

Blake G. Powell  
Sara Hardner Leon  
Darrick W. Eugene  
Michelle Alcala  
Mackenzie Lewis  
Casandra Johnson  
William C. Bednar, *Of Counsel*



Jay Youngblood  
Tyler, Texas  
John J. Janssen, Ph.D.  
Corpus Christi, Texas  
Geneva L. Taylor  
Houston, Texas  
Rick W. Powell  
Pittsburg/Lewisville, Texas

May 3, 2018

***Via U.S. First Class Mail***

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
Attention: Michelle Luera  
Post Office Box 13528  
Austin, Texas 78711-3528

Re: Application for a Chapter 313 Value Limitation Agreement between the Damon Independent School District and Wagy Solar LLC

*First Year of Qualifying Time Period: 2018*  
*First Year of Limitation: 2020*

Dear Ms. Luera:

Per your email correspondence dated April 9, 2018, please find enclosed the amended pages to the above referenced Application. The following revisions have been made:

- Tab 05: Includes alternate locations outside of Texas.
- Tab 07: Description includes number of panels and brief notation on estimated productive life.
- Tab 08: Description includes number of panels and brief notation on estimated productive life.
- Tab 11: Vicinity Map a.1. now includes an outline of Damon ISD.
- Tab 11: Qualified Investment/Property Map 11.b. We've substituted the previous map for improved visualization of QI/QP. The map is requested to remain confidential.
- Tab 12: Job Creation Waiver Letter – additional industry standard information included in the final paragraph.
- Tab 13: Wage calculation for all industries in Brazoria County has been updated.
- Tab 14: Schedule A2 now indicates overlapped QTP and limitation periods.
- Tab 17: Attached is an original signature page.

Thanks so much for your kind attention to this matter.

Respectfully submitted,

A handwritten signature in black ink that reads "Sara Leon".

Sara Hardner Leon

SHL;sl

Enclosures

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1001 ESE Loop 323, Ste. 450 Tyler, Texas 75701 t: 903-526-6618 f: 903-526-5766	115 Wild Basin Rd., Ste. 106 Austin, Texas 78746 t: 512-494-1177 f: 512-494-1188	7324 Southwest Freeway, Ste. 365 Houston, Texas 77074 t: 713-779-7500 f: 713-485-0169	802 N. Carancahua, Ste. 665 Corpus Christi, Texas 78401 t: 361-452-2804 f: 361-452-2743
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Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

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 2017  
(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)? ..... 3  
**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? ..... 3
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 ..... \$1,066.75
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... \$2,505.80
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... \$1,210.97
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? ..... \$62,970.60
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... \$62,975.00
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 05 - LIMITATION AS A DETERMINING FACTOR:**

Cypress Creek Renewables LLC (CCR) is a leader in developing and operating local, community-based solar projects in the United States. With unmatched experience, CCR has cultivated a proven and repeatable model for implementing small to large utility scale solar energy projects which are strategically located to yield optimal generation. Currently, CCR has over 5.0 gigawatts of production capacity deployed or in development throughout the United States. These attributes provide excellent flexibility and numerous opportunities for capital investment in a variety of competing geographical regions with budding solar energy markets that offer competitive incentives.

The decision to invest capital for Project Wagyu is still on-going and therefore the opportunity to consider capital investment for alternative locations is still available. Locations in North Carolina, South Carolina, Nevada, and Oregon are being considered as potential alternative sites for this project. When considering the implementation of a project, CCR considers all factors directly affecting the return on investment. A substantial portion of internal analyses focuses on the considerable Texas property tax burden.

Tax incentives play a vital role in the development of any renewable project, particularly one of this magnitude. The Chapter 313 value limitation incentive, in particular, is considered an important piece that can contribute to the viability, marketability, and success of the project. Critical project economics specific to this project are:

- Texas' historically low power prices have become a hindrance despite the decline of solar build costs.
- Additional challenges and costs related to the construction on the land within the proposed designated area.
- High property tax rates.

