOTES " is hereby
designated as the ENTERPRISE PRODUCTS OPERATING, LLC 2013
REINVESTMENT ZONE and is eligible for manufacturing / industrial tax
abatement.

PASSED and ADOPTED February 26, 2013.

CHAMBERS COUNTY, TEXAS

By:

A handwritten signature in blue ink, appearing to read "Jimmy Sylvia", written over a horizontal line.

JUDGE JIMMY SYLVIA,
Chambers County Judge

ATTEST:


HEATHER H. HAWTHORNE, County Clerk

FIELD NOTES

EXHIBIT "TRACT # 1"

LEGAL DESCRIPTION

88.077 ACRES

All that certain tract or parcel of land containing 88.077 acres of land, more or less, being a part of and out of the residue of a called 2214 acre tract conveyed to Albert N. Nelson, Jr., et al by deed dated August 23, 1950 and recorded in Volume 126, Page 225, Deed Records of the Chambers County (C.C.D.R.), situated in the HANNAH NASH SURVEY, Abstract No. 20, Chambers County, Texas; said 88.077 acre tract being the same property conveyed to Gary R. Nelson by deed dated July 10, 2000 and recorded in Volume 00-464, Page 384, Official Public Records of the Chambers County, Texas (O.P.R.C.C.T.). Said 88.077 acre tract, more or less, is more particularly described by metes and bounds as follows:

All Bearings shown hereon are referenced to the North American Datum 83 - Texas South Central Zone.

COMMENCING (P.O.C.) at a 5/8 inch iron rod in concrete found for the original Southeast comer of said 2214 acre tract at an angle point in the old West right-of-way (RIW) line of Hatcherville Road, the Southeast comer of a called 2.0678 acre tract conveyed to Chambers County from Albert Nelson, Jr., et al (for public road purposes) by Deed dated August 31, 1995 and recorded in Volume 276, Page 344 O.P.R.C.C.T. and the Northeast comer of a 60 foot wide strip for ingress and egress as described in Volume 257, Page 206 C.C.D.R.;

THENCE South 77° 33' 14" West along the South property line of said 2214 acre tract and said 2.0678 acre tract, a distance of 19.62 feet to a 1/2 inch iron rod found at an angle point in the existing West RIW line of Hatcherville Road (based on variable width) for the Southwest comer of said 2.0678 acre tract, the Southeast comer of aforesaid 88.077 acre tract, the Southeast comer and the POINT OF BEGINNING (P.O.B.) of the herein described tract of land;

THENCE South 77° 33' 14" West continuing along the South property line of said 2214 acre tract and the North R/W line of said 60 foot wide ingress and egress strip, a distance of 1,666.37 feet to a 5/8 inch iron rod in concrete found for the Northwest comer of said 60 foot wide ingress and egress strip and the Northeast comer of the residue of a called 117.91 acre tract conveyed to Patti K. Kroll by Deed dated July 3, 1990 and recorded in Volume 92-184, Page 85 O.P.R.C.C.T.;

THENCE South 77° 58' 52" West along the common line of the Nelson and Kroll Tracts, a distance of 759.10 feet to a capped 112 inch iron rod found for the Southeast comer of a called 6.854 acre tract (described as Tract 1 in deed) conveyed to Missouri Pacific Railroad Company (now known as Union Pacific Railroad Company) by deed dated August 31, 1995 and recorded in Volume 95-279, Page 567 of O.P.R.C.C.T. and the Southwest comer of the herein described tract of land;

2011
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THENCE North $12^{\circ} 25' 00''$ East along the Southeasterly property line of said 6.854 acre tract and the Northwesterly property line of said 88.077 acre tract, a distance of 869.85 feet to a $\frac{5}{8}$ inch iron rod set for the point of curvature curve whose circle center bears South $77^{\circ} 35' 00''$ East;

THENCE in a Northeasterly direction along the common line of said 6.854 acre tract and 88.077 acre tract, a distance of 865.00 feet along the arc of a curve to the right having a radius of 1860.08 feet, a central angle of $26^{\circ} 38' 41''$ and a chord which bears North $25^{\circ} 44' 20''$ East, 857.23 feet to a $\frac{5}{8}$ inch iron rod set for the point of tangency;

THENCE North $39^{\circ} 03' 41''$ East continuing along said common line, at 1,204.76 feet passing the Northeast comer of said 6.854 acre tract and the Southeast comer of a called 0.3214 acre tract (described as Tract 2 in deed) conveyed to Missouri Pacific Railroad Company of by the same deed dated August 31, 1995 and being mentioned above, at 1,344.77 feet passing the Northeast comer of said 0.3214 acre tract and the Southeast comer of a called 1.262 acre tract (described as Tract 3 in deed) conveyed to Missouri Pacific Railroad Company of by the same deed dated August 31, 1995 and being mentioned above, in all a total distance of 1,856.06 feet to a $\frac{5}{8}$ inch iron rod set in the existing West R/W line of Hatcherville Road and the West property line of said 2.0678 acre tract for the Northeast comer of said 1.262 acre tract and the North comer of the herein described tract of land;

THENCE South $13^{\circ} 30' 47''$ East along the existing West R/W line of Hatcherville Road and the West property line of said 2.0678 acre tract, a distance of 701.81 feet to a $\frac{1}{2}$ inch iron rod found for an angle point of the herein describer tract of land;

THENCE South $14^{\circ} 21' 12''$ East continuing along said common line, a distance of 1,923.30 feet to the **POINT OF BEGINNING** and containing 88.077 acres of land, more or less.

EXHIBIT "TRACT #2"

LEGAL DESCRIPTION

8.437 ACRES

North 39° 03' 41" East, at a distance of 1,204.05 feet passing the most northerly east corner of said 6.854 acre tract and the west corner of said 0.3214 acre tract, at a distance of 1,344.07 feet passing the north corner of said 0.3214 acre tract and the most northerly west corner of the said 1.262 acre tract, continuing a total distance of 1,932.58 feet to the west R.O.W. line of the aforesaid Hatcherville Road and the most easterly southeast corner of said easterly portion of said 1,654 acre tract, and the most northerly east corner of said 1.262 acre tract and the herein described tract, from which a found 1/2-inch iron rod with cap stamped "M. CHANDLER 5292", bears South 08° 12' East, 0.63 feet;

THENCE, South 13° 30' 47" East, along said west R.O.W. line and the easterly line of said 1.262 acre tract, a distance of 125.92 feet to the north corner of the aforesaid 88.077 acre tract, and the most southerly east corner of said 1.262 acre tract and the herein described tract, from which a found 5/8-inch iron rod with aluminum cap stamped "MPH 6045", bears South 10° 36' West, 0.34 feet;

THENCE, Southwesterly, along the common line of the northwesterly line of said 88.077 acre tract, and the southeasterly lines of the aforesaid 6.854 acres, 1.262 acres, 0.3214 acre tracts and the herein described tract, the following courses:

South 39° 03' 41" West, departing said west R.O.W. line, at a distance of 511.29 feet passing the most southerly west corner of said 1.262 acre tract and the east corner of said 0.3214 acre tract, at a distance of 651.30 feet passing the south corner of said 0.3214 acre tract and the most southerly east corner of said 6.854 acre tract, continuing a total distance of 1,856.06 feet to a 5/8-inch iron rod with aluminum cap stamped "MPH 6045" found marking the a point of curvature of a tangent curve to the left;

Southwesterly, a distance of 865.00 feet along said curve to the left, having central angle of 26° 38' 41", a radius of 1,860.08 feet, and a chord which bears South 25° 44' 20" West, 857.23 feet to a 5/8-inch iron rod with aluminum cap stamped "MPH 6045" found marking a point of tangency;

THENCE, South 12° 25' 00" West, continuing along said common line, a distance of 869.85 feet to the POINT OF BEGINNING and containing a calculated 8.437 acres (367,508 square feet) of land. This description is based on the Survey and plat made by Morris P. Hebert, Inc., dated January 19, 2013, latest revision dated January 24, 2013. MPH Project Number 11078-02.

Prepared by: Allen Ko
Checked by: Patrick Trewitt, RPLS Morris P. Hebert, Inc.
10101 Southwest Freeway, Suite 620
Houston, Texas 70774 (713) 217-1470
January 24, 2013
MPH, INC Project No. 11078-02
11078-02-8.437 acres-LEGAL DESCRIPTION.doc



METES AND BOUNDS DESCRIPTION OF
8.437 ACRES (367,508 SQUARE FEET) HANNAH
NASH SURVEY, ABSTRACT NUMBER 20
CHAMBERS COUNTY, TEXAS

Being a tract or parcel of land containing 8.437 acres (367,508 square feet) of land situated in the Hannah Nash Survey, Abstract Number 20, Chambers County, Texas; being all of a called 6.854 acre tract, all of a called 1.262 acre tract, and all of a called 0.3214 acre tract described as "Tracts 1, 2 and 3" conveyed to Missouri Pacific Railroad Company (now known as Union Pacific Railroad Company) as described in deed recorded in Volume 95-279, Page 567 of the Official Public Record of Chambers County, Texas (O.P.R.C.C.T.). (Bearings herein are oriented to the Texas State Plane Coordinate System, South Central Zone, NAD 83 referenced in said deed recorded in Volume 95-279, Page 567 of the O.P.R.C.C.T.):

COMMENCING at a 1/2-inch iron rod found marking the intersection of the west right-of-way (R.O.W.) line of Hatcherville Road (width varies) with the north line of a called 60-foot wide ingress and egress strip of land described in deed recorded in Volume 257, Page 206 of the Deed Records of Chambers County (C.C.D.R.), Texas; and marking the southeast corner of a called 88.077 acre tract of land conveyed to Mont Belvieu Caverns, LLC as described in deed recorded in Volume 11-1244, Page 658 of the O.P.R.C.C.T.; and marking the southwest corner of a called 2.0678 acre tract of land conveyed to Chambers County, Texas for road widening purposes as described in deed recorded in Volume 95-276, Page 344 of the O.P.R.C.C.T., from which a 5/8-inch iron rod in concrete found marking the previous west R.O.W line of said Hatcherville Road and marking the southeast corner of said 2.0678 acre tract, bears North $77^{\circ} 33' 14''$ East, 19.62 feet;

THENCE, South $77^{\circ} 33' 14''$ West, departing said west R.O.W. line, along the north line of said 60-foot wide ingress and egress strip, and along the south line of said 88.077 acre tract, a distance of 1,666.37 feet to a 5/8-inch iron rod in concrete found marking the northwest corner of said 60-foot wide ingress and egress strip, and marking the northeast corner of a called 117.91 acre tract of land conveyed to Patti K. Kroll as described in deed recorded in Volume 92-184, Page 85 of the O.P.R.C.C.T.;

THENCE, South $77^{\circ} 58' 52''$ West, along the north line of said 117.91 acre tract, and the south line of said 88.077 acre tract, a distance of 759.10 feet to a 5/8-inch iron rod with cap stamped "LANDTECH CONSULTANTS" found marking the northeast corner of a called 1.576 acre easement conveyed to Missouri Pacific Railroad Company as described in deed recorded in Volume 95-277, Page 184 of the O.P.R.C.C.T., and marking the southwest corner of said 88.077 acre tract, and the POINT OF BEGINNING and most easterly south corner of said 6.854 acre tract and the herein described tract;

THENCE, South $77^{\circ} 58' 28''$ West, along the north line of said 1.576 acre easement and said 117.91 acre tract, and the south line of said 6.854 acre tract, a distance of 109.84 feet to a 5/8-inch iron rod with cap found marking the northwest corner of said 1.576 acre easement, and the most southerly southeast corner of the easterly portion of a called 1,641 acre tract conveyed to Mont Belvieu Caverns, LLC as described in deed recorded in Volume 11-1244, Pages 632 & 645 of the O.P.R.C.C.T, and marking the most westerly south corner of said 6.854 acre tract and the herein described tract;

THENCE, Northeasterly, along the common line of the southeasterly line of said 1,641 acre tract, and the northwesterly lines of the aforesaid 6.854 acres, 1.262 acres, 0.3214 acre tracts and the herein described tract, the following courses:

North $11^{\circ} 25' 00''$ East, a distance of 915.30 feet to a 1/2-inch iron rod with cap stamped "M. CHANDLER 5292" found marking a point of curvature of a tangent curve to the right;

Northeasterly, a distance of 911.51 feet along said curve to the right, having a central angle of $26^{\circ} 38' 41''$, a radius of 1,960.08 feet, and a chord which bears North $25^{\circ} 44' 20''$ East, a distance of 903.32 feet to a bent 1/2-inch iron rod with cap stamped "M. CHANDLER 5292" found marking a point of tangency;

EXHIBIT "TRACT # 3"

LEGAL DESCRIPTION

431.0 ACRES

FIELD NOTES of a 431.0 acre tract of land situated in the Hannah Nash League, Abstract No.

