

UNDERWOOD

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January 17, 2019

Desire Caufield, Research Analystist
Economic Development and Analysis Division
Texas Comptroller of Public Accounts
111 E. 17th St.
Austin, TX 78774

Via Email and Federal Express

Re: App No. 1314 – Reagan County ISD-Targa Pipeline Mid-Continent Westtex, LLC

Dear Desiree:

Enclosed please find amended application pages from applicant comprising Amendment No. 1 to the application, along with a letter from the District to address its intent to create a reinvestment zone. The applicant made the following changes:

- Section 14, #7.b – inserted “N/A”
- Section 14, #7.c – updated correct weekly wage amount
- Tab 5 – added language after ** to address other proposed locations (as indicated in Section 8, #7)
- Tab 13 – Added Q2 18 to wage calculations and included updated data from TRACER
- Tab 16- revised language to advise of District’s intent to create reinvestment zone

No changes were made to the schedules. A CD containing this Amendment and letter from the District is also enclosed. Please let me know if you require any additional information.

Sincerely,



Fred A. Stormer

Encl.
01HV0D6LLR
cc: Mike Fry, Director-Energy Services

via email: mike@keatax.com

SECTION 14: Wage and Employment Information

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

2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2018
(year)

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 10

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 1,136.25
 - b. 110% of the average weekly wage for manufacturing jobs in the county is **No Data Available, See Tab 13** N/A
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 865.70

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 45,016.40

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 45,016.40

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No
 - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

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

Tab 5

Limitation as a Determining Factor

Currently, Targa Pipeline Mid-Continent Westtexas, LLC is considering a variety of other locations for the establishment of Gateway Plant L1 but believes Reagan County, Texas, would be an ideal location for this gas processing plant. Considering Targa's footprint in the midstream energy services sector, their flexibility in selecting a location to establish facilities in is based on the economic viability of locations, which are largely impacted by financial incentives such as value limitation agreements. In the event a 313 agreement is not permitted, Targa Pipeline Mid-Continent Westtexas, LLC could relocate Gateway Plant L1 to another area more financially viable for the continuation of this project. Unfortunately, this would also dismiss Reagan County from receiving the economic benefits associated with the development of a gas processing facility within their county. It is our goal to reach a 313 value limitation agreement for Gateway Plant L1 for the benefit of both Reagan County, Texas, and Targa Pipeline Mid-Continent Westtexas, LLC.

Targa Pipeline Mid-Continent Westtexas, LLC is a leader in midstream energy production, and have consistently proved their dedication to the energy sector throughout Texas and the United States. Currently, Targa's operations span a variety of locations across the United States with 27,000 miles of pipeline, 40 gas processing plants, 4 gas & petroleum crude terminals, 1 hydrotreater, 1 gas treater, 18 NGL terminals, 3 petroleum logistics facilities, and 2 storage facilities across 11 states including Arizona, Florida, Kansas, Louisiana, Maryland, Mississippi, North Dakota, New Mexico, Oklahoma, Texas, and Washington. Their ability to distribute products throughout the country is supported by their investment in transportation assets that include 700 railcars, 90 tractors, and 20 barges.

**Gateway Plant L1's location within the Waha Hub connects the facility to a variety of market outlets for the natural gas that is gathered and processed, including several major interstate and intrastate pipelines serving California, the mid-continent region of the United States and the Texas/New Mexico natural gas markets. Targa's new and existing pipeline infrastructure present in New Mexico provides multiple locations for the establishment of Gateway Plant, L1. Specific areas outside of Texas being considered would include both Eddy and Lea County, New Mexico, which are located north of the Waha Hub.



Tab 13

Calculation of Wage Requirements

U.S. Department of Labor—Bureau of Labor Statistics

The proceeding calculations are for the following wage requirements:

Calculation A: Reagan County Average Weekly Wage

Calculation B: 110% of Reagan County Average for Manufacturing Jobs - ***N/A: Data does not meet BLS or State Agency Disclosure Standards***

Calculation C: 110% of Concho Valley Council of Governments Regional Average for Manufacturing Jobs

Calculation A: Reagan County Average Weekly Wage for all Jobs

Year	Quarter	Average Weekly Wage
2017	Q3	\$1178.00
2017	Q4	\$1115.00
2018	Q1	\$1153.00
2018	Q2	\$1099.00
Q Average		\$1136.25

In order to calculate the Reagan County Average Weekly Wage for all Jobs, the following calculations were completed:

Quarterly Average Calculation:

Step 1: \$1178.00 + \$1115.00 + \$1153.00 + \$1099.00 = \$4545.00

Step 2: \$4545.00/4= **\$1136.25**

**Calculation C: 110% of Concho Valley Regional Average Weekly Wage for Manufacturing Jobs**

2017 Concho Valley Council of Government Regional Annual Wage: \$40,924.00

2017 Concho Valley Council of Government 110% Regional Wage: \$45,016.40 annually or \$865.70 weekly

In order to calculate 110% of the Concho Valley Regional Average Weekly Wage for Manufacturing Jobs the following calculations were completed:

Step 1: $\$40,924.00 * 1.10 = \$45,016.40$

Step 2: $\$45,016.40 / 52 =$ **\$865.70**

*All calculations were completed using the most recent data available from the Bureau of Labor Statistics—data attached



Quarterly Employment and Wages (QCEW)

[Help with Download](#)

Page 1 of 1 (40 results/page)

▲ Year ▼	▲ Period ▼	▲ Area ▼	▲ Ownership ▼	▲ Division ▼	▲ Level ▼	▲ Ind Code ▼	▲ Industry ▼	▲ Avg Weekly Wages ▼
2017	4th Qtr	Reagan County	Total All	00	0	10	Total, all industries	\$1,115
2017	3rd Qtr	Reagan County	Total All	00	0	10	Total, all industries	\$1,178
2018	2nd Qtr	Reagan County	Total All	00	0	10	Total, all industries	\$1,099
2017	2nd Qtr	Reagan County	Total All	00	0	10	Total, all industries	\$1,026
2018	1st Qtr	Reagan County	Total All	00	0	10	Total, all industries	\$1,153
2017	1st Qtr	Reagan County	Total All	00	0	10	Total, all industries	\$1,031



Tab 16

Description of Reinvestment Zone

Gateway Plant L1 is to be located within a proposed reinvestment zone. The adoption of this measure will not be complete until Reagan County ISD creates and approves the reinvestment zone. It is anticipated that the reinvestment zone will be designated by Reagan County ISD in February 2019, and will be submitted before the date of final application for approval by the school board.

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

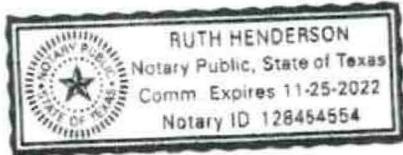
print here → Bobby Fryar Title 1/16/2019
Print Name (Authorized School District Representative)
 sign here → [Signature] Date 1/16/2019
Signature (Authorized School District Representative)

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here → John D. Thompson Title VICE PRESIDENT, TAX
Print Name (Authorized Company Representative (Applicant))
 sign here → [Signature] Date 1/14/19
Signature (Authorized Company Representative (Applicant))



(Notary Seal)

GIVEN under my hand and seal of office this, the

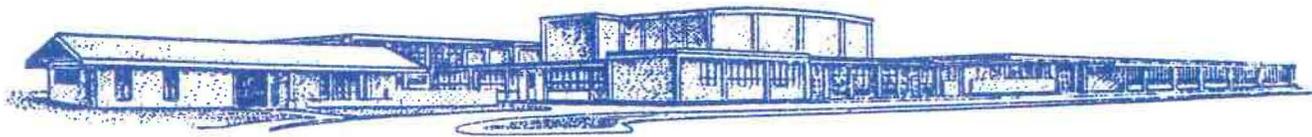
14th day of January 2019

Ruth Henderson
 Notary Public in and for the State of Texas

My Commission expires: November 25, 2022

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

REAGAN COUNTY INDEPENDENT SCHOOL DISTRICT



Bobby Fryar
Superintendent

1111 EAST 12TH STREET
BIG LAKE, TEXAS 76932-3599

Phone 325-884-3705
Fax 325-884-3021

January 15, 2019

Desiree Caufield
Senior Research Analyst
Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 East 17th Street, Room 311
Austin, TX 78774

Re: App. No. 1314-Reagan County ISD-Targa Pipeline Mid-Continent Westtex, LLC
District's Intent to Establish a Reinvestment Zone

Dear Ms. Caufield,

Please be advised that Reagan County Independent School District, a Chapter 41 school district, intends to establish a reinvestment to encompass the Project set out in the above-referenced application. The District is currently working with the applicant to properly describe the boundaries of the reinvestment zone, and the District intends to establish the reinvestment zone in February, 2019. Once the reinvestment zone is established, the District will supplement the above-noted application. It is understood that that the Project described in the above-noted application must be located within a reinvestment zone, and the District will not consider the above-noted application and any resulting Appraised Value Limitation Agreement unless and until a reinvestment zone has been established.

If you need anything further, please do not hesitate to contact the District's legal counsel, Fred Stormer, of the Underwood Law Firm, P.C.

Sincerely,

A handwritten signature in black ink, appearing to read "Bobby Fryar".

Bobby Fryar, Superintendent