In light of these obstacles, the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential to the overall economic analysis.

Currently, CCR has plans to pursue local and state regulatory permits and local tax incentive agreements, when appropriate.

**TAB 07 - DESCRIPTION OF QUALIFIED INVESTMENT:**

This proposed project provides for the design and construction of a solar energy facility, and associated infrastructure, with an approximate total generation capacity of 120 MW AC located within *Damon ISD Reinvestment Zone No. 1*. The total estimated Qualified Investment for this project is \$110 million dollars.

If approved, the project will be executed in one phase and estimated to commence construction on or about Q4 2018 with completion on or about Q4 2019.

**Site Information:**

If approved, the proposed solar energy facility would be constructed in what is described as approximately 1,000 acres of vacant, irrigated cropland located exclusively within Brazoria County, Texas. The legal description of the land within *Damon ISD Reinvestment Zone No. 1* can be found in **Tab 16**.

Potential, new project-related improvements for which this value limitation is sought include, but are not limited to, the following:

- photovoltaic solar panel modules (approx. 1,380,000 panels)
- reinforced foundations
- single-axis tracking
- inverters
- transformers
- conversion wiring
- fencing
- lighting and other electrical support infrastructure.

Additional support infrastructure related to the project should include:

- various structural foundations
- underground collection systems for cables
- transmission lines
- substation.

Based on the current project configuration and attributes, the productive life for this project is estimated at 25-40 years.

**TAB 08 - DESCRIPTION OF QUALIFIED PROPERTY:**

This proposed project provides for the design and construction of a solar energy facility, and associated infrastructure, with an approximate total generation capacity of 120 MW AC located within *Damon ISD Reinvestment Zone No. 1*. The total estimated Qualified Investment for this project is \$110 million dollars.

If approved, the project will be executed in one phase and estimated to commence construction on or about Q4 2018 with completion on or about Q4 2019.

**Site Information:**

If approved, the proposed solar energy facility would be constructed in what is described as approximately 1,000 acres of vacant, irrigated cropland located exclusively within Brazoria County, Texas. The legal description of the land within *Damon ISD Reinvestment Zone No. 1* can be found in **Tab 16**.

