Enterprise Products

ENTERPRISE PRODUCTS PARTNERS L.P.
ENTERPRISE PRODUCTS HOLDINGS LLC
(General Partner)

ENTERPRISE PRODUCTS OPERATING LLC

September 17, 2014

**VIA Hand Delivery**

Jenny Hicks
Research Analyst
Economic Analysis
Economic Development and Analysis Division
Texas Comptroller of Public Accounts
LBJ State Office Building
111 E.17th Street
Austin, TX 78774

Re: Chapter 313 Application No. 1014 by Enterprise Products Operating LLC ("Enterprise") with La Porte Independent School District ("La Porte ISD")

Dear Ms. Hicks:

This letter is in response to the deficiency letter dated September 3, 2014 in connection with the referenced Chapter 313 Application (the "Application"). Each of the items noted on Attachment A to the deficiency letter is addressed below.

1. **Section 1, Question 4 and 5:** Provided by LaPorte ISD in Attachment A.

2. **Section 9, Proposed Timeline:** Attachment 2 hereto is a revised page 5 for the Application, updating the timeline, the qualifying time period, and the date new buildings or improvements are anticipated to be placed in service. Only Section 9 on the attached page 5 to the Application has been changed.

3. **Section 12, Question 3b:** The reinvestment zone has not yet been designated. Attachment 3 hereto is a map of the proposed reinvestment zone, outlined in yellow. Parcel A (a 45.75 acre tract) and Parcel F (a 1.7543 acre tract) are owned in fee by Enterprise, and are described in the deed attached to Tab 9, Item 1 in the Application. The 3.9889 acre tract and the 4.5 acre tract depicted on Attachment 3 hereto are leased by Enterprise from the Port of Houston Authority of Harris County, Texas, as described in the lease attached to Tab 9, Item 2 in the Application. La Porte ISD anticipates the reinvestment zone will be designated on or before December 15, 2014.

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4. **Google Earth image (from April 19, 2013) appears to show an existing facility:** Attachment 4 to this letter depicts the new construction area for the proposed facility in red shading. All existing property within the red shaded area designated the New Construction Area will be demolished and not used as part of the proposed facility. The following items noted on Attachment 4 will not be demolished, and will be used as part of the new facility: Clarifier Tank, Process Water Tank; Firewater Tank, and Lab Building. These items are **not** part of the qualified property.

    a. **Section 13, Question 1:** Attachment 4 (a) to this letter shows a photograph of Wharf 7 and the Future Site of Wharf 8 on the leased premises. Pre-existing improvements on Wharf 7 are being demolished, with only the underlying structure of the wharf itself remaining. The underlying structure of Wharf 7 is not part of the qualified property. All new improvements on the underlying structure of Wharf 7 will be part of the qualified property. Wharf 8 is an entirely new wharf and it, along with the improvements to be constructed and/or installed on the new wharf will be included as part of the qualified property.

    b. **Please provide a description in sufficient detail to locate all existing property on the land and distinguish from existing property and/or proposed qualified investment:** As depicted on Attachment 4 and noted above, the following existing property is not part of the proposed qualified investment: Clarifier Tank, Process Water Tank, Firewater Tank and Lab Building. In addition, the underlying structure of Wharf 7 is not part of the proposed qualified investment. Attachment 4 (b) hereto is a photograph of the site which shows the location of the Clarifier Tank, Process Water Tank, Firewater Tank and Lab Building. All other equipment and improvements on the site are being demolished and removed.

    c. **Indicate how the proposed qualified property will meet the definition in TAC 9.1051 (16):** The land, the underlying structure of Wharf 7, and the pre-existing structure identified above as the Clarifier Tank, Process Water Tank, Firewater Tank and Lab Building are not part of the qualified property. All other new improvements erected or affixed to the land and the underlying structure for Wharf 7 will be part of the qualified property. Further, all of Wharf 8 and the improvements erected or affixed thereto will be part of the qualified property. The pipeline identified on Attachment 4 hereto will feed incoming base material to the proposed facility, but is not included as part of the qualified property.