20, Chambers County, Texas, being out of and a part of the residue of 2214 acres conveyed to Albert N. Nelson, Jr., by Albert N. Nelson, et ux, by deed dated December 31, 1959, and recorded in Volume 218 at Page 248 of the Deed Records of Chambers County, Texas, and a

13.354 acre tract of land conveyed to Albert N. Nelson, Jr., et al, by Chambers County, Texas, by deed dated September 1, 1995, and recorded in Volume 276 at Page 338 of the Official Public Records of Chambers County, Texas. This 431.0 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

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

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

THENCE South 77°53'02" West with the South line of this tract of land, the South line of said residue of 2214 acres, and the North line of said 117.91 acres a distance of 3895.55 feet to a 1/2 inch iron rod found for the Southwest corner of this tract of land, a Southwest corner of said residue of 2214 acres, and the Southeast corner of a 32.35 acre tract of land called Tract 1 awarded to Coastal Industrial Water Authority by instrument dated February 23, 1973, and recorded in Volume 359 at Page 119 of the Deed Records of Chambers County, Texas. From this corner a 5/8 inch iron rod found for the Northwest corner of said 117.91 acres, and the Northeast corner of 110.79 acres called Parcel "A" conveyed to Coastal Industrial Water Authority by Lillian U. Keyser, et al, by deed dated January 30, 1970, and recorded in Volume

312 at Page 473 of the Deed Records of Chambers County, Texas, bears South 77°53'02" West a distance of 43.87 feet

THENCE North 12°08'29" West with a West line of this tract of land, a West line of said residue of 2214 acres, and an East line of said 32.35 acres, at a distance of 1.57 feet found a 5/8 inch iron rod, in all a total distance of 69.21 feet to a 1/2 inch iron rod found for an interior comer of this tract of land, an interior comer of said residue of 2214 acres, and a Northeast comer of said 32.35 acres.

THENCE South 77°51'31" West with a South line of this tract of land, a South line of said residue of 2214 acres, and a North line of said 32.35 acres a distance of 40.53 feet to a 1/2 inch iron rod found for a Southwest comer of this tract of land, a Southwest comer of said residue of 2214 acres, and an interior comer of said 32.35 acres.

THENCE in a Northerly direction with a West line of this tract of land, a West line of said residue of 2214 acres, an East line of said 32.35 acres, and a curve to the right, having a central angle of 33°56'10", a radius of 735.00 feet, an arc length of 435.34 feet, and a chord bearing and distance of North 04°45'25" East 429.00 feet to a 1/2 inch iron rod found for the point of tangency of this tract of land.

THENCE North 21°20'31" East with a West line of this tract of land, a West line of said residue of 2214 acres, and an East line of said 32.35 acres a distance of 4813.02 feet to a 1/2 inch iron rod found for an angle comer of this tract of land, an angle comer of said residue of 2214 acres, the Northeast comer of said 32.35 acres, and the Southeast comer of a 6.05 acre tract of land conveyed to Coastal Industrial Water Authority by Vera Honsinger, et al, by deed dated June 4, 1971, and recorded in Volume 328 at Page 697 of the Deed Records of Chambers County, Texas.

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

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

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62639 CR 1244

THENCE South 31°56'22" East with an East line of this tract of land, an East line of said residue of 2214 acres, and the occupied West right of way line of Old Hatcherville Road a distance of 42.62 feet to a 1 inch iron pipe found for an interior comer of this tract of land, an interior comer of said residue of 2214 acres, and an angle comer of Old Hatcherville Road.

THENCE North 77°52'50" East with a North line of this tract of land, a North line of said residue of 2214 acres, the South right of way line of Old Hatcherville Road, and the South right

of way line of New Hatcherville Road a distance of 2676.93 feet to a 5/8 inch iron rod found bent for the Northeast corner of this tract of land, the Northeast corner of said residue of 2214 acres, and an angle corner of said Hatcherville Road.

THENCE South 13°31'09" East with an East line of this tract of land, an East line of said residue of 2214 acres, and the West right of way line of Hatcherville Road a distance of 1753.00 feet to a 1/2 inch iron rod found for a Southeast corner of this tract of land, a Southeast corner of said residue of 2214 acres, and the North or Northeast corner of a 1.262 acre tract of land called Tract 3 conveyed to Missouri Pacific Railroad Company by Albert N. Nelson, Jr., et al, by deed dated August 31, 1995, and recorded in Volume 279 at Page 567 of the Official Public Records of Chambers County, Texas. From this corner a 1/2 inch iron rod found bent in the West right of way line of Hatcherville Road bears South 13°31'09" East a distance of 826.43 feet.

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

THENCE in a Southerly direction with an East line of this tract of land, an East line of said residue of 2214 acres, the West line of said 6.854 acres, an a curve to the left, having a central angle of 26°38'41", a radius of 1960.10 feet, an arc length of 911.52 feet, and a chord bearing and distance of South 25°44'39" West 903.33 feet to a 1/2 inch iron rod found for the point of tangency of this tract of land.

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

GUIDELINES AND CRITERIA FOR TAX ABATEMENT IN CHAMBERS COUNTY

SECTION 1 INTRODUCTION

In recognition of the fact that:

- a.) The creation and retention of job opportunities that bring new wealth is the highest civic priority;
- b.) New jobs and investments will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services;
- c.) The communities within Chambers County must compete with other localities across the nation currently offering tax inducements to attract new plant and modernization projects;
- d.) Any tax incentives offered in Chambers County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community;
- e.) Any tax incentives should not adversely affect the competitive position of existing companies operating in Chambers County;
- f.) The abatement of property taxes, when offered to attract primary jobs in industries which bring in money from outside a community instead of merely re-circulating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy;
- g.) Effective September 1st, 1987, Texas law requires any eligible taxing jurisdiction to establish guidelines and criteria for tax abatement agreements prior to granting tax abatement, said guidelines and criteria to be unchanged for a two-year period unless amended by a three-quarters vote; and Chambers County has developed the following guidelines and criteria for tax abatement.

SECTION 2 DEFINITIONS

- a.) **"Abatement"** means the full or partial exemption from ad valorem taxes of the increase in value of certain real property in a reinvestment zone designated for economic development purposes.
- b.) **"Eligible Jurisdiction"** means Chambers County and any municipality, school district or college district that levies ad valorem taxes upon property located within the proposed or existing reinvestment zone.
- c.) **"Agreement"** means a contractual agreement between a property owner and an eligible jurisdiction for the purpose of tax abatement.
- d.) **"Base Year Value"** means the assessed value of eligible property on the January 1st preceding the execution of the agreement.
- e.) **"Economic Life"** means the number of years a property improvement is expected to be in service in a facility.

- f.) **“Deferred Maintenance”** means improvements necessary for continued operations, which do not improve productivity or alter the process technology.
- g.) **“Expansion”** means the addition of buildings, structures, or fixed machinery or equipment for purposes of increasing production capacity.
- h.) **“Facility”** means property improvements completed or in the process of construction which together comprise an integral whole.
- i.) **“Manufacturing Facility”** means buildings and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- j.) **“Modernization”** means the replacement and upgrading of existing facilities, which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, of fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing or repairing.
- k.) **“New Facility”** means a property previously undeveloped, which is placed into service, by means other than or in conjunction with expansion or modernization.
- l.) **“Other Basic Industry”** means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services and which result in the creation of new permanent jobs and bring in new wealth.
- m.) **“Wholesale Distribution Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator.
- n.) **“Entertainment and Recreation Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public.
- o.) **“Service Facility”** means buildings and structures, including fixed machinery and equipment, used or to be used to service goods.
- p.) **“Research Facility”** means building structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes of such goods or materials.

**SECTION 3
ABATEMENT AUTHORIZED**

- a.) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Wholesale Distribution Facility, Service Facility, Entertainment and Recreation Facility, or other Basic Industry.
- b.) **Creation of New Value.** Abatement may be only be granted for the additional value over the base year value resulting from eligible property improvements made subsequent to and listed in tax abatement agreement between the eligible jurisdiction and the property owner subject to such limitations as the eligible jurisdiction may require.

- c.) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- d.) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility.
- e.) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for tax abatement: land; inventories; supplies; tools; furnishings and other forms of movable personal property; vehicles; watercraft; aircraft; housing; deferred maintenance investments; any improvements, including those to produce, store or distribute natural gas, fluids or gases, which are not integral to the operation of the facility; property which has an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas.
- f.) **Owned/Leased Facilities.** In order for a facility to qualify for tax abatement, the land and eligible property must be owned and operated by the same individual or company or be leased to a facility operator whose lease term is at least 10 years.
- g.) **Value and Term of Abatement.** Tax Abatement for eligible property shall be granted effective with the January 1st valuation date immediately following the date of execution of the agreement and shall not exceed five (5) years, including construction time. The percentage of the new value created pursuant to the agreement on which taxes will be abated in each of the years for which abatement is granted shall be as follows:

1 st year	100%
2 nd year	100%
3 rd year	75%
4 th year	60%
5 th year	50%

If a modernization project includes facility replacements, the value to which abatement applies shall be the value of the new unit(s) less the value of the old unit(s).

Provided, however, that the value on which abatement is granted in any year shall not exceed the estimated increase in market value (required to be included in the tax abatement agreement in accordance with Section 6 (a), (1) resulting from construction of or improvements to eligible facilities.)

- h.) **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and receive tax abatement, the proposed improvement;
 - (1) Must be reasonably expected to increase the value of property in the amount of \$500,000 or more after the period of abatement has expired;
 - (2) Must be reasonably expected to prevent the loss of employment and to create employment at the facility for at least five people on a permanent basis and the owner must agree to exercise its best efforts to insure that 50% of new employees, or a minimum of two (2) employees, are residents of Chambers County, Harris County, Jefferson County, Galveston County, Hardin County and/or Liberty County; 10% of new employees, or a minimum of two (2) employees, are residents of Chambers County; and 5% of new employees, or a minimum of one (1) employee are resident(s) of the city in which the facility is located;

- (3) Must not be expected to solely or primarily have the effect of transferring employment from one part of Chambers County to another; and
- (4) If a new facility, must be necessary because capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements.

Further, the owner of the proposed improvement must make every reasonable effort to use local resources in employees, goods and services at the facility.

- i.) **Taxability.** For tax years beginning on or after the execution of the tax abatement agreement to the end of the agreement period taxes shall be payable as follows;
 - (1) the value of ineligible property as provided in Section 3(e) shall be fully taxable;
 - (2) the base year value of existing eligible property shall be fully taxable; and
 - (3) the value of eligible property shall be taxable in the manner described in Section 3(g).

SECTION 4 APPLICATION

- a.) **Filing of Application.** Any present or potential owner of taxable property in Chambers County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County Judge of Chambers County if the property is located outside of the taxing jurisdiction of a municipality.
- b.) **Content of Application.** The application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a general descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and location of all proposed improvements of the property; a map and property description; and a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the municipality or County deems appropriate for evaluating the financial capacity and other factors of the applicant. Sworn statement that no construction has been undertaken on the project.
- c.) **Notice to Eligible Jurisdiction.** Upon receipt of an approved application, Chambers County, shall notify in writing the presiding officer of the governing body of each eligible jurisdiction.
- d.) **Abatement Inapplicable to Prior Projects.** Chambers County shall not establish a reinvestment zone or enter into an abatement agreement if it finds that the request for the abatement was approved by Commissioner's Court after the construction, alteration, or installation of improvements began as related to a proposed modernization, expansion or new facility.
- e.) **Variance.** Requests for variance from the provisions of Subsections (a), (e) and (g) of Section 3 must be made in written form. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance.

**SECTION 5
PUBLIC HEARING AND APPROVAL**

- a.) **Public Hearing for Designation of Zone.** A resolution designating a reinvestment zone may not be adopted until the governing body has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be published at least seven (7) days prior to the hearing in a newspaper paper having general circulation in the eligible jurisdiction. The presiding officers of other eligible jurisdictions shall be notified in writing at least (7) days prior to the hearing.
- b.) **Findings Required for Agreement.** In order to enter into a tax abatement agreement, the eligible jurisdiction must find that the terms of the proposed agreement and the subject property meet these guidelines and criteria and that:
 - (1) there will be no substantial adverse effect on the provision of the jurisdiction's service or tax base; and
 - (2) the planned use of the property will not constitute a hazard to public safety, health or morals.

**SECTION 6
AGREEMENT**

- a.) **Contents of Agreement.** After approval, the eligible jurisdiction shall formally approve and execute an agreement with the owner of the facility which agreement shall include:
 - (1) estimated value to be abated and the base year value;
 - (2) percent of value to be abated each year as provided in Section 3(g);
 - (3) the commencement date and the termination date of abatement;
 - (4) the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provided in Section 4(b);
 - (5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in Sections 3(a), 3(f), 3(g), 7, 8, and 9, or other provisions that may be required for uniformity or by state law; and
 - (6) amount of investment and average number of jobs involved.

Such agreement shall normally be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County. Upon execution of this agreement, it becomes the responsibility of the applicant to file with the County the necessary reports annually certifying employment and investment level as stated in the executed contract.

**SECTION 7
RECAPTURE**

The tax abatement agreement shall contain provisions for recapture of taxes abated in the event that 1) the improvements for which abatement was granted are not completed in accordance with agreement, 2) the owner allows ad valorem taxes owed the eligible jurisdictions granting abatement to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of such taxes, 3) the owner

discontinues operating or using the property as required by the agreement, or 4) the owner breaches any of the terms or conditions of the agreement.

