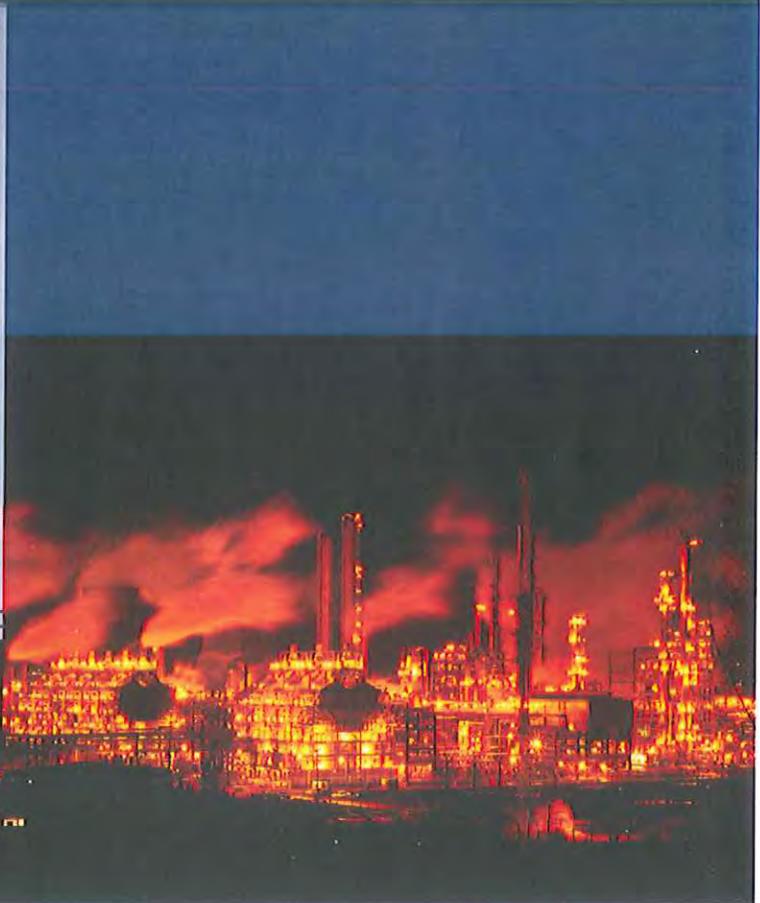


FINDINGS OF THE BARBERS HILL
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
ENTERPRISE PRODUCTS OPERATING, LLC



December 27, 2010

**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**

DECEMBER 27, 2010

Board Findings of the Barbers Hill Independent School District

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 27th day of December, 2010, 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 the Enterprise Operating LLC (Enterprise) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Barbers Hill Independent School District makes the following findings with respect to the application of Enterprise, and the economic impact of that application:

On December 3, 2010, 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 a completed Application from Enterprise for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

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

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

Board Findings of the Barbers Hill Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d).

A copy of the Application was delivered to the Chambers County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on December 6, 2010. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

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

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

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

After receipt of the Application, the District entered into negotiations with Enterprise over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. This form of the Agreement has been submitted to the Comptroller's Office pursuant to 34 Tex. Admin. Code § 9.1055 (e)(1). The proposed Agreement is attached to these findings as **Attachment G**.

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

Board Finding Number 1.

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

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

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

Board Finding Number 2.

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

Based on information provided by the Comptroller's Office, Chambers County is the 91st largest county in the state in terms of population. Population growth in Chambers County was above the state average. The state population grew by 2.0 percent between 2008 and 2009, while the population of Chambers County increased by 7.0 percent over the same period.

September 2010 employment growth for Chambers County increased by 1.0 percent from September 2009, while the state total employment increased by 1.2 percent during the same period. The unemployment rate in Chambers County was 9.3 percent in September 2010, higher than the current state average of 8.1 percent.

Board Findings of the Barbers Hill Independent School District

Chambers County has a higher per capita personal income than the state as a whole. In terms of per capita income, Chambers County's \$43,605 in 2008 ranked 12th among the 254 counties in Texas, while the Texas average was \$37,809 for the same period. These data are more than two years old and the recession that has occurred during that period would be expected to slow the growth in personal income in Chambers County and throughout the state.

In the first quarter 2010, taxable sales totaled \$42.09 million in Chambers County. This figure reflects a 19.8 percent decrease from the same year-earlier quarter and exceeds the general trend in taxable sales across the state.

Chambers County will benefit from economic activity like that associated with the Enterprise project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$85,500 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the average manufacturing wage. Enterprise indicates that total employment will be approximately four (4) new qualifying jobs.

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

After construction, the project will create four new jobs when fully operational. All four jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Chambers County is located was \$47,629 in 2009. The annual average manufacturing wage for 2009 for Chambers County was \$74,438. That same year, the county annual average wage for all industries was \$48,035. In addition to a salary

Board Findings of the Barbers Hill Independent School District

of \$85,500, each qualifying position will receive benefits such as health care, paid sick leave and vacation, education, and a 401(k).

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 \$235 million on the basis of the goal of four (4) new qualifying positions for the entire Enterprise project located in Barbers Hill ISD.

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

The project's total investment is \$235 million, resulting in a relative level of investment per qualifying job of \$58.75 million.

Board Finding Number 5.

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

Table 1 depicts Enterprise'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 using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Board Findings of the Barbers Hill Independent School District

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	504	733	1237	\$26,413,429	\$55,006,571	\$81,420,000
2012	504	760	1264	\$26,413,429	\$63,796,571	\$90,210,000
2013	4	102	106	\$342,000	\$15,528,000	\$15,870,000
2014	4	59	63	\$342,000	\$11,988,000	\$12,330,000
2015	4	33	37	\$342,000	\$9,058,000	\$9,400,000
2016	4	23	27	\$342,000	\$7,588,000	\$7,930,000
2017	4	17	21	\$342,000	\$6,128,000	\$6,470,000
2018	4	18	22	\$342,000	\$5,888,000	\$6,230,000
2019	4	21	25	\$342,000	\$5,638,000	\$5,980,000
2020	4	24	28	\$342,000	\$5,638,000	\$5,980,000
2021	4	23	27	\$342,000	\$5,518,000	\$5,860,000
2022	4	24	28	\$342,000	\$6,008,000	\$6,350,000
2023	4	26	30	\$342,000	\$6,008,000	\$6,350,000
2024	4	24	28	\$342,000	\$6,008,000	\$6,350,000
2025	4	29	33	\$342,000	\$6,498,000	\$6,840,000

Source: CPA, REMI, Enterprise Products Operating, LLC

Board Findings of the Barbers Hill Independent School District

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies (Before Credit Credited)	Barbers Hill ISD M&O and I&S Tax Levies (After Credit Credited)	Chambers County Tax Levy	City of Mont Belvieu Tax Levy	Estimated Total Property Taxes
2010	\$0	\$0		0.2698	1.0601	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0		0.2698	1.0601	\$0	\$0	\$0	\$0	\$0
2012	\$0	\$0		0.2698	1.0601	\$0	\$0	\$0	\$0	\$0
2013	\$218,380,000	\$30,000,000		\$589,189	\$318,030	\$907,219	\$907,219	\$246,660	\$251,847	\$1,405,726
2014	\$212,250,000	\$30,000,000		\$572,651	\$318,030	\$890,681	\$890,681	\$383,578	\$391,644	\$1,665,902
2015	\$205,580,000	\$30,000,000		\$554,655	\$318,030	\$872,685	\$872,685	\$464,405	\$474,170	\$1,811,260
2016	\$201,450,000	\$30,000,000		\$543,512	\$318,030	\$861,542	\$861,542	\$455,076	\$464,644	\$1,781,262
2017	\$194,970,000	\$30,000,000		\$526,029	\$318,030	\$844,059	\$844,059	\$440,437	\$449,698	\$1,734,195
2018	\$188,490,000	\$30,000,000		\$508,546	\$318,030	\$826,576	\$826,576	\$851,598	\$869,504	\$2,547,678
2019	\$182,010,000	\$30,000,000		\$491,063	\$318,030	\$809,093	\$809,093	\$822,321	\$839,612	\$2,471,026
2020	\$175,530,000	\$30,000,000		\$473,580	\$318,030	\$791,610	\$791,610	\$793,045	\$809,720	\$2,394,374
2021	\$169,050,000	\$169,050,000		\$456,097	\$1,792,099	\$2,248,196	\$2,248,196	\$763,768	\$779,828	\$3,791,792
2022	\$162,760,000	\$162,760,000		\$439,126	\$1,725,419	\$2,164,545	\$2,164,545	\$735,350	\$750,812	\$3,650,707
2023	\$153,461,000	\$153,461,000		\$414,038	\$1,626,840	\$2,040,878	\$2,040,878	\$693,337	\$707,916	\$3,442,130
2024	\$143,629,000	\$143,629,000		\$387,511	\$1,522,611	\$1,910,122	\$1,910,122	\$648,916	\$662,561	\$3,221,598
2025	\$134,308,660	\$134,308,660		\$362,365	\$1,423,806	\$1,786,171	\$1,786,171	\$606,807	\$619,566	\$3,012,543
						Total	\$16,953,377	\$7,905,297	\$8,071,521	\$32,930,195

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

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Mont Belvieu Tax Levy	Estimated Total Property Taxes	
2010	\$0	\$0		0.2698	1.0601	\$0	\$0	\$0	\$0	
2011	\$0	\$0		0.2698	1.0601	\$0	\$0	\$0	\$0	
2012	\$0	\$0		0.2698	1.0601	\$0	\$0	\$0	\$0	
2013	\$218,380,000	\$218,380,000		\$589,189	\$2,315,046	\$2,904,236	\$986,641	\$1,007,387	\$4,898,263	
2014	\$212,250,000	\$212,250,000		\$572,651	\$2,250,062	\$2,822,713	\$958,946	\$979,109	\$4,760,768	
2015	\$205,580,000	\$205,580,000		\$554,655	\$2,179,354	\$2,734,008	\$928,810	\$948,341	\$4,611,159	
2016	\$201,450,000	\$201,450,000		\$543,512	\$2,135,571	\$2,679,084	\$910,151	\$929,289	\$4,518,524	
2017	\$194,970,000	\$194,970,000		\$526,029	\$2,066,877	\$2,592,906	\$880,874	\$899,397	\$4,373,177	
2018	\$188,490,000	\$188,490,000		\$508,546	\$1,998,182	\$2,506,729	\$851,598	\$869,504	\$4,227,831	
2019	\$182,010,000	\$182,010,000		\$491,063	\$1,929,488	\$2,420,551	\$822,321	\$839,612	\$4,082,484	
2020	\$175,530,000	\$175,530,000		\$473,580	\$1,860,794	\$2,334,373	\$793,045	\$809,720	\$3,937,138	
2021	\$169,050,000	\$169,050,000		\$456,097	\$1,792,099	\$2,248,196	\$763,768	\$779,828	\$3,791,792	
2022	\$162,760,000	\$162,760,000		\$439,126	\$1,725,419	\$2,164,545	\$735,350	\$750,812	\$3,650,707	
2023	\$153,461,000	\$153,461,000		\$414,038	\$1,626,840	\$2,040,878	\$693,337	\$707,916	\$3,442,130	
2024	\$143,629,000	\$143,629,000		\$387,511	\$1,522,611	\$1,910,122	\$648,916	\$662,561	\$3,221,598	
2025	\$134,308,660	\$134,308,660		\$362,365	\$1,423,806	\$1,786,171	\$606,807	\$619,566	\$3,012,543	
						Total	\$31,144,511	\$10,580,563	\$10,803,040	\$52,528,114

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$235 million to the tax base for debt service purposes at the peak investment level for the 2013-14 school year. The Enterprise project remains fully taxable for debt services taxes, with IISD currently levying a \$0.2698 I&S rate. The additional value is expected to reduce the District's Current I&S tax rate to \$0.2565 in 2013-14, with the rate reduction diminishing as the project value depreciates.

Board Finding Number 7.

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

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

Board Finding Number 8.

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

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

According to Enterprise's application, "The Company currently operates in two states, and allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However,

Board Findings of the Barbers Hill Independent School District

the Company could redirect its expenditures to its plants in: Hobbs – West Texas and/or Norco – South Louisiana.”

Board Finding Number 9.

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

Board Finding Number 10.

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

Formal notification letters of the completion of due diligence research from the firms of O’Hanlon, McCollom & Demerath and Moak, Casey & Associates have been attached to these Findings.

Board Finding Number 11.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.022(b).

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2009 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2009 Barbers Hill value for Barbers Hill ISD is \$2,113,705,890. Barbers Hill ISD is categorized as a Subchapter C school district, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Given that the value of Barbers Hill property in Barbers Hill ISD exceeds \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Findings of the Barbers Hill Independent School District

Board Finding Number 12.

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

Board Finding Number 13.

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

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

Board Finding Number 14.

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

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

Board Findings of the Barbers Hill Independent School District

Dated the 27th day of December 2010.

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

By: *Carmena Goss*
Carmena Goss, President Board of Trustees

ATTEST:

By: *Benny May*
Benny May, Secretary Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 15, 2010

President and Members
Board of Trustees
Barbers Hill Independent School District
P.O. Box 1108
Mont Belvieu, Texas 77580

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

Dear President and Members of the Board of Trustees:

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

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

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

Sincerely,

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

Dan Casey

www.moakcasey.com

Phone 512-485-7878

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

Fax 512-485-7888

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

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

JUSTIN DEMERATH

December 14, 2010

President and Members
Board of Trustees
Barbers Hill Independent School District
P.O. Box 1108
Mont Belvieu, Texas 77580

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

Dear President and Members of the Board of Trustees:

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

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

Letter to Barbers Hill ISD
December 14, 2010
Page 2 of 2

5. The proposed Agreement contains adequate legal provisions so as to protect the Interests of the District.

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

Sincerely,

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

Kevin O'Hanlon
For the Firm

**APPLICATION FOR
APPRAISED VALUE LIMITATION
ON
QUALIFIED PROPERTY
(TAX CODE, CHAPTER 313, SUBCHAPTER B OR C)**

**SUBMITTED
BY
ENTERPRISE PRODUCTS OPERATING, LLC**



AUGUST 27, 2010

APPLICATION
FOR
APPRAISED VALUE LIMITATION
ON
QUALIFIED PROPERTY
(TAX CODE, CHAPTER 313, SUBCHAPTER B OR C)
SUBMITTED BY
ENTERPRISE PRODUCTS OPERATING, LLC

AUGUST 27, 2010

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

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

Attachment A

Application



Enterprise Products™

ENTERPRISE PRODUCTS PARTNERS LP
ENTERPRISE PRODUCTS OPERATING LLC

ENTERPRISE PRODUCTS GP, LLC, GENERAL PARTNER
ENTERPRISE PRODUCTS OLP, INC., SOLE MANAGER

August 25, 2010

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

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

Dear Dr. Greg Poole:

Enterprise Products Operating LLC is proposing to construct a manufacturing facility at our Mont Belvieu complex. This is a grass roots project with an estimated investment cost of \$235,000,000.

Enterprise recognizes that new and retained jobs are as important to the local economy as new capital investment. At any given time during the construction process, there will be several hundred workers at the facility location. Once construction is complete, Enterprise anticipates that it will employ at least 4 people at or near the facility on a full time basis.

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

We are respectfully requesting a 10 year abatement under The Appraised Value Limitation on Qualified Property (Chapter 313, Tex. Tax Code). Attached is our application for abatement.

If you have any questions, please feel free to contact me by telephone at 713-803-8071 or by email at ctate@eprod.com.

Sincerely,

Curt Tate
Tax Director

Enclosures



Application for Appraised Value Limitation on Qualified Property

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

Form 50-296
(Revised May 2010)

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

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

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

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

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

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

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

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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative		Date application received by district 8/30/10
First Name John	Last Name Koonce	
Title Assistant Superintendent of Finance		
School District Name Barbers Hill Independent School District		
Street Address 9600 EAGLE DR		
Mailing Address P O BOX 1108		
City MONT BELVIEU	State TX	ZIP 77580-1108
Phone Number (281) 576-2221	Fax Number (281) 576-5879	
Mobile Number (optional)	E-mail Address Jkoonce@bhisd.net	

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

Will consultant be primary contact? Yes No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name Kevin	Last Name O'Hanlon	
Title Attorney		
Firm Name O'Hanlon, McCollom & Demerath, PC		
Street Address 808 West Avenue		
Mailing Address 808 West Avenue		
City Austin	State TX	ZIP 78701
Phone Number 512-494-9949	Fax Number 512-494-9919	
Mobile Number (Optional)	E-mail Address kohanlon@808west.com	

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

Signature (Authorized School District Representative) 	Date 9/14/10
---	------------------------

Has the district determined this application complete? Yes No

If yes, date determined complete. 9/27/10

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

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

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

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

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

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

Will consultant be primary contact? Yes No



Form 50-296

Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name	Last Name	
Title		
Firm Name		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Business email Address		

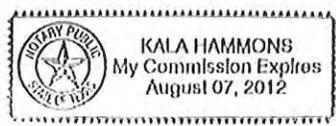
I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge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

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

Signature (Authorized Business Representative (Applicant))	Date
<i>Cur Gate</i>	8/25/2010

GIVEN under my hand and seal of office this 25th day of August, 2010

Kala Hammons
Notary Public, State of Texas



(Notary Seal)

My commission expires 8/7/2012

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



FEES AND PAYMENTS

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

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

Please answer only either A OR B:

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

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

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

ENTERPRISE PRODUCTS OPERATING LLC

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

12604305396

NAICS code

325120

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

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

Barbers Hill ISD, 2009

APPLICANT BUSINESS STRUCTURE

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

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

Limited Liability Corporation

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

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

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

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

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

PROJECT DESCRIPTION

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

Please see attachment 4

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

Please see attachment 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction December 2010 Begin Hiring New Employees February 2012
 Construction Complete February 2012 Fully Operational February 2012
 Purchase Machinery & Equipment February 2012

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

Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? February 2012



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
_____	_____
_____	_____
_____	_____
Total	_____

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

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

Applicant seeking tax abatements from City of Mont Belvieu and Chambers County with the following percentage abatements through year 7 of the project 1st year 100%, 2nd year 100%, 3rd year 75%, 4th year 60%, 5th year 50%, 6th year 50%, 7th year 50%

THE PROPERTY

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

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

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

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

County: Chambers (100%) City: City of Mont Belvieu (100%)

Hospital District: N/A Water District: N/A

Other (describe): N/A Other (describe): N/A

Is the project located entirely within this ISD? Yes No

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

INVESTMENT

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

At the time of application, what is the estimated minimum qualified investment required for this school district? 30 Million

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

What is your total estimated qualified investment? 235 Million

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

What is the anticipated date of application approval? December 1, 2010

What is the anticipated date of the beginning of the qualifying time period? December 15, 2010

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? 235 Million

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

Attach the following items to this application:

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

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

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

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

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

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

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

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

Land

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

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

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

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. 0 2010
(Market Value) (Tax Year)

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

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

WAGE AND EMPLOYMENT INFORMATION

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

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

- First Quarter Second Quarter Third Quarter Fourth Quarter of _____ (year)

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

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

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

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

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

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

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 4

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

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

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

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



WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

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

110% of the county average weekly wage for all jobs (all industries) in the county is \$1,016.13

110% of the county average weekly wage for manufacturing jobs in the county is \$1,574.65

110% of the county average weekly wage for manufacturing jobs in the region is \$1007.60

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

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

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$ 52,315.20

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$85,500

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? ☑ Yes ☐ No

Will each qualifying job require at least 1,600 of work a year? ☑ Yes ☐ No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? ☐ Yes ☑ No

Will any of the qualifying jobs be retained jobs? ☐ Yes ☑ No

Will any of the qualifying jobs be created to replace a previous employee? ☐ Yes ☑ No

Will any required qualifying jobs be filled by employees of contractors? ☐ Yes ☑ No

If yes, what percent? _____

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

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

See attachment 15

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? N/A ☐ Yes ☐ No

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

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

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

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

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

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

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

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

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

ATTACHMENT 7
APPLICATION FOR TAX ABATEMENT
BARBERS HILL SCHOOL DISTRICT

Proposed Project Description

Enterprise Products Operating LLC proposes to build a new NGL fractionator in Mont Belvieu, Texas. Our current Mont Belvieu NGL fractionator is one of the largest NGL fractionation facilities in the United States.

