O'HANLON, DEMERATH & CASTILLO
ATTORNEYS & COUNSELORS AT LAW
808 WEST AVE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
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June 21, 2018

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Amended Application to the Borden County Independent School District from Fluvanna Wind Energy 2, LLC

To the Local Government Assistance & Economic Analysis Division:

I have enclosed for you the Amended Application to the Borden County Independent School District from Fluvanna Wind Energy 2, LLC.

A copy of the amended application will be submitted to the Borden County Appraisal District.

Please do not hesitate to call with any questions.

Sincerely,

William Eggleston
Assistant to Kevin O'Hanlon
School District Consultant

Cc: Borden County Appraisal District

TAB4

REVISED

DETAILED DESCRIPTION OF THE PROJECT.

In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. [1]

Fluvanna Wind Energy 2, LLC ("Fluvanna 2") is a special purpose entity formed to facilitate the development and commercialization of a utility-scale wind energy project under development by Terna Energy USA Holding Inc ("Terna"). Terna, the developer of Fluvanna 2, is in the business of developing, constructing and operating plants generating electricity from renewable and traditional energy projects.

Fluvanna Wind Energy 2, LLC is requesting an appraised value limitation from Borden County ISD for a proposed wind energy project using wind turbines, operational structures, and a transmission line that will connect the project to a third-party transmission facility located nearby in Scurry County. The wind farm and its associated infrastructure will be constructed within a Reinvestment Zone established by Borden County, Texas. A map showing the location of the wind farm is included as Attachment 11a.The wind farm will have an estimated capacity of up to 170 megawatts **("MW").** To construct the wind farm, Fluvanna Wind Energy 2, LLC will install between 60 and 80 wind turbines all within Borden County ISD that will have a rated capacity of 2.0 to 3.0 MW. In addition to the wind turbines, roads will be constructed and improved as necessary along with transmission lines. A collection substation will be installed to permit the interconnection and transmission of electricity generated by the wind turbines and an operations and maintenance building will be erected.

Construction of the wind farm is proposed to begin in September 2018, and is expected to take approximately 11 months to complete, with an estimated commercial operations date by December 31, 2019, contingent upon favorable economics for the project.

While the wind regime for Fluvanna Wind Energy 2, LLC is very good, there are currently many favorable locations for wind projects that could be developed across the US. Fluvanna Wind Energy 2, LLC has modeled its economics with an expectation that it will have a Limitation of Appraised Value Agreement with Borden County ISD. Investors are looking for wind projects across the US and can locate projects in a wide variety of locations. Should Fluvanna Wind Energy 2, LLC be unable to develop a competitive project in Texas that can generate sufficient returns, these investors may deploy their investments elsewhere.

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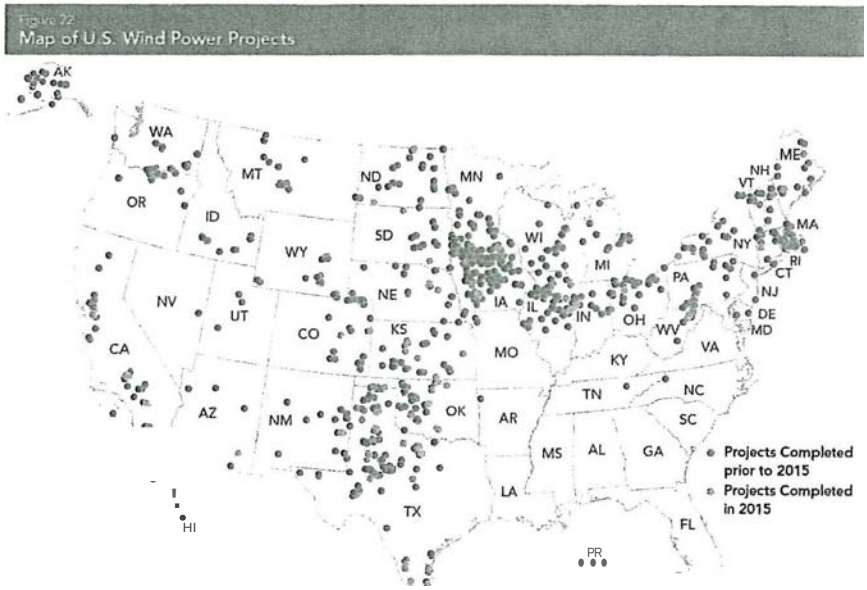
[1] Form 50-296-A § 7.1