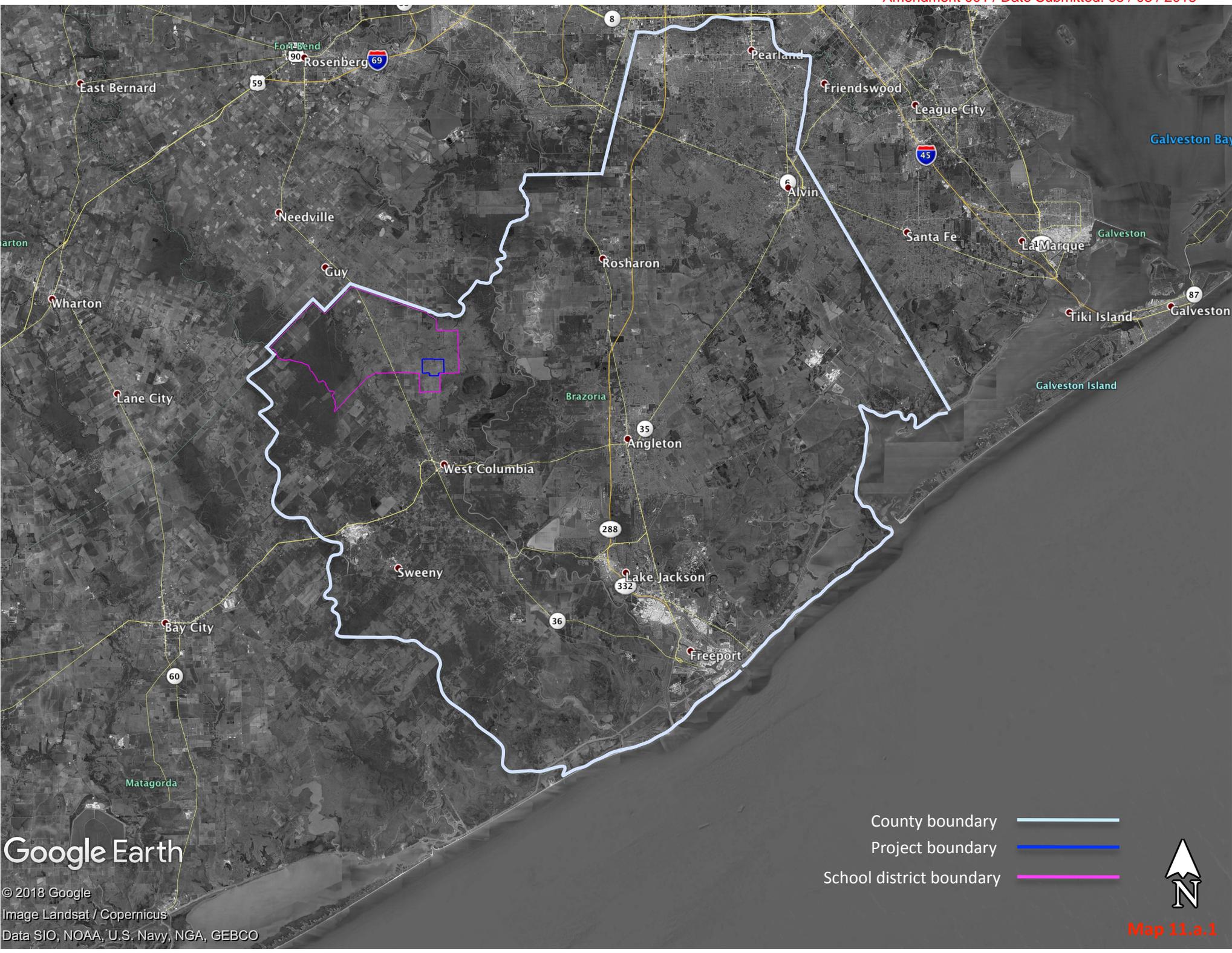
Potential, new project-related improvements for which this value limitation is sought include, but are not limited to, the following:

- photovoltaic solar panel modules (approx. 1,380,000 panels)
- reinforced foundations
- single-axis tracking
- inverters
- transformers
- conversion wiring
- fencing
- lighting and other electrical support infrastructure.

Additional support infrastructure related to the project should include:

- various structural foundations
- underground collection systems for cables
- transmission lines
- substation.

Based on the current project configuration and attributes, the productive life for this project is estimated at 25-40 years.



Google Earth

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

- County boundary
- Project boundary
- School district boundary





May 1, 2018

Dr. Donald P. Rhodes, Superintendent  
Damon Independent School District  
P.O. Box 429  
Damon, Texas 77430

**Re: Chapter 313 Request for Waiver of Job Creation Requirement for Cypress Creek Renewables, LLC (Wagyu Solar, LLC)**

Dear Dr. Rhodes,

Please accept this letter as a formal request that the Damon Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025 (f-1) of the Texas Property Tax Code. This waiver would be based on the board finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary to operate the proposed facility described in the property owner's application.

Cypress Creek Renewables respectfully requests that Damon Independent School District makes such a finding and grants a waiver of the current job creation requirement of 25 permanent, full-time jobs. Although requisite personnel is not linear and does not adhere to a particular industry standard, Cypress Creek Renewables has committed to create three (3) total qualifying jobs for the project, all of which will be located within Damon ISD. In addition to on-site qualified technicians, off-site personnel may also be utilized to support the project.

Typically, solar energy generation facilities create a substantial number of full and part-time positions during the construction phase. However, the number of qualified technicians tasked with maintaining and operating the facility during commercial operations tends to be much lower. The permanent employees of a solar farm generally maintain and service the photovoltaic solar panels, underground electrical connections, substations, and other related infrastructure associated with the safe and reliable operation of the facility. Permanent employees are also responsible for maintaining on-site vegetation.

