
FINDINGS
OF THE
BARBERS HILL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
ENTERPRISE PRODUCTS OPERATING LLC
(Texas Taxpayer ID #12604305396)
(Application #1162)

April 24, 2017

FINDINGS OF THE BARBERS HILL INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
ENTERPRISE PRODUCTS OPERATING LLC

STATE OF TEXAS §
 §
COUNTY OF CHAMBERS §

On the 24th day of April, 2017, a public meeting of the Board of Trustees of the Barbers Hill Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application of Enterprise Products Operating LLC (Application #1162) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Barbers Hill Independent School District makes the following findings with respect to the Application of Enterprise Products Operating LLC #1162, and the economic impact of that Application:

On November 14, 2016, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Enterprise Products Operating LLC #1162 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Enterprise Products Operating LLC (Taxpayer Id. No. 12604305396) ("Applicant"), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on December 14, 2016. A copy of the Comptroller's completeness letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on January 18, 2017 pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Barbers Hill Independent School District. A copy of a report prepared by Education Service Center Region 12 is attached to these findings as **Attachment E**.

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

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed

Agreement and April 21, 2017 letter approving the same are attached to these findings as **Attachment G.**

The Texas Commissioner of Education has determined that the project will not impact school enrollment, as stated in **Attachment H.**

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

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Section 313.024, Texas Tax Code, in the eligibility category of Manufacturing.

Board Finding Number 2.

The Applicant's entire proposed investment in the Barbers Hill ISD is \$921,200,000—\$846,000,000 of which is proposed to be Qualified Investment under Section 313.021, Texas Tax Code.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$65,000 per year. The review of the Application by the State Comptroller's Office indicates that this amount-based on Texas Workforce Commission data-complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Section 313.021, Texas Tax Code.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$36.9 million on the basis of the 25 new qualifying positions committed to by the Applicant for this project.

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

The project's total investment is \$921,200,000, resulting in a relative level of investment per qualifying job of \$36,848,000.

Board Finding Number 5.

The Applicant has not requested a waiver of the job creation requirement under Section 313.25(f-1), Texas Tax Code, and the Board finds that the project meets state job creating requirements.

In support of Finding 5, the Board notes that the number of jobs proposed for this project (25 jobs) meets state job creation requirements.

Board Finding Number 6.

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

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

Table 2 depicts this project's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels.

Table 2: Estimated Statewide Economic Impact of Enterprise Products Operating LLC (modeled)						
Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	450	515	965	\$ 29,250,000	\$ 43,178,100	\$ 72,428,100
2018	1,000	1,173	2,173	\$ 65,000,000	\$ 106,547,200	\$ 171,547,200
2019	1,025	1,295	2,320	\$ 66,625,000	\$ 129,131,800	\$ 195,756,800
2020	25	258	283	\$ 1,625,000	\$ 40,283,600	\$ 41,908,600
2021	25	149	174	\$ 1,625,000	\$ 29,630,500	\$ 31,255,500
2022	25	78	103	\$ 1,625,000	\$ 21,832,700	\$ 23,457,700
2023	25	47	72	\$ 1,625,000	\$ 17,174,900	\$ 18,799,900
2024	25	39	64	\$ 1,625,000	\$ 14,718,900	\$ 16,343,900
2025	25	44	69	\$ 1,625,000	\$ 14,110,700	\$ 15,735,700
2026	25	57	82	\$ 1,625,000	\$ 14,574,200	\$ 16,199,200
2027	25	72	97	\$ 1,625,000	\$ 15,706,800	\$ 17,331,800
2028	25	87	112	\$ 1,625,000	\$ 17,290,500	\$ 18,915,500
2029	25	102	127	\$ 1,625,000	\$ 19,126,500	\$ 20,751,500
2030	25	105	130	\$ 1,625,000	\$ 19,893,200	\$ 21,518,200
2031	25	111	136	\$ 1,625,000	\$ 20,877,700	\$ 22,502,700
2032	25	116	141	\$ 1,625,000	\$ 21,895,900	\$ 23,520,900
2033	25	120	145	\$ 1,625,000	\$ 22,935,600	\$ 24,560,600
2034	25	124	149	\$ 1,625,000	\$ 23,985,400	\$ 25,610,400

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, City of Baytown ETJ, and Chambers County, with all property tax incentives sought being granted using estimated market value from the Application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements with Chambers County and City of Baytown ETJ. The difference noted in the last line is the difference between Table 3 and Table 4:

Table 4: Estimated Direct Ad Valorem Taxes with all property tax incentives sought

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	BHISD I&S Tax Levy	BHISD M&O Tax Levy	BHISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes	
			Tax Rate ¹	0.2698	1.0600	0.5527	0.8220		
2020	\$ 423,000,000	\$ 80,000,000	\$ 1,141,254	\$ 848,000	\$ 1,989,254	\$ 584,469	\$ 1,217,015	\$ 3,790,738	
2021	\$ 921,200,000	\$ 80,000,000	\$ 2,485,398	\$ 848,000	\$ 3,333,398	\$ 1,272,843	\$ 2,650,389	\$ 7,256,629	
2022	\$ 902,400,000	\$ 80,000,000	\$ 2,434,675	\$ 848,000	\$ 3,282,675	\$ 1,246,866	\$ 2,596,300	\$ 7,125,841	
2023	\$ 883,600,000	\$ 80,000,000	\$ 2,383,953	\$ 848,000	\$ 3,231,953	\$ 1,220,890	\$ 2,542,210	\$ 6,995,053	
2024	\$ 864,800,000	\$ 80,000,000	\$ 2,333,230	\$ 848,000	\$ 3,181,230	\$ 1,194,914	\$ 2,488,120	\$ 6,864,264	
2025	\$ 846,000,000	\$ 80,000,000	\$ 2,282,508	\$ 848,000	\$ 3,130,508	\$ 1,168,937	\$ 6,954,374	\$ 11,253,819	
2026	\$ 827,200,000	\$ 80,000,000	\$ 2,231,786	\$ 848,000	\$ 3,079,786	\$ 1,142,961	\$ 6,799,832	\$ 11,022,579	
2027	\$ 808,400,000	\$ 80,000,000	\$ 2,181,063	\$ 848,000	\$ 3,029,063	\$ 1,116,984	\$ 6,645,291	\$ 10,791,338	
2028	\$ 792,232,000	\$ 80,000,000	\$ 2,137,442	\$ 848,000	\$ 2,985,442	\$ 4,378,579	\$ 6,512,385	\$ 13,876,406	
2029	\$ 776,387,360	\$ 80,000,000	\$ 2,094,693	\$ 848,000	\$ 2,942,693	\$ 4,291,008	\$ 6,382,137	\$ 13,615,838	
2030	\$ 760,859,613	\$ 760,859,613	\$ 2,052,799	\$ 8,065,112	\$ 10,117,911	\$ 4,205,187	\$ 6,254,494	\$ 20,577,593	
2031	\$ 745,642,421	\$ 745,642,421	\$ 2,011,743	\$ 7,903,810	\$ 9,915,553	\$ 4,121,084	\$ 6,129,404	\$ 20,166,041	
2032	\$ 730,729,572	\$ 730,729,572	\$ 1,971,508	\$ 7,745,733	\$ 9,717,242	\$ 4,038,662	\$ 6,006,816	\$ 19,762,720	
2033	\$ 716,114,981	\$ 716,114,981	\$ 1,932,078	\$ 7,590,819	\$ 9,522,897	\$ 3,957,889	\$ 5,886,680	\$ 19,367,466	
2034	\$ 701,792,681	\$ 701,792,681	\$ 1,893,437	\$ 7,439,002	\$ 9,332,439	\$ 3,878,731	\$ 5,768,946	\$ 18,980,116	
			Total	\$3,1567,568	\$ 47,224,476	\$ 78,792,044	\$ 37,820,003	\$ 74,834,394	\$ 191,446,441
			Diff	\$ 0	\$ 76,799,325	\$ 76,799,325	\$ 26,846,592	\$ 21,346,064	\$ 124,991,981

¹Tax Rate per \$100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant's project on the region if all taxes are assessed.

Table 3: Estimated Direct Ad Valorem Taxes without Property Tax Incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	BHISD I&S Tax Levy	BHISD M&O Tax Levy	BHISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes	
			Tax Rate¹	0.2698	1.0600	0.5527	0.8220		
2020	\$ 423,000,000	\$ 423,000,000	\$ 1,141,254	\$ 4,483,800	\$ 5,625,054	\$ 2,337,874	\$ 3,477,187	\$ 11,440,115	
2021	\$ 921,200,000	\$ 921,200,000	\$ 2,485,398	\$ 9,764,720	\$ 12,250,118	\$ 5,091,371	\$ 7,572,540	\$ 24,914,029	
2022	\$ 902,400,000	\$ 902,400,000	\$ 2,434,675	\$ 9,565,440	\$ 12,000,115	\$ 4,987,466	\$ 7,417,999	\$ 24,405,579	
2023	\$ 883,600,000	\$ 883,600,000	\$ 2,383,953	\$ 9,366,160	\$ 11,750,113	\$ 4,883,560	\$ 7,263,457	\$ 23,897,130	
2024	\$ 864,800,000	\$ 864,800,000	\$ 2,333,230	\$ 9,166,880	\$ 11,500,110	\$ 4,779,654	\$ 7,108,915	\$ 23,388,680	
2025	\$ 846,000,000	\$ 846,000,000	\$ 2,282,508	\$ 8,967,600	\$ 11,250,108	\$ 4,675,749	\$ 6,954,374	\$ 22,880,231	
2026	\$ 827,200,000	\$ 827,200,000	\$ 2,231,786	\$ 8,768,320	\$ 11,000,106	\$ 4,571,843	\$ 6,799,832	\$ 22,371,781	
2027	\$ 808,400,000	\$ 808,400,000	\$ 2,181,063	\$ 8,569,040	\$ 10,750,103	\$ 4,467,938	\$ 6,645,291	\$ 21,863,332	
2028	\$ 792,232,000	\$ 792,232,000	\$ 2,137,442	\$ 8,397,659	\$ 10,535,101	\$ 4,378,579	\$ 6,512,385	\$ 21,426,065	
2029	\$ 776,387,360	\$ 776,387,360	\$ 2,094,693	\$ 8,229,706	\$ 10,324,399	\$ 4,291,008	\$ 6,382,137	\$ 20,997,544	
2030	\$ 760,859,613	\$ 760,859,613	\$ 2,052,799	\$ 8,065,112	\$ 10,117,911	\$ 4,205,187	\$ 6,254,494	\$ 20,577,593	
2031	\$ 745,642,421	\$ 745,642,421	\$ 2,011,743	\$ 7,903,810	\$ 9,915,553	\$ 4,121,084	\$ 6,129,404	\$ 20,166,041	
2032	\$ 730,729,572	\$ 730,729,572	\$ 1,971,508	\$ 7,745,733	\$ 9,717,242	\$ 4,038,662	\$ 6,006,816	\$ 19,762,720	
2033	\$ 716,114,981	\$ 716,114,981	\$ 1,932,078	\$ 7,590,819	\$ 9,522,897	\$ 3,957,889	\$ 5,886,680	\$ 19,367,466	
2034	\$ 701,792,681	\$ 701,792,681	\$ 1,893,437	\$ 7,439,002	\$ 9,332,439	\$ 3,878,731	\$ 5,768,946	\$ 18,980,116	
			Total	\$ 31,567,568	\$124,023,801	\$ 155,591,369	\$ 64,666,595	\$ 96,180,458	\$ 316,438,422

¹Tax Rate per \$100 Valuation**Board Finding Number 7.**

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

Board Finding Number 8.

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

In support of Finding 8, the Board refers to the finding of the Texas Commissioner of Education at **Attachment H** to these findings.

Board Finding Number 9.

The Applicant's project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the Application.

In support of finding No. 9, **Attachment B** of the economic impact study contains a year-by-year analysis as depicted in the following table:

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$ 149,460	\$ 149,460	\$ 0	\$ 0
	2018	\$ 1,145,860	\$ 1,295,320	\$ 0	\$ 0
	2019	\$ 848,000	\$ 5,531,080	\$ 3,635,800	\$ 3,635,800
Limitation Period (10 Years)	2020	\$ 848,000	\$ 6,379,080	\$ 8,916,720	\$ 12,552,520
	2021	\$ 848,000	\$ 7,227,080	\$ 8,717,440	\$ 21,269,960
	2022	\$ 848,000	\$ 8,075,080	\$ 8,518,160	\$ 29,788,120
	2023	\$ 848,000	\$ 8,923,080	\$ 8,318,880	\$ 38,107,000
	2024	\$ 848,000	\$ 9,771,080	\$ 8,119,600	\$ 46,226,600
	2025	\$ 848,000	\$ 10,619,080	\$ 7,920,320	\$ 54,146,920
	2026	\$ 848,000	\$ 11,467,080	\$ 7,721,040	\$ 61,867,960
	2027	\$ 848,000	\$ 12,315,080	\$ 7,549,659	\$ 69,417,619
	2028	\$ 848,000	\$ 13,163,080	\$ 7,381,706	\$ 76,799,325
	2029	\$ 8,065,112	\$ 21,228,192	\$ 0	\$ 76,799,325
Maintain Viable Presence (5 Years)	2030	\$ 7,903,810	\$ 29,132,002	\$ 0	\$ 76,799,325
	2031	\$ 7,745,733	\$ 36,877,735	\$ 0	\$ 76,799,325
	2032	\$ 7,590,819	\$ 44,468,554	\$ 0	\$ 76,799,325
	2033	\$ 7,439,002	\$ 51,907,556	\$ 0	\$ 76,799,325
	2034	\$ 7,290,222	\$ 59,197,779	\$ 0	\$ 76,799,325
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$ 7,144,418	\$ 66,342,197	\$ 0	\$ 76,799,325
	2036	\$ 7,001,530	\$ 73,343,726	\$ 0	\$ 76,799,325
	2037	\$ 6,861,499	\$ 80,205,225	\$ 0	\$ 76,799,325
	2038	\$ 6,724,269	\$ 86,929,494	\$ 0	\$ 76,799,325
	2039	\$ 6,589,784	\$ 93,519,278	\$ 0	\$ 76,799,325
	2040	\$ 6,457,988	\$ 99,977,266	\$ 0	\$ 76,799,325
	2041	\$ 6,328,828	\$ 106,306,094	\$ 0	\$ 76,799,325
	2042	\$ 6,202,252	\$ 112,508,345	\$ 0	\$ 76,799,325
	2043	\$ 848,000	\$ 5,531,080	\$ 3,635,800	\$ 3,635,800
	2044	\$ 6,078,207	\$ 118,586,552	\$ 0	\$ 76,799,325
		\$118,586,552	is greater than	\$ 76,799,325	

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant's decision to invest capital and construct the project in this state.

Board Finding Number 11.

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

In support of Findings Nos. 10 and 11, **Attachment C** of the economic impact study states:

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

- Per Enterprise Products Operating LLC, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment."
 - B. "The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project."
- In a December 6–7, 2016 Wells Fargo Pipeline, MLP and Utility Symposium presentation by Enterprise Products Partners, LP it reported one of the projects mentioned under development is an isobutene dehydrogenation facility.
- A December 11, 2016 Advisor Access article states that Enterprise Products Partners, LP is "developing an isobutene dehydrogenation (ibDH) plant that would allow us to

fully utilize two existing facilities to increase our production of motor gasoline additives and petrochemical feedstocks.”

Supporting Information

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

Board Finding Number 12.

The Board of Trustees of the Barbers Hill Independent School District hired consultants to review and verify the information in Application #1162. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

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

Board Finding Number 14.

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

Board Finding Number 15.

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

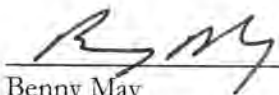
Board Finding Number 16.

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

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

Dated the 24th day of April, 2017.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: _____
Benny May
President, Board of Trustees

ATTEST:

By: _____
Cynthia Erwin
Secretary, Board of Trustees

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT A
Application of
Enterprise Products Operating LLC



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

November 10, 2016

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

Re: Application for Chapter 313 Value Limitation Agreement

Dear Dr. Poole:

Enterprise Products Operating LLC is evaluating the construction of a new manufacturing facility within the Barbers Hill ISD. The proposed project is a new Isobutane Dehydrogenation Unit capable of processing 30,500 SBPD of inlet feed. The estimated total investment cost is in excess of \$900 million.

We have submitted an economic analysis as part of Tab 5 of the application that we deem to be proprietary and confidential, and request that this information be kept confidential and transmitted separately when the District's consultants forward the application to the Texas Comptroller of Public Accounts.

We anticipate construction of the project, if approved, would commence in 2017, and we are deferring the start of the Qualifying Time Period to 2018 pursuant to Sec. 313.027 (h) of the Texas Property Tax Code, with the limitation then taking effect in 2020.

We believe this proposed investment demonstrates our commitment to growing our economic presence in the Barbers Hill ISD, promoting economic growth and jobs for your community. We respectfully request consideration of the project for an Agreement for Value Limitation under Chapter 313 of the Texas Property Tax Code.

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

Sincerely,

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

Curt Tate
Sr. Tax Director



Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

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

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

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

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

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

November 14, 2016

Date Application Received by District

Greg

First Name

Poole

Last Name

Superintendent of Schools

Title

Barbers Hill Independent School District

School District Name

9600 EAGLE DR

Street Address

P O BOX 1108

Mailing Address

Mont Belvieu

City

281-576-2221

Phone Number

TX

State

281-576-3410

Fax Number

gpoole@bhisd.net

Email Address

77580-1108

ZIP

Mobile Number (optional)

2. Does the district authorize the consultant to provide and obtain information related to this application?



Yes



No

SECTION 1: School District Information *(continued)*

3. Authorized School District Consultant *(If Applicable)*

First Name

Last Name

Title

Firm Name

Phone Number

Fax Number

Mobile Number *(optional)*

Email Address

4. On what date did the district determine this application complete?

5. Has the district determined that the electronic copy and hard copy are identical? ☐ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

First Name

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number *(optional)*

Business Email Address

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

2a. If yes, please fill out contact information for that person.

First Name

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number *(optional)*

Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☐ Yes ☐ No

SECTION 2: Applicant Information (continued)**4. Authorized Company Consultant (If Applicable)**

First Name

Last Name

Title

Firm Name

Phone Number

Fax Number

Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☐ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☐ No ☐ N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☐ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? _____
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) _____
3. List the NAICS code _____
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☐ Yes ☐ No
- 4a. If yes, please list application number, name of school district and year of agreement _____

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (*corporation, limited liability corporation, etc*) _____
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☐ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☐ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☐ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

☒ Land has no existing improvements

☐ Land has existing improvements (*complete Section 13*)

☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

1. Application approval by school board
 2. Commencement of construction
 3. Beginning of qualifying time period
 4. First year of limitation
 5. Begin hiring new employees
 6. Commencement of commercial operations
 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☐ Yes ☐ No
- Note:** Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service?

