

**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 (#363)**



October 27, 2014

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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 #363)**

OCTOBER 27, 2014

Board Findings of the Barbers Hill Independent School District

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SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
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ENTERPRISE PRODUCTS OPERATING LLC
(APPLICATION #363)

STATE OF TEXAS

§

COUNTY OF CHAMBERS

§

On the 27th day of October, 2014, a public meeting of the Board of Trustees of the Barbers Hill Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Enterprise Products Operating LLC (Application #363) (Enterprise) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Barbers Hill Independent School District makes the following findings with respect to the application of Enterprise, and the economic impact of that application:

On November 20, 2013, the Texas Comptroller of Public Accounts received an Application from Enterprise for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Enterprise (Texas Taxpayer Id. 12604305396), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

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

Board Findings of the 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 March 6, 2014. 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, 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 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 indicates that total employment will be approximately four (4) new qualifying jobs.

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

After construction, the project will create 4 new jobs when fully operational. All 4 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 \$55,317 in 2012. The annual average manufacturing wage for 2012-2013 for Chambers County is \$80,548. That same year, the county annual average wage for all industries was \$55,640. In addition to a salary of \$65,000, each qualifying position will receive benefits such as medical & dental insurance, life insurance, 401K saving plan, vacation & holiday pay and educational assistance.

Board Findings of the Barbers Hill Independent School District

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 \$95 million on the basis of the goal of 4 new qualifying positions for the entire Enterprise project.

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

The project's total investment is \$380 million, resulting in a relative level of investment per qualifying job of \$95 million.

Board Finding Number 5.

Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

Board Finding Number 6.

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

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

Table 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).

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
2015	504	550	1054	\$30,260,000	\$37,740,000	\$68,000,000
2016	504	563	1067	\$30,260,000	\$43,740,000	\$74,000,000
2017	4	48	52	\$260,000	\$11,740,000	\$12,000,000
2018	4	17	21	\$260,000	\$7,740,000	\$8,000,000
2019	4	(2)	2	\$260,000	\$4,740,000	\$5,000,000
2020	4	(10)	-6	\$260,000	\$3,740,000	\$4,000,000
2021	4	(8)	-4	\$260,000	\$1,740,000	\$2,000,000
2022	4	(2)	2	\$260,000	\$1,740,000	\$2,000,000
2023	4	8	12	\$260,000	\$2,740,000	\$3,000,000
2024	4	12	16	\$260,000	\$2,740,000	\$3,000,000
2025	4	12	16	\$260,000	\$2,740,000	\$3,000,000
2026	4	12	16	\$260,000	\$1,740,000	\$2,000,000
2027	4	16	20	\$260,000	\$2,740,000	\$3,000,000
2028	4	16	20	\$260,000	\$2,740,000	\$3,000,000
2029	4	16	20	\$260,000	\$2,740,000	\$3,000,000

Source: CPA, REMI, Enterprise Products Operating, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Barbers Hill ISD's ad valorem tax base in 2012-2013 was \$3.39 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$671,764. 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 the City of Baytown ETJ, 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 city and county. 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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		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 ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	1.0600			0.522147	0.822030	
2015	\$49,400,000	\$49,400,000		\$133,281	\$523,640	\$656,921	\$656,921	\$0	\$0	\$656,921
2016	\$288,800,000	\$288,800,000		\$779,182	\$3,061,280	\$3,840,462	\$3,840,462	\$0	\$0	\$3,840,462
2017	\$283,321,920	\$30,000,000		\$764,403	\$318,000	\$1,082,403	\$1,082,403	\$0	\$0	\$1,082,403
2018	\$277,655,482	\$30,000,000		\$749,114	\$318,000	\$1,067,114	\$645,840	\$0	\$0	\$645,840
2019	\$272,102,372	\$30,000,000		\$734,132	\$318,000	\$1,052,132	\$630,858	\$0	\$0	\$630,858
2020	\$266,660,325	\$30,000,000		\$719,450	\$318,000	\$1,037,450	\$616,175	\$0	\$0	\$616,175
2021	\$261,327,118	\$30,000,000		\$705,061	\$318,000	\$1,023,061	\$601,786	\$0	\$0	\$601,786
2022	\$256,100,576	\$30,000,000		\$690,959	\$318,000	\$1,008,959	\$587,685	\$0	\$0	\$587,685
2023	\$250,978,564	\$30,000,000		\$677,140	\$318,000	\$995,140	\$573,866	\$0	\$0	\$573,866
2024	\$245,958,993	\$30,000,000		\$663,597	\$318,000	\$981,597	\$560,323	\$0	\$0	\$560,323
2025	\$241,039,813	\$241,039,813		\$650,325	\$2,555,022	\$3,205,347	\$3,205,347	\$1,258,582	\$1,981,420	\$6,445,349
2026	\$236,219,016	\$236,219,016		\$637,319	\$2,503,922	\$3,141,240	\$3,141,240	\$1,233,411	\$1,941,791	\$6,316,442
2027	\$231,494,637	\$231,494,637		\$624,573	\$2,453,843	\$3,078,416	\$3,078,416	\$1,208,742	\$1,902,955	\$6,190,113
2028	\$226,864,744	\$226,864,744		\$612,081	\$2,404,766	\$3,016,847	\$3,016,847	\$1,184,567	\$1,864,896	\$6,066,311
2029	\$222,327,449	\$222,327,449		\$599,839	\$2,356,671	\$2,956,510	\$2,956,510	\$1,160,876	\$1,827,598	\$5,944,985
						Total	\$25,194,681	\$6,046,179	\$9,518,661	\$40,759,520

Assumes School Value Limitation and Tax Abatements from Chambers County and City of Mont Belvieu.

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		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 ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	1.0600			0.5221	0.822030	
2015	\$49,400,000	\$49,400,000		\$133,281	\$523,640		\$656,921	\$257,941	\$406,083	\$1,320,945
2016	\$288,800,000	\$288,800,000		\$779,182	\$3,061,280		\$3,840,462	\$1,507,961	\$2,374,023	\$7,722,446
2017	\$283,321,920	\$283,321,920		\$764,403	\$3,003,212		\$3,767,615	\$1,479,357	\$2,328,991	\$7,575,963
2018	\$277,655,482	\$277,655,482		\$749,114	\$2,943,148		\$3,692,263	\$1,449,770	\$2,282,411	\$7,424,444
2019	\$272,102,372	\$272,102,372		\$734,132	\$2,884,285		\$3,618,417	\$1,420,774	\$2,236,763	\$7,275,955
2020	\$266,660,325	\$266,660,325		\$719,450	\$2,826,599		\$3,546,049	\$1,392,359	\$2,192,028	\$7,130,436
2021	\$261,327,118	\$261,327,118		\$705,061	\$2,770,067		\$3,475,128	\$1,364,512	\$2,148,187	\$6,987,827
2022	\$256,100,576	\$256,100,576		\$690,959	\$2,714,666		\$3,405,625	\$1,337,221	\$2,105,224	\$6,848,070
2023	\$250,978,564	\$250,978,564		\$677,140	\$2,660,373		\$3,337,513	\$1,310,477	\$2,063,119	\$6,711,109
2024	\$245,958,993	\$245,958,993		\$663,597	\$2,607,165		\$3,270,763	\$1,284,268	\$2,021,857	\$6,576,887
2025	\$241,039,813	\$241,039,813		\$650,325	\$2,555,022		\$3,205,347	\$1,258,582	\$1,981,420	\$6,445,349
2026	\$236,219,016	\$236,219,016		\$637,319	\$2,503,922		\$3,141,240	\$1,233,411	\$1,941,791	\$6,316,442
2027	\$231,494,637	\$231,494,637		\$624,573	\$2,453,843		\$3,078,416	\$1,208,742	\$1,902,955	\$6,190,113
2028	\$226,864,744	\$226,864,744		\$612,081	\$2,404,766		\$3,016,847	\$1,184,567	\$1,864,896	\$6,066,311
2029	\$222,327,449	\$222,327,449		\$599,839	\$2,356,671		\$2,956,510	\$1,160,876	\$1,827,598	\$5,944,985
						Total	\$48,009,118	\$18,850,817	\$29,677,346	\$96,537,282

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$289 million to the tax base for debt service purposes at the peak investment level for the 2016-17 school year. The Enterprise 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 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 I&S tax base and assist BHISD in meeting its debt service needs.

Board Finding Number 8.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the Enterprise 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 4 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 9.

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 9, the economic impact evaluation states:

According to Enterprise Products Operating, LLC's application,
"Enterprise is leading midstream company with large pipeline foot print in

Board Findings of the Barbers Hill Independent School District

TX, LA, NM, CO and WY. These pipelines provide substantial flexibility in plant location.”

Board Finding Number 10.

During the past two years, 41 projects in the Houston-Galveston Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 11.

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

Board Finding Number 12.

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 2013 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for Barbers Hill ISD is \$3.60 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 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 for several years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the 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 27th day of October 2014.

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

October 27, 2014

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 (#363)

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,

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

October 27, 2014

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
October 27, 2014
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", with a stylized flourish at the end.

Kevin O'Hanlon
For the Firm

Attachment A

Application



P.O. Box 4018 Houston, Texas 7210-4018 713.880.6500
1100 Louisiana Houston, Texas 77002 www.epplp.com

November 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. 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 cost of \$380,000,000.

Enterprise recognizes that new and retained jobs are as important to the local economy as new capital investment. At any given time during the construction process, there will be several hundred workers at the facility location.

We believe this considerable investment demonstrates our commitment to growing our economic presence in the Mont Belvieu area. This facility will promote economic growth and welfare to the community.

We are respectfully requesting an agreement for limitation on appraised value on qualified property under Chapter 313, Tex. Tax Code.

As you are aware, school districts have the option of providing a waiver of the jobs requirement if they determine that the job creation requirement set forth in Texas Tax Code 313.051(b) (i.e. 10 jobs), would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility. Enterprise Products requests that the Barbers Hill Independent School District's Board of Trustees make such a finding and waive the minimum job creation requirement. Based on the industry standard, the size and scope of this project will require less than ten permanent jobs.

The installation of the new manufacturing fractionator, however, will create approximately four 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 the above mentioned job requirement waiver request. Please feel free to contact me if you need any additional information.



P.O. Box 4018 Houston, Texas 7210-4018 713.880.6500
1100 Louisiana Houston, Texas 77002 www.epplp.com

Background information on Job Waiver request

The new manufacturing facility will create 4 new full time employees.

COMPARISON OF STAFFING FOR FRACTIONATORS

Fractionator	FTE <u>Operators</u>	FTE <u>Maintenance</u>	FTE <u>Admin/Supervision/ Safety, etc.</u>	FTE <u>Total</u>
New Frac, Mont Belvieu	4	4*	4*	12*
Barbers Hill, Mont Belvieu	4	4*	4*	12*
Seminole, Mont Belvieu	5	4	4	13
West Texas, Mont Belvieu	5	4	5	14
Hobbs, Texas	10	4	2	16
Port Allen, Louisiana	7	5	1	13
Promix, Louisiana	5	6	1	12
Tebone, Louisiana	8	5	1	14
Norco, Louisiana	8	5	1	14
Average	7	5	2	13

*Although no employment positions will be created, an additional 8 full time employees will be created through overtime hours and contract labor.

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

Sincerely,

A handwritten signature in blue ink that reads "Curt Tate".

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 July 2013)

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 website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules 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 website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. 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 November 18, 2013	
First Name Greg	Last Name Poole		
Title Superintendent of Schools			
School District Name Barbers Hill Independent School District			
Street Address 9600 EAGLE DRIVE			
Mailing Address PO BOX 1108			
City MONT BELVIEU	State Texas	ZIP 77580-1108	
Phone Number (281) 576-2221	Fax Number (281) 576-3410		
Mobile Number (optional)	Email 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



Form 50-296

Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name Kevin		Last Name O'Hanlon	
Title Attorney			
Firm Name O'Hanlon, McCollom & Demerath, PC			
Street Address 808 West Avenue			
Mailing Address 808 West Avenue			
City Austin	State Texas	ZIP 78701	
Phone Number 512-494-9949	Fax Number 512-494-9919		
Mobile Number (Optional)	Email 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) 	Date Nov 18, 2013
---	-----------------------------

Has the district determined this application complete? ☒ Yes ☐ No

If yes, date determined complete. **November 18, 2013**

Have you completed the school finance documents required by TAC 9.1054(c)(3)? ☒ Yes ☐ No

*will supplement

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

*will 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 Texas	ZIP 77210-4018
Phone Number 713-381-8071		Fax Number 281-887-7139	
Mobile Number (optional)		Business Email 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		Last Name	
Title			
Organization			
Street Address			
Mailing Address			
City		State	ZIP
Phone Number		Fax Number	
Mobile Number (optional)		Email Address	

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

Will consultant be primary contact? ☐ Yes ☒ No



Form 50-296

Application for Appraised Value Limitation on Qualified Property

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		

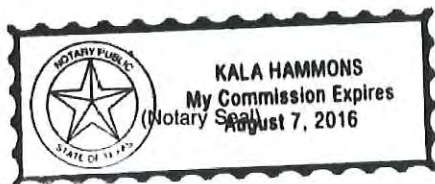
I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge 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 11/13/2013
---	--------------------

GIVEN under my hand and seal of office this 13 day of November 2013


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 2009-2013 and Yoakum ISD 2012

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 Company

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? ☒ Yes ☐ No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

- (1) manufacturing ☒ Yes ☐ No
- (2) research and development ☐ Yes ☒ No
- (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
- (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
- (5) renewable energy electric generation ☐ Yes ☒ No
- (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
- (7) nuclear electric power generation ☐ Yes ☒ No
- (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ NoAre you including property that is owned by a person other than the applicant? ☐ Yes ☒ NoWill any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No**PROJECT DESCRIPTION**

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

Please see attachment 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)

- | | | | |
|---|--|--|---|
| <input checked="" type="checkbox"/> New Jobs | <input checked="" type="checkbox"/> Construct New Facility | <input type="checkbox"/> New Business / Start-up | <input type="checkbox"/> Expand Existing Facility |
| <input type="checkbox"/> Relocation from Out-of-State | <input type="checkbox"/> Expansion | <input checked="" type="checkbox"/> Purchase Machinery & Equipment | |
| <input type="checkbox"/> Consolidation | <input type="checkbox"/> Relocation within Texas | | |

PROJECTED TIMELINEBegin Construction 2nd Qtr 2014 Begin Hiring New Employees 3rd Qtr 2015 Thru 4th Qtr 2016Construction Complete 3rd Qtr 2016 Fully Operational 3rd Qtr 2016Purchase Machinery & Equipment 1st Qtr '14 Thru 1st Qtr '16Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☒ Yes ☐ No**Note:** Improvements made before that time may not be considered qualified property.When do you anticipate the new buildings or improvements will be placed in service? 3rd Qtr 2016

**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.

THE PROPERTYIdentify county or counties in which the proposed project will be located Chambers CountyCentral Appraisal District (CAD) that will be responsible for appraising the property Chambers County CADWill 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 (100%) City: City of Baytown ETJ (100%)
(Name and percent of project) (Name and percent of project)Hospital District: _____ Water District: _____
(Name and percent of project) (Name and percent of project)Other (describe): _____ Other (describe): _____
(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 website at www.texasahead.org/tax_programs/chapter313/.