Wind farms are operating and under development in many states throughout the country. Per the American Wind Energy Association ("AWEA") there are now 73,992 MW of installed wind capacity in the United States and over 48,500 wind turbines. At the beginning of 2016 there has been more US wind power MW under construction than ever in history. Over 9,400MW are currently listed as under construction. Once complete, these projects will generate enough electricity annually to power millions of households. A graphic provided by AWEA in its market report demonstrates the national geographic diversity of successfully completed projects.



Clearly wind projects are abundant and the Applicant can locate the Project in a wide variety of locations across the United States should it be unable to develop a competitive project in Texas that is able to generate returns sufficient to attract investment capital.

Terna Energy is a project developer and Independent power producer of renewable energy since 2000. It is part of the GEK Terna Group of companies which is active in construction, energy production and supply, concessions, waste management and mining activities to real estate development & management. With a total number of 5000 employees around the world, the group has made investments of more than $1.5 billion in the last five years. The current construction backlog of the group reaches $3 billion. The total installed capacity of the energy plants (conventional and renewable) that the group owns or participates in is 1,080 MW while it has been involved as a contractor in more than 3,500 MW, including its own project participations. Terna Energy on its own merit today operates, has under construction or ready to be built a total of approximately 1000 MW of renewable energy projects. The total wind assets are approximately 950 MW which includes the 138 MW of the Mountain Air project in Idaho. The Fluvanna 2 project is an important further step of the company in the United States to develop and expand its business. Terna Energy is committed to sustainable development and the priority that green energy has in achieving a sustainable world. Terna Energy considers that energy is the key driver for the development of our society and is committed to contributing to a sustainable energy future for the world by increasing the use of Renewable Energy Sources.

As such, the development resources necessary to advance the subject planned up to 170 MW Fluvanna 2 wind farm could be redeployed to other renewable energy development projects in other power markets in the United States. Fluvanna Wind Energy 2, LLC, however, was formed for the express purpose of developing a community sponsored wind farm that would help bring economic development to the area. Terna identified Texas, and in particular Borden County, for its strong wind resource, access to available transmission capacity and the ERCOT market, and favorable property tax incentives under the Tax Code for Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation.

Terna prefers to develop and build the proposed Fluvanna Wind Energy 2, LLC as described throughout this Application. This Project is still in the early stages of development. As of December 10th, 2016, Fluvanna Wind Energy 2, LLC'S physical assets are valued at less than $60,000. Most of this capital is comprised of non-qualified property, specifically two (2) temporary meteorological towers erected on the project site.

Should the appraised value limitation be granted, Fluvanna Wind Energy 2, LLC has created a development and investment plan that it is capitalized to implement. Without such a limitation, the Project, competing against other Texas projects that have qualified, would likely be forced to redeploy its assets and capital to other counties and states competing for similar wind projects.

TAB7 REVISED

DESCRIPTION OF QUALIFIED INVESTMENT

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).[9]

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).[10]

Fluvanna Wind Energy 2, LLC plans to construct up to 170 MW wind farm located within Borden County ISD in Borden County, Texas. All the Qualified Investment for this Project will be located within Borden County ISD.

The intended qualified investment includes wind turbines, foundations, collection systems, approximately 3 miles of 138kV transmission lines and interconnection infrastructure, additional meteorological towers, roads, operations and maintenance building, spare parts, and control systems necessary for commercial generation of electricity.

For purposes of this application, the Project anticipates using 2.0 to 3.0 MW turbines without excluding larger ones. Although final turbine selection and location of the infrastructure may change, the equipment outlined above is expected to be located within Borden County ISD. Current plans are to install between 60 and 80 turbines in one phase.