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☐ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

County: (Name, tax rate and percent of project)	City: (Name, tax rate and percent of project)
Hospital District: (Name, tax rate and percent of project)	Water District: (Name, tax rate and percent of project)
Other (describe): (Name, tax rate and percent of project)	Other (describe): (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☐ Yes ☐ No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☐ No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district?
 2. What is the amount of appraised value limitation for which you are applying?
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☐ Yes ☐ No
 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☐ Yes ☐ No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 8**);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (**Tab 8**); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (**Tab 11**).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☐ No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (**Tab 9**);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (**Tab 9**);
 - c. owner (**Tab 9**);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (**Tab 9**); and
 - e. a detailed map showing the location of the land with vicinity map (**Tab 11**).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☐ Yes ☐ No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (**Tab 16**);
 - b. legal description of reinvestment zone (**Tab 16**);
 - c. order, resolution or ordinance establishing the reinvestment zone (**Tab 16**);
 - d. guidelines and criteria for creating the zone (**Tab 16**); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (**Tab 11**)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone?

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In **Tab 10**, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In **Tab 10**, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in **Tab 10**:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ _____
5. In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property
(that property described in response to question 2): \$ _____

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☐ Second Quarter ☒ Third Quarter ☐ Fourth Quarter of 2016
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 4,493
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 25
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☐ Yes ☒ No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,188.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 2,149.00
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,163.36
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☐ §313.021(5)(A) or ☒ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 60,494.72
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 65,000.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☒ No
 - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No
 - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print
here ▶

Dr. Greg Poole
Print Name (Authorized School District Representative)

Superintendent
Title

sign
here ▶


Signature (Authorized School District Representative)

12/8/2016
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print
here ▶

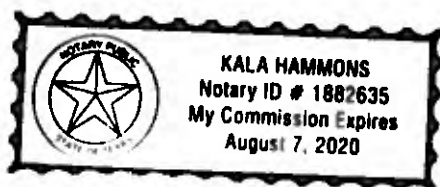
Curt Tate
Print Name (Authorized Company Representative (Applicant))

Senior Tax Director
Title

sign
here ▶


Signature (Authorized Company Representative (Applicant))

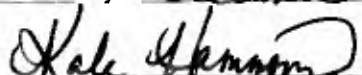
12/6/2016
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

6th day of December, 2016


Notary Public in and for the State of Texas

My Commission expires: 8/7/2020

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

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	Maps that clearly show: a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * To be submitted with application or before date of final application approval by school board
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

Exhibit 1

Attachment 4a.

School District & Application Number	Applying Entity	Application Date	First Full Tax Year
Barbers Hill ISD No. 166	Enterprise Products Operating LLC	9/1/2009	2010
Barbers Hill ISD No. 178	Enterprise Products Operating LLC	8/30/2010	2011
Barbers Hill ISD No. 192	Enterprise Products Operating, LLC	7/20/2010	2012
Barbers Hill ISD No. 253	Enterprise Products Operating, LLC	11/20/2012	2014
Barbers Hill ISD No. 254	Enterprise Products Operating, LLC	11/20/2012	2014
Barbers Hill ISD No. 278	Enterprise Products Operating, LLC	3/28/2013	2014
Barbers Hill ISD No. 349	Enterprise Products Operating, LLC	9/23/2013	2015
Barbers Hill ISD No. 363	Enterprise Products Operating, LLC	11/18/2013	2015
Barbers Hill ISD No. 364	Enterprise Products Operating, LLC	11/18/2013	2015
Yoakum ISD No. 187	Enterprise Hydrocarbons, L.P.	4/11/2011	2012
Pecos-Barstow-Toyah ISD No. 1122	Delaware Basin Gas Processing, LLC	1/5/2016	2017
Pecos-Barstow-Toyah ISD No. 1141	Enterprise Products Operating, LLC	6/27/2016	2019

Tab # 2

Proof of Payment of Application Fee

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

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

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

Tab # 3

**Documentation of Combined Group
Membership under Texas Tax Code
171.0001(7)**

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

Tab # 4

Detailed Description of the project

Proposed Project Description

The proposed project is the construction of a new Isobutane Dehydrogenation Unit capable of processing 30,500 SBPD of inlet feed. The plant will include inlet treating and an isobutane dehydrogenation unit with a depropanizer to produce a saleable isobutylene stream.

The process consists of dehydrogenation of isobutane to isobutylene using continuous catalyst regeneration. Isobutane feed is treated to remove basic nitrogen and metals, dried then mixed with recycled Isobutane stream to remove normal butane and heavier components. The mixed feed is sent into a separation system, heated then processed in three reactors. The hot reactor effluent is cooled, compressed and then sent through a chloride treater for residual HCl removal, followed by a reactor effluent drier to remove H₂S and H₂O before entering the separation section, where the effluent stream is separated into hydrogen rich streams and a C₄ rich liquid product. The C₄ rich liquid product contains mainly isobutylene and isobutane which is sent to a depropanizer where the light ends are removed and the depropanizer bottoms is then sent to cavern storage/distribution.

Summary of plant feed stock and finished products

1. Feedstock Source: Isobutane
2. Final Products Produced:
 - a. Isobutylene/Isobutane Mix
 - b. Propane/Propylene mix

The proposed project will consist of the following components:

- Inlet Separation and Filtration
- Dehydrogenation reactors
- Catalyst regeneration
- Chloride treaters and driers for removal of residual HCl, H₂S and water
- Depropanizer for removal of light ends
- Heat Medium Systems
- Wash oil recovery system
- Vent gas treating system
- Flare System
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 5

Limitation is a Determining Factor

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

Applicant owns the land upon which the proposed project identified in Tab 7 will be constructed. That land is described in Tab 9, Item 1.

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

The Applicant has entered into a purchase and sale agreement and ancillary agreements with a customer which, *inter alia*, to the extent possible, assure the long-term supply of and demand for various products containing isobutylene. These products would be produced from Applicant's existing plants as well as the proposed project. These agreements are a common and necessary precursor to the Applicant's commitment of its capital investment in a proposed project of this magnitude. Moreover, in the ordinary course of business, the Applicant routinely pursues supply sources of and demand for product which are adequate to justify the investment the Applicant is making in the proposed project.

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

As described in Tab 10 to this Application, the site of the proposed project is currently being used as a construction staging area for an unrelated project under construction by the Applicant. The construction items in the staging area are not improvements to the site of the proposed project. The construction items in the staging area will be totally removed from the site of the proposed project prior to commencement of the construction of the proposed project.

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

Over the past two years, Applicant has made public statements investor conferences and analyst calls regarding the potential development of additional facilities to convert isobutane into other products and the potential to develop a isobutane dehydrogenation plant. Such statements have only concerned the potential development of such a plant, and have not been site specific.

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

N/A

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

N/A

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

N/A

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

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

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

N/A

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

See the attached Item 10 to Tab 5.

Key Determining factors:

- The Applicant has submitted in Item 10 to Tab 5 a discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment.

- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.
- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.
- Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.

Item 10 to Tab 5

AT THE REQUEST OF THE APPLICANT SUPPORTING DOCUMENTS ARE CONSIDERED PROPRIETY AND CONFIDENTIAL DUE TO THE NATURE OF THE FINANCIAL INFORMATION ANALYSIS SUBMITTED. Applicant has submitted Propriety and Confidential Discounted Cash Flow Models comparing the rate of return on investment in the proposed project with and without a Chapter 313 Appraised Value Limitation Agreement. These models are confidential.



With Limitation Agreement

Proposed Manufacturing Plant

Property Tax Department

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Year
Plant Thruput (bbls/Day)	-	-	-	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	-
Processing Fee (\$/bbls)	-	-	-	86.41	87.02	87.63	88.24	88.86	89.48	90.11	90.74	91.37	-
Revenue (\$)	-	-	-	962,000,000	968,734,000	975,515,138	982,343,744	989,220,150	996,144,691	1,003,117,704	1,010,139,528	1,017,210,505	-
Property Value (\$)	28,200,000	639,200,000	846,000,000	921,200,000	902,400,000	883,600,000	864,800,000	846,000,000	827,200,000	808,400,000	789,600,000	770,800,000	-
Service Factor	0.03	0.68	0.90	0.98	0.96	0.94	0.92	0.90	0.88	0.86	0.84	0.82	-
Operating Expenses (\$)	-	-	-	(815,000,000)	(822,250,000)	(828,536,750)	(840,860,507)	(843,221,531)	(850,620,082)	(857,056,422)	(869,530,817)	(872,043,533)	-
Property Tax (\$)	(387,671)	(8,787,210)	(11,630,131)	(12,663,921)	(12,405,473)	(12,147,026)	(11,888,579)	(11,630,131)	(11,371,684)	(11,113,236)	(10,854,789)	(10,596,342)	-
Capex (\$)	(28,200,000)	(611,000,000)	(206,800,000)	(94,000,000)	-	-	-	-	-	-	-	-	-
Terminal Value													807,423,781
Free Cash Flow (\$)	(28,587,671)	(619,787,210)	(218,430,131)	40,336,079	134,078,527	134,831,362	129,594,658	134,368,488	134,152,926	134,948,045	129,753,922	134,570,630	807,423,781
Cumulative Free Cash Flow (\$)	(28,587,671)	(648,374,881)	(866,805,012)	(826,468,933)	(692,390,406)	(557,559,044)	(427,964,386)	(293,595,898)	(159,442,972)	(24,494,927)	105,258,995	239,829,625	1,047,253,406

As of:	1/1/2017
Total Investment:	940,000,000
Property Tax Rate :	1.37%
Depreciation Rate:	2.00%
Capitalization Rate:	8.00%

IRR	10.95%
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Total Business Value with Limitation	\$835,464,284
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With No Limitation Agreement

Proposed Manufacturing Plant

Property Tax Department

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Terminal Year
Plant Thruput (MMBTU/Day)	-	-	-	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	30,500	-
Processing Fee (\$/MMBTU)	-	-	-	86.41	87.02	87.63	88.24	88.86	89.48	90.11	90.74	91.37	-
Revenue (\$)	-	-	-	962,000,000	968,734,000	975,515,138	982,343,744	989,220,150	996,144,691	1,003,117,704	1,010,139,528	1,017,210,505	-
Property Value (\$)	28,200,000	639,200,000	846,000,000	921,200,000	902,400,000	883,600,000	864,800,000	846,000,000	827,200,000	808,400,000	789,600,000	770,800,000	-
Service Factor	0.03	0.68	0.90	0.98	0.96	0.94	0.92	0.90	0.88	0.86	0.84	0.82	-
Operating Expenses (\$)	-	-	-	(815,000,000)	(822,250,000)	(828,536,750)	(840,860,507)	(843,221,531)	(850,620,082)	(857,056,422)	(869,530,817)	(872,043,533)	-
Property Tax (\$)	(762,675)	(17,287,292)	(22,880,239)	(24,914,038)	(24,405,588)	(23,897,139)	(23,388,689)	(22,880,239)	(22,371,789)	(21,863,340)	(21,354,890)	(20,846,440)	-
Capex (\$)	(28,200,000)	(611,000,000)	(206,800,000)	(94,000,000)	-	-	-	-	-	-	-	-	-
Terminal Value													745,923,191
Free Cash Flow (\$)	(28,962,675)	(628,287,292)	(229,680,239)	28,085,962	122,078,412	123,081,249	118,094,548	123,118,380	123,152,820	124,197,942	119,253,821	124,320,532	745,923,191
Cumulative Free Cash Flow (\$)	(28,962,675)	(657,249,966)	(886,930,206)	(858,844,244)	(736,765,832)	(613,684,583)	(495,590,035)	(372,471,655)	(249,318,835)	(125,120,893)	(5,867,072)	118,453,460	864,376,651

As of:	1/1/2017
Total Investment:	940,000,000
Property Tax Rate :	2.70%
Depreciation Rate:	2.00%
Capitalization Rate:	8.00%

IRR	9.18%
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Total Business Value without Limitation	\$732,862,601
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Tab # 6

**Description of how project is located in
more than one district...**

Not applicable to this proposed project

Tab # 7

Description of Qualified Investment

The proposed project is the construction of a new Isobutane Dehydrogenation Unit capable of processing 30,500 SBPD of inlet feed. The plant will include inlet treating and an isobutane dehydrogenation unit with a depropanizer to produce a saleable isobutylene stream.

The process consists of dehydrogenation of isobutane to isobutylene using continuous catalyst regeneration. Isobutane feed is treated to remove basic nitrogen and metals, dried then mixed with recycled isobutane stream to remove normal butane and heavier components. The mixed feed is sent into a separation system, heated then processed in three reactors. The hot reactor effluent is cooled, compressed and then sent through a chloride treater for residual HCl removal, followed by a reactor effluent drier to remove H₂S and H₂O before entering the separation section, where the effluent stream is separated into hydrogen rich streams and a C₄ rich liquid product. The C₄ rich liquid product contains mainly isobutylene and isobutane which is sent to a depropanizer where the light ends are removed and the depropanizer bottoms are then sent to cavern storage/distribution.

The proposed project will consist of the following components:

- Inlet Separation and Filtration
- Dehydrogenation reactors
- Catalyst regeneration
- Chloride treaters and driers for removal of residual HCl, H₂S and water
- Depropanizer for removal of light ends
- Heat Medium Systems
- Wash oil recovery system
- Vent gas treating system
- Flare System
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 8

Description of Qualified Property

The proposed project is the construction of a new Isobutane Dehydrogenation Unit capable of processing 30,500 SBPD of inlet feed. The plant will include inlet treating and an isobutane dehydrogenation unit with a depropanizer to produce a saleable isobutylene stream.

The process consists of dehydrogenation of isobutane to isobutylene using continuous catalyst regeneration. isobutane feed is treated to remove basic nitrogen and metals, dried then mixed with recycled isobutane stream to remove normal butane and heavier components. The mixed feed is sent into a separation system, heated then processed in three reactors. The hot reactor effluent is cooled, compressed and then sent through a chloride treater for residual HCl removal, followed by a reactor effluent drier to remove H₂S and H₂O before entering the separation section, where the effluent stream is separated into hydrogen rich streams and a C₄ rich liquid product. The C₄ rich liquid product contains mainly isobutylene and isobutane which is sent to a depropanizer where the light ends are removed and the depropanizer bottoms are then sent to cavern storage/distribution.

The proposed project will consist of the following components:

- Inlet Separation and Filtration
- Dehydrogenation reactors
- Catalyst regeneration
- Chloride treaters and driers for removal of residual HCl, H₂S and water
- Depropanizer for removal of light ends
- Heat Medium Systems
- Wash oil recovery system
- Vent gas treating system
- Flare System
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

Tab # 9

Description of Land

The Land upon which the new buildings or new improvements will be built WILL NOT be a part of the qualified property described by §313.021(2)(A).

431.0 ACRES

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

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

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

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

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

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

Northeast corner of 110.79 acres called Parcel "A" conveyed to Coastal Industrial Water Authority by Lillian U. Keyser, et al, by deed dated January 30, 1970, and recorded in Volume

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

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

32.35 acres.

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

2214 acres, and an interior corner of said 32.35 acres.

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

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

1971, and recorded in Volume 328 at Page 697 of the Deed Records of Chambers County, Texas.

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

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

tract of land, a Northeast corner of said residue of 2214 acres, and in the occupied West right of way line of Old Hatcherville Road.

2011	BK	VOL
62639	OR	1244

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

THENCE North 77°52'50" East with a North line of this tract of land, a North line of said residue of 2214 acres, the South right of way line of Old Hatcherville Road, and the South right of way line of New Hatcherville Road a distance of 2676.93 feet to a 5/8 inch iron rod found bent for the Northeast corner of this tract of land, the Northeast corner of said residue of 2214 acres, and an angle corner of said Hatcherville Road.

THENCE South 13°31'09" East with an East line of this tract of land, an East line of said residue of 2214 acres, and the West right of way line of Hatcherville Road a distance of 1753.00 feet to a 1/2 inch iron rod found for a Southeast corner of this tract of land, a Southeast corner of said residue of 2214 acres, and the North or Northeast corner of a 1.262 acre tract of land called Tract

3 conveyed to Missouri Pacific Railroad Company by Albert N. Nelson, Jr., et al, by deed dated August 31, 1995, and recorded in Volume 279 at Page 567 of the Official Public Records of Chambers County, Texas. From this corner a 1/2 inch iron rod found bent in the West right of way line of Hatcherville Road bears South 13°31'09" East a distance of 826.43 feet.

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

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

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

Tab # 10

Description of all property not eligible to become qualified property

The site selected for the proposed project is currently being used as a construction staging area for Applicant's PDH project which is immediately adjacent to the planned site of the proposed project. The items which are currently stored here for staging include contractor's construction trailers, instrumentation and electrical equipment ("I&E"), scaffolding, insulation and other construction material for the PDH project. These items are wholly unrelated to the proposed project. Applicant will clear all the items temporarily stored in the staging area from the site before construction on the proposed project commences. The cost associated with the items temporarily stored here will not be part of the value limitation agreement. Please note Applicant's PDH application (application # 278) was approved in September 2013 and is a totally separate facility and unrelated to the proposed project.