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? 380 Million

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

What is the anticipated date of application approval? May 2014

What is the anticipated date of the beginning of the qualifying time period? May 2014

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? \$380,000,000

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

Attach the following items to this application:

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

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

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

(1) in or on the new building or other new improvement for which you are applying? ☒ Yes ☐ No

(2) If not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? ☒ Yes ☐ No

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

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

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

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

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

Land

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

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

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

Will the project be on leased land? ☐ Yes ☒ No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. 0 2013
(Market Value) (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 2013
(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? 3,964

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.

Total number of new jobs that will have been created when fully operational 4

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? 4

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 www.texasahead.org/tax_programs/chapter313/)

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 website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is	1,177.28
110% of the county average weekly wage for manufacturing jobs in the county is	1,704.18
110% of the county average weekly wage for manufacturing jobs in the region is	1,169.96

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

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

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

60,837.92

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)? ☐ Yes ☒ No

Is Schedule A completed and signed for all years and attached? ☒ Yes ☐ No

Is Schedule B completed and signed for all years and attached? ☒ Yes ☐ No

Is Schedule C (Application) completed and signed for all years and attached? ☒ Yes ☐ No

Is Schedule D completed and signed for all years and attached? ☒ Yes ☐ No

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

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

CONFIDENTIALITY NOTICE

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

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

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

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

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

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

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

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

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

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

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

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

**COMPANY CHECKLIST AND REQUESTED ATTACHMENTS**

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

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

ATTACHMENT 2

Proof of Payment



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

November 15, 2013

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

Re: Chapter 313 Tax limitation Application Fee

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,

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

Documentation of Combined Group

Texas Franchise Tax Extension Affiliate List

pg 1 of 6

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

17605682198

2013

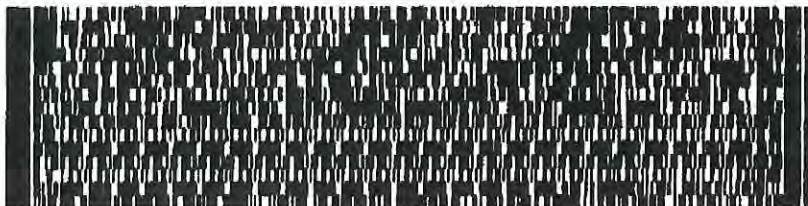
Enterprise Products Partners L.P.

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

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

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Texas Franchise Tax Extension Affiliate List

pg 2866

Reporting entity taxpayer number

17605682198

Report year

2013

Reporting entity taxpayer name

Enterprise Products Partners L.P.

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

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Texas Franchise Tax Extension Affiliate List

pg 3 of 6

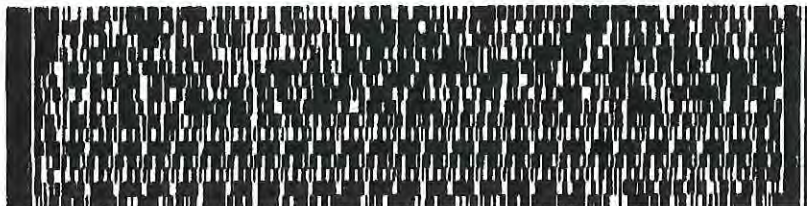
■ Reporting entity taxpayer number 17605682198	■ Report year 2013	Reporting entity taxpayer name Enterprise Products Partners L.P.
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LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. ENTERPRISE GTM OFFSHORE OPERATING C	17606108797	<input type="checkbox"/>
2. HIGH ISLAND OFFSHORE SYSTEM LLC	32003942136	<input type="checkbox"/>
3. ENTERPRISE GC LLC	17603908272	<input type="checkbox"/>
4. ENTERPRISE TEXAS PIPELINE LLC	32033274252	<input type="checkbox"/>
5. ENTERPRISE INTRASTATE LP	32018625346	<input type="checkbox"/>
6. MANTA RAY GATHERING COMPANY LLC	17603908256	<input type="checkbox"/>
7. FLEXTREND DEVELOPMENT COMPANY LLC	17604705834	<input type="checkbox"/>
8. POSEIDON PIPELINE COMPANY LLC	30117725876	<input type="checkbox"/>
9. ENTERPRISE GTM HATTIESBURG STORAGE	260430539	<input checked="" type="checkbox"/>
10. ENTERPRISE FIELD SERVICES LLC	17605434558	<input type="checkbox"/>
11. ARIZONA GAS STORAGE LLC	753073720	<input checked="" type="checkbox"/>
12. ENTERPRISE NEW MEXICO VENTURES LLC	32038620384	<input checked="" type="checkbox"/>
13. INDEPENDENCE HUB LLC	12017900536	<input type="checkbox"/>
14. TRI-STATES NGL PIPELINE LLC	731545893	<input checked="" type="checkbox"/>
15. Acadian Gas LLC	17606192692	<input type="checkbox"/>
16. Acadian Gas Pipeline System	30114482745	<input checked="" type="checkbox"/>
17. Calcasieu Gas Gathering System	751921219	<input checked="" type="checkbox"/>
18. Pontchartrain Natural Gas System	32038543008	<input checked="" type="checkbox"/>
19. Enterprise Lou-Tex Propylene P/L LP	17606182511	<input type="checkbox"/>
20. Neches Pipeline System	32038543016	<input checked="" type="checkbox"/>
21. Sabine Propylene Pipeline LLC	17606524878	<input type="checkbox"/>

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VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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Texas Franchise Tax Extension Affiliate List

pg 4 of 6

■ Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

17605682198

2013

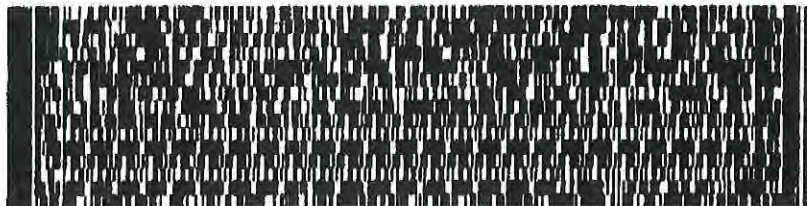
Enterprise Products Partners L.P.

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. Tejas-Magnolia Energy LLC	17604816557	<input type="checkbox"/>
2. TXO-ACADIAN GAS PIPELINE LLC	17606192437	<input type="checkbox"/>
3. MCN ACADIAN GAS PIPELINE LLC	17606193369	<input type="checkbox"/>
4. CYPRESS GAS PIPELINE LLC	32000444169	<input type="checkbox"/>
5. CYPRESS GAS MARKETING LLC	17606192734	<input type="checkbox"/>
6. EVANGELINE GULF COAST GAS LLC	17606195190	<input type="checkbox"/>
7. MCN PELICAN INTERSTATE GAS LLC	32000444037	<input type="checkbox"/>
8. ENTERPRISE ARIZONA GAS LLC	32046802008	<input checked="" type="checkbox"/>
9. CHAMA GAS SERVICES LLC	262623562	<input checked="" type="checkbox"/>
10. DUNCAN ENERGY PARTNERS LP	32035074254	<input type="checkbox"/>
11. DEP OLPGP LLC	12056399970	<input type="checkbox"/>
12. DEP OPERATING PARTNERSHIP LP	32033045140	<input type="checkbox"/>
13. SOUTH TEXAS NGL PIPELINES LLC	12057125515	<input type="checkbox"/>
14. MONT BELVIEU CAVERNS LLC	32025100366	<input type="checkbox"/>
15. DEP OFFSHORE PORT SYSTEM LLC	32036569153	<input type="checkbox"/>
16. ENTERPRISE PATHFINDER LLC	32038546803	<input checked="" type="checkbox"/>
17. ENTERPRISE OFFSHORE PORT SYSTEM LLC	32034730849	<input type="checkbox"/>
18. SB ASSET HOLDINGS LLC	32040051487	<input type="checkbox"/>
19. BELVIEU ENVIRONMENTAL FUELS GP LLC	14320468979	<input type="checkbox"/>
20. ENTERPRISE PRODUCTS PARTNERS LP	17605682198	<input checked="" type="checkbox"/>
21. ENTERPRISE PRODUCTS MARKETING COMPANY LLC	32040663711	<input type="checkbox"/>

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Ver. 4.0

05-165
(Rev. 9-11/3)
Tcode 13298

Texas Franchise Tax Extension Affiliate List

pg 5 of 6

Reporting entity taxpayer number

17605682198

Report year

2013

Reporting entity taxpayer name

Enterprise Products Partners L.P.

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. ENTERPRISE BIG THICKET PIPELINE SYSTEM LLC	32040849898	<input type="checkbox"/>
2. ENTERPRISE GP LLC	32003429126	<input type="checkbox"/>
3. ENTERPRISE NGL PIPELINES II LLC	13521670102	<input type="checkbox"/>
4. ENTERPRISE MARINE SERVICES LLC	32036641424	<input type="checkbox"/>
5. ENTERPRISE CRUDE GP LLC	17606569634	<input type="checkbox"/>
6. ENTERPRISE REFINED PRODUCTS COMPANY LLC	12056619377	<input type="checkbox"/>
7. ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC	12604310461	<input type="checkbox"/>
8. TEPPCO O/S PORT SYSTEM LLC	32034730971	<input type="checkbox"/>
9. ENTERPRISE CRUDE PIPELINE LLC	17707047704	<input type="checkbox"/>
10. ENTERPRISE SEAWAY LP	32036094699	<input type="checkbox"/>
11. ENTERPRISE TE PARTNERS LP	17602910584	<input type="checkbox"/>
12. ENTERPRISE CRUDE OIL LLC	32033266233	<input type="checkbox"/>
13. LUBRICATION SERVICES LLC	15106562265	<input type="checkbox"/>
14. ENTERPRISE JONAH GAS GATHERING COMPANY	830317360	<input checked="" type="checkbox"/>
15. DEAN PIPELINE COMPANY LLC	32033266241	<input type="checkbox"/>
16. PANOLA PIPELINE COMPANY LLC	32033266225	<input type="checkbox"/>
17. QUANAH PIPELINE COMPANY LLC	32033266258	<input type="checkbox"/>
18. WILCOX PIPELINE COMPANY LLC	32033266217	<input type="checkbox"/>
19. TCTM LP	32036219791	<input type="checkbox"/>
20. CHAPARRAL PIPELINE COMPANY LLC	32033266266	<input type="checkbox"/>
21. QP-LS LLC	262708528	<input checked="" type="checkbox"/>

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Texas Franchise Tax Extension Affiliate List

pg 6 of 6

Reporting entity taxpayer number

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17605682198

2013

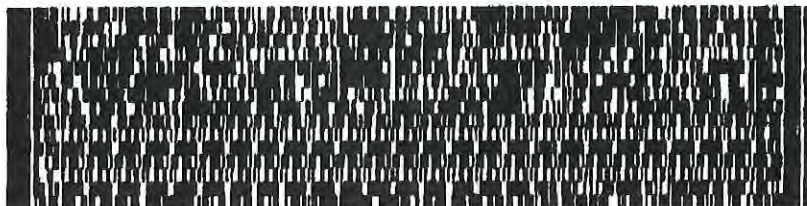
Enterprise Products Partners L.P.

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. ENTERPRISE LOUISIANA PIPELINE LLC	32040255385	<input type="checkbox"/>
2. RIO GRANDE PIPELINE COMPANY	17314849120	<input type="checkbox"/>
3. ENTERPRISE MIDSTREAM COMPANIES LLC	32033266191	<input type="checkbox"/>
4. RUGGED WEST SERVICES LLC	061714826	<input checked="" type="checkbox"/>
5. CTCO OF TEXAS LLC	32019601221	<input type="checkbox"/>
6. Enterprise Logistic Services LLC	12735713096	<input type="checkbox"/>
7. JMRS Transport Services, Inc	17606894404	<input type="checkbox"/>
8. CHANNELVIEW FLEETING SERVICES, LLC	32041556773	<input type="checkbox"/>
9. ENTERPRISE GATHERING LLC	32041546337	<input type="checkbox"/>
10. ENTERPRISE GATHERING II LLC	32041737100	<input type="checkbox"/>
11. ENTERPRISE REFINED PRODUCTS MARKETING CO. LLC	32042316094	<input type="checkbox"/>
12. ENTERPRISE ETE LLC	32043318669	<input type="checkbox"/>
13. ENTERPRISE PRODUCTS PIPELINE COMPANY LLC	17602440707	<input type="checkbox"/>
14. ENTERPRISE TE INVESTMENTS LLC	17604475172	<input type="checkbox"/>
15. SOUTHEAST KEATHLEY CANYON PIPELINE CO., LLC	32046085463	<input type="checkbox"/>
16. ENERGY VENTURES LLC	260430539	<input checked="" type="checkbox"/>
17. ENTERPRISE LIQUIDS PIPELINE LLC	32045210484	<input type="checkbox"/>
18. ECO Property LLC	422740972	<input checked="" type="checkbox"/>
19. EVANGELINE PELICAN PIPELINE CO LP	32036470576	<input type="checkbox"/>
20. Enterprise Energy Finance Corp	32001509192	<input type="checkbox"/>
21.		<input type="checkbox"/>

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ATTACHMENT 4

Proposed Project Description

ATTACHMENT A
APPLICATION FOR TAX ABATEMENT
BARBERS HILL SCHOOL DISTRICT

Proposed Project Description

Enterprise Products Operating LLC ("Enterprise") currently operates the Mont Belvieu Manufacturing Complex. Enterprise proposes to build a new manufacturing NGL fractionator (Frac # 9 & DIB) in Mont Belvieu, Texas.