The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final number and location of turbines and supporting structures will be determined before construction begins. Fluvanna Wind Energy 2, LLC intends to connect to a third-party interconnection facility located 3 miles to the east in Scurry County via a 138kV transmission line. That third-party interconnection facility will eventually connect to the ERCOT Dermott Substation. All the infrastructure will remain within the project boundary and within the Reinvestment Zone. The map in Attachment 11b shows the proposed project area with the anticipated improvement locations.

The 3 miles of interconnection line listed above are located wholly within the Borden County ISD. It will be used to connect to an existing transmission line connected to a third-party interconnection facility located 3 miles east in Scurry County.

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[9] Form 50-296-A, § 11.4.a
[10] Form 50-296-A, § 11.4.b

TAB8

REVISED

Attachment to Application for Chapter 313 Appraised Value Limitation
by Fluvanna Wind Energy, LLC to Borden County ISD

DESCRIPTION

OF QUALIFIED PROPERTY

Fluvanna Wind Energy 2, LLC plans to construct up to 170 MW wind farm located within Borden County ISD in Borden County, Texas. All the Qualified Property for this Project will be located within Borden County ISD.

The intended Qualified Property includes wind turbines, foundations, collection systems, approximately 3 miles of 138kV transmission lines and interconnection infrastructure, additional meteorological towers, roads, operations and maintenance building, spare parts, and control systems necessary for commercial generation of electricity.

For purposes of this application, the Project anticipates using 2.0 to 3.0 MW turbines without excluding larger ones. Although final turbine selection and location of the infrastructure may change, the equipment outlined above is expected to be located within Borden County ISD. Current plans are to install between 60 and 80 turbines in one phase.

The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final number and location of turbines and supporting structures will be determined before construction begins. Fluvanna Wind Energy 2, LLC intends to connect to a third-party interconnection facility located 3 miles to the east in Scurry County via a 138kV transmission line. That third-party interconnection facility will eventually connect to the ERCOT Dermott Substation. All the infrastructure will remain within the project boundary and within the Reinvestment Zone. The map in Attachment 11c shows the proposed project area with the anticipated improvement locations.

The 3 miles of interconnection line listed above are located wholly within the Borden County ISD. It will be used to connect to an existing transmission line connected to a third-party interconnection facility located 3 miles east in Scurry County.

TAB 12

REQUEST FOR WAIVER OF JOB CREATION REQUIREMENT AND SUPPORTING INFORMATION (IF APPLICABLE)

Please see the attached waiver letter on the following page.

Fluvanna Wind Energy 2, LLC

June 5th, 2018

Mr. Billy Collins
Borden County Independent School District
PO Box 95, Gail, TX 79738

Re: **Chapter 313 Job Waiver Request for Fluvanna Wind Energy 2, LLC**

Dear Mr. Collins,

Fluvanna Wind Energy 2, LLC requests that the Borden County Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.02S (f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Fluvanna Wind Energy 2, LLC requests that the Borden County Independent School District makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Fluvanna Wind Energy 2, LLC has committed to create 4 total jobs for the project, all of which will be in Borden County I.S.D.

Wind projects create many full and part-time, but temporary jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 20 turbines. This number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,

Chris Jones
Manager
Fluvanna Wind Energy, 2 LLC

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

1175-bordencounty-fluvanna2-amendment004
June 5, 2018

Form 50-296A
Revised Feb 2014

Applicant Name Fluvanna Wind Energy 2, LLC
ISD Name Borden County ISD

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	Column B: New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Column C: Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E: **Total Investment** (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2017-2018	2017	Not el gible to become Qual ed Proper y			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	
Investment made after filing complete application with district, but before final board approval of application								
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				$ -	$ -	$ -	$ -	$ -
Complete tax years of qualifying time period	QTP1	2018-2019	2018	$ -	$ -	$ -	$ -	$ -
Complete tax years of qualifying time period	QTP2	2019-2020	2019	$ 180,000,000.00	$ -	$ -	$ -	$ 180,000,000.00
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				$ 180,000,000.00	$ -	$ -	$ -	$ 180,000,000.00
				Enter amounts from TOTAL row above in Schedule A2				
Total Qualified Investment (sum of green cells)				$ 180,000,000.00				