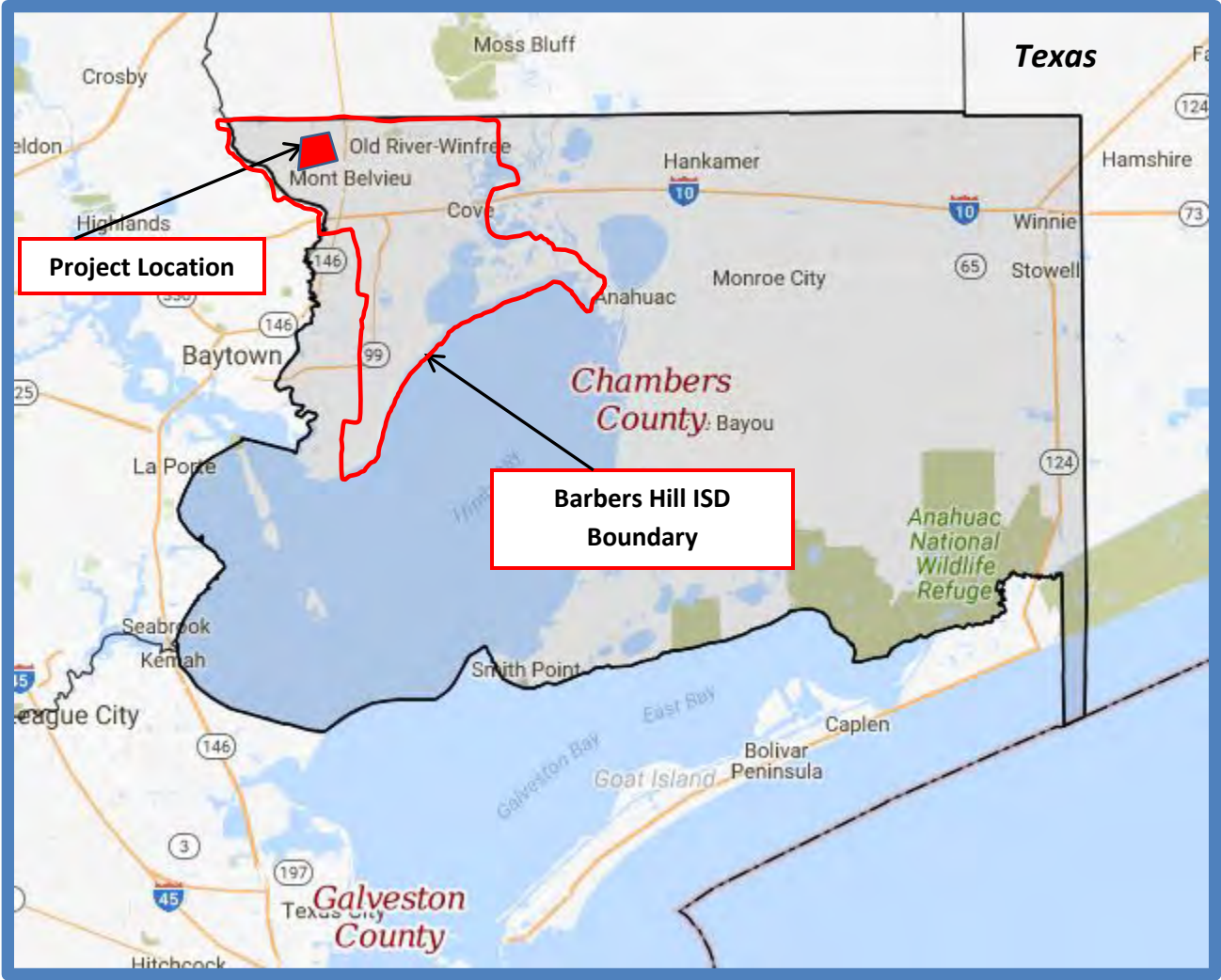


Tab # 11

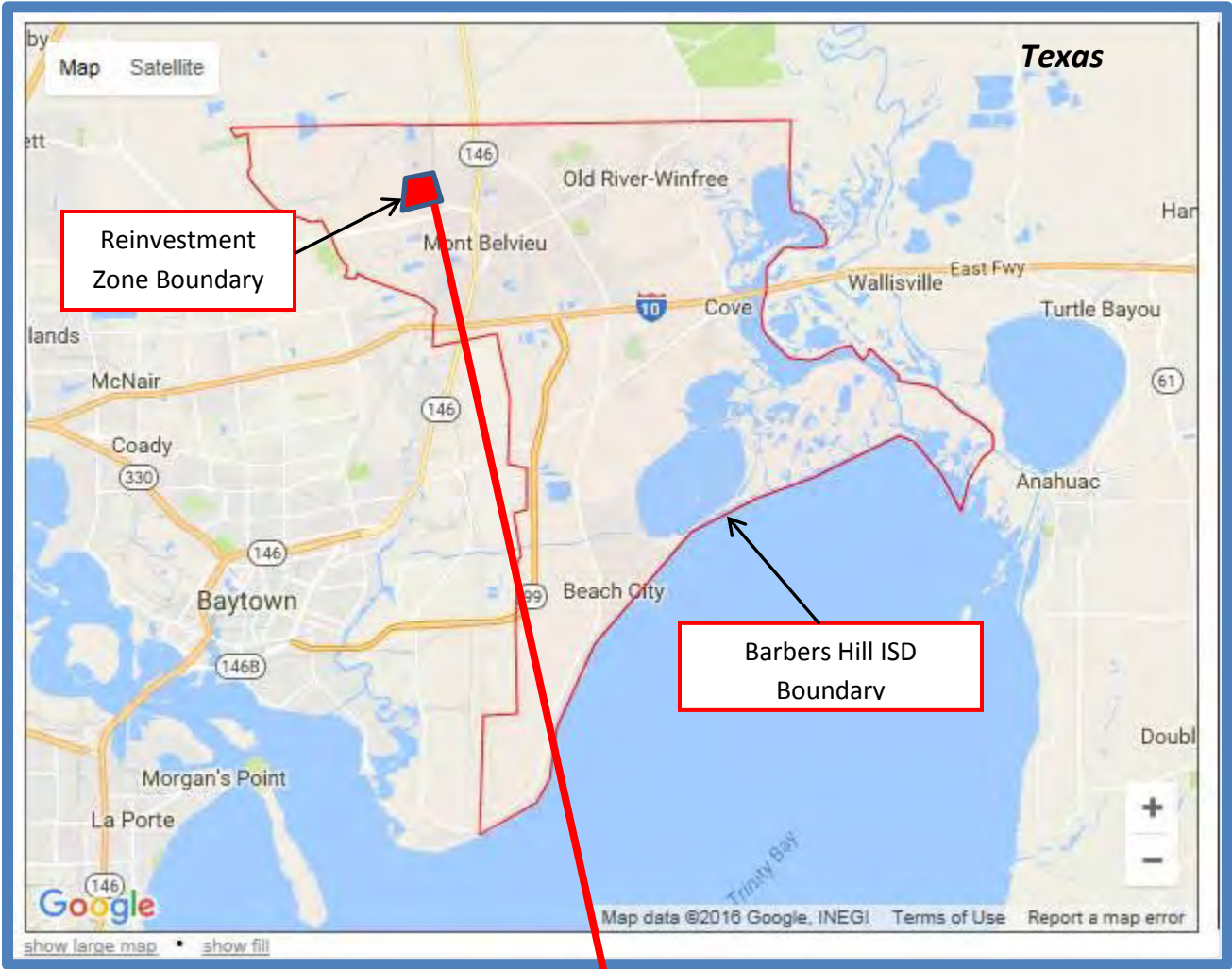
Maps that clearly show:

- a) **Project Vicinity** – See following map labeled “Project Vicinity Map”
- b) **Qualified Investment** – See following map labeled “Qualified Investment / Qualified Property Map”
- c) **Qualified Property** – See following map labeled “Qualified Investment / Qualified Property Map”
- d) **Existing Property** – See Tab #10.
- e) **Land location and vicinity map** – See following map labeled “Project Vicinity Map”
- f) **Reinvestment Zone within vicinity map, showing the actual or proposed boundaries and size** – See following map labeled “Proposed Reinvestment Zone Map”

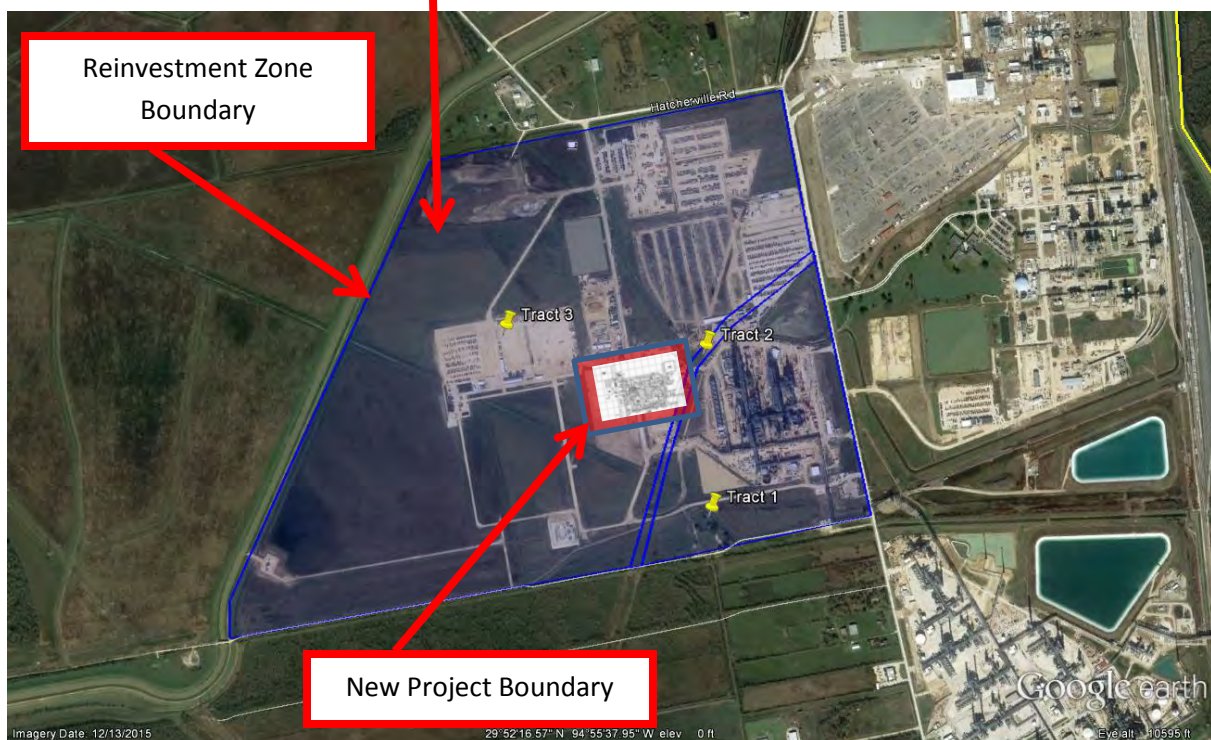
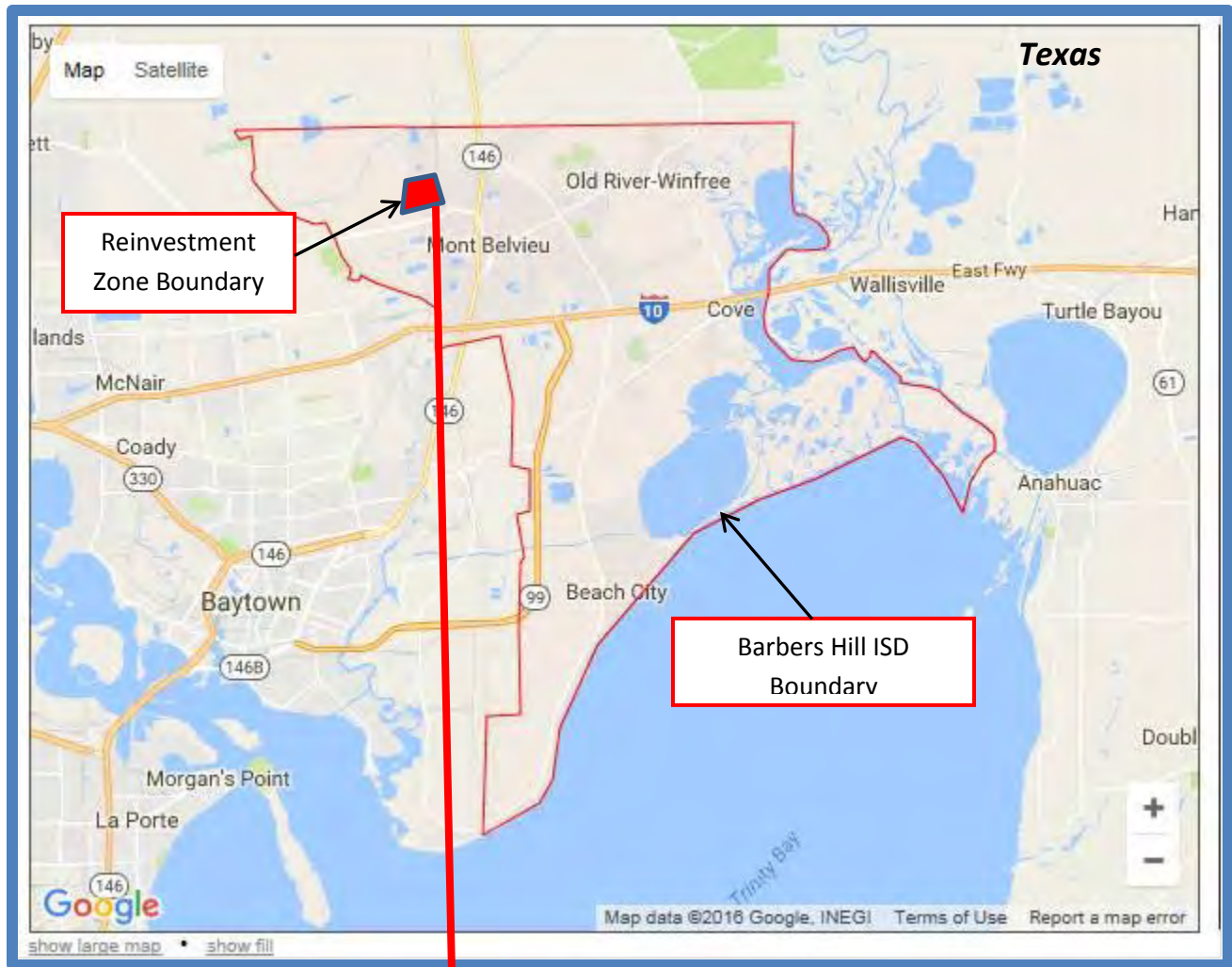
Project Vicinity Map



Reinvestment Zone Map



Qualified Investment / Qualified Property Map



Tab # 12

Request for Waiver of Job Creation Requirement and supporting information

Not Applicable – No request will be made for a waiver of Job Creation

Tab # 13

**Calculation of three possible wage
requirements with TWC documentation**

Calculations of Wages for Chambers County

Based on Most Recent Data Available

Average Weekly Wage for all jobs (all Industries) in the County		
Year	Period	Wages
2016	2nd Qtr	\$1,255
2016	1st Qtr	\$1,167
2015	4th Qtr	\$1,277
2015	3rd Qtr	\$1,052
Average		\$1,188

110% of Average Weekly Wage for Manufacturing jobs in the County		
Year	Period	Wages
2016	2nd Qtr	\$2,479
2016	1st Qtr	\$1,843
2015	4th Qtr	\$2,023
2015	3rd Qtr	\$1,471
Average Weekly Wage		\$1,954
110% of Average Weekly Wage		\$2,149

110% of Average Weekly Wage for Manufacturing jobs in the Region	
Houston-Galveston Area Council	
Rate per Hour	\$26.44
Hours Per Week	40
Average Weekly Wage	\$1,057.60
110% of Average Weekly Wage	\$1,163.36

Minimum Required Annual(52 weeks) Wage	\$60,494.72
--	--------------------

2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
1. Panhandle Regional Planning Commission	\$20.64	\$42,941
2. South Plains Association of Governments	\$17.50	\$36,408
3. NORTEX Regional Planning Commission	\$23.28	\$48,413
4. North Central Texas Council of Governments	\$25.03	\$52,068
5. Ark-Tex Council of Governments	\$18.46	\$38,398
6. East Texas Council of Governments	\$19.84	\$41,270
7. West Central Texas Council of Governments	\$19.84	\$41,257
8. Rio Grande Council of Governments	\$18.32	\$38,109
9. Permian Basin Regional Planning Commission	\$25.18	\$52,382
10. Concho Valley Council of Governments	\$18.80	\$39,106
11. Heart of Texas Council of Governments	\$21.41	\$44,526
12. Capital Area Council of Governments	\$29.98	\$62,363
13. Brazos Valley Council of Governments	\$18.78	\$39,057
14. Deep East Texas Council of Governments	\$17.30	\$35,993
15. South East Texas Regional Planning Commission	\$30.41	\$63,247
16. Houston-Galveston Area Council	\$26.44	\$54,985
17. Golden Crescent Regional Planning Commission	\$23.73	\$49,361
18. Alamo Area Council of Governments	\$19.96	\$41,516
19. South Texas Development Council	\$15.87	\$33,016
20. Coastal Bend Council of Governments	\$25.97	\$54,008
21. Lower Rio Grande Valley Development Council	\$16.17	\$33,634
22. Texoma Council of Governments	\$19.04	\$39,595
23. Central Texas Council of Governments	\$18.04	\$37,533
24. Middle Rio Grande Development Council	\$22.24	\$46,263

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

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

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

Data intended for TAC 313 purposes only.

Quarterly Employment and Wages (QCEW)

FOR ALL INDUSTRIES JOBS CHAMBERS COUNTY

▲▼ Year	▲▼ Period	▲▼ Area	▲▼ Ownership	▲▼ Division	▲▼ Level	▲▼ Ind Code	▲▼ Industry	▲▼ Avg Weekly Wages
2016	2nd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,255
2016	1st Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,167
2015	4th Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,277
2015	3rd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,052

Quarterly Employment and Wages (QCEW)

FOR MANUFACTURING JOBS IN CHAMBERS COUNTY

▲▼ Year	▲▼ Period	▲▼ Area	▲▼ Ownership	▲▼ Division	▲▼ Level	▲▼ Ind Code	▲▼ Industry	▲▼ Avg Weekly Wages
2016	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$2,479
2016	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,843
2015	4th Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$2,023
2015	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,471

Tab # 14

**Schedule A1, A2, B, C and D completed
and signed economic impact**

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2016	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application				0	0	0		0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			2017	28,200,000	0	0		28,200,000
Complete tax years of qualifying time period	QTP1	2018-2019	2018	611,000,000	0	0		611,000,000
	QTP2	2019-2020	2019	206,800,000	0	0		206,800,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				846,000,000	-	-		846,000,000
				Enter amounts from TOTAL row above in Schedule A2				
				Total Qualified Investment (sum of green cells)	846,000,000			

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Date11/10/2016Applicant NameEnterprise Products Operating, LLCISD NameBarbers Hill independent School District

Form 50-296ARevised May 2014

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

PROPERTY INVESTMENT AMOUNTS

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

				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		846,000,000	-	-	-	846,000,000
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	STUB1	2016-2017	2016	0	-	-	-	-
	STUB2	2017-2018	2017	28,200,000	-	-	-	28,200,000
	QTP1	2018-2019	2018	611,000,000	-	-	-	611,000,000
	QTP2	2019-2020	2019	206,800,000	-	-	-	206,800,000
Value limitation period***	1	2020-2021	2020	75,200,000	-	-	-	75,200,000
	2	2021-2022	2021	-	-	-	-	-
	3	2022-2023	2022	-	-	-	-	-
	4	2023-2024	2023	-	-	-	-	-
	5	2024-2025	2024	-	-	-	-	-
	6	2025-2026	2025	-	-	-	-	-
	7	2026-2027	2026	-	-	-	-	-
	8	2027-2028	2027	-	-	-	-	-
	9	2028-2029	2028	-	-	-	-	-
	10	2029-2030	2029	-	-	-	-	-
Total Investment made through limitation				921,200,000	-	-	-	921,200,000
Continue to maintain viable presence	11	2030-2031	2030		-	-	-	-
	12	2031-2032	2031		-	-	-	-
	13	2032-2033	2032		-	-	-	-
	14	2033-2034	2033		-	-	-	-
	15	2034-2035	2034		-	-	-	-
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035		-	-	-	-
	17	2036-2037	2036		-	-	-	-
	18	2037-2038	2037		-	-	-	-
	19	2038-2039	2038		-	-	-	-
	20	2039-2040	2039		-	-	-	-
	21	2040-2041	2040		-	-	-	-
	22	2041-2042	2041		-	-	-	-
	23	2042-2043	2042		-	-	-	-
	24	2043-2044	2042		-	-	-	-
	25	2044-2045	2043		-	-	-	-