NGL Fractionation

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

Fractionation Process

The fractionation process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture. The raw NGL mixture is passed through a specific series of distillation towers: deethanizer, depropanizer, debutanizer, and deisobutanizer. The name of each of these towers corresponds to the NGL component that is separated in that tower. The raw NGL mixture first passes through the deethanizer, where its temperature is increased to the point where ethane (the lightest component) boils off the top of the tower as a gas and is condensed into a purity liquid that is routed to storage. The heavier components in the mixture at the bottom of the tower (i.e., propane, butane, iso butane, and natural gasoline) are routed to the second tower (depropanizer), where the process is repeated and the next lightest component (propane) is separated. This process is repeated until the mixture of liquids has been separated into its purity components.

Demand for NGLs

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven primarily by the petrochemical industry, which accounts for 40-50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- **Ethane.** Essentially all of the ethane extracted from natural gas is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world.)
- **Propane.** Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene. (Like ethylene, propylene is an important building block used in the manufacture of plastics.) The

bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.

• **Normal butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutane.

• **Isobutane.** Isobutane has the same molecular formula as normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.

• **Natural gasoline.** Natural gasoline is used primarily as a blendstock

List of Improvements

Plant Components

- DeEthanizer
- DEPropanizer
- Debutanizer
- Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment



Hobbs NGL Fractionation Facility- Gaines County, TX

Ability to locate or relocate:

The Company currently operates in two states, and allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However the Company could redirect its expenditures to its plants in:

- HOBBS-WEST TEXAS
- NORCO- SOUTH LOUISIANA

5-Allocation of Project Between Districts

N/A

ATTACHMENT A
APPLICATION FOR TAX ABATEMENT
BARBERS HILL SCHOOL DISTRICT

Proposed Project Description

Enterprise Products Operating L.L.C. proposes to build a new NGL fractionator in Mont Belvieu, Texas. Our current Mont Belvieu NGL fractionator is one of the largest NGL fractionation facilities in the United States.

NGL Fractionation

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

Fractionation Process

The fractionation process is accomplished by applying heat and pressure to the mixture of raw NGL hydrocarbons and separating each discrete product at the different boiling points for each NGL component of the mixture. The raw NGL mixture is passed through a specific series of distillation towers: deethanizer, depropanizer, debutanizer, and desobutanizer. The name of each of these towers corresponds to the NGL component that is separated in that tower. The raw NGL mixture first passes through the deethanizer, where its temperature is increased to the point where ethane (the lightest component) boils off the top of the tower as a gas and is condensed into a purity liquid that is routed to storage. The heavier components in the mixture at the bottom of the tower (i.e., propane, butane, iso butane, and natural gasoline) are routed to the second tower (depropanizer), where the process is repeated and the next lightest component (propane) is separated. This process is repeated until the mixture of liquids has been separated into its purity components.

Demand for NGLs

Sources of U.S. NGL demand include petrochemical consumption, gasoline blending, heating and fuel, and exports. Demand is driven primarily by the petrochemical industry, which accounts for 40-50% of total consumption. The U.S. petrochemical industry uses NGL products as feedstock (i.e. raw material) to produce ethylene, propylene, and butadiene (also known as olefins).

The following factors influence demand for each individual NGL component:

- **Ethane.** Essentially all of the ethane extracted from natural gas is consumed by the petrochemical industry as a feedstock for ethylene production. (Ethylene is a building block for polyethylene, which is the most popular plastic in the world.)
- **Propane.** Approximately 25-30% of propane is used as a feedstock by the petrochemical industry to produce ethylene and propylene. (Like ethylene, propylene is an important building block used in the manufacture of plastics.) The

bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.

• **Normal butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutane.

• **Isobutane.** Isobutane has the same molecular formula as normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.

• **Natural gasoline.** Natural gasoline is used primarily as a blendstock

List of Improvements

Plant Components

- DeEthanizer
- DEPropanizer
- Debutanizer
- Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment



Hobbs NGL Fractionation Facility- Gaines County, TX

bulk of the remaining demand for propane is primarily as a heating fuel in the residential and commercial markets.

• **Normal butane.** Normal butane is used as a petrochemical feedstock for the production of ethylene and butadiene (used to make synthetic rubber), as a blendstock for motor gasoline, and as a feedstock to create isobutane.

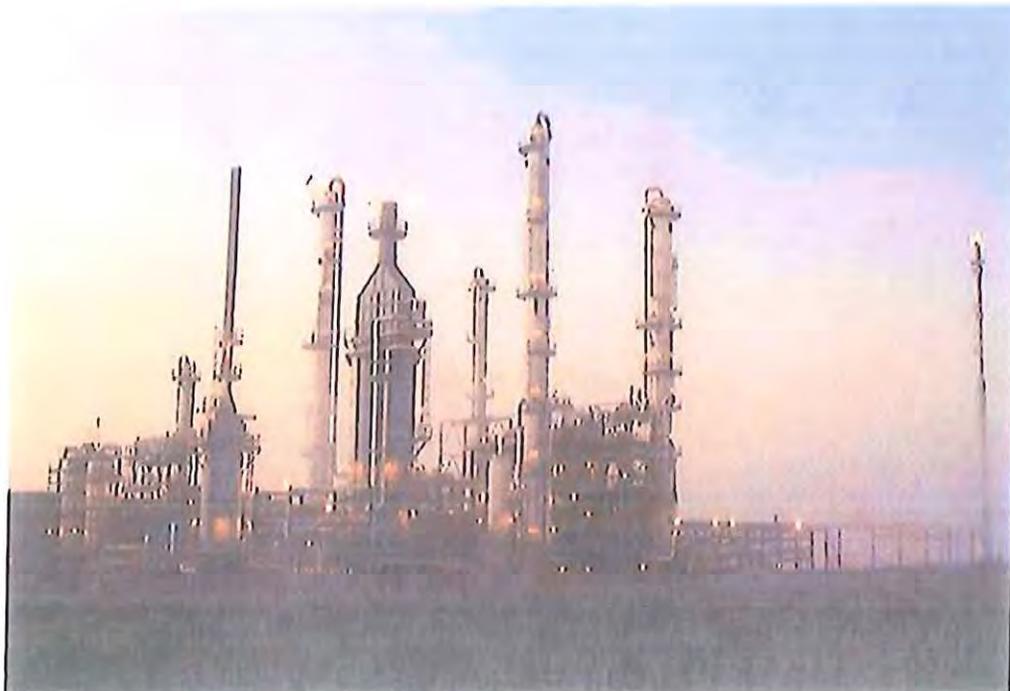
• **Isobutane.** Isobutane has the same molecular formula as normal butane, but a different structural formula (i.e., atoms are rearranged). Isobutane is used in refinery alkylation to enhance the octane content of motor gasoline.

• **Natural gasoline.** Natural gasoline is used primarily as a blendstock

List of Improvements

Plant Components

- DeEthanizer
- DEPropanizer
- Debutanizer
- Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment



Hobbs NGL Fractionation Facility- Galnes County, TX

2006 FEB 26
10:08 AM '06

10-1036
RETURN TO:

COMMERCE TITLE
700 ROLLINGBROOK SUITE 111
DAYTOWN, TEXAS 77521

GENERAL WARRANTY DEED

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Gunnar E. Roshto, County Clerk

THE STATE OF TEXAS §
COUNTY OF CHAMBERS §

KNOW ALL MEN BY THESE PRESENTS:

That I, GLENDA DEL BROWN, of Kendall County, Texas, for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other good and valuable consideration cash to me in hand paid by ENTERPRISE PRODUCTS OPERATING L.P., the receipt of which is hereby acknowledged, have (subject to the exceptions, reservations and covenants hereinafter set forth) GRANTED, SOLD and CONVEYED, and by these presents do (subject to the exceptions, reservations and covenants hereinafter set forth) GRANT, SELL and CONVEY unto the said ENTERPRISE PRODUCTS OPERATING L.P., a Delaware Limited Partnership, whose mailing address is 2727 North Loop West, Houston, Texas 77008, all of that certain lot, tract or parcel of land described in "EXHIBIT A" attached hereto and made a part hereof for all purposes.

It is understood and agreed by and between the parties hereto that this conveyance is made subject to the exceptions set forth in "EXHIBIT B" attached hereto and made a part hereof for all purposes.

It is further understood and agreed by and between the parties hereto that this conveyance is made subject to the following any and all zoning laws, regulations and ordinances of municipal or other governmental authority, and any and all exceptions, reservations, restrictions and easements, if any, affecting the above-described property and shown of record among the Official Public Records of Chambers County, Texas, and any canals, pipelines, easements or rights-of-way

2006 OCT 26 11:04 AM

10-20-06
RETURN TO:

COMMERCE TITLE
700 ROLLINGBROOK SUITE 11
DAYTOWN, TEXAS 77521

GENERAL WARRANTY DEED

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Gunn E. Roshto, County Clerk

THE STATE OF TEXAS §
COUNTY OF CHAMBERS §

KNOW ALL MEN BY THESE PRESENTS:

That I, GLENDA DEL BROWN, of Kendall County, Texas, for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other good and valuable consideration cash to me in hand paid by ENTERPRISE PRODUCTS OPERATING L.P., the receipt of which is hereby acknowledged, have (subject to the exceptions, reservations and covenants hereinafter set forth) GRANTED, SOLD and CONVEYED, and by these presents do (subject to the exceptions, reservations and covenants hereinafter set forth) GRANT, SELL and CONVEY unto the said ENTERPRISE PRODUCTS OPERATING L.P., a Delaware Limited Partnership, whose mailing address is 2727 North Loop West, Houston, Texas 77008, all of that certain lot, tract or parcel of land described in "EXHIBIT A" attached hereto and made a part hereof for all purposes.

It is understood and agreed by and between the parties hereto that this conveyance is made subject to the exceptions set forth in "EXHIBIT B" attached hereto and made a part hereof for all purposes.

It is further understood and agreed by and between the parties hereto that this conveyance is made subject to the following any and all zoning laws, regulations and ordinances of municipal or other governmental authority, and any and all exceptions, reservations, restrictions and easements, if any, affecting the above-described property and shown of record among the Official Public Records of Chambers County, Texas, and any canals, pipelines, easements or rights-of-way

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therefor physically located on the above-described property, whether documents therefor are recorded in such records or not.

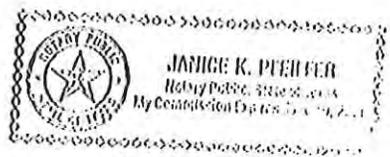
TO HAVE AND TO HOLD the above-described premises (subject to the exceptions, reservations and covenants hereinabove set forth), together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, forever; and the undersigned hereby binds herself, her heirs, executors and administrators, to WARRANT and FOREVER DEFEND all and singular the said premises (subject to the exceptions, reservations and covenants hereinabove set forth), unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

IN TESTIMONY WHEREOF, Witness my hand this the 23rd day of Jan, A.D., 2006.

Glenda Dol Brown
Glenda Dol Brown

THE STATE OF TEXAS §
COUNTY OF KENDALL §

This instrument was acknowledged before me on the 23RD day of JANUARY, A.D., 2006, by GLINDA DOL BROWN.



Janice K. Pfeiffer
Notary Public, State of Texas
Printed Name: JANICE K. PFEIFFER
Commission Expires: 10-19-06

"EXHIBIT A"

THE STATE OF TEXAS)
COUNTY OF CHAMBERS)

FIELD NOTES of a 126,241.2 acre tract of land situated in the T. & N.O.R.R. Co. Survey, Section No. 3, Abstract No. 503 and the Dan Jorgins Survey, Abstract No. 599; and being out of and a part of the residue of a 572.51 Acre tract of land called Second Tract from J.R. Harbor to Kirby Oil and Gas Company recorded in Volume 161 at Page 598 of the Deed Records of Chambers County, Texas. This 126,241.2 acre tract of land is more particularly described by notes and bounds as follows, to-wit:

NOTE: ALL BEARINGS ARE LAMBERT GRID BEARINGS AND ALL COORDINATES REFER TO THE STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, 1927 DATUM, AS DEFINED IN ARTICLE 5300A OF THE REVISED CIVIL STATUTES OF THE STATE OF TEXAS.
ALL DISTANCES ARE ACTUAL DISTANCES. SCALE FACTOR = 0.9999062
REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS MEMO AND BOUNDS DESCRIPTION.

BEGINNING at a $\frac{1}{4}$ inch iron rod set for the Northwest corner of this tract of land and the Southwest corner of a 407,009 acre tract of land conveyed in a deed from Glenda Dal Brown to Exxon Corporation dated November 1, 1978 and recorded in Volume 425 at Page 515 of the Deed Records of Chambers County, Texas and being in the East Right-of-Way line of Hatchersville Road (70' R.O.W.). This corner as a Texas State Plane Coordinate Value of X = 762,290.95 and Y = 3,293,315.00.

WHENCE North 66 deg 41 min 04 sec East with the North line of this tract of land and the South line of said 407,009 acre tract of land a distance of 3,399.51 feet to a $\frac{1}{4}$ inch iron rod set for the Northeast corner of this tract of land and the Southeast corner of said 407,009 acre tract of land and being in the West Right-of-Way line of the Southern Pacific Railroad (100' R.O.W.). From this corner a found brass disk stamped "Exxon Chemical Company U.S.A." bears South 66 deg 41 min 04 sec West a distance of 2.00 feet.

WHENCE South 07 deg 20 min 00 sec East with the East line of this tract of land and West Right-of-Way line of said Southern Pacific Railroad a distance of 1,458.10 feet to a $\frac{1}{4}$ inch iron rod set for the Southeast corner of this tract of land and the Northeast corner of a 117,469 acre tract of land conveyed in a deed from Glenda Dal Brown to Enterprise Product Company dated December 05, 1991 and recorded in Volume 162 at Page 169 of the Official Records of Chambers County, Texas. From this corner a found 5/8 inch iron rod bears North 57 deg 22 min 27 sec East a distance of 2.53 feet.

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

THENCE North 14 deg 47 min 39 sec West with the West line of this tract of land and the East Right-of-Way line of said Hatcherville Road a distance of 1,714.32 feet to a $\frac{1}{4}$ inch iron rod set for an angle point of this tract of land, and being in the East Right-of-Way line of said Hatcherville Road.

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

"EXHIBIT B"

There are no exceptions listed as "a", "b", or "c" in this exhibit. This exhibit begins with the exception designated as "d", and ends with exception designated as "nnnn".

- d. Right of Way Deed dated August 21, 1918, recorded in Volume 16 at Page 86 of the Deed Records of Chambers County, Texas from Old River Company to Dayton - Goose Creek Railway Company.
- e. Right of Way dated May 15, 1929, recorded in Volume 28 at Page 150 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- f. Right of Way dated February 24, 1930, recorded in Volume 30 at Page 339 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Humphroy Corporation.
- g. Right of Way dated December 31, 1931, recorded in Volume 33 at Page 630 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- h. Right of Way dated June 6, 1947, recorded in Volume 103 at Page 561 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Texas Pipeline Company.
- i. Right of Way dated December 3, 1952, recorded in Volume 146 at Page 537 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Sinclair Pipeline Company.
- j. Right of Way dated June 1, 1954, recorded in Volume 158 at Page 5 of the Deed Records of Chambers County, Texas from Kirby Petroleum Company to Texas natural Gasoline Corporation.
- k. Right of Way dated February 11, 1955, recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- l. Right of Way dated December 30, 1955, recorded in Volume 172 at Page 85 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Southern Canal Corporation.
- m. Right of Way dated July 20, 1956, recorded in Volume 181 at Page 43 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Butadeno & Chemical Corporation.
- n. Right of Way Deed dated February 11, 1956, recorded in Volume 183 at Page 369 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Gulf Refining Company.

