

**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 364

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 August 26, 2013, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, and on November 14, 2013, and December 17, 2013 Supplemental Application Materials 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 August 26, 2013, filed the Original Application with the District together with the Supplemental Application Materials filed with the District on November 14, 2013, and on December 17, which collectively have 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 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i), as such limit is allowed or required to be increased by the Legislature in a future year of this Agreement; however in such event, it shall not exceed the Stipulated Supplemental Payment Amount described in Sections 4.2 and 4.3, below.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT FOR TAX YEARS - 2014, 2015, AND 2016

For each of Tax Years 2014, 2015, and 2016 Applicant’s Stipulated Supplemental amount shall be equal to the Annual Limit. Such amounts shall be due and payable on or before January 31 of the calendar year following the Tax Year for which the amount is calculated.

Section 4.3. 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 2024, 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 Fifty Percent (50%) of the Net Tax Benefit; or,
- (b) the Aggregate Limit.

Section 4.4. 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 4.3 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 0.5;

Minus,

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

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

Section 4.5. 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 ten (Tax Year 2024), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2, 4.3 and 4.4, 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, 4.3 and 4.4, 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 4.6. 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 4.7. 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 4.5, 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:

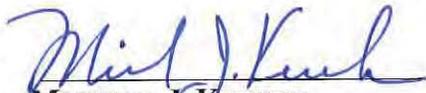
- a. Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. District shall provide on its website a link to the location of those documents posted on the Comptroller's website.

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

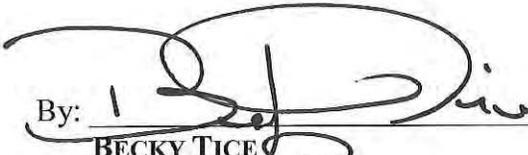
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 27th day of October, 2014.

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

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

By: 
MICHAEL J. KNESEK
SENIOR VICE PRESIDENT, PRINCIPAL
ACCOUNTING OFFICER & CONTROLLER

**BARBERS HILL INDEPENDENT
SCHOOL DISTRICT**

By: 
BECKY TICE
President
Board of Trustees

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

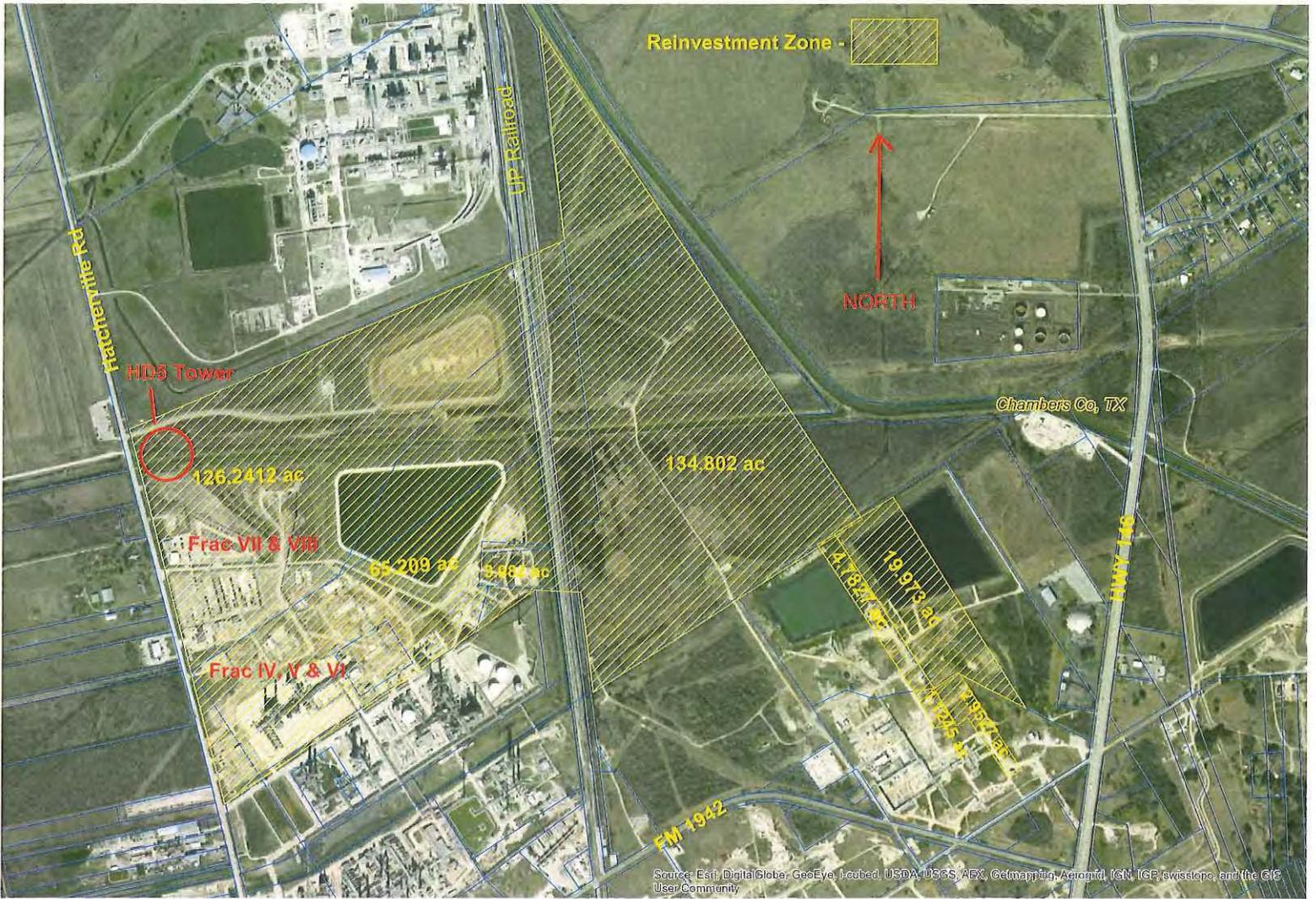
EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