**SECTION 8
ADMINISTRATION**

- a.) **Appraisal and Assessment.** The Chief Appraiser of the County shall annually determine an appraisal of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the affected jurisdictions, which levy taxes of the amount of the assessment.
- b.) **Access to Property.** The agreement shall stipulate that employees and/or designated representatives of the contracting eligible jurisdiction shall have access to the subject property during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only upon twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility.
- c.) **Annual Evaluations.** Upon completion of construction, the jurisdiction creating the reinvestment zone shall annually evaluate each facility receiving abatement to ensure compliance with the agreement and report possible violations of the agreement to the eligible jurisdictions.

**SECTION 9
ASSIGNMENT**

A tax abatement agreement may not be assigned unless written consent is first granted by the eligible jurisdiction that has entered into the agreement, which consent shall be at the sole discretion of such eligible jurisdiction. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the agreement. Any assignment of a tax abatement agreement shall be to an entity that contemplates the same improvements to, and operation of the property as the assignor, except to the extent such improvements have been completed. No assignment shall be approved by an eligible jurisdiction if the assignor or the assignee is indebted to the eligible jurisdiction for ad valorem taxes or other obligations.

**SECTION 10
SUNSET PROVISIONS**

- a.) These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the guidelines and criteria will be modified, renewed or eliminated.
- b.) This policy applies only to the tax abatement under the provisions of the Property Redevelopment and Tax Abatement Act, Tex. Tax Code Ann. Chapter 312.

ATTACHMENT 12

Wages Calculations

Calculations of wages Information---Based on Most Recent Data Available

110% of County Average Weekly Wage for all Industries

Year	Period	Wages
2011	4th Qtr	1,023
2012	1st Qtr	1,016
2012	2nd Qtr	981
2012	3rd Qtr	990

Average 1,003 Average Weekly Salary
 X 1.1 (110%) 110% of County Average Weekly Wage for all Jobs
\$ 1,102.75

110% of County Average Weekly Wage for Manufacturing jobs

Year	Period	Wages
2011	4th Qtr	1,737
2012	1st Qtr	1,492
2012	2nd Qtr	1,634
2012	3rd Qtr	1,383

Average 1,562 Average Weekly Salary
 110%
\$ 1,717.65

**110% of County Average Weekly Wage for Manufacturing jobs in Region
 (Houston-Galveston Area Council)**

25.82 per hour
 40 hr per week
\$ 1,032.80 Average weekly Salary
 110%
 \$ 1,136.08
 52 Weeks
\$ 59,076.16 Annual Salary

Quarterly Employment and Wages (QCEW)

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FOR ALL INDUSTRIES JOBS IN CHAMBERS COUNTY

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	1st Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$953
2012	1st Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,016
2011	2nd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$921
2012	2nd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$981
2011	3rd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$955
2012	3rd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$990
2011	4th Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,023

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FOR MANUFACTURING JOBS IN CHAMBERS COUNTY

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2011	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,473
2012	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,492
2011	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,537
2012	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,634
2011	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,502
2012	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,383
2011	4th Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,737

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2011 Manufacturing Wages by Council of Government Region

Wages for All Occupations

COG	Wag Hourly	Annual
Texas	\$22.89	\$47,610
<u>1. Panhandle Regional Planning Commission</u>	\$19.32	\$40,196
<u>2. South Plains Association of Governments</u>	\$16.45	\$34,210
<u>3. NORTEX Regional Planning Commission</u>	\$18.14	\$37,733
<u>4. North Central Texas Council of Governments</u>	\$24.03	\$49,986
<u>5. Ark-Tex Council of Governments</u>	\$16.52	\$34,366
<u>6. East Texas Council of Governments</u>	\$18.27	\$37,995
<u>7. West Central Texas Council of Governments</u>	\$17.76	\$36,949
<u>8. Rio Grande Council of Governments</u>	\$15.69	\$32,635
<u>9. Permian Basin Regional Planning Commission</u>	\$21.32	\$44,349
<u>10. Concho Valley Council of Governments</u>	\$15.92	\$33,123
<u>11. Heart of Texas Council of Governments</u>	\$18.82	\$39,150
<u>12. Capital Area Council of Governments</u>	\$26.46	\$55,047
<u>13. Brazos Valley Council of Governments</u>	\$15.71	\$33,718
<u>14. Deep East Texas Council of Governments</u>	\$15.48	\$32,207
<u>15. South East Texas Regional Planning Commission</u>	\$28.23	\$58,724
<u>16. Houston-Galveston Area Council</u>	\$25.82	\$53,711
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.38	\$42,391
<u>18. Alamo Area Council of Governments</u>	\$18.00	\$37,439
<u>19. South Texas Development Council</u>	\$13.85	\$28,806
<u>20. Coastal Bend Council of Governments</u>	\$22.35	\$46,489
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.08	\$31,365
<u>22. Texoma Council of Governments</u>	\$20.76	\$43,190
<u>23. Central Texas Council of Governments</u>	\$16.17	\$33,642
<u>24. Middle Rio Grande Development Council</u>	\$13.65	\$28,382

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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.

ATTACHMENT 13

Schedule A, B, C and D

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name: Enterprise Products, LP (PDH Project)

Barbers Hill ISD

PROPERTY INVESTMENT AMOUNTS

		(Estimated investment in each year. Do not put cumulative totals.)										Column E: Total Investment (A-B+D)
		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					
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)	2013-2014	2013	-	-	-	-					
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)			\$ 176,000,000	-	-	-	-	\$ 35,000,000			
Tax Credit Period (with 50% cap on credit)	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)	2014-2015 2015-2016 2016-2017 2017-2018 2018-2019 2019-2020 2020-2021 2021-2022 2022-2023 2023-2024 2024-2025 2025-2026 2026-2027 2027-2028 2028-2029	2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028	1,100,000,000	-	1,100,000,000	-					
	Complete tax years of qualifying time period			1	2014	\$	-	-	-	\$ 1,100,000,000	-	-
				2	2015	\$	-	-	-	-	-	-
				3	2016		-	-	-	-	-	-
				4	2017		-	-	-	-	-	-
				5	2018		-	-	-	-	-	-
				6	2019		-	-	-	-	-	-
				7	2020		-	-	-	-	-	-
				8	2021		-	-	-	-	-	-
				9	2022		-	-	-	-	-	-
				10	2023		-	-	-	-	-	-
				11	2024		-	-	-	-	-	-
				12	2025		-	-	-	-	-	-
				13	2026		-	-	-	-	-	-
				14	2027		-	-	-	-	-	-
	15	2028		-	-	-	-	-	-			
	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(A)-(D).
 For the purposes of investment, please list amount invested each year, not cumulative totals.
 [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
 Column B: 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(E).

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

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

3/14/2013

DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name
Enterprise Products, LP (PDH Project)

Barbers Hill ISD

ISD Name

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O—after all reductions
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or in or on the new improvement			
pre-year 1	2013-2014	2013	-	-	-	-	-	-
1	2014-2015	2014	-	-	550,000,000	41,250,000	508,750,000	508,750,000
2	2015-2016	2015	-	-	825,000,000	61,875,000	763,125,000	763,125,000
3	2016-2017	2016	-	-	1,078,000,000	80,850,000	997,150,000	30,000,000
4	2017-2018	2017	-	-	1,056,000,000	79,200,000	976,800,000	30,000,000
5	2018-2019	2018	-	-	1,034,000,000	77,550,000	956,450,000	30,000,000
6	2019-2020	2019	-	-	1,012,000,000	75,900,000	936,100,000	30,000,000
7	2020-2021	2020	-	-	990,000,000	74,250,000	915,750,000	30,000,000
8	2021-2022	2021	-	-	968,000,000	72,600,000	895,400,000	30,000,000
9	2022-2023	2022	-	-	946,000,000	70,950,000	875,050,000	30,000,000
10	2023-2024	2023	-	-	924,000,000	69,300,000	854,700,000	30,000,000
11	2024-2025	2024	-	-	902,000,000	67,650,000	834,350,000	834,350,000
12	2025-2026	2025	-	-	880,000,000	66,000,000	814,000,000	814,000,000
13	2026-2027	2026	-	-	858,000,000	64,350,000	793,650,000	793,650,000
14	2027-2028	2027	-	-	836,000,000	62,700,000	773,300,000	773,300,000
15	2028-2029	2028	-	-	814,000,000	61,050,000	752,950,000	752,950,000

Tax Credit
Period (with
50% cap on
credit)

Credit Settle-Up
Period

Post- Settle-Up Period

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.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

3/14/2013

DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name

Enterprise Products, LP (PDH Project)

ISD Name

Barbers Hill ISD

Form 50-296

Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	County	City	Hospital	Other
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax					
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013-2014	2013	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
Complete tax years of qualifying time period	1	2014-2015	2014	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	2	2015-2016	2015	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	3	2016-2017	2016	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	4	2017-2018	2017	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	5	2018-2019	2018	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	6	2019-2020	2019	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	7	2020-2021	2020	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	8	2021-2022	2021	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	9	2022-2023	2022	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	10	2023-2024	2023	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	11	2024-2025	2024	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	12	2025-2026	2025	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	13	2026-2027	2026	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	14	2027-2028	2027	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
	15	2028-2029	2028	\$ 600,000	\$ 900,000	\$ 15,196,069	100%			
Tax Credit Period (with 50% cap on credit)	Value Limitation Period									
Credit Settle-Up Period	Continue to Maintain Viable Presence									
Post-Settle-Up Period										
Post-Settle-Up Period										

*For planning, construction and operation of the facility.

Curt J. [Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

3/14/2013

DATE

Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of: 08/15/2013 10:34:46 AM

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

ENTERPRISE PRODUCTS OPERATING LLC	
Texas Taxpayer Number	12604305396
Mailing Address	PO BOX 4018 HOUSTON, TX 77210-4018
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	06/30/2007
Texas SOS File Number	0800838920
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201

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 27, 2013

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

Dear Superintendent Poole:

On April 17, 2013, the Comptroller received the completed application (Application # 278) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in March 2013 to the Barbers Hill Independent School District (the school district) by Enterprise Products Operating, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$1 billion) is consistent with the proposed appraised value limitation sought (\$30 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.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Chambers County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application 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. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of April 17, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, 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 Products Operating, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2011-2012 Enrollment in School District	4,420
County	Chambers
Total Investment in District	\$1,000,000,000
Qualified Investment	\$1,000,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	25
Number of qualifying jobs committed to by applicant	25
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,250
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,136
Minimum Annual Wage committed to by applicant for qualified jobs	\$65,000
Investment per Qualifying Job	\$40,000,000
Estimated 15 year M&O levy without any limit or credit:	\$134,063,765
Estimated gross 15 year M&O tax benefit	\$88,820,315
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$85,063,928
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$12,845,875
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$48,999,837
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	63.5%
Percentage of tax benefit due to the limitation	85.5%
Percentage of tax benefit due to the credit.	14.5%

This presents the Comptroller's economic impact evaluation of Enterprise Products Operating, LLC (the project) applying to Barbers Hill 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 25 new jobs when fully operational. All 25 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 Houston-Galveston Area Council of Governments Region, where Chambers County is located was \$53,711 in 2011. The annual average manufacturing wage for 2011-2012 for Chambers County is \$81,224. That same year, the county annual average wage for all industries was \$52,156. In addition to a salary of \$65,000, each qualifying position will receive medical and dental insurance, life insurance, 401K savings plan, vacation and holiday pay and employee unit purchase plan. The project's total investment is \$1.1 billion, resulting in a relative level of investment per qualifying job of \$40 million.

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

According to Enterprise Products Operating, LLC's application, "Enterprise is a leading midstream energy company with a large pipeline foot print in the United States. These pipelines provide substantial flexibility in plant location. Enterprise has Gas manufacturing locations in TX, LA, NM, CO, and WY. These pipelines provide substantial flexibility in determining where plants are built. Enterprise has significant assets in Louisiana including interstate pipelines which can and do move product to and from Texas. This allows potential manufacturing facilities to be managed via pipelines in neighboring states. Like most businesses, for every significant investment we make, there is a thorough review of the tax incentives offered in the region which helps determine Enterprise's long term investment approach in a site selection."