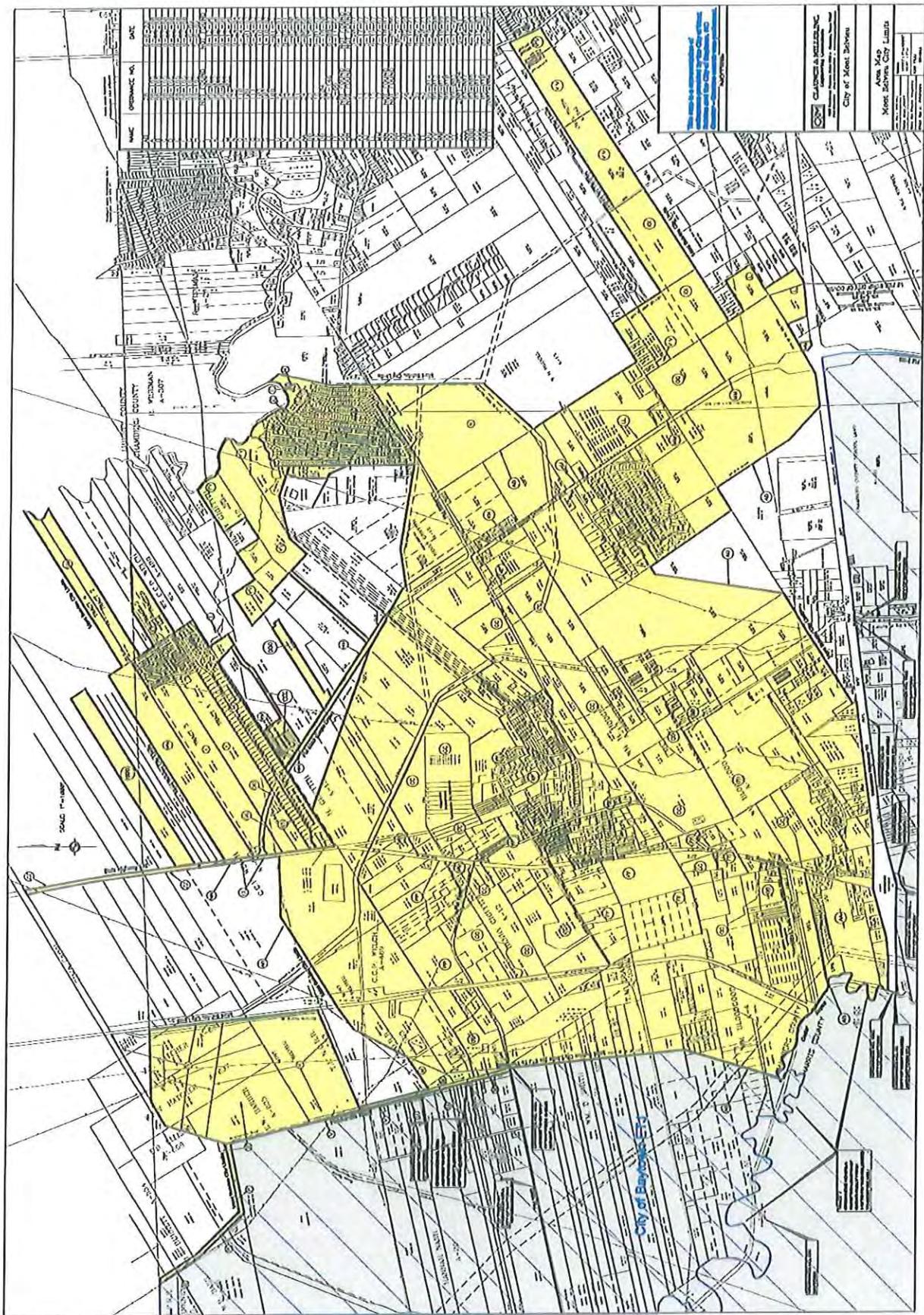
- o. Right of Way dated February 18, 1958, recorded in Volume 198 at Page 577 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Chambers County Water Control and Improvement District.
- p. Right of Way dated November 11, 1959, recorded in Volume 217 at Page 497 of the Deed Records of Chambers County, Texas from J.R. Barber, et ux to Southern Canal Company.
- q. Right of Way dated November 9, 1960, recorded in Volume 225 at Page 477 of the Deed Records of Chambers County, Texas from J.R. Barber to Southern Canal Company.
- r. Right of Way dated December 19, 1961, recorded in Volume 234 at Page 255 of the Deed Records of Chambers County, Texas from Lula Barber to Southern Canal Company.
- s. Right of Way dated July 6, 1962 recorded in Volume 239 at Page 140 of the Deed Records of Chambers County, Texas from Lula Barber, et al to Colonial Pipeline Company.
- t. Right of Way dated January 29, 1966 recorded in Volume 275 at Page 373 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- u. Easement:
To: Southern Canal Company
Recorded: October 18, 1967 in Volume 292 at Page 469, Deed Records, Chambers County, Texas.
Purpose: Canal
- v. Easement:
To: Gulf Refining Company
Recorded: February 5, 1968 in Volume 293 at Page 665, Deed Records, Chambers County, Texas.
Purpose:
- w. Right of Way dated February 5, 1968, recorded in Volume 294 at Page 203 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- x. Right of Way dated , recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- y. Right of Way dated April 23, 1970, recorded in Volume 315 at Page 505 of the Deed Records of Chambers County, Texas from Lula Barber to Lo-Vaca Gathering Company.
- z. Right of Way dated May 18, 1970, recorded in Volume 315 at Page 602 of the Deed Records of Chambers County, Texas from Lula Barber to Diamond Shamrock Corporation.
- aa. Right of Way dated May 18, 1970, recorded in Volume 316 at Page 138 of the Deed Records of Chambers County, Texas from Lula Barber to Cities Service Pipeline Company.
- bb. Right of Way dated August 17, 1970, recorded in Volume 318 at Page 466 of the Deed Records of Chambers County, Texas from Lula Barber to Santa Fe Pipeline Company.
- cc. Right of Way Deed dated October 10, 1970, recorded in Volume 320 at Page 162 of the Deed Records of Chambers County, Texas from Lula Barber to Coastal Industrial Water Authority.
- dd. Right of Way dated October 8, 1970, recorded in Volume 320 at Page 337 of the Deed Records of Chambers County, Texas from Lula Barber to Explorer Pipeline Company.

- oo. Right of Way dated July 15, 1975, recorded in Volume 371 at Page 652 of the Deed Records of Chambers County, Texas from Lula Barber to Big Three Industries, Inc..
- ff. Right of Way dated August 26, 1975, recorded in Volume 373 at Page 405 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to Colonial Pipeline Company
- gg. Right of Way dated February 22, 1977, recorded in Volume 395 at Page 291 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to ARCO Pipeline Company
- hh. Right of Way dated December 21, 1978, recorded in Volume 428 at Page 420 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Lo Vaca Gathering Company
- ii. Right of Way dated February 2, 1979, recorded in Volume 430 at Page 541 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Houston Pipeline Company
- jj. Right of Way dated February 22, 1979, recorded in Volume 431 at Page 653 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Shell Pipeline Corporation
- kk. Right of Way dated October 31, 1980, recorded in Volume 464 at Page 272 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Corporation
- ll. Right of Way dated August 8, 1980, recorded in Volume 467 at Page 447 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc..
- mm. Valve Site Lease dated January 12, 1981, recorded in Volume 467 at Page 461 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc..
- nn. Right of Way dated May 1, 1981, recorded in Volume 473 at Page 156 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Company
- oo. Right of Way dated April 22, 1981, recorded in Volume 475 at Page 710 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc..
- pp. Right of Way dated May 18, 1981, recorded in Volume 478 at Page 481 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc.
- qq. Right of Way dated October 12, 1981, recorded in Volume 485 at Page 1 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc..
- rr. Easement:
To: Houston Lighting and Power Company
Recorded: July 13, 1981 in Volume 478 at Page 481, Deed Records, Chambers County, Texas.
Purpose: Utility
- ss. Right of Way dated February 1, 1982, recorded in Volume 493 at Page 446 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc..
- tt. Right of Way Contract dated May 31, 1988, recorded in Volume 50 at Page 106 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipeline Company

- iii. Easement:
To: Valero Transmision
Recorded: September 12, 1988 In Volume 56 at page 677 ,Official Public Records,Chambers County, Texas.
Purpose: Pipeline
- iv. Right of Way Contract dated November 8, 1988, recorded in Volume 62 at Page 573 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Hlmont USA
- vv. Right of Way Contract dated December 5, 1991, recorded in Volume 162 at Page 177 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Enterprise Products Company
- xx. Right of Way Contract dated March 13, 1992, recorded in Volume 171 at Page 642 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- yy. Right of Way Contract dated March 26, 1992, recorded in Volume 175 at Page 379 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Union Carbido Industrial Gases, Inc.
- zz. Right of Way dated August 11, 1994, recorded in Volume 248 at Page 241 of the Official Public Records of Chambers County, Texas from Exxon to City of Mount Belvout..
- aaa. Right of Way Contract dated August 28, 1995 recorded in Volume 277 at Page 376 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Chevron USA
- bbb. Right of Way Contract dated June 27, 1995, recorded in Volume 279 at Page 591 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Company
- ccc. Right of Way Contract dated October 29, 1996, recorded in Volume 314 at Page 345 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipeline Company
- ddd. Right of Way Contract dated June 9, 1997, recorded in Volume 334 at Page 362 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- eee. Pipeline Right-of-Way Agreement dated July 28, 1998 and recorded in Volume 300 at Page 130 of the Official Public records of Chambers County, Texas.
- fff. Pipeline Work Space Agreement dated September 16, 1998, recorded in Volume 382 at Page 623 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- ggg. Pipeline Right-of-Way Agreement dated September 5, 2003 and recorded in Volume 645 at Page 277 of the Official Public records of Chambers County, Texas.
- hhh. Easement:
To: Cobra Oil & Gas Corporation
Recorded: September 14, 2004 In Volume 733 at page 5 ,Official Public Records,Chambers County, Texas.
Purpose: Pipeline
- iii. Surface Agreement dated June 3, 2004 and recorded in Volume 703 at Page 644 of the Official Public records of Chambers County, Texas.

- jjj. Surface Agreement dated May 27, 2004 and recorded in Volume 733 at Page 13 of the Official Public records of Chambers County, Texas.
- kkk. Portion of subject property is in the City of Mount Belvieu, Texas, as set forth in Ordinance recorded in Volume 242, Page 324 of the Official Public Records of Chambers County, Texas.
- lll. A gravel road traversing the Southern portion of subject property as evidenced by plat prepared by Chambers Surveying & Mapping by Michael W. Chandler RPLS 5292 and dated July 12, 2005 under Job No. 05-1102
- mmm. Mineral and/or royalty interest:
 - Interest: An undivided 100%
 - Recorded: September 13, 1954 in Volume 161 at Page 598, Deed Records, Chambers County, Texas.

EXHIBIT 1



**EXISTING APPRAISED VALUE AND ACCOUNT NUMBER
APPLICATION FOR TAX ABATEMENT
BARBERS HILL SCHOOL DISTRICT**

Property ID: 1874

Owner: ENTERPRISE PRODUCTS OPERATING LP

Property ID:

Account Number:

1874

00503-00100-00100-070001

Property Legal Description:

Deed Information:

503 TR 1-1 T AND H O

Volume: 038

SEC 1

Page: 205

File Number: 11676

Deed Date: 1/27/2006

Property Location:

Block:

Survey / Sub Division Abstract:

Section / Lot:

Owner Information:

Property Detail:

ENTERPRISE PRODUCTS OPERATING LP

Property Exempt:

PO BOX 4018

Category/SPTD Code: D2

Total Acres: 95.231

Total Living Sqft: See Detail

HOUSTON TX 77210 4018

Owner Interest: 1.000000

Homestead Exemption:

Previous Owner:

Homestead Cap Value: 0

BROWN GLENDA

Land Ag/Timber Value: 0

Land Market Value: 214,270

Improvement Value: 0

Property Market Value: 214,270

Jim Code	Jim Name	Total Market	Homestead	Total Exemption	Taxable
01	CHAMBERS COUNTY	214,270		0	214,270
01R	CHAMBERS COUNTY ROAD	214,270		0	214,270
31	CHAMBERS HILL ISD	214,270		0	214,270

\$ 284,040 Total

Property ID: 1874

Owner: ENTERPRISE PRODUCTS OPERATING LP

Land Detail

Land Sequence 1		
Acres: 95.231	Market Class: RS31LD-10	Market Value: 214,270
Land Method: AC	Ag/Timber Class: ARN	Ag/Timber Value: 4,760
Land Homesteadable: NO	Land Type: NATP	Ag Code:
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Total Land Value: \$ 214,270

Property ID: 1874

Owner: ENTERPRISE PRODUCTS OPERATING LP

Previous Owner Information

Parcel ID	Seller	Buyer	Volume	Page	File Number	Acq Date
1874	BROWN GLENDA	ENTERPRISE PRODUCTS OPERATING LP	838	205	11676	1/27/2006

Property ID: 34652

Owner: ENTERPRISE PRODUCTS OPERATING LP

Property ID:

Account Number:

34652

00503-00100-00100-070400

Property Legal Description:

Deed Information:

503 TR 1-1-4 T AND H O

Volume: 030

Page: 205

File Number: 11676

Deed Date: 1/27/2006

Property Location:

Block:

Survey / Sub Division Abstract:

Section / Lot:

Owner Information:

Property Detail:

ENTERPRISE PRODUCTS OPERATING LP

Property Exempt:

Category/SPTB Code: D2

PO BOX 4010

Total Acres: 10.000

Total Living Sqft: See Detail

HOUSTON TX 77210 4010

Owner Interest: 1.000000

Homestead Exemption:

Previous Owner:

Homestead Cap Value: 0

BROWN GLENDA

Land Ag/Timber Value: 0

Land Market Value: 24,320

Improvement Value: 0

Property Market Value: 24,320

Jur. Code	Jur Name	Total Market	Homestead	Total Exemption	Taxable
01	CHAMBERS COUNTY	24,320		0	24,320
01R	CHAMBERS COUNTY ROAD	24,320		0	24,320
10	CITY OF MT BELVIEU	24,320		0	24,320
31	BARBERS HILL ISD	24,320		0	24,320

Property ID: 34652

Owner: ENTERPRISE PRODUCTS OPERATING LP

Land Detail

Land Sequence 1		
Acres: 10.800	Market Class: RS311D-10	Market Value: 24,320
Land Method: AC	Ag/Timber Class: ARN	Ag/Timber Value: 540
Land Homesiteable: NO	Land Type: NATP	Ag Code:
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Total Land Value: \$ 24,320

Property ID: 34652

Owner: ENTERPRISE PRODUCTS OPERATING LP

Previous Owner Information

ParcelID	Seller	Buyer	Volume	Page	File Number	Deal Date
34652	BROWN GLENDA	ENTERPRISE PRODUCTS OPERATING LP	830	205	11676	1/27/2006

Property ID: 30934

Owner: ENTERPRISE PRODUCTS OPERATING LP

Property ID:
30934

Account Number:
00503-00100-00100-070010

Property Legal Description:
503 TR 1-1-0 T AND HO

Deed Information:
Volume: 838
Page: 205
File Number: 11676
Deed Date: 1/27/2006

Property Location:

Block:

Survey / Sub Division Abstract:

Section / Lot:

Owner Information:

Property Detail:

ENTERPRISE PRODUCTS OPERATING LP

PO BOX 4010

HOUSTON TX 77210 4010

Property Exempt:
Category/SPTD Code: 02
Total Acres: 20.200
Total Living Sqft: See Detail
Owner Interest: 1.000000
Homestead Exemption:
Homestead Cap Value: 0
Land Ag/Timber Value: 0
Land Market Value: 45,450
Improvement Value: 0
Property Market Value: 45,450

Previous Owner:
BROWN GLENDA

Jur Code	Jur Name	Total Market	Homestead	Total Exemption	Taxable
01	CHAMBERS COUNTY	45,450		0	45,450
01R	CHAMBERS COUNTY ROAD	45,450		0	45,450
10	CITY OF HYDEVIEW	45,450		0	45,450
31	DARBERS HILL ISD	45,450		0	45,450

Property ID: 30934

Owner: ENTERPRISE PRODUCTS OPERATING LP

Land Detail

Land Sequence 1		
Acres: 20.2	Market Class: RS31LD-10	Market Value: 45,450
Land Method: AC	Ag/Timber Class: ARN	Ag/Timber Value: 1,010
Land Homesteadable: NO	Land Type: NATP	Ag Code:
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

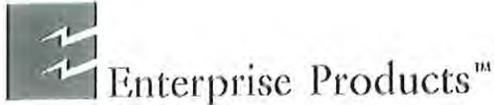
Total Land Value: \$ 45,450

Property ID: 30934

Owner: ENTERPRISE PRODUCTS OPERATING LP

Previous Owner Information

ParcelID	Seller	Buyer	Volume	Page	File Number	Deed Date
30934	BROWN GLENDA	ENTERPRISE PRODUCTS OPERATING LP	838	205	11676	1/27/2006



ENTERPRISE PRODUCTS PARTNERS LP
ENTERPRISE PRODUCTS OPERATING LLC

ENTERPRISE PRODUCTS GP, LLC, GENERAL PARTNER
ENTERPRISE PRODUCTS OLPG, INC., SOLE MANAGER

November 2, 2009

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

Dear Dr. Poole:

For our Application for Appraised Value Limitation on Qualified Property to Barbers Hill ISD under Chapter 313 of the Texas Tax Code, Enterprise Products Operating LLC is requesting a contemporaneous waiver of the requirement to create ten full time jobs.

Key to a waiver under Tex. Tax Code Section 313.025 (f-1) is a finding by the Board that the job yield exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility that the property owner described in the application. Based on the universal industry standard and background information included in our application, we have demonstrated that the nature and scope of this project will require less than ten permanent jobs. In total, the new manufacturing facility will create four new full time employees. Overtime and contract labor will result in the creation of an additional eight (8) full time "employees". We kindly request that the Barbers Hill Independent School District grant the waiver request.

Sincerely,

A handwritten signature in cursive script that reads "Curt Tate".

Curt Tate
Tax Director

Background information on Job Waiver request

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

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

COMPARISON OF STAFFING FOR FRACTIONATORS

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

The new fractionator will take advantage of current infrastructure in Mont Belvieu and will use an existing control room currently running 3 other units. The use of state-of-the-art technology will improve operations and require less maintenance than the older fractionators (~ 28 years old).

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2009	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,313
2009	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,419
2009	4th Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,576
2010	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,418

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2009	2nd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$867
2009	3rd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$865
2009	4th Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$994
2010	1st Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$923

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

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

Source: Texas Occupational Employment and Wages

Data published: July 2010

Data published annually, next update will be June 2011.

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

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

Data intended for TAC 313 purposes only.

14. Calculation of Wage Information----Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

2009	2Q	869
2009	3Q	855
2009	4Q	995
2009	1Q	976

$$\begin{aligned} 3695/4 &= \$923.75 \text{ average weekly salary} \\ &\quad \underline{\times 1.1 (110\%)} \\ &\quad \$1,016.13 \end{aligned}$$

110% of County Average Weekly Wage for Manufacturing Jobs in County

2009	2Q	1313
2009	3Q	1419
2009	4Q	1576
2010	1Q	1418

$$\begin{aligned} 5726/4 &= \$1,431.50 \text{ average weekly salary} \\ &\quad \underline{\times 1.1 (110\%)} \\ &\quad \$1,574.65 \end{aligned}$$

110 % of County Average Weekly Wage for Manufacturing Jobs in Region

\$22.90 per hour

X 40 hr per week

\$ 916 average weekly salary

X 1.10 (110%)

\$1007.60

X 52 weeks

\$52,395.20

15-Description of Benefits

Enterprise Products offers the following benefits to its employees:

Health Care

Paid Sick Leave and Vacation

Education

401 K

16-Economic Impact

N/A

Applicant Name:
ISD Name:

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment) Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property) Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) Complete tax years of qualifying time period Value Limitation Period Continue to Maintain Viable Presence Post-Settle-Up Period Post-Settle-Up Period	Year								
	1	2011-12	2011	3,000,000					
	2	2012-13	2012	232,000,000		3,000,000	3,000,000	3,000,000	
	3	2013-14	2013			232,000,000		232,000,000	
	4	2014-15	2014						
	5	2015-16	2015						
	6	2016-17	2016						
	7	2017-18	2017						
	8	2018-19	2018						
	9	2019-20	2019						
	10	2020-21	2020						
	11	2021-22	2021						
	12	2022-23	2022						
	13	2023-24	2023						
	14	2024-25	2024						
15	2025-26	2025							

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
 Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §913.021(1)(A)-(D).
 For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.
 The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §913.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.
 Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility.
 Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

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

 DATE 6/25/2010

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

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

Form 50-296

Applicant Name
ISD Name

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O--after all reductions
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"			
pre-year 1	2010-11	2010						
Complete tax years of qualifying time period	1	2011-12						
	2	2012-13						
	3	2013-14			237,000,000	18,620,000	218,380,000	30,000,000
	4	2014-15			230,300,000	18,050,000	212,250,000	30,000,000
	5	2015-16			223,250,000	17,670,000	205,580,000	30,000,000
Tax Credit Period (with 50% cap on credit)	6	2016-17			218,550,000	17,100,000	201,450,000	30,000,000
	7	2017-18			211,500,000	16,530,000	194,970,000	30,000,000
	8	2018-19			204,450,000	15,960,000	188,490,000	30,000,000
	9	2019-20			197,400,000	15,390,000	182,010,000	30,000,000
	10	2020-21			190,350,000	14,820,000	175,530,000	30,000,000
Credit Settle-Up Period	11	2021-22			183,300,000	14,250,000	169,050,000	169,050,000
	12	2022-23			176,250,000	13,490,000	162,760,000	162,760,000
	13	2023-24			166,850,000	13,389,000	153,461,000	153,461,000
Post-Settle-Up Period	14	2024-25			156,839,000	13,210,000	143,629,000	143,629,000
	15	2025-26			147,428,660	13,120,000	134,308,660	134,308,660

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Curt J. [Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

10/25/2010

DATE

Schedule C- Application: Employment information

Applicant Name
ISD Name

Form 50-296

		Construction			New Jobs		Qualifying Jobs	
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
pre-year 1	2010-11	2010						
Complete tax years of qualifying time period	1	2011-12	500 FTE	\$25 an hour	4	\$25,500.00	4	\$25,500.00
	2	2012-13	500 FTE	\$25 an hour	4	\$25,500.00	4	\$25,500.00
	3	2013-14			4	\$25,500.00	4	\$25,500.00
	4	2014-15			4	\$25,500.00	4	\$25,500.00
	5	2015-16			4	\$25,500.00	4	\$25,500.00
Tax Credit Period (with 50% cap on credit)	6	2016-17			4	\$25,500.00	4	\$25,500.00
	7	2017-18			4	\$25,500.00	4	\$25,500.00
	8	2018-19			4	\$25,500.00	4	\$25,500.00
	9	2019-20			4	\$25,500.00	4	\$25,500.00
	10	2020-21			4	\$25,500.00	4	\$25,500.00
Credit Settle-Up Period	11	2021-22			4	\$25,500.00	4	\$25,500.00
	12	2022-23			4	\$25,500.00	4	\$25,500.00
	13	2023-24			4	\$25,500.00	4	\$25,500.00
Post-Settle-Up Period	14	2024-25			4	\$25,500.00	4	\$25,500.00
	15	2025-26			4	\$25,500.00	4	\$25,500.00

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

C. J. Tate

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/25/2010
DATE

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

Form 50-...