The waiver request herein is comparable to essential maintenance and operations employment and is affirmed by similar solar facility value limitation applications. Additionally, the three (3) qualifying job headcount is based on our leading industry expertise, MW capacity for the project (approx. 1 employee per 40-70 MW), anticipated, maintenance and operations requirements of the selected solar panels, and support and technical assistance offered by the panel manufacturer.

SINCERELY,

DocuSigned by:

A handwritten signature in black ink that reads "Jerome O'Brien". The signature is written in a cursive style.

0DA588A3274E453...  
Jerome O'Brien

Chief Administrative Officer  
Cypress Creek Renewables, LLC

TAB 13 WAGE DATA CALCULATIONS

Amendment 001 / Date Submitted: 05 / 03 / 2018

7.a.

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2016	4th	Brazoria	<b>Total All</b>	All Industries	\$ 1,047
2017	1st	Brazoria	<b>Total All</b>	All Industries	\$ 1,116
2017	2nd	Brazoria	<b>Total All</b>	All Industries	\$ 1,030
2017	3rd	Brazoria	<b>Total All</b>	All Industries	\$ 1,074

(Mean Avg.) \$ **1,066.75** Average Weekly Wage For All Jobs

7.b.

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2016	4th	Brazoria	Private	Manufacturing	\$ 2,035
2017	1st	Brazoria	Private	Manufacturing	\$ 2,659
2017	2nd	Brazoria	Private	Manufacturing	\$ 2,157
2017	3rd	Brazoria	Private	Manufacturing	\$ 2,261

(Mean Avg.) \$ 2,278.00

110%

**\$ 2,505.80** 110% of County Average Weekly Wage for Manufacturing Jobs

7.c.

Year	Houston-Galveston Area Council	
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2016 Manufacturing Average Wages by COG Region \$ 57,246

Data published: July 2017 110%

**\$ 62,970.60** 110% of Average Annual Wage for Manufacturing Jobs in Region

**\$ 1,210.97** 110% of Average Weekly Wage for Manufacturing Jobs in Region

\*Note: All data was taken from the Texas Workforce Commission TRACER database.

# Quarterly Employment and Wages (QCEW)

Amendment 001 / Date Submitted: 05 / 03 / 2018

Back

## D.PERIODYEAR

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2017	1st Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,116
2017	2nd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,030
2017	3rd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,074
2016	1st Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,071
2016	2nd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,004
2016	3rd Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,027
2016	4th Qtr	Brazoria County	Total All	00	0	10	Total, all industries	\$1,047

Date 1-Mar-18  
 Applicant Name Cypress Creek Renewables LLC  
 ISD Name DAMON ISD

Form 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 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)
Total Investment from Schedule A1*	--	<b>TOTALS FROM SCHEDULE A1</b>		Enter amounts from TOTAL row in Schedule A1 in the row below				
				\$ 110,000,000.00	\$ -	\$ -	\$ -	\$ 110,000,000.00
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -
	1	2019-2020	2019					
	2/1	2020-2021	2020					
Value limitation period***	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	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total Investment made through limitation</b>				\$ 110,000,000.00	\$ -	\$ -	\$ -
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.

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.

**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** → Donald Rhodes Superintendent  
Print Name (Authorized School District Representative) Title

**sign here** → *[Signature]* 5-8-18  
Signature (Authorized School District Representative) 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** → Jerome O'Brien Authorized Person  
Print Name (Authorized Company Representative (Applicant)) Title

**sign here** → *[Signature]* 5/1/2018  
Signature (Authorized Company Representative (Applicant)) Date

*See Attached*

GIVEN under my hand and seal of office this, the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
 \_\_\_\_\_  
 Notary Public in and for the State of Texas  
 My Commission expires: \_\_\_\_\_

(Notary Seal)

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.

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Los Angeles )

On May 1, 2018 before me, H. H. Poladyan, Notary Public  
(insert name and title of the officer)

personally appeared Jerome O'Brien  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that ~~he/she/they~~ executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)