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

During the past two years, 30 projects in the Houston-Galveston Area Council of Governments Region 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 Products Operating, LLC 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 Products Operating, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 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 Products Operating, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	700	776	1476	\$36,400,000	\$50,600,000	\$87,000,000
2014	725	878	1603	\$38,025,000	\$64,975,000	\$103,000,000
2015	25	145	170	\$1,625,000	\$20,375,000	\$22,000,000
2016	25	143	168	\$1,625,000	\$18,375,000	\$20,000,000
2017	25	135	160	\$1,625,000	\$17,375,000	\$19,000,000
2018	25	137	162	\$1,625,000	\$17,375,000	\$19,000,000
2019	25	145	170	\$1,625,000	\$17,375,000	\$19,000,000
2020	25	161	186	\$1,625,000	\$18,375,000	\$20,000,000
2021	25	176	201	\$1,625,000	\$19,375,000	\$21,000,000
2022	25	186	211	\$1,625,000	\$20,375,000	\$22,000,000
2023	25	194	219	\$1,625,000	\$22,375,000	\$24,000,000
2024	25	163	188	\$1,625,000	\$20,375,000	\$22,000,000
2025	25	147	172	\$1,625,000	\$19,375,000	\$21,000,000
2026	25	135	160	\$1,625,000	\$19,375,000	\$21,000,000
2027	25	129	154	\$1,625,000	\$19,375,000	\$21,000,000
2028	25	129	154	\$1,625,000	\$19,375,000	\$21,000,000

Source: CPA, REMI, Enterprise Products Operating, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Barbers Hill ISD's ad valorem tax base in 2011-2012 was \$3.39 billion. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$669,576. 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, Chambers County and city of Baytown Extra-Territorial Jurisdiction with all property tax incentives sought being granted using estimated market value from Enterprise Products Operating, LLC's application. Enterprise Products Operating, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and city. Table 3 illustrates the estimated tax impact of the Enterprise Products Operating, LLC project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies (Before Credit Credited)	Barbers Hill ISD M&O and I&S Tax Levies (After Credit Credited)	Chambers County Tax Levy	City of Baytown Extra-Territorial Jurisdiction (ETJ) Tax Levy	Estimated Total Property Taxes
				0.2698	1.0600			0.4968	0.8220	
2014	\$508,750,000	\$508,750,000		\$1,372,608	\$5,392,750	\$6,765,358	\$6,765,358	\$0	\$0	\$6,765,358
2015	\$763,125,000	\$763,125,000		\$2,058,911	\$8,089,125	\$10,148,036	\$10,148,036	\$0	\$0	\$10,148,036
2016	\$997,150,000	\$30,000,000		\$2,690,311	\$318,000	\$3,008,311	\$3,008,311	\$0	\$0	\$3,008,311
2017	\$976,800,000	\$30,000,000		\$2,635,406	\$318,000	\$2,953,406	\$1,476,703	\$0	\$0	\$1,476,703
2018	\$956,450,000	\$30,000,000		\$2,580,502	\$318,000	\$2,898,502	\$1,449,251	\$0	\$1,729,707	\$3,178,958
2019	\$936,100,000	\$30,000,000		\$2,525,598	\$318,000	\$2,843,598	\$1,421,799	\$0	\$3,308,860	\$4,730,659
2020	\$915,750,000	\$30,000,000		\$2,470,694	\$318,000	\$2,788,694	\$1,394,347	\$0	\$4,893,031	\$6,287,377
2021	\$895,400,000	\$30,000,000		\$2,415,789	\$318,000	\$2,733,789	\$1,366,894	\$0	\$4,784,297	\$6,151,191
2022	\$875,050,000	\$30,000,000		\$2,360,885	\$318,000	\$2,678,885	\$1,339,443	\$0	\$4,675,563	\$6,015,006
2023	\$854,700,000	\$30,000,000		\$2,305,981	\$318,000	\$2,623,981	\$1,311,991	\$0	\$4,566,829	\$5,878,819
2024	\$834,350,000	\$834,350,000		\$2,251,076	\$8,844,110	\$11,095,186	\$8,009,738	\$4,144,967	\$6,858,607	\$19,013,313
2025	\$814,000,000	\$814,000,000		\$2,196,172	\$8,628,400	\$10,824,572	\$10,824,572	\$4,043,871	\$6,691,324	\$21,559,767
2026	\$793,650,000	\$793,650,000		\$2,141,268	\$8,412,690	\$10,553,958	\$10,553,958	\$3,942,774	\$6,524,041	\$21,020,773
2027	\$773,300,000	\$773,300,000		\$2,086,363	\$8,196,980	\$10,283,343	\$10,283,343	\$3,841,677	\$6,356,758	\$20,481,778
2028	\$752,950,000	\$752,950,000		\$2,031,459	\$7,981,270	\$10,012,729	\$10,012,729	\$3,740,580	\$6,189,475	\$19,942,784
						Total	\$79,366,472	\$19,713,869	\$56,578,492	\$155,658,833

Assumes School Value Limitation and Tax Abatements from Chambers County and City of Baytown ETJ.

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown Extra-Territorial Jurisdiction (ETJ) Tax Levy	Estimated Total Property Taxes	
				0.2698	1.0600		0.4968	0.8220		
2014	\$508,750,000	\$508,750,000		\$1,372,608	\$5,392,750	\$6,765,358	\$2,527,419	\$4,182,078	\$13,474,854	
2015	\$763,125,000	\$763,125,000		\$2,058,911	\$8,089,125	\$10,148,036	\$3,791,129	\$6,273,116	\$20,212,281	
2016	\$997,150,000	\$997,150,000		\$2,690,311	\$10,569,790	\$13,260,101	\$4,953,741	\$8,196,872	\$26,410,714	
2017	\$976,800,000	\$976,800,000		\$2,635,406	\$10,354,080	\$12,989,486	\$4,852,645	\$8,029,589	\$25,871,720	
2018	\$956,450,000	\$956,450,000		\$2,580,502	\$10,138,370	\$12,718,872	\$4,751,548	\$7,862,306	\$25,332,726	
2019	\$936,100,000	\$936,100,000		\$2,525,598	\$9,922,660	\$12,448,258	\$4,650,451	\$7,695,023	\$24,793,732	
2020	\$915,750,000	\$915,750,000		\$2,470,694	\$9,706,950	\$12,177,644	\$4,549,354	\$7,527,740	\$24,254,738	
2021	\$895,400,000	\$895,400,000		\$2,415,789	\$9,491,240	\$11,907,029	\$4,448,258	\$7,360,457	\$23,715,743	
2022	\$875,050,000	\$875,050,000		\$2,360,885	\$9,275,530	\$11,636,415	\$4,347,161	\$7,193,174	\$23,176,749	
2023	\$854,700,000	\$854,700,000		\$2,305,981	\$9,059,820	\$11,365,801	\$4,246,064	\$7,025,890	\$22,637,755	
2024	\$834,350,000	\$834,350,000		\$2,251,076	\$8,844,110	\$11,095,186	\$4,144,967	\$6,858,607	\$22,098,761	
2025	\$814,000,000	\$814,000,000		\$2,196,172	\$8,628,400	\$10,824,572	\$4,043,871	\$6,691,324	\$21,559,767	
2026	\$793,650,000	\$793,650,000		\$2,141,268	\$8,412,690	\$10,553,958	\$3,942,774	\$6,524,041	\$21,020,773	
2027	\$773,300,000	\$773,300,000		\$2,086,363	\$8,196,980	\$10,283,343	\$3,841,677	\$6,356,758	\$20,481,778	
2028	\$752,950,000	\$752,950,000		\$2,031,459	\$7,981,270	\$10,012,729	\$3,740,580	\$6,189,475	\$19,942,784	
						Total	\$168,186,787	\$62,831,639	\$103,966,450	\$334,984,877

Source: CPA, Enterprise Products Operating, LLC

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 \$134,063,765. The estimated gross 15 year M&O tax benefit, or levy loss, is \$88,820,315.

Attachment 3 is an economic overview of Chambers 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

Michael L. Williams
Commissioner

June 28, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
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 Products, LP PDH project on the number and size of school facilities in Barbers Hill Independent School District (BHISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the BHISD superintendent, Dr. Greg Poole, the TEA has found that the Enterprise Products, LP PDH project would not have a significant impact on the number or size of school facilities in BHISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk



TEXAS EDUCATION AGENCY

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

Michael L. Williams
Commissioner

June 28, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
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 (TEA) has analyzed the revenue gains that would be realized by the proposed Enterprise Products, LP PDH project for the Barbers Hill Independent School District (BHISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the Enterprise Products, LP PDH project on BHISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Chambers County

Population

- Total county population in 2010 for Chambers County: 32,332 , up 2.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Chambers County was the state's 91th largest county in population in 2010 and the 25 th fastest growing county from 2009 to 2010.
- Chambers County's population in 2009 was 68.9 percent Anglo (above the state average of 46.7 percent), 10.5 percent African-American (below the state average of 11.3 percent) and 18.4 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Chambers County:

Mont Belvieu:	2,913	Anahuac:	2,081
Beach City:	2,058	Old River-Winfree:	1,812
Cove:	307		

Economy and Income

Employment

- September 2011 total employment in Chambers County: 14,359 , up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Chambers County unemployment rate: 10.5 percent, up from 9.4 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(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

- Chambers County's ranking in per capita personal income in 2009: 13th with an average per capita income of \$45,257, down 1.5 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 Chambers County averaged \$22.26 million annually from 2007 to 2010. County total agricultural values in 2010 were up 44.2 percent from 2009. Major agriculture related commodities in Chambers County during 2010 included:
 - Aquaculture • Rice • Hunting • Hay • Other Beef
- 2011 oil and gas production in Chambers County: 758,413.0 barrels of oil and 3.6 million Mcf of gas. In September 2011, there were 182 producing oil wells and 62 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Chambers County during the fourth quarter 2010: \$53.17 million, up 18.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Mont Belvieu:	\$21.65 million, up 88.2 percent from the same quarter in 2009.
Anahuac:	\$2.21 million, up 1.5 percent from the same quarter in 2009.
Old River-Winfree:	\$0.00
Cove:	\$1.05 million, up 24.0 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Chambers County through the fourth quarter of 2010: \$192.70 million, down 1.9 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Mont Belvieu:	\$64.92 million, up 14.8 percent from the same period in 2009.
Anahuac:	\$8.73 million, down 5.0 percent from the same period in 2009.
Old River-Winfree:	\$0.00
Cove:	\$3.77 million, up 5.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Chambers County during 2010: \$192.70 million, down 1.9 percent from 2009.
- Chambers County sent an estimated \$12.04 million (or 0.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.

■ Taxable sales during 2010 in the city of:

Mont Belvieu:	\$64.92 million, up 14.8 percent from 2009.
Anahuac:	\$8.73 million, down 5.0 percent from 2009.
Old River-Winfree:	\$0.00
Cove:	\$3.77 million, up 5.7 percent from 2009.

Sales Tax -- Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Chambers County based on the sales activity month of August 2011: \$251,094.84, down 9.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Mont Belvieu:	\$237,085.85, down 10.2 percent from August 2010.
Anahuac:	\$5,641.51, down 26.2 percent from August 2010.
Old River-Winfree*:	\$4,805.15, up 184.3 percent from August 2010.
Cove:	\$3,562.33, down 17.8 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Chambers County based on sales activity months from September 2010 through August 2011: \$3.65 million, up 68.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Mont Belvieu:	\$3.47 million, up 73.2 percent from fiscal 2010.
Anahuac:	\$87,555.03, down 15.7 percent from fiscal 2010.
Old River-Winfree*:	\$49,878.98, up 149.7 percent from fiscal 2010.
Cove:	\$46,617.53, up 27.9 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Chambers County based on sales activity months through August 2011: \$2.81 million, up 89.1 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Mont Belvieu:	\$2.69 million, up 93.5 percent from the same period in 2010.
Anahuac:	\$53,193.97, down 8.5 percent from the same period in 2010.
Old River-Winfree*:	\$37,220.66, up 185.7 percent from the same period in 2010.
Cove:	\$28,490.84, up 19.7 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Chambers County based on sales activity in the 12 months ending in August 2011: \$3.65 million, up 68.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Mont Belvieu:	\$3.47 million, up 73.2 percent from the previous 12-month period.
Anahuac:	\$87,555.03, down 15.7 percent from the previous 12-month period.
Old River-Winfree*:	\$49,878.98, up 149.7 percent from the previous 12-month period.
Cove:	\$46,617.53, up 27.9 percent from the previous 12-month period.

■ *City Calendar Year-To-Date (RJ 2011)*

- Payment to the cities from January 2011 through October 2011:

Mont Belvieu:	\$3.08 million, up 82.7 percent from the same period in 2010.
Anahuac:	\$67,392.60, down 15.2 percent from the same period in 2010.
Old River-Winfree*:	\$44,170.61, up 170.2 percent from the same period in 2010.
Cove:	\$34,087.81, up 16.4 percent from the same period in 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 Chambers County based on sales activity months in 2010: \$2.33 million, up 8.0 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Mont Belvieu:	\$2.17 million, up 11.7 percent from 2009.
Anahuac:	\$92,526.01, down 38.1 percent from 2009.
Old River-Winfree*:	\$25,685.64, up 20.4 percent from 2009.
Cove:	\$41,933.79, down 3.1 percent from 2009.

*On 10/1/2010, the city of Old River-Winfree's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

Property Tax

- As of January 2009, property values in Chambers County: \$6.94 billion, down 6.3 percent from January 2008 values. The property tax base per person in Chambers County is \$220,680, above the statewide average of \$85,809. About 2.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Chambers County's ranking in state expenditures by county in fiscal year 2010: 87th. State expenditures in the county for FY2010: \$129.70 million, up 0.2 percent from FY2009.
- In Chambers County, 8 state agencies provide a total of 47 jobs and \$470,459.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Public Safety
 - Parks & Wildlife Department
 - Health & Human Services Commission
 - Department of Transportation
 - AgriLife Extension Service

Higher Education

- Community colleges in Chambers County fall 2010 enrollment:
 - None.
- Chambers County is in the service area of the following:
 - Galveston College with a fall 2010 enrollment of 2,318 . Counties in the service area include:
Chambers County
Galveston County
Jefferson County
 - Lee College with a fall 2010 enrollment of 6,719 . Counties in the service area include:
Chambers County
Hardin County
Harris County
Liberty County
 - San Jacinto Community College with a fall 2010 enrollment of 32,105 . Counties in the service area include:
Chambers County
Harris County
- Institutions of higher education in Chambers County fall 2010 enrollment:
 - None.

