

[Walsh Anderson Letterhead]

October 24, 2014

VIA EMAIL ([korry.castillo@cpa.state.tx.us](mailto:korry.castillo@cpa.state.tx.us))  
Ms. Korry Castillo  
Regional Fiscal Analysis  
Local Government Assistance and  
Economic Development Division  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78774

Re: Request for Approval of Value Limitation Agreement Amendment

Dear Ms. Castillo:

On May 13, 2013, Goose Creek Consolidated Independent School District (“District”) and Borusan Mannesman Pipe U.S., Inc. (“Borusan”) entered into an Agreement for Limitation on Appraised Value of Property (the “Agreement”) pursuant to Chapter 313 of the Texas Tax Code. On December 26, 2013, District and Applicant amended the Agreement (the “Amended Agreement”) to allow for a subsequent amendment of the Agreement after January 1, 2014 to adjust the contractual commitments related to new jobs as authorized by Section 23 of House Bill 3390 (83<sup>rd</sup> Regular Session). The parties now submit, for your approval, the proposed Second Amendment of the Agreement (as contemplated by Section 8.15 of the Amended Agreement) to adjust the contractual commitments of the Agreement related to new jobs pursuant to HB 3390. In connection with this approval request, attached are the following:

1. Proposed Second Amendment of the Agreement
2. Redline of proposed Second Amendment against Amended Agreement
3. Form 50-296A (Application) – Revised Section 14 (regarding jobs commitments)
4. Revised Schedule C of Form 50-296A
5. Excel spreadsheet calculating wage standards applicable to Second Amendment based on most recent four quarters of available wage data
6. Documentation of most recent four quarters of available wage data (2013 Manufacturing Wages by Council of Government Region and Texas Workforce Commission Quarterly Employment and Wages for Chambers County)

Sincerely,

Ann Greenberg

cc: Mr. Robert Wood (via email: [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us))  
Ms. Michelle Luera (via email: [michelle.luera@cpa.state.tx.us](mailto:michelle.luera@cpa.state.tx.us))  
Mr. Randal O’Brien, Acting Superintendent, Goose Creek Consolidated Independent School District (via email: [randal.obrien@gccisd.net](mailto:randal.obrien@gccisd.net))

Mr. Buddy Brewer, CEO, Borusan Mannesmann Pipe U.S., Inc. (via email: [buddybrewer@borusan.com](mailto:buddybrewer@borusan.com))

Mr. Matthew Larsen, Baker Botts L.L.P. (via email: [matthew.larsen@bakerbotts.com](mailto:matthew.larsen@bakerbotts.com))

# Application for Appraised Value Limitation on Qualified Property

## SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? .....
  2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of \_\_\_\_\_ (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)? .....
- 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? .....
  5. What is the number of new non-qualifying jobs you are estimating you will create? .....
  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 .....
    - b. 110% of the average weekly wage for manufacturing jobs in the county is .....
    - c. 110% of the average weekly wage for manufacturing jobs in the region is .....
  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? .....
  10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? .....
  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**. \* \*
 

Per Comptroller guidance, wage amounts based on four most recent quarters prior to this application amendment

## 2013 Manufacturing Wages by Council of Government Region Wages for All Occupations

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$23.73</b>	<b>\$49,363</b>
<u>1. Panhandle Regional Planning Commission</u>	\$20.43	\$42,499
<u>2. South Plains Association of Governments</u>	\$16.53	\$34,380
<u>3. NORTEX Regional Planning Commission</u>	\$19.15	\$39,838
<u>4. North Central Texas Council of Governments</u>	\$25.00	\$51,997
<u>5. Ark-Tex Council of Governments</u>	\$17.45	\$36,298
<u>6. East Texas Council of Governments</u>	\$19.50	\$40,565
<u>7. West Central Texas Council of Governments</u>	\$18.64	\$38,779
<u>8. Rio Grande Council of Governments</u>	\$16.27	\$33,848
<u>9. Permian Basin Regional Planning Commission</u>	\$22.89	\$47,604
<u>10. Concho Valley Council of Governments</u>	\$17.20	\$35,777
<u>11. Heart of Texas Council of Governments</u>	\$19.44	\$40,444
<u>12. Capital Area Council of Governments</u>	\$27.31	\$56,805
<u>13. Brazos Valley Council of Governments</u>	\$17.20	\$35,770
<u>14. Deep East Texas Council of Governments</u>	\$16.48	\$34,287
<u>15. South East Texas Regional Planning Commission</u>	\$29.09	\$60,501
<u>16. Houston-Galveston Area Council</u>	\$26.13	\$54,350 -
<u>17. Golden Crescent Regional Planning Commission</u>	\$22.23	\$46,242
<u>18. Alamo Area Council of Governments</u>	\$18.91	\$39,329
<u>19. South Texas Development Council</u>	\$13.94	\$28,990
<u>20. Coastal Bend Council of Governments</u>	\$23.78	\$49,454
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.82	\$32,907
<u>22. Texoma Council of Governments</u>	\$20.93	\$43,529
<u>23. Central Texas Council of Governments</u>	\$17.33	\$36,042
<u>24. Middle Rio Grande Development Council</u>	\$19.07	\$39,666

Source: Texas Occupational Employment and Wages

Data published: July 2014

Data published annually, next update will be July 31, 2015

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

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

Data intended for TAC 313 purposes only.

# Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,104
2014	1st Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,059
2013	2nd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,105
2014	2nd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,091
2013	3rd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,109
2014	3rd Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,021
2013	4th Qtr	Chambers County	Private	00	0	10	Total, All Industries	\$1,214

# Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,532
2014	1st Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,422
2013	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,725
2014	2nd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,779
2013	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,436
2014	3rd Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,397
2013	4th Qtr	Chambers County	Private	31	2	31-33	Manufacturing	\$1,732

**Schedule C: Employment Information**

Date

Applicant Name

Borusan Mannesman Pipe U.S., Inc.

Form 50-296A

ISD Name

Goose Creek Consolidated Independent School District

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2013-2014	2013	319 FTE's	\$70,000	37*	33*	\$59,093*
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2014-2015	2014	0	N/A	175	5	\$59,785
	2	2015-2016	2015	0	N/A	210	10	\$59,785
	3	2016-2017	2016	0	N/A	240	10	\$59,785
	4	2017-2018	2017	0	N/A	240	10	\$59,785
	5	2018-2019	2018	0	N/A	240	10	\$59,785
	6	2019-2020	2019	0	N/A	240	10	\$59,785
	7	2020-2021	2020	0	N/A	240	10	\$59,785
	8	2021-2022	2021	0	N/A	240	10	\$59,785
	9	2022-2023	2022	0	N/A	240	10	\$59,785
	10	2023-2024	2023	0	N/A	240	10	\$59,785
Years Following Value Limitation Period	11 through 25					**	**	**

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  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

\* The qualified jobs number is higher for 2013 than 2014 due to the requirement in § 313.021(3)(D) that the business offer to pay 80% of an employee's health benefit plan premiums for that employee to be a qualified job. Borusan's health plan met this requirement for all employees in 2013, but Borusan will not pay 80% of salaried employee premiums in 2014, so only non-salaried employees will be eligible for qualified job status beginning in 2014.

\*\* Applicant will comply with all requirements under the agreement to maintain a viable presence during the period following the value limitation period.