d. **Please indicate if the new docking/loading/terminal facilities be used exclusively for the export of product manufactured by the proposed qualified property:** The new docking/loading/terminal facilities will be used exclusively for the export of product manufactured by the proposed qualified property.

e. **Please provide a specific and detailed description of all proposed new property that will not become new improvements as defined by TAC 9.1051 (24):** None of the new improvements to the proposed qualified property are part of maintenance, renovation, refurbishment, improvement, modification, or upgrade of existing property, nor is newly added to replace existing property or to functionally replace existing property. As note previously, the following pre-existing items are not part of the qualified property: Clarifier Tank, Process Water Tank, Firewater Tank and Lab Building. Further, the pipeline identified on Attachment 4 hereto will feed incoming base material to the proposed facility, but is not included as part of the qualified property.

f. **Please provide a map or site plan indicating clearly, with labels, the location of all the existing improvements that are now within the project boundaries:** Attachments 4, 4(a) and 4(b) indicate the existing improvements that are within the project boundaries, but which will not be part of the qualified property. For clarity, the following pre-existing improvements are identified on Attachments 4, 4(a) and 4(b) and are not part of the qualified improvements: Clarifier Tank, Process Water Tank, Firewater Tank, Lab Building, underlying structure of Wharf 7 and the Pipeline which will feed incoming base material to the proposed facility.

g. **Please provide a map showing the boundaries of the entire proposed project, outside of which there will be no qualifying property:** The area shaded in red in Attachment 4 hereto is a depiction of the boundaries of the entire proposed project.

5. **Section 15, Question 1:** Attachment 5 hereto consists of new Schedules C and D to the Application. Note that Enterprise does not anticipate that any new non-qualifying jobs will be created for the project. All new jobs created for the project will be qualifying jobs. With regard to Schedule D, Enterprise does not intend to apply for other tax incentive programs in connection with this proposed project.

6. **Section 16, Signature Block 1 is incomplete:** Provided by La Porte ISD in Exhibit B.

Should you have any questions regarding this submittal, please contact the undersigned or our counsel, Timothy Young (via email at tim@ikardwynne.com or by phone at 512-275-7894).

Sincerely,

Curt Tate
Senior Director, Tax

cc: Lloyd Graham, Superintendent La Porte ISD
Christie Hobbs
Bob Popinski
Al Noor
Tim Young

# Attachment 2

## SECTION 9: Projected Timeline

1. Application approval by school board . . . . . January 2015
2. Beginning of qualifying time period . . . . . 1st Qtr 2015
3. First year of limitation . . . . . 2016
4. Begin hiring new employees . . . . . 4 th Qtr 2015
5. Commencement of commercial operations . . . . . 2nd Qtr 2016
6. 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.
7. When do you anticipate the new buildings or improvements will be placed in service? . . . . . April 2016

## SECTION 10: The Property

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

   County: Harris County *(Name, tax rate and percent of project)*

   City: City of Morgans Point *(Name, tax rate and percent of project)*

   Hospital District: Harris County Hospital District *(Name, tax rate and percent of project)*

   Water District: N/A *(Name, tax rate and percent of project)*

   Other *(describe)*: Drainage District *(Name, tax rate and percent of project)*

   Other *(describe)*: N/A *(Name, tax rate and percent of project)*
5. Is the project located entirely within the ISD listed in Section 1? . . . . . ☑ Yes ☐ No