NGL Manufacturing Fractionation Plant

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

Manufacturing Process

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

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

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

The stream from the bottom of the Depropanizer is fed to the Debutanizer column, which manufactures it into an overhead stream containing mixed butanes (primarily normal butane and isobutene) and a bottoms gasoline stream which contains pentanes and heavier gasses. Part of the overhead butane stream is refluxed back to the column and the balance is sent to storage tanks as an intermediate feed for other units or as commercial butane product. The bottoms gasoline is routed to existing gasoline treating facilities. Condensing for the Debutanizer is provided by the Deethanizer Upper Side Reboiler, and heat for manufacturing in the Debutanizer is provided by a hot oil reboiler at the bottom of the column.

Deisobutanizer Unit

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

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

Frac # 9 & DIB new facility -List of Improvements

Plant Components

- DeEthanizer column
- DePropanizer column
- Debutanizer column
- Cooling Towers
- Gas fired regenerant gas heaters
- Gas fired hot oil heaters
- Compression Equipment
- Deisobutanizer column
- Ancillary tanks
- New flare

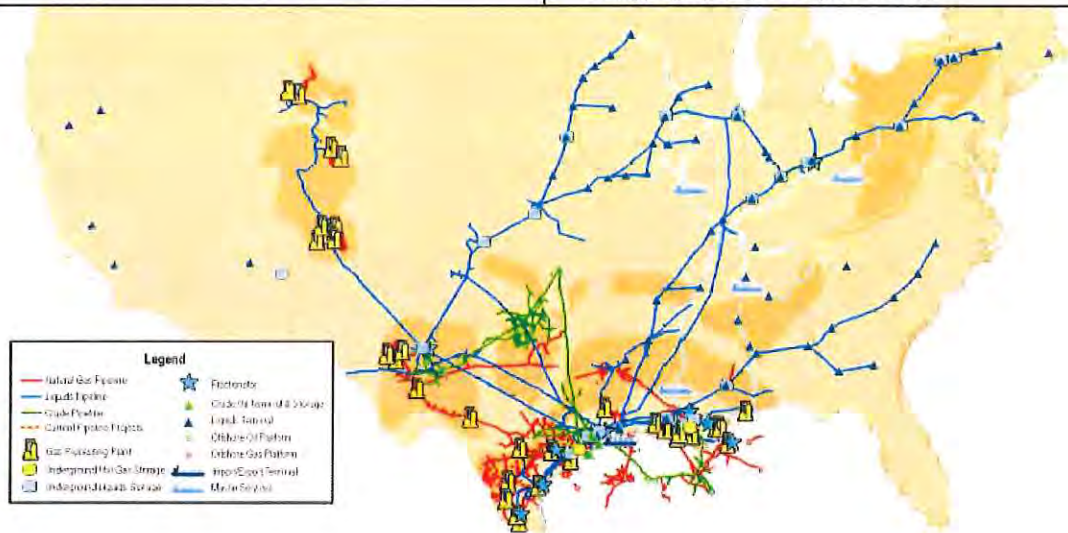
Ability to Relocate:

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

- Enterprise has significant assets in Louisiana including pipes that can and do move product to and from Texas.
- For every significant investment we make, there is a thorough review of the offered tax incentives in the region that helps determine our long term investment approach in a states or location.
- While Louisiana has had very competitive incentives to make big investments in their state, Texas has been equally competitive with the inclusion of the CH313 program.
- Support for these Texas industries can be managed via pipelines to and processes in neighboring states.
- Enterprise will continue this business valuation and decision process.

EPD Portfolio of Integrated Assets

Major Asset Overview	
<ul style="list-style-type: none">50,600 miles of natural gas, NGL, crude oil, refined products and petrochemical pipelines190 MMBbls of NGL, refined products and crude oil storage, and 14 Bcf of natural gas storage capacity25 natural gas processing plants	<ul style="list-style-type: none">20 NGL & Propylene fractionators6 offshore hub platformsNGL import / export terminalsButane isomerization complex; octane enhancement facility; high-purity isobutylene facility



ATTACHMENT 5

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

ATTACHMENT 6

Description of Qualified Investment

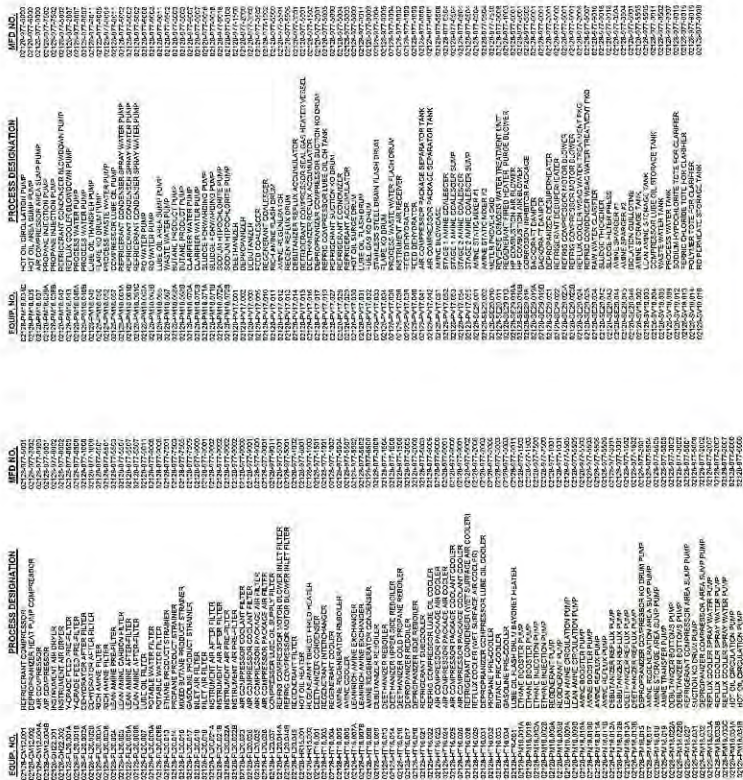
Frac # 9 & DIB new facilities -List of Improvements

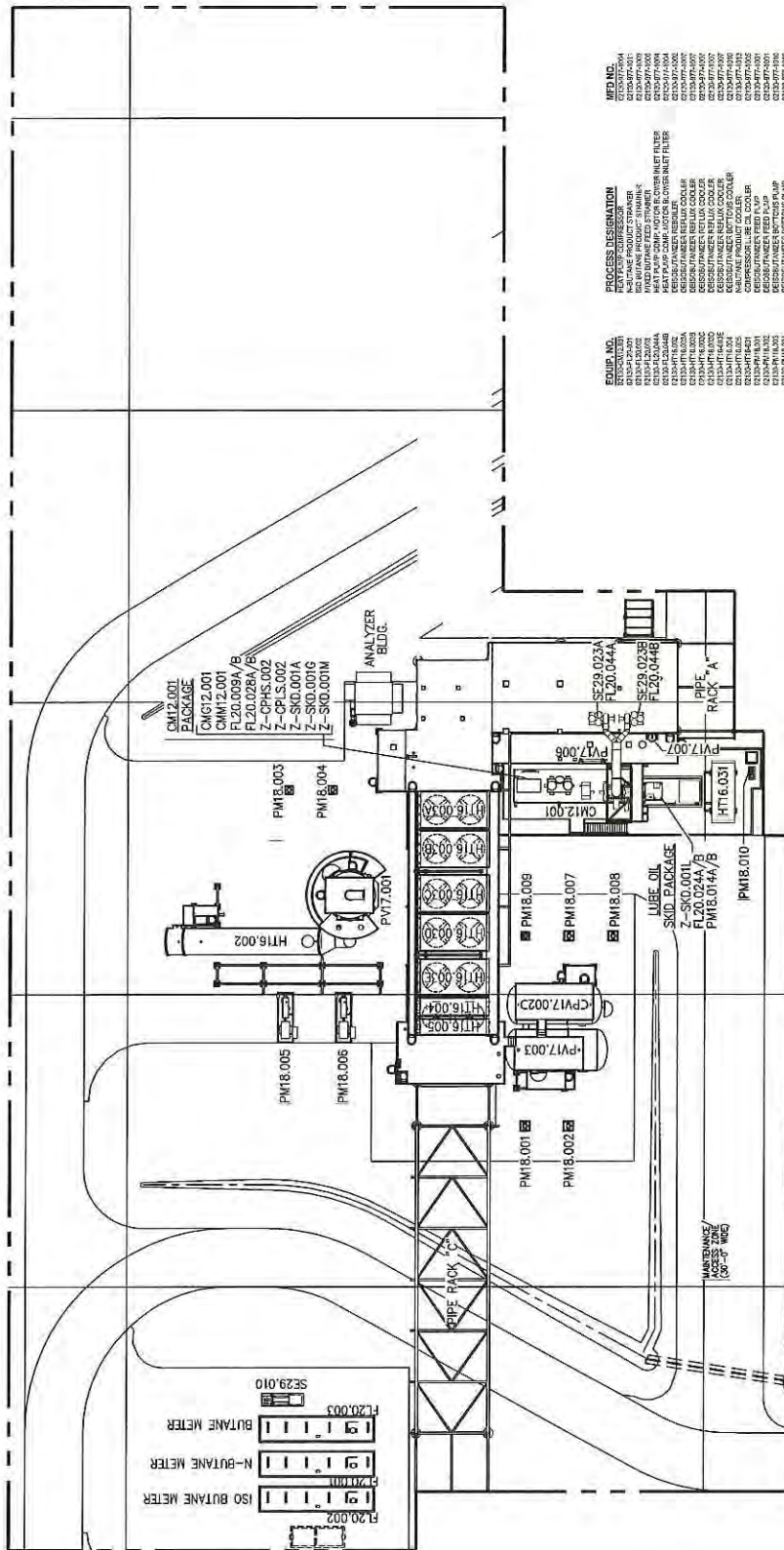
Plant Components

- DeEthanizer column
- DePropanizer column
- Debutanizer column
- Cooling Towers
- Gas fired regenerant gas heaters
- Gas fired hot oil heaters
- Compression Equipment
- Deisobutanizer column
- Ancillary tanks
- New flare

ATTACHMENT 7

Process Schematics and map of Qualified Investment Location

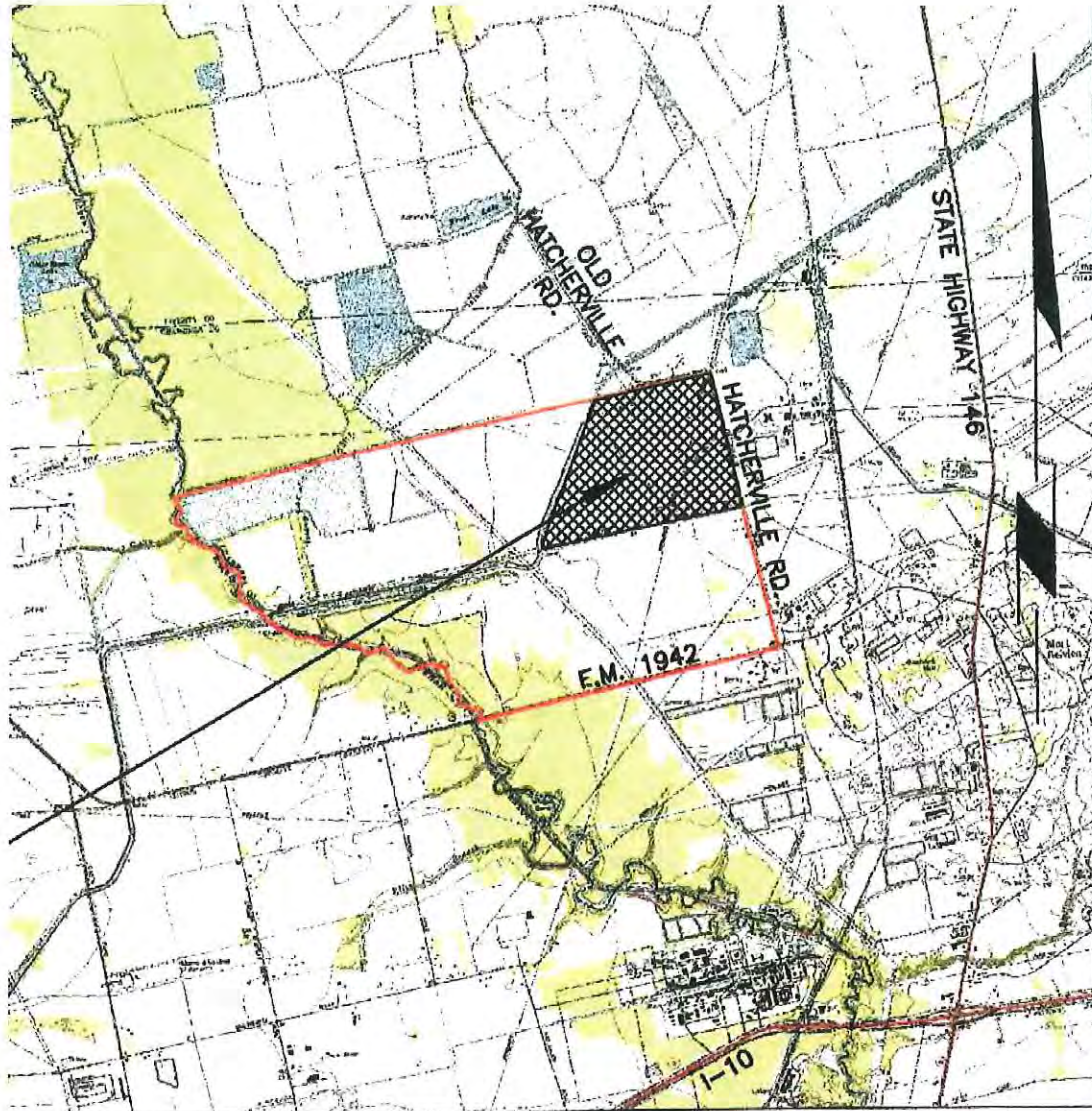
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0000-0000-0000		MONT BELVEL PLANT P&ID PLAN		1		ISSUED FOR DESIGN		EL											
PROJECT INFORMATION																			
PROJECT NO.				PROJECT NAME				PROJECT LOCATION				PROJECT DATE							
00130-976-0002				MONT BELVEL, TEXAS				DIB II UNIT				1-20							
DRAWING INFORMATION																			
DRAWN BY				CHECKED BY				APPROVED BY				DATE							
0				0				0				0							