All Qualified Property owned by the Applicant and located within the boundaries of both the Barbers Hill Independent School District and the Reinvestment Zone originally created on June 22, 2009 by action of the City Council of the City of Mont Belvieu, Texas in adopting *City of Mont Belvieu Ordinance No. 2009-017*. The Reinvestment Zone created thereby was amended by *City of Mont Belvieu Ordinance No. 2013-021* on August 26, 2013, and by *City of Mont Belvieu Ordinance No. 2013-035* on November 13, 2013.

A map of the Reinvestment Zone created by *City of Mont Belvieu Ordinance No. 2009-017*, as amended by *City of Mont Belvieu Ordinance No. 2013-021* and by *City of Mont Belvieu Ordinance No. 2013-035* is attached to this **EXHIBIT 1**.

Specifically, all Qualified Property of the Applicant located within the boundaries on the map and/or chart attached to **this EXHIBIT 1** is included.



ORDINANCE NO. 2013- 035

AN ORDINANCE OF THE CITY OF MONT BELVIEU, TEXAS, AMENDING ORDINANCE NO. 2009-017, AS PREVIOUSLY AMENDED BY ORDINANCE NO. 2013-021, TO INCLUDE ADDITIONAL TRACTS OF LAND IN A PREVIOUSLY DESIGNATED REINVESTMENT ZONE FOR PURPOSES OF TAX ABATEMENT.

WHEREAS, the City Council of the City of Mont Belvieu (the "City") desires to make available tax abatement relief in the area which is the subject of this Ordinance in order to encourage the development of primary employment and to attract major investment;

WHEREAS, the City has elected to become eligible to participate in tax abatement under the provisions of the property Development and Tax Abatement Act, Texas Property Tax Code Chapter 312, Subchapter B;

WHEREAS, the City adopted revised guidelines and criteria governing tax abatement agreements in Ordinance 2013-011 dated May 13, 2013;

WHEREAS, the City previously designated a reinvestment zone under Ordinance No. 2009-017 on June 22, 2009, consisting of a tract of land containing 126.2412 acres of land as described on Exhibit "A" hereto;

WHEREAS, the City previously amended Ordinance No. 2009-017 to include four additional tracts of land within the designated reinvestment zone, which are described on Exhibit "B" hereto, through the adoption of Ordinance No. 2013-021 on August 26, 2013. The tracts listed in Exhibit "A" and Exhibit "B" are hereinafter collectively referred to as the "EPOLLC Reinvestment Zone";

WHEREAS, Enterprise Products Operating L.L.C., wishes to add additional contiguous tracts of land, as more particularly described in Exhibit "C" hereto, to the EPOLLC Reinvestment Zone;

WHEREAS, the City properly complied with the notice requirements pursuant to Section 312.201(d) of the Texas Property Tax Code and conducted a public hearing held on Wednesday, November 13, 2013, regarding the second amendment of Ordinance 2009-017 by including additional tracts of land in the designation of the EPOLLC Reinvestment Zone for tax abatement purposes, the deeds and legal descriptions of which are a matter of public record in Chambers County and in the office of the City Secretary of the City of Mont Belvieu, Texas;

WHEREAS, the City Council finds that the improvements sought within the designated EPOLLC Reinvestment Zone, as amended, are feasible and practical and would be a benefit to the land to be included in the zone and to the City after the expiration of a tax abatement agreement entered into under Section 312.204 of the Texas Property Tax Code; and

WHEREAS, the City Council also finds that the creation of the reinvestment zone is reasonably likely to continue to contribute to the retention or expansion of primary employment and attract major investment to the zone.

NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY COUNCIL
OF THE CITY OF MONT BELVIEU, TEXAS:**

1. That Ordinance No. 2009-017, adopted on June 22, 2009, and amended by Ordinance No. 2013-021, adopted August 26, 2013, which designated the EPOLLC Reinvestment Zone, is hereby amended to include the additional tracts of land described on Exhibit "C" hereto within the EPOLLC Reinvestment Zone.

2. For purposes of clarification, the tracts of land which comprise the EPOLLC Reinvestment Zone as originally designated are described on Exhibit "A" and Exhibit "B" hereto, and the tracts of land to be added to the EPOLLC Reinvestment Zone by virtue of this Ordinance are identified on Exhibit "C" hereto.