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row**.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date

11/10/2016

Applicant Name

Enterprise Products Operating, LLC

Form 50-296A

ISD Name

Barbers Hill independent School District

Revised May 2014

				Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	STUB1	2016-2017	2016	0	0	0	0	0	0
	STUB2	2017-2018	2017	0	0	14,100,000	14,100,000	14,100,000	14,100,000
	QTP1	2018-2019	2018	0	0	108,100,000	108,100,000	108,100,000	108,100,000
	QTP2	2019-2020	2019	0	0	319,600,000	319,600,000	319,600,000	319,600,000
Value Limitation Period	1	2020-2021	2020	0	0	423,000,000	423,000,000	423,000,000	80,000,000
	2	2021-2022	2021	0	0	921,200,000	921,200,000	921,200,000	80,000,000
	3	2022-2023	2022	0	0	902,400,000	902,400,000	902,400,000	80,000,000
	4	2023-2024	2023	0	0	883,600,000	883,600,000	883,600,000	80,000,000
	5	2024-2025	2024	0	0	864,800,000	864,800,000	864,800,000	80,000,000
	6	2025-2026	2025	0	0	846,000,000	846,000,000	846,000,000	80,000,000
	7	2026-2027	2026	0	0	827,200,000	827,200,000	827,200,000	80,000,000
	8	2027-2028	2027	0	0	808,400,000	808,400,000	808,400,000	80,000,000
	9	2028-2029	2028	0	0	792,232,000	792,232,000	792,232,000	80,000,000
	10	2029-2030	2029	0	0	776,387,360	776,387,360	776,387,360	80,000,000
Continue to maintain viable presence	11	2030-2031	2030	0	0	760,859,613	760,859,613	760,859,613	760,859,613
	12	2031-2032	2031	0	0	745,642,421	745,642,421	745,642,421	745,642,421
	13	2032-2033	2032	0	0	730,729,572	730,729,572	730,729,572	730,729,572
	14	2033-2034	2033	0	0	716,114,981	716,114,981	716,114,981	716,114,981
	15	2034-2035	2034	0	0	701,792,681	701,792,681	701,792,681	701,792,681
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035	0	0	687,756,827	687,756,827	687,756,827	687,756,827
	17	2036-2037	2036	0	0	674,001,691	674,001,691	674,001,691	674,001,691
	18	2037-2038	2037	0	0	660,521,657	660,521,657	660,521,657	660,521,657
	19	2038-2039	2038	0	0	647,311,224	647,311,224	647,311,224	647,311,224
	20	2039-2040	2039	0	0	634,364,999	634,364,999	634,364,999	634,364,999
	21	2040-2041	2040	0	0	621,677,699	621,677,699	621,677,699	621,677,699
	22	2041-2042	2041	0	0	609,244,145	609,244,145	609,244,145	609,244,145
	23	2042-2043	2042	0	0	597,059,263	597,059,263	597,059,263	597,059,263
	24	2043-2044	2042	0	0	585,118,077	585,118,077	585,118,077	585,118,077
	25	2044-2045	2043	0	0	573,415,716	573,415,716	573,415,716	573,415,716

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 11/10/2016
Applicant Name Enterprise Products Operating, LLC
ISD Name Barbers Hill independent School District

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	STUB 1	2016-2017	2016	0	-	0	0	-
	STUB 2	2017-2018	2017	450 FTE	65,000	0	0	-
	QTP1	2018-2019	2018	1000 FTE	65,000	0	0	-
	QTP2	2019-2020	2019	1000FTE	65,000	0	25	65,000
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2020-2021	2020			0	25	65,000
	2	2021-2022	2021			0	25	65,000
	3	2022-2023	2022			0	25	65,000
	4	2023-2024	2023				25	65,000
	5	2024-2025	2024				25	65,000
	6	2025-2026	2025				25	65,000
	7	2026-2027	2026				25	65,000
	8	2027-2028	2027				25	65,000
	9	2028-2029	2028				25	65,000
	10	2029-2030	2029				25	65,000
Years Following Value Limitation Period	11 through 25	2030-2036	2030-2036				25	65,000

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

- C1.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
If yes, answer the following two questions:

☐ Yes ☒ No
- C1a.

Will the applicant request a job waiver, as provided under 313.025(f-1)?

☐ Yes ☒ No
- C1b.

Will the applicant avail itself of the provision in 313.021(3)(F)?

☐ Yes ☒ No

Schedule D: Other Incentives (Estimated)

Date 11/10/2016
 Applicant Name Enterprise Products Operating, LLC
 ISD Name Barbers Hill independent School District

Form 50-296A
 Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Chambers County	2018	10 Years	3,755,038	75%	938,760
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements	City: City of Baytown ETJ	2018	7 Years	5,193,703	65%	1,817,796
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$ 8,948,741		\$ 2,756,556

Additional information on incentives for this project:

Applicant is negotiating an Industrial District Agreement ("IDA") with the City of Baytown for the proposed project. The proposed IDA terms include a 7 year term, an agreement that the project property will not be annexed by the City, a value limitation on the project property and a reduced tax rate on the project property at the "Industrial District Rate" which, together, would approximate a 65% net effective abatement on the project property.

Tab # 15

**Economic Impact Analysis, other
payments made in the state of other
economic information**

Not Applicable

Tab # 16

Description of Reinvestment Zone

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

Guidelines and Criteria for creating Reinvestment Zone are attached.

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

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

The Court finds and declares that:

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

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

PASSED and ADOPTED February 26, 2013.

CHAMBERS COUNTY, TEXAS

By:

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

JUDGE JIMMY SYLVIA,
Chambers County Judge

ATTEST:

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

HEATHER H. HAWTHORNE, County Clerk

FIELD NOTES

EXHIBIT "TRACT # 1"

LEGAL DESCRIPTION

88.077 ACRES

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT "TRACT #2"

LEGAL DESCRIPTION

8.437 ACRES

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

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

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

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

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

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

Prepared by: Allen Ko

Checked by: Patrick Trewitt, RPLS Morris P. Hebert, Inc.

10101 Southwest Freeway, Suite 620

Houston, Texas 70774 (713) 217-1470

January 24, 2013

MPH, INC Project No. I1078-02

11078-02-8.437 acres-LEGAL DESCRIPTION.doc



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

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

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

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

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

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

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

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

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

EXHIBIT "TRACT # 3"

LEGAL DESCRIPTION

431.0 ACRES

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

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

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

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

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

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

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

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

THENCE South 77°51'31" West with a South line of this tract of land, a South line of said residue of 2214 acres, and a North line of said 32.35 acres a distance of 40.53 feet to a 1/4 inch iron rod found for a Southwest corner of this tract of land, a Southwest corner of said residue of 2214 acres, and an interior corner of said 32.35 acres.

THENCE in a Northerly direction with a West line of this tract of land, a West line of said residue of 2214 acres, an East line of said 32.35 acres, and a curve to the right, having a central angle of 33°56'10", a radius of 735.00 feet, an arc length of 435.34 feet, and a chord bearing and distance of North 04°45'25" East 429.00 feet to a 1/4 inch iron rod found for the point of tangency of this tract of land.

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

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

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

2011 BK VL
62639 CR 1244

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

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

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

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

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

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

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

GUIDELINES AND CRITERIA FOR TAX ABATEMENT IN CHAMBERS COUNTY

SECTION 1 INTRODUCTION

In recognition of the fact that:

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

SECTION 2 DEFINITIONS

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

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

SECTION 3

ABATEMENT AUTHORIZED

- a.) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Wholesale Distribution Facility, Service Facility, Entertainment and Recreation Facility, or other Basic Industry.

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

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

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

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

- h.) **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and receive tax abatement, the proposed improvement;
 - (1) Must be reasonably expected to increase the value of property in the amount of \$500,000 or more after the period of abatement has expired;

- (2) Must be reasonably expected to prevent the loss of employment and to create employment at the facility for at least five people on a permanent basis and the owner must agree to exercise its best efforts to insure that 50% of new employees, or a minimum of two (2) employees, are residents of Chambers County, Harris County, Jefferson County, Galveston County, Hardin County and/or Liberty County; 10% of new employees, or a minimum of two (2) employees, are residents of Chambers County; and 5% of new employees, or a minimum of one (1) employee are resident(s) of the city in which the facility is located;
- (3) Must not be expected to solely or primarily have the effect of transferring employment from one part of Chambers County to another; and
- (4) If a new facility, must be necessary because capacity cannot be provided efficiently utilizing existing improved property when reasonable allowance is made for necessary improvements.

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

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

SECTION 4 APPLICATION

- a.) **Filing of Application.** Any present or potential owner of taxable property in Chambers County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County Judge of Chambers County if the property is located outside of the taxing jurisdiction of a municipality.
- b.) **Content of Application.** The application shall consist of a completed application form accompanied by: a general description of the new improvements to be undertaken; a general descriptive list of the improvements for which an abatement is requested; a list of the kind, number and location of all proposed improvements of the property; a map and/or aerial and location of all proposed improvements of the property; a map and property description; and a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the municipality or County deems appropriate for evaluating the financial capacity and other factors of the applicant.
- c.) **Notice to Eligible Jurisdiction.** Upon receipt and approval of an application, Chambers County shall notify in writing the presiding officer of the governing body of each eligible jurisdiction.

- d.) **Abatement Inapplicable to Prior Projects.** Chambers County shall not establish a reinvestment zone or enter into an abatement agreement if it finds that the request for the abatement was approved by Commissioner's Court after the construction, alteration, or installation of improvements began as related to a proposed modernization, expansion or new facility.
- e.) **Variance.** Requests for variance from the provisions of Subsections (a), (e) and (g) of Section 3 must be made in written form. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance.

SECTION 5 PUBLIC HEARING AND APPROVAL

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

SECTION 6 AGREEMENT

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

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

SECTION 7 RECAPTURE

The tax abatement agreement shall contain provisions for recapture of taxes abated in the event that 1) the improvements for which abatement was granted are not completed in accordance with agreement, 2) the owner allows ad valorem taxes owed the eligible jurisdictions granting abatement to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of such taxes, 3) the owner discontinues operating or using the property as required by the agreement, or 4) the owner breaches any of the terms or conditions of the agreement.

SECTION 8 ADMINISTRATION

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

SECTION 9 ASSIGNMENT

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

SECTION 10
SUNSET PROVISIONS

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

APPLICATION FOR TAX ABATEMENT IN CHAMBERS COUNTY, TX

This application should be filed at least 90 days prior to the proposed date for beginning of construction or the installation of fixed machinery and equipment. **Projects that have begun construction (including earthwork) prior to County approval of final contracts are ineligible.** The filing of this document acknowledges familiarity and conformance with Guidelines and Criteria for Tax Abatement in Chambers County (attached). This application will become part of the agreement and any knowingly false representations will be grounds to void the agreement. Original copy of this request should be submitted to the County Judge Jimmy Sylvia, 404 Washington Avenue, P. O. Box 939, Anahuac, Texas 77514 if the property is located outside the corporate limits of a municipality. If the property is within the corporate limits of a municipality, the application should be submitted to the city manager of the municipality or city administrator. Note: Approval of this application is only 1 step in securing tax abatement. The applicant must provide other legal documents.

Upon approval, the applicant must maintain membership in the Baytown-West Chambers County Economic Development Foundation, commencing the date of agreement and extending for the term of this agreement, at the standard rate for similar size companies as established by the Foundation.

APPLICANT INFORMATION

Date: March 18, 2015

Company Name: _____
 Address: _____
 City: _____ State: _____ Zip-Code: _____

APPLICANT MUST SUBMIT ANNUAL REPORT. (See instructions).

Number of Employees: _____
 Annual Sales: _____
 Corporation: ☐ Partnership: ☐ Proprietorship: ☐

PROJECT INFORMATION

Type of Facility

See Instructions

- ☐ Manufacturing Facility
- ☐ Wholesale Distribution Facility
- ☐ Research Facility
- ☐ Service Facility
- ☐ Entertainment & Recreation Facility
- ☐ Other Basic Industry

Proposed Project Location Address and Legal Description: _____

Attach map and/or aerial showing proposed site

Jurisdictions:

School District _____
 College District _____
 City or Town _____

Describe Product or ServiceProject Description:

Attach narrative(s) fully explaining the project, describe existing site and proposed improvements and provide list of improvements and fixed machinery and equipment for which abatement is requested.

☐ NEW PLANT☐ EXPANSION☐ MODERNIZATION**ECONOMIC INFORMATION****Construction Estimates:**

Start Month/Year ____/____ Construction Man Years ____
 Completion Date ____/____ Peak Construction Jobs ____

If Modernization:

Estimated Economic Life of Existing Plant ____ Years
 Added Economic Life from Modernization ____ Years

Permanent Employment Estimates (PEE'S)

Current Plant Employment ____
 Number of Plant Jobs ☐ Retained or ☐ Created
 At start/opening ____ in year ____
 5 years into operation ____ in year ____

Estimated Appraised Value on Site

	Personal	Improvements	Land
Value January 1 Preceding Abatement Agreement:	_____	_____	_____
Est. Value of Improvements:	_____	_____	_____
Est. Value of Abated Properties After Abatement Expires:	_____	_____	_____
Value upon Completion of Project – Personal Property and Project Improvements Not Subject To Abatement:	_____	_____	_____

VARIANCE

Is the applicant seeking a variance under Section 4 (e) of the guidelines? ☐ YES ☐ NO

If "YES", attach required supplementary information.

OTHER ABATEMENTS. Has the company made application for abatement for this project to other taxing jurisdictions or nearby counties? ☐ YES ☐ NO. If "YES" please provide dates of application, hearing dates if held or scheduled, name of jurisdictions and contacts, and letter of intent.

COMPANY REPRESENTATIVE TO BE CONTACTED:

NAME: _____

Signature of Company Official

TITLE: _____

Name & Title of Company Official

ADDRESS: _____

CITY: _____

STATE: _____

ZIP-CODE: _____

TELEPHONE: _____

INSTRUCTIONS

Applicant and projects must meet the requirements established in the Guidelines and Criteria (attached) in order to receive positive consideration. Section 3 of the Guidelines, for example, sets out improvements, terms and economic qualifications. Conformance with all sections, however, is required for eligibility.

APPLICANT INFORMATION

The taxing unit may consider applicant's financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established; business references (name, contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

PROJECT INFORMATION

Only facilities listed in Section 3(a) of the Guidelines may receive abatement without applying for a variance. Check guideline definitions in Section 2 to confirm project qualification.

ECONOMIC INFORMATION

Permanent Employment Estimates – In estimating the permanent employment, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

Estimated Appraised Value on Site – The value January 1st preceding abatement should be the value established by the Chambers County Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least five hundred thousand dollars (\$500,000.00) after the period of abatement expires. Projections of value should be a “best estimate” based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plant administration, housing, etc.

Tab # 17

**Signature and Certification page, signed
and dated by Authorized School District
Representative and Authorized Company
Representative (applicant)**

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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

print
here ▶

Dr. Greg Poole
Print Name (Authorized School District Representative)

Superintendent
Title

sign
here ▶


Signature (Authorized School District Representative)

12/8/2016
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print
here ▶

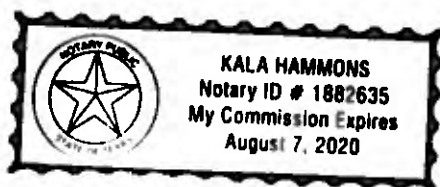
Curt Tate
Print Name (Authorized Company Representative (Applicant))

Senior Tax Director
Title

sign
here ▶


Signature (Authorized Company Representative (Applicant))

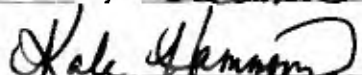
12/6/2016
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

6th day of December, 2016


Notary Public in and for the State of Texas

My Commission expires: 8/7/2020

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

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT B
Franchise Account Status of
Enterprise Products Operating LLC



Franchise Tax Account Status

As of : 01/19/2017 10:23:22

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

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

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT C
Comptroller Letter Certifying
Application as Complete



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

December 14, 2016

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

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Barbers Hill Independent School District and Enterprise Products Operating, LLC, Application 1162

Dear Superintendent Poole:

On November 18, 2016, the Comptroller's office received from Barbers Hill Independent School District (school district) an application from Enterprise Products Operating, LLC (applicant) for a limitation on appraised value (Application 1162).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on December 14, 2016.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 3- 6053 or at 512-463- 6053

Sincerely,

A handwritten signature in black ink, appearing to read "Will Coughlin", is written over a horizontal line.

Will Coughlin

Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Curt Tate, Enterprise Products
Tim Young, Ikard Wynne LLP

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT D
Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 18, 2017

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

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Barbers Hill Independent School District and Enterprise Products Operating, LLC, Application 1162

Dear Superintendent Poole:

On December 14, 2016, the Comptroller issued written notice that Enterprise Products Operating, LLC (applicant) submitted a completed application (Application 1162) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on November 14, 2016, to the Barbers Hill Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1162.

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

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

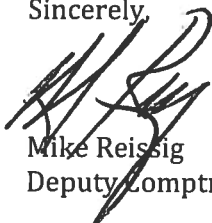
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2017.

Note that any building or improvement existing as of the application review start date of December 14, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Enterprise Products Operating, LLC (project) applying to Barbers Hill Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Enterprise Products Operating, LLC.