School Districts

- Chambers County had 3 school districts with 17 schools and 6,678 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.)
 - Anahuac ISD had 1,286 students in the 2009-10 school year. The average teacher salary was \$44,844. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.
 - Barbers Hill ISD had 4,096 students in the 2009-10 school year. The average teacher salary was \$55,305. The percentage of students meeting the 2010 TAKS passing standard for all tests was 90 percent.
 - East Chambers ISD had 1,296 students in the 2009-10 school year. The average teacher salary was \$45,678. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
ENTERPRISE PRODUCTS, LP PDH PROJECT ON THE FINANCES
OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT
UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE
LIMITATION**

May 9, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Enterprise Products, LP PDH Project on the Finances of the Barbers Hill Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Enterprise Products, LP (Enterprise) has requested that the Barbers Hill Independent School District (BHISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to BHISD on March 25, 2013, Enterprise proposes to invest \$1.1 billion to construct a new propane dehydrogenation (PDH) unit in BHISD.

The Enterprise PDH 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, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production 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.

Under the provisions of Chapter 313, BHISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning with the 2016-17 school year, the project would go on the local tax roll at \$30 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 would be assessed for debt service taxes on voter-approved bond issues throughout the limitation period and thereafter, with BHISD currently levying a \$0.2698 per \$100 I&S tax rate. The full value of the investment is expected to reach \$997 million in the 2016-17 school year, which represents about a 26 percent increase relative to the current underlying tax base, which will provide substantial benefits to BHISD in meeting its debt service obligations. Although depreciation is expected to reduce the taxable value of the project over in future years, the addition of the Enterprise BDH unit will have long-term benefits for the taxpayers of BHISD.

In the case of this 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. BHISD would experience revenue losses as a result of the implementation of the value limitation in the 2016-17 school year that are expected to total nearly \$3.8 million during the eight-year value limitation period. These reductions are addressed in the hold-harmless provisions of the limitation agreement. Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$85.1 million over

the course of the agreement, net of any anticipated revenue losses for the District but prior to any supplemental payments negotiated between the company and the District.

School Finance Mechanics

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 its 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.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation may 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 under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated at the compressed M&O tax rate 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. In the case of M&O tax effort in excess of the compressed tax rate, a recurring revenue loss may be incurred.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formulas. This resulted in 336 districts receiving ASATR funding, with an estimated 688 districts operating on state funding formulas.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The 2011 legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is expected that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

The initial legislation in the 2013 legislative session shows a further reduction in the number of ASATR districts being reduced to 308 districts under the Senate language, compared with an estimated 266 districts under the initial House language. The final bill language is probably a few weeks away as this report is being written. As a result, current law will be the basis for the estimates presented below.

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 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 agreement. 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 general approach used here is to maintain relatively static base property values. The District's local tax base reached \$3.8 billion for the 2012 tax year and is maintained for the forecast period. In addition, the current six Chapter 313 agreements approved previously by the BHISD Board of Trustees are incorporated into the base estimates. Finally, the projected taxable values of the Enterprise PDH project are also factored into the base model used here. The impact of the limitation value for the proposed project is isolated separately and the focus of this analysis. An M&O tax rate of \$1.06 per \$100 is used throughout the forecast period.

Enrollment projections provided by BHISD are used as a basis for these estimates. Student enrollment counts in average daily attendance (ADA) reflect a four percent annual increase under the estimates used here.

The current SB 1 reductions are reflected in the underlying models, since updated legislation is not available at this point. With regard to ASATR funding, the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below.

BHISD has estimated state property wealth per weighted ADA or WADA of approximately \$664,013 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for BHISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. 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. In the case of BHISD, the property wealth per WADA estimates suggest that the additional six cents of Tier II tax effort levied by the District benefit from the absence of recapture in some years and the equalization support provided by the Austin yield in other years.

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

A second model is developed which adds the value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 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). A summary of the differences between these models is shown in Table 4.

Under these assumptions, BHISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$579,806). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study. Additional revenue losses are calculated for the out-years that reflect revenue losses associated with what are referred to as the six “golden pennies.” Total formula losses over the course of the agreement are expected to reach \$3.8 million.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year, although it is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. The formula loss of \$579,806 cited above is the difference between the base and the limitation models and is based on an assumption that Enterprise would realize \$10.3 million in M&O tax savings the first year the \$30 million limitation takes effect. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of \$6.52 million and a reduction in recapture of \$3.2 million offset nearly all of the \$10.3 million reduction in M&O taxes in the first year the value limitation is in effect.

As noted previously, ASATR funding is included in the current school funding formulas, with its elimination expected in the 2017-18 school year. What is uncertain at this point is what changes in school funding law will occur between now and the first limitation year, the 2016-17 school year. As a result, the \$6.52 million ASATR offset referenced in these estimates needs to be viewed with caution.

In general, the ASATR offset poses little financial risk to BHISD as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings in the first year that the \$30 million value limitation takes effect.

The Comptroller’s state property value study influences these calculations, as noted previously. 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. Two state value determinations are also made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

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 \$1.06 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$76.0 million over the life of the agreement. In addition, Enterprise would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying 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 \$12.8 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key BHISD revenue losses are expected to total approximately \$3.8 million over the course of the agreement. In total, the potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$85.1 million over the life of the agreement. (This amount is prior to any supplemental payments permitted by laws that are negotiated by the school district and the company.) While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The project remains fully taxable for debt services taxes, with BHISD currently levying a \$0.2698 per \$100 I&S rate. Relative to the Districts underlying tax base of \$3.8 billion (exclusive of the six approved Chapter 313 agreements), the peak taxable value of the Enterprise PDH project is expected to reach \$997 million in the 2016-17 school year, which would represent a 26 percent increase in taxable value above the base level. This should assist BHISD in meeting its future debt service needs.

The project is not expected to affect BHISD in terms of enrollment. Based on the application, there will be 25 new jobs created when the Enterprise PDH project is put into operation. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed project enhances the tax base of BHISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for Enterprise under a Chapter 313 agreement could reach an estimated \$85.1 million. (This amount is net of any anticipated revenue losses, but prior to any supplemental payments to BHISD permitted by law.) The additional taxable value also enhances the tax base of BHISD in meeting its future debt service obligations.

Table 1 – Base District Information with Enterprise Products, LP (PDH) 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
Pre-Year 1	2013-14	4,537.08	5,295.23	\$1.0600	\$0.2698	\$4,256,641,715	\$4,256,641,715	\$4,032,104,594	\$4,032,104,594	\$761,460	\$761,460
1	2014-15	4,718.56	5,487.99	\$1.0600	\$0.2698	\$4,467,607,219	\$4,467,607,219	\$4,201,545,635	\$4,201,545,635	\$765,589	\$765,589
2	2015-16	4,907.30	5,773.51	\$1.0600	\$0.2698	\$4,721,982,219	\$4,721,982,219	\$4,412,511,139	\$4,412,511,139	\$764,269	\$764,269
3	2016-17	5,103.60	5,979.83	\$1.0600	\$0.2698	\$4,956,007,219	\$3,988,857,219	\$4,666,886,139	\$4,666,886,139	\$780,438	\$780,438
4	2017-18	5,307.74	6,193.58	\$1.0600	\$0.2698	\$4,935,657,219	\$3,988,857,219	\$4,900,911,139	\$3,933,761,139	\$791,289	\$635,136
5	2018-19	5,520.05	6,443.95	\$1.0600	\$0.2698	\$4,915,307,219	\$3,988,857,219	\$4,880,561,139	\$3,933,761,139	\$757,386	\$610,458
6	2019-20	5,740.85	6,701.69	\$1.0600	\$0.2698	\$4,894,957,219	\$3,988,857,219	\$4,860,211,139	\$3,933,761,139	\$725,221	\$586,980
7	2020-21	5,970.49	6,969.74	\$1.0600	\$0.2698	\$5,030,056,915	\$4,144,306,915	\$4,839,861,139	\$3,933,761,139	\$694,410	\$564,405
8	2021-22	6,209.31	7,248.52	\$1.0600	\$0.2698	\$5,155,641,357	\$4,290,241,357	\$4,974,960,835	\$4,089,210,835	\$686,342	\$564,145
9	2022-23	6,457.68	7,538.44	\$1.0600	\$0.2698	\$5,687,981,113	\$4,842,931,113	\$5,100,545,277	\$4,235,145,277	\$676,605	\$561,807
10	2023-24	6,715.99	7,839.96	\$1.0600	\$0.2698	\$5,618,046,613	\$4,793,346,613	\$5,632,885,033	\$4,787,835,033	\$718,484	\$610,697
11	2024-25	6,984.63	8,153.54	\$1.0600	\$0.2698	\$5,549,839,679	\$5,549,839,679	\$5,562,950,533	\$4,738,250,533	\$682,275	\$581,128
12	2025-26	7,264.01	8,479.66	\$1.0600	\$0.2698	\$5,483,276,070	\$5,483,276,070	\$5,494,743,599	\$5,494,743,599	\$647,991	\$647,991
13	2026-27	7,554.57	8,818.83	\$1.0600	\$0.2698	\$5,419,267,706	\$5,419,267,706	\$5,428,179,990	\$5,428,179,990	\$615,522	\$615,522
14	2027-28	7,856.75	9,171.56	\$1.0600	\$0.2698	\$5,357,662,172	\$5,357,662,172	\$5,364,171,626	\$5,364,171,626	\$584,870	\$584,870
15	2028-29	8,171.02	9,538.41	\$1.0600	\$0.2698	\$5,298,316,685	\$5,298,316,685	\$5,302,566,092	\$5,302,566,092	\$555,917	\$555,917

*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
Pre-Year 1	2013-14	\$42,819,179	\$1,442,271	\$3,196,959	\$0	-\$12,199,724	\$2,566,881	\$0	\$0	\$37,825,567
1	2014-15	\$44,886,745	\$1,499,791	\$3,120,843	\$0	-\$12,969,735	\$2,690,826	\$0	\$0	\$39,228,471
2	2015-16	\$47,379,744	\$1,713,301	\$3,137,666	\$0	-\$13,798,711	\$2,840,274	\$0	\$0	\$41,272,274
3	2016-17	\$49,866,743	\$2,125,823	\$3,467,562	\$0	-\$15,659,188	\$2,989,362	\$0	\$0	\$42,790,302
4	2017-18	\$49,663,233	\$1,853,943	\$0	\$0	-\$15,643,777	\$2,977,162	\$0	\$0	\$38,850,560
5	2018-19	\$49,459,723	\$2,300,013	\$0	\$0	-\$14,473,058	\$2,964,962	\$0	\$0	\$40,251,640
6	2019-20	\$49,256,213	\$2,005,610	\$0	\$0	-\$12,455,758	\$2,952,762	\$0	\$0	\$41,758,827
7	2020-21	\$50,576,186	\$2,487,695	\$0	\$0	-\$11,660,221	\$3,031,891	\$0	\$0	\$44,435,551
8	2021-22	\$51,802,905	\$2,169,268	\$0	\$0	-\$11,054,072	\$3,105,429	\$0	\$0	\$46,023,530
9	2022-23	\$57,016,026	\$2,690,690	\$0	\$0	-\$12,065,459	\$3,417,940	\$0	\$0	\$51,059,196
10	2023-24	\$56,326,562	\$2,346,281	\$0	\$0	-\$13,875,508	\$3,376,609	\$0	\$0	\$48,173,944
11	2024-25	\$55,493,153	\$2,910,251	\$0	\$0	-\$12,083,694	\$3,326,648	\$0	\$0	\$49,646,358
12	2025-26	\$54,840,797	\$3,026,661	\$0	\$0	-\$9,817,037	\$3,287,541	\$0	\$0	\$51,337,963
13	2026-27	\$54,213,484	\$3,147,728	\$0	\$0	-\$7,499,861	\$3,249,936	\$0	\$0	\$53,111,286
14	2027-28	\$53,609,719	\$3,273,637	\$0	\$0	-\$5,135,925	\$3,213,742	\$81,489	\$0	\$55,042,661
15	2028-29	\$53,028,104	\$3,404,582	\$0	\$0	-\$2,721,133	\$3,178,876	\$250,361	\$0	\$57,140,790