Applicant Name

		Sales Tax Information		Franchise Tax				Other Property Tax Abatements Sought			
		Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other			
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2010-2011	2010									
Complete tax years of qualifying time period	1	2011-12	2011	\$600,000.00	\$900,000.00	\$21,000,000.00	100	100			
	2	2012-13	2012	\$600,000.00	\$900,000.00	\$21,000,000.00	100	100			
	3	2013-14	2013	\$600,000.00	\$900,000.00	\$21,000,000.00	75	75			
	4	2014-15	2014	\$600,000.00	\$900,000.00	\$21,000,000.00	60	60			
	5	2015-16	2015	\$600,000.00	\$900,000.00	\$21,000,000.00	50	50			
	6	2016-17	2016	\$600,000.00	\$900,000.00	\$21,000,000.00	50	50			
	7	2017-18	2017	\$600,000.00	\$900,000.00	\$21,000,000.00	50	50			
	8	2018-19	2018	\$600,000.00	\$900,000.00	\$21,000,000.00					
	9	2019-20	2019	\$600,000.00	\$900,000.00	\$21,000,000.00					
	10	2020-21	2020	\$600,000.00	\$900,000.00	\$21,000,000.00					
Value Limitation Period	11	2021-22	2021	\$600,000.00	\$900,000.00	\$21,000,000.00					
	12	2022-23	2022	\$600,000.00	\$900,000.00	\$21,000,000.00					
	13	2023-24	2023	\$600,000.00	\$900,000.00	\$21,000,000.00					
Credit Settle-Up Period	14	2024-25	2024	\$600,000.00	\$900,000.00	\$21,000,000.00					
	15	2025-26	2025	\$600,000.00	\$900,000.00	\$21,000,000.00					

*For planning, construction and operation of the facility.

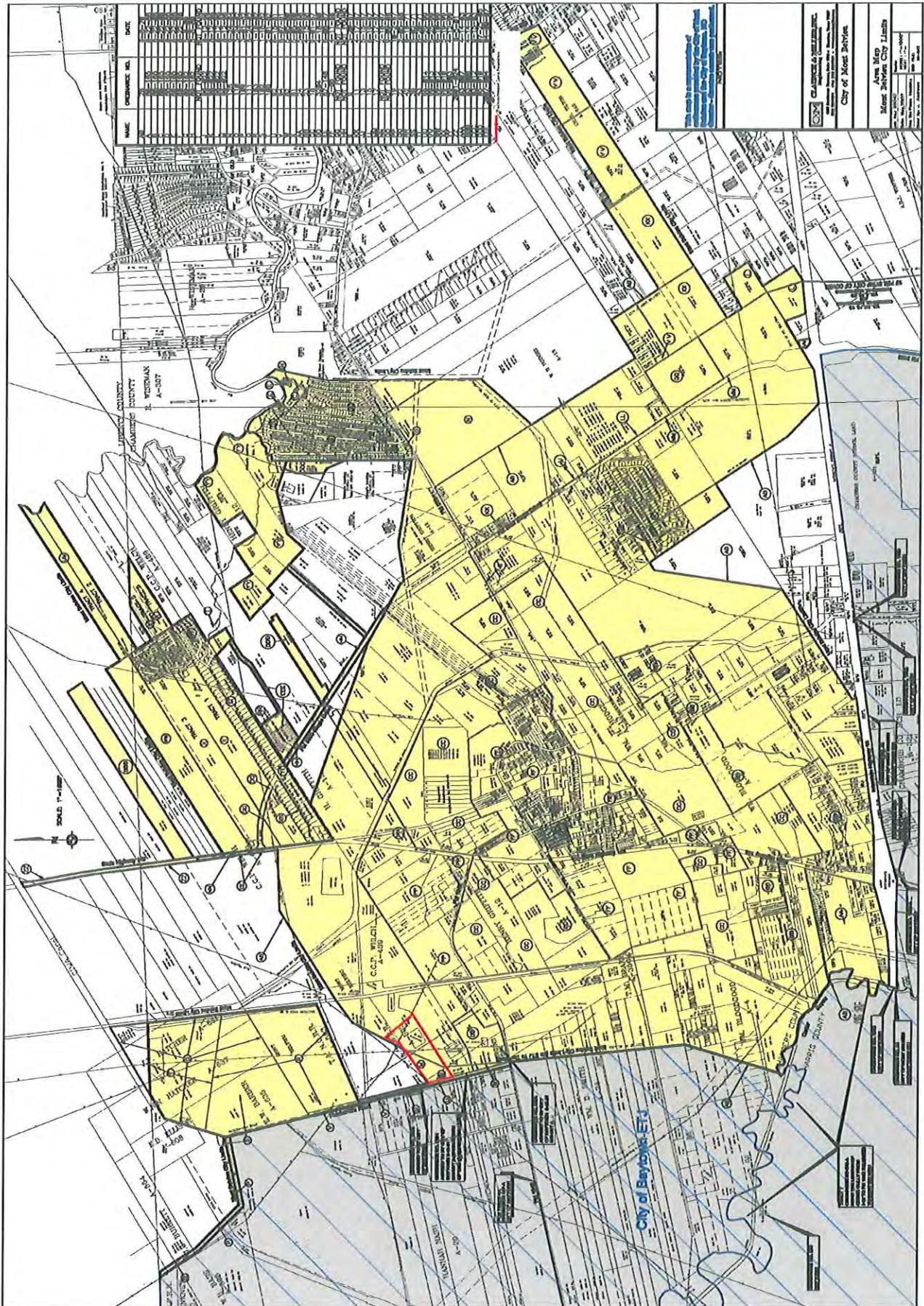
Contable

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/25/2010

DATE

EXHIBIT 1



**ORDINANCE ESTABLISHING REINVESTMENT ZONE
APPLICATION FOR TAX ABATEMENT
BARBERS HILL SCHOOL DISTRICT**

ORDINANCE 2009-017

AN ORDINANCE OF THE CITY OF MONT BELVIEU, TEXAS DESIGNATING A REINVESTMENT ZONE FOR PURPOSES OF TAX ABATEMENT FOR THE TAX ABATEMENT APPLICATION SUBMITTED BY ENTERPRISE PRODUCTS OPERATING LLC ON MAY 21, 2009.

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

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

WHEREAS, the City has adopted guidelines and criteria governing tax abatement agreements in Ordinance 2009-002; and,

WHEREAS, the City has received an application for tax abatement by Enterprise Products Operating LLC on May 21, 2009; and,

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

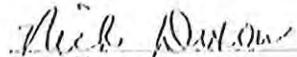
WHEREAS, the City published notice of a public hearing to be held on June 22, 2009 regarding the designation of the area described in the attached Exhibit 1 as a reinvestment zone for tax abatement purposes;

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

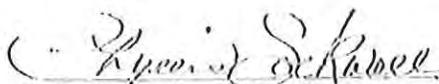
THEREFORE, BE IT ORDAINED
BY THE CITY COUNCIL OF MONT BELVIEU, TEXAS:

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

Passed and Approved this 22nd day of June, 2009.


Nick Dixon, Mayor

ATTEST:


Phyllis Sockwall, City Secretary

206 88 48 76
1103 18 33 365

10-1034
RETURN TO:

COMMERCE TITLE
700 ROLLINGBROOK SUITE E
DAYTOWN, TEXAS 77621

GENERAL WARRANTY DEED

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Gunn E. Roshto, County Clerk

THE STATE OF TEXAS §
COUNTY OF CHAMBERS §

KNOW ALL MEN BY THESE PRESENTS:

That I, GLENDA DEL BROWN, of Kendall County, Texas, for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other good and valuable consideration cash to me in hand paid by ENTERPRISE PRODUCTS OPERATING L.P., the receipt of which is hereby acknowledged, have (subject to the exceptions, reservations and covenants hereinafter set forth) GRANTED, SOLD and CONVEYED, and by these presents do (subject to the exceptions, reservations and covenants hereinafter set forth) GRANT, SELL and CONVEY unto the said ENTERPRISE PRODUCTS OPERATING L.P., a Delaware Limited Partnership, whose mailing address is 2727 North Loop West, Houston, Texas 77008, all of that certain lot, tract or parcel of land described in "EXHIBIT A" attached hereto and made a part hereof for all purposes.

It is understood and agreed by and between the parties hereto that this conveyance is made subject to the exceptions set forth in "EXHIBIT B" attached hereto and made a part hereof for all purposes.

It is further understood and agreed by and between the parties hereto that this conveyance is made subject to the following any and all zoning laws, regulations and ordinances of municipal or other governmental authority, and any and all exceptions, reservations, restrictions and easements, if any, affecting the above-described property and shown of record among the Official Public Records of Chambers County, Texas, and any canals, pipelines, easements or rights-of-way

therefor physically located on the above-described property, whether documents therefor are recorded in such records or not.

TO HAVE AND TO HOLD the above-described premises (subject to the exceptions, reservations and covenants hereinabove set forth), together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, forever; and the undersigned hereby binds herself, her heirs, executors and administrators, to WARRANT and FOREVER DEFEND all and singular the said premises (subject to the exceptions, reservations and covenants hereinabove set forth), unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

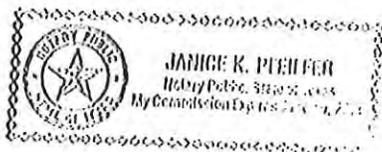
IN TESTIMONY WHEREOF, Witness my hand this the 23rd day of Jan, A.D., 2006.

Glenda Del Brown
Glenda Del Brown

THE STATE OF TEXAS §

COUNTY OF KENDALL §

This instrument was acknowledged before me on the 23RD day of JANUARY, A.D., 2006, by GLENDA DEL BROWN.



Janice K. Pfeiffer
Notary Public, State of Texas
Printed Name: JANICE K. PFEIFFER
Commission Expires: 10-19-06

"EXHIBIT A"

THE STATE OF TEXAS)
COUNTY OF CHANDERS)

FIELD NOTES of a 126,241.2 acre tract of land situated in the T. & N.O.R.R. Co. Survey, Section No. 1, Abstract No. 503 and the Dan Jorgins Survey, Abstract No. 599, and being out of and a part of the residue of a 572.51 acre tract of land called Second Tract from J.R. Harbor to Kirby Oil and Gas Company recorded in Volume 161 at Page 590 of the Deed Records of Chambers County, Texas. This 126,241.2 acre tract of land is more particularly described by notes and bounds as follows, to-wit:

NOTE: ALL BEARINGS ARE LAMBERT GRID BEARINGS AND ALL COORDINATES REFER TO THE STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, 1927 DATUM, AS DEFINED IN ARTICLE 5300A OF THE REVISED CIVIL STATUTES OF THE STATE OF TEXAS.
ALL DISTANCES ARE ACTUAL DISTANCES. SCALE FACTOR = 0.9999062
REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS MEETS AND BOUNDS DESCRIPTION.

BEGINNING at a 1/4 inch iron rod set for the Northwest corner of this tract of land and the Southwest corner of a 407,009 acre tract of land conveyed in a deed from Glenda Del Brown to Exxon Corporation dated November 1, 1978 and recorded in Volume 425 at Page 525 of the Deed Records of Chambers County, Texas and being in the East Right-of-Way line of Hatcherville Road (70' R.O.W.). This corner as a Texas State Plane Coordinate Value of $X = 762,230.96$ and $Y = 3,293,315.00$.

THENCE North 66 deg 41 min 04 sec East with the North line of this tract of land and the South line of said 407,009 acre tract of land a distance of 3,399.51 feet to a 1/4 inch iron rod set for the Northeast corner of this tract of land and the Southeast corner of said 407,009 acre tract of land and being in the West Right-of-Way line of the Southern Pacific Railroad (100' R.O.W.). From this corner a found brass disk stamped "Exxon Chemical company U.S.A." bears South 66 deg 41 min 04 sec West a distance of 2.00 feet.

THENCE South 07 deg 20 min 00 sec East with the East line of this tract of land and West Right-of-Way line of said Southern Pacific Railroad a distance of 1,450.10 feet to a 1/4 inch iron rod set for the Southeast corner of this tract of land and the Northeast corner of a 117,469 acre tract of land conveyed in a deed from Glenda Del Brown to Enterprise Product Company dated December 05, 1991 and recorded in Volume 162 at Page 169 of the Official Records of Chambers County, Texas. From this corner a found 5/8 inch iron rod bears North 57 deg 22 min 27 sec East a distance of 2.53 feet.

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

THENCE North 14 deg 47 min 39 sec West with the West line of this tract of land and the East Right-of-Way line of said Hatcherville Road a distance of 1,714.32 feet to a 1/4 inch iron rod set for an angle point of this tract of land, and being in the East Right-of-Way line of said Hatcherville Road.

THENCE North 14 deg 23 min 53 sec West with the West line of this tract of land and the East Right-of-Way line of said Hatcherville Road a distance of 240.81 feet to the PLACE OF BEGINNING, containing within said boundaries 126.2412 acres of land.

"EXHIBIT B"

There are no exceptions listed as "a", "b", or "c" in this exhibit. This exhibit begins with the exception designated as "d", and ends with exception designated as "nmm".

- d. Right of Way Deed dated August 21, 1918, recorded in Volume 16 at Page 86 of the Deed Records of Chambers County, Texas from Old River Company to Dayton - Goose Creek Railway Company.
- e. Right of Way dated May 15, 1929, recorded in Volume 28 at Page 150 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- f. Right of Way dated February 24, 1930, recorded in Volume 30 at Page 339 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Humphroy Corporation.
- g. Right of Way dated December 31, 1931, recorded in Volume 33 at Page 630 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- h. Right of Way dated June 6, 1947, recorded in Volume 103 at Page 561 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Texas Pipeline Company.
- i. Right of Way dated December 3, 1952, recorded in Volume 146 at Page 537 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Sinclair Pipeline Company.
- j. Right of Way dated June 1, 1954, recorded in Volume 150 at Page 5 of the Deed Records of Chambers County, Texas from Kirby Petroleum Company to Texas Natural Gasoline Corporation.
- k. Right of Way dated February 11, 1955, recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- l. Right of Way dated December 30, 1955, recorded in Volume 172 at Page 85 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Southern Canal Corporation.
- m. Right of Way dated July 20, 1956, recorded in Volume 181 at Page 43 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Butadiene & Chemical Corporation.
- n. Right of Way Deed dated February 11, 1956, recorded in Volume 183 at Page 369 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Gulf Refining Company.

- o. Right of Way dated February 18, 1958, recorded in Volume 198 at Page 577 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Chambers County Water Control and Improvement District.
- p. Right of Way dated November 11, 1959, recorded in Volume 217 at Page 497 of the Deed Records of Chambers County, Texas from J.R. Barber, et ux to Southern Canal Company.
- q. Right of Way dated November 9, 1960, recorded in Volume 225 at Page 477 of the Deed Records of Chambers County, Texas from J.R. Barber to Southern Canal Company.
- r. Right of Way dated December 19, 1961, recorded in Volume 234 at Page 255 of the Deed Records of Chambers County, Texas from Lula Barber to Southern Canal Company.
- s. Right of Way dated July 6, 1962 recorded in Volume 239 at Page 140 of the Deed Records of Chambers County, Texas from Lula Barber, et al to Colonial Pipeline Company.
- t. Right of Way dated January 29, 1966 recorded in Volume 275 at Page 373 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- u. Easement:
To: Southern Canal Company
Recorded: October 18, 1967 in Volume 292 at Page 469 ,Deed Records,Chambers County, Texas.
Purpose: Canal
- v. Easement:
To: Gulf Refining Company
Recorded: February 5, 1968 in Volume 293 at Page 665 ,Deed Records,Chambers County, Texas.
Purpose:
- w. Right of Way dated February 5, 1968, recorded in Volume 294 at Page 203 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- x. Right of Way dated , recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- y. Right of Way dated April 23, 1970, recorded in Volume 315 at Page 505 of the Deed Records of Chambers County, Texas from Lula Barber to Lo-Vaca Gathering Company.
- z. Right of Way dated May 18, 1970, recorded in Volume 315 at Page 602 of the Deed Records of Chambers County, Texas from Lula Barber to Diamond Shamrock Corporation.
- aa. Right of Way dated May 18, 1970, recorded in Volume 316 at Page 138 of the Deed Records of Chambers County, Texas from Lula Barber to Cities Service Pipeline Company.
- bb. Right of Way dated August 17, 1970, recorded in Volume 318 at Page 466 of the Deed Records of Chambers County, Texas from Lula Barber to Santa Fe Pipeline Company.
- cc. Right of Way Daad dated October 10, 1970, recorded in Volume 320 at Page 162 of the Deed Records of Chambers County, Texas from Lula Barber to Coastal Industrial Water Authority.
- dd. Right of Way dated October 8, 1970, recorded in Volume 320 at Page 337 of the Deed Records of Chambers County, Texas from Lula Barber to Explorer Pipeline Company.

- oo. Right of Way dated July 15, 1975, recorded in Volume 371 at Page 652 of the Deed Records of Chambers County, Texas from Lula Barber to Big Three Industries, Inc.,
- pp. Right of Way dated August 26, 1975, recorded in Volume 373 at Page 405 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to Colonial Pipeline Company
- qq. Right of Way dated February 22, 1977, recorded in Volume 395 at Page 291 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to ARCO Pipeline Company
- hh. Right of Way dated December 21, 1978, recorded in Volume 428 at Page 420 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Lo Vaca Gathering Company
- ii. Right of Way dated February 2, 1979, recorded in Volume 430 at Page 541 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Houston Pipeline Company
- jj. Right of Way dated February 22, 1979, recorded in Volume 431 at Page 653 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Shell Pipeline Corporation
- kk. Right of Way dated October 31, 1980, recorded in Volume 464 at Page 272 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Corporation
- ll. Right of Way dated August 8, 1980, recorded in Volume 467 at Page 447 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc.,
- mm. Valvo Site Lease dated January 12, 1981, recorded in Volume 467 at Page 461 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc.,
- nn. Right of Way dated May 1, 1981, recorded in Volume 473 at Page 156 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Company
- oo. Right of Way dated April 22, 1981, recorded in Volume 475 at Page 710 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc.,
- pp. Right of Way dated May 18, 1981, recorded in Volume 478 at Page 481 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc.
- qq. Right of Way dated October 12, 1981, recorded in Volume 485 at Page 1 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc.,
- rr. Easement:
To: Houston Lighting and Power Company
Recorded: July 13, 1981 in Volume 478 at Page 481, Deed Records, Chambers County, Texas.
Purpose: Utility
- ss. Right of Way dated February 1, 1982, recorded in Volume 493 at Page 446 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Big Three Industries, Inc.,
- tt. Right of Way Contract dated May 31, 1988, recorded in Volume 50 at Page 106 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipeline Company

- uu. Easement:
To: Valero Transmision
Recorded: September 12, 1988 In Volume 56 at page 677 ,Official Public Records,Chambers County, Texas.
Purpose: Pipeline
- w. Right of Way Contract dated November 8, 1988, recorded in Volume 62 at Page 573 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Hlmont USA
- ww. Right of Way Contract dated December 5, 1991, recorded in Volume 162 at Page 177 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Enterprise Products Company
- xx. Right of Way Contract dated March 13, 1992, recorded in Volume 171 at Page 642 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- yy. Right of Way Contract dated March 26, 1992, recorded in Volume 175 at Page 379 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Union Carbide Industrial Gases, Inc.
- zz. Right of Way dated August 11, 1994, recorded in Volume 248 at Page 241 of the Official Public Records of Chambers County, Texas from Exxon to City of Mount Belvieu.
- aaa. Right of Way Contract dated August 20, 1995 recorded in Volume 277 at Page 376 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Chevron USA
- bbb. Right of Way Contract dated June 27, 1995, recorded in Volume 279 at Page 591 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Company
- ccc. Right of Way Contract dated October 29, 1996, recorded in Volume 314 at Page 345 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipeline Company
- dddd. Right of Way Contract dated June 9, 1997, recorded in Volume 334 at Page 362 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- eee. Pipeline Right-of-Way Agreement dated July 28, 1998 and recorded in Volume 380 at Page 138 of the Official Public records of Chambers County, Texas.
- fff. Pipeline Work Space Agreement dated September 16, 1998, recorded in Volume 382 at Page 623 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- ggg. Pipeline Right-of-Way Agreement dated September 5, 2003 and recorded in Volume 645 at Page 277 of the Official Public records of Chambers County, Texas.
- hhh. Easement:
To: Cobra Oil & Gas Corporation
Recorded: September 14, 2004 in Volume 733 at page 5 ,Official Public Records,Chambers County, Texas.
Purpose: Pipeline
- iii. Surface Agreement dated June 3, 2004 and recorded in Volume 703 at Page 644 of the Official Public records of Chambers County, Texas.

- jjj. Surface Agreement dated May 27, 2004 and recorded in Volume 733 at Page 13 of the Official Public records of Chambers County, Texas.
- kkk. Portion of subject property is in the City of Mount Baylau, Texas, as set forth in Ordinance recorded in Volume 242, Page 324 of the Official Public Records of Chambers County, Texas.
- lll. A gravel road traversing the Southern portion of subject property as evidenced by plat prepared by Chambers Surveying & Mapping by Michael W. Chandler RPLS 5292 and dated July 12, 2005 undot Job No. 05-1102
- mmm. Mineral and/or royalty interest:
 - Interest: An undivided, 100%
 - Recorded: September 13, 1954 in Volume 161 at Page 598 ,Deed Records, Chambers County, Texas.

JAN 27 2006

RECEIVED
JAN 27 2006
OFFICE OF PUBLIC RECORDS
COUNTY CLERK, COUNTY CLERK
CLERK NUMBER 0001676
AMOUNT \$6.00
RECEIPT NUMBER 00208099
BY ISSUING
STATE OF TEXAS
COUNTY CLERK
RECORDED UNDER BY CLERK JAN 27 2006
COUNTY CLERK
RECORDED

⑨ Commerce Title Company
700 Rollingbrook Drive, Ste. E
Baytown, TX. 77521

ORDINANCE NO. 2009 .002

AN ORDINANCE MAKING CERTAIN FINDINGS, OF FACT, ADOPTING GUIDELINES AND CRITERIA FOR TAX ABATEMENT AGREEMENTS, AND PROVIDING FOR A TAX ABATEMENT AGREEMENT WHICH WOULD PERMIT TAX ABATEMENT BY OTHER TAXING ENTITIES TO THE EXCLUSION OF THE CITY OF MONT BELVIEU IN ACCORDANCE WITH CHAPTER 312 OF THE TEXAS TAX CODE.

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

WHEREAS, the City Council of the City of Mont Belvieu finds and determines that the guidelines and criteria as hereinafter set out are in the best interest of the City of Mont Belvieu to encourage certain types of development to the exclusion of others, and

WHEREAS, the City Council of the City of Mont Belvieu reaffirms its absolute discretion to approve and/or reject any applicant for tax abatement, whether or not an application meets the guidelines as herein stated, and

WHEREAS, the City Council of the City of Mont Belvieu finds and determines that it should consider applications for tax abatement and enter into tax abatement agreements which provide for abatements under criteria established by other taxing entities without city participation;

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

Section 1.

That pursuant to the provisions to the provisions of Section 312.002(d) of the Texas Tax Code, the City of Mont Belvieu does hereby adopt the following guidelines

**GUIDELINES AND CRITERIA FOR CREATING REINVESTMENT ZONE
APPLICATION FOR TAX ABATEMENT
BARBERS HILL SCHOOL DISTRICT**

and criteria for the City of Mont Belvieu to consider and/or to enter into a tax abatement agreement:

Section 2.

The property subject to the abatement must be located within the city limits of the City of Mont Belvieu.

Eligible businesses shall include any business duly authorized to operate in the State of Texas.

Section 3.

Eligible activities in which an abatement may be granted shall include the lesser of either the additional assessed value over the base year value or actual investment resulting from construction or acquisition of fixed assets.

Section 4.

The abatement formula that may be permitted in any abatement agreement shall be:

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

Section 5.

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

PASSED and APPROVED on this, the 23rd day of February, 2009.

APPROVED:

Nick Dixon
Nick Dixon, Mayor

ATTEST:

Phyllis Sockwell
Phyllis Sockwell, City Secretary

Attachment B

Certificate of Account Status



Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

Do **not** include a certificate from this Web site as part of a filing with the Secretary of State for dissolution, merger, withdrawal, or conversion. The Secretary of State will reject a filing that uses the certification from this site.

To obtain a certificate that is sufficient for dissolution, merger, or conversion, see Publication 98-336d, [Requirements to Dissolve, Merge or Convert a Texas Entity](#).

Certification of Account Status	Officers And Directors Information
Entity Information:	ENTERPRISE PRODUCTS OPERATING LLC PO BOX 4018 HOUSTON, TX 77210-4018
Status:	IN GOOD STANDING NOT FOR DISSOLUTION OR WITHDRAWAL through November 15, 2010
Registered Agent:	C T CORPORATION SYSTEM 350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201
Registered Agent Resignation Date:	
State of Formation:	TX
File Number:	0800838920
SOS Registration Date:	June 30, 2007
Taxpayer Number:	12604305396

[texas.gov](#) | [Statewide Search from the Texas State Library](#) | [State Link Policy](#) | [Texas Homeland Security](#)

Susan Combs, Texas Comptroller • [Window on State Government](#) • [Contact Us](#)
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Attachment B

Certificate of Account Status



[Taxable Entity Search Results](#)

Franchise Tax Certification of Account Status

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To obtain a certificate that is sufficient for dissolution, merger, or conversion, see Publication 98-336d, [Requirements to Dissolve, Merge or Convert a Texas Entity](#).

[Certification of Account Status](#) [Officers And Directors Information](#)

Entity Information:	ENTERPRISE PRODUCTS OPERATING LLC PO BOX 4018 HOUSTON, TX 77210-4018
Status:	IN GOOD STANDING
Registered Agent:	C T CORPORATION SYSTEM 350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201
Registered Agent Resignation Date:	
State of Formation:	TX
File Number:	0800838920

Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13526 • AUSTIN, TX 78711-3526



December 6, 2010

Mr. John Koonce
Assistant Superintendent of Finance
Barbers Hill Independent School District
P. O. Box 1108
Mont Belvieu, Texas 77580-1108

Dear Assistant Superintendent Koonce:

On December 3, 2010, the agency received the completed application for a limitation on appraised value originally submitted to the Barbers Hill Independent School District (Barbers Hill ISD) by Enterprise Products Operating LLC (Enterprise) in August, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Enterprise's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Barbers Hill ISD is currently classified as a rural school district in Category 1. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$235,000,000) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

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

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Mr. John Koonce
December 6, 2010
Page Two

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

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

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

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

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Enterprise Products Operating, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2008-2009 Enrollment in School District	3,890
County	Chambers
Total Investment in District	\$235,000,000
Qualified Investment	\$235,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	4*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,644
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$1,008
Minimum Annual Wage committed to by applicant for qualified jobs	\$85,500
Investment per Qualifying Job	\$58,750,000
Estimated 15 year M&O levy without any limit or credit:	\$24,826,150
Estimated gross 15 year M&O tax benefit	\$14,191,135
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$13,971,433
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$0
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$10,854,717
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	56.3%
Percentage of tax benefit due to the limitation	100.0%
Percentage of tax benefit due to the credit.	0.0%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

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

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

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

After construction, the project will create four new jobs when fully operational. All four jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Houston-Galveston Area Council of Governments Region, where Chambers County is located was \$47,629 in 2009. The annual average manufacturing wage for 2009 for Chambers County was \$74,438. That same year, the county annual average wage for all industries was \$48,035. In addition to a salary of \$85,500, each qualifying position will receive benefits such as health care, paid sick leave and vacation, education, and a 401(k). The project's total investment is \$235 million, resulting in a relative level of investment per qualifying job of approximately \$58.8 million.

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

According to Enterprise's application, "The Company currently operates in two states, and allocates capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However the Company could redirect its expenditures to its plants in:

- Hobbs – West Texas
- Norco – South Louisiana."

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

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

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

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

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

Table 1 depicts Enterprise'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 using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	504	733	1237	\$26,413,429	\$55,006,571	\$81,420,000
2012	504	760	1264	\$26,413,429	\$63,796,571	\$90,210,000
2013	4	102	106	\$342,000	\$15,528,000	\$15,870,000
2014	4	59	63	\$342,000	\$11,988,000	\$12,330,000
2015	4	33	37	\$342,000	\$9,058,000	\$9,400,000
2016	4	23	27	\$342,000	\$7,588,000	\$7,930,000
2017	4	17	21	\$342,000	\$6,128,000	\$6,470,000
2018	4	18	22	\$342,000	\$5,888,000	\$6,230,000
2019	4	21	25	\$342,000	\$5,638,000	\$5,980,000
2020	4	24	28	\$342,000	\$5,638,000	\$5,980,000
2021	4	23	27	\$342,000	\$5,518,000	\$5,860,000
2022	4	24	28	\$342,000	\$6,008,000	\$6,350,000
2023	4	26	30	\$342,000	\$6,008,000	\$6,350,000
2024	4	24	28	\$342,000	\$6,008,000	\$6,350,000
2025	4	29	33	\$342,000	\$6,498,000	\$6,840,000

Source: CPA, REMI, Enterprise Products Operating, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2009. Barbers Hill ISD's ad valorem tax base in 2009 was \$2.9 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Barbers Hill ISD's estimated wealth per WADA was \$731,092. The impact on the facilities and finances of the district are presented in Attachment 2.

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

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies (Before Credit Credited)	Barbers Hill ISD M&O and I&S Tax Levies (After Credit Credited)	Chambers County Tax Levy	City of Mont Belvieu Tax Levy	Estimated Total Property Taxes
				0.2698	1.0601			0.4518	0.4613	
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2013	\$218,380,000	\$30,000,000		\$589,189	\$318,030	\$907,219	\$907,219	\$246,660	\$251,847	\$1,405,726
2014	\$212,250,000	\$30,000,000		\$572,651	\$318,030	\$890,681	\$890,681	\$383,578	\$391,644	\$1,665,902
2015	\$205,580,000	\$30,000,000		\$554,655	\$318,030	\$872,685	\$872,685	\$464,405	\$474,170	\$1,811,260
2016	\$201,450,000	\$30,000,000		\$543,512	\$318,030	\$861,542	\$861,542	\$455,076	\$464,644	\$1,781,262
2017	\$194,970,000	\$30,000,000		\$526,029	\$318,030	\$844,059	\$844,059	\$440,437	\$449,698	\$1,734,195
2018	\$188,490,000	\$30,000,000		\$508,546	\$318,030	\$826,576	\$826,576	\$851,598	\$869,504	\$2,547,678
2019	\$182,010,000	\$30,000,000		\$491,063	\$318,030	\$809,093	\$809,093	\$822,321	\$839,612	\$2,471,026
2020	\$175,530,000	\$30,000,000		\$473,580	\$318,030	\$791,610	\$791,610	\$793,045	\$809,720	\$2,394,374
2021	\$169,050,000	\$169,050,000		\$456,097	\$1,792,099	\$2,248,196	\$2,248,196	\$763,768	\$779,828	\$3,791,792
2022	\$162,760,000	\$162,760,000		\$439,126	\$1,725,419	\$2,164,545	\$2,164,545	\$735,350	\$750,812	\$3,650,707
2023	\$153,461,000	\$153,461,000		\$414,038	\$1,626,840	\$2,040,878	\$2,040,878	\$693,337	\$707,916	\$3,442,130
2024	\$143,629,000	\$143,629,000		\$387,511	\$1,522,611	\$1,910,122	\$1,910,122	\$648,916	\$662,561	\$3,221,598
2025	\$134,308,660	\$134,308,660		\$362,365	\$1,423,806	\$1,786,171	\$1,786,171	\$606,807	\$619,566	\$3,012,543
						Total	\$16,953,377	\$7,905,297	\$8,071,521	\$32,930,195

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

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Barbers Hill ISD I&S Levy	Barbers Hill ISD M&O Levy	Barbers Hill ISD M&O and I&S Tax Levies	Chambers County Tax Levy	City of Mont Belvieu Tax Levy	Estimated Total Property Taxes	
				0.2698	1.0601		0.4518	0.4613		
2010	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	
2011	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	
2012	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	
2013	\$218,380,000	\$218,380,000		\$589,189	\$2,315,046	\$2,904,236	\$986,641	\$1,007,387	\$4,898,263	
2014	\$212,250,000	\$212,250,000		\$572,651	\$2,250,062	\$2,822,713	\$958,946	\$979,109	\$4,760,768	
2015	\$205,580,000	\$205,580,000		\$554,655	\$2,179,354	\$2,734,008	\$928,810	\$948,341	\$4,611,159	
2016	\$201,450,000	\$201,450,000		\$543,512	\$2,135,571	\$2,679,084	\$910,151	\$929,289	\$4,518,524	
2017	\$194,970,000	\$194,970,000		\$526,029	\$2,066,877	\$2,592,906	\$880,874	\$899,397	\$4,373,177	
2018	\$188,490,000	\$188,490,000		\$508,546	\$1,998,182	\$2,506,729	\$851,598	\$869,504	\$4,227,831	
2019	\$182,010,000	\$182,010,000		\$491,063	\$1,929,488	\$2,420,551	\$822,321	\$839,612	\$4,082,484	
2020	\$175,530,000	\$175,530,000		\$473,580	\$1,860,794	\$2,334,373	\$793,045	\$809,720	\$3,937,138	
2021	\$169,050,000	\$169,050,000		\$456,097	\$1,792,099	\$2,248,196	\$763,768	\$779,828	\$3,791,792	
2022	\$162,760,000	\$162,760,000		\$439,126	\$1,725,419	\$2,164,545	\$735,350	\$750,812	\$3,650,707	
2023	\$153,461,000	\$153,461,000		\$414,038	\$1,626,840	\$2,040,878	\$693,337	\$707,916	\$3,442,130	
2024	\$143,629,000	\$143,629,000		\$387,511	\$1,522,611	\$1,910,122	\$648,916	\$662,561	\$3,221,598	
2025	\$134,308,660	\$134,308,660		\$362,365	\$1,423,806	\$1,786,171	\$606,807	\$619,566	\$3,012,543	
						Total	\$31,144,511	\$10,580,563	\$10,803,040	\$52,528,114

Source: CPA, Enterprise Products Operating, LLC

¹Tax Rate per \$100 Valuation



TEXAS EDUCATION AGENCY

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

Robert Scott
Commissioner

December 7, 2010

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Enterprise Operating Products, LLC, project on the number and size of school facilities in Barbers Hill Independent School District (BHISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the BHISD superintendent, Dr. Greg Poole, the TEA has found that the Enterprise Operating Products, LLC, project would not have a significant impact on the number or size of school facilities in BHISD.

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

Sincerely,

Helen Daniels
Director of State Funding

HD/hd



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Robert Scott
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December 7, 2010

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

Dear Mr. Wood:

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

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

Sincerely,

Helen Daniels
Director of State Funding

HD/hd

Chambers County

Population

Total county population in 2009 for Chambers County: 31,431, up 7.0 percent from 2008. State population increased 2.0 percent in the same time period. Chambers County was the state's 91st largest county in population in 2009 and the 2nd fastest growing county from 2008 to 2009. Chambers County's population in 2009 was 68.9 percent Anglo (above the state average of 46.7 percent), 10.5 percent African-American (below the state average of 11.3 percent) and 18.4 percent Hispanic (below the state average of 36.9 percent). 2009 population of the largest cities and places in Chambers County:

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

Economy and Income

Employment

September 2010 total employment in Chambers County: 13,488, up 1.0 percent from September 2009. State total employment increased 1.2 percent during the same period.

September 2010 Chambers County unemployment rate: 9.3 percent, down from 10.3 percent in September 2009. The statewide unemployment rate for September 2010 was 8.1 percent, unchanged from 8.1 percent in September 2009.