Applicant	Enterprise Products Operating, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2015-2016 Average Daily Attendance	4,785
County	Chambers
Proposed Total Investment in District	\$921,200,000
Proposed Qualified Investment	\$846,000,000
Limitation Amount	\$80,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	25
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,250
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(b)	\$1,163
Minimum annual wage committed to by applicant for qualified jobs	\$65,000
Minimum weekly wage required for non-qualifying jobs	\$1,188
Minimum annual wage required for non-qualifying jobs	\$61,764
Investment per Qualifying Job	\$36,848,000
Estimated M&O levy without any limit (15 years)	\$124,023,801
Estimated M&O levy with Limitation (15 years)	\$47,224,476
Estimated gross M&O tax benefit (15 years)	\$76,799,325

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	450	515	965	\$29,250,000	\$43,178,100	\$72,428,100
2018	1000	1,173	2173	\$65,000,000	\$106,547,200	\$171,547,200
2019	1025	1,295	2320	\$66,625,000	\$129,131,800	\$195,756,800
2020	25	258	283	\$1,625,000	\$40,283,600	\$41,908,600
2021	25	149	174	\$1,625,000	\$29,630,500	\$31,255,500
2022	25	78	103	\$1,625,000	\$21,832,700	\$23,457,700
2023	25	47	72	\$1,625,000	\$17,174,900	\$18,799,900
2024	25	39	64	\$1,625,000	\$14,718,900	\$16,343,900
2025	25	44	69	\$1,625,000	\$14,110,700	\$15,735,700
2026	25	57	82	\$1,625,000	\$14,574,200	\$16,199,200
2027	25	72	97	\$1,625,000	\$15,706,800	\$17,331,800
2028	25	87	112	\$1,625,000	\$17,290,500	\$18,915,500
2029	25	102	127	\$1,625,000	\$19,126,500	\$20,751,500
2030	25	105	130	\$1,625,000	\$19,893,200	\$21,518,200
2031	25	111	136	\$1,625,000	\$20,877,700	\$22,502,700
2032	25	116	141	\$1,625,000	\$21,895,900	\$23,520,900
2033	25	120	145	\$1,625,000	\$22,935,600	\$24,560,600
2034	25	124	149	\$1,625,000	\$23,985,400	\$25,610,400

Source: CPA REMI, Enterprise Products Operating, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	1.0600		0.5527	0.8220	
2020	\$423,000,000	\$423,000,000		\$1,141,254	\$4,483,800	\$5,625,054	\$2,337,874	\$3,477,187	\$11,440,115
2021	\$921,200,000	\$921,200,000		\$2,485,398	\$9,764,720	\$12,250,118	\$5,091,371	\$7,572,540	\$24,914,029
2022	\$902,400,000	\$902,400,000		\$2,434,675	\$9,565,440	\$12,000,115	\$4,987,466	\$7,417,999	\$24,405,579
2023	\$883,600,000	\$883,600,000		\$2,383,953	\$9,366,160	\$11,750,113	\$4,883,560	\$7,263,457	\$23,897,130
2024	\$864,800,000	\$864,800,000		\$2,333,230	\$9,166,880	\$11,500,110	\$4,779,654	\$7,108,915	\$23,388,680
2025	\$846,000,000	\$846,000,000		\$2,282,508	\$8,967,600	\$11,250,108	\$4,675,749	\$6,954,374	\$22,880,231
2026	\$827,200,000	\$827,200,000		\$2,231,786	\$8,768,320	\$11,000,106	\$4,571,843	\$6,799,832	\$22,371,781
2027	\$808,400,000	\$808,400,000		\$2,181,063	\$8,569,040	\$10,750,103	\$4,467,938	\$6,645,291	\$21,863,332
2028	\$792,232,000	\$792,232,000		\$2,137,442	\$8,397,659	\$10,535,101	\$4,378,579	\$6,512,385	\$21,426,065
2029	\$776,387,360	\$776,387,360		\$2,094,693	\$8,229,706	\$10,324,399	\$4,291,008	\$6,382,137	\$20,997,544
2030	\$760,859,613	\$760,859,613		\$2,052,799	\$8,065,112	\$10,117,911	\$4,205,187	\$6,254,494	\$20,577,593
2031	\$745,642,421	\$745,642,421		\$2,011,743	\$7,903,810	\$9,915,553	\$4,121,084	\$6,129,404	\$20,166,041
2032	\$730,729,572	\$730,729,572		\$1,971,508	\$7,745,733	\$9,717,242	\$4,038,662	\$6,006,816	\$19,762,720
2033	\$716,114,981	\$716,114,981		\$1,932,078	\$7,590,819	\$9,522,897	\$3,957,889	\$5,886,680	\$19,367,466
2034	\$701,792,681	\$701,792,681		\$1,893,437	\$7,439,002	\$9,332,439	\$3,878,731	\$5,768,946	\$18,980,116
			Total	\$31,567,568	\$124,023,801	\$155,591,369	\$64,666,595	\$96,180,458	\$316,438,422

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Baytown ETJ and Chambers County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements with the County and City ETJ.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Baytown ETJ Tax Levy	Estimated Total Property Taxes
				0.2698	1.0600		0.5527	0.8220	
2020	\$423,000,000	\$80,000,000		\$1,141,254	\$848,000	\$1,989,254	\$584,469	\$1,217,015	\$3,790,738
2021	\$921,200,000	\$80,000,000		\$2,485,398	\$848,000	\$3,333,398	\$1,272,843	\$2,650,389	\$7,256,629
2022	\$902,400,000	\$80,000,000		\$2,434,675	\$848,000	\$3,282,675	\$1,246,866	\$2,596,300	\$7,125,841
2023	\$883,600,000	\$80,000,000		\$2,383,953	\$848,000	\$3,231,953	\$1,220,890	\$2,542,210	\$6,995,053
2024	\$864,800,000	\$80,000,000		\$2,333,230	\$848,000	\$3,181,230	\$1,194,914	\$2,488,120	\$6,864,264
2025	\$846,000,000	\$80,000,000		\$2,282,508	\$848,000	\$3,130,508	\$1,168,937	\$6,954,374	\$11,253,819
2026	\$827,200,000	\$80,000,000		\$2,231,786	\$848,000	\$3,079,786	\$1,142,961	\$6,799,832	\$11,022,579
2027	\$808,400,000	\$80,000,000		\$2,181,063	\$848,000	\$3,029,063	\$1,116,984	\$6,645,291	\$10,791,338
2028	\$792,232,000	\$80,000,000		\$2,137,442	\$848,000	\$2,985,442	\$4,378,579	\$6,512,385	\$13,876,406
2029	\$776,387,360	\$80,000,000		\$2,094,693	\$848,000	\$2,942,693	\$4,291,008	\$6,382,137	\$13,615,838
2030	\$760,859,613	\$760,859,613		\$2,052,799	\$8,065,112	\$10,117,911	\$4,205,187	\$6,254,494	\$20,577,593
2031	\$745,642,421	\$745,642,421		\$2,011,743	\$7,903,810	\$9,915,553	\$4,121,084	\$6,129,404	\$20,166,041
2032	\$730,729,572	\$730,729,572		\$1,971,508	\$7,745,733	\$9,717,242	\$4,038,662	\$6,006,816	\$19,762,720
2033	\$716,114,981	\$716,114,981		\$1,932,078	\$7,590,819	\$9,522,897	\$3,957,889	\$5,886,680	\$19,367,466
2034	\$701,792,681	\$701,792,681		\$1,893,437	\$7,439,002	\$9,332,439	\$3,878,731	\$5,768,946	\$18,980,116
			Total	\$31,567,568	\$47,224,476	\$78,792,044	\$37,820,003	\$74,834,394	\$191,446,441
			Diff	\$0	\$76,799,325	\$76,799,325	\$26,846,592	\$21,346,064	\$124,991,981
Assumes School Value Limitation and Tax Abatements with the County and City ETJ.									

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Enterprise Products Operating, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$149,460	\$149,460	\$0	\$0
	2018	\$1,145,860	\$1,295,320	\$0	\$0
	2019	\$3,387,760	\$4,683,080	\$0	\$0
Limitation Period (10 Years)	2020	\$848,000	\$5,531,080	\$3,635,800	\$3,635,800
	2021	\$848,000	\$6,379,080	\$8,916,720	\$12,552,520
	2022	\$848,000	\$7,227,080	\$8,717,440	\$21,269,960
	2023	\$848,000	\$8,075,080	\$8,518,160	\$29,788,120
	2024	\$848,000	\$8,923,080	\$8,318,880	\$38,107,000
	2025	\$848,000	\$9,771,080	\$8,119,600	\$46,226,600
	2026	\$848,000	\$10,619,080	\$7,920,320	\$54,146,920
	2027	\$848,000	\$11,467,080	\$7,721,040	\$61,867,960
	2028	\$848,000	\$12,315,080	\$7,549,659	\$69,417,619
	2029	\$848,000	\$13,163,080	\$7,381,706	\$76,799,325
	2030	\$8,065,112	\$21,228,192	\$0	\$76,799,325
Maintain Viable Presence (5 Years)	2031	\$7,903,810	\$29,132,002	\$0	\$76,799,325
	2032	\$7,745,733	\$36,877,735	\$0	\$76,799,325
	2033	\$7,590,819	\$44,468,554	\$0	\$76,799,325
	2034	\$7,439,002	\$51,907,556	\$0	\$76,799,325
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$7,290,222	\$59,197,779	\$0	\$76,799,325
	2036	\$7,144,418	\$66,342,197	\$0	\$76,799,325
	2037	\$7,001,530	\$73,343,726	\$0	\$76,799,325
	2038	\$6,861,499	\$80,205,225	\$0	\$76,799,325
	2039	\$6,724,269	\$86,929,494	\$0	\$76,799,325
	2040	\$6,589,784	\$93,519,278	\$0	\$76,799,325
	2041	\$6,457,988	\$99,977,266	\$0	\$76,799,325
	2042	\$6,328,828	\$106,306,094	\$0	\$76,799,325
	2043	\$6,202,252	\$112,508,345	\$0	\$76,799,325
	2044	\$6,078,207	\$118,586,552	\$0	\$76,799,325

\$118,586,552

is greater than

\$76,799,325

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Enterprise Products Operating, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per Enterprise Products Operating, LLC, Inc. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.”
 - B. “The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.”
- In a December 6 –7, 2016 Wells Fargo Pipeline, MLP and Utility Symposium presentation by Enterprise Products Partners, LP it reported one of the projects mentioned under development is an isobutene dehydrogenation facility.
- A December 11, 2016 *Advisor Access* article states that Enterprise Products Partners, LP. is “developing an isobutene dehydrogenation (ibDH) plant that would allow us to fully utilize two existing facilities to increase our production of motor gasoline additives and petrochemical feedstocks.”

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

☒ Land has no existing improvements
☐ Expansion of existing operation on the land (*complete Section 13*)

☐ Land has existing improvements (*complete Section 13*)
☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

Tab # 5

Limitation is a Determining Factor

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

Applicant owns the land upon which the proposed project identified in Tab 7 will be constructed. That land is described in Tab 9, Item 1.

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

The Applicant has entered into a purchase and sale agreement and ancillary agreements with a customer which, *inter alia*, to the extent possible, assure the long-term supply of and demand for various products containing isobutylene. These products would be produced from Applicant's existing plants as well as the proposed project. These agreements are a common and necessary precursor to the Applicant's commitment of its capital investment in a proposed project of this magnitude. Moreover, in the ordinary course of business, the Applicant routinely pursues supply sources of and demand for product which are adequate to justify the investment the Applicant is making in the proposed project.

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

As described in Tab 10 to this Application, the site of the proposed project is currently being used as a construction staging area for an unrelated project under construction by the Applicant. The construction items in the staging area are not improvements to the site of the proposed project. The construction items in the staging area will be totally removed from the site of the proposed project prior to commencement of the construction of the proposed project.

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

Over the past two years, Applicant has made public statements investor conferences and analyst calls regarding the potential development of additional facilities to convert isobutane into other products and the potential to develop a isobutane dehydrogenation plant. Such statements have only concerned the potential development of such a plant, and have not been site specific.

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

N/A

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

N/A

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

N/A

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

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

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

N/A

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

See the attached Item 10 to Tab 5.

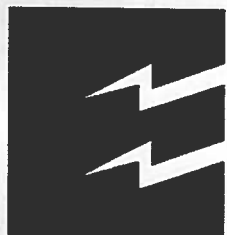
Key Determining factors:

- The Applicant has submitted in Item 10 to Tab 5 a discounted cash flow model (DCF) computing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. The DCF model shows that the rate of return with the valuation limitation agreement exceeds the minimum rate of return required by the Applicant to proceed with the proposed investment.

- An appraised value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize the Applicant to invest capital in the proposed project rather than making an alternative investment.
- The property tax burden for the Applicant's proposed project is significant. The property tax burden has a direct impact on the proposed project's economic viability and the decision to invest in Texas.
- The ability to enter into a Chapter 313 appraised value limitation agreement with the school district is a determining factor to invest in this project.
- Capital investments by the Applicant are based on expected economic return on investment. Property tax liabilities can make up a substantial ongoing cost of operation that directly impacts the rate of return on the investment in the proposed project. Without the tax incentive the economics of this project will be less competitive with other capital intensive projects and the viability of the proposed project becomes uncertain.
- Tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas.
- The Applicant is evaluating various manufacturing projects for development and where to commit substantial long term investment based on economic rate of return on investment in the proposed projects. The economic benefits provided by a Chapter 313 appraised value limitation agreement is an important component in this analysis.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



ENTERPRISE PRODUCTS PARTNERS L.P.

WELLS FARGO PIPELINE, MLP AND UTILITY SYMPOSIUM

December 6–7, 2016

Randy Fowler
President

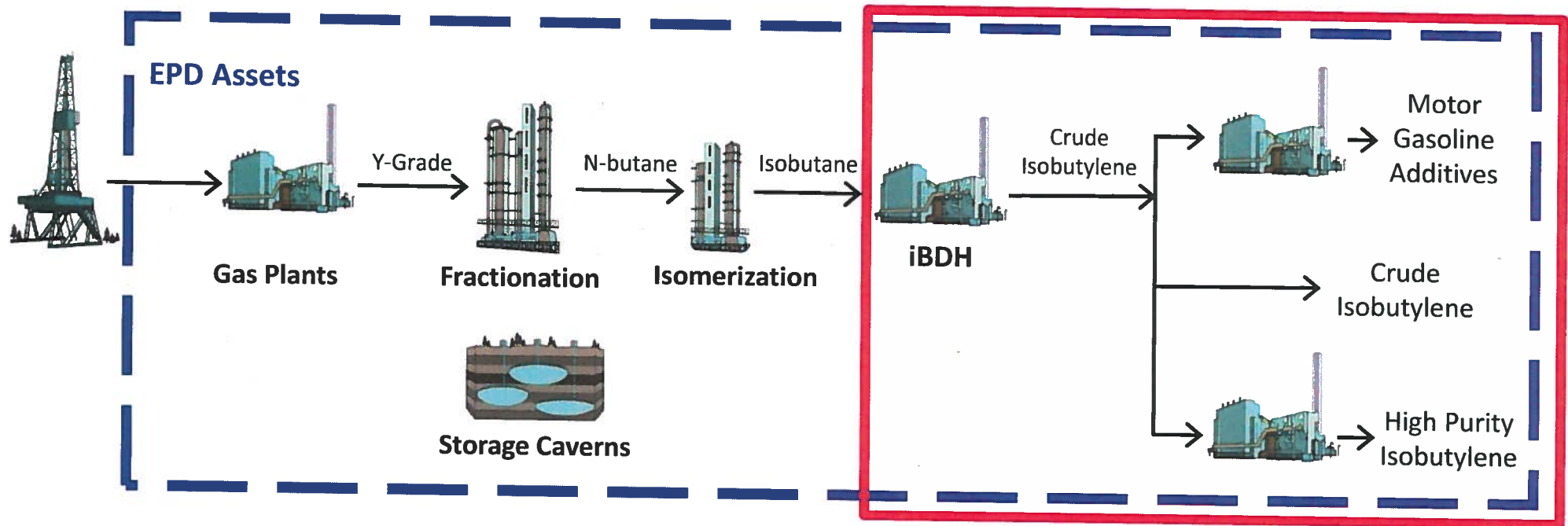
EPD
LISTED
NYSE



PROJECTS UNDER DEVELOPMENT



PROJECT UNDER DEVELOPMENT: iso-Butane DeHydrogenation (iBDH)



- Provides substantial growth in our butane value chain
- Fills existing capacity at our gasoline additive and high purity isobutylene facilities
- Supported by long term fee-based contracts

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**Enterprise Products
Partners L.P.**

The Power of Diversity and Distribution

Enterprise Products Partners L.P. (NYSE: EPD) provides midstream energy services to producers and end users throughout the U.S. Enterprise's assets include 49,000 miles of natural gas, natural gas liquids (NGLs), crude oil, refined products, and petrochemical pipelines, storage for 250 million barrels of NGLs, refined products, and crude oil, 25 natural gas processing plants, and eight import/export terminals with over 20 docks. One of the largest MLPs in the U.S., Enterprise has maintained distributable cash flow in the most current downturn in the energy cycle. For more information, visit www.enterpriseproducts.com.

- Consistent distribution growth: 48 consecutive quarters
- Market Cap: ~\$60 billion
- ~\$35 billion of organic growth projects and \$26 billion of major acquisitions since IPO in 1998
- Dividend Yield: ~6%

[Click here to view the Enterprise Products Fact Sheet](#)

[Click here to view the Enterprise Products Investor Overview](#)

Advisor Access spoke to Enterprise's **President Randy Fowler** about how the company has negotiated tough times in the energy market and plans for future growth.

The Advisor Access Interview

Advisor Access: *The question “Is the Master Limited Partnership (MLP) model broken?” keeps coming up. Enterprise Products Partners seems to be a case of how the model can and is working. Can you explain the steps the company has taken to make that happen?*



Randy Fowler: We hear that quite a bit also. We believe the idea is a simplistic, broad-brush overstatement. The energy industry is a cyclical industry. Sometimes the oil and natural gas producers are most impacted, other times it may be the refining sector or the petrochemical sector. This time producers and oilfield services have been most impacted from an earnings standpoint. Some midstream companies have been impacted more than others. The earnings and cash flow of many midstream MLPs have held up quite well, which is expected from a primarily fee-based business model. However, the correlation of equity prices for the MLP sector with crude oil prices, as measured by the Alerian MLP Index, has been almost as high as that of the oil and gas producers.

There are over 100 companies structured as MLPs, so the capital markets have confidence that the structure is successful. That being said, several variations of MLPs, frankly, do not work very well for typical MLP investors seeking long-term, stable streams of cash distribution income. Those include MLPs with variable rate distributions and those MLPs in the exploration and production and oilfield service industries that have high variability of operating cash flows.

The current energy cycle did not have many warning signs. It came about abruptly in Q4/14 and has been a long and deep cycle, with crude oil hitting as low as \$28 per barrel in Q1/16. Several midstream MLPs were not financially prepared to cope with this cycle for a number of reasons, such as having too much debt leverage, weak distribution coverage, a high cost of equity capital due to a general partner in the 50% incentive distribution rights (IDRs) bracket, a publicly traded general partner, or a combination thereof. This lack of financial flexibility contributed to volatility and lower valuations for their equity, which had its own feedback loop.

With respect to the larger MLPs, the equity and debt valuations for MLPs such as Enterprise, Magellan Midstream Partners and Spectra Energy Partners held up better due to the stability of fee-based businesses, lower use of debt leverage, no general partner IDRs (Enterprise and Magellan), lower cost of equity capital, and strong coverage of cash distributions. It also helps to have a great commercial and operating team like Enterprise's, which can find and execute on incremental business opportunities during the periods of volatility.

“It helps to have a great commercial and operating team like Enterprise's, which can find and execute on incremental business opportunities during the periods of volatility.”