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.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

1175-bordencounty-fluvanna2-amendment004
June 5, 2018

Form 50-296A
Revised Feb 2014

Applicant Name **Fluvanna Wind Energy 2, LLC**
ISD Name **Borden County ISD**

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 not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property [SEE NOTE]	**Total Investment** (A+B+C+D)
				Enter amounts from TOTAL row in Schedule A1 in the row below				
Total Investment from Schedule A1*	--	**TOTALS FROM SCHEDULE A1**		$180,000,000	$ -		$ -	$ 180,000,000.00
Each year prior to start of value limitation period** *Insert as many rows as necessary*	0	2017-2018	2017					
Each year prior to start of value limitation period** *Insert as many rows as necessary*	0	2018-2019	2018					
Each year prior to start of value limitation period** *Insert as many rows as necessary*	0	2019-2020	2019	$180,000,000				$180,000,000
Value limitation period***	1	2020-2021	2020					$ -
	2	2021-2022	2021					
	3	2022-2023	2022					
	4	2023-2024	2023					
	5	2024-2025	2024					
	6	2025-2026	2025					
	7	2026-2027	2026					
	8	2027-2028	2027					
	9	2028-2029	2028					
	10	2029-2030	2029					
			Total Investment made through limitation	$ 180,000,000.00	$ -	$ -	$ -	$ 180,000,000.00
Continue to maintain viable presence	11	2030-2031	2030					
	12	2031-2032	2031					
	13	2032-2033	2032					
	14	2033-2034	2033					
	15	2034-2035	2034					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035					
	17	2036-2037	2036					
	18	2037-2038	2037					
	19	2038-2039	2038					
	20	2039-2040	2039					
	21	2040-2041	2040					
	22	2041-2042	2041					
	23	2042-2043	2042					
	24	2043-2044	2043					
	25	2044-2045	2044					

* 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 C: Employment Information

Applicant Name Fluvanna Wind Energy 2, LLC

ISD Name Borden County ISD

Form 50-296A
Revised Feb 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	2017-2018	2017	0	$ -	N/A	0	N/A
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2018-2019	2018	0	$ -	N/A	0	N/A
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2019-2020	2019	150 FTE	$ 52,364.00	N/A	0	N/A
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2020-2021	2020			0	4	$ 58,000.00
	2	2021-2022	2021			0	4	$ 58,000.00
	3	2022-2023	2022			0	4	$ 58,000.00
	4	2023-2024	2023			0	4	$ 58,000.00
	5	2024-2025	2024			0	4	$ 58,000.00
	6	2025-2026	2025			0	4	$ 58,000.00
	7	2026-2027	2026			0	4	$ 58,000.00
	8	2027-2028	2027			0	4	$ 58,000.00
	9	2028-2029	2028			0	4	$ 58,000.00
	10	2029-2030	2029			0	4	$ 58,000.00
Years Following Value Limitation Period	11 through 26	2029-2045	2029-2045			0	4	$ 58,000.00

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)
If yes, answer the following two questions:

[X] Yes [ ] No

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

[X] Yes [ ] No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

[ ] Yes [X] No

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 Billy Collins — Print Name *(Authorized School District Representative)*

Superintendent — Title

sign here — Signature *(Authorized School District Representative)*

6/18/2018 — 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 Benjamin Huang — Print Name *(Authorized Company Representative (Applicant))*

Attorney-in-Fact — Title

sign here — Signature *(Authorized Company Representative (Applicant))*

6/6/18 — Date

Benjamin Huang:

GIVEN under my hand and seal of office this, the

6th day of June 2018

APRIL M. JOHNSON
Notary Public – California
San Francisco County
Commission # 2218664
My Comm. Expires Nov 13, 2021

(Notary Seal)

Notary Public in and for the State of ~~Texas~~ CA

My Commission expires: 11.13.2021

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.