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February 18, 2018

Ms. Tabita Collazo
Research Analyst
Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Application #1336 from Lone Star NGL Asset Holdings II, LTD to Barbers Hill
Independent School District – Amendment #001 Transmittal Letter

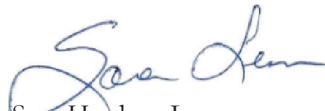
Dear Ms. Collazo:

This letter is in response to your email dated February 12, 2019. Per your request, Lone Star NGL Asset Holdings II, LTD has made the following changes to Application #1336. Enumerated below are the changes contained in Amendment #001:

1. **Application Section 14: *Wage and Employment Information***
The values for Section, Questions 7–10 have been updated according to the calculation of wage requirements in Tab 13. Furthermore, TCW data from the four (4) most recent quarters was used in the calculations.
2. **Tab 11: *Maps***
A detailed map defining the Reinvestment Zone boundary, Frac VIII project boundary, Barbers Hill ISD boundary, and Chambers County boundary has been included, with labels.
3. **Application Section 16: *Authorized Signatures and Application Certification***
A new signature page is attached.

If you have any questions, or would like to discuss this matter further, please contact me or Shelly Leung at (512) 494-1177.

Respectfully submitted,



Sara Hardner Leon

SHL;sl

cc: *Via Electronic Mail:* megan.mckavanagh@energytransfer.com
Ms. Megan McKavanagh, Property Tax Manager, Energy Transfer Partners, LP

Via Electronic Mail: Mike@keatax.com
Mr. Mike Fry, Director of Energy Services, K.E. Andrews & Company

Via Electronic Mail: gpoole@bhisd.net
Dr. Greg Poole, Superintendent of Schools, Barbers Hill ISD

Via Electronic Mail: bmcmanus@bhisd.net
Ms. Rebecca McManus, Assistant Superintendent of Finance, Barbers Hill ISD

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 2019
(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? 12
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 1,213.50
- b. 110% of the average weekly wage for manufacturing jobs in the county is 2,506.63
- c. 110% of the average weekly wage for manufacturing jobs in the region is 1,273.50
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? 66,222.20
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 66,222.20
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 11

Maps

Amendment One (2/12/2019)

Frac VIII
within Chambers County & Barbers Hill ISD

Legend

- Barbers Hill ISD
- Chambers County
- Frac VIII
- Reinvestment Zone

Chambers County
(green border)

Reinvestment Zone
(red shaded area)

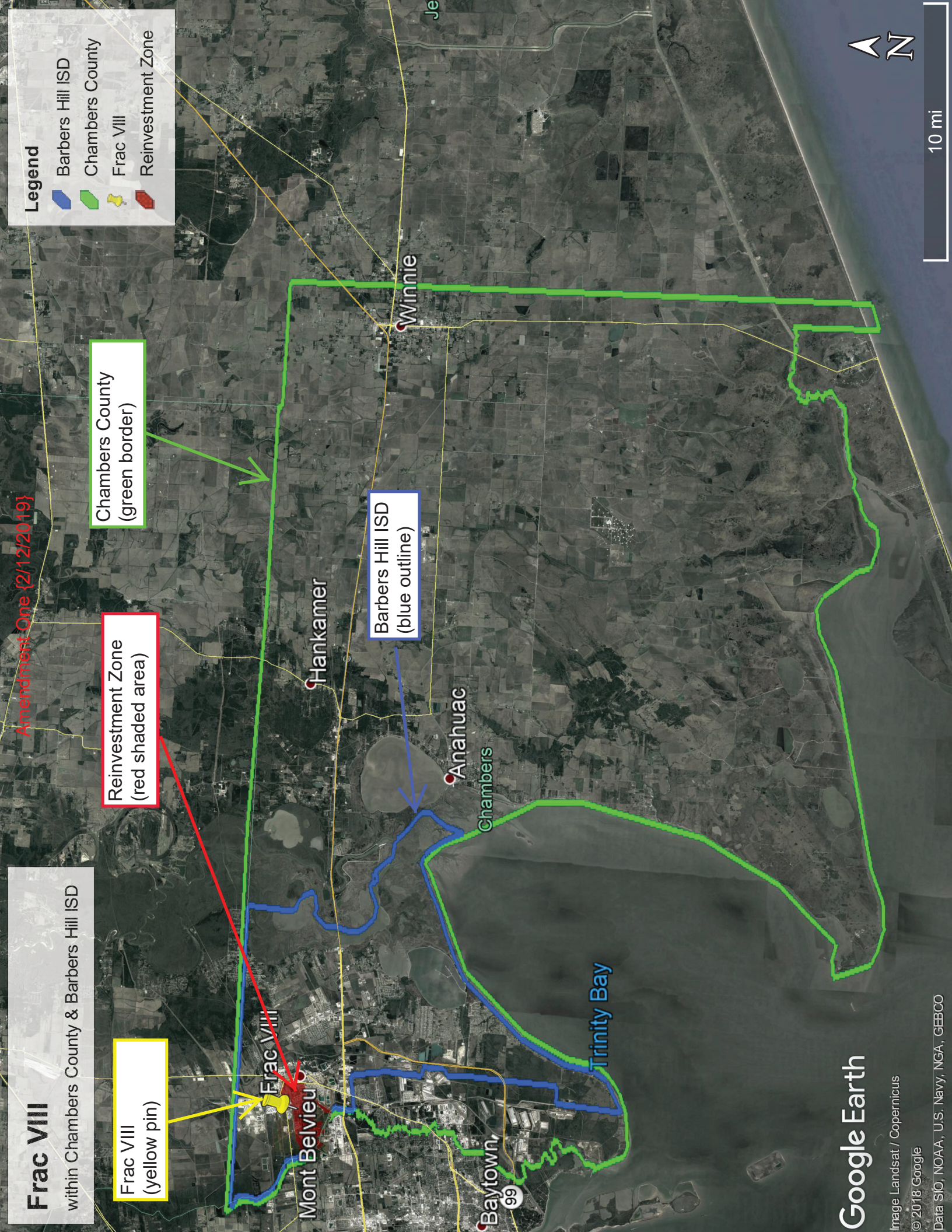
Frac VIII
(yellow pin)

Barbers Hill ISD
(blue outline)

Google Earth

Image Landsat / Copernicus
© 2018 Google
Data SIO, NOAA, U.S. Navy, NGA, GEBCO

10 mi





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: Chambers County Average Weekly Wage

Calculation B: 110% of Chambers County Average for Manufacturing Jobs

Calculation C: 110% of Houston-Galveston Area Council Average for Regional Manufacturing Jobs

Calculation A: Chambers County Average Weekly Wage for all Jobs

Year	Quarter	Average Weekly Wage
2017	Q4	\$1,185.00
2018	Q1	\$1,348.00
2018	Q2	\$1,144.00
2018	Q3	\$1,177.00
2017- 2018	Q Average	\$1,213.50

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

Quarterly Average Calculation:

Step 1: \$1,185.00 + \$1,348.00 + \$1,144.00 + \$ 1,177.00 = \$4,854.00

Step 2: \$4,854.00 / 4 = \$1,213.50

**Calculation B: 110% of Chambers County Average Weekly Wage for Manufacturing Jobs**

Year	Quarter	Average Weekly Wage
2017	Q4	\$1,950.00
2018	Q1	\$3,083.00
2018	Q2	\$1,986.00
2018	Q3	\$2,096.00
2017-2018	Q Average	\$2,278.75
2017-2018	110 % Q Average	\$2,506.63

In order to calculate 110% of the Chambers County Average Weekly Wage for Manufacturing Jobs, the following calculations were completed:

110% Quarterly Average Calculation

Step 1: \$1,950.00 + \$3,083.00 + \$1,986.00 + \$2,096.00 = \$9,115.00

Step 2: \$9,115.00/4= \$2,278.75

Step 3: \$2,278.75 * 1.10= **\$2,506.63**



Calculation C: 110% of Houston-Galveston Area Council Average for Manufacturing Jobs in the Region

2017 Houston-Galveston Area Council of Government Regional Annual Wage: \$60,202.00

2017 Houston-Galveston Area Council of Government 110% Regional Wage: \$66,222.20 annually or \$1,273.50 weekly

In order to calculate 110% of the Houston-Galveston Area Council Average for Manufacturing Jobs in the Region the following calculations were completed:

Step 1: $\$60,202.00 \times 1.10 = \$66,222.20$

Step 2: $\$66,222.20 / 52 = \$1,273.50$

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



Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	4th Qtr	Chambers County	Total All	00	0	10	Total, all industries	\$1,185
2018	3rd Qtr	Chambers County	Total All	00	0	10	Total, all industries	\$1,177
2017	3rd Qtr	Chambers County	Total All	00	0	10	Total, all industries	\$1,146
2018	2nd Qtr	Chambers County	Total All	00	0	10	Total, all industries	\$1,144
2017	2nd Qtr	Chambers County	Total All	00	0	10	Total, all industries	\$1,092
2018	1st Qtr	Chambers County	Total All	00	0	10	Total, all industries	\$1,348
2017	1st Qtr	Chambers County	Total All	00	0	10	Total, all industries	\$1,323

Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2017	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$2,916
2017	4th Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,950
2018	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,986
2018	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$3,083
2018	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$2,096
2017	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$2,064
2017	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,859

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print
here

Dr. Greg Poole

Print Name (Authorized School District Representative)

Superintendent of Schools

Title

sign
here

Signature (Authorized School District Representative)

February 15, 2019

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print
here

Megan McKavanagh

Print Name (Authorized Company Representative (Applicant))

Sr Mgr Property Tax

Title

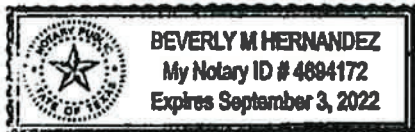
sign
here

Megan McKavanagh

Signature (Authorized Company Representative (Applicant))

Feb 12, 2019

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

12 day of February 2019

Beverly M. Hernandez

Notary Public in and for the State of Texas

My Commission expires:

9.3.2022

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.