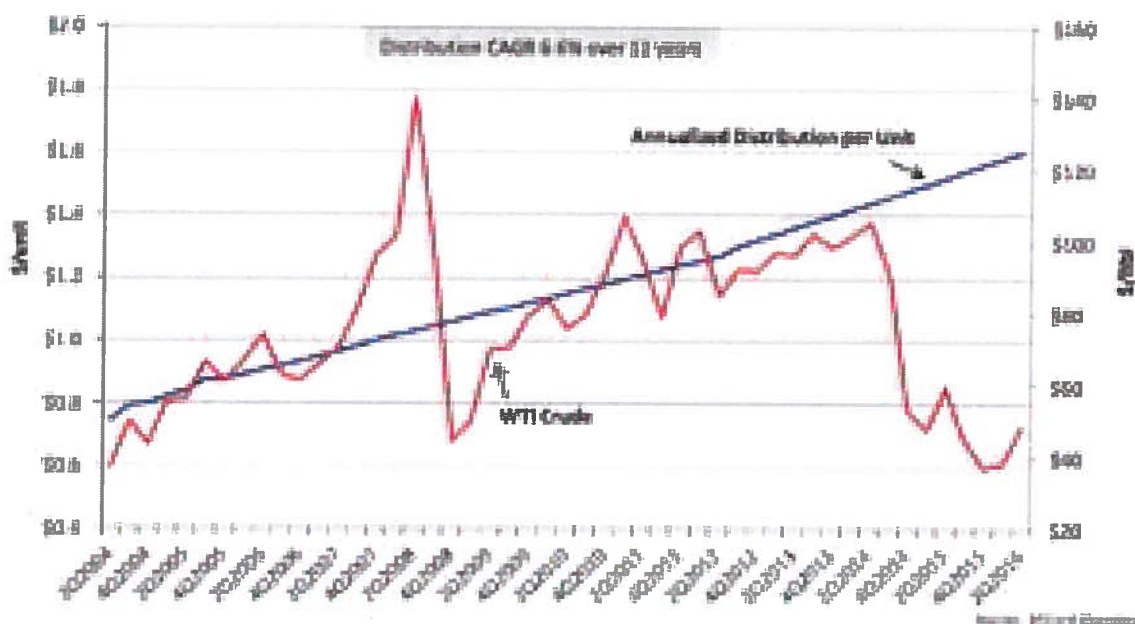
Our founder, Dan Duncan, was a visionary in his early recognition that MLPs with IDRs would ultimately have a prohibitively high cost of equity, less financial flexibility, and an unsustainable business model. He often said MLPs with 50% IDRs would “hit the wall someday.” Some have hit that “wall.” Enterprise was one of the first MLPs to cap its IDRs at 25% in 2002, when most partnerships had a 50% IDR cap, and then we eliminated our IDRs altogether in 2010.

So, we believe the MLP model works just fine. The combination of earnings volatility, aggressive use of debt leverage, a burdensome 50% IDR, and not covering cash distributions heading into one of the worst oil price cycles in history does not work.

Some of the MLPs with 50% IDRs would probably have been fine if they had been better capitalized and had better distribution coverage. It pays to maintain a financial margin of safety, irrespective of whether a business is organized as a corporation, MLP, LLC, yieldco, or REIT. Always has.

AA: *That leads into the next question: How does Enterprise balance growth in new infrastructure and financing requirements while still protecting investors through this downturn in the energy cycle?*

RF: The primary objective of Enterprise's business model is sustainability over the long term. One of our financial goals is to balance providing partners with moderate distribution increases with retaining excess distributable cash flow for financial flexibility—and to reinvest in the growth of the partnership. Retained distributable cash flow reduces our reliance on the equity capital markets to fund growth capital projects, and thereby reduces the amount of dilution associated with issuing new equity. We have raised our distribution for 48 consecutive quarters (or 12 years), which, to our knowledge, is the longest track record of any MLP. Our margin of safety has been demonstrated with average distribution coverage of 1.4 times and the retention of over \$5 billion (\$5B), excluding nonrecurring items, of cash flow in the partnership to fund growth projects since Q1/11.



AA: *What differentiates Enterprise from other midstream energy operators?*

RF: Reliability, integration, diversification. We look at our asset base as a value chain. It's not uncommon for us to touch a molecule five to seven times in our system. For example, rich natural gas is gathered in the Rockies, then the NGLs are separated from the gas at a processing facility, then the NGLs are transported via one of our long-haul pipelines. The NGLs are further separated at a fractionation facility into purity components, then put into storage, and then moved through a distribution pipeline to an end-customer or an export facility. That type of integration is what attracts our great customer base. It provides flow assurance, market access, and supply diversification. Additionally, our businesses are diversified. Approximately 56% of our \$5.3B of total gross operating margin (a non-GAAP measure) for the trailing 12 months ended June 30, 2016, was generated from our NGL business, while 17% came from our crude oil businesses, 14% from our natural gas segment, and 13% from our petrochemical and refined products services segment.

AA: *When it comes to acquisitions, does that same methodology apply? You wouldn't be interested in something that could have great value if it doesn't have upside for the rest of your assets, correct?*

RF: We are not looking to buy assets just for the sake of getting bigger. An acquisition needs to be accretive to distributable cash flow per unit and complement our existing system. Our most recent acquisitions, Oiltanking Partners and the EFS Midstream assets, had immediate upside for other assets in our system. The Oiltanking transaction enabled us to better stage vessels for loading and unloading hydrocarbons, and we began realizing those efficiencies very quickly. The EFS assets expanded and extended our Eagle Ford position by adding gathering, stabilization, and processing. These assets, integrated with our system, are providing additional upside. Conversely, the Mississippi natural gas storage business we sold in 2011 was an example of an asset that was not integrated with our midstream system and had better value for another operator.

AA: *Looking across your system, where do investors get the most excited about potential upside for future value?*

RF: First, we have almost \$11B in growth projects constructed during the past three years, many of which are still ramping up in terms of contracted volumes and cash flow. These include the ATEX (Appalachia-to-Texas Express), Aegis, Front Range, and Texas Express pipelines, and also Permian processing plants.

Second, we have almost \$7B of major projects under construction that are scheduled to begin operations and generate new sources of cash flow between now and the end of 2018. Most of these investments are projects supported by long-term, fee-based contracts with companies in the petrochemical and crude oil refining industries. This provides investors with visibility to continued growth in distributable cash flow for the next several years.

Most recently, we announced plans to build a new natural gas processing plant in the Delaware Basin, which continues to be one of the most active drilling areas in the U.S., despite low crude oil prices. This is our third natural gas processing plant in the basin to be announced in the last 15 months. We are optimistic that we will be expanding one or more of these plants over the next few years.

"...We have almost \$7B of projects under construction that are scheduled to begin operations and generate new sources of cash flow between now and the end of 2018."

Two additional projects that we are evaluating also have the attention of investors. We are developing an isobutane dehydrogenation (ibDH) plant that would allow us to fully utilize two existing facilities to increase our production of motor gasoline additives and petrochemical feedstocks. The other project we are evaluating is an ethylene export facility along the U.S. Gulf Coast, and that is being driven by interest from petrochemical companies. U.S. ethylene production capacity is expected to increase by approximately 40% by 2020. This project would provide ethylene producers with access to global markets.

Finally, our integrated midstream system has a large footprint that inherently provides attractive growth opportunities. This, in combination with our attractive cost of capital, supports our ability to increase distributable cash flow.

AA: *Thank you, Randy.*

Analyst Commentary

"EPD remains a top large-cap midstream pick in part due to its steady financial profile, which includes (1) solid 5-6% annual distribution growth with 1.2-1.3x coverage, (2) diversified, largely fee-based profile with manageable counterparty risk, and (3) financial

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT E
Summary of Financial Impact on
Barbers Hill ISD Prepared by
Education Service Center Region 12

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
ENTERPRISE PRODUCTS OPERATING LLC PROJECT ON THE
FINANCES OF BARBERS HILL ISD UNDER A REQUESTED
CHAPTER 313 APPRAISED VALUE LIMITATION
(APPLICATION # 1162)

FEBRUARY 24, 2017

PREPARED BY

EDUCATION SERVICE CENTER, REGION 12

WACO, TX



Introduction

Enterprise Products Operating LLC (“Enterprise”) has submitted an application to the Barbers Hill Independent School District (“BHISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Texas Tax Code. Enterprise has proposed a potential new isobutane dehydrogenation unit to be constructed near Mont Belvieu, TX. The company estimates that the total investment in this project will be in excess of \$900 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Barbers Hill Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$80 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2017-18, 2018-19 and 2019-20 school years. Beginning with the 2020-21 school year, the value of the project would be limited to \$80 million for maintenance and operation (M&O) tax purposes and remain limited through the 2029-30 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

School Finance Mechanics

The Texas system of public school funding is based on an ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller’s Property Tax Division (CPTD). Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. The Tier 1 formulas start with a Basic Allotment per student of \$5,140. Calculations that use the number of students in average daily attendance, the number of students who participate in special programs, and adjustments for size,

sparsity and location determine a Total Cost of Tier 1. A local fund assignment is determined by multiplying the district's compressed tax rate by the previous year (CPTD) property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. Thus school districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid. Pennies of tax rate that districts levy over and above the compressed tax rate and up to \$1.17 generate additional state and local funding in Tier 2 Level 1 and Tier 2 Level 2. Current funding formulas provide for a Guaranteed Yield per penny per weighted average daily attendance (WADA) of \$77.53 for Tier 2 Level 1 and a Guaranteed Yield per penny per WADA of \$31.95 in Tier 2 Level 2.

BHISD is a relatively property rich district per student and so is generating most of Maintenance and Operation revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of \$514,000 per weighted ADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of \$319,500 per weighted ADA is subject to recapture on revenues collected on pennies that exceed six pennies over the compressed rate. BHISD currently has property wealth per weighted ADA in excess of the first equalized wealth level at over \$950,000 per weighted ADA. For this reason, BHISD is considered a Chapter 41 or "recapture" district under the current school finance system. Enterprise is requesting that the value of the isobutane dehydrogenation unit project be limited to \$80,000,000 in years 1 through 10 of the agreement, corresponding to the 2020-21 school year through the 2029-30 school year. The full value of the project would be subject to interest and sinking taxes (I&S) levied by BHISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on BHISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2017-18 through the 2034-35 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue Protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 18 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections and current year county appraisal district (CAD) values and prior year Comptroller's Property Tax

Division (CPTD) values for each year of the agreement. For the purposes of this analysis, preliminary 2016 CPTD values were substituted for 2016 CAD values, since the Property Tax Division of the Texas Comptroller's Office found the 2016 CAD values were within the confidence interval required and the District does not plan to appeal the findings of the Property Value Study. Current year (Preliminary CPTD) values and prior year (CPTD) values were forecast both with the full project value and with the limited value of the project. BHISD currently has several other approved Chapter 313 projects. These values have been included in the base data illustrated in **Table 1**.

To isolate the impact of the value limitation on the district's finances over this 18 year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2016-17 school year. An ADA of 5,021, a WADA of 5,904 and an M&O tax rate of \$1.06 are used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Chambers County Appraisal District certified the District's 2016 current year (CAD) net taxable values at \$4,287,337,708 but, as I noted earlier, we substituted the 2016 preliminary CPTD value of 4,458,617,738 since this value has been reviewed by the Property Value Study and is the value that the district will ultimately be held accountable for in the school finance formulas. These values were used as the basis for subsequent current year (CAD) values in this report. The final 2015 T1 and T2 Comptroller Property Tax Division (CPTD) values, certified to school districts in July, 2016, were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

On February 1, 2017 the Texas Education Agency issued a notice of a change in practice that will have an impact on the calculation of recapture amounts owed under Chapter 41 of the Texas Education Code. This change is effective for the 2016-17 school year and for future years. The changes have an impact on the way that recapture is calculated for districts that pay recapture and also have approved a local optional homestead exemption (LOHE). BHISD falls into both of these categories and the change in rule has been taken into account for all of the calculations used in this analysis.

The proposed agreement calls for BHISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model illustrated in **Table 2** incorporates the full value of the project into the state and local funding calculations. The other model shown in **Table 3** assumes that only the limited value of the project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**.

Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was calculated for each year of the agreement. Table 4, which summarizes the difference between the two models, indicates that there will be a total revenue loss of \$9.5 million over the course of the agreement. Most of the revenue loss by the district, due to the agreement, is in the first two years of the value limitation period. The losses in the fourth through tenth years indicate a reduction in Tier 2 local revenue as a result of the value limitation under the current school finance system and the additions and subtractions of the base value of the district due to other value limitation agreements. Most of the reduction in M&O taxes under this agreement is offset by a reduction in recapture costs that the district would owe under current school finance law.

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to \$80 million starting in tax year 2020 (school year 2020-21) and remaining limited through tax year 2029 (school year 2029-30). The potential gross and net tax savings to Enterprise are shown in **Table 5**. As stated earlier, an M&O tax rate of \$1.06 and a collection rate of 100% is used throughout the calculations in this report. **Table 5** shows gross tax savings due to the limitation of just under \$76.8 million over the length of the contract. Tax savings net of the Revenue Protection Payments are estimated to be \$60.2 million. This amount does not include any Supplemental Payments negotiated in the agreement.

Facilities Funding Impact on the District

Reports submitted by Enterprise show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the District for I&S taxes and will enhance the District's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of \$35 per ADA per penny of tax effort. BHISD has property wealth per WADA that exceeds this amount and is thus not eligible for this state assistance. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Conclusion

The Enterprise project proposed in this application will benefit the community, the district, BHISD, and the taxpayer, Enterprise. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will enjoy a vastly increased value

available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas Legislature could take action that could potentially change the impact of this agreement on the finances of BHISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change and will impact the estimates of this agreement include changes to property values, district tax rates and student enrollment.

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value No Limit	CAD Value with Limitation	CPTD No Limit	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
STUB	2017-18	5,021	5,904	\$1.0600	\$0.2698	\$4,081,852,568	\$4,081,852,568	\$4,458,617,738	\$4,458,617,738	\$755,186	\$755,186
QTP 1	2018-19	5,021	5,904	\$1.0600	\$0.2698	\$4,203,352,568	\$4,203,352,568	\$4,081,852,568	\$4,081,852,568	\$691,371	\$691,371
QTP2	2019-20	5,021	5,904	\$1.0600	\$0.2698	\$4,414,852,568	\$4,414,852,568	\$4,203,352,568	\$4,203,352,568	\$711,950	\$711,950
1	2020-21	5,021	5,904	\$1.0600	\$0.2698	\$4,674,896,811	\$4,331,896,811	\$4,414,852,568	\$4,414,852,568	\$747,773	\$747,773
2	2021-22	5,021	5,904	\$1.0600	\$0.2698	\$5,360,559,070	\$4,519,359,070	\$4,674,896,811	\$4,331,896,811	\$791,819	\$733,722
3	2022-23	5,021	5,904	\$1.0600	\$0.2698	\$5,961,792,463	\$5,139,392,463	\$5,360,559,070	\$4,519,359,070	\$907,954	\$765,474
4	2023-24	5,021	5,904	\$1.0600	\$0.2698	\$5,911,627,404	\$5,108,027,404	\$5,961,792,463	\$5,139,392,463	\$1,009,789	\$870,493
5	2024-25	5,021	5,904	\$1.0600	\$0.2698	\$8,291,335,843	\$7,506,535,843	\$5,911,627,404	\$5,108,027,404	\$1,001,292	\$865,181
6	2025-26	5,021	5,904	\$1.0600	\$0.2698	\$8,503,259,267	\$7,737,259,267	\$8,291,335,843	\$7,506,535,843	\$1,404,359	\$1,271,432
7	2026-27	5,021	5,904	\$1.0600	\$0.2698	\$8,373,497,386	\$7,626,297,386	\$8,503,259,267	\$7,737,259,267	\$1,440,254	\$1,310,511
8	2027-28	5,021	5,904	\$1.0600	\$0.2698	\$8,531,097,065	\$7,802,697,065	\$8,373,497,386	\$7,626,297,386	\$1,418,275	\$1,291,717
9	2028-29	5,021	5,904	\$1.0600	\$0.2698	\$8,555,122,775	\$7,842,890,775	\$8,531,097,065	\$7,802,697,065	\$1,444,969	\$1,321,595
10	2029-30	5,021	5,904	\$1.0600	\$0.2698	\$8,435,024,171	\$7,738,636,811	\$8,555,122,775	\$7,842,890,775	\$1,449,038	\$1,328,403
11	2030-31	5,021	5,904	\$1.0600	\$0.2698	\$8,316,763,739	\$8,316,763,739	\$8,435,024,171	\$7,738,636,811	\$1,428,697	\$1,310,745
12	2031-32	5,021	5,904	\$1.0600	\$0.2698	\$8,200,304,716	\$8,200,304,716	\$8,316,763,739	\$8,316,763,739	\$1,408,666	\$1,408,666
13	2032-33	5,021	5,904	\$1.0600	\$0.2698	\$8,097,843,672	\$8,097,843,672	\$8,200,304,716	\$8,200,304,716	\$1,388,941	\$1,388,941
14	2033-34	5,021	5,904	\$1.0600	\$0.2698	\$8,005,791,851	\$8,005,791,851	\$8,097,843,672	\$8,097,843,672	\$1,371,586	\$1,371,586
15	2034-35	5,021	5,904	\$1.0600	\$0.2698	\$7,915,581,065	\$7,915,581,065	\$8,005,791,851	\$8,005,791,851	\$1,355,995	\$1,355,995

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

Year of Agreement	School Year	199/5812 - Foundation School Fund	199/5811 - Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
STUB	2017-18	\$598,436	\$1,004,264	\$32,303,099	\$2,449,112	\$0	\$8,515,427	\$0	\$0	\$36,354,910
QTP 1	2018-19	\$839,484	\$1,882,994	\$35,236,923	\$2,522,012	\$0	\$6,796,603	\$0	\$0	\$40,481,413
QTP2	2019-20	\$768,887	\$1,004,264	\$37,017,620	\$2,648,912	\$0	\$7,130,906	\$0	\$0	\$41,439,683
1	2020-21	\$636,456	\$1,882,994	\$36,237,803	\$2,804,938	\$0	\$10,511,165	\$0	\$0	\$41,562,192
2	2021-22	\$570,067	\$1,004,264	\$40,402,516	\$3,216,335	\$0	\$13,203,074	\$0	\$0	\$45,193,182
3	2022-23	\$576,534	\$1,882,994	\$38,091,409	\$3,577,075	\$0	\$21,526,516	\$0	\$0	\$44,128,013
4	2023-24	\$578,056	\$1,004,264	\$35,069,748	\$3,546,976	\$0	\$24,046,526	\$0	\$0	\$40,199,044
5	2024-25	\$591,323	\$1,882,994	\$47,934,198	\$4,974,802	\$0	\$34,979,160	\$0	\$0	\$55,383,317
6	2025-26	\$599,616	\$1,004,264	\$36,481,062	\$5,101,956	\$0	\$48,551,531	\$0	\$0	\$43,186,897
7	2026-27	\$599,815	\$1,882,994	\$34,107,577	\$5,024,098	\$0	\$49,627,397	\$0	\$0	\$41,614,485
8	2027-28	\$599,985	\$1,004,264	\$36,256,809	\$5,118,658	\$0	\$49,054,162	\$0	\$0	\$42,979,716
9	2028-29	\$600,987	\$1,882,994	\$34,717,691	\$5,133,074	\$0	\$50,833,537	\$0	\$0	\$42,334,746
10	2029-30	\$599,838	\$1,004,264	\$35,139,707	\$5,061,015	\$0	\$49,210,535	\$0	\$0	\$41,804,823
11	2030-31	\$599,307	\$1,882,994	\$34,141,159	\$4,990,058	\$0	\$49,026,478	\$0	\$0	\$41,613,519
12	2031-32	\$597,849	\$1,004,264	\$35,114,065	\$4,920,183	\$0	\$46,888,982	\$0	\$0	\$41,636,360
13	2032-33	\$597,411	\$1,882,994	\$34,164,919	\$4,858,706	\$0	\$46,813,518	\$0	\$0	\$41,504,031
14	2033-34	\$596,145	\$1,004,264	\$35,180,993	\$4,803,475	\$0	\$44,876,926	\$0	\$0	\$41,584,876
15	2034-35	\$595,167	\$1,882,994	\$34,211,456	\$4,617,254	\$0	\$44,812,614	\$0	\$0	\$41,306,871