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
Pre-Year 1	2013-14	\$42,819,179	\$1,442,271	\$3,196,959	\$0	-\$12,199,724	\$2,566,881	\$0	\$0	\$37,825,567
1	2014-15	\$44,886,745	\$1,499,791	\$3,120,843	\$0	-\$12,969,735	\$2,690,826	\$0	\$0	\$39,228,471
2	2015-16	\$47,379,744	\$1,713,301	\$3,137,666	\$0	-\$13,798,711	\$2,840,274	\$0	\$0	\$41,272,274
3	2016-17	\$40,194,760	\$2,125,823	\$9,986,360	\$0	-\$12,506,003	\$2,409,555	\$0	\$0	\$42,210,496
4	2017-18	\$40,194,760	\$1,853,943	\$0	\$0	-\$6,190,573	\$2,409,555	\$0	\$0	\$38,267,685
5	2018-19	\$40,194,760	\$2,300,013	\$0	\$0	-\$5,289,852	\$2,409,555	\$0	\$0	\$39,614,476
6	2019-20	\$40,194,760	\$2,005,610	\$0	\$0	-\$3,565,101	\$2,409,555	\$52,215	\$0	\$41,097,040
7	2020-21	\$41,718,243	\$2,487,695	\$0	\$0	-\$2,704,572	\$2,500,884	\$156,391	\$0	\$44,158,641
8	2021-22	\$43,148,472	\$2,169,268	\$0	\$0	-\$2,322,764	\$2,586,622	\$163,023	\$0	\$45,744,620
9	2022-23	\$48,565,103	\$2,690,690	\$0	\$0	-\$2,949,619	\$2,911,332	\$196,366	\$0	\$51,413,872
10	2023-24	\$48,079,150	\$2,346,281	\$0	\$0	-\$5,872,623	\$2,882,201	\$0	\$0	\$47,435,009
11	2024-25	\$55,493,153	\$2,910,251	\$0	\$0	-\$5,011,143	\$3,326,648	\$106,314	\$0	\$56,825,223
12	2025-26	\$54,840,797	\$3,026,661	\$0	\$0	-\$9,817,037	\$3,287,541	\$0	\$0	\$51,337,963
13	2026-27	\$54,213,484	\$3,147,728	\$0	\$0	-\$7,499,861	\$3,249,936	\$0	\$0	\$53,111,286
14	2027-28	\$53,609,719	\$3,273,637	\$0	\$0	-\$5,135,925	\$3,213,742	\$81,489	\$0	\$55,042,661
15	2028-29	\$53,028,104	\$3,404,582	\$0	\$0	-\$2,721,133	\$3,178,876	\$250,361	\$0	\$57,140,790

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
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$9,671,983	\$0	\$6,518,797	\$0	\$3,153,185	-\$579,806	\$0	\$0	-\$579,806
4	2017-18	-\$9,468,473	\$0	\$0	\$0	\$9,453,205	-\$567,607	\$0	\$0	-\$582,875
5	2018-19	-\$9,264,963	\$0	\$0	\$0	\$9,183,206	-\$555,407	\$0	\$0	-\$637,164
6	2019-20	-\$9,061,453	\$0	\$0	\$0	\$8,890,657	-\$543,207	\$52,215	\$0	-\$661,788
7	2020-21	-\$8,857,943	\$0	\$0	\$0	\$8,955,650	-\$531,007	\$156,391	\$0	-\$276,910
8	2021-22	-\$8,654,433	\$0	\$0	\$0	\$8,731,308	-\$518,807	\$163,023	\$0	-\$278,910
9	2022-23	-\$8,450,923	\$0	\$0	\$0	\$9,115,841	-\$506,607	\$196,366	\$0	\$354,676
10	2023-24	-\$8,247,412	\$0	\$0	\$0	\$8,002,885	-\$494,408	\$0	\$0	-\$738,935
11	2024-25	\$0	\$0	\$0	\$0	\$7,072,551	\$0	\$106,314	\$0	\$7,178,865
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Enterprise Products, LP (PDH) Project Property Value Limitation Request Submitted to BHISD at \$1.06 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$508,750,000	\$508,750,000	\$0	\$1.060	\$5,392,750	\$5,392,750	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$763,125,000	\$763,125,000	\$0	\$1.060	\$8,089,125	\$8,089,125	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$997,150,000	\$30,000,000	\$967,150,000	\$1.060	\$10,569,790	\$318,000	\$10,251,790	\$0	\$10,251,790	-\$579,806	\$9,671,984
4	2017-18	\$976,800,000	\$30,000,000	\$946,800,000	\$1.060	\$10,354,080	\$318,000	\$10,036,080	\$1,476,703	\$11,512,783	-\$582,875	\$10,929,909
5	2018-19	\$956,450,000	\$30,000,000	\$926,450,000	\$1.060	\$10,138,370	\$318,000	\$9,820,370	\$1,449,251	\$11,269,621	-\$637,164	\$10,632,457
6	2019-20	\$936,100,000	\$30,000,000	\$906,100,000	\$1.060	\$9,922,660	\$318,000	\$9,604,660	\$1,421,799	\$11,026,459	-\$661,788	\$10,364,671
7	2020-21	\$915,750,000	\$30,000,000	\$885,750,000	\$1.060	\$9,706,950	\$318,000	\$9,388,950	\$1,394,347	\$10,783,297	-\$276,910	\$10,506,387
8	2021-22	\$895,400,000	\$30,000,000	\$865,400,000	\$1.060	\$9,491,240	\$318,000	\$9,173,240	\$1,366,895	\$10,540,135	-\$278,910	\$10,261,225
9	2022-23	\$875,050,000	\$30,000,000	\$845,050,000	\$1.060	\$9,275,530	\$318,000	\$8,957,530	\$1,339,442	\$10,296,972	\$0	\$10,296,972
10	2023-24	\$854,700,000	\$30,000,000	\$824,700,000	\$1.060	\$9,059,820	\$318,000	\$8,741,820	\$1,311,990	\$10,053,810	-\$738,935	\$9,314,875
11	2024-25	\$834,350,000	\$834,350,000	\$0	\$1.060	\$8,844,110	\$8,844,110	\$0	\$3,085,448	\$3,085,448	\$0	\$3,085,448
12	2025-26	\$814,000,000	\$814,000,000	\$0	\$1.060	\$8,628,400	\$8,628,400	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$793,650,000	\$793,650,000	\$0	\$1.060	\$8,412,690	\$8,412,690	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$773,300,000	\$773,300,000	\$0	\$1.060	\$8,196,980	\$8,196,980	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$752,950,000	\$752,950,000	\$0	\$1.060	\$7,981,270	\$7,981,270	\$0	\$0	\$0	\$0	\$0
						\$134,063,765	\$58,089,325	\$75,974,440	\$12,845,875	\$88,820,315	-\$3,756,387	\$85,063,928

Year 1	Year 2	Max Credits
\$5,074,750	\$7,771,125	\$12,845,875
Credits Earned		\$12,845,875
Credits Paid		<u>\$12,845,875</u>
Excess Credits Unpaid		\$0

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Attachment F

Taxable Value of Property



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

036/Chambers

036-902/Barbers Hill ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	915,774,230	.9715	942,639,454	915,774,230
B. Multi-Family Residences	8,516,580	N/A	8,516,580	8,516,580
C. Vacant Lots	29,086,360	N/A	29,086,360	29,086,360
D. Rural Real(Taxable)	61,021,430	.9949	61,334,724	61,021,430
F1. Commercial Real	56,214,690	N/A	56,214,690	56,214,690
F2. Industrial Real	1,674,020,421	N/A	1,674,020,421	1,674,020,421
G. Oil, Gas, Minerals	52,827,260	N/A	52,827,260	52,827,260
J. Utilities	74,729,120	.9552	78,234,003	74,729,120
L1. Commercial Personal	13,886,840	N/A	13,886,840	13,886,840
L2. Industrial Personal	2,006,325,144	N/A	2,006,325,144	2,006,325,144
M. Other Personal	3,324,140	N/A	3,324,140	3,324,140
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	2,381,960	N/A	2,381,960	2,381,960

S. Special Inventory	1,952,640	N/A	1,952,640	1,952,640
Subtotal	4,900,060,815		4,930,744,216	4,900,060,815
Less Total Deductions	867,956,221		872,443,195	867,956,221
Total Taxable Value	4,032,104,594		4,058,301,021	4,032,104,594 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	59,269,000	N/A	59,269,000
Prod Value Qualified Acres	1,752,430	.8483	2,065,724
Taxable Value	61,021,430		61,334,724

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
4,076,519,204	4,032,104,594	3,997,585,299	3,953,170,689	4,032,104,594	3,953,170,689

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
44,414,610	78,933,905

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead

exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
4,265,903,731	4,221,489,121	4,186,969,826	4,142,555,216	4,221,489,121	4,142,555,216

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

Attachment G

Participation Agreement

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

by and between

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

and

ENTERPRISE PRODUCTS OPERATING LLC

(Texas Taxpayer ID # 12604305396)

COMPTROLLER APPLICATION NUMBER 278

Dated

September 23, 2013

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

STATE OF TEXAS §

COUNTY OF CHAMBERS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **BARBERS HILL INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **ENTERPRISE PRODUCTS OPERATING LLC**, a Texas limited liability company (Texas Taxpayer Identification Number *12604305396*), hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on March 25, 2013, the Superintendent of Schools of the Barbers Hill Independent School District (hereinafter referred to as "Superintendent"), acting as agent of the Board of Trustees of the District (hereinafter referred to as "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on March 25, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Enterprise Products Operating LLC, and on March 26, 2013, the Assistant Superintendent of Finance acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as the "Comptroller") for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, the Comptroller established April 17, 2013 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code § 9.1054, the Application was delivered for review to the Chambers County Appraisal District established in Chambers County, Texas (the "Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, the Comptroller, pursuant to Texas Tax Code § 313.025(d), reviewed the Application and on June 27, 2013, the Texas Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the District, at the request of Applicant, has granted an extension of time to Enterprise Products, in accordance with Texas Tax Code § 313.025(b) for final action upon the pending application until December 30, 2013; 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 September 23, 2013 public hearing held in connection with the Board of Trustees' consideration of the Application; and,

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

WHEREAS, on September 23, 2013, 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 September 23, 2013, 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; (iv) each criterion referenced in Texas Tax Code § 313.025(e) has been met; and (v) the jobs creation requirement in Texas Tax Code § 313.025(f-1) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Qualified Investment; and,

WHEREAS, the Barbers Hill Independent School District was within an area that qualified as a strategic investment area under Texas Tax Code Chapter 171, Subchapter O immediately before that Subchapter expired; and because of that fact, the District qualifies as a rural school district under the provisions of Texas Tax Code § 313.051(a)(1); and,

WHEREAS, on September 23, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, 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 27, 2013, that the Application be approved; and,

WHEREAS, on September 23, 2013, 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 the Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, the Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023. 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, 2016, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of September 23, 2013 and ending on December 31, 2015 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). The Applicant shall not be entitled to a 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, 2023. This Agreement will terminate, in full, on the Final Termination Date, except as otherwise provided herein. 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 September 23, 2013)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 30 million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021-22	2021	\$ 30 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
9	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2023	2023-24	2023	\$ 30 million property value limitation. Possible tax credit due to Applicant.
11	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.
12	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2026	2026-27	2026	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*” means any other person or entity that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Applicant. For purposes of this definition, “control” when used with respect to any person or of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting securities of such person or other 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 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Enterprise Products Operating LLC, (Texas Taxpayer ID # 12604305396), the company listed in the Preamble of this Agreement who, on June 13, 2012, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, and on November 15, 2012 filed a Revised Application 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 June 13, 2012 as modified by the Revised Application filed by Applicant on November 15, 2012, which has been certified by the Comptroller's Office to collectively constitute a complete final Application as of the date of April 17, 2013. The term includes all forms required by the Comptroller's Office, the schedules attached thereto, and all

other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

"Appraisal District" means the Chambers County Appraisal District.

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

"Commencement Date" means September 23, 2013 the date upon which the Parties executed this Agreement.

"Completed Application Date" means April 17, 2013, the date upon which the Revised Application was found to be complete the Comptroller's Office.

"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 Chambers County, Texas.

"Cumulative Payments" means for each year of this Agreement the total of all payments, calculated under both Article III and Article IV of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant for all previous Tax Years under Article III and Article IV of this Agreement.

"Cumulative Unadjusted Tax Benefit" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.

"Determination of Breach" shall have the meaning assigned to such term in Section 7.8 of the Agreement

"District" or "School District" means the Barbers Hill 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, 2026. 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 and 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, Texas 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 which is the subject of its Application. In accordance with the requirements of Texas Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by the 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, 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 which is the subject of its 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, 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 of September 23, 2013 and ends on December 31, 2015.

"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 Texas 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 Texas 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.

"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 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, 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) Thirty Million Dollars (\$30,000,000.00).

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, 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, together with any court or administrative decisions interpreting same.

“Unadjusted Tax Benefit” means for each year of this Agreement the total of all gross tax savings calculated for each year of the Agreement by multiplying the Applicant’s taxable value for debt service taxes for each applicable Tax Year, minus the Tax Limitation Amount defined in Section 2.6 below, as Thirty Million Dollar (\$30,000,000.00), multiplied by the District’s Maintenance & Operations tax rate for the applicable Tax Year.