September 2010 unemployment rate in the city of: NA

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

Income

Chambers County's ranking in per capita personal income in 2008: 12th with an average per capita income of \$43,605, up 4.6 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

Industry

Agricultural cash values in Chambers County averaged \$22.65 million annually from 2006 to 2009. County total agricultural values in 2009 were down 52.2 percent from 2008. Major agriculture related commodities in Chambers County during 2009 included:

Aquaculture	Rice	Hunting	Hay	Other Beef
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2010 oil and gas production in Chambers County: 512,720.0 barrels of oil and 5.5 million Mcf of gas. In September 2010, there were 192 producing oil wells and 74 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (January 2010 through March 2010)

Taxable sales in Chambers County during the first quarter 2010: \$42.09 million, down 19.8 percent from the same quarter in 2009.

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

Mont Belvieu:	\$12.30 million, down 22.9 percent from the same quarter in 2009.
Anahuac:	\$2.03 million, down 11.8 percent from the same quarter in 2009.
Old River-Winfree:	\$0.00
Cove:	\$680,742.00, up 5.8 percent from the same quarter in 2009.

Annual (2009)

Taxable sales in Chambers County during 2009: \$196.36 million, down 9.0 percent from 2008.

Chambers County sent an estimated \$12.27 million (or 0.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2009. Taxable sales during 2009 in the city of:

Mont Belvieu:	\$56.58 million, down 19.0 percent from 2008.
Anahuac:	\$9.19 million, up 9.0 percent from 2008.
Old River-Winfree:	\$0.00
Cove:	\$3.57 million, down 24.8 percent from 2008.

Sales Tax - Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of September 2010: \$541.48 million, up 8.1 percent from September 2009.

Payments to all cities in Chambers County based on the sales activity month of September 2010: \$193,756.92, up 13.2 percent from September 2009.

Payment based on the sales activity month of September 2010 to the city of:

Mont Belvieu:	\$171,941.19, up 11.9 percent from September 2009.
Anahuac:	\$11,579.29, down 7.5 percent from September 2009.
Old River-Winfree:	\$2,070.71, up 31.1 percent from September 2009.
Cove:	\$8,165.73, up 145.1 percent from September 2009.

Annual (2009)

Statewide payments based on sales activity months in 2009: \$5.59 billion, down 7.3 percent from 2008.

Payments to all cities in Chambers County based on sales activity months in 2009: \$2.64 million, down 18.3 percent from 2008.

Payment based on sales activity months in 2009 to the city of:

Mont Belvieu:	\$1.94 million, down 18.6 percent from 2008.
Anahuac:	\$149,399.69, down 14.9 percent from 2008.
Old River-Winfree:	\$21,330.45, down 1.8 percent from 2008.
Cove:	\$43,286.82, down 18.5 percent from 2008.

Property Tax

As of January 2008, property values in Chambers County: \$7.40 billion, up 6.8 percent from January 2007 values. The property tax base per person in Chambers County is \$251,964, above the statewide average of \$85,992. About 3.3 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Chambers County's ranking in state expenditures by county in fiscal year 2009: 79th. State expenditures in the county for FY2009: \$148.69 million, up 41.6 percent from FY2008.

In Chambers County, 8 state agencies provide a total of 44 jobs and \$461,194.00 in annualized wages (as of 1st quarter 2010).

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

- Department of Public Safety
- Department of Transportation
- Parks & Wildlife Department
- AgriLife Extension Service
- Health & Human Services Commission

Higher Education

Community colleges in Chambers County fall 2009 enrollment:

None.

Chambers County is in the service area of the following:

Galveston College with a fall 2009 enrollment of 2,167. Counties in the service area include:

- Chambers County
- Galveston County
- Jefferson County

Lee College with a fall 2009 enrollment of 6,542. Counties in the service area include:

- Chambers County
- Harris County
- Liberty County

San Jacinto Community College with a fall 2009 enrollment of 30,449. Counties in the service area include:

- Chambers County
- Harris County

Institutions of higher education in Chambers County fall 2009 enrollment:

None.

School Districts

Chambers County had 3 school districts with 16 schools and 6,494 students in the 2008-09 school year.

(Statewide, the average teacher salary in school year 2008-09 was \$47,158. The percentage of students, statewide, meeting the 2009 TAKS passing standard for all 2008-09 TAKS tests was 74 percent.)

Anahuac ISD had 1,338 students in the 2008-09 school year. The average teacher salary was \$44,378. The percentage of students meeting the 2009 TAKS passing standard for all tests was 80 percent.

Barbers Hill ISD had 3,890 students in the 2008-09 school year. The average teacher salary was \$53,328. The percentage of students meeting the 2009 TAKS passing standard for all tests was 89 percent.

East Chambers ISD had 1,266 students in the 2008-09 school year. The average teacher salary was \$44,260. The percentage of students meeting the 2009 TAKS passing standard for all tests was 79 percent.

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

November 5, 2010

Final Report

PREPARED BY



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

Introduction

Enterprise Operating Products, LLC (Enterprise) has requested that the Barbers Hill Independent School District (BHISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new natural gas liquids (NGL) fractionation manufacturing project. An application was submitted to BHISD on August 30, 2010. Enterprise proposes to invest \$235 million to construct the new NGL fractionator project in BHISD.

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

School Finance Mechanics

Under the provisions of Chapter 313, BHISD may offer a minimum value limitation of \$30 million. Based on the application, the qualifying time period would begin with the 2011-12 school year. The full value of the investment is expected to reach \$218 million in 2013-14, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2011-12 and 2012-13 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2011-12 and 2012-13 school years. Beginning in 2013-14, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with BHISD currently levying a \$0.2698 I&S tax rate.

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

values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, Enterprise indicates that no taxable value would be in place in the second year under the agreement. In year three (2013-14) of the agreement, the project is expected to go on the tax roll at \$30 million or, if applicable, a higher value limitation amount approved by the BHISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

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

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

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

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The

Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

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

Student enrollment counts begin at 4,342 students in average daily attendance (ADA) in 2011-12 and increase to 7,028 ADA over the next decade in analyzing the effects of the Enterprise project on the finances of BHISD, assuming a 3.5 percent annual growth in enrollment. The District's local tax base totaled \$2.8 billion for the 2010 tax year. While the district's tax base has experienced modest decline in recent years, the underlying \$2.8 billion taxable value for 2010-11 is maintained for the forecast period in order to isolate the effects of the property value limitation. BHISD is a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$574,503 expected for the 2011-12 school year. The assumptions for 2011-12 and the forecast period are summarized in Table 1.

School Finance Impact

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

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

A third model is developed which adds the Enterprise value but imposes the proposed property value limitation effective in the third year, which in this case is the 2013-14 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.06 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$38.6 million a year in net General Fund revenue at the beginning of the of limitation period, with annual increases reflective of the District's projected increases in student enrollment.

Under these assumptions, BHISD would experience a revenue loss as a result of the implementation of the value limitation in the 2013-14 school year (-\$122,658). The revenue reduction results from the mechanics of six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study. It appears that smaller differences persist between the two models over the course of the agreement, in part due to deductions made in state property value study that do not sufficiently offset the reduction in M&O taxes resulting from the impact of the value limitation agreement.

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

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that only levy M&O taxes.

The consequence of the lower deduction in the value study relative to the Chapter 313 reduction in the CAD values is that a school district risks not being fully compensated under the school finance funding formulas for having granted the property value limitation. In the case of BHISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the underlying tax base is substantially larger than the proposed project.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.06 per \$100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$14.2 million over the life of the agreement. The key BHISD revenue losses are associated with the additional six-cent levy not subject to recapture and expected to total approximately -\$182,343 over the course of the agreement. In total, the potential net tax benefits are estimated to total \$14.0 million over the life of the agreement.

Facilities Funding Impact

The Enterprise project remains fully taxable for debt services taxes, with BHISD currently levying a \$0.2698 I&S rate. The value of the Enterprise project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. The additional value is expected to help reduce the District's current I&S tax rate to \$0.2565 per \$100 in 2013-14—\$0.0133 cents of tax effort—with the rate reduction diminishing as the project value depreciates.

The Enterprise project is not expected to affect BHISD in terms of enrollment. While the construction phase is expected to employ as many as 500 workers, recent experience for similar projects suggests that a number of these workers are not likely to relocate their families while working on the project. The project is expected to result in the creation of eight full-time

positions once the project is in operation. Even if there are some additional students, BHISD is in the midst of a period of steady enrollment growth and should be able to accommodate additional students based on current enrollment trends.

Conclusion

The proposed Enterprise NGL fractionator project enhances the tax base of BHISD. It reflects continued capital investment in industrial gas manufacturing, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$14.0 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of BHISD in meeting its future debt service obligations.

Table 1 – Base District Information with Enterprise Operating Products, LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2011-12	4,342.35	5,067.72	\$1.0601	\$0.2698	\$2,793,937,580	\$2,793,937,580	\$2,911,424,135	\$2,911,424,135	\$574,503	\$574,503
2	2012-13	4,494.33	5,227.23	\$1.0601	\$0.2698	\$2,793,937,580	\$2,793,937,580	\$2,966,608,175	\$2,966,608,175	\$567,529	\$567,529
3	2013-14	4,651.63	5,389.65	\$1.0601	\$0.2576	\$3,012,317,580	\$2,823,937,580	\$2,979,946,365	\$2,979,946,365	\$552,902	\$552,902
4	2014-15	4,814.44	5,557.02	\$1.0601	\$0.2585	\$3,006,187,580	\$2,823,937,580	\$3,195,851,722	\$3,044,298,532	\$575,101	\$547,829
5	2015-16	4,982.95	5,729.52	\$1.0601	\$0.2595	\$2,999,517,580	\$2,823,937,580	\$3,188,746,708	\$3,042,225,227	\$556,547	\$530,974
6	2016-17	5,157.35	5,905.00	\$1.0601	\$0.2601	\$2,995,387,580	\$2,823,937,580	\$3,181,106,093	\$3,040,053,988	\$538,714	\$514,827
7	2017-18	5,337.86	6,094.00	\$1.0601	\$0.2615	\$2,988,907,580	\$2,823,937,580	\$3,175,957,791	\$3,038,286,117	\$521,162	\$498,570
8	2018-19	5,524.68	6,307.29	\$1.0601	\$0.2625	\$2,982,427,580	\$2,823,937,580	\$3,168,534,345	\$3,036,206,336	\$502,361	\$481,381
9	2019-20	5,718.05	6,528.04	\$1.0601	\$0.2635	\$2,975,947,580	\$2,823,937,580	\$3,161,063,243	\$3,034,029,182	\$484,228	\$464,769
10	2020-21	5,918.18	6,756.53	\$1.0601	\$0.2645	\$2,969,467,580	\$2,823,937,580	\$3,153,585,344	\$3,031,837,232	\$466,747	\$448,727
11	2021-22	6,125.31	6,993.00	\$1.0601	\$0.2655	\$2,962,987,580	\$2,962,987,580	\$3,263,079,400	\$3,146,609,256	\$466,621	\$449,965
12	2022-23	6,339.70	7,237.76	\$1.0601	\$0.2666	\$2,956,697,580	\$2,956,697,580	\$3,251,427,116	\$3,251,427,116	\$449,231	\$449,231
13	2023-24	6,561.59	7,491.08	\$1.0601	\$0.2680	\$2,947,398,580	\$2,947,398,580	\$3,240,116,727	\$3,240,116,727	\$432,530	\$432,530
14	2024-25	6,791.25	7,753.27	\$1.0601	\$0.2695	\$2,937,566,580	\$2,937,566,580	\$3,225,944,772	\$3,225,944,772	\$416,075	\$416,075
15	2025-26	7,028.94	8,024.63	\$1.0601	\$0.2701	\$2,928,246,240	\$2,928,246,240	\$3,211,382,921	\$3,211,382,921	\$400,191	\$400,191

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

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$31,770,144	\$1,642,577	\$5,217,157	\$0	-\$1,992,710	\$1,907,702	\$83,598	-\$551	\$38,627,917
2	2012-13	\$31,518,291	\$1,694,949	\$6,185,840	\$0	-\$1,613,342	\$1,892,579	\$107,192	-\$535	\$39,784,973
3	2013-14	\$33,702,853	\$1,749,155	\$4,422,753	\$0	-\$919,538	\$2,023,755	\$171,149	-\$545	\$41,149,583
4	2014-15	\$33,641,501	\$2,130,872	\$6,896,938	\$0	-\$2,508,849	\$2,020,071	\$86,333	-\$598	\$42,266,270
5	2015-16	\$33,574,744	\$1,863,325	\$7,073,530	\$0	-\$1,109,072	\$2,016,063	\$156,189	-\$550	\$43,574,229
6	2016-17	\$33,533,410	\$2,272,230	\$7,311,291	\$0	-\$450,809	\$2,013,581	\$227,761	-\$528	\$44,906,936
7	2017-18	\$33,468,531	\$1,985,626	\$8,572,871	\$0	\$0	\$2,009,685	\$302,605	-\$477	\$46,338,840
8	2018-19	\$33,403,674	\$2,423,655	\$9,735,528	\$0	\$0	\$2,005,790	\$388,326	-\$448	\$47,956,525
9	2019-20	\$33,338,817	\$2,116,638	\$11,696,986	\$0	\$0	\$2,001,896	\$476,986	-\$389	\$49,630,933
10	2020-21	\$34,735,286	\$2,944,077	\$11,118,294	\$0	\$0	\$2,085,750	\$593,634	-\$374	\$51,476,666
11	2021-22	\$34,618,704	\$3,037,285	\$12,844,468	\$0	\$0	\$2,078,749	\$592,362	-\$357	\$53,171,213
12	2022-23	\$34,505,536	\$4,383,607	\$13,373,714	\$0	\$0	\$2,071,954	\$693,418	-\$322	\$55,027,907
13	2023-24	\$34,363,735	\$5,769,550	\$13,953,652	\$0	\$0	\$2,063,439	\$796,842	-\$252	\$56,946,966
14	2024-25	\$34,218,029	\$7,228,660	\$14,528,173	\$0	\$0	\$2,054,690	\$906,031	-\$214	\$58,935,370
15	2025-26	\$34,078,878	\$8,737,780	\$15,112,210	\$0	\$0	\$2,046,334	\$1,019,321	-\$156	\$60,994,367

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$31,770,144	\$1,642,577	\$5,217,157	\$0	-\$1,992,710	\$1,907,702	\$83,598	-\$551	\$38,627,917
2	2012-13	\$31,518,291	\$1,694,949	\$6,185,840	\$0	-\$1,613,342	\$1,892,579	\$107,192	-\$535	\$39,784,973
3	2013-14	\$31,818,959	\$1,749,155	\$6,235,038	\$0	-\$847,928	\$1,910,633	\$161,582	-\$514	\$41,026,925
4	2014-15	\$31,818,910	\$2,130,872	\$7,137,959	\$0	-\$927,278	\$1,910,630	\$180,757	-\$517	\$42,251,334
5	2015-16	\$31,818,856	\$1,863,325	\$7,720,346	\$0	\$0	\$1,910,627	\$247,094	-\$473	\$43,559,775
6	2016-17	\$31,818,824	\$2,272,230	\$8,575,068	\$0	\$0	\$1,910,625	\$314,718	-\$453	\$44,891,012
7	2017-18	\$31,818,749	\$1,985,626	\$10,222,653	\$0	\$0	\$1,910,620	\$387,227	-\$405	\$46,324,470
8	2018-19	\$31,818,695	\$11,711,824	\$16,149,853	\$0	\$0	\$1,910,617	\$1,208,489	\$0	\$62,799,478
9	2019-20	\$31,818,641	\$14,200,222	\$17,196,398	\$0	\$0	\$1,910,614	\$1,395,961	\$0	\$66,521,837
10	2020-21	\$33,279,914	\$14,222,143	\$15,713,205	\$0	\$0	\$1,998,359	\$1,462,570	\$0	\$66,676,190
11	2021-22	\$34,618,704	\$13,074,365	\$15,522,192	\$0	\$0	\$2,078,749	\$1,390,155	\$0	\$66,684,165
12	2022-23	\$34,505,536	\$12,026,134	\$16,683,592	\$0	\$0	\$2,071,954	\$1,274,203	-\$45	\$66,561,373
13	2023-24	\$34,363,735	\$12,139,244	\$16,712,283	\$0	\$0	\$2,063,439	\$1,280,593	-\$18	\$66,559,275
14	2024-25	\$34,218,029	\$12,280,970	\$16,716,262	\$0	\$0	\$2,054,690	\$1,289,784	-\$32	\$66,559,704
15	2025-26	\$34,078,878	\$12,426,596	\$16,709,788	\$0	\$0	\$2,046,334	\$1,299,635	-\$24	\$66,561,206

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2013-14	-\$1,883,894	\$0	\$1,812,284	\$0	\$71,610	-\$113,122	-\$9,567	\$30	-\$122,658
4	2014-15	-\$1,822,591	\$0	\$241,021	\$0	\$1,581,571	-\$109,441	\$94,425	\$80	-\$14,936
5	2015-16	-\$1,755,888	\$0	\$646,816	\$0	\$1,109,072	-\$105,436	\$90,905	\$77	-\$14,454
6	2016-17	-\$1,714,586	\$0	\$1,263,777	\$0	\$450,809	-\$102,956	\$86,957	\$75	-\$15,924
7	2017-18	-\$1,649,782	\$0	\$1,649,782	\$0	\$0	-\$99,064	\$84,622	\$72	-\$14,370
8	2018-19	-\$1,584,979	\$9,288,168	\$6,414,325	\$0	\$0	-\$95,173	\$820,163	\$448	\$14,842,953
9	2019-20	-\$1,520,176	\$12,083,584	\$5,499,412	\$0	\$0	-\$91,282	\$918,976	\$389	\$16,890,903
10	2020-21	-\$1,455,373	\$11,278,066	\$4,594,911	\$0	\$0	-\$87,391	\$868,936	\$374	\$15,199,524
11	2021-22	\$0	\$10,037,079	\$2,677,724	\$0	\$0	\$0	\$797,792	\$357	\$13,512,953
12	2022-23	\$0	\$7,642,527	\$3,309,878	\$0	\$0	\$0	\$580,785	\$277	\$11,533,467
13	2023-24	\$0	\$6,369,693	\$2,758,631	\$0	\$0	\$0	\$483,751	\$234	\$9,612,309
14	2024-25	\$0	\$5,052,310	\$2,188,089	\$0	\$0	\$0	\$383,753	\$182	\$7,624,333
15	2025-26	\$0	\$3,688,816	\$1,597,578	\$0	\$0	\$0	\$280,313	\$132	\$5,566,839

Table 5 - Estimated Financial impact of the Enterprise Operating Products, LLC Project Property Value Limitation Request Submitted to BHISD at \$1.0601 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2013-14	\$218,380,000	\$30,000,000	\$188,380,000	\$2,315,046	\$318,030	\$1,997,016	\$0	\$1,997,016	-\$122,658	\$1,874,358
4	2014-15	\$212,250,000	\$30,000,000	\$182,250,000	\$2,250,062	\$318,030	\$1,932,032	\$0	\$1,932,032	-\$14,936	\$1,917,096
5	2015-16	\$205,580,000	\$30,000,000	\$175,580,000	\$2,179,354	\$318,030	\$1,861,324	\$0	\$1,861,324	-\$14,454	\$1,846,870
6	2016-17	\$201,450,000	\$30,000,000	\$171,450,000	\$2,135,571	\$318,030	\$1,817,541	\$0	\$1,817,541	-\$15,924	\$1,801,617
7	2017-18	\$194,970,000	\$30,000,000	\$164,970,000	\$2,066,877	\$318,030	\$1,748,847	\$0	\$1,748,847	-\$14,370	\$1,734,476
8	2018-19	\$188,490,000	\$30,000,000	\$158,490,000	\$1,998,182	\$318,030	\$1,680,152	\$0	\$1,680,152	\$0	\$1,680,152
9	2019-20	\$182,010,000	\$30,000,000	\$152,010,000	\$1,929,488	\$318,030	\$1,611,458	\$0	\$1,611,458	\$0	\$1,611,458
10	2020-21	\$175,530,000	\$30,000,000	\$145,530,000	\$1,860,794	\$318,030	\$1,542,764	\$0	\$1,542,764	\$0	\$1,542,764
11	2021-22	\$169,050,000	\$169,050,000	\$0	\$1,792,099	\$1,792,099	\$0	\$0	\$0	\$0	\$0
12	2022-23	\$162,760,000	\$162,760,000	\$0	\$1,725,419	\$1,725,419	\$0	\$0	\$0	\$0	\$0
13	2023-24	\$153,461,000	\$153,461,000	\$0	\$1,626,840	\$1,626,840	\$0	\$0	\$0	\$0	\$0
14	2024-25	\$143,629,000	\$143,629,000	\$0	\$1,522,611	\$1,522,611	\$0	\$0	\$0	\$0	\$0
15	2025-26	\$134,308,660	\$134,308,660	\$0	\$1,423,806	\$1,423,806	\$0	\$0	\$0	\$0	\$0
					\$24,826,150	\$10,635,015	\$14,191,135	\$0	\$14,191,135	-\$182,343	\$14,008,792

Tax Credit for Value Over Limit in First 2 Years

	Year 1	Year 2	Max Credits
	\$0	\$0	\$0
Credits Earned			\$0
Credits Paid			<u>\$0</u>
Excess Credits Unpaid			\$0

Attachment F

Taxable Value of Property

DATE: 06/30/2010
 TIME: 10:26:34

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 FINAL VALUES WORKSHEET
 036/Chambers
 036-902/Barbers Hill ISD

PAGE: 002
 REPT: PTS:265
 VRSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
3,035,745,650	2,995,592,970	2,965,808,590	2,925,655,910	2,996,559,950	2,926,622,900

LOSS TO
 THE ADDITIONAL
 \$10,000 HOMESTEAD
 EXEMPTION

 40,152,680

50% OF THE LOSS
 TO THE LOCAL OPTIONAL
 PERCENTAGE HOMESTEAD
 EXEMPTION

 59,937,050

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

**** END OF REPORT ****

Attachment G

Participation Agreement

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

by and between

BARBERS HILL INDEPENDENT SCHOOL DISTRICT

and

ENTERPRISE PRODUCTS OPERATING LLC

(Texas Taxpayer ID # 12604305396)

Dated

December 27, 2010

**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." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on August 18, 2010, the Superintendent of Schools of the Barbers Hill Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on September 29, 2010, the Application was submitted to the Comptroller's office for review; and,

WHEREAS, on October 25, 2010 the Board of Trustees has acknowledged receipt of the Application and the along with the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, on November 10, 2010, the Superintendent of Schools received a request for additional information on the application from the Comptroller's Office; and,

WHEREAS, the requested supplemental Application materials were delivered to the Texas Comptroller's Office for review, on November 11, 2010; and,

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

WHEREAS, the Application and supplemental materials were reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d), and on December 6, 2010 the Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Board of Trustees has reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.026 and has carefully considered such evaluation; and,

WHEREAS, on December 27, 2010, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on December 27, 2010, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; (iv) each criterion listed in Texas Tax Code § 313.025(e) has been met; and (v) the jobs creation requirement in Texas Tax Code § 313.025(f-1) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Qualified Investment; and,

WHEREAS, on December 27, 2010, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on December 27, 2010, pursuant to the provisions of Texas Tax Code § 313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code § 313.051(b); and,

WHEREAS, on December 27, 2010 the District received written notification, pursuant to 34 Tex. Admin Code § 9.1055(e)(2)(A), that the Texas Comptroller of Public Accounts reviewed this Agreement, and reaffirming the recommendation previously made on December 6, 2010 that the Application be approved: and,

WHEREAS, on December 27, 2010, 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;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment as defined by Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant is entitled to the Tax Limitation Amount defined in Section 1.3, below for the following years: 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2013, the appraisal date for the third full Tax Year following the Commencement Date. For the first two full Tax Years that begin on the Commencement Date (*i.e.*, the 2011 and 2012 Tax Years), which together with the period from the date of approval until January 1, 2011 are collectively referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4), Applicant shall not be entitled to a tax limitation. Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2020. Except as otherwise provided herein, this Agreement will terminate, in full, on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

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

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year	January 1, 2010	2010-11	2010	Start of Qualifying Time Period –

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				Commencement Date. First year for Annual Limit computation
1	January 1, 2011	2011-12	2011	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2013	2013-14	2013	\$ 30 million property value limitation.
4	January 1, 2014	2014-15	2014	\$ 30 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2015	2015-16	2015	\$ 30 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2016	2016-17	2016	\$ 30 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2019	2019-20	2019	\$ 30 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2020	2020-21	2020	\$30 million property value limitation. Possible tax credit due

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				to Applicant.
11	January 1, 2021	2021-22	2021	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

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

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

“Affiliate” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

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

"Aggregate Limit" means, for any year of this Agreement, the cumulative total of the Annual Limit amount for the current year and all previous years of the Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV, below.

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

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Tex. Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance for the applicable school year, as calculated pursuant to Tex. Educ. Code § 42.005 times the greater of \$100, or any larger amount allowed by Tex. Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for tax year 2010, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Enterprise Products Operating LLC, (Texas Taxpayer ID # 12604305396), the company listed in the Preamble of this Agreement who, on August 18, 2010, filed the Original Application for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, and on November 11, 2010 filed supplemental Application materials with the District. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest.

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

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on August 18, 2010 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code 2010 and the supplemental Application materials filed on November 11, 2010. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

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

"Appraisal District" means the Chambers County Appraisal District.

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

"Commencement Date" means the date upon which this Agreement was approved by the Board of Trustees.

"Comptroller" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Chambers County, Texas.

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

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

"Final Termination Date" means December 31, 2023.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss,

interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

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

"Maintain Viable Presence" means (i) the development, construction and operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered. and (ii) the retention over the term of this Agreement of the number of New Jobs and Qualifying Jobs set forth in its Application by the Applicant, and the retention of the highest number of New Jobs and Qualifying Jobs set forth in its Application through the Final Termination Date of this Agreement.

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

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

"Net Tax Benefit" means, (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Jobs" means the total number of jobs, defined by 34 Tex. Admin. Code § 9.1051, which Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Tex. Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

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

"Qualifying Jobs" means the number of New Jobs Applicant will create in connection with the project which is the subject of its Application that meet the requirements of Tex. Tax Code 313.021(3).

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

"Qualifying Time Period" means the period that begins on the date of approval of this Agreement by the District's Board of Trustees and ends on December 31st of the second full Tax Year that begins after such date of approval as is defined in Texas Tax Code § 313.021(4)(A).

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

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

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

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

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

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

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

Section 2.2. PHYSICAL LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The Parties

expressly agree that the boundaries of the Land may not be materially changed from its configuration described in EXHIBIT 2 without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

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

Property owned by Applicant which is not described on EXHIBIT 3 may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the school district and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the applicant requests that the limitation apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

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

At the end of the Qualifying Time Period; at any other time when there is a material change in the Qualified Property located on the land described in Exhibit 2; or, upon a reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies including maps or surveys of sufficient detail and

description to locate all such described property within the boundaries of the real property which is subject to the agreement;

Section 2.5. QUALIFYING USE

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

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as Applicant makes a Qualified Investment in the amount Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

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

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

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

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

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on

account of, this Agreement for each year during the term of this Agreement (the "Revenue Protection Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

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

Where:

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

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

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

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant, any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.
- (c) any other loss of District revenues which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

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

Section 3.5. DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Chambers County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Chambers County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within fifteen (15) days of receipt of the certification. Within fifteen (15) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Barbers Hill Independent School District Board of Trustees within fifteen (15) days of the final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, Applicant has appealed the taxable values placed by the County Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the County Appraisal District.

In the event that the result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the party from whom the adjustment is payable shall remit such amounts to the counter-party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the Revenue Protection Amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. AMOUNTS EXCLUSIVE OF INDEMNITY AMOUNTS

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV. 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, Tex. Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the

limitations contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

Section 4.2. AMOUNT OF CONTRACTUAL SUPPLEMENTAL PAYMENT-SUBJECT TO AGGREGATE LIMIT

During the term of this Agreement, the District shall be entitled to receive, subject to the Aggregate Limit calculations set forth in Section 4.4, below, a total amount of Supplemental Payments equal to thirty-eight and three tenths percent (38.3%) of the Net Tax Benefit, defined in Section 1.3, above.

Section 4.3. ANNUAL CALCULATION OF SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year of this Agreement, beginning with the third year (Tax Year 2013) the Contractual Supplemental Payment amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

Minus,

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

Multiplied by,

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

Plus,

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

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.383;

Minus,

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

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

Section 4.4. ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT

For each year of this Agreement, beginning with year three (Tax Year 2013) and continuing thereafter through year thirteen (Tax Year 2023), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Contractual Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit, defined in Section 1.3, above.

If, for any year of this Agreement the payment of Applicant's Contractual Supplemental Payment, calculated under sections 4.2 and 4.3. above, is limited due to the application of the Aggregate Limit, the difference between the Contractual Supplemental Payment and the Aggregate Limit calculated to the date of payment, shall be carried forward from year-to-year of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent year of this Agreement, shall be paid to the District.

Section 4.5. PROCEDURES

- (a) All calculations required by this Article, including but not limited to: the calculation of the Supplemental Payment amount; the determination of both the Annual Limit and the Aggregate Limit; the effect, if any, of the Aggregate Limit upon the payment of Contractual Supplemental Payments by the Applicant; and the carry forward and accumulation of any Contractual Supplemental Payment amounts unpaid by Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.

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

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, direct that Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote in conformance with the provisions of Section 6.1, below. Such designation may be rescinded by the District's Board of Trustees, by Board action, at any time.

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

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2013 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate

this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

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

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

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

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

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

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Chambers County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, 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. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Chambers County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement. 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 (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,

- (c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax

Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.6 MATERIAL BREACH OF AGREEMENT

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.
- (e) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by Applicant on the project as Qualifying Jobs.
- (g) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Tex. Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (h) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

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

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which

either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Chambers County, Texas. The Parties agree to sign a document that 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.

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

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

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

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

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

Notices to the Applicant shall be addressed to:

ATTN: CURT TATE
ENTERPRISE PRODUCTS OPERATING LLC
P.O. Box 4018
Houston, Texas 77210-4018

1100 Louisiana Street
Houston, Texas 77002

With copies to:

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

and

Timothy E. Young
IKARD WYNNE LLP
515 Congress Avenue, Suite 1320
Austin, TX 78701
512.542.9581 (facsimile)
e-mail: tim@ikardwynne.com

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

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that Applicant fails to make a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2012.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's

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

Section 8.4. ASSIGNMENT

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

Section 8.5. MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

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

Section 8.7. GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles

thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Chambers County, Texas.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9. SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, 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 8.11. INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall

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

Section 8.12. EXECUTION OF COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

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

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

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

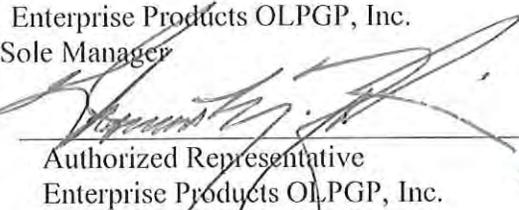
- (a) Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- (b) District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- (c) This Section does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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this ___ day of December, 2010.

ENTERPRISE PRODUCTS OPERATING LLC.
a Texas limited liability company

**BARBERS HILL INDEPENDENT SCHOOL
DISTRICT**

By: Enterprise Products OLPGP, Inc.
It's Sole Manager

By: 
Authorized Representative
Enterprise Products OLPGP, Inc. *mc*

Name: Thomas M. Zulim
Title: Senior Vice President

By: 
CARMENA GOSS
President
Board of Trustees

ATTEST:


BENNY MAY
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Mont Belvieu Reinvestment Zone* was originally created on June 22, 2009 by action of the City Council of Mont Belvieu. The *EPOLLC Reinvestment Zone* was originally created on September 8, 2009 by action of the Commissioners Court of Chambers County. A map of the *Mont Belvieu Reinvestment Zone and EPOLLC Reinvestment Zone* is attached as the second page of this **EXHIBIT 1**.

As a result of the actions of the City Council of Mont Belvieu and the Commissioners Court of Chambers County, the *Mont Belvieu Reinvestment Zone and the EPOLLC Reinvestment Zone* includes real property within the City Limits of Mont Belvieu and unincorporated Chambers County, Texas, more specifically the property and tracts more fully described in the attached legal description.

2006 88 451 75
1167 48 339 205

167639
RETURN TO:

COMMERCE TITLE
700 ROLLINGBROOK SUITE E
BAYTOWN, TEXAS 77521

OFFICIAL PUBLIC RECORDS
CHAMBERS COUNTY, TEXAS
Susan E. Roshto, County Clerk

GENERAL WARRANTY DEED

THE STATE OF TEXAS §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CHAMBERS §

That I, GLENDA DEL BROWN, of Kendall County, Texas, for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other good and valuable consideration cash to me in hand paid by ENTERPRISE PRODUCTS OPERATING L.P., the receipt of which is hereby acknowledged, have (subject to the exceptions, reservations and covenants hereinafter set forth) GRANTED, SOLD and CONVEYED, and by these presents do (subject to the exceptions, reservations and covenants hereinafter set forth) GRANT, SELL and CONVEY unto the said ENTERPRISE PRODUCTS OPERATING L.P., a Delaware Limited Partnership, whose mailing address is 2727 North Loop West, Houston, Texas 77008, all of that certain lot, tract or parcel of land described in "EXHIBIT A" attached hereto and made a part hereof for all purposes.

It is understood and agreed by and between the parties hereto that this conveyance is made subject to the exceptions set forth in "EXHIBIT B" attached hereto and made a part hereof for all purposes.

It is further understood and agreed by and between the parties hereto that this conveyance is made subject to the following any and all zoning laws, regulations and ordinances of municipal or other governmental authority, and any and all exceptions, reservations, restrictions and easements, if any, affecting the above-described property and shown of record among the Official Public Records of Chambers County, Texas, and any canals, pipelines, easements or rights-of-way

therefor physically located on the above-described property, whether documents therefor are recorded in such records or not.

TO HAVE AND TO HOLD the above-described premises (subject to the exceptions, reservations and covenants hereinabove set forth), together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, forever; and the undersigned hereby binds herself, her heirs, executors and administrators, to WARRANT and FOREVER DEFEND all and singular the said premises (subject to the exceptions, reservations and covenants hereinabove set forth), unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

IN TESTIMONY WHEREOF, Witness my hand this the 23rd day of Jan, A.D., 2006.

Glenda Del Brown
Glenda Del Brown

THE STATE OF TEXAS §

COUNTY OF KENDALL §

This instrument was acknowledged before me on the 23RD day of JANUARY, A.D., 2006, by GLENDA DEL BROWN.



Janice K. Pfeiffer
Notary Public, State of Texas
Printed Name: JANICE K. PFEIFFER
Commission Expires: 6-19-06

"EXHIBIT A"

THE STATE OF TEXAS)
COUNTY OF CHAMBERS)

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

NOTE: ALL BEARINGS ARE LAMBERT GRID BEARINGS AND ALL COORDINATES REFER TO THE STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, 1927 DATUM, AS DEFINED IN ARTICLE 5300A OF THE REVISED CIVIL STATUTES OF THE STATE OF TEXAS. SCALE FACTOR = 0.9999062
ALL DISTANCES ARE ACTUAL DISTANCES. REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

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

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

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

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

THENCE North 14 deg 47 min 39 sec West with the West line of this tract of land and the East Right-of-Way line of said Hatcherville Road a distance of 1,714.32 feet to a $\frac{1}{4}$ inch iron rod set for an angle point of this tract of land, and being in the East Right-of-Way line of said Hatcherville Road.

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

"EXHIBIT B"

There are no exceptions listed as "a", "b", or "c" in this exhibit. This exhibit begins with the exception designated as "d", and ends with exception designated as "nmm".

- d. Right of Way Deed dated August 21, 1918, recorded in Volume 16 at Page 86 of the Deed Records of Chambers County, Texas from Old River Company to Dayton - Goose Creek Railway Company.
- e. Right of Way dated May 15, 1929, recorded in Volume 28 at Page 150 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- f. Right of Way dated February 24, 1930, recorded in Volume 30 at Page 339 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Humphrey Corporation.
- g. Right of Way dated December 31, 1931, recorded in Volume 33 at Page 638 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- h. Right of Way dated June 6, 1947, recorded in Volume 103 at Page 561 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Texas Pipeline Company.
- i. Right of Way dated December 3, 1952, recorded in Volume 146 at Page 537 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Sinclair Pipeline Company.
- j. Right of Way dated June 1, 1954, recorded in Volume 158 at Page 5 of the Deed Records of Chambers County, Texas from Kirby Petroleum Company to Texas natural Gasoline Corporation.
- k. Right of Way dated February 11, 1955, recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- l. Right of Way dated December 30, 1955, recorded in Volume 172 at Page 85 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Southern Canal Corporation.
- m. Right of Way dated July 20, 1956, recorded in Volume 181 at Page 43 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Butadiene & Chemical Corporation.
- n. Right of Way Deed dated February 11, 1956, recorded in Volume 183 at Page 369 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Gulf Refining Company.