Table 3 - "Value Limitation Revenue Model" - Project Value Added With Value Limit

Year of Agreement	School Year	199/5812 - Foundation School Fund	199/5811 - Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
STUB	2017-18	\$598,436	\$1,004,264	\$32,303,099	\$2,449,112	\$0	\$8,515,427	\$0	\$0	\$36,354,910
QTP 1	2018-19	\$839,484	\$1,882,994	\$35,236,923	\$2,522,012	\$0	\$6,796,603	\$0	\$0	\$40,481,413
QTP2	2019-20	\$768,887	\$1,004,264	\$37,017,620	\$2,648,912	\$0	\$7,130,906	\$0	\$0	\$41,439,683
1	2020-21	\$628,971	\$1,882,994	\$33,598,474	\$2,599,138	\$0	\$9,720,494	\$0	\$0	\$38,709,578
2	2021-22	\$686,921	\$1,004,264	\$36,773,726	\$2,711,615	\$0	\$8,419,864	\$0	\$0	\$41,176,527
3	2022-23	\$572,829	\$1,882,994	\$38,900,048	\$3,083,635	\$0	\$12,493,877	\$0	\$0	\$44,439,507
4	2023-24	\$570,883	\$1,004,264	\$35,086,709	\$3,064,816	\$0	\$15,993,565	\$0	\$0	\$39,726,672
5	2024-25	\$583,318	\$1,882,994	\$50,176,822	\$4,503,922	\$0	\$24,888,536	\$0	\$0	\$57,147,056
6	2025-26	\$593,030	\$1,004,264	\$36,576,882	\$4,642,356	\$0	\$40,795,711	\$0	\$0	\$42,816,531
7	2026-27	\$593,419	\$1,882,994	\$34,049,775	\$4,575,778	\$0	\$42,213,199	\$0	\$0	\$41,101,967
8	2027-28	\$593,734	\$1,004,264	\$36,325,622	\$4,681,618	\$0	\$41,701,349	\$0	\$0	\$42,605,238
9	2028-29	\$594,880	\$1,882,994	\$34,712,320	\$4,705,734	\$0	\$43,716,588	\$0	\$0	\$41,895,929
10	2029-30	\$593,911	\$1,004,264	\$35,086,378	\$4,643,182	\$0	\$42,299,990	\$0	\$0	\$41,327,734
11	2030-31	\$597,542	\$1,882,994	\$37,043,117	\$4,990,058	\$0	\$46,124,521	\$0	\$0	\$44,513,712
12	2031-32	\$597,849	\$1,004,264	\$35,114,065	\$4,920,183	\$0	\$46,888,982	\$0	\$0	\$41,636,360
13	2032-33	\$597,411	\$1,882,994	\$34,164,919	\$4,858,706	\$0	\$46,813,518	\$0	\$0	\$41,504,031
14	2033-34	\$596,145	\$1,004,264	\$35,180,993	\$4,803,475	\$0	\$44,876,926	\$0	\$0	\$41,584,876
15	2034-35	\$595,167	\$1,882,994	\$34,211,456	\$4,617,254	\$0	\$44,812,614	\$0	\$0	\$41,306,871

Table 4 - "Baseline Revenue Model" Less "Value Limitation Model"

Year of Agreement	School Year	199/5812 - Foundation School Fund	199/5811 - Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to \$.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at the \$514,000 Level	Recapture at the \$319,500 Level	Other State Aid	Total General Fund
STUB	2017-18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP 1	2018-19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2020-21	-\$7,485	\$0	-\$2,639,329	-\$205,800	\$0	-\$790,671	\$0	\$0	-\$2,852,614
2	2021-22	\$116,855	\$0	-\$3,628,790	-\$504,720	\$0	-\$4,783,210	\$0	\$0	-\$4,016,656
3	2022-23	-\$3,705	\$0	\$808,639	-\$493,440	\$0	-\$9,032,639	\$0	\$0	\$0
4	2023-24	-\$7,172	\$0	\$16,961	-\$482,160	\$0	-\$8,052,961	\$0	\$0	-\$472,372
5	2024-25	-\$8,005	\$0	\$2,242,624	-\$470,880	\$0	-\$10,090,624	\$0	\$0	\$1,763,739
6	2025-26	-\$6,586	\$0	\$95,820	-\$459,600	\$0	-\$7,755,820	\$0	\$0	-\$370,366
7	2026-27	-\$6,397	\$0	-\$57,802	-\$448,320	\$0	-\$7,414,198	\$0	\$0	-\$512,519
8	2027-28	-\$6,251	\$0	\$68,813	-\$437,040	\$0	-\$7,352,813	\$0	\$0	-\$374,477
9	2028-29	-\$6,107	\$0	-\$5,370	-\$427,339	\$0	-\$7,116,950	\$0	\$0	-\$438,817
10	2029-30	-\$5,927	\$0	-\$53,329	-\$417,832	\$0	-\$6,910,545	\$0	\$0	-\$477,089
11	2030-31	\$0	\$0	\$0	\$0	\$0	-\$2,901,958	\$0	\$0	\$0
12	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5: Estimated Financial Impact of the Enterprise Products Operating, LLC Property Value Limitation Request to Barbers Hill ISD

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
STUB	2017-18	\$14,100,000	\$14,100,000	\$0	\$1.06	\$149,460	\$149,460	\$0	\$0	\$0	\$0
QTP 1	2018-19	\$108,100,000	\$108,100,000	\$0	\$1.06	\$1,145,860	\$1,145,860	\$0	\$0	\$0	\$0
QTP2	2019-20	\$319,600,000	\$319,600,000	\$0	\$1.06	\$3,387,760	\$3,387,760	\$0	\$0	\$0	\$0
1	2020-21	\$423,000,000	\$80,000,000	\$343,000,000	\$1.06	\$4,483,800	\$848,000	\$3,635,800	\$3,635,800	-\$2,852,614	\$783,186
2	2021-22	\$921,200,000	\$80,000,000	\$841,200,000	\$1.06	\$9,764,720	\$848,000	\$8,916,720	\$8,916,720	-\$4,016,656	\$4,900,064
3	2022-23	\$902,400,000	\$80,000,000	\$822,400,000	\$1.06	\$9,565,440	\$848,000	\$8,717,440	\$8,717,440	\$0	\$8,717,440
4	2023-24	\$883,600,000	\$80,000,000	\$803,600,000	\$1.06	\$9,366,160	\$848,000	\$8,518,160	\$8,518,160	-\$472,372	\$8,045,788
5	2024-25	\$864,800,000	\$80,000,000	\$784,800,000	\$1.06	\$9,166,880	\$848,000	\$8,318,880	\$8,318,880	\$0	\$8,318,880
6	2025-26	\$846,000,000	\$80,000,000	\$766,000,000	\$1.06	\$8,967,600	\$848,000	\$8,119,600	\$8,119,600	-\$370,366	\$7,749,234
7	2026-27	\$827,200,000	\$80,000,000	\$747,200,000	\$1.06	\$8,768,320	\$848,000	\$7,920,320	\$7,920,320	-\$512,519	\$7,407,801
8	2027-28	\$808,400,000	\$80,000,000	\$728,400,000	\$1.06	\$8,569,040	\$848,000	\$7,721,040	\$7,721,040	-\$374,477	\$7,346,563
9	2028-29	\$792,232,000	\$80,000,000	\$712,232,000	\$1.06	\$8,397,659	\$848,000	\$7,549,659	\$7,549,659	-\$438,817	\$7,110,843
10	2029-30	\$776,387,360	\$80,000,000	\$696,387,360	\$1.06	\$8,229,706	\$848,000	\$7,381,706	\$7,381,706	-\$477,089	\$6,904,617
11	2030-31	\$760,859,613	\$760,859,613	\$0	\$1.06	\$8,065,112	\$8,065,112	\$0	\$0	\$0	\$0
12	2031-32	\$745,642,421	\$745,642,421	\$0	\$1.06	\$7,903,810	\$7,903,810	\$0	\$0	\$0	\$0
13	2032-33	\$730,729,572	\$730,729,572	\$0	\$1.06	\$7,745,733	\$7,745,733	\$0	\$0	\$0	\$0
14	2033-34	\$716,114,981	\$716,114,981	\$0	\$1.06	\$7,590,819	\$7,590,819	\$0	\$0	\$0	\$0
15	2034-35	\$701,792,681	\$701,792,681	\$0	\$1.06	\$7,439,002	\$7,439,002	\$0	\$0	\$0	\$0
TOTALS						\$121,267,879	\$44,468,554	\$76,799,325	\$76,799,325	-\$9,514,908	\$67,284,417

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this report.

Estimated Financial Impact

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits	School District Tax Benefit \$100 per ADA	Company Tax Benefit
STUB	2017-18	\$14,100,000	\$14,100,000	\$0	\$1.060	\$149,460	\$149,460	\$0	\$0	\$0	\$502,100	-\$502,100
QTP 1	2018-19	\$108,100,000	\$108,100,000	\$0	\$1.060	\$1,145,860	\$1,145,860	\$0	\$0	\$0	\$502,100	-\$502,100
QTP2	2019-20	\$319,600,000	\$319,600,000	\$0	\$1.060	\$3,387,760	\$3,387,760	\$0	\$0	\$0	\$502,100	-\$502,100
1	2020-21	\$423,000,000	\$80,000,000	\$343,000,000	\$1.060	\$4,483,800	\$848,000	\$3,635,800	-\$2,852,614	\$783,186	\$502,100	\$281,086
2	2021-22	\$921,200,000	\$80,000,000	\$841,200,000	\$1.060	\$9,764,720	\$848,000	\$8,916,720	-\$4,016,656	\$4,900,064	\$502,100	\$4,397,964
3	2022-23	\$902,400,000	\$80,000,000	\$822,400,000	\$1.060	\$9,565,440	\$848,000	\$8,717,440	\$0	\$8,717,440	\$502,100	\$8,215,340
4	2023-24	\$883,600,000	\$80,000,000	\$803,600,000	\$1.060	\$9,366,160	\$848,000	\$8,518,160	-\$472,372	\$8,045,788	\$502,100	\$7,543,688
5	2024-25	\$864,800,000	\$80,000,000	\$784,800,000	\$1.060	\$9,166,880	\$848,000	\$8,318,880	\$0	\$8,318,880	\$502,100	\$7,816,780
6	2025-26	\$846,000,000	\$80,000,000	\$766,000,000	\$1.060	\$8,967,600	\$848,000	\$8,119,600	-\$370,366	\$7,749,234	\$502,100	\$7,247,134
7	2026-27	\$827,200,000	\$80,000,000	\$747,200,000	\$1.060	\$8,768,320	\$848,000	\$7,920,320	-\$512,519	\$7,407,801	\$502,100	\$6,905,701
8	2027-28	\$808,400,000	\$80,000,000	\$728,400,000	\$1.060	\$8,569,040	\$848,000	\$7,721,040	-\$374,477	\$7,346,563	\$502,100	\$6,844,463
9	2028-29	\$792,232,000	\$80,000,000	\$712,232,000	\$1.060	\$8,397,659	\$848,000	\$7,549,659	-\$438,817	\$7,110,843	\$502,100	\$6,608,743
10	2029-30	\$776,387,360	\$80,000,000	\$696,387,360	\$1.060	\$8,229,706	\$848,000	\$7,381,706	-\$477,089	\$6,904,617	\$502,100	\$6,402,517
11	2030-31	\$760,859,613	\$760,859,613	\$0	\$1.060	\$8,065,112	\$8,065,112	\$0	\$0	\$0	\$0	\$0
12	2031-32	\$745,642,421	\$745,642,421	\$0	\$1.060	\$7,903,810	\$7,903,810	\$0	\$0	\$0	\$0	\$0
13	2032-33	\$730,729,572	\$730,729,572	\$0	\$1.060	\$7,745,733	\$7,745,733	\$0	\$0	\$0	\$0	\$0
14	2033-34	\$716,114,981	\$716,114,981	\$0	\$1.060	\$7,590,819	\$7,590,819	\$0	\$0	\$0	\$0	\$0
15	2034-35	\$701,792,681	\$701,792,681	\$0	\$1.060	\$7,439,002	\$7,439,002	\$0	\$0	\$0	\$0	\$0
Totals						\$121,267,879	\$44,468,554	\$76,799,325	-\$9,514,908	\$67,284,417	\$6,527,300	\$60,757,117

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

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT F
Comptroller's 2015 ISD Summary Worksheet
For Barbers Hill ISD



Taxes

Property Tax

SCHOOL AND APPRAISAL DISTRICTS PROPERTY VALUE STUDY 2015 REPORT

2015 Deduction Detail

036/Chambers
036-902/Barbers Hill ISD

Deductions Allowed in PVS	Local Value	PTAD Value	Assigned Value
Homestead - State-Mandated Homestead Exemption	119,509,580	119,509,580	119,509,580
Homestead - State-Mandated Over-65 or Disabled \$10,000	11,331,960	11,331,960	11,331,960
Homestead - 100% Disabled or Unemployable Veterans	2,434,220	2,434,220	2,434,220
Homestead - Disabled Veterans and Surviving Spouse	550,750	550,750	550,750
Homestead - Over-65 or Disabled Freeze Loss	154,056,324	154,056,324	154,056,324
Homestead - 10% Appraisal Cap Loss	4,873,780	4,873,780	4,873,780

Freeport	0	0	0
Pollution Control	112,380,729	112,380,729	112,380,729
Difference Between Taxable and Limited Value for Chapter 313 Value Limitation Agreement	1,248,512,395	1,248,512,395	1,248,512,395
Tax Increment Financing	0	0	0
Low Income Housing, Counties Under 1.8 Million Pop	0	0	0
Solar and Wind-Powered	0	0	0
Deferred Taxes	0	0	0
Prorations	0	0	0
Home Donated by Charity to Disabled Veteran	0	0	0
Total Deductions Allowed in PVS	1,653,649,738	1,653,649,738	1,653,649,738

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT G
Proposed Agreement Between
Barbers Hill ISD and
Enterprise Products Operating LLC



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 21, 2017

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

Re: 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, Application 1162

Dear Superintendent Poole:

This office has been provided with the 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 (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-6053, or at 512-463-6053.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Curt Tate, Enterprise Products
Tim Young, Ikard Wynne LLP

**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 #1162

Dated

April 24, 2017

**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**, Texas Taxpayer Identification Number 12604305396, hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on November 14, 2016, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on November 14, 2016, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and December 14, 2016 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Chambers County Appraisal District established in Chambers County, Texas (the "Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on January 18, 2017, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office

pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on April 24, 2017, 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;

WHEREAS, on April 24, 2017, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on April 21, 2017, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on April 24, 2017, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means Enterprise Products Operating LLC (Texas Taxpayer ID #12604305396), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant's assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

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“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on November 14, 2016. The term includes all forms required by the Comptroller, 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.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“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.

“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 in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Chambers County, Texas.

“District” or “School District” means the Barbers Hill Independent School District, being a duly authorized and operating 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 the last date of the final year in which the Applicant is required to

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Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of

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the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“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.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller’s Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

“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 as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the school year immediately preceding each year for which the Annual Limit is calculated, rounded to the whole number by \$100, or any larger amount in 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 the first Tax Year (including partial Tax Year) the Qualifying Time Period is to commence shall be Tax Year 2017. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

“Applicable School Finance Law” means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically at the time the computation, calculation or obligation of either party under this Agreement is performed.

“Commencement Date” means March 27, 2017, the start of the Qualifying Time Period.

“Commercial Operations” shall mean the date on which the Project described in the Application for Value Limitation Agreement becomes commercially operational and capable of being placed into service, such that it has been constructed and is capable of manufacturing a saleable isobutylene stream and achieving a Qualifying Investment of no less than \$80 million dollars.

“Cumulative Payments” means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

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“Lost M&O Revenue” means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

“New M&O Revenue” means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

“Net Tax Benefit” means an amount equal to (but not less than zero): (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; *minus*, (ii) an amount equal to 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 during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

“Original M&O Revenue” means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the District’s full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District’s tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant’s Qualified Property for M&O purposes will not be used.

“Revenue Protection Amount” means the amount calculated pursuant to Section 4.2 of this Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. 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 Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraiser for the District’s maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is December 14, 2016, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is March 24, 2017.

C. The Qualifying Time Period for this Agreement:

- i. Starts on, the Application Approval Date.
- ii. End on December 31, 2019, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2020, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and
- ii. Ends on December 31, 2029, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2034.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property 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 Property; or

B. Eighty Million Dollars (\$80,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

A. Have completed the Applicant's Qualified Investment in the amount of \$80,000,000 during the Qualifying Time Period;

B. Have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

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C. Pay an average weekly wage of at least \$1,188.00 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

A. Provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. Provide payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, as more fully specified in Article V;

C. Provide such Supplemental Payments as more fully specified in Article VI;

D. Create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and 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** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this

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Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024 (b)(1) of the TEXAS TAX CODE as property used for manufacturing.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by District.**

The calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year following the start of Commercial Operations, and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the Application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the school finance report and projected revenue protection payment amounts produced during the negotiations and approval of this Agreement are:

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- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party;
- ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,
- iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE LOST M&O REVENUE BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the District for Lost M&O Revenue for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula: The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.
- iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.
- v. All calculations under this Section 4.2 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 on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District, with the consent of the Applicant. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following: Any other reasonable and necessary costs to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

In the event that the calculations made under this Agreement by the Third Party should become the subject

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of litigation, the Parties stipulate that the Third Party's participation in any such dispute shall be limited to providing the court or administrative body with jurisdiction over such dispute with an explanation of the methodology used in reaching the Third Party's calculation so as to assist the court or administrative body.

Section 4.4. 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 appraisal roll submitted to the District for each Tax Year 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 4.3. The certified appraisal 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 appraisal roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, VI, and/or Section 7.1 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, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, 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 until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party 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, 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 other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, 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 fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars (\$15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve

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such dispute as provided in Section 4.7.