   5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? . . . . . ☐ Yes ☑ No

   6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

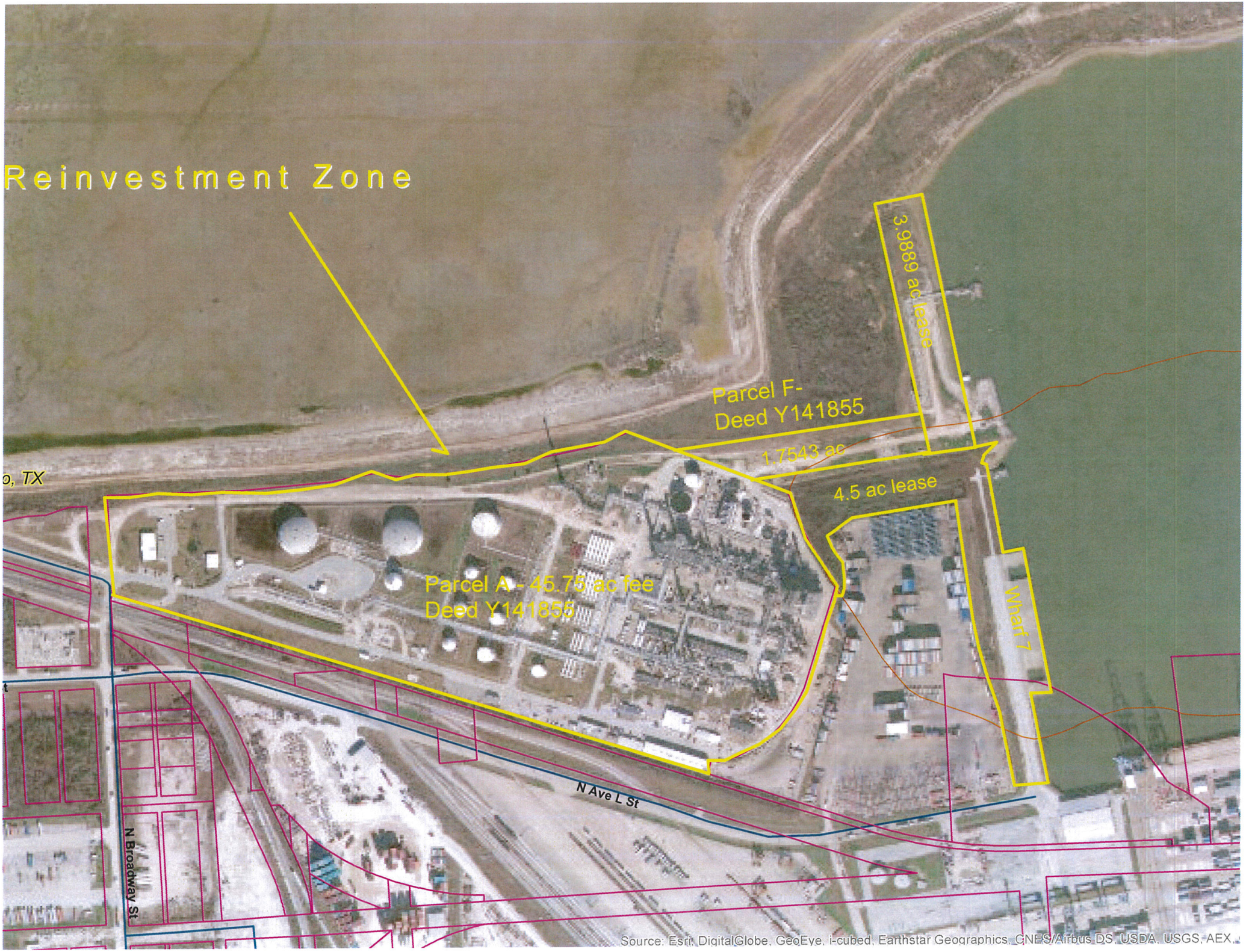
## SECTION 11: Investment

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

1. At the time of application, what is the estimated minimum qualified investment required for this school district? . . . . . 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? . . . . . 30,000,000.00

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

# Attachment 3


Reinvestment Zone
3.9889 ac lease
Parcel F-
Deed Y141855
1.7543 ac
4.5 ac lease
Parcel A - 45.75 ac fee
Deed Y141855
Wharf 7
N Ave L St
N Broadway St
Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX,