- o. Right of Way dated February 18, 1958, recorded in Volume 198 at Page 577 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Chambers County Water Control and Improvement District..
- p. Right of Way dated November 11, 1959, recorded in Volume 217 at Page 497 of the Deed Records of Chambers County, Texas from J.R. Barber, et ux to Southern Canal Company.
- q. Right of Way dated November 9, 1960, recorded in Volume 225 at Page 477 of the Deed Records of Chambers County, Texas from J.R. Barber to Southern Canal Company.
- r. Right of Way dated December 19, 1961, recorded in Volume 234 at Page 255 of the Deed Records of Chambers County, Texas from Lula Barber to Southern Canal Company..
- s. Right of Way dated July 6, 1962 recorded in Volume 239 at Page 140 of the Deed Records of Chambers County, Texas from Lula Barber, et al to Colonial Pipeline Company.
- t. Right of Way dated January 29, 1966 recorded in Volume 275 at Page 373 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- u. Easement:
To: Southern Canal Company
Recorded: October 18, 1967 in Volume 292 at Page 469 ,Deed Records,Chambers County, Texas.
Purpose: Canal
- v. Easement:
To: Gulf Refining Company
Recorded: February 5, 1968 in Volume 293 at Page 665 ,Deed Records,Chambers County, Texas.
Purpose:
- w. Right of Way dated February 5, 1968, recorded in Volume 294 at Page 203 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- x. Right of Way dated , recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- y. Right of Way dated April 23, 1970, recorded in Volume 315 at Page 505 of the Deed Records of Chambers County, Texas from Lula Barber to Lo-Vaca Gathering Company..
- z. Right of Way dated May 18, 1970, recorded in Volume 315 at Page 602 of the Deed Records of Chambers County, Texas from Lula Barber to Diamond Shamrock Corporation.
- aa. Right of Way dated May 18, 1970, recorded in Volume 316 at Page 138 of the Deed Records of Chambers County, Texas from Lula Barber to Cities Service Pipeline Company.
- bb. Right of Way dated August 17, 1970, recorded in Volume 318 at Page 466 of the Deed Records of Chambers County, Texas from Lula Barber to Santa Fe Pipeline Company.
- cc. Right of Way Deed dated October 10, 1970, recorded in Volume 320 at Page 162 of the Deed Records of Chambers County, Texas from Lula Barber to Coastal Industrial Water Authority.
- dd. Right of Way dated October 8, 1970, recorded in Volume 320 at Page 337 of the Deed Records of Chambers County, Texas from Lula Barber to Explorer Pipeline Company.

- ee. Right of Way dated July 15, 1975, recorded in Volume 371 at Page 652 of the Deed Records of Chambers County, Texas from Lula Barber to Blg Three Industries, Inc..
- ff. Right of Way dated August 26, 1975, recorded in Volume 373 at Page 405 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to Colonial Pipeline Company
- gg. Right of Way dated February 22, 1977, recorded in Volume 395 at Page 291 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to ARCO Pipeline Company
- hh. Right of Way dated December 21, 1978, recorded in Volume 428 at Page 420 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Lo Vaca Gathering Company
- ii. Right of Way dated February 2, 1979, recorded in Volume 430 at Page 541 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Houston Pipeline Company
- jj. Right of Way dated February 22, 1979, recorded in Volume 431 at Page 653 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Shell Pipeline Corporation
- kk. Right of Way dated October 31, 1980, recorded in Volume 464 at Page 272 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Corporation
- ll. Right of Way dated August 8, 1980, recorded in Volume 467 at Page 447 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- mm. Valve Site Lease dated January 12, 1981, recorded in Volume 467 at Page 461 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- nn. Right of Way dated May 1, 1981, recorded in Volume 473 at Page 156 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Company
- oo. Right of Way dated April 22, 1981, recorded in Volume 475 at Page 710 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc..
- pp. Right of Way dated May 18, 1981, recorded in Volume 478 at Page 481 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc.
- qq. Right of Way dated October 12, 1981, recorded in Volume 485 at Page 1 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- rr. Easement:
To: Houston Lighting and Power Company
Recorded: July 13, 1981 in Volume 478 at Page 481, Deed Records, Chambers County, Texas.
Purpose: Utility
- ss. Right of Way dated February 1, 1982, recorded in Volume 493 at Page 446 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- tt. Right of Way Contract dated May 31, 1988, recorded in Volume 50 at Page 106 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipeline Company

- uu. Easement:
To: Valero Transmission
Recorded: September 12, 1988 In Volume 56 at page 677 ,Official Public Records,Chambers County, Texas.
Purpose: Pipeline
- w. Right of Way Contract dated November 8, 1988, recorded In Volume 62 at Page 573 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Hlmont USA
- ww. Right of Way Contract dated December 5, 1991, recorded In Volume 162 at Page 177 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Enterprise Products Company
- xx. Right of Way Contract dated March 13, 1992, recorded In Volume 171 at Page 642 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- yy. Right of Way Contract dated March 26, 1992, recorded In Volume 175 at Page 379 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Union Carbide Industrial Gases, Inc.
- zz. Right of Way dated August 11, 1994, recorded In Volume 248 at Page 241 of the Official Public Records of Chambers County, Texas from Exxon to City of Mount Belvieu..
- aaa. Right of Way Contract dated August 28, 1995 recorded In Volume 277 at Page 376 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Chevron USA
- bbb. Right of Way Contract dated June 27, 1995, recorded In Volume 279 at Page 591 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Company
- ccc. Right of Way Contract dated October 29, 1996, recorded In Volume 314 at Page 345 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipeline Company
- ddd. Right of Way Contract dated June 9, 1997, recorded In Volume 334 at Page 362 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- eee. Pipeline Right-of-Way Agreement dated July 28, 1998 and recorded In Volume 380 at Page 138 of the Official Public records of Chambers County, Texas.
- fff. Pipeline Work Space Agreement dated September 16, 1998, recorded In Volume 382 at Page 623 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipeline Company
- ggg. Pipeline Right-of-Way Agreement dated September 5, 2003 and recorded In Volume 645 at Page 277 of the Official Public records of Chambers County, Texas.
- hhh. Easement:
To: Cobra Oil & Gas Corporation
Recorded: September 14, 2004 In Volume 733 at page 5 ,Official Public Records,Chambers County, Texas.
Purpose: Pipeline
- iii. Surface Agreement dated June 3, 2004 and recorded In Volume 703 at Page 644 of the Official Public records of Chambers County, Texas.

- jjj. Surface Agreement dated May 27, 2004 and recorded in Volume 733 at Page 13 of the Official Public records of Chambers County, Texas.
- kkk. Portion of subject property is in the City of Mount Belvieu, Texas, as set forth in Ordinance recorded in Volume 242, Page 324 of the Official Public Records of Chambers County, Texas.
- lll. A gravel road traversing the Southern portion of subject property as evidenced by plat prepared by Chambers Surveying & Mapping by Michael W. Chandler RPLS 5292 and dated July 12, 2005 under Job No. 05-1102
- mmm. Mineral and/or royalty interest:
 - Interest: An undivided 100%
 - Recorded: September 13, 1954 in Volume 161 at Page 598 ,Deed Records, Chambers County, Texas.

JAN 27 2006

CLERK OF DISTRICT COURT
Dallas County
Jan 27, 2006, at Dallas
OF AND PUBLIC RECORDS
By and for, District Court Clerk
CLERK NUMBER 0001676
AMOUNT \$6.00
RECEIPT NUMBER 06200099

BY RECEIPTS
STATE OF TEXAS
Dallas County
AS ORDERED RESOLVED BY J.E. 10th, 2006
Dallas County Clerk
Recorded: 

⑨ Commerce Title Company
700 Rollingbrook Drive, Ste. E
Baytown, TX. 77521

EXHIBIT 2

PHYSICAL LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant which is not subject to the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes approved by the Board of Trustees of the Barbers Hill Independent School District on December 14, 2009, and which is located within the boundaries of each of the Barbers Hill Independent School District, the *Mont Belvieu Reinvestment Zone* and the *EPOLLC Reinvestment Zone*, will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant which is not subject to the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes approved by the Board of Trustees of the Barbers Hill Independent School District on December 14, 2009 which is located in the sections of land in the attached legal description.

therefor physically located on the above-described property, whether documents therefor are recorded in such records or not.

TO HAVE AND TO HOLD the above-described premises (subject to the exceptions, reservations and covenants hereinabove set forth), together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, forever; and the undersigned hereby binds herself, her heirs, executors and administrators, to WARRANT and FOREVER DEFEND all and singular the said premises (subject to the exceptions, reservations and covenants hereinabove set forth), unto the said ENTERPRISE PRODUCTS TEXAS OPERATING L.P., its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

IN TESTIMONY WHEREOF, Witness my hand this the 23rd day of Jan, A.D., 2006.

Glenda Del Brown
Glenda Del Brown

THE STATE OF TEXAS §

COUNTY OF KENDALL §

This instrument was acknowledged before me on the 23RD day of JANUARY, A.D., 2006, by GLENDA DEL BROWN.



Janice K. Pfeiffer
Notary Public, State of Texas
Printed Name: JANICE K. PFEIFFER
Commission Expires: 6-19-06

"EXHIBIT A"

THE STATE OF TEXAS)
COUNTY OF CHAMBERS)

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

NOTE: ALL BEARINGS ARE LAMBERT GRID BEARINGS AND ALL COORDINATES REFER TO THE STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE, 1927 DATUM, AS DEFINED IN ARTICLE 5300A OF THE REVISED CIVIL STATUTES OF THE STATE OF TEXAS.
ALL DISTANCES ARE ACTUAL DISTANCES. SCALE FACTOR = 0.9999062
REFERENCE IS MADE TO PLAT OF EVEN DATE ACCOMPANYING THIS METES AND BOUNDS DESCRIPTION.

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

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

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

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

THENCE North 14 deg 47 min 39 sec West with the West line of this tract of land and the East Right-of-Way line of said Hatcherville Road a distance of 1,714.32 feet to a $\frac{1}{4}$ inch iron rod set for an angle point of this tract of land, and being in the East Right-of-Way line of said Hatcherville Road.

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

"EXHIBIT B"

There are no exceptions listed as "a", "b", or "c" in this exhibit. This exhibit begins with the exception designated as "d", and ends with exception designated as "mmm".

- d. Right of Way Deed dated August 21, 1918, recorded in Volume 16 at Page 86 of the Deed Records of Chambers County, Texas from Old River Company to Dayton - Goose Creek Railway Company.
- e. Right of Way dated May 15, 1929, recorded in Volume 28 at Page 150 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- f. Right of Way dated February 24, 1930, recorded in Volume 30 at Page 339 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Humphrey Corporation.
- g. Right of Way dated December 31, 1931, recorded in Volume 33 at Page 638 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Gulf Pipeline Company.
- h. Right of Way dated June 6, 1947, recorded in Volume 103 at Page 561 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Texas Pipeline Company.
- i. Right of Way dated December 3, 1952, recorded in Volume 146 at Page 537 of the Deed Records of Chambers County, Texas from Kirby petroleum Company to Sinclair Pipeline Company.
- j. Right of Way dated June 1, 1954, recorded in Volume 158 at Page 5 of the Deed Records of Chambers County, Texas from Kirby Petroleum Company to Texas natural Gasoline Corporation.
- k. Right of Way dated February 11, 1955, recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- l. Right of Way dated December 30, 1955, recorded in Volume 172 at Page 85 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Southern Canal Corporation.
- m. Right of Way dated July 20, 1956, recorded in Volume 181 at Page 43 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Butadiene & Chemical Corporation.
- n. Right of Way Deed dated February 11, 1956, recorded in Volume 183 at Page 369 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Gulf Refining Company.

- o. Right of Way dated February 18, 1958, recorded in Volume 198 at Page 577 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Chambers County Water Control and Improvement District.
- p. Right of Way dated November 11, 1959, recorded in Volume 217 at Page 497 of the Deed Records of Chambers County, Texas from J.R. Barber, et ux to Southern Canal Company.
- q. Right of Way dated November 9, 1960, recorded in Volume 225 at Page 477 of the Deed Records of Chambers County, Texas from J.R. Barber to Southern Canal Company.
- r. Right of Way dated December 19, 1961, recorded in Volume 234 at Page 255 of the Deed Records of Chambers County, Texas from Lula Barber to Southern Canal Company.
- s. Right of Way dated July 6, 1962 recorded in Volume 239 at Page 140 of the Deed Records of Chambers County, Texas from Lula Barber, et al to Colonial Pipeline Company.
- t. Right of Way dated January 29, 1966 recorded in Volume 275 at Page 373 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- u. Easement:
To: Southern Canal Company
Recorded: October 18, 1967 in Volume 292 at Page 469, Deed Records, Chambers County, Texas.
Purpose: Canal
- v. Easement:
To: Gulf Refining Company
Recorded: February 5, 1968 in Volume 293 at Page 665, Deed Records, Chambers County, Texas.
Purpose:
- w. Right of Way dated February 5, 1968, recorded in Volume 294 at Page 203 of the Deed Records of Chambers County, Texas from Lula Barber to Sinclair Pipeline Company.
- x. Right of Way dated , recorded in Volume 165 at Page 509 of the Deed Records of Chambers County, Texas from J.R. Barber and Lula Barber to Texas Natural Gasoline Corporation.
- y. Right of Way dated April 23, 1970, recorded in Volume 315 at Page 505 of the Deed Records of Chambers County, Texas from Lula Barber to Lo-Vaca Gathering Company.
- z. Right of Way dated May 18, 1970, recorded in Volume 315 at Page 602 of the Deed Records of Chambers County, Texas from Lula Barber to Diamond Shamrock Corporation.
- aa. Right of Way dated May 18, 1970, recorded in Volume 316 at Page 138 of the Deed Records of Chambers County, Texas from Lula Barber to Cities Service Pipeline Company.
- bb. Right of Way dated August 17, 1970, recorded in Volume 318 at Page 466 of the Deed Records of Chambers County, Texas from Lula Barber to Santa Fe Pipeline Company.
- cc. Right of Way Deed dated October 10, 1970, recorded in Volume 320 at Page 162 of the Deed Records of Chambers County, Texas from Lula Barber to Coastal Industrial Water Authority.
- dd. Right of Way dated October 8, 1970, recorded in Volume 320 at Page 337 of the Deed Records of Chambers County, Texas from Lula Barber to Explorer Pipeline Company.

- eo. Right of Way dated July 15, 1975, recorded in Volume 371 at Page 652 of the Deed Records of Chambers County, Texas from Lula Barber to Blg Three Industries, Inc..
- ff. Right of Way dated August 26, 1975, recorded in Volume 373 at Page 405 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to Colonial Pipeline Company
- gg. Right of Way dated February 22, 1977, recorded in Volume 395 at Page 291 of the Deed Records of Chambers County, Texas from Delno Brown Executor of the Estate of Lula Barber and Glenda Del Brown to ARCO Pipeline Company
- hh. Right of Way dated December 21, 1978, recorded in Volume 428 at Page 420 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Lo Vaca Gathering Company
- ii. Right of Way dated February 2, 1979, recorded in Volume 430 at Page 541 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Houston Pipeline Company
- jj. Right of Way dated February 22, 1979, recorded in Volume 431 at Page 653 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Shell Pipeline Corporation
- kk. Right of Way dated October 31, 1980, recorded in Volume 464 at Page 272 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Corporation
- ll. Right of Way dated August 8, 1980, recorded in Volume 467 at Page 447 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- mm. Valve Site Lease dated January 12, 1981, recorded in Volume 467 at Page 461 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- nn. Right of Way dated May 1, 1981, recorded in Volume 473 at Page 156 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipeline Company
- oo. Right of Way dated April 22, 1981, recorded in Volume 475 at Page 710 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc..
- pp. Right of Way dated May 18, 1981, recorded in Volume 478 at Page 481 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Matador Pipeline Inc.
- qq. Right of Way dated October 12, 1981, recorded in Volume 485 at Page 1 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- rr. Easement:
To: Houston Lighting and Power Company
Recorded: July 13, 1981 in Volume 478 at Page 481, Deed Records, Chambers County, Texas.
Purpose: Utility
- ss. Right of Way dated February 1, 1982, recorded in Volume 493 at Page 446 of the Deed Records of Chambers County, Texas from Glenda Del Brown to Blg Three Industries, Inc..
- tt. Right of Way Contract dated May 31, 1988, recorded in Volume 50 at Page 106 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipeline Company

- uu. Easement:
 - To: Valero Transmissson
 - Recorded: September 12, 1988 In Volume 56 at page 677 ,Official Public Records,Chambers County, Texas.
 - Purpose: Pipellne
- vv. Right of Way Contract dated November 8, 1988, recorded In Volume 62 at Page 573 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Hlmont USA
- ww. Right of Way Contract dated December 5, 1991, recorded In Volume 162 at Page 177 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Enterprise Products Company
- xx. Right of Way Contract dated March 13, 1992, recorded In Volume 171 at Page 642 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipellne Company
- yy. Right of Way Contract dated March 26, 1992, recorded In Volume 175 at Page 379 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Union Carbide Industrial Gases, Inc.
- zz. Right of Way dated August 11, 1994, recorded In Volume 248 at Page 241 of the Official Public Records of Chambers County, Texas from Exxon to City of Mount Belvleu..
- aaa. Right of Way Contract dated August 28, 1995 recorded In Volume 277 at Page 376 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Chevron USA
- bbb. Right of Way Contract dated June 27, 1995, recorded In Volume 279 at Page 591 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Exxon Pipellne Company
- ccc. Right of Way Contract dated October 29, 1996, recorded In Volume 314 at Page 345 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Mustang Pipellne Company
- ddd. Right of Way Contract dated June 9, 1997, recorded In Volume 334 at Page 362 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipellne Company
- eee. Pipeline Right-of-Way Agreement dated July 28, 1998 and recorded In Volume 380 at Page 138 of the Official Public records of Chambers County, Texas.
- fff. Pipeline Work Space Agreement dated September 16, 1998, recorded In Volume 382 at Page 623 of the Official Public Records of Chambers County, Texas from Glenda Del Brown to Koch Pipellne Company
- ggg. Pipeline Right-of-Way Agreement dated September 5, 2003 and recorded In Volume 645 at Page 277 of the Official Public records of Chambers County, Texas.
- hhh. Easement:
 - To: Cobra Oil & Gas Corporation
 - Recorded: September 14, 2004 In Volume 733 at page 5 ,Official Public Records,Chambers County, Texas.
 - Purpose: Pipeline
- iii. Surface Agreement dated June 3, 2004 and recorded In Volume 703 at Page 644 of the Official Public records of Chambers County, Texas.

- jjj. Surface Agreement dated May 27, 2004 and recorded in Volume 733 at Page 13 of the Official Public records of Chambers County, Texas.
- kkk. Portion of subject property is in the City of Mount Belvieu, Texas, as set forth in Ordinance recorded in Volume 242, Page 324 of the Official Public Records of Chambers County, Texas.
- lll. A gravel road traversing the Southern portion of subject property as evidenced by plat prepared by Chambers Surveying & Mapping by Michael W. Chandler RPLS 5292 and dated July 12, 2005 under Job No. 05-1102
- mmm. Mineral and/or royalty interest:
 - Interest: An undivided 100%
 - Recorded: September 13, 1954 in Volume 161 at Page 598, Deed Records, Chambers County, Texas.

JAN 27 2006

STATE OF TEXAS

County Clerk

On Jan 27, 2006 at Baytown

and Public Records

Book 1, Page 00000000

CLERK NUMBER 0001676

AMOUNT: 40.00

RECEIPT NUMBER 00200000

BY INSTRUMENT
STATE OF TEXAS

County Clerk

AS STATED HEREON BY ME, JAN 27, 2006

Book 1, Page 00000000, COUNTY CLERK

Recorded



⑨ Commerce Title Company
700 Rollingbrook Drive, Ste. E
Baytown, TX. 77521

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of a new Unit 5 NGL fractionator with DIB. The plant Components consist of:

- DeEthanizer
- DePropanizer
- DeButanizer
- DeIsobutanizer (DIB)
- Towers
- Heat Medium
- Gasoline Treater
- Compression Equipment

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