3. The EPOLLC Reinvestment Zone, as amended by this Ordinance, is designated for the purposes of Chapter 312 of the Texas Property Tax Code and consists of all of the tracts of land described on Exhibit "A," Exhibit "B," and Exhibit "C" hereto.

PASSED and APPROVED on this, the 13th day of November, 2013.



Nick Dixon, Mayor

ATTEST:



Kori Schweinle, City Secretary

Exhibit "A"
to
Ordinance of the City of Mont Belvieu, Texas
Amending Ordinance 2009-017 to Include Additional Tracts of Land
In a Previously Designated Reinvestment Zone

"EXHIBIT A"

THE STATE OF TEXAS,
COUNTY OF CHAMBERS

FIELD NOTES of a 126.2412 acre tract of land situated in the T. & N.O.B.R.Co. Survey, Section No. 1, Abstract No. 503 and the Dan Jergins Survey, Abstract No. 599, and being out of and a part of the residue of a 572.51 Acre tract of land called Second Tract from J.R. Barber to Kirby Oil and Gas Company recorded in Volume 161 at Page 598 of the Deed Records of Chambers County, Texas. This 126.2412 acre tract of land is more particularly described by metes and bounds as follows, to-wit:

NOTE: ALL BEARINGS ARE LAMBERT GRID BEARINGS AND ALL COORDINATES REFER TO THE STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, 1927 DATUM, AS DEFINED IN ARTICLE 5100A OF THE REVISED CIVIL STATUTES OF THE STATE OF TEXAS.
ALL DISTANCES ARE ACTUAL DISTANCES. SCALE FACTOR = 0.9999062
REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

BEGINNING at a 1/4 inch iron rod set for the Northwest corner of this tract of land and the Southwest corner of a 487.009 acre tract of land conveyed in a deed from Glenda Dal Brown to Exxon Corporation dated November 1, 1978 and recorded in Volume 425 at Page 515 of the Deed Records of Chambers County, Texas and being in the East Right-of-Way line of Hatcherville Road (70' R.O.W.). This corner as a Texas State Plane Coordinate Value of X = 762,238.95 and Y = 3,293,315.08.

THENCE North 66 deg 41 min 04 sec East with the North line of this tract of land and the South line of said 487.009 acre tract of land a distance of 3,399.51 feet to a 1/4 inch iron rod set for the Northeast corner of this tract of land and the Southeast corner of said 487.009 acre tract of land and being in the West Right-of-Way line of the Southern Pacific Railroad (100' R.O.W.). From this corner a found brass disk stamped "Exxon Chemical Company U.S.A." bears South 66 deg 41 min 04 sec West a distance of 2.08 feet.

THENCE South 07 deg 20 min 00 sec East with the East line of this tract of land and West Right-of-Way line of said Southern Pacific Railroad a distance of 1,458.10 feet to a 1/4 inch iron rod set for the Southeast corner of this tract of land and the Northeast corner of a 117.469 acre tract of land conveyed in a deed from Glenda Dal Brown to Enterprise Product Company dated December 05, 1991 and recorded in Volume 162 at Page 169 of the Official Records of Chambers County, Texas. From this corner a found 5/8 inch iron rod bears North 57 deg 22 min 27 sec East a distance of 2.53 feet.

THENCE South 57 deg 22 min 27 sec West with the South line of this tract of land and the North line of said 117.469 acre tract of land a distance of 3,334.56 feet to a 1/4 inch iron rod set for the Southwest corner of this tract of land and the Northwest corner of said 117.469 acre tract of land, and being in the East Right-of-Way line of said Hatcherville Road. From this corner a found 5/8 inch iron rod bears North 57 deg 22 min 27 sec East a distance of 3.04 feet.

THENCE North 14 deg 47 min 39 sec West with the West line of this tract of land and the East Right-of-Way line of said Hatcherville Road a distance of 1,714.33 feet to a 1/4 inch iron rod set for an angle point of this tract of land, and being in the East Right-of-Way line of said Hatcherville Road.

THENCE North 14 deg 23 min 53 sec West with the West line of this tract of land and the East Right-of-Way line of said Hatcherville Road a distance of 248.81 feet to the PLACE OF BEGINNING, containing within said boundaries 126.2412 acres of land.

Exhibit "B"
to
Ordinance of the City of Mont Belvieu, Texas
Amending Ordinance 2009-017 to Include Additional Tracts of Land
In a Previously Designated Reinvestment Zone

**FIELD NOTES FOR A 19.973 ACRE TRACT IN THE HENRY GRIFFITH SURVEY,
ABSTRACT 12**

Field Notes describing a 19.973 acre tract of land situated in the Henry Griffith League, Abstract No. 12, Chambers County, Texas, and being a part of the residue of a 30 acre tract of land described as Tract 2, in a partition deed recorded in Volume 53, page 213 of the Chambers County Deed Records.

All bearings referred to herein are based on North 30°31'49" West, along the West line of said 19.973 acre tract of land.