VICINITY MAP



VICINITY MAP
SCALE: 1" = 1 MILE

ATTACHMENT 8

Description of Qualified Investment

Frac # 9 & DIB new facilities -List of Improvements

Plant Components

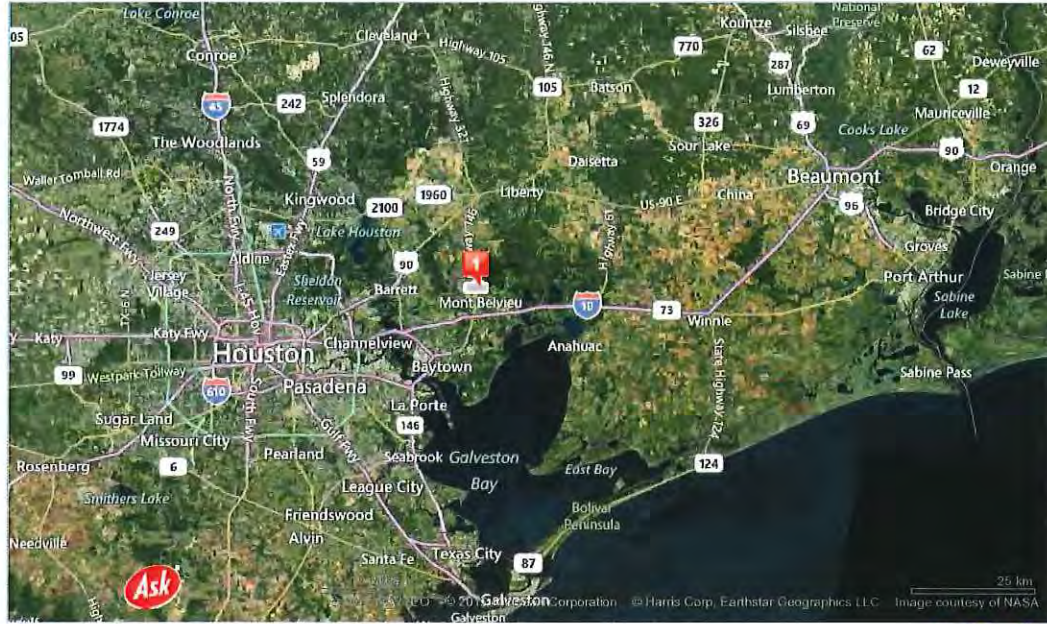
- DeEthanizer column
- DePropanizer column
- Debutanizer column
- Cooling Towers
- Gas fired regenerant gas heaters
- Gas fired hot oil heaters
- Compression Equipment
- Deisobutanizer column
- Ancillary tanks
- New flare

ATTACHMENT 9

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

[Search the Web](#) [Q&A Community](#)[Settings](#) [Sign In](#)


Mont Belvieu, TX

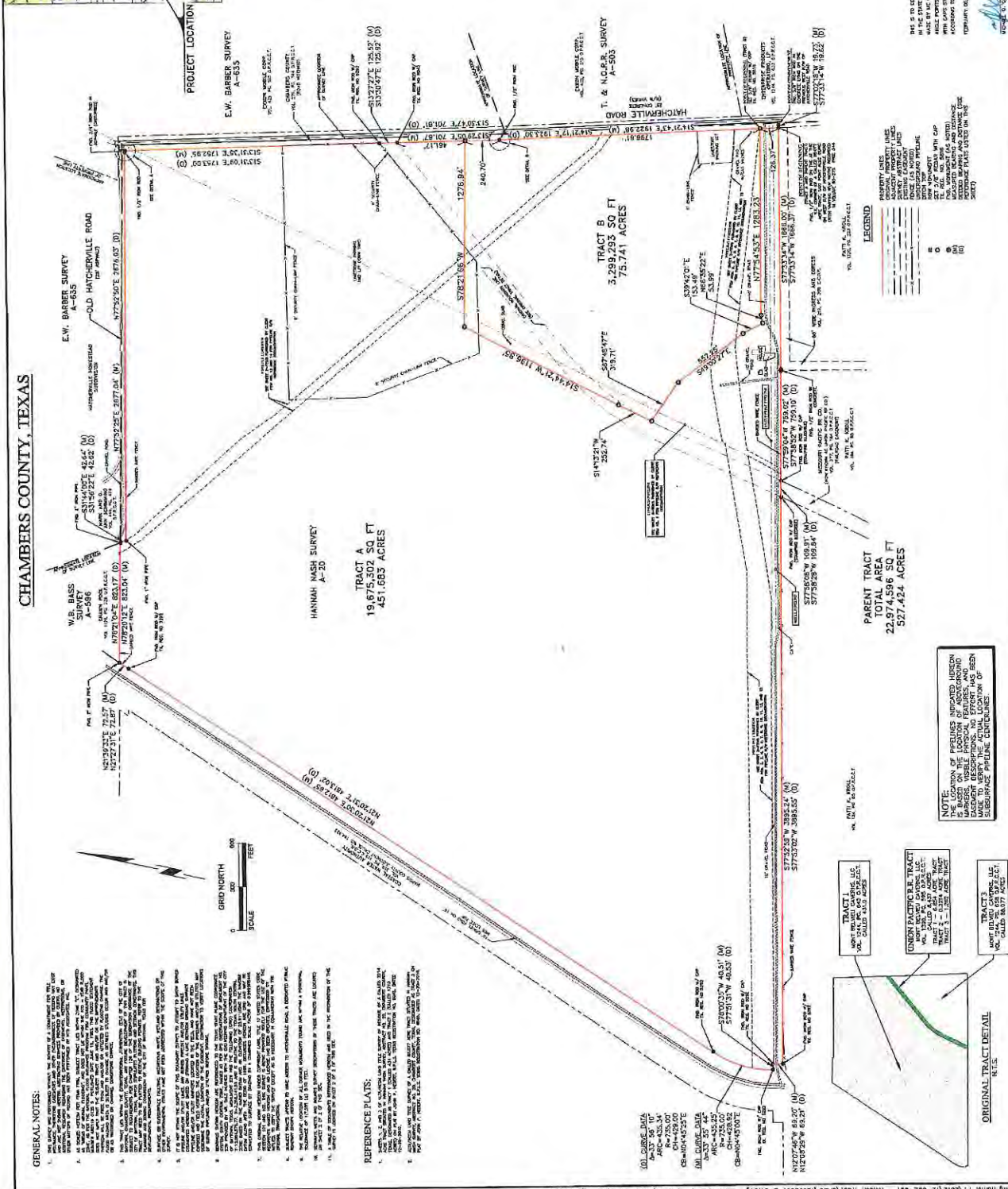
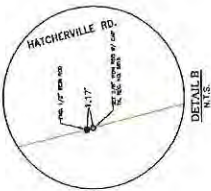
[Submit Query](#)From: To: [Driving Directions](#)[Everything](#)[Images](#)[News](#)[Video](#)[Q&A](#)[Reference](#)[Shopping](#)[Local](#)[Maps](#)[Games](#)**Map of Mont Belvieu, TX**[Show Traffic](#) [Street Map](#) [Satellite](#) [Bird's Eye](#)[Send To](#) [Print](#)[About](#) [Privacy](#) [AskEraser](#) [Advertise](#) [Careers](#) [Ask Blog](#) [iPhone](#) [Android](#) [Help](#) [Feedback](#)

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FOR: MONT BELIEU CAVERNS, LLC
BOUNDARY SURVEY AND SUBDIVISION
OF A 627.4241 ACRE TRACT OF LAND INTO TRACTS A AND B
SITUATED IN HANNAH NASH SURVEY, ABSTRACT NO. 20
CHAMBERS COUNTY, TEXAS

NJB Associates, Inc. LAND SURVEYORS • GIS • ENGINEERS 908 Town And Country Blvd., Suite 120, Houston TX 77024 Phone No. (713) 961-7515		
SUBMITTED BY: CLB	DRAWN BY: DMC	CHECKED BY: DMC
DATE SUBMITTED: DEC. 2012 - JAN. 2013		MOC: DEC. 2012 - JAN. 2013



GENERAL NOTES:

- [illegible]

REFERENCE PLATS:

- [illegible]

NOTE: THE LOCATION OF PIPELINES INDICATED HEREON IS BASED ON THE LOCATION OF ABOVEGROUND MARKERS, VISIBLE PHYSICAL FEATURES, AND MEASUREMENT DESCRIPTIONS. NO EFFORT HAS BEEN MADE TO VERIFY THE ACTUAL LOCATION OF SUBSURFACE PIPELINE CENTERLINES.

PARENT TRACT
TOTAL AREA
2,974,596 SQ FT
527.424 ACRES

LEGEND

PROPERTY LINES
ORIGINAL PROPERTY LINES
ADJACENT PROPERTY LINES
SURVEY ABSTRACT LINES



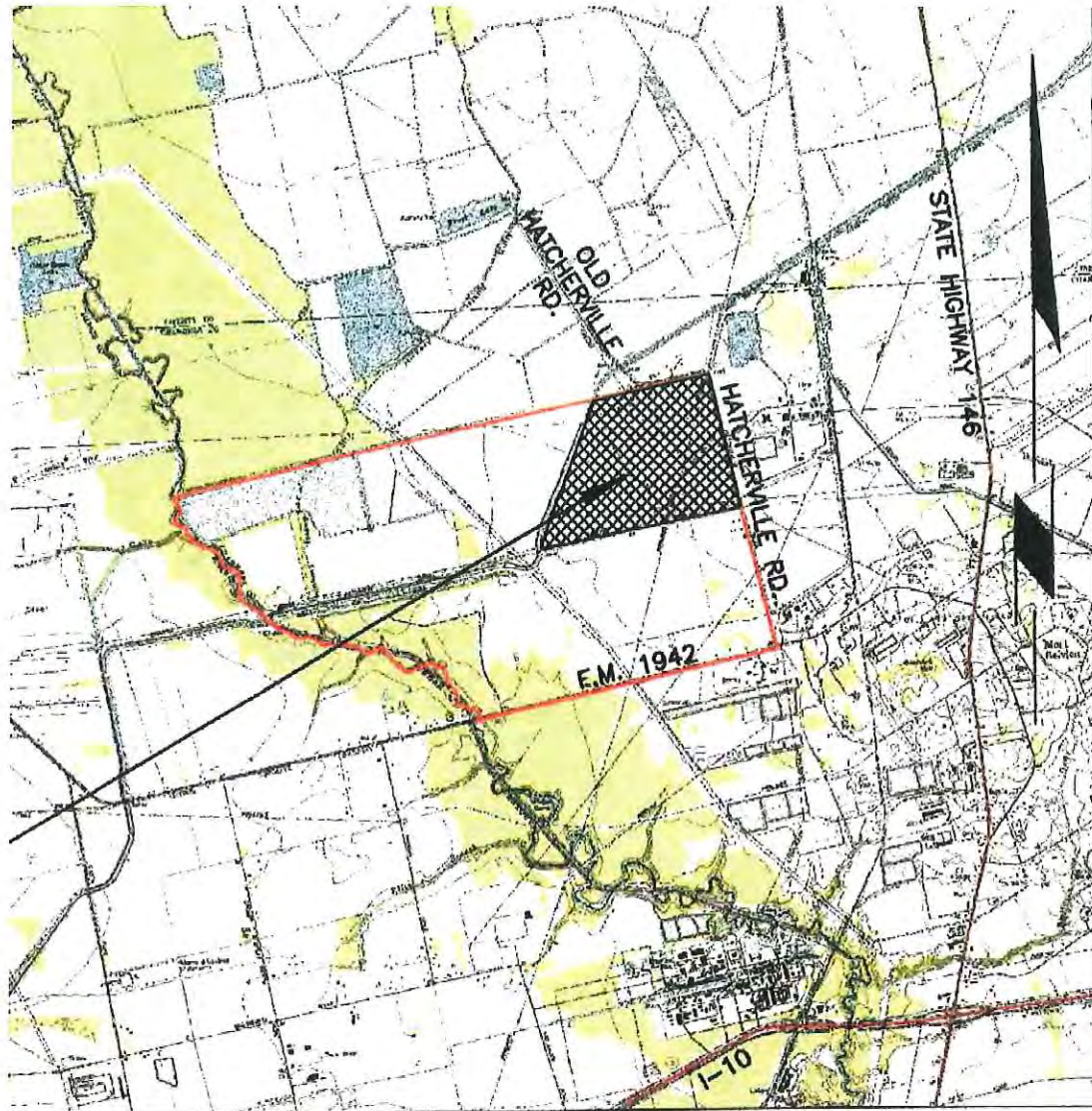
FRAC IX

DIB II

PDH

HATCHERVILLE RD.