Section 4.7. RESOLUTION OF DISPUTES. Should the Applicant disagree with the Third Party calculations made pursuant to Article 4 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party shall issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the certified calculations 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 the calculations. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, 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 following the later of (i) receipt of the certification or, (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) 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's Board of Trustees. Any such 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 Applicant's receipt of the Third Party's final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an 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 4.9. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, 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, Applicant shall make payments to District, up to the Annual Limitation amount set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, 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 District.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by District's external auditor to have been incurred by 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.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Article IV and Article V Payments

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, 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 VI, (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 VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

(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 VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION

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CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period:

C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement; and

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year, or any greater amount that may be then permitted by law.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT. For each Tax Year during the term of this Agreement beginning the Commencement Date and continuing thereafter through the third full Tax Year following the end of the Tax Limitation Period defined in Section 2.3(D)(ii) (Tax Year 2017), the District, or its successor beneficiary should one be designated under Section 6.5 below shall not be entitled to receive Supplemental Payments, computed under Sections 6.2 and 6.3 above, that exceeds the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under Section 6.2 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's 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. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) 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 4.5.

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- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.7, above.

Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article VI 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 VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1.

Any designation of a successor beneficiary under this Section 6.5 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, 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 IV, V, and VI of this Agreement 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 Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to

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terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 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.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. 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; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, 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.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights,

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obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. 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.

B. 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 proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. Date of submission of the final payment;
- ii. Final Termination Date; or
- iii. Date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas

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representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING 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

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omissions (each a “Material Breach”):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor’s Office to have access to the Applicant’s Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant’s Qualified Property under Sections 8.5 and 8.6;

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M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made 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 for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement; or

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the 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 it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response 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:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
 - ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District;
- and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. 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") and provide a copy to the Comptroller.

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Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant initiates mediation, 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 presiding in Chambers County, Texas. The Parties agree to sign a document that provides 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.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Chambers County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE 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 to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE, and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. 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 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days

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provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. 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 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. 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.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period 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 9.4.C 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 Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. 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 amounts calculated under Section 9.4. 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 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$80,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS

TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X.
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed

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effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

Dr. Greg Poole (or his successor)
Superintendent of Schools
Barbers Hill Independent School District
9600 Eagle Drive
P.O. Box 1108
Barbers Hill, TX 77580
Phone: (281) 576-2221
Facsimile: (281) 576-5879
Email: gpoole@bhisd.net

With a copy to:

Sara Hardner Leon
Powell & Leon, LLP
115 Wild Basin #106
Austin, Texas 78746
Phone: (512) 494-1177
Facsimile: (512) 494-1188
Email: sleon@powell-leon.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

Enterprise Products Operating LLC
Attn: Curt Tate, Senior Director, Tax
P.O. Box 4018
Houston, Texas 77210-4018
(713) 381-8071 Telephone
(281) 887-7139 Facsimile

Or:

Enterprise Products Operating LLC
Attn: Curt Tate, Senior Director, Tax
1100 Louisiana Street
Houston, Texas 77002
(713) 381-8071 Telephone

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With copies to:
Enterprise Products Operating LLC
Attn: General Counsel
P.O. Box 4018
Houston, Texas 77002

And:
Timothy E. Young
Ikard Wynne LLP
2901 Via Fortuna, Suite 450
Austin, Texas 78746
(512) 275-7880 Telephone
(512) 275-7333 Facsimile

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. 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.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

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C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. 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.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. 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 10.5. 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 a state district court in Chambers County.

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Section 10.6. 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 10.7. 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 an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, 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.

Section 10.9. INTERPRETATION.

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and

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iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. 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 10.11. 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; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176

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of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e- mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic “read receipt” does not constitute acknowledgment of an e-mail for delivery purposes).

[Signature Page to Follow]

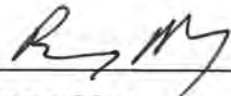
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 24th day of April, 2017.

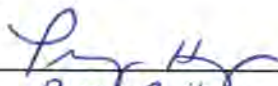
ENTERPRISE PRODUCTS OPERATING LLC

BARBERS HILL INDEPENDENT SCHOOL
DISTRICT

ENTERPRISE PRODUCTS OPERATING LLC

By: Enterprise Products OLPGP, Inc., its sole
manager

By: 
BENNY MAY
PRESIDENT, BOARD OF TRUSTEES

By: 
Name: Penny R. Henry
Title: Vice President, Tax

ATTEST:
By: 

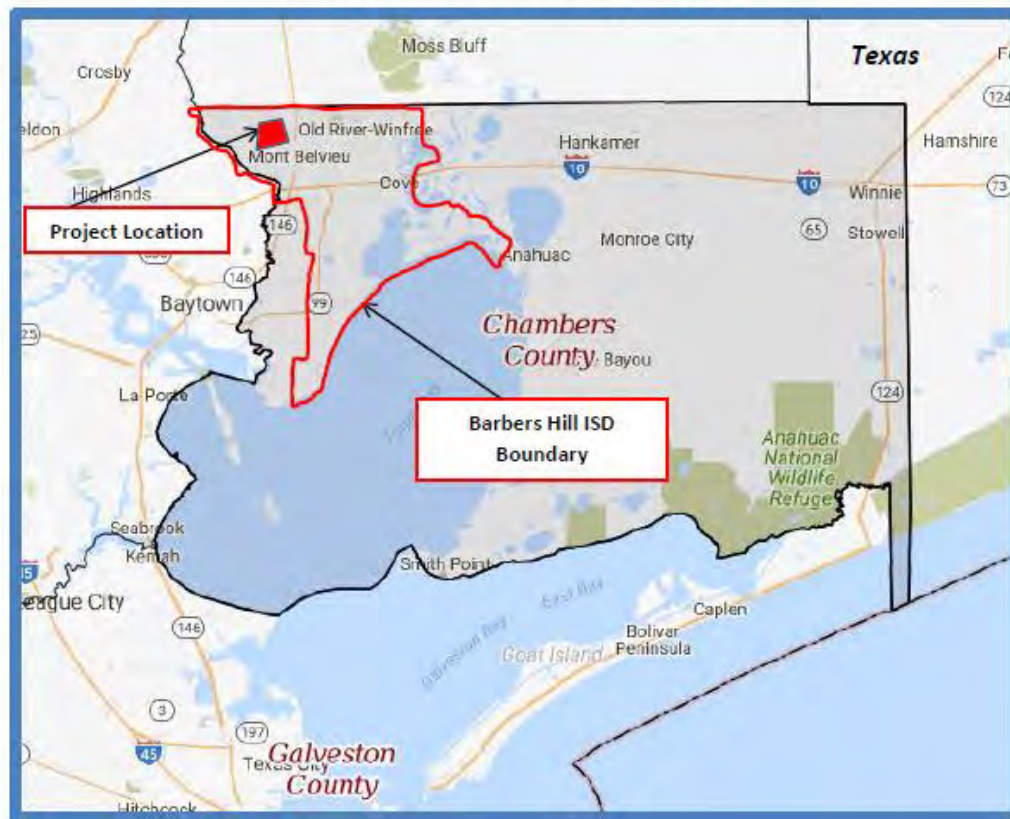
CYNTHIA ERWIN
SECRETARY, BOARD OF TRUSTEES

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EXHIBIT 1
DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

A map of the *Enterprise Products Operating LLC 2013 Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the *Enterprise Products Operating LLC 2013 Reinvestment Zone*.

Project Vicinity Map



Qualified Investment / Qualified Property Map



Reinvestment Zone Map

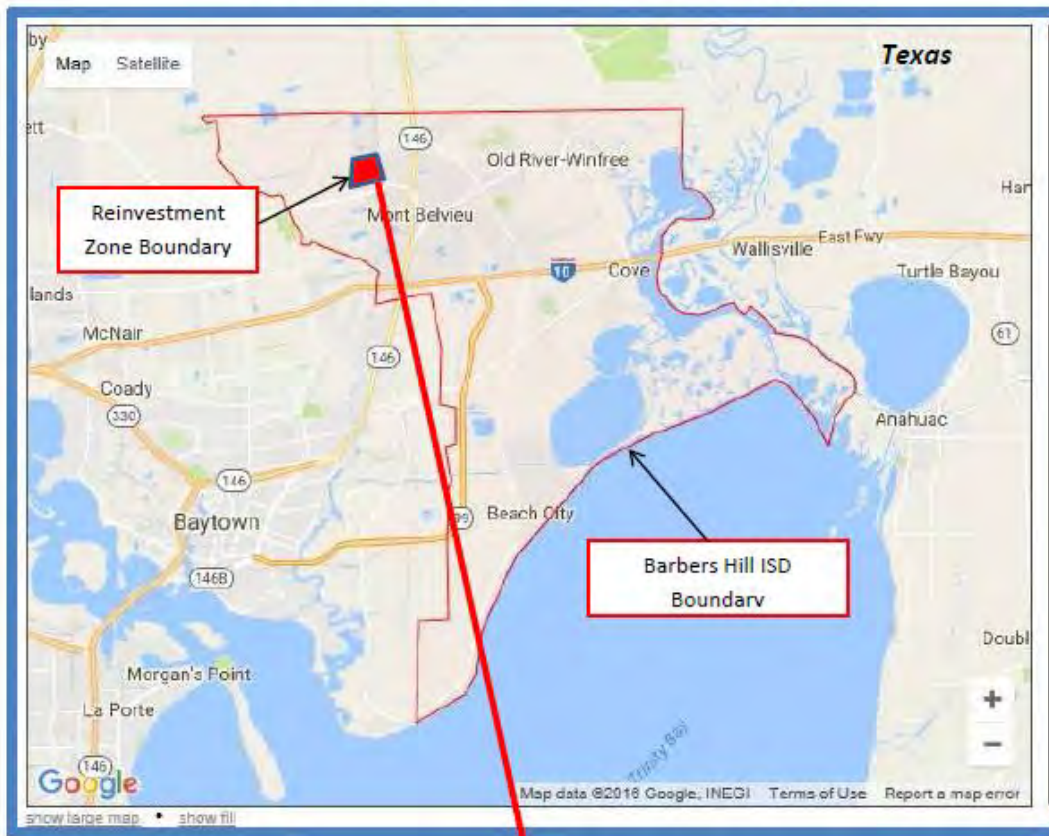


EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land upon which the Qualified Investment shall be made and upon which the Qualified Property shall be located shall be one hundred percent (100%) contained within the boundaries of the *Enterprise Products Operating LLC 2013 Reinvestment Zone* which is located within the boundaries of the Barbers Hill Independent School District. The legal description of the aforesaid *Enterprise Products Operating LLC 2013 Reinvestment Zone* is attached hereto as **EXHIBIT 2**.

A map of the *Enterprise Products Operating LLC 2013 Reinvestment Zone* is attached as the last page of **EXHIBIT 1**.

FIELD NOTES

EXHIBIT "TRACT # 1"

LEGAL DESCRIPTION

88.077 ACRES

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

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

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

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

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

THENCE South 77° 58' 52" West along the common line of the Nelson and Kroll Tracts, a distance of 759.10 feet to a capped 1 1/2 inch iron rod found for the Southeast corner of a called 6.854 acre tract (described as Tract 1 in deed) conveyed to Missouri Pacific Railroad Company (now known as Union Pacific Railroad Company) by deed dated August 31, 1995 and recorded in Volume 95-279, Page 567 of O.P.R.C.C.T. and the Southwest corner of the herein described tract of land;

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

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

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

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

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

EXHIBIT "TRACT #2"

LEGAL DESCRIPTION

8.437 ACRES

North 39° 03' 41" East, at a distance of 1,204.05 feet passing the most northerly east corner of said 6.854 acre tract and the west corner of said 0.3214 acre tract, at a distance of 1,344.07 feet passing the north corner of said 0.3214 acre tract and the most northerly west corner of the said 1.262 acre tract, continuing a total distance of 1,932.58 feet to the west R.O.W. line of the aforesaid Hatcherville Road and the most easterly southeast corner of said easterly portion of said 1.654 acre tract, and the most northerly east corner of said 1.262 acre tract and the herein described tract, from which a found 1/2-inch iron rod with cap stamped "M. CHANDLER 5292", bears South 08° 12' East, 0.63 feet;

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

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

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

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

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

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



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

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

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

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

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

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

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

North 1T 25° 00" East, a distance of 915.30 feet to a 1/2-inch iron rod with cap stamped "M. CHANDLER 5292" found marking a point of curvature of a tangent curve to the right;

Northeasterly, a distance of 911.51 feet along said curve to the right, having a central angle of 26.38° 41", a radius of 1,960.08 feet, and a chord which bears North 25° 44' 20" East, a distance of 903.32 feet to a bent 1/2-inch iron rod with cap stamped "M. CHANDLER 5292" found marking a point of tangency;

EXHIBIT "TRACT # 3"

LEGAL DESCRIPTION

431.0 ACRES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

This Agreement covers Qualified Investment located within Barbers Hill ISD in an amount of not less than \$80 Million made during the Qualifying Time Period property necessary for the commercial operations of a new cryogenic fractionation plant as more fully described in Tab 7 of the Application, attached hereto as **EXHIBIT 3**.

Tab # 7

Description of Qualified Investment

The proposed project is the construction of a new Isobutane Dehydrogenation Unit capable of processing 30,500 SBPD of inlet feed. The plant will include inlet treating and an isobutane dehydrogenation unit with a depropanizer to produce a saleable isobutylene stream.

The process consists of dehydrogenation of isobutane to isobutylene using continuous catalyst regeneration. Isobutane feed is treated to remove basic nitrogen and metals, dried then mixed with recycled isobutane stream to remove normal butane and heavier components. The mixed feed is sent into a separation system, heated then processed in three reactors. The hot reactor effluent is cooled, compressed and then sent through a chloride treater for residual HCl removal, followed by a reactor effluent drier to remove H₂S and H₂O before entering the separation section, where the effluent stream is separated into hydrogen rich streams and a C₄ rich liquid product. The C₄ rich liquid product contains mainly isobutylene and isobutane which is sent to a depropanizer where the light ends are removed and the depropanizer bottoms are then sent to cavern storage/distribution.

The proposed project will consist of the following components:

- Inlet Separation and Filtration
- Dehydrogenation reactors
- Catalyst regeneration
- Chloride treaters and driers for removal of residual HCl, H₂S and water
- Depropanizer for removal of light ends
- Heat Medium Systems
- Wash oil recovery system
- Vent gas treating system
- Flare System
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

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Agreement for Limitation on Appraised Value
Between Barbers Hill ISD and Enterprise Products Operating LLC #1162
April 24, 2017

*Texas Economic Development Act Agreement
Comptroller Form 50-826 (January 2016)*

EXHIBIT 3

EXHIBIT 4 DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Barbers Hill ISD necessary for the commercial operations of a new cryogenic fractionation plant as more fully described in Tab 8 of the Application, attached hereto as **EXHIBIT 4**.

Tab # 8

Description of Qualified Property

The proposed project is the construction of a new Isobutane Dehydrogenation Unit capable of processing 30,500 SBPD of inlet feed. The plant will include inlet treating and an isobutane dehydrogenation unit with a depropanizer to produce a saleable isobutylene stream.

The process consists of dehydrogenation of isobutane to isobutylene using continuous catalyst regeneration. isobutane feed is treated to remove basic nitrogen and metals, dried then mixed with recycled isobutane stream to remove normal butane and heavier components. The mixed feed is sent into a separation system, heated then processed in three reactors. The hot reactor effluent is cooled, compressed and then sent through a chloride treater for residual HCl removal, followed by a reactor effluent drier to remove H₂S and H₂O before entering the separation section, where the effluent stream is separated into hydrogen rich streams and a C₄ rich liquid product. The C₄ rich liquid product contains mainly isobutylene and isobutane which is sent to a depropanizer where the light ends are removed and the depropanizer bottoms are then sent to cavern storage/distribution.

The proposed project will consist of the following components:

- Inlet Separation and Filtration
- Dehydrogenation reactors
- Catalyst regeneration
- Chloride treaters and driers for removal of residual HCl, H₂S and water
- Depropanizer for removal of light ends
- Heat Medium Systems
- Wash oil recovery system
- Vent gas treating system
- Flare System
- Water supply, drain systems, waste water
- Utilities (fuel, air, R.O. water)

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All Qualified Property will be located within the boundaries indicated on the map attached on the last page of **EXHIBIT 1**, to wit:

FIELD NOTES

EXHIBIT "TRACT # 1"

LEGAL DESCRIPTION

88.077 ACRES

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

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

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

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

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

THENCE South 77° 58' 52" West along the common line of the Nelson and Kroll Tracts, a distance of 759.10 feet to a capped 1 1/2 inch iron rod found for the Southeast corner of a called 6.854 acre tract (described as Tract 1 in deed) conveyed to Missouri Pacific Railroad Company (now known as Union Pacific Railroad Company) by deed dated August 31, 1995 and recorded in Volume 95-279, Page 567 of O.P.R.C.C.T. and the Southwest corner of the herein described tract of land;

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

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

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

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

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

EXHIBIT "TRACT #2"

LEGAL DESCRIPTION

8.437 ACRES

North 39° 03' 41" East, at a distance of 1,204.05 feet passing the most northerly east corner of said 6.854 acre tract and the west corner of said 0.3214 acre tract, at a distance of 1,344.07 feet passing the north corner of said 0.3214 acre tract and the most northerly west corner of the said 1.262 acre tract, continuing a total distance of 1,932.58 feet to the west R.O.W. line of the aforesaid Hatcherville Road and the most easterly southeast corner of said easterly portion of said 1.654 acre tract, and the most northerly east corner of said 1.262 acre tract and the herein described tract, from which a found 1/2-inch iron rod with cap stamped "M. CHANDLER 5292", bears South 08° 12' East, 0.63 feet;

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

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

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

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

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

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



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

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

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

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

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

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

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

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

Northeasterly, a distance of 911.51 feet along said curve to the right, having a central angle of 26.38° 41", a radius of 1,960.08 feet, and a chord which bears North 25° 44' 20" East, a distance of 903.32 feet to a bent 1/2-inch iron rod with cap stamped "M. CHANDLER 5292" found marking a point of tangency;

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EXHIBIT "TRACT # 3"

LEGAL DESCRIPTION

431.0 ACRES

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

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

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

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

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

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

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

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

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

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

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

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

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

2011 BK VL
62639 CR 1244

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

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

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

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

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

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

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

Findings and Order of the Barbers Hill Independent School District Board of Trustees under
the Texas Economic Development Act on the Application Submitted by Enterprise Products
Operating LLC (Tax ID 12604305396) (Application # 1162)

ATTACHMENT H
Letter from the Texas Commissioner of
Education Regarding Impact on
Enrollment

IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.

December 22, 2016

Benny May, President
Board of Trustees
Barbers Hill Independent School District
PO Box 1108
Mont Belvieu, TX 77580-1108

Dear Mr. May:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Enterprise Products Operating LLC project #1162 on the number and size of school facilities in Barbers Hill Independent School District (BHISD). Based on an examination of BHISD enrollment and the number of potential new jobs, the TEA has determined that the Enterprise Products Operating LLC project should not have a significant impact on the number or size of school facilities in BHISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,



Al McKenzie
Director of State Funding

AM/rk
Cc: Greg Poole

JAN - 2 2017