BEGINNING at an angle iron found at the Northwest corner of said 30 acre tract, and being in the common line between said Henry Griffith Survey, A-12, and the T. & N.O.R.R. Survey, A-503, said angle iron also being at the most Northerly Northeast corner of the Enterprise 67.274 acre tract of land, recorded as various tracts in Volume 423, Page 431, Chambers County Deed Records;

THENCE North 59°09'47" East, along said common Survey line and North line of said 30 acre tract, at 214.05 feet pass a 3/4" iron pipe found at the Southeast corner of said T. & N.O.R.R. Survey, A-103, same being the Southwest corner of the C.C.P. Welch League, A-489, in all a total distance of 539.64 feet to an angle iron found at the Northeast corner of said 30 acre tract of land;

THENCE South 30°40'27" East, along the East line of said 30 acre tract, same being the West line of another 30 acre tract Recorded in Volume 53, Page 191, Chambers County Deed Records, a distance of 1984.18 feet to a 5/8" iron rod set at the Southeast corner of this 19.973 acre tract in the Northeasterly line of said Enterprise 67.724 acre tract;

THENCE North 61°03'08" West, along said Northeasterly line of the Enterprise 67.724 acre tract, a distance of 610.85 feet to a 5/8" iron rod found at an angle corner of said 67.724 acre tract;

THENCE South 59°19'29" West, along a line of the Enterprise 67.724 acre tract, a distance of 234.39 feet to a concrete monument with brass cap found at an interior corner of said 67.724 acre tract;

THENCE North 30°31'49" West, along the West line of said 30 acre tract, same being the most Northerly East line of said Enterprise 67.724 acre tract, a distance of 1455.67 feet to the POINT OF BEGINNING and containing 19.973 acres of land.

* * * * *

**FIELD NOTES OF A 2.9527 ACRE TRACT OF LAND, CHAMBERS COUNTY,
TEXAS**

A tract of land containing 2.9527 acres of land out of the Henry Griffith League, Abstract 12, in Chambers County, Texas, and being the same land described in a Warranty Deed as 4.0 acres, from S.C. Barber, et ux to Mrs. Bessie Brown, and recorded in Volume 150, Page 449 of the Chambers County, Texas, Deed Records, save and except a 1.055 acre tract out of the South part thereof, described in a deed from Delno Brown to Fred Chitty, recorded in Volume 298, Page 443 of the Deed Records of Chambers County, Texas.

Said 2.9527 acre tract being described by metes and bounds as follows:

COMMENCING at the Southwest corner of the above referenced 4.0 acre tract to Mrs. Bessie Brown, being also the Southwest corner of a 30 acre tract described in a Partition Deed to S. C. Barber as Tract 2, and recorded in Volume 53, Page 213 of the same Deed Records, and being also the Southeast corner of a 4 acre tract described in the Partition Deed to Q. K. Barber as Tract 1, recorded in Volume 53, Page 283 of said Deed Records and the Southwest corner of a 1.055 acre tract from Delno Brown to Fred Chitty, above referred to; thence North 31°08'21" West, a distance of 382.89 feet to the Northwest corner of aforesaid 1.055 acre tract for the most Southern Southwest and BEGINNING corner of the tract herein described;

THENCE North 31°08'21" West, along the West line of S.C. Barber 30 acres, and the Bessie Brown 4 acres, and the East line of said Q. K. Barber 4 acres, a distance of 421.16 feet to the Northeast corner of the Q. K. Barber 4 acre tract, and a re-entrant corner of both the said 30 acre and the Brown 4 acre tracts for a re-entrant corner of the tract herein described;

THENCE South 69°42'18" West, along the common South line of the 30 acre tract, and the 4 acre Brown tract, being also the North line of the Q. K. Barber 4 acre tract, a distance of 119.86 feet to a 1 1/4" iron pipe at the most Northern Southwest corner of said 30 acre tract and the Bessie Brown 4 acre tract, and being also the Southeast corner of the 29.6 acre tract in the Partition Deed to Lillie Stockbridge recorded in Volume 53, Page 188 and the Southeast corner of Lot 5 of the Partition of said 29.6 acre tract in Volume 219, Page 199, for the most Northern Southwest corner of the tract herein described;

THENCE North 30°31'49" West, along the West line of the S. C. Barber 30 acre, and the Brown 4 acre tracts and the East lines of both 29.6 acre tracts and aforesaid Lot 5, a distance of 314.44 feet to the Northwest corner of the Bessie Brown 4 acre tract for the Northwest corner of the tract herein described;

THENCE North 59°19'29" East, along the North line of said Bessie Brown 4 acre tract, a distance of 234.39 feet to the Northeast corner of aforesaid 4 acre tract,

for the Northeast corner of the tract herein described;

THENCE South $31^{\circ}08'21''$ East, along the East line of said 4 acre tract, a distance of 757.18 feet to the Northeast corner of the 1.055 acre tract above referred to, for the Southeast corner of the tract herein described;

THENCE South $59^{\circ}18'49''$ West, a distance of 120.00 feet to the PLACE OF BEGINNING and containing 2.9527 acres of land.