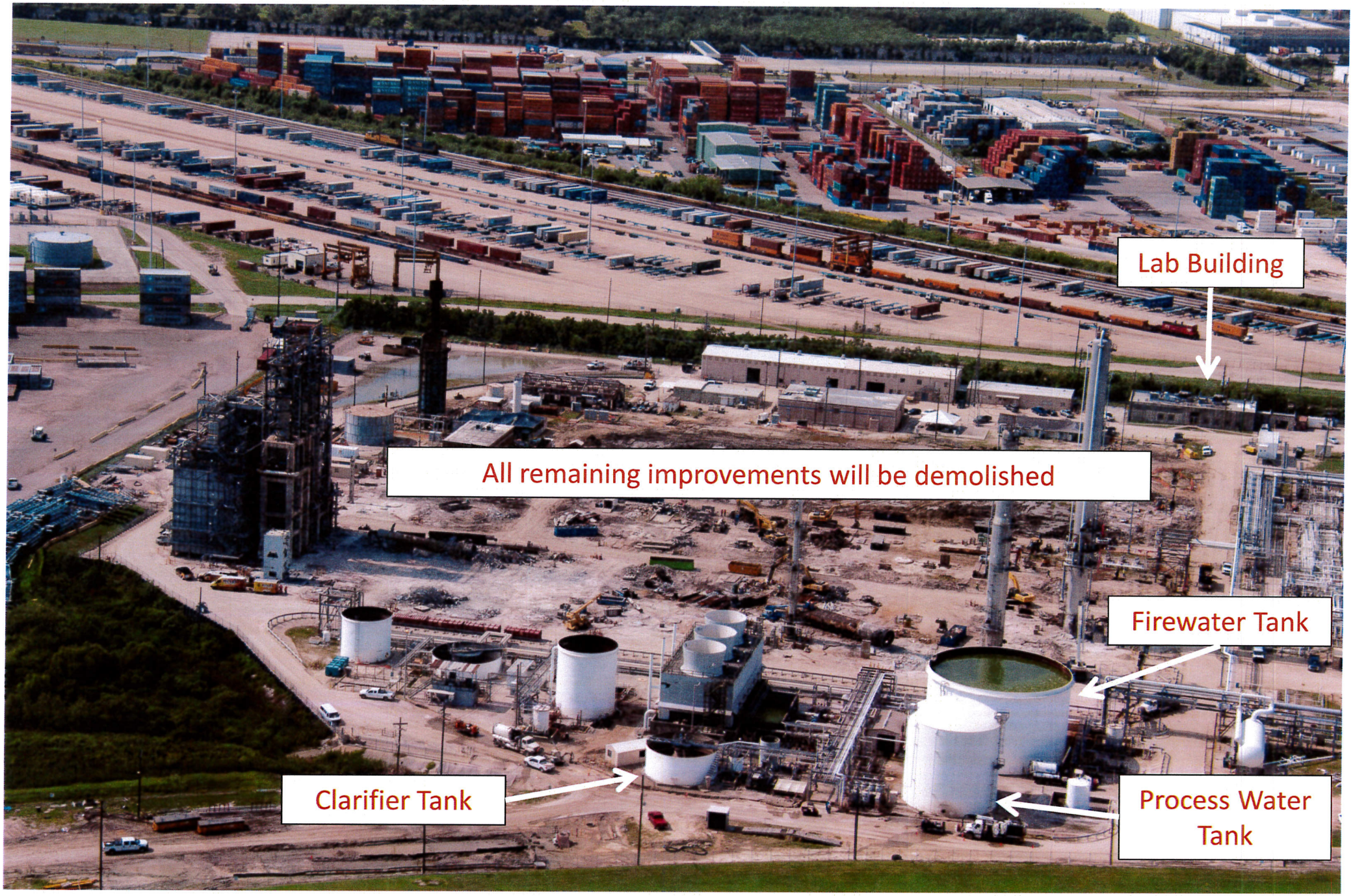
# Attachment 4

Wharf 8
Clarifier Tank
Pipeline
Process Water Tank
Firewater Tank
Wharf 7
Lab Building
New Construction Area
© 2014 Google
Google earth

# Attachment 4 (a)

Existing Improvements on
Wharf 7 are being demolished
Future Site for Wharf 8
Wharf 7

# Attachment 4 (b)


Lab Building
All remaining improvements will be demolished
Firewater Tank
Clarifier Tank
Process Water Tank