VICINITY MAP



VICINITY MAP
SCALE: 1" = 1 MILE

ATTACHMENT 10

Land Description

SURVEY DESCRIPTION:

TRACT B

BEING A TRACT OR PARCEL OF LAND CONTAINING 75.741 ACRES (3,299,293 SQ.FT.) AND SITUATED IN THE HANNAH NASH SURVEY, ABSTRACT NUMBER 20, CHAMBERS COUNTY, TEXAS AND BEING A PART OF ALL OF THOSE PARCELS OF LAND DESCRIBED AS FOLLOWS: A CALLED 431.00 ACRE TRACT OF LAND DESCRIBED IN VOLUME 11-1244 AT PAGE 645, A CALLED FOR 88.077 ACRE TRACT OF LAND DESCRIBED IN VOLUME 11-1244 AT PAGE 658, A CALLED 6.854 ACRE TRACT OF LAND BEING DESCRIBED AS "TRACT 1" DESCRIBED IN VOLUME 1390 AT PAGE 595 ALL IN THE OFFICIAL PUBLIC RECORDS OF CHAMBERS COUNTY, TEXAS (BEARING AND DISTANCES HEREIN ARE ORIENTED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE 4204 AS PER GPS OBSERVATIONS PERFORMED BY NTB ASSOCIATES, INCORPORATED) AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

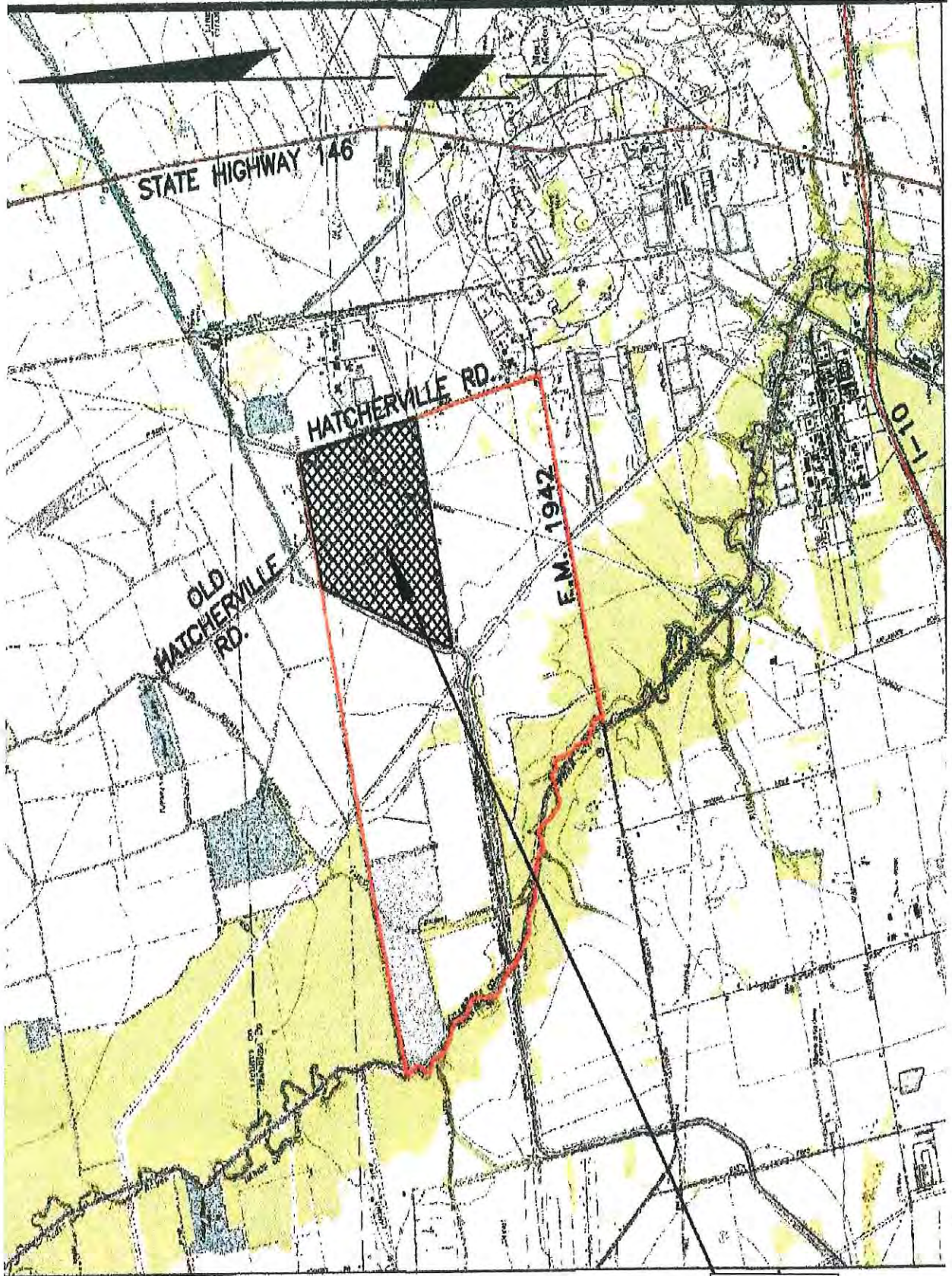
COMMENCING AT A FOUND 1/2" IRON ROD AT THE SOUTHEAST CORNER OF SAID 88.077 ACRE TRACT, SAID POINT ALSO BEING ON THE WEST RIGHT OF WAY OF HATCHERVILLE ROAD (WITH VARYING R\W WIDTH) RECORDED IN VOLUME 95-276 AT PAGE 344 FROM WHICH A FOUND 5/8" IRON ROD LYING ON THE PREVIOUS WEST RIGHT OF WAY OF HATCHERVILLE ROAD BEARS N77°02'18"E 19.73' AND RUNNING THENCE N14°21'43"W, ALONG SAID WEST RIGHT OF WAY AND EAST LINE OF SAID 88.077 ACRE TRACT, 126.37' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816 AND THE POINT OF BEGINNING; THENCE LEAVING SAID WEST RIGHT OF WAY AND SAID EAST LINE S77°54'53"W 1283.23' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE S66°35'22"W 53.99' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE N39°42'01"W 153.49' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE N49°00'27"W 557.25' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE N67°48'47"W 319.71' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE N14°13'21"E 252.74' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE N14°44'21"E 1196.85' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE N78°21'06"E 1276.94' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816 ON THE SAID WEST RIGHT OF WAY OF HATCHERVILLE ROAD AND THE EAST LINE OF SAID 88.077 ACRE TRACT; THENCE S13°29'05"E, ALONG SAID RIGHT OF WAY AND THE EAST LINE OF SAID 88.077 ACRE TRACT, 240.70' TO A SET 5/8" REBAR WITH CAP STAMPED PLS #5816; THENCE S14°21'43"E, ALONG SAID WEST RIGHT OF WAY AND SAID EAST LINE, 1796.61' TO THE POINT OF BEGINNING CONTAINING 75.741 ACRES, MORE OR LESS.

TOGETHER WITH AND SUBJECT TO ANY AND ALL EASEMENTS, RIGHT OF WAYS, AND OTHER RESTRICTIONS OR ENCUMBRANCES OF RECORD.

ATTACHMENT 11

**DESCRIPTION OF THE LAND
ORDER DESIGNATION/CREATING
ENTERPRISE PRODUCTS OPERATING, LLC 2013
REINVESTMENT ZONE**

Reinvestment Zone Map



Frac 9
& DIB
Site

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:

A handwritten signature in blue ink, appearing to read "Heather H. Hawthorne", written over a horizontal line.
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 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;

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 corner of said 6.854 acre tract and the Southeast corner 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 corner of said 0.3214 acre tract and the Southeast corner 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 corner of said 1.262 acre tract and the North corner 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 MotTis 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 $17^{\circ} 25' 00''$ 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 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.

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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.

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
2013	1st Qtr	1,095
2013	2nd Qtr	1,105
2012	3rd Qtr	989
2012	4th Qtr	1,092

Average 1,070 Average Weekly Salary
 X 1.1 (110%) 110% of County Average Weekly Wage for all Jobs
\$ 1,177.28

110% of County Average Weekly Wage for Manufacturing jobs

Year	Period	Wages
2013	1st Qtr	1,494
2013	2nd Qtr	1,725
2012	3rd Qtr	1,381
2012	4th Qtr	1,597

Average 1,549 Average Weekly Salary
 110%
\$ 1,704.18

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

26.59 per hour
 40 hr per week
\$ 1,063.60 Average weekly Salary
 110%
 \$ 1,169.96
 52 Weeks
\$ 60,837.92 Annual Salary



All INDUSTRIES JOBS IN Chambers COUNTY

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,095
2013	2nd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,105
2012	3rd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$989
2012	4th Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,092

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Manufacturing JOBS IN Chambers COUNTY

Quarterly Employment and Wages (QCEW)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,494
2013	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,725
2012	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,381
2012	4th Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,597

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2012 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$23.56	\$48,996
1. Panhandle Regional Planning Commission	\$20.12	\$41,850
2. South Plains Association of Governments	\$16.18	\$33,662
3. NORTEX Regional Planning Commission	\$17.83	\$37,076
4. North Central Texas Council of Governments	\$24.68	\$51,333
5. Ark-Tex Council of Governments	\$16.84	\$35,032
6. East Texas Council of Governments	\$19.61	\$40,797
7. West Central Texas Council of Governments	\$18.24	\$37,941
8. Rio Grande Council of Governments	\$16.17	\$33,631
9. Permian Basin Regional Planning Commission	\$21.93	\$45,624
10. Concho Valley Council of Governments	\$16.33	\$33,956
11. Heart of Texas Council of Governments	\$19.07	\$39,670
12. Capital Area Council of Governments	\$26.03	\$54,146
13. Brazos Valley Council of Governments	\$16.55	\$34,424
14. Deep East Texas Council of Governments	\$16.20	\$33,698
15. South East Texas Regional Planning Commission	\$29.38	\$61,118
16. Houston-Galveston Area Council	\$26.59	\$55,317
17. Golden Crescent Regional Planning Commission	\$21.03	\$43,742
18. Alamo Area Council of Governments	\$18.40	\$38,280
19. South Texas Development Council	\$13.54	\$28,170
20. Coastal Bend Council of Governments	\$22.97	\$47,786
21. Lower Rio Grande Valley Development Council	\$16.33	\$33,961
22. Texoma Council of Governments	\$22.57	\$46,949
23. Central Texas Council of Governments	\$17.16	\$35,689
24. Middle Rio Grande Development Council	\$18.93	\$39,380

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

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 Operating, LP
ISD Name: Barbers Hill ISD

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013							
	2014-2015	2014	\$				\$		
	2014-2015	2014		76,000,000	76,000,000		76,000,000		
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2015-2016		\$		\$	304,000,000	
		2	2016-2017		\$		\$		
		3	2017-2018						
		4	2018-2019						
		5	2019-2020						
		6	2020-2021						
		7	2021-2022						
		8	2022-2023						
		9	2023-2024						
		10	2024-2025						
Credit Settle-Up Period	Value Limitation Period	11	2025-2026						
		12	2026-2027						
		13	2027-2028						
		14	2028-2029						
Post Settle-Up Period	Post Settle-Up Period	15	2029-2030						

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).
For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.
The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: 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.
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 OF AUTHORIZED COMPANY REPRESENTATIVE: 
DATE: 11/15/13

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Enterprise Products Operating, LP
Barbers Hill ISD

Form 50-296

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Final taxable value for ISD - after all reductions	Final taxable value for M&O--after all reductions
Tax Credit Period (with 50% cap on credit)	pre-year 1	2014-2015	2014	-	-	-	-	-	-
	1	2015-2016	2015	-	-	49,400,000	-	49,400,000	49,400,000
	2	2016-2017	2016	-	-	304,000,000	15,200,000	288,800,000	288,800,000
	3	2017-2018	2017	-	-	297,920,000	14,598,080	283,321,920	30,000,000
	4	2018-2019	2018	-	-	291,961,600	14,306,118	277,655,482	30,000,000
	5	2019-2020	2019	-	-	288,122,368	14,019,996	272,102,372	30,000,000
	6	2020-2021	2020	-	-	280,399,921	13,739,596	266,660,325	30,000,000
	7	2021-2022	2021	-	-	274,791,922	13,464,804	261,327,118	30,000,000
	8	2022-2023	2022	-	-	269,296,084	13,195,508	256,100,576	30,000,000
	9	2023-2024	2023	-	-	263,910,162	12,931,598	250,978,564	30,000,000
	10	2024-2025	2024	-	-	258,631,959	12,672,966	245,958,993	30,000,000
	11	2025-2026	2025	-	-	253,459,320	12,419,507	241,039,813	241,039,813
	12	2026-2027	2026	-	-	248,390,133	12,171,117	236,219,017	236,219,017
	13	2027-2028	2027	-	-	243,422,331	11,927,694	231,494,636	231,494,636
	14	2028-2029	2028	-	-	238,553,884	11,689,140	226,864,744	226,864,744
	15	2029-2030	2029	-	-	233,782,806	11,455,358	222,327,449	222,327,449
Credit Settle-Up Period	Continue to Maintain Viable Presence								
Post-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 OF AUTHORIZED COMPANY REPRESENTATIVE *Aut Jato* DATE 11/15/13

Applicant Name
ISD Name

Enterprise Products Operating, LP
Barbers Hill ISD

Schedule C- Application: Employment Information

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2014-2015	2014	0	0	0	\$ -	0	\$ -
	Complete tax years of qualifying time period	1	2015	500 FTE	\$ 60,000	4	\$ 65,000	4	\$ 65,000
		2	2016	500 FTE	\$ 60,000	4	\$ 65,000	4	\$ 65,000
		3	2017			4	\$ 65,000	4	\$ 65,000
		4	2018			4	\$ 65,000	4	\$ 65,000
		5	2019			4	\$ 65,000	4	\$ 65,000
		6	2020			4	\$ 65,000	4	\$ 65,000
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	7	2021			4	\$ 65,000	4	\$ 65,000
		8	2022			4	\$ 65,000	4	\$ 65,000
		9	2023			4	\$ 65,000	4	\$ 65,000
		10	2024			4	\$ 65,000	4	\$ 65,000
		11	2025			4	\$ 65,000	4	\$ 65,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	12	2026			4	\$ 65,000	4	\$ 65,000
		13	2027			4	\$ 65,000	4	\$ 65,000
		14	2028			4	\$ 65,000	4	\$ 65,000
Post- Settle-Up Period		15	2029			4	\$ 65,000	4	\$ 65,000

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

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 OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

11/15/13

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

Applicant Name				Enterprise Products Operating, LP		ISD Name		Barbers Hill ISD				Form 50-296	
						Sales Tax Information		Other Property Tax Abatements Sought					
						Sales Taxable Expenditures		Franchise Tax					
	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	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	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2014-2015	2014										
Tax Credit Period (with 50% cap on credit)	1	2015-2016	2015	\$ 76,000,000	\$ 228,000,000	\$ 33,000,000	100	N/A	N/A	100			
	2	2016-2017	2016	\$	\$	\$ 33,000,000	100	N/A	N/A	100			
	3	2017-2018	2017	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	4	2018-2019	2018	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	5	2019-2020	2019	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	6	2020-2021	2020	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	7	2021-2022	2021	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	8	2022-2023	2022	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	9	2023-2024	2023	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	10	2024-2025	2024	\$ 148,000		\$ 33,000,000	100	N/A	N/A	100			
	11	2025-2026	2025	\$ 148,000		\$ 33,000,000							
	12	2026-2027	2026	\$ 148,000		\$ 33,000,000							
	13	2027-2028	2027	\$ 148,000		\$ 33,000,000							
	14	2028-2029	2028	\$ 148,000		\$ 33,000,000							
	15	2029-2030	2029	\$ 300,000		\$ 33,000,000							

*For planning, construction and operation of the facility.

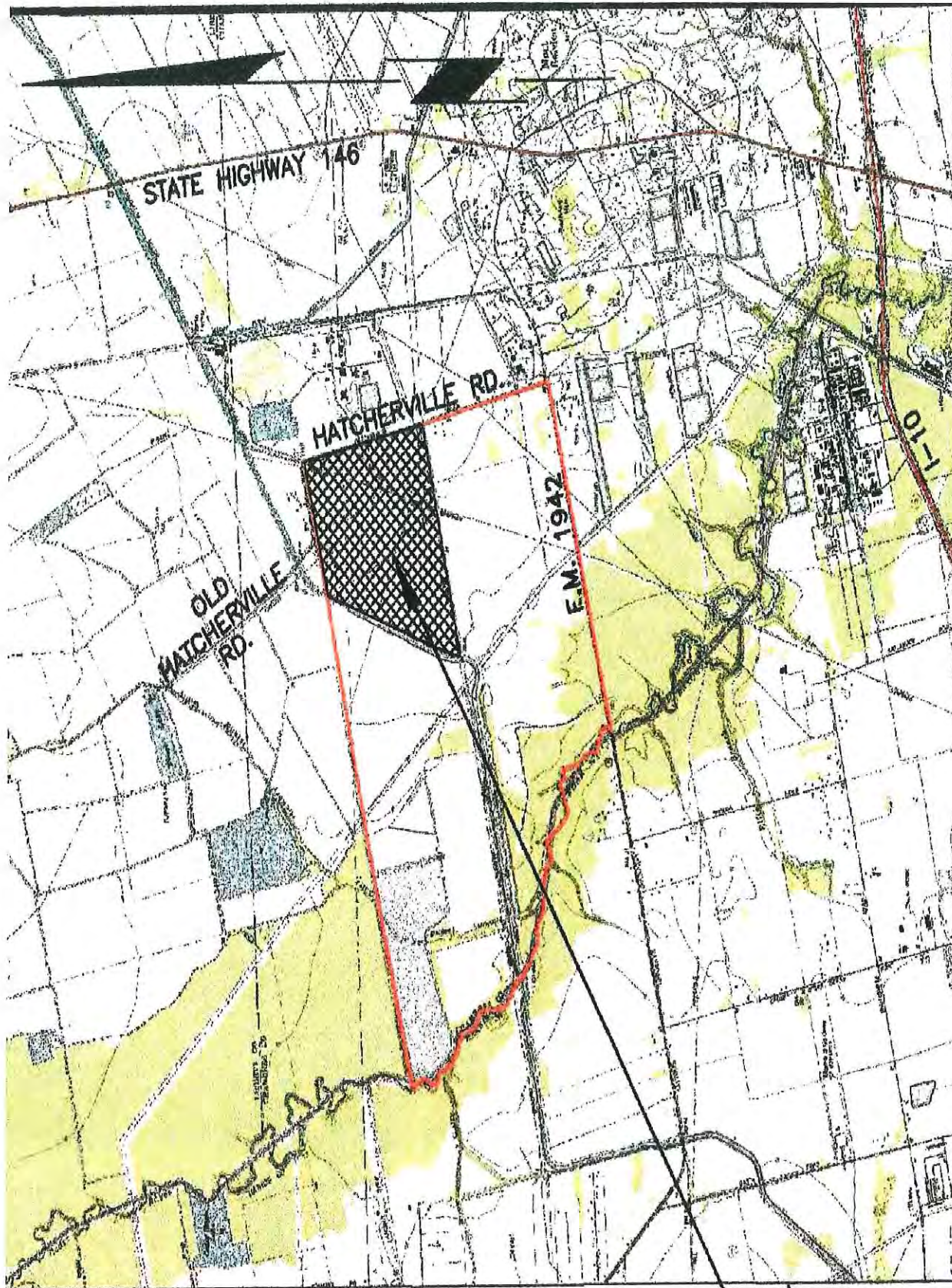

 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11/15/13
 DATE

ATTACHMENT 21

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

Reinvestment Zone Map



Frac 9
& DIB
Site

**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.

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 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 Parti 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;

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 corner of said 6.854 acre tract and the Southeast corner 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 corner of said 0.3214 acre tract and the Southeast corner 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 corner of said 1.262 acre tract and the North corner 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 MotTis 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 $17^{\circ} 25' 00''$ 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 $26.38^{\circ} 41''$, 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 11/2-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

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.

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 VOL
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 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.

Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of: 10/20/2014 01:09:24 PM

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

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

Attachment C

State Comptroller's Recommendation

	S U S A N	TEXAS COMPTROLLER <i>of</i> PUBLIC ACCOUNTS P.O. Box 13528 • AUSTIN, TX 78711-3528	
	C O M B S		

March 5, 2014

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

Dear Superintendent Poole:

On Dec. 11, 2013, the Comptroller received the completed application (Application #363) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in November 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 (\$380 million) 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 by 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. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. 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 and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Note that any new building or other improvement existing as of the application review start date of Dec. 11, 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
2011-12 Enrollment in School District	4,398
County	Chambers
Total Investment in District	\$380,000,000
Qualified Investment	\$380,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	4*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,250
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,170
Minimum Annual Wage committed to by applicant for qualified jobs	\$65,000
Investment per Qualifying Job	\$95,000,000
Estimated 15 year M&O levy without any limit or credit:	\$38,268,661
Estimated gross 15 year M&O tax benefit	\$22,814,437
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$19,857,146
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,948,920
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$18,411,514
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	51.9%
Percentage of tax benefit due to the limitation	87.1%
Percentage of tax benefit due to the credit.	12.9%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

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 4 new jobs when fully operational. All 4 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 \$55,317 in 2012. The annual average manufacturing wage for 2012-2013 for Chambers County is \$80,548. That same year, the county annual average wage for all industries was \$55,640. In addition to a salary of \$65,000, each qualifying position will receive benefits such as medical & dental insurance, life insurance, 401K saving plan, vacation & holiday pay and educational assistance. The project's total investment is \$380 million, resulting in a relative level of investment per qualifying job of \$95 million.

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

According to Enterprise Products Operating, LLC's application, "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."

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

During the past two years, 41 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).

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
2015	504	550	1054	\$30,260,000	\$37,740,000	\$68,000,000
2016	504	563	1067	\$30,260,000	\$43,740,000	\$74,000,000
2017	4	48	52	\$260,000	\$11,740,000	\$12,000,000
2018	4	17	21	\$260,000	\$7,740,000	\$8,000,000
2019	4	(2)	2	\$260,000	\$4,740,000	\$5,000,000
2020	4	(10)	-6	\$260,000	\$3,740,000	\$4,000,000
2021	4	(8)	-4	\$260,000	\$1,740,000	\$2,000,000
2022	4	(2)	2	\$260,000	\$1,740,000	\$2,000,000
2023	4	8	12	\$260,000	\$2,740,000	\$3,000,000
2024	4	12	16	\$260,000	\$2,740,000	\$3,000,000
2025	4	12	16	\$260,000	\$2,740,000	\$3,000,000
2026	4	12	16	\$260,000	\$1,740,000	\$2,000,000
2027	4	16	20	\$260,000	\$2,740,000	\$3,000,000
2028	4	16	20	\$260,000	\$2,740,000	\$3,000,000
2029	4	16	20	\$260,000	\$2,740,000	\$3,000,000

Source: CPA, REMI, Enterprise Products Operating, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Barbers Hill ISD's ad valorem tax base in 2012-2013 was \$3.39 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$671,764. 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 the City of Baytown ETJ, 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 city and county. Table 3 illustrates the estimated tax impact of the Enterprise Products Operating, LLC project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S 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 ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	1.0600			0.522147	0.822030	
2015	\$49,400,000	\$49,400,000		\$133,281	\$523,640	\$656,921	\$656,921	\$0	\$0	\$656,921
2016	\$288,800,000	\$288,800,000		\$779,182	\$3,061,280	\$3,840,462	\$3,840,462	\$0	\$0	\$3,840,462
2017	\$283,321,920	\$30,000,000		\$764,403	\$318,000	\$1,082,403	\$1,082,403	\$0	\$0	\$1,082,403
2018	\$277,655,482	\$30,000,000		\$749,114	\$318,000	\$1,067,114	\$645,840	\$0	\$0	\$645,840
2019	\$272,102,372	\$30,000,000		\$734,132	\$318,000	\$1,052,132	\$630,858	\$0	\$0	\$630,858
2020	\$266,660,325	\$30,000,000		\$719,450	\$318,000	\$1,037,450	\$616,175	\$0	\$0	\$616,175
2021	\$261,327,118	\$30,000,000		\$705,061	\$318,000	\$1,023,061	\$601,786	\$0	\$0	\$601,786
2022	\$256,100,576	\$30,000,000		\$690,959	\$318,000	\$1,008,959	\$587,685	\$0	\$0	\$587,685
2023	\$250,978,564	\$30,000,000		\$677,140	\$318,000	\$995,140	\$573,866	\$0	\$0	\$573,866
2024	\$245,958,993	\$30,000,000		\$663,597	\$318,000	\$981,597	\$560,323	\$0	\$0	\$560,323
2025	\$241,039,813	\$241,039,813		\$650,325	\$2,555,022	\$3,205,347	\$3,205,347	\$1,258,582	\$1,981,420	\$6,445,349
2026	\$236,219,016	\$236,219,016		\$637,319	\$2,503,922	\$3,141,240	\$3,141,240	\$1,233,411	\$1,941,791	\$6,316,442
2027	\$231,494,637	\$231,494,637		\$624,573	\$2,453,843	\$3,078,416	\$3,078,416	\$1,208,742	\$1,902,955	\$6,190,113
2028	\$226,864,744	\$226,864,744		\$612,081	\$2,404,766	\$3,016,847	\$3,016,847	\$1,184,567	\$1,864,896	\$6,066,311
2029	\$222,327,449	\$222,327,449		\$599,839	\$2,356,671	\$2,956,510	\$2,956,510	\$1,160,876	\$1,827,598	\$5,944,985
						Total	\$25,194,681	\$6,046,179	\$9,518,661	\$40,759,520

Assumes School Value Limitation and Tax Abatements from Chambers County and City of Mont Belvieu.

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		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 ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	1.0600			0.5221	0.822030	
2015	\$49,400,000	\$49,400,000		\$133,281	\$523,640		\$656,921	\$257,941	\$406,083	\$1,320,945
2016	\$288,800,000	\$288,800,000		\$779,182	\$3,061,280		\$3,840,462	\$1,507,961	\$2,374,023	\$7,722,446
2017	\$283,321,920	\$283,321,920		\$764,403	\$3,003,212		\$3,767,615	\$1,479,357	\$2,328,991	\$7,575,963
2018	\$277,655,482	\$277,655,482		\$749,114	\$2,943,148		\$3,692,263	\$1,449,770	\$2,282,411	\$7,424,444
2019	\$272,102,372	\$272,102,372		\$734,132	\$2,884,285		\$3,618,417	\$1,420,774	\$2,236,763	\$7,275,955
2020	\$266,660,325	\$266,660,325		\$719,450	\$2,826,599		\$3,546,049	\$1,392,359	\$2,192,028	\$7,130,436
2021	\$261,327,118	\$261,327,118		\$705,061	\$2,770,067		\$3,475,128	\$1,364,512	\$2,148,187	\$6,987,827
2022	\$256,100,576	\$256,100,576		\$690,959	\$2,714,666		\$3,405,625	\$1,337,221	\$2,105,224	\$6,848,070
2023	\$250,978,564	\$250,978,564		\$677,140	\$2,660,373		\$3,337,513	\$1,310,477	\$2,063,119	\$6,711,109
2024	\$245,958,993	\$245,958,993		\$663,597	\$2,607,165		\$3,270,763	\$1,284,268	\$2,021,857	\$6,576,887
2025	\$241,039,813	\$241,039,813		\$650,325	\$2,555,022		\$3,205,347	\$1,258,582	\$1,981,420	\$6,445,349
2026	\$236,219,016	\$236,219,016		\$637,319	\$2,503,922		\$3,141,240	\$1,233,411	\$1,941,791	\$6,316,442
2027	\$231,494,637	\$231,494,637		\$624,573	\$2,453,843		\$3,078,416	\$1,208,742	\$1,902,955	\$6,190,113
2028	\$226,864,744	\$226,864,744		\$612,081	\$2,404,766		\$3,016,847	\$1,184,567	\$1,864,896	\$6,066,311
2029	\$222,327,449	\$222,327,449		\$599,839	\$2,356,671		\$2,956,510	\$1,160,876	\$1,827,598	\$5,944,985
						Total	\$48,009,118	\$18,850,817	\$29,677,346	\$96,537,282

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 \$38,268,661. The estimated gross 15 year M&O tax benefit, or levy loss, is \$22,814,437.

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.



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

Michael Williams
Commissioner

February 14, 2014

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 Operating LLC (Frac 9) 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 business manager, Calyn Wesson, the TEA has found that the operations of Enterprise Products Operating LLC (Frac 9) 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 blue ink, appearing to read "Al McKenzie", with a horizontal line extending to the right.

Al McKenzie, Manager
Foundation School Program Support

AM/rk



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

Michael Williams
Commissioner

February 14, 2014

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 Operating LLC (Frac 9) 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 their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Enterprise Products Operating LLC (Frac 9) 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 blue ink, appearing to read "Al McKenzie", with a stylized flourish at the end.

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	▪ Department of Transportation
▪ Parks & Wildlife Department	▪ AgriLife Extension Service
▪ Health & Human Services Commission	

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 OPERATING LLC PROJECT (FRAC 9)
ON THE FINANCES OF THE BARBERS HILL INDEPENDENT
SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313
PROPERTY VALUE LIMITATION**

December 6, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Enterprise Products Operating LLC Project (Frac 9) on the Finances of the Barbers Hill Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Enterprise Products Operating LLC (Enterprise Frac 9) 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 November 18, 2013, Enterprise Frac 9 proposes to invest \$380 million to construct a new manufacturing project in BHISD.

The Enterprise Frac 9 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 2015-16 and 2016-17 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 2015-16 and 2016-17 school years. Beginning with the 2017-18 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 could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with BHISD currently levying a \$0.2698 per \$100 I&S tax rate. The full value of the investment is expected to reach \$289 million in 2016-17, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Enterprise Frac 9 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 a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$2,225,418), with much smaller out-year revenue losses.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$19.9 million over the course of the agreement. This amount is net of any anticipated revenue losses for 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 the 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 often results 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 when the state M&O 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.

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 during the First Called Session in 2011 made \$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 operated directly on the state formulas. For the 2012-13 school year, the 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 formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83rd Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.

BHISD is classified as a formula district under the estimates presented below. As a result, its finances are more susceptible to changes in local property values associated with the proposed value limitation agreement, along with the accompanying reductions in M&O taxes.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Enterprise Frac 9 project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

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

The general approach used here is to use projected enrollment counts and maintain static property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. The projected taxable values of the Enterprise Products Operating LLC project are factored into the base model used here. In order to simulate the financial effects of constructing the project in the absence of a value limitation agreement. The impact of the limitation value for the proposed Enterprise Frac 9 project is isolated separately and the focus of this analysis.

Student enrollment counts in average daily attendance (ADA) are projected to increase by approximately four percent annually in analyzing the effects of the Enterprise Frac 9 project on the finances of BHISD. The District's local tax base reached \$3.66 billion for the 2013 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. Existing Chapter 313 agreements are also included in the base models for both projections outlined below. An M&O tax rate of \$1.06 per \$100 is used throughout this analysis. BHISD has estimated state property wealth per weighted ADA or WADA of approximately \$757,135 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 2029-30 school year. Beyond the 2014-15 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.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Enterprise Frac 9 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 Enterprise Frac 9 value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 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 significant revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$2,225,418). The revenue reduction results chiefly from the mechanics of the state property value study, which does not recognize the \$30 million limit prior to the calculation of state aid and recapture for the 2018-19 school year.

The formula loss of \$2,225,418 cited above between the base and the limitation models is based on an assumption that Enterprise Frac 9 would realize M&O tax savings of \$2,685,212 when the \$30 million limitation is implemented in the 2017-18 school year. Under the estimates presented here and as highlighted in Table 4, the only significant offset is a reduction in recapture costs of \$459,794 in 2017-18, with a near complete offset in 2018-19.

The Comptroller’s state property value study clearly 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. Two state property 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 \$19.9 million over the life of the agreement. In addition, Enterprise Frac 9 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 \$2.9 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 million over the course of the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$19.9 million over the life of the agreement.

Facilities Funding Impact

The Enterprise Frac 9 project remains fully taxable for debt services taxes, with BHISD currently levying a \$0.2698 per \$100 I&S rate. The value of the Enterprise Frac 9 project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's I&S tax base and enhance its ability to meet its debt service needs.

The Enterprise Frac 9 project is not expected to affect BHISD in terms of enrollment. 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 Enterprise Frac 9 manufacturing 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 the applicant under a Chapter 313 agreement could reach an estimated \$19.9 million. (This amount is net of any anticipated revenue losses for the District.) 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 Operating LLC 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	2014-15	4,715.97	5,535.87	\$1.0600	\$0.2698	\$5,342,724,303	\$5,342,724,303	\$4,342,526,090	\$4,342,526,090	\$784,435	\$784,435
1	2015-16	4,942.57	5,804.85	\$1.0600	\$0.2698	\$6,340,099,303	\$6,340,099,303	\$5,290,638,364	\$5,290,638,364	\$911,416	\$911,416
2	2016-17	5,180.06	6,047.72	\$1.0600	\$0.2698	\$4,398,974,303	\$4,398,974,303	\$6,288,013,364	\$6,288,013,364	\$1,039,733	\$1,039,733
3	2017-18	5,428.96	6,318.05	\$1.0600	\$0.2698	\$4,393,496,223	\$4,140,174,303	\$4,346,888,364	\$4,346,888,364	\$688,011	\$688,011
4	2018-19	5,689.82	6,620.23	\$1.0600	\$0.2698	\$4,387,829,785	\$4,140,174,303	\$4,341,410,284	\$4,088,088,364	\$655,779	\$617,515
5	2019-20	5,963.21	6,938.33	\$1.0600	\$0.2698	\$4,382,276,675	\$4,140,174,303	\$4,335,743,846	\$4,088,088,364	\$624,898	\$589,204
6	2020-21	6,249.74	7,271.71	\$1.0600	\$0.2698	\$4,532,284,324	\$4,295,623,999	\$4,330,190,736	\$4,088,088,364	\$595,484	\$562,191
7	2021-22	6,550.04	7,621.11	\$1.0600	\$0.2698	\$4,672,885,559	\$4,441,558,441	\$4,480,198,384	\$4,243,538,059	\$587,867	\$556,813
8	2022-23	6,864.77	7,987.31	\$1.0600	\$0.2698	\$5,220,348,773	\$4,994,248,197	\$4,620,799,620	\$4,389,472,502	\$578,518	\$549,556
9	2023-24	7,194.62	8,371.09	\$1.0600	\$0.2698	\$5,165,642,260	\$4,944,663,696	\$5,168,262,833	\$4,942,162,257	\$617,394	\$590,384
10	2024-25	7,540.31	8,773.32	\$1.0600	\$0.2698	\$7,941,610,486	\$7,725,651,493	\$5,113,556,321	\$4,892,577,757	\$582,853	\$557,665
11	2025-26	7,902.62	9,194.88	\$1.0600	\$0.2698	\$7,789,521,952	\$7,789,521,952	\$7,889,524,547	\$7,673,565,554	\$858,035	\$834,548
12	2026-27	8,282.34	9,636.69	\$1.0600	\$0.2698	\$7,657,819,943	\$7,657,819,943	\$7,737,436,013	\$7,737,436,013	\$802,915	\$802,915
13	2027-28	8,680.30	10,099.72	\$1.0600	\$0.2698	\$7,532,489,994	\$7,532,489,994	\$7,605,734,004	\$7,605,734,004	\$753,064	\$753,064
14	2028-29	9,097.39	10,585.01	\$1.0600	\$0.2698	\$7,373,061,509	\$7,373,061,509	\$7,480,404,055	\$7,480,404,055	\$706,698	\$706,698
15	2029-30	9,534.51	11,093.62	\$1.0600	\$0.2698	\$7,223,305,638	\$7,223,305,638	\$7,320,975,570	\$7,320,975,570	\$659,927	\$659,927

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	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	2014-15	\$49,922,984	\$1,546,914	\$0	-\$13,759,931	\$2,995,379	\$0	\$0	\$40,705,346
1	2015-16	\$59,697,259	\$1,618,256	\$0	-\$22,325,277	\$3,581,836	\$0	\$0	\$42,572,074
2	2016-17	\$40,674,234	\$1,693,334	\$16,005,934	-\$18,009,440	\$2,440,454	\$0	\$0	\$42,804,516
3	2017-18	\$40,671,213	\$1,771,751	\$0	-\$7,181,790	\$2,440,273	\$0	\$0	\$37,701,447
4	2018-19	\$40,614,549	\$1,853,833	\$0	-\$6,670,629	\$2,436,873	\$0	\$0	\$38,234,626
5	2019-20	\$40,559,018	\$1,942,910	\$0	-\$6,613,423	\$2,433,541	\$3,124	\$0	\$38,325,169
6	2020-21	\$42,028,005	\$2,036,265	\$0	-\$6,811,142	\$2,521,680	\$127,877	\$0	\$39,902,685
7	2021-22	\$43,404,831	\$2,134,107	\$0	-\$8,207,190	\$2,604,290	\$167,522	\$0	\$40,103,561
8	2022-23	\$48,768,925	\$2,236,650	\$0	-\$10,402,546	\$2,926,135	\$238,551	\$0	\$43,767,715
9	2023-24	\$48,231,776	\$2,344,120	\$0	-\$14,123,769	\$2,893,907	\$38,937	\$0	\$39,384,971
10	2024-25	\$75,435,260	\$2,456,754	\$0	-\$21,772,796	\$4,526,116	\$332,681	\$0	\$60,978,015
11	2025-26	\$73,901,601	\$2,574,801	\$0	-\$38,967,919	\$4,434,096	\$0	\$0	\$41,942,579
12	2026-27	\$72,610,922	\$2,698,519	\$0	-\$37,609,703	\$4,356,655	\$0	\$0	\$42,056,392
13	2027-28	\$71,382,688	\$2,828,182	\$0	-\$36,368,835	\$4,282,961	\$0	\$0	\$42,124,996
14	2028-29	\$69,820,289	\$2,964,074	\$0	-\$34,982,943	\$4,189,217	\$0	\$0	\$41,990,638
15	2029-30	\$68,352,681	\$3,106,497	\$0	-\$33,505,902	\$4,101,161	\$0	\$0	\$42,054,437

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

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	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	2014-15	\$49,922,984	\$1,546,914	\$0	-\$13,759,931	\$2,995,379	\$0	\$0	\$40,705,346
1	2015-16	\$59,697,259	\$1,618,256	\$0	-\$22,325,277	\$3,581,836	\$0	\$0	\$42,572,074
2	2016-17	\$40,674,234	\$1,693,334	\$16,005,934	-\$18,009,440	\$2,440,454	\$0	\$0	\$42,804,516
3	2017-18	\$38,137,994	\$1,771,751	\$0	-\$6,721,996	\$2,288,280	\$0	\$0	\$35,476,028
4	2018-19	\$38,137,994	\$1,853,833	\$0	-\$4,350,442	\$2,288,280	\$30,346	\$0	\$37,960,011
5	2019-20	\$38,137,994	\$1,942,910	\$0	-\$4,347,057	\$2,288,280	\$141,806	\$0	\$38,163,933
6	2020-21	\$39,661,401	\$2,036,265	\$0	-\$4,522,379	\$2,379,684	\$268,781	\$0	\$39,823,753
7	2021-22	\$41,091,559	\$2,134,107	\$0	-\$5,973,135	\$2,465,494	\$305,021	\$0	\$40,023,046
8	2022-23	\$46,507,918	\$2,236,650	\$0	-\$8,054,155	\$2,790,475	\$386,805	\$0	\$43,867,693
9	2023-24	\$46,021,990	\$2,344,120	\$0	-\$12,044,289	\$2,761,319	\$165,257	\$0	\$39,248,397
10	2024-25	\$73,275,671	\$2,456,754	\$0	-\$18,860,255	\$4,396,540	\$536,603	\$0	\$61,805,313
11	2025-26	\$73,901,601	\$2,574,801	\$0	-\$38,067,038	\$4,434,096	\$0	\$0	\$42,843,459
12	2026-27	\$72,610,922	\$2,698,519	\$0	-\$37,609,703	\$4,356,655	\$0	\$0	\$42,056,392
13	2027-28	\$71,382,688	\$2,828,182	\$0	-\$36,368,835	\$4,282,961	\$0	\$0	\$42,124,996
14	2028-29	\$69,820,289	\$2,964,074	\$0	-\$34,982,943	\$4,189,217	\$0	\$0	\$41,990,638
15	2029-30	\$68,352,681	\$3,106,497	\$0	-\$33,505,902	\$4,101,161	\$0	\$0	\$42,054,437

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

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	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	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2017-18	-\$2,533,219	\$0	\$0	\$459,794	-\$151,993	\$0	\$0	-\$2,225,418
4	2018-19	-\$2,476,555	\$0	\$0	\$2,320,187	-\$148,593	\$30,346	\$0	-\$274,615
5	2019-20	-\$2,421,024	\$0	\$0	\$2,266,366	-\$145,261	\$138,682	\$0	-\$161,237
6	2020-21	-\$2,366,604	\$0	\$0	\$2,288,763	-\$141,996	\$140,904	\$0	-\$78,933
7	2021-22	-\$2,313,272	\$0	\$0	\$2,234,054	-\$138,796	\$137,499	\$0	-\$80,515
8	2022-23	-\$2,261,007	\$0	\$0	\$2,348,390	-\$135,660	\$148,254	\$0	\$99,977
9	2023-24	-\$2,209,786	\$0	\$0	\$2,079,481	-\$132,588	\$126,320	\$0	-\$136,573
10	2024-25	-\$2,159,589	\$0	\$0	\$2,912,541	-\$129,576	\$203,922	\$0	\$827,298
11	2025-26	\$0	\$0	\$0	\$900,880	\$0	\$0	\$0	\$900,880
12	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial Impact of the Enterprise Products Operating LLC 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	2014-15	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$49,400,000	\$49,400,000	\$0	\$1.060	\$523,640	\$523,640	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$288,800,000	\$288,800,000	\$0	\$1.060	\$3,061,280	\$3,061,280	\$0	\$0	\$0	\$0	\$0
3	2017-18	\$283,321,920	\$30,000,000	\$253,321,920	\$1.060	\$3,003,212	\$318,000	\$2,685,212	\$0	\$2,685,212	-\$2,225,418	\$459,794
4	2018-19	\$277,655,482	\$30,000,000	\$247,655,482	\$1.060	\$2,943,148	\$318,000	\$2,625,148	\$421,274	\$3,046,422	-\$274,615	\$2,771,807
5	2019-20	\$272,102,372	\$30,000,000	\$242,102,372	\$1.060	\$2,884,285	\$318,000	\$2,566,285	\$421,274	\$2,987,559	-\$161,237	\$2,826,323
6	2020-21	\$266,660,325	\$30,000,000	\$236,660,325	\$1.060	\$2,826,599	\$318,000	\$2,508,599	\$421,274	\$2,929,874	-\$78,933	\$2,850,941
7	2021-22	\$261,327,118	\$30,000,000	\$231,327,118	\$1.060	\$2,770,067	\$318,000	\$2,452,067	\$421,274	\$2,873,342	-\$80,515	\$2,792,827
8	2022-23	\$256,100,576	\$30,000,000	\$226,100,576	\$1.060	\$2,714,666	\$318,000	\$2,396,666	\$421,274	\$2,817,940	\$0	\$2,817,940
9	2023-24	\$250,978,564	\$30,000,000	\$220,978,564	\$1.060	\$2,660,373	\$318,000	\$2,342,373	\$421,274	\$2,763,647	-\$136,573	\$2,627,074
10	2024-25	\$245,958,993	\$30,000,000	\$215,958,993	\$1.060	\$2,607,165	\$318,000	\$2,289,165	\$421,274	\$2,710,440	\$0	\$2,710,440
11	2025-26	\$241,039,813	\$241,039,813	\$0	\$1.060	\$2,555,022	\$2,555,022	\$0	\$0	\$0	\$0	\$0
12	2026-27	\$236,219,017	\$236,219,017	\$0	\$1.060	\$2,503,922	\$2,503,922	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$231,494,636	\$231,494,636	\$0	\$1.060	\$2,453,843	\$2,453,843	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$226,864,744	\$226,864,744	\$0	\$1.060	\$2,404,766	\$2,404,766	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$222,327,449	\$222,327,449	\$0	\$1.060	\$2,356,671	\$2,356,671	\$0	\$0	\$0	\$0	\$0

Tax Credit for Value Over Limit in First 2 Years

	Year 1	Year 2	Max Credits
	\$205,640	\$2,743,280	\$2,948,920
Credits Earned			\$2,948,920
Credits Paid			<u>\$2,948,920</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, the same year the limitation would take effect under this application. 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

2013 ISD Summary Worksheet

036/Chambers

036-902/Barbers Hill ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	948,930,280	N/A	948,930,280	948,930,280
B. Multi-Family Residences	8,266,530	N/A	8,266,530	8,266,530
C1. Vacant Lots	27,793,030	N/A	27,793,030	27,793,030
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	1,444,140	N/A	1,444,140	1,444,140
D2. Real Prop Farm & Ranch	834,110	N/A	834,110	834,110
E. Real Prop NonQual Acres	63,233,040	N/A	63,233,040	63,233,040
F1. Commercial Real	56,778,120	N/A	56,778,120	56,778,120
F2. Industrial Real	2,412,062,353	N/A	2,412,062,353	2,412,062,353
G. Oil, Gas, Minerals	52,834,757	N/A	52,834,757	52,834,757
J. Utilities	72,570,222	N/A	72,570,222	72,570,222
L1. Commercial Personal	16,064,820	N/A	16,064,820	16,064,820
L2. Industrial Personal	1,190,426,121	N/A	1,190,426,121	1,190,426,121
M. Other Personal	3,188,510	N/A	3,188,510	3,188,510
N. Intangible				

Pers/Uncert	0	N/A	0	0
O. Residential Inventory	1,015,450	N/A	1,015,450	1,015,450
S. Special Inventory	2,012,370	N/A	2,012,370	2,012,370
Subtotal	4,857,453,853		4,857,453,853	4,857,453,853
Less Total Deductions	743,537,109		743,537,109	743,537,109
Total Taxable Value	4,113,916,744		4,113,916,744	4,113,916,744 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
4,158,962,534	4,113,916,744	4,077,888,964	4,032,843,174	4,113,916,744	4,032,843,174

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
45,045,790	81,073,570

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
4,579,190,932	4,534,145,142	4,498,117,362	4,453,071,572	4,534,145,142	4,453,071,572

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 363

Dated

October 27, 2014

**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 November 18, 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 November 18, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Enterprise Products Operating LLC, and on November 18, 2013, the Superintendent 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, all of 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 December 11, 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 March 5, 2014, the Texas Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, on May 8, 2014, pursuant to Tex. Tax Code § 313.025(b) and 34 Tex. Admin. Code § 9.1054(d), the Board of Trustees of Barbers Hill ISD approved an extension of the 151 day time period after the date the Comptroller has determined the application complete, in which to take action on the Application; and,

WHEREAS, on July 31, 2014, pursuant to the authority granted to him by the Board of Trustees, the Superintendent granted an extension of time at the request of Applicant which action was approved and ratified by the Board of trustees on September 22, 2014 pursuant to Tex. Tax Code § 313.025(b) and 34 Tex. Admin. Code § 9.1054(d), the Board of Trustees of Barbers Hill ISD approved an extension of the 151 day time period after the date the Comptroller has determined the application complete, in which to take action on the Application; 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 October 27, 2014 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 October 27, 2014, 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 October 27, 2014, 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 October 27, 2014, 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 February 24, 2014, that the Application be approved; and,

WHEREAS, on October 27, 2014, 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: 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024. 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, 2017, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of October 27, 2014 and ending on December 31, 2016 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, 2024. 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 October 27, 2014)	January 1, 2014	2014-15	2014	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2016	2016-17	2016	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2017	2017-18	2017	\$ 30 million property value limitation.
4	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2019	2019-20	2019	\$ 30 million property value

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
				limitation. Possible tax credit due to Applicant.
6	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2021	2021-22	2021	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2022	2022-23	2022	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2023	2023-24	2023	\$ 30 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2024	2024-25	2024	\$ 30 million property value limitation. Possible tax credit due to Applicant.
11	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.
12	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.
13	January 1, 2027	2027-28	2027	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 2014, 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 November 18, 2013, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicants' assigns and successors-in-interest and their direct and indirect subsidiaries.

"Applicable School Finance Law" means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant's 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 November 18, 2013, filed the Original Application with the District which collectively has been certified by the Comptroller's Office to collectively constitute a complete final Application as of the date of December 11, 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 October 27, 2014 the date upon which the Parties executed this Agreement.

"Completed Application Date" means December 11, 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, 2027. 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 October 27, 2014 and ends on December 31, 2016.

"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 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, 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 December 11, 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: 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, 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:

- iii. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- iv. 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%)
- v. 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.
- vi. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, this Agreement will reflect the Tax Limitation Amount for such year.
- vii. 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. The District shall cause the Third Party to agree to be bound by the provisions of this Section 3.6.

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 Nine Thousand Five Hundred Dollars (\$9,500.00).

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 4.3.

(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 Section 4.2, below.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT FOR TAX YEARS 2017 THROUGH 2024 - SUBJECT TO AGGREGATE LIMIT

Beginning with Tax Year 2017, and continuing thereafter through Tax Year 2027, the District shall be entitled to receive Supplemental Payments in an amount equal to 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 Section 4.2 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 2017) and continuing thereafter through Tax Year thirteen (Tax Year 2027), the District, or its successor beneficiary should one be designated under Section 4.5, 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 ten (Tax Year 2024), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of 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. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2017 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4 and Section 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii) ("Excess Payment"), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such Excess Payment is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement, and any Excess Payment shall be a credit against any payments due the District under any other Tax Limitation Agreement entered into between Applicant and the District. 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 and any amounts due the Applicant under Section 5.2 and Section 6.3.

(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 and any amounts due the Applicant under Section 5.2 and Section 6.3. 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 and resulting termination 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 a ninety (90) day period (the "Cure Period") 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 the Cure Period, 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 shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07.

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 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 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. Notice shall be deemed effective on receipt by the addressee as aforesaid.

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

with a copy to:

Kevin O'Hanlon
O'HANLON, MCCOLLOM & DEMERATH
808 West Avenue
Austin, Texas 78701

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, Senior Director, Tax
ENTERPRISE PRODUCTS OPERATING LLC
P.O. Box 4018
Houston, Texas 77210-4018
1100 Louisiana Street
Houston, Texas 77002

with copies to:

ATTN: 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
2901 Via Fortuna, Suite 450
Austin, Texas 78746

or at such other address 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, 2016.

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.

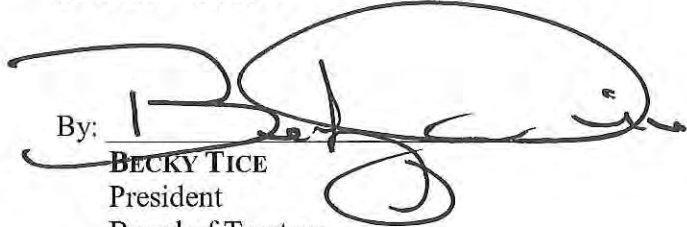
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this _____ day of _____, 2014.

**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

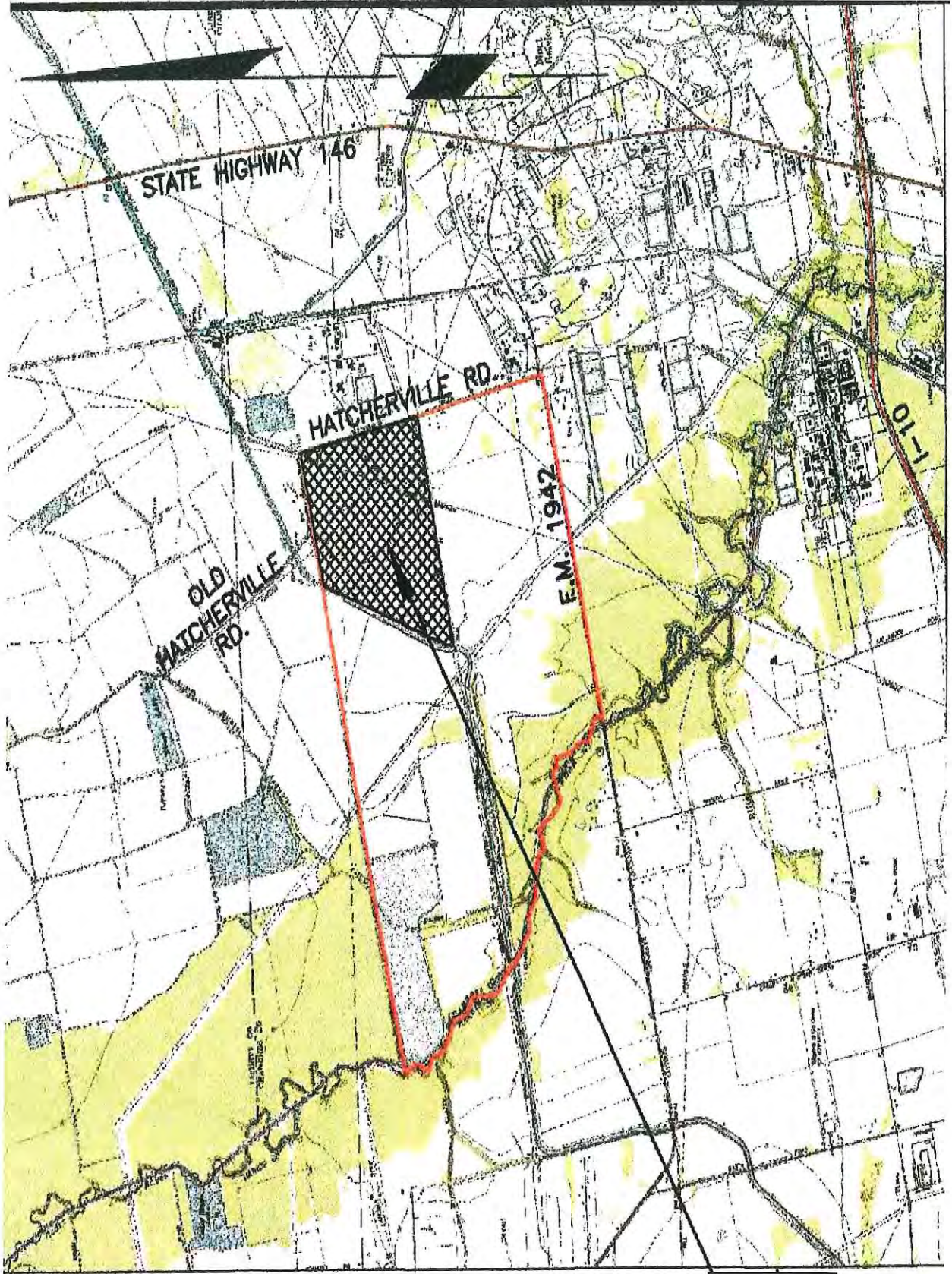
EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

A *Enterprise Products Operating, LLC 2013 Reinvestment Zone* was originally created on February 26, 2013, by action of the City Council of the City of Mont Belvieu, Texas in adopting A map of the *Enterprise Products Operating, LLC 2013 Reinvestment Zone* 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**.

Reinvestment Zone Map



Frac 9
& DIB
Site

**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 Sennac 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:

A handwritten signature in blue ink, appearing to read "Heather H. Hawthorne", written over a horizontal line.

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 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 corner of said 6.854 acre tract and the Southeast corner 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 corner of said 0.3214 acre tract and the Southeast corner 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 corner of said 1.262 acre tract and the North corner 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 Motis 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 $17^{\circ} 25' 00''$ 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 $26.38^{\circ} 41'$, 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 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 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.

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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.

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 February 26, 2013 by action of the City Council of the City of Mont Belvieu, Texas in adopting *Enterprise Products Operating, LLC 2013 Reinvestment Zone*.

A map of the *Enterprise Products Operating, LLC 2013 Reinvestment Zone* 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

The proposed project will consist of a new unit 9 NGL fractionator and Deisobutanizer to process raw NGL mix produced by gas processing plants into discrete NGL purity components (*i.e.* ethane, propane, normal butane, isobutane, and natural gasoline). The plant components will consist of:

- DeEthanizer column
- DePropanizer column
- DeButanizer column
- Deisobutanizer Column
- Cooling towers
- Gas fired regenerant gas heaters
- Gas fired hot oil heaters
- Compression Equipment
- Ancillary tanks
- New flare

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.