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 (“Applicant’s Qualified Investment”). 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. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant’s Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by the Applicant; 2) was first placed in service after April 17, 2013, 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 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 on **EXHIBIT 3** may not be considered to be 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 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 of the District, the Comptroller, or the Appraisal District, the 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 Thirty Million Dollars (\$30,000,000.00), 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 following eight (8) Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, 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) Thirty Million Dollars (\$30,000,000.00).

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 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 Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax at the actual Board-adopted tax rate for the applicable year.
- 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 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 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 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 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 Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 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, 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 values placed by the Appraisal District on the Qualified Investment, and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Investment by the 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

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 following the completion of Tax Year 2016, 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 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 2016) and continuing thereafter through Tax Year thirteen (Tax Year 2026), 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 2026), 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 the Applicant's 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 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 be 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. LIMITATION OF PAYMENT AMOUNTS

Notwithstanding anything contained in this Agreement to the contrary, in no event shall the Cumulative Payments made by Applicant to the District exceed fifty percent (50%) of Applicant's Cumulative Unadjusted Tax Benefit paid by the Applicant to the District under this Agreement from the Commencement Date through the applicable Tax Year. The calculation and comparison of the amounts described in this Section shall be included in all calculations made pursuant to Section 3.4 and Section 3.6. Amounts due and owing by Applicant to the District which, by virtue of the application of payment limitation set forth in this Section are not payable to the District for a given year, shall be carried forward to future years, but shall be subject, in each subsequent year, to the limit set forth in this Section.

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 such termination 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 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 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 the 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 applicable minimum eligibility requirements under Texas 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 the 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 a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 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 the 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 respects with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development 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 Chambers 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. 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:

Dr. Greg Poole, Superintendent
BARBERS HILL INDEPENDENT SCHOOL DISTRICT
P.O. Box 1108
9600 Eagle Drive
Mont Belvieu, Texas 77580
Fax: (281) 576-3410

with a copy to:

Kevin O'Hanlon
O'HANLON, MCCOLLOM & DEMERATH
808 West Avenue
Austin, Texas 78701
Fax: (512) 494-9919

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:

ATTN: 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 Thirty Million Dollars (\$30,000,000.00), 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 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 the 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 Texas 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 Texas 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 Texas 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 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 Chambers 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 representations, 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, the 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. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.

This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code § 313.028.

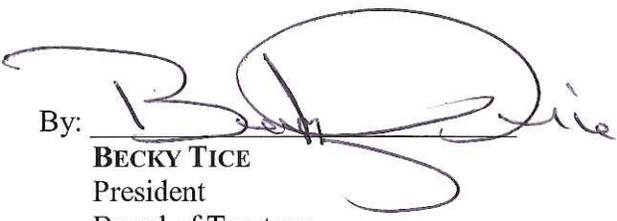
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 23 day of September, 2013.

**ENTERPRISE PRODUCTS
OPERATING LLC, a Texas
Limited Liability Company**

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

By: 
SENIOR VICE PRESIDENT

**BARBERS HILL INDEPENDENT
SCHOOL DISTRICT**

By: 
BECKY TICE
President
Board of Trustees

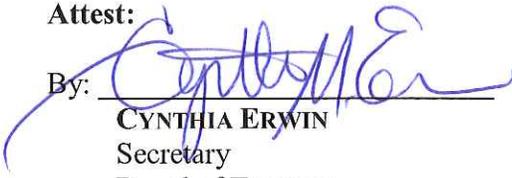
Attest: 
By: **CYNTHIA ERWIN**
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

A Reinvestment Zone was originally created on June 22, 2009 by action of the City Council of the City of Mont Belvieu, Texas in adopting *City of Mont Belvieu Ordinance No. 2009-017*. A map of the Reinvestment Zone created by *City of Mont Belvieu Ordinance No. 2009-017* is attached, below to this **EXHIBIT 1**.

As a result of the action of the City Council of the City of Mont Belvieu, Texas, the Reinvestment Zone includes real property within the City of Mont Belvieu, Texas and Chambers County, Texas, more specifically described by the metes and bounds description chart also attached to this **EXHIBIT 1**.

FIELD NOTES

EXHIBIT "TRACT # 1"

LEGAL DESCRIPTION

88.077 ACRES

All that certain tract or parcel of land containing 88.077 acres of land, more or less, being a part of and out of the residue of a called 2214 acre tract conveyed to Albert N. Nelson, Jr., et al by deed dated August 23, 1950 and recorded in Volume 126, Page 225, Deed Records of the Chambers County (C.C.D.R.), situated in the HANNAH NASH SURVEY, Abstract No. 20, Chambers County, Texas; said 88.077 acre tract being the same property conveyed to Gary R. Nelson by deed dated July 10, 2000 and recorded in Volume 00-464, Page 384, Official Public Records of the Chambers County, Texas (O.P.R.C.C.T.). Said 88.077 acre tract, more or less, is more particularly described by metes and bounds as follows:

All Bearings shown hereon are referenced to the North American Datum 83 - Texas South Central Zone.

COMMENCING (P.O.C.) at a 5/8 inch iron rod in concrete found for the original Southeast corner of said 2214 acre tract at an angle point in the old West right-of-way (RIW) line of Hatcherville Road, the Southeast corner of a called 2.0678 acre tract conveyed to Chambers County from Albert Nelson, Jr., et al (for public road purposes) by Deed dated August 31, 1995 and recorded in Volume 276, Page 344 O.P.R.C.C.T. and the Northeast corner of a 60 foot wide strip for ingress and egress as described in Volume 257, Page 206 C.C.D.R.;

THENCE South 77° 33' 14" West along the South property line of said 2214 acre tract and said 2.0678 acre tract, a distance of 19.62 feet to a 1/2 inch iron rod found at an angle point in the existing West RIW line of Hatcherville Road (based on variable width) for the Southwest corner of said 2.0678 acre tract, the Southeast corner of aforesaid 88.077 acre tract, the Southeast corner and the POINT OF BEGINNING (P.O.B.) of the herein described tract of land;

THENCE South 77° 33' 14" West continuing along the South property line of said 2214 acre tract and the North R/W line of said 60 foot wide ingress and egress strip, a distance of 1,666.37 feet to a 5/8 inch iron rod in concrete found for the Northwest corner of said 60 foot wide ingress and egress strip and the Northeast corner of the residue of a called 117.91 acre tract conveyed to Patti K. Kroll by Deed dated July 3, 1990 and recorded in Volume 92-184, Page 85 O.P.R.C.C.T.;

THENCE South 77° 58' 52" West along the common line of the Nelson and Kroll Tracts, a distance of 759.10 feet to a capped 112 inch iron rod found for the Southeast corner of a called 6.854 acre tract (described as Tract 1 in deed) conveyed to Missouri Pacific Railroad Company (now known as Union Pacific Railroad Company) by deed dated August 31, 1995 and recorded in Volume 95-279, Page 567 of O.P.R.C.C.T. and the Southwest corner of the herein described tract of land;

2011
62641 CR

THENCE North $12^{\circ} 25' 00''$ East along the Southeasterly property line of said 6.854 acre tract and the Northwesterly property line of said 88.077 acre tract, a distance of 869.85 feet to a $\frac{5}{8}$ inch iron rod set for the point of curvature curve whose circle center bears South $77^{\circ} 35' 00''$ East;

THENCE in a Northeasterly direction along the common line of said 6.854 acre tract and 88.077 acre tract, a distance of 865.00 feet along the arc of a curve to the right having a radius of 1860.08 feet, a central angle of $26^{\circ} 38' 41''$ and a chord which bears North $25^{\circ} 44' 20''$ East, 857.23 feet to a $\frac{5}{8}$ inch iron rod set for the point of tangency;

THENCE North $39^{\circ} 03' 41''$ East continuing along said common line, at 1,204.76 feet passing the Northeast comer of said 6.854 acre tract and the Southeast comer of a called 0.3214 acre tract (described as Tract 2 in deed) conveyed to Missouri Pacific Railroad Company of by the same deed dated August 31, 1995 and being mentioned above, at 1,344.77 feet passing the Northeast comer of said 0.3214 acre tract and the Southeast comer of a called 1.262 acre tract (described as Tract 3 in deed) conveyed to Missouri Pacific Railroad Company of by the same deed dated August 31, 1995 and being mentioned above, in all a total distance of 1,856.06 feet to a $\frac{5}{8}$ inch iron rod set in the existing West R/W line of Hatcherville Road and the West property line of said 2.0678 acre tract for the Northeast comer of said 1.262 acre tract and the North comer of the herein described tract of land;

THENCE South $13^{\circ} 30' 47''$ East along the existing West R/W line of Hatcherville Road and the West property line of said 2.0678 acre tract, a distance of 701.81 feet to a $\frac{1}{2}$ inch iron rod found for an angle point of the herein describer tract of land;

THENCE South $14^{\circ} 21' 12''$ East continuing along said common line, a distance of 1,923.30 feet to the **POINT OF BEGINNING** and containing 88.077 acres of land, more or less.

EXHIBIT "TRACT #2"

LEGAL DESCRIPTION

8.437 ACRES

North 39° 03' 41" East, at a distance of 1,204.05 feet passing the most northerly east corner of said 6.854 acre tract and the west corner of said 0.3214 acre tract, at a distance of 1,344.07 feet passing the north corner of said 0.3214 acre tract and the most northerly west corner of the said 1.262 acre tract, continuing a total distance of 1,932.58 feet to the west R.O.W. line of the aforesaid Hatcherville Road and the most easterly southeast corner of said easterly portion of said 1,654 acre tract, and the most northerly east corner of said 1.262 acre tract and the herein described tract, from which a found 1/2-inch iron rod with cap stamped "M. CHANDLER 5292", bears South 08° 12' East, 0.63 feet;

THENCE, South 13° 30' 47" East, along said west R.O.W. line and the easterly line of said 1.262 acre tract, a distance of 125.92 feet to the north corner of the aforesaid 88.077 acre tract, and the most southerly east corner of said 1.262 acre tract and the herein described tract, from which a found 5/8-inch iron rod with aluminum cap stamped "MPH 6045", bears South 10° 36' West, 0.34 feet;

THENCE, Southwesterly, along the common line of the northwesterly line of said 88.077 acre tract, and the southeasterly lines of the aforesaid 6.854 acres, 1.262 acres, 0.3214 acre tracts and the herein described tract, the following courses:

South 39° 03' 41" West, departing said west R.O.W. line, at a distance of 511.29 feet passing the most southerly west corner of said 1.262 acre tract and the east corner of said 0.3214 acre tract, at a distance of 651.30 feet passing the south corner of said 0.3214 acre tract and the most southerly east corner of said 6.854 acre tract, continuing a total distance of 1,856.06 feet to a 5/8-inch iron rod with aluminum cap stamped "MPH 6045" found marking the a point of curvature of a tangent curve to the left;

Southwesterly, a distance of 865.00 feet along said curve to the left, having central angle of 26° 38' 41", a radius of 1,860.08 feet, and a chord which bears South 25° 44' 20" West, 857.23 feet to a 5/8-inch iron rod with aluminum cap stamped "MPH 6045" found marking a point of tangency;

THENCE, South 12° 25' 00" West, continuing along said common line, a distance of 869.85 feet to the POINT OF BEGINNING and containing a calculated 8.437 acres (367,508 square feet) of land. This description is based on the Survey and plat made by Morris P. Hebert, Inc., dated January 19, 2013, latest revision dated January 24, 2013. MPH Project Number I1078-02.

Prepared by: Allen Ko
Checked by: Patrick Trewitt, RPLS Morris P. Hebert, Inc.
10101 Southwest Freeway, Suite 620
Houston, Texas 70774 (713) 217-1470
January 24, 2013
MPH,INC Project No. I1078-02
I1078-02-8.437 acres-LEGAL DESCRIPTION.doc



METES AND BOUNDS DESCRIPTION OF
8.437 ACRES (367,508 SQUARE FEET) HANNAH
NASH SURVEY, ABSTRACT NUMBER 20
CHAMBERS COUNTY, TEXAS

Being a tract or parcel of land containing 8.437 acres (367,508 square feet) of land situated in the Hannah Nash Survey, Abstract Number 20, Chambers County, Texas; being all of a called 6.854 acre tract, all of a called 1.262 acre tract, and all of a called 0.3214 acre tract described as "Tracts 1, 2 and 3" conveyed to Missouri Pacific Railroad Company (now known as Union Pacific Railroad Company) as described in deed recorded in Volume 95-279, Page 567 of the Official Public Record of Chambers County, Texas (O.P.R.C.C.T.). (Bearings herein are oriented to the Texas State Plane Coordinate System, South Central Zone, NAD 83 referenced in said deed recorded in Volume 95-279, Page 567 of the O.P.R.C.C.T.):

COMMENCING at a 1/2-inch iron rod found marking the intersection of the west right-of-way (R.O.W.) line of Hatcherville Road (width varies) with the north line of a called 60-foot wide ingress and egress strip of land described in deed recorded in Volume 257, Page 206 of the Deed Records of Chambers County (C.C.D.R.), Texas; and marking the southeast corner of a called 88.077 acre tract of land conveyed to Mont Belvieu Caverns, LLC as described in deed recorded in Volume 11-1244, Page 658 of the O.P.R.C.C.T.; and marking the southwest corner of a called 2.0678 acre tract of land conveyed to Chambers County, Texas for road widening purposes as described in deed recorded in Volume 95-276, Page 344 of the O.P.R.C.C.T., from which a 5/8-inch iron rod in concrete found marking the previous west R.O.W line of said Hatcherville Road and marking the southeast corner of said 2.0678 acre tract, bears North $77^{\circ} 33' 14''$ East, 19.62 feet;

THENCE, South $77^{\circ} 33' 14''$ West, departing said west R.O.W. line, along the north line of said 60-foot wide ingress and egress strip, and along the south line of said 88.077 acre tract, a distance of 1,666.37 feet to a 5/8-inch iron rod in concrete found marking the northwest corner of said 60-foot wide ingress and egress strip, and marking the northeast corner of a called 117.91 acre tract of land conveyed to Patti K. Kroll as described in deed recorded in Volume 92-184, Page 85 of the O.P.R.C.C.T.;

THENCE, South $77^{\circ} 58' 52''$ West, along the north line of said 117.91 acre tract, and the south line of said 88.077 acre tract, a distance of 759.10 feet to a 5/8-inch iron rod with cap stamped "LANDTECH CONSULTANTS" found marking the northeast corner of a called 1.576 acre easement conveyed to Missouri Pacific Railroad Company as described in deed recorded in Volume 95-277, Page 184 of the O.P.R.C.C.T., and marking the southwest corner of said 88.077 acre tract, and the POINT OF BEGINNING and most easterly south corner of said 6.854 acre tract and the herein described tract;

THENCE, South $77^{\circ} 58' 28''$ West, along the north line of said 1.576 acre easement and said 117.91 acre tract, and the south line of said 6.854 acre tract, a distance of 109.84 feet to a 5/8-inch iron rod with cap found marking the northwest corner of said 1.576 acre easement, and the most southerly southeast corner of the easterly portion of a called 1,641 acre tract conveyed to Mont Belvieu Caverns, LLC as described in deed recorded in Volume 11-1244, Pages 632 & 645 of the O.P.R.C.C.T, and marking the most westerly south corner of said 6.854 acre tract and the herein described tract;

THENCE, Northeasterly, along the common line of the southeasterly line of said 1,641 acre tract, and the northwesterly lines of the aforesaid 6.854 acres, 1.262 acres, 0.3214 acre tracts and the herein described tract, the following courses:

North $11^{\circ} 25' 00''$ East, a distance of 915.30 feet to a 1/2-inch iron rod with cap stamped "M. CHANDLER 5292" found marking a point of curvature of a tangent curve to the right;

Northeasterly, a distance of 911.51 feet along said curve to the right, having a central angle of $26^{\circ} 38' 41''$, a radius of 1,960.08 feet, and a chord which bears North $25^{\circ} 44' 20''$ East, a distance of 903.32 feet to a bent 112-inch iron rod with cap stamped "M. CHANDLER 5292" found marking a point of tangency;

EXHIBIT "TRACT # 3"

LEGAL DESCRIPTION

431.0 ACRES

FIELD NOTES of a 431.0 acre tract of land situated in the Hannah Nash League, Abstract No.

20, Chambers County, Texas, being out of and a part of the residue of 2214 acres conveyed to Albert N. Nelson, Jr., by Albert N. Nelson, et ux, by deed dated December 31, 1959, and recorded in Volume 218 at Page 248 of the Deed Records of Chambers County, Texas, and a

13.354 acre tract of land conveyed to Albert N. Nelson, Jr., et al, by Chambers County, Texas, by deed dated September 1, 1995, and recorded in Volume 276 at Page 338 of the Official Public Records of Chambers County, Texas. This 431.0 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

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

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

THENCE South 77°53'02" West with the South line of this tract of land, the South line of said residue of 2214 acres, and the North line of said 117.91 acres a distance of 3895.55 feet to a 1/2 inch iron rod found for the Southwest comer of this tract of land, a Southwest comer of said residue of 2214 acres, and the Southeast comer of a 32.35 acre tract of land called Tract 1 awarded to Coastal Industrial Water Authority by instrument dated February 23, 1973, and recorded in Volume 359 at Page 119 of the Deed Records of Chambers County, Texas. From this comer a 5/8 inch iron rod found for the Northwest comer of said 117.91 acres, and the Northeast comer of 110.79 acres called Parcel "A" conveyed to Coastal Industrial Water Authority by Lillian U. Keyser, et al, by deed dated January 30, 1970, and recorded in Volume

312 at Page 473 of the Deed Records of Chambers County, Texas, bears South 77°53'02" West a distance of 43.87 feet

THENCE North 12°08'29" West with a West line of this tract of land, a West line of said residue of 2214 acres, and an East line of said 32.35 acres, at a distance of 1.57 feet found a 5/8 inch iron rod, in all a total distance of 69.21 feet to a 1/2 inch iron rod found for an interior corner of this tract of land, an interior corner of said residue of 2214 acres, and a Northeast corner of said 32.35 acres.

THENCE South 77°51'31" West with a South line of this tract of land, a South line of said residue of 2214 acres, and a North line of said 32.35 acres a distance of 40.53 feet to a 1/2 inch iron rod found for a Southwest corner of this tract of land, a Southwest corner of said residue of 2214 acres, and an interior corner of said 32.35 acres.

THENCE in a Northerly direction with a West line of this tract of land, a West line of said residue of 2214 acres, an East line of said 32.35 acres, and a curve to the right, having a central angle of 33°56'10", a radius of 735.00 feet, an arc length of 435.34 feet, and a chord bearing and distance of North 04°45'25" East 429.00 feet to a 1/2 inch iron rod found for the point of tangency of this tract of land.

THENCE North 21°20'31" East with a West line of this tract of land, a West line of said residue of 2214 acres, and an East line of said 32.35 acres a distance of 4813.02 feet to a 1/2 inch iron rod found for an angle corner of this tract of land, an angle corner of said residue of 2214 acres, the Northeast corner of said 32.35 acres, and the Southeast corner of a 6.05 acre tract of land conveyed to Coastal Industrial Water Authority by Vera Honsinger, et al, by deed dated June 4, 1971, and recorded in Volume 328 at Page 697 of the Deed Records of Chambers County, Texas.

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

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

2011 BK VL
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THENCE South 31°56'22" East with an East line of this tract of land, an East line of said residue of 2214 acres, and the occupied West right of way line of Old Hatcherville Road a distance of 42.62 feet to a 1 inch iron pipe found for an interior corner of this tract of land, an interior corner of said residue of 2214 acres, and an angle corner of Old Hatcherville Road.

THENCE North 77°52'50" East with a North line of this tract of land, a North line of said residue of 2214 acres, the South right of way line of Old Hatcherville Road, and the South right

of way line of New Hatcherville Road a distance of 2676.93 feet to a 5/8 inch iron rod found bent for the Northeast corner of this tract of land, the Northeast corner of said residue of 2214 acres, and an angle corner of said Hatcherville Road.

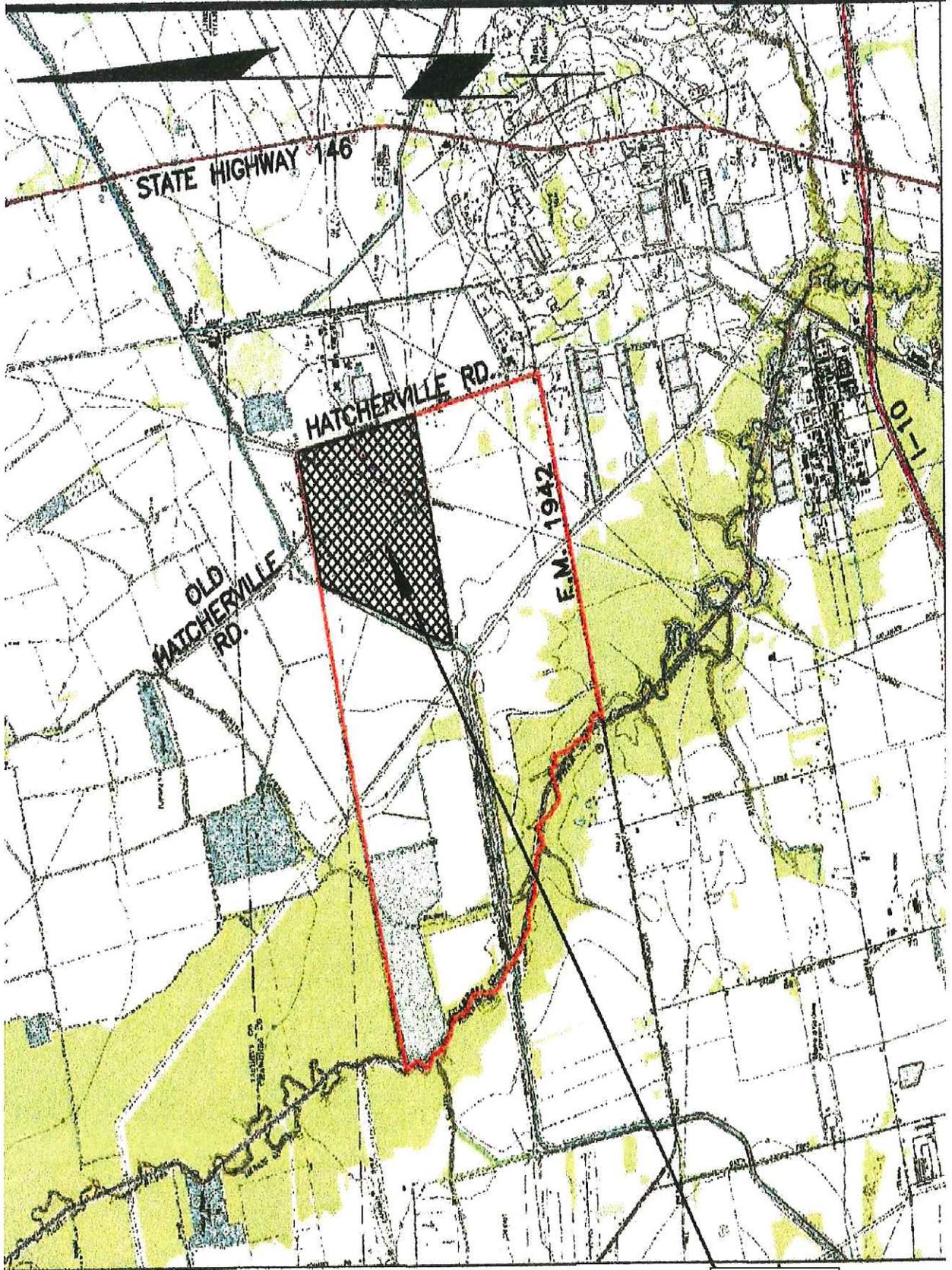
THENCE South 13°31'09" East with an East line of this tract of land, an East line of said residue of 2214 acres, and the West right of way line of Hatcherville Road a distance of 1753.00 feet to a 1/2 inch iron rod found for a Southeast corner of this tract of land, a Southeast corner of said residue of 2214 acres, and the North or Northeast corner of a 1.262 acre tract of land called Tract 3 conveyed to Missouri Pacific Railroad Company by Albert N. Nelson, Jr., et al, by deed dated August 31, 1995, and recorded in Volume 279 at Page 567 of the Official Public Records of Chambers County, Texas. From this corner a 1/2 inch iron rod found bent in the West right of way line of Hatcherville Road bears South 13°31'09" East a distance of 826.43 feet.

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

THENCE in a Southerly direction with an East line of this tract of land, an East line of said residue of 2214 acres, the West line of said 6.854 acres, an a curve to the left, having a central angle of 26°38'41", a radius of 1960.10 feet, an arc length of 911.52 feet, and a chord bearing and distance of South 25°44'39" West 903.33 feet to a 1/2 inch iron rod found for the point of tangency of this tract of land.

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

Reinvestment Zone Map



Plant Site

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Barbers Hill Independent School District and the Reinvestment Zone originally created on June 22, 2009 by action of the City Council of the City of Mont Belvieu, Texas in adopting *City of Mont Belvieu Ordinance No. 2009-017*.

A map of the Reinvestment Zone created by *City of Mont Belvieu Ordinance No. 2009-017* is attached to **EXHIBIT 1**.

Specifically, all Qualified Property of the 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

Enterprise proposes to construct a Propane Dehydrogenation (PDH) unit at the Complex with a design propylene production capacity of 1.654 billion pound per year. A hydrogen byproduct will also be produced. Both the propylene and hydrogen products will be sent offsite via pipeline. The plant components consist of:

- Ten parallel catalytic reactors that convert propane feed to propylene
- One Reactor Charge Heater,
- One Regeneration Air Heater
- One Waste Heat Boiler with duct firing capability
- Two Auxiliary Boilers
- Two Regeneration Air Compressors
- Two Regeneration Air Combustion Turbines
- Cooling tower
- Hydrogen Recovery (PSA) Unit
- Ancillary tanks
- Emergency pumps engines
- Process flare, and
- Wastewater treatment facilities.

The facility will also require a relatively small amount of 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.