# Attachment 5

## Schedule C: Employment Information

**Date** Date: June 10 ,2014

**Applicant Name** Enterprise Products Operating , LLC

**ISD Name** **La Porte ISD**

**Form 50-296A**

*Revised May 2014*

| | | | | Construction | | Non-Qualifying Jobs | Qualifying Jobs | |
|---|---|---|---|---|---|---|---|---|
| | | | | Column A | Column B | Column C | Column D | Column E |
| | Year | School Year (YYYY-YYYY) | Tax Year (Actual tax year) YYYY | Number of Construction FTE's or man-hours (specify) | **Average** annual wage rates for construction workers | Number of non-qualifying jobs applicant estimates it will create (cumulative) | Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | **Average** annual wage of new qualifying jobs |
| Each year prior to start of Value Limitation Period *Insert as many rows as necessary* | 0 | 2014-2015 | 2014 | 500 FTE | 60,000 | 0 | 5 | 70,000 |
| Value Limitation Period *The qualifying time period could overlap the value limitation period.* | 1 | 2015-2016 | 2015 | 500 FTE | 60,000 | 0 | 7 | 70,000 |
| | 2 | 2016-2017 | 2016 | | | 0 | 10 | 70,000 |
| | 3 | 2017-2018 | 2017 | | | 0 | 10 | 70,000 |
| | 4 | 2018-2019 | 2018 | | | 0 | 10 | 70,000 |
| | 5 | 2019-2020 | 2019 | | | 0 | 10 | 70,000 |
| | 6 | 2020-2021 | 2020 | | | 0 | 10 | 70,000 |
| | 7 | 2021-2022 | 2021 | | | 0 | 10 | 70,000 |
| | 8 | 2022-2023 | 2022 | | | 0 | 10 | 70,000 |
| | 9 | 2023-2024 | 2023 | | | 0 | 10 | 70,000 |
| | 10 | 2024-2025 | 2024 | | | 0 | 10 | 70,000 |
| Years Following Value Limitation Period | 11 through 25 | 2025-2026 | 2025 | | | 0 | 10 | 70,000 |

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

**C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) ☐ Yes ☒ No

If yes, answer the following two questions:

**C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)? ☐ Yes ☒ No

**C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? ☐ Yes ☒ No

## Schedule D: Other Incentives (Estimated)

**Date: June 10 ,2014**

**Applicant Name: Enterprise Products Op**

**ISD Name: La Porte ISD**

**Form 50-296A**

*Revised May 2014*

| State and Local Incentives for which the Applicant intends to apply (Estimated) | | | | | | |
|---|---|---|---|---|---|---|
| **Incentive Description** | **Taxing Entity (as applicable)** | **Beginning Year of Benefit** | **Duration of Benefit** | **Annual Tax Levy without Incentive** | **Annual Incentive** | **Annual Net Tax Levy** |
| Tax Code Chapter 311 | County: N/A | | | | | |
| | City:N/A | | | | | |
| | Other: N/A | | | | | |
| Tax Code Chapter 312 | County: N/A | | | | | |
| | City: N/A | | | | | |
| | Other: N/A | | | | | |
| Local Government Code Chapters 380/381 | County:N/A | **Enterprise Products does not intend to apply for any other tax incentives for this project** | | | | |
| | City:N/A | | | | | |
| | Other: N/A | | | | | |
| Freeport Exemptions | N/A | | | | | |
| Non-Annexation Agreements | N/A | | | | | |
| Enterprise Zone/Project | N/A | | | | | |
| Economic Development Corporation | N/A | | | | | |
| Texas Enterprise Fund | N/A | | | | | |
| Employee Recruitment | N/A | | | | | |
| Skills Development Fund | N/A | | | | | |
| Training Facility Space and Equipment | N/A | | | | | |
| Infrastructure Incentives | N/A | | | | | |
| Permitting Assistance | N/A | | | | | |
| Other: | N/A | | | | | |
| Other: | N/A | | | | | |
| Other: | N/A | | | | | |
| Other: | N/A | | | | | |
| | | | **TOTAL** | | | |

Additional information on incentives for this project: