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KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH

BENJAMIN CASTILLO

October 26, 2017

Local Government Assistance & Economic Analysis

Texas Comptroller of Public Accounts

P.O. Box 13528

Austin, Texas 78711-3528

RE: Notice of Request for Amendment to Limitation on Appraised Value
Agreement Dated November 21, 2016

To the Local Government Assistance & Economic Analysis Division:

The Applicant has made the following changes to the application:

- Page 5 of the Application Form – Section 9 Projected Timeline (Item #1, 2, 3, 5, 6, & 8)
- Tab 14 – Schedules revised to reflect current estimated investment and delayed timeline

Please do not hesitate to call with any questions.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Heart of Texas Wind LLC
McCulloch CAD

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

October 6, 2017

Mr. Leon Freeman, Superintendent and
Board of Trustees
Lohn Independent School District
P. O. Box 277
Lohn, TX 76852

Re: Notice of Request for Amendment to the Limitation on Appraised Value Agreement dated November 21, 2016, by and between Lohn Independent School District and Heart of Texas Wind LLC as the "Applicant" (the "**Agreement**")

Dear Mr. Freeman and members of the Board of Trustees:

Please accept this letter as Heart of Texas Wind LLC's (the "**Applicant**") request to Lohn Independent School District (the "**District**") under Section 10.2 of the Agreement to amend the start of the Tax Limitation Period. An amendment is sought so that the Agreement may match the timing of construction and operations.

Specifically, this letter is intended to (a) submit to the District and the Comptroller a written request to change the start of the Tax Limitation Period of the Agreement; (b) notify the District and the Comptroller of the changes to the information that was provided in the Application approved by the District; (c) provide any additional information reasonably requested by the District or the Comptroller for the purpose of re-evaluating the new or changed conditions.

Since the time the Application was submitted and the Agreement was thereafter approved and executed, Applicant, due to unforeseen changes in the market place, the commencement of construction of the project has been delayed approximately one year. The Applicant is requesting that the Tax Limitation Period be moved to start on January 1, 2019.

The Applicant intends to begin construction in July 2018 and make the Minimum Qualified Investment amount prior to December 31, 2018 as required by Section 2.5(A) the agreement. The Applicant anticipates the construction of the project to be complete in late 2018 and therefore requests the Tax Limitation Period begin on January 1, 2019, the first complete tax year after the commencement of commercial operations.

The following is a list of the amendments that are being made on the enclosed pages:

1. Page 5 of Application Form – Section 9: Projected Timeline (Item #1, 2, 3, 5, 6 & 8)
2. Tab 14 – Schedules revised to reflect current estimated investment and delayed timeline
3. Tab 17 – New signature page

Request to Amend Application and Agreement #1129 to Lohn ISD
October 6, 2017

Applicant hereby requests that an amendment as described herein be posted for a public hearing before the Board of Trustees in accordance with applicable law, and after conducting a public hearing on the matter, the Board of Trustees approve such an amendment and take all other action as may be required by law or the Comptroller's Rules. A draft amendment to the Agreement with the changes described above will be provided to the District for its consideration in advance of such meeting.

Sincerely,



Sam A. Gregson
Consultant for Hale Wind Energy, LLC

cc Honorable Glenn Hegar
Texas Comptroller of Public Accounts
c/o Will Counihan, Manager
Economic Development & Analysis
P.O. Box 13528, Capitol Station
Austin, Texas 78711-3528

Zane Brandenberger, Chief Appraiser
McCulloch County Appraisal District
306 W. Lockhart
Brady, Texas 76825

Mali Hanley
O'Hanlon, McCollom & Demerath
808 West Avenue
Austin, TX 78701

Bob Popinski
Moak Casey & Associates, LLP.
400 West 15th Street, Suite 1410
Austin, Texas 78701

Brian Evans
Chief Development Officer
Renewable Energy Sysytems America, Inc
11101 West 120th Avenue, Suite 400
Broomfield, CO 80021

1. Application approval by school board	November 2017
2. Commencement of construction	1Q 2018
3. Beginning of qualifying time period	2017
4. First year of limitation	2019
5. Begin hiring new employees	4Q 2018
6. Commencement of commercial operations	4Q 2018
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (<i>date your application is finally determined to be complete</i>)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Note: Improvements made before that time may not be considered qualified property.	
8. When do you anticipate the new buildings or improvements will be placed in service?	4Q 2018

1. Identify county or counties in which the proposed project will be located McCulloch County

2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property McCulloch 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: <u>McCulloch; 100%; \$0.48313</u> <i>(Name, tax rate and percent of project)</i>	City: <u></u> <i>(Name, tax rate and percent of project)</i>
Hospital District: <u>Heart of Texas HD; 100; \$0.12225</u> <i>(Name, tax rate and percent of project)</i>	Water District: <u>Hickory UWCD; 100%; \$0.035</u> <i>(Name, tax rate and percent of project)</i>
Other (describe): <u></u> <i>(Name, tax rate and percent of project)</i>	Other (describe): <u>See Tab 6</u> <i>(Name, tax rate and percent of project)</i>

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.

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/.

- For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Date 9/5/2017
Applicant Name HEART OF TEXAS WIND LLC
ISD Name LOHN ISD

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

1129-lohnisd-heartoftexas-amendment002
October 26, 2017

Farm 50-296A

Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2016	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				0	0	0	0	0
Complete tax years of qualifying time period	QTP1	2017-2018	2017	0	0	0	0	0
	QTP2	2018-2019	2018	181,250,000	1,000,000	0	0	182,250,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				181,250,000	1,000,000	0	0	182,250,000
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				182,250,000				

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property, or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Date 9/5/2017
 Applicant Name HEART OF TEXAS WIND LLC
 ISD Name LOHN ISD

1129-lohnisd-heartoftexas-amendment002
 Form 50-296A
 October 26, 2017
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		181,250,000	1,000,000	0	0	182,250,000
	0	2016-2017	2016					
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2017-2018	2017	0	0	0	0	0
	0	2018-2019	2018	0	0	0	0	0
Value limitation period***	1	2019-2020	2019	0	0	2,160,000	0	2,160,000
	2	2020-2021	2020	0	0	2,160,000	0	2,160,000
	3	2021-2022	2021	0	0	2,160,000	0	2,160,000
	4	2022-2023	2022	0	0	2,160,000	0	2,160,000
	5	2023-2024	2023	0	0	2,160,000	0	2,160,000
	6	2024-2025	2024	0	0	2,160,000	0	2,160,000
	7	2025-2026	2025	0	0	2,160,000	0	2,160,000
	8	2026-2027	2026	0	0	2,160,000	0	2,160,000
	9	2027-2028	2027	0	0	2,160,000	0	2,160,000
	10	2028-2029	2028	0	0	2,160,000	0	2,160,000
Total Investment made through limitation				181,250,000	1,000,000	21,600,000	0	203,850,000
Continue to maintain viable presence	11	2029-2030	2029			2,160,000		2,160,000
	12	2030-2031	2030			2,160,000		2,160,000
	13	2031-2032	2031			2,160,000		2,160,000
	14	2032-2033	2032			2,160,000		2,160,000
	15	2033-2034	2033			2,160,000		2,160,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034			2,160,000		2,160,000
	17	2035-2036	2035			2,160,000		2,160,000
	18	2036-2037	2036			2,160,000		2,160,000
	19	2037-2038	2037			2,160,000		2,160,000
	20	2038-2039	2038			2,160,000		2,160,000
	21	2039-2040	2039			2,160,000		2,160,000
	22	2040-2041	2040			2,160,000		2,160,000
	23	2041-2042	2041			2,160,000		2,160,000
	24	2042-2043	2042			2,160,000		2,160,000
	25	2043-2044	2043			2,160,000		2,160,000

* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the **first row**.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date

9/5/2017

Applicant Name

HEART OF TEXAS WIND LLC

1129-Johnisd-heartoftexas-amendment002

Form 50-296A 2017

ISD Name

LOHN ISD

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				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 buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
	0	216-2017	2016	0	0	0	0	0	0
Each year prior to start of Value Limitation Period	0	2017-2018	2017	0	0	0	0	0	0
Each year prior to start of Value Limitation Period	0	2018-2019	2018	0	0	0	0	0	0
Value Limitation Period	1	2019-2020	2019	0	0	178,605,000	178,605,000	178,605,000	15,000,000
	2	2020-2021	2020	0	0	166,103,000	166,103,000	166,103,000	15,000,000
	3	2021-2022	2021	0	0	154,476,000	154,476,000	154,476,000	15,000,000
	4	2022-2023	2022	0	0	143,663,000	143,663,000	143,663,000	15,000,000
	5	2023-2024	2023	0	0	133,607,000	133,607,000	133,607,000	15,000,000
	6	2024-2025	2024	0	0	124,255,000	124,255,000	124,255,000	15,000,000
	7	2025-2026	2025	0	0	115,557,000	115,557,000	115,557,000	15,000,000
	8	2026-2027	2026	0	0	107,468,000	107,468,000	107,468,000	15,000,000
	9	2027-2028	2027	0	0	99,945,000	99,945,000	99,945,000	15,000,000
	10	2028-2029	2028	0	0	92,949,000	92,949,000	92,949,000	15,000,000
Continue to maintain viable presence	11	2029-2030	2029	0	0	88,302,000	88,302,000	88,302,000	88,302,000
	12	2030-2031	2030	0	0	83,887,000	83,887,000	83,887,000	83,887,000
	13	2031-2032	2031	0	0	79,693,000	79,693,000	79,693,000	79,693,000
	14	2032-2033	2032	0	0	75,708,000	75,708,000	75,708,000	75,708,000
	15	2033-2034	2033	0	0	71,923,000	71,923,000	71,923,000	71,923,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034	0	0	68,327,000	68,327,000	68,327,000	68,327,000
	17	2035-2036	2035	0	0	64,911,000	64,911,000	64,911,000	64,911,000
	18	2036-2037	2036	0	0	61,665,000	61,665,000	61,665,000	61,665,000
	19	2037-2038	2037	0	0	58,582,000	58,582,000	58,582,000	58,582,000
	20	2038-2039	2038	0	0	55,653,000	55,653,000	55,653,000	55,653,000
	21	2039-2040	2039	0	0	52,870,000	52,870,000	52,870,000	52,870,000
	22	2040-2041	2040	0	0	50,227,000	50,227,000	50,227,000	50,227,000
	23	2041-2042	2041	0	0	47,716,000	47,716,000	47,716,000	47,716,000
	24	2042-2043	2042	0	0	45,562,500	45,562,500	45,562,500	45,562,500
	25	2043-2044	2043	0	0	45,562,500	45,562,500	45,562,500	45,562,500

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

Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 9/5/2017
Applicant Name HEART OF TEXAS WIND LLC
ISD Name LOHN 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 <i>Insert as many rows as necessary</i>	0	2016-2017	2016	0	0	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	0	0	0	0	0
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	200 FTE	43,000	0	0	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2019-2020	2019	N/A	N/A	0	4	42,775
	2	2020-2021	2020	N/A	N/A	0	4	42,775
	3	2021-2022	2021	N/A	N/A	0	4	42,775
	4	2022-2023	2022	N/A	N/A	0	4	42,775
	5	2023-2024	2023	N/A	N/A	0	4	42,775
	6	2024-2025	2024	N/A	N/A	0	4	42,775
	7	2025-2026	2025	N/A	N/A	0	4	42,775
	8	2026-2027	2026	N/A	N/A	0	4	42,775
	9	2027-2028	2027	N/A	N/A	0	4	42,775
	10	2028-2029	2028	N/A	N/A	0	4	42,775
Years Following Value Limitation Period	11 through 25	2027-2042	2027-2041	N/A	N/A	0	4	42,775

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 9/5/2017
Applicant Name HEART OF TEXAS WIND LLC
ISD Name LOHN 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	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: McCulloch County	2019	10 Years	Annual Avg. of \$636,000	see detail below	Annual Avg. of \$202,000
	City:	N/A	N/A	N/A	N/A	N/A
	Other: Heart of Texas Hospital Dist	2019	10 Years	Annual Avg. of \$161,000		Annual Avg. of \$52,000
	Other: Hickory UWCD	2019	10 Years	Annual Avg. of \$46,000	N/A	Annual Avg. of \$15,000
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A		N/A	
Texas Enterprise Fund	N/A	N/A	N/A		N/A	
Employee Recruitment	N/A	N/A	N/A		N/A	
Skills Development Fund	N/A	N/A	N/A		N/A	
Training Facility Space and Equipment	N/A	N/A	N/A		N/A	
Infrastructure Incentives	N/A	N/A	N/A		N/A	
Permitting Assistance	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
Other:	N/A	N/A	N/A		N/A	
TOTAL				\$ 843,000		\$ 269,000

Additional information on incentives for this project:

County Terms: Heart of Texas Wind LLC applied for and was granted an abatement structured as follows: Year 1 - 72.5%, Year 2 - 71.3%, Year 3 - 70.2%, Year 4 - 68.9%, Year 5 - 67.6%, Year 6 - 66.3%,



Application for Appraised Value Limitation on Qualified Property

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

Leon Freeman

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

10-25-17

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

Brian Evans

Print Name (Authorized Company Representative (Applicant))

Chief Development Officer

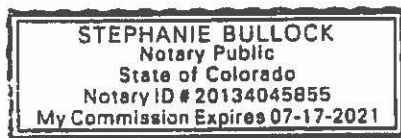
Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

10/09/17



(Notary Seal)

GIVEN under my hand and seal of office this, the

9 day of October, 2017

Signature of Notary Public

Notary Public in and for the State of Texas Colorado

My Commission expires: July 17 2021

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.