* * * * *

FIELD NOTES OF A 1.1245 ACRE TRACT OF LAND, CHAMBERS COUNTY, TEXAS

A tract of land containing 1.1245 acres out of a 5.907 acre tract of land described as Lot 5 of the Lillie Stockbridge Partition dated February 2, 1960 and, recorded in Volume 219, Page 199 et. seq of the Deed Records of Chambers County, Texas, and being a part of a 29.6 acre tract of land as described in that certain deed filed May 27, 1936 from J. R. Barber, et al to Lillie Stockbridge and recorded in Volume 53, Page 188 of the Deed Records of Chambers County, Texas. Said tract being also a part of the Henry Griffith League, Abstract 12, Chambers County, Texas.

BEGINNING at a 1 1/4" Iron Pipe found at the Southeast corner of the above said 5.907 acre and 29.6 acre tracts for the Southeast corner of the herein described tract;

THENCE South 69°42'18" West, along the South line of said 5.907 acre and 29.6 acre tracts, a distance of 148.86 feet to a point, being the Southwest corner of said 5.907 acre tract and the Southwest corner of the herein described tract;

THENCE North 30°31'49" West, along the West line of said 5.907 acre tract a distance of 354.33 feet to a point for the Northwest corner of the herein described tract;

THENCE North 83°50'06" East, a distance of 160.81 feet to a point in the East line of said 5.907 acre tract and said 29.6 acre tract for the Northeast corner of the herein described tract;

THENCE South 30°31'49" East, along the East line of said 5.907 acre tract and said 29.6 acre tract, a distance of 314.44 feet to the place of BEGINNING and containing 1.1245 acres of land.

* * * * *

**FIELD NOTES OF A 4.7827 ACRE TRACT OF LAND,
CHAMBERS COUNTY, TEXAS**

A tract of land containing 4.7827 acres out of a 5.907 acre tract of land described as Lot 5 of the Lillie Stockbridge Estate Partition dated February 2, 1960 and recorded in Volume 219, Page 199 et seq of the Deed Records of Chambers County, Texas, and being a part of a 29.6 acre tract of land as described in that certain deed filed May 27, 1936 from J. R. Barber, et al to Lillie Stockbridge and recorded in Volume 53, Page 188 of the Deed Records of Chambers County, Texas. Said tract being also a part of the Henry Griffith League, Abstract 12, Chambers County, Texas.

COMMENCING at an old 2 1/4" Iron Pipe with a 1/2" Iron Rod inside found at the Northwest corner of the above said 29.6 acre tract;

THENCE North 59°08'49" East, along the North line of said 29.6 acre tract, a distance of 778.97 feet to a 1 1/4" Iron Pipe found at the Northwest corner of the above said 5.907 acre tract, for the place of BEGINNING and Northwest corner of the herein described tract;

THENCE North 59°08'49" East, along the North line of said 29.6 acre tract and the North line of said 5.907 acre tract, a distance of 146.50 feet to an old Angle Iron found at the Northeast corner of said 29.6 acre tract and said 5.907 acre tract, for the Northeast corner of the herein described tract;

THENCE South 30°31'49" East, along the East line of said 29.6 acre tract and the East line of said 5.907 acre tract, a distance of 1455.66 feet to a point, for the Southeast corner of the herein described tract;

THENCE South 83°50'06" West, a distance of 160.81 feet to a point in the West line of said 5.907 acre tract, for the Southwest corner of the herein described tract;

THENCE North 30°31'49" West, along the West line of said 5.907 acre tract, a distance of 1388.49 feet to the place of BEGINNING and containing 4.7827 acres of land.

Exhibit "C"
to
Ordinance of the City of Mont Belvieu, Texas
Amending Ordinance 2009-017 to Include Additional Tracts of Land
In a Previously Designated Reinvestment Zone

TRACT 1

Metes and bounds description for a 134.802 acre tract of land being a part of the residue of a 588.2 acre tract land situated in the T. & N.O.R.R. Company Survey, Abstract No. 503, Chambers County, Texas, said 588.2 acre tract being conveyed from Kirby Oil & Gas Co. to J. R. Barber and described as the SECOND TRACT in an instrument recorded in Volume 161, Page 598, Chambers County Deed Records.

Bearing are based on the deed bearing of North 07°20'00" West along the East line of the Southern Pacific Transportation Co. 34.432 acre tract recorded in Volume 399, Page 409, Chambers County Deed Records (C.C.D.R.),

BEGINNING at a 3/4" iron pipe found at the Southeast corner of said 588.2 acre tract of land, same being the common South corner between the T. & N.O.R.R. Survey, A-503 and the C.C.P. Welch Survey, A-489, said 3/4" iron pipe also being in the North line of the Henry Griffith Survey, A-12 same being the North line of the Enterprise Products Co. 19.973 acre tract recorded at film code 97-323-642, Official Public Records of Chambers County, Texas (O.P.R.C.C.);

THENCE South 57°09'09" West, along and with the common line between the T. & N.O.R.R. Survey, A-503 and the Henry Griffith Survey, A-12, at 214.06 feet pass an angle iron found at the Northwest corner of said 19.973 acre tract, same being the Northeast corner of the Enterprise 67.274 acre tract recorded as various tracts in Volume 423, Page 431, C.C.D.R., at 1039.07 feet pass a 1/2" g.i.p. found at the Southeast corner of an Enterprise 200' wide pipeline easement recorded at film code 91-162-177, O.P.R.C.C., at 1139.08 feet pass a 2-1/4" iron pipe found at the Northwest corner of said 67.274 acre tract, in all a total distance of 2556.13 feet to a 5/8" iron rod set at the Southwest corner of this tract and on the lower East line of said Southern Pacific Transportation Co. 34.432 acre tract;

THENCE North 07°20'00" West, along and with the lower East line of said 34.432 acre tract, a distance of 1323.93 feet to a 2" iron pipe found at a corner of said 34.432 acre tract;

THENCE North 37°40'00" East, 70.71 feet to a 2" iron pipe found at a corner of said 34.432 acre tract;

THENCE North 82°40'00" East, as distance of 220.00 feet to a 2" iron pipe found at a corner of said 34.432 acre tract;

THENCE North 07°20'00" West, along and with the upper East line of said 34.432 acre tract, a distance of 3902.28 feet to a 2" iron pipe set at a corner of said 34.432 acre tract and in the West line of a 1.37 acre Coastal Water Authority (C.W.A.) easement recorded in Volume 320, page 162, C.C.D.R.;

THENCE North 32°11'00" West, along and with the common line between said 34.432 acre tract and said 1.37 acre easement, a distance of 625.49 feet to a 5/8" iron rod set in the North line of said 588.2 acre tract, same being the common line between said T.& N.O.R.R. Survey, A-503 and the J.P. Hatcher Survey, A-661;

THENCE North 57°42'03" East, along and with said common Survey line, same being the South line of the residue of a 160 acre tract of land recorded in Volume 41, Page 501, C.C.D.R., a distance of 94.18 feet to the Northeast corner of this tract and the Northeast

corner of said 588.2 acre tract which falls near the centerline of a C.W.A. canal, said point being South 57°42'03" West, 728.09 feet from a 1-1/4" iron pipe found at the Southeast Corner of said J.P. Hatcher Survey, A-661 same being the Southeast corner of said 160 acre residue tract;

THENCE South 32°10'40" East, along the East line of said 588.2 acre tract, same being the East line of said T.& N.O.R.R. Survey, A-503 and the West line of the C.C.P. Welch Survey, A-489, same being the West line of a 68.357 acre tract described as Exhibit "S" and recorded in Volume 219, Page 199, C.C.D.R., at 247.32 feet pass a 5/8" iron rod found 86.9 feet left and in the North line of the Placid Refining Co. 67.980 acre tract described as Tract 3 and recorded in Volume 423, Page 237, C.C.D.R., continuing along the East line of said 67.980 acre tract and the Placid Refining Co. 376.764 acre tract described as Tract 4 in said Volume 423, Page 237, C.C.D.R., for a total distance of 5270.28 feet to the POINT OF BEGINNING and containing 134.802 acres of land.

TRACT 2

Being a tract or parcel containing 3.982 acres (173,453 square feet) of land situated in the T. & N.O.R.R. Co. Survey, Abstract Number 503, Chambers County, Texas; being all of a called 3.982 acre tract conveyed to Lloyd H. Brown, Jr. Trustee, et al as described in deed recorded in Volume 11-1282, Page 269 of the Official Public Record of Chambers County, Texas (O.P.R.C.C.T.); same being all of a called said 4.761 acre tract save and except a called 0.7789 acre tract conveyed to ENTERPRISE PRODUCTS OPERATING L.P. as described in deed recorded in Volume 07-958, Page 168 of the O.P.R.C.C.T. (Bearings herein are oriented to the Texas State Plane Coordinate System, South Central Zone 4204 Geoid 09 as per GPS observations performed by MPH, Inc.):

BEGINNING at a 5/8 inch iron rod found in the west line of a called 5.89 acre tract of land conveyed to Union Pacific Railroad Company (100-foot wide) as described in deed recorded in Volume 450, Page 169 of the Deed Records of Chambers County (C.C.D.R.), Texas, marking the northeast corner of that certain easterly portion of a called 65.209 acre tract conveyed to Mont Belvieu Caverns, LLC as described in deed recorded in Volume 11-1262, Page 48 of the O.P.R.C.C.T., and marking the southeast corner of the aforesaid 4.761 acre tract and the herein described tract, from which a ½-inch iron rod found marking the southeast corner of said 65.209 acre tract bears South 07°15'42" East, 699.72 feet;

THENCE, North 86°33'18" West, departing the west line of said Union Pacific Railroad Company 5.89 acre tract, along the north line of said easterly portion of said 65.209 acre tract and the south line of said 4.761 acre tract, at a distance of 141.26 feet passing the northwest corner of said easterly portion of said 65.209 acre tract and the northeast corner of a called 47.669 acre tract of land conveyed to Belvieu Environmental Fuels as described in deed recorded in Volume 92-187, Page 438 of the O.P.R.C.C.T., at a distance of 525.53 feet passing the northwest corner of said 47.669 acre tract, and an easterly corner of the westerly portion of said 65.209 acre tract, continuing a total distance of 625.61 feet to a 5/8-inch iron rod with plastic cap stamped "RPLS #5677 set marking the southwest corner of said 4.761 acre tract and the herein described tract;

THENCE, North 03°26'42" East, along an easterly line of said westerly portion of said 65.209 acre tract, and the west line of said 4.761 acre tract, a distance of 255.38 feet to a 5/8-inch iron rod with a plastic cap stamped "RPLS #5677 set marking the southwest corner of the aforesaid 0.7789 acre tract of land and the northwest corner of the herein described tract;

THENCE, North 86°29'50" East, departing the west line of said 4.761 acre tract, along the south line of said 0.7789 acre tract, a distance of 568.50 feet to a 5/8-inch iron rod with plastic cap stamped "RPLS #5677 set in the west line of the aforesaid 5.89 acre tract, and marking the southeast corner of said 0.7789 acre tract and the northeast corner of the herein described tract;

THENCE, South 07°15'42" East, along the west line of said 5.89 acre tract and the east line of said 4.761 acre tract, a distance of 329.89 feet to the POINT OF BEGINNING and containing 3.982 acres (173,453 square feet) of land. This description is based on the Land Title Survey and plat made by Morris P. Hebert, Inc., dated November 6, 2012, latest revision dated December 10, 2012. MPH Project Number 11078-02.

TRACT 3

Field Notes describing a 117.469 acre tract of land being a part of a 38.72 acre tract situated in the Dan Jergins Survey Abstract No. 599, described as the "Third Tract" and a 588.2 acre tract described as the "Second Tract" situated in the T. & N.O.R.R. Company Survey, Abstract No. 503, Chambers County, Texas, both tracts are described in a Deed from Kirby Oil & Gas Co. to J.R. Barber dated Sept. 13, 1954, and filed for record November 23, 1954 in Volume 161, page 598 et seq of the Chambers County Deed Records.

All bearings referred to herein are based on True North with a theta angle of $02^{\circ}00'11''$.

COMMENCING at a $3/4''$ galvanized iron pipe (g.i.p.) found in the East line of Hatcherville Road and in the centerline of an existing 40 foot wide canal easement granted to Coastal Industrial Water Authority (CIWA) in an instrument recorded in Volume 320, page 162 of the Chambers County Deed Records, and at the Northwest corner of a 43.955 acre tract conveyed by Glenda Del Brown to Enterprise Service Company, as "Exhibit A" of instrument dated April 20, 1978, and recorded in Volume 414, Page 564 et seq of the Chambers County Deed Records; THENCE North $10^{\circ}17'29''$ West, along the East line of Hatcherville Road, a distance of 180.62 feet to a $3/4''$ g.i.p. found at the Northwest corner of a 14.296 acre tract of land conveyed from Glenda Del Brown to Enterprise Products Company, by instrument dated March 30, 1989 and recorded in Volume 73, page 455 of the Official Public Records of Chambers County, said $3/4''$ g.i.p. being at the Southwest corner and POINT OF BEGINNING of the herein described 117.469 acre tract of land;

THENCE North $10^{\circ}17'29''$ West, continuing along and with the East right-of-way of Hatcherville Road a distance of 185.80 feet to a $3/4''$ g.i.p. set at an angle corner;

THENCE, North $12^{\circ}47'20''$ West, continuing along and with the East right-of-way of Hatcherville Road a distance of 1444.49 feet to a $5/8''$ iron rod set at the Northwest corner of the 117.469 acre tract of land;

THENCE North $59^{\circ}22'38''$ East, a distance of 3333.73 feet to $5/8''$ iron rod set in the West R.O.W. line of the Southern Pacific Railroad (SPRR) and at the Northeast corner of this 117.469 acre tract of land;

THENCE South $05^{\circ}20'06''$ East, along and with said West line of the SPRR a distance of 788.55 feet to a corner;

THENCE North $84^{\circ}37'42''$ West, at 33.94 feet pass a $5/8''$ iron rod set for reference, in all a total distance of 559.44 feet to a $5/8''$ iron rod set;

THENCE South $05^{\circ}22'18''$ West, a distance of 150.00 feet to a $5/8''$ iron rod set;

THENCE South $84^{\circ}37'42''$ East, at 591.67 feet pass a $5/8''$ iron rod set for reference, in all a total distance of 625.61 feet to a corner in the West line of the Southern Pacific Railroad;

THENCE South $05^{\circ}20'06''$ East, along and with said West line of the SPRR a distance of 699.72 feet to a $3/4''$ g.i.p. found at the Northeast corner of said 14.296 acre tract;

THENCE South $59^{\circ}22'38''$ West, along a Northerly line of said 14.296 acre tract a distance of 2434.60 feet to a $3/4''$ g.i.p. found at an angle corner;

THENCE South 59°37'04" West, continuing along a Northerly line of said 14.296 acre tract a distance of 195.80 feet to a 3/4" g.i.p. found at an angle corner;

THENCE South 74°56'11" West, continuing along a Northerly line of said 14.296 acre tract a distance of 438.46 feet to the POINT OF BEGINNING and containing 117.469 acres of land.

TRACT 4

34.432 acres of land, more or less, being 0.099 of an acre of land in the J.P. Hatcher Survey, Abstract No. 661, out of a 160 acre tract conveyed by H.O. Compton to J.R. Barber by deed of record in Vol. 41, page 501 of the Deed Records of Chambers County, Texas; 32.723 acres in the Texas & New Orleans Railroad Company Section No. 1, Abstract No. 503, out of a 572.51 acre tract described as Second Tract in deed from Kirby Oil and Gas Company to J. R. Barber of record in Vol. 161, page 598 of the Deed Records of Chambers County, Texas; and 1.610 acres of land in the Henry Griffith League, Abstract No. 12, out of a 49.56 acre tract and a 66.55 acre tract as conveyed by Kirby Petroleum Company to J. R. Barber by deed of record in Vol. 161, page 602 of the Deed of Records of Chambers County, Texas, said 34.432 acre tract being more particularly described by metes and bounds as follows, using bearings and coordinates which refer to the Texas Plane Coordinate System, South Central Zone, as established by the U.S.C. & G, 1934 and authorized for use by Article 5300a of the revised civil statutes of Texas, to-wit:

BEGINNING at a 2" iron pipe set in the J.P. Hatcher Survey, at a point where the East right of way line of the Southern Pacific Railroad 100 foot right of way intersects the Southwest line of a 1.37 acre tract conveyed to the Coastal Industrial Water Authority by Lula Barber by deed recorded in Vol. 320, page 162 of the Deed Records of Chambers County, Texas; said beginning corner being located North 57° 42' 18" East 403.15 feet along the South line of said Hatcher Survey from a 3" iron pipe found for the Southwest corner of said Survey, and North 07° 20' West 150.10 feet along the East right of way line of said railroad, and said beginning corner being situated 50 feet opposite Railroad centerline station 604+06.79 and has a Texas Plane Coordinate South Central Zone value of X=3,296,217.00 and Y=766,088.23, and said beginning corner being also situated in Latitude 29° 52' 40.664" North and Longitude 94° 54' 32.800" West;

THENCE South 07° 20' 00" East with the East right of way line of the Southern Pacific Railroad, at 150.10 feet crossed the South line of the J.P. Hatcher Survey and the North line of Texas & New Orleans Railroad Company Section No. 1, at a point South 57° 42' 18" West 159.28 feet from the Northeast corner of said Section No. 1 at 3075.04 feet crossed the North line of the Corporate limits of the City of Mont Belvieu, Texas, at 5990.98 feet crossed the South line of T&NO RR CO. Section No. 1, and the North line of the Henry Griffith League, also the North line of aforesaid 49.56 acre tract, at 6262.85 feet crossed the West line of said 49.56 acre tract and East line of said 66.55 acre tract, in all a total distance of 7393.36 feet to a 2" iron pipe set where the East right of way line of the Southern Pacific Railroad intersects the North right of way line of F.M. Highway No. 1942, said 2" iron pipe being 50 feet opposite railroad station 678+00.15, and is situated in Latitude 29° 51' 27.793" North and Longitude 94° 54' 25.002" West, and has a coordinate value as aforesaid of X=3,297,160.61 and Y=738,756.05;

THENCE North 58° 06' East with the North right of way line of F.M. Highway No. 1942, and with a fence a distance of 54.96 feet to a 2" iron pipe set at a point 100 feet opposite railroad centerline station 677+77.30;

THENCE North 07° 20' 00" West parallel with and 100 feet from the centerline of the Southern Pacific Railroad, at 1005.41 feet crossed the East line of the aforesaid 66.55 acre tract and West line of said 49.56 acre tract, at 1403.37 feet crossed the North line of the Henry Griffith League and South line of T&NO RR CO. Section No. 1, in all a total distance of 2727.30 feet to a 2" iron pipe set 100 feet opposite Railroad centerline station

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both All Qualified Property owned by the Applicant and located within the boundaries of both the Barbers Hill Independent School District and the Reinvestment Zone originally created on June 22, 2009 by action of the City Council of the City of Mont Belvieu, Texas in adopting *City of Mont Belvieu Ordinance No. 2009-017* as amended by *City of Mont Belvieu Ordinance No. 2013-021* on August 26, 2013, and by *City of Mont Belvieu Ordinance No. 2013-035* on November 13, 2013.

A map of the above described Reinvestment Zone is attached to **EXHIBIT 1**.

Specifically, all Qualified Property of the Applicant described in its Application in Comptroller's File No. 364 which is 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 employed to use distillation to separate the HD5 Propane feed into an LEP product and an ethane product. Energy for the separation will be provided by a vapor compression cycle heat pump. It is necessary to dry specific process streams to avoid freezing in the process. Drying will be accomplished by a Tri-ethylene Glycol solvent system (TEG). Ethane product will be compressed and cooled for delivery. The plant components will consist of:

- Two distillation columns for the separation and drying of products
- Two reflux systems with condensers, drums, and pumps
- Ethane compressor with ancillary equipment
- Heat pump compressor with ancillary equipment
- Glycol regeneration skid
- Process flare
- Waste water disposal facilities

The facility will also require a relatively small amount of personal property. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement.