

# UNDERWOOD

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October 2, 2018

Michelle Luera  
Economic Development and Analysis Division  
Texas Comptroller of Public Accounts  
111 E. 17th St.  
Austin, TX 78774

*Via Email and Federal Express*

Re: App No. 1292-O'Donnell ISD - TREX US Green Holly LLC

Dear Michelle:

Enclosed is Amendment No. 1 provided by the Applicant for the Chapter 313 Application submitted by TREX US Green Holly LLC. to O'Donnell ISD (the "Application"), along with the revised Schedules in Excel format. Amendment No. 1 includes the following changes:

- Application:
  - Section 9 - Updated date for question 1 and 3 to 2/21/19
  - Section 14 - Checked (A) for question 8
  - Section 16 - Revised signature page to reflect North Carolina for the notary
- Tab 4:
  - Revised to include # of modules and inverters and construction timeline
  - Changed "storage equipment" to "battery storage system"
  - Removed last line that said "other equipment necessary to safely operate, maintain and transmit power to the ERCOT electric grid"
- Tab 5:
  - Added language to Section 8 #7, "see attached organization chart," and included the chart with the attachments
  - Added language to Section 8 #7 regarding evaluating locations outside of Texas
- Tab 7:
  - Revised to include language for # of modules and inverters
  - Changed "storage equipment" to "battery storage system"
- Tab 11:
  - Included map with both project boundaries and reinvestment zone outline with the attachments (3rd map)
- Tab 14:
  - Updated years on Schedule A1
- Tab 17-See note under Application, Section 16 above.

Michelle Luera  
October 2, 2018  
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A hard copy and CD containing these documents is enclosed. This Amendment, dated October 1, 2018 and numbered 1, is the first amendment to the Application. Please let me know if you require any additional information.

Sincerely,



Fred A. Stormer

Encl.  
NE3EKT8F0D4NDY  
cc w/Encl.: C.J. Evans

*via email: [cjevans@savills-studley.com](mailto:cjevans@savills-studley.com)*

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**SECTION 9: Projected Timeline**

- 1. Application approval by school board ..... 2/21/2019
- 2. Commencement of construction ..... Q4 2019
- 3. Beginning of qualifying time period ..... 2/21/2019
- 4. First year of limitation ..... 2021
- 5. Begin hiring new employees ..... Q3 2021
- 6. Commencement of commercial operations ..... Q3 2021
- 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (*date your application is finally determined to be complete*)? .....  Yes  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? ..... Q3 2021

**SECTION 10: The Property**

- 1. Identify county or counties in which the proposed project will be located Dawson County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Dawson County Central Appraisal District
- 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>Dawson County, \$0.890895, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>County Hospital, \$0.376842, 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Mesa Underground Water, \$0.014527, 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
- 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.

**SECTION 11: Investment**

**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 [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/).

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 30,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? ..... 30,000,000.00  
**Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? .....  Yes  No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
  - a. 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**);
  - b. 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**); and
  - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
- 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

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**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 2018  
 (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? . . . . . 2

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 . . . . . 747.25

b. 110% of the average weekly wage for manufacturing jobs in the county is . . . . . 970.48

c. 110% of the average weekly wage for manufacturing jobs in the region is . . . . . 1,154.49

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? . . . . . 50,464.70

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? . . . . . 50,464.70

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 4

**Detailed description of project**

The TREX US Green Holly LLC project is a photovoltaic solar power generation facility, which will be built on approximately 6,000 acres of privately owned land in Dawson County, Texas. The entire site is located within the O'Donnell ISD jurisdiction. The site is surrounded by County Road 315 to the north, County Road 297 to the west, County Road 392 to the south and the County line to the east. Currently the site is mostly agricultural and desert grasslands.

The facility is expected to have a total capacity of 400 MW, featuring approximately 1,100,000 photovoltaic modules, or equivalent, and 188 inverters. Construction of the facility is anticipated to commence in the third quarter of 2019 and be completed during the third quarter of 2021.

The TREX US Green Holly LLC project will consist of, but not be limited to, the following: new or improved roads, fencing, driven-pile foundations, mounting system, solar photovoltaic module panels, single axis tracking mounting systems, AC / DC cables, balance of system (BOS) equipment, AC / DC combiners, supervisory control and data acquisition (SCADA) system, central inverter, medium voltage step-up transformers, central substation and switchyard with protective circuit breakers and switchgear including a high voltage step-up transformer, HV collector substation, AC poles / CT-PT, meteorological equipment, lighting protection, surveillance equipment and a battery storage system.

Tab 5

**Documentation to assist in determining if limitation is a determining factor**

***Section 8 #2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?***

TREX US Green Holly LLC has begun typical due course, early stage due diligence to explore feasibility of constructing solar facilities at this site. As such, certain contracts have been executed, including lease and easement agreements with landowners, contracts with environmental contractors to explore environmental impacts of the proposed project, and an Interconnection Study Agreement with the transmission provider. None of these contracts obligate TREX US Green Holly LLC to construct the project.

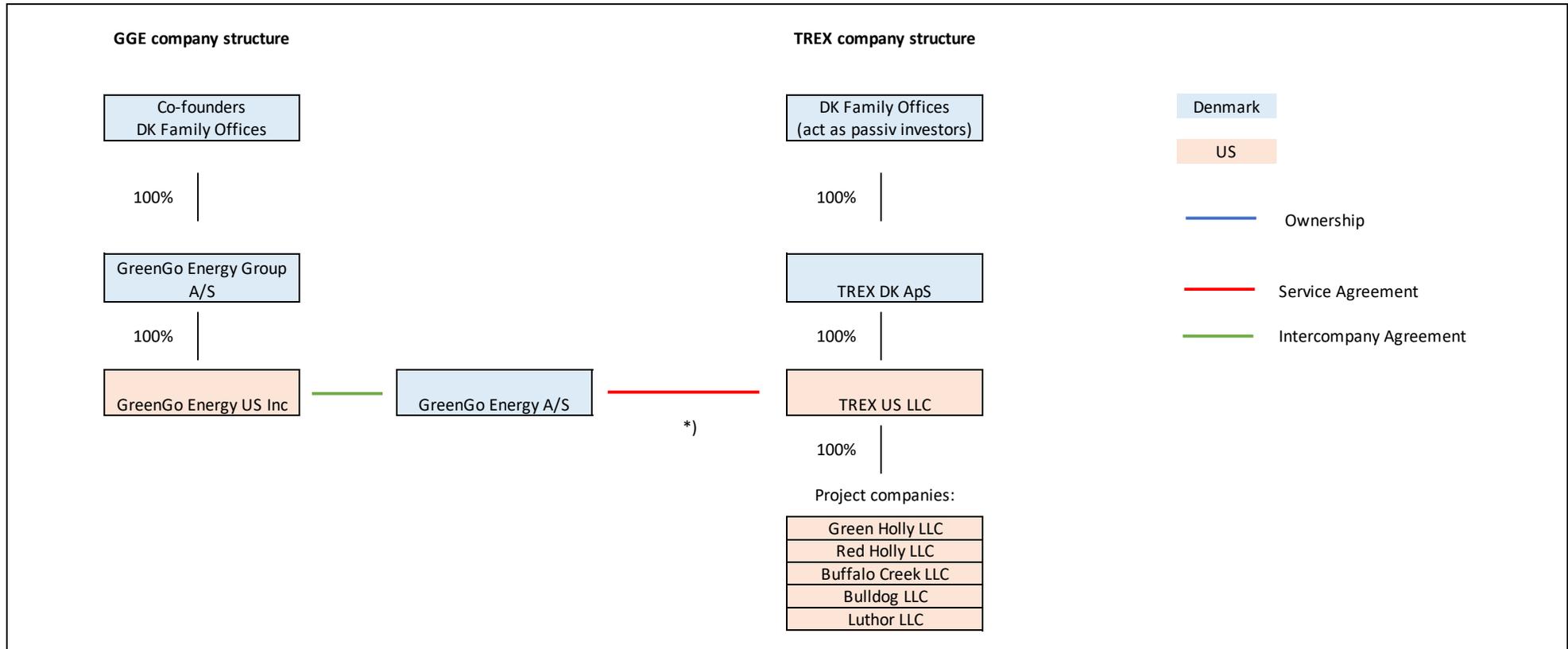
***Section 8 #7. Is the applicant evaluating other locations not in Texas for the proposed project?***

TREX US LLC, the parent of TREX US Green Holly LLC (see attached organization structure), maintains a significant portfolio of solar developments across the country, all with similar resources and competitive regulatory environments. TREX US LLC is evaluating locations outside of Texas for the proposed project. While the project entity, TREX US Green Holly LLC, is specific to this location in Texas, the economic return for the project is constantly compared to returns from other locations within and outside of Texas. TREX US has limited capital, human, and solar resources, and must choose the best projects to advance as a company each year. The financial return on investment is a primary input for this decision and a primary decision factor for investors. For example, TREX US LLC is evaluating locations in Arizona and New Mexico for this proposed project because solar projects that incorporate battery storage systems are becoming cheaper to build per megawatt-hour in these parts of the U.S. (utilities that buy electricity from solar farms typically still rely on gas-fired generators in the evenings, but the increasing affordability of battery storage systems is making solar compelling, even after sundown).

***Section 8 #10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?***

Property taxes are one of the largest annual expenses for a solar facility. Without the available property tax incentives from O'Donnell ISD, Dawson County, and Dawson County Hospital District, the economics of the project will not be attractive to an investor and the likelihood of completing the project and selling the electricity at competitive prices becomes unlikely. If the TREX US Green Holly LLC project is not able to obtain a Chapter 313 Appraised Value Limitation Agreement, the solar facility would not be developed and resources would be allocated to projects with more favorable economics.

**CURRENT STRUCTURE - GREENGO ENERGY AND THEIR CUSTOMER TREX**



**TREX IS SELLING A PROJECT COMPANY TO AN INVESTOR**

- 1 Investor buy Project company via a MIPA from TREX US LLC
  - 2 Investor enter a Service Agreement with GreenGo Energy A/S
- \*) In the current Service Agreement between TREX and GGE, TREX is secured part of GGE's NTP-fee (from the SA with the Investor) if MIPA payment is not covering their expected return.

## Tab 7

### Description of Qualified Investment

TREX US Green Holly LLC plans to construct a solar photovoltaic electric generating facility with an operating capacity of approximately 400 MW. The project will be constructed on approximately 6,000 acres located entirely within O'Donnell Independent School District in Dawson County, Texas.

Panel placement is subject to change, but for purposes of this application, the project anticipates using approximately 1,100,000 PV modules, or equivalent, and 188 inverters. The qualified investment for the proposed project will include, but is not limited to, the following:

- Fencing
- New or Improved Roads
- Driven-Pile Foundations
- Mounting System
- Solar Photovoltaic Module Panels
- AC / DC Cables
- Balance of System (BOS) equipment
- AC and DC Combiners
- Central Inverter
- Supervisory Control and Data Acquisition (SCADA) System
- Storage Equipment
- Medium Voltage Step-up Transformers
- Central Substation and Switchyard With Protective Circuit Breakers and Switchgear
- High Voltage Step-up Transformer
- HV Collector Substation
- AC poles / CT-PT
- Meteorological Equipment
- Lighting Protection
- Surveillance Equipment
- Safety Equipment
- Battery Storage System

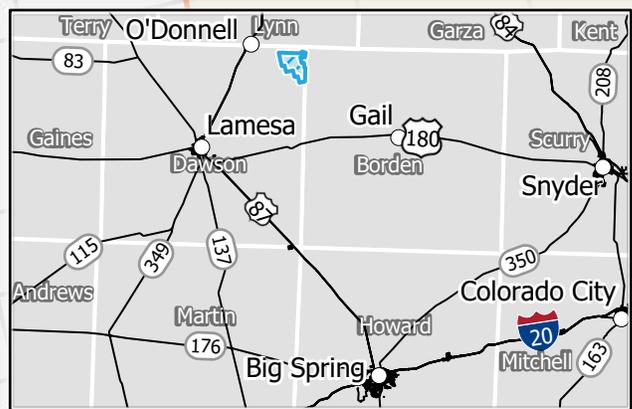
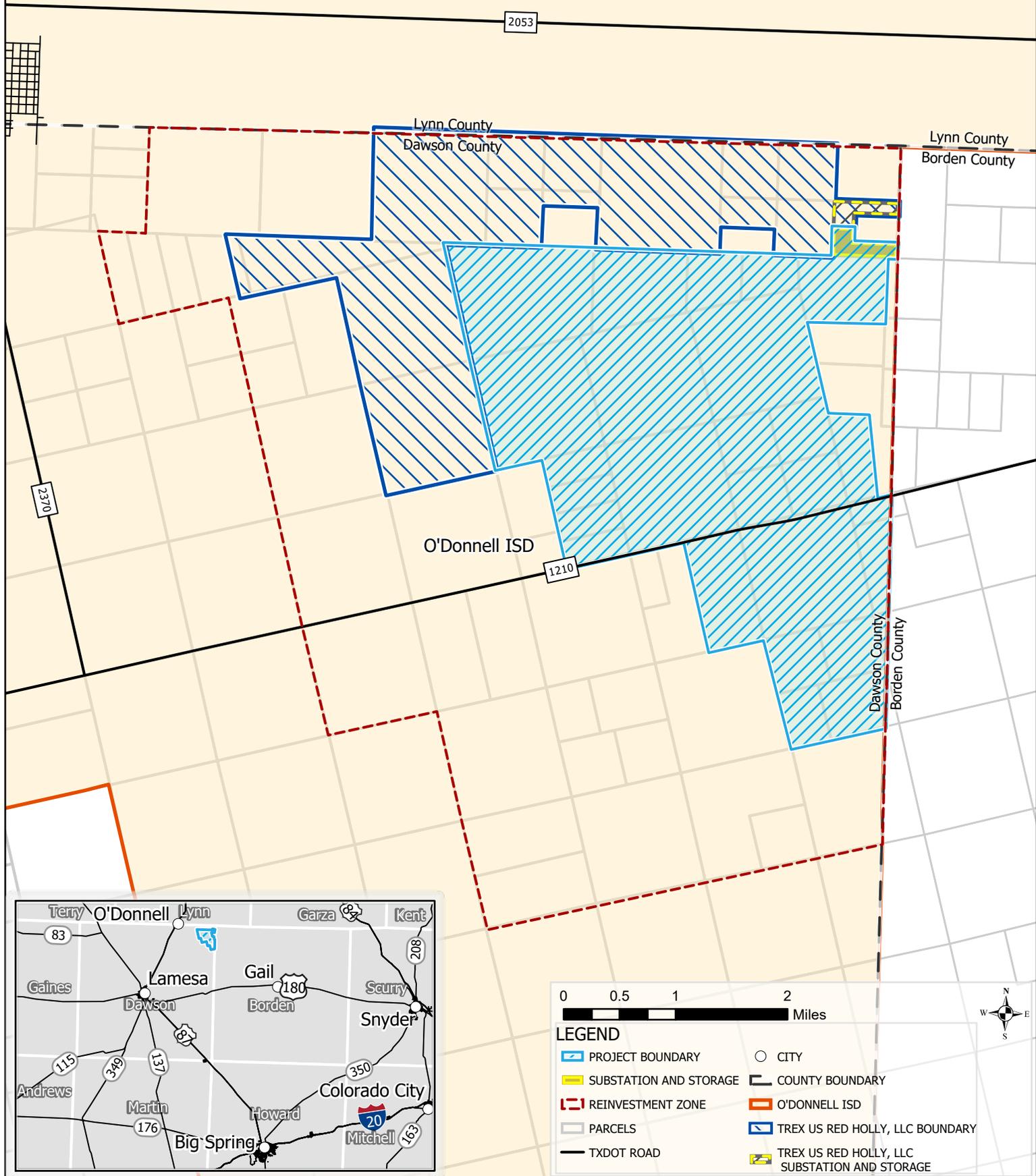
Tab 11

**Maps**

c) Reinvestment Zone Map

# PROJECT BOUNDARY OVERVIEW MAP

TREX US GREEN HOLLY, LLC AND TREX US RED HOLLY, LLC



0 0.5 1 2 Miles

**LEGEND**

PROJECT BOUNDARY	CITY
SUBSTATION AND STORAGE	COUNTY BOUNDARY
REINVESTMENT ZONE	O'DONNELL ISD
PARCELS	TREX US RED HOLLY, LLC BOUNDARY
TXDOT ROAD	TREX US RED HOLLY, LLC SUBSTATION AND STORAGE

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

Date 9/27/2018  
Applicant Name TREX US Green Holly LLC  
ISD Name O'Donnell ISD

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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 <b>tangible personal property</b> placed in service during this year that will become Qualified Property	New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> 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]	<b>Total Investment</b> (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)	2019	Not eligible to become Qualified Property				[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				\$51,000,000	\$0	\$0		\$51,000,000	
Complete tax years of qualifying time period	QTP1	2020-2021	2020	\$204,000,000	\$0	\$0		\$204,000,000	
	QTP2	2021-2022	2021	\$85,000,000	\$0	\$0		\$85,000,000	
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				\$340,000,000	\$0	\$0		\$340,000,000	
				Enter amounts from TOTAL row above in Schedule A2					
<b>Total Qualified Investment (sum of green cells)</b>				\$340,000,000					

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.

Tab 17

**Signature and Certification page, signed and dated by Authorized School District Representative  
and Authorized Company Representative (applicant)**

See attached.

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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. Cathy Palmer  
Print Name (Authorized School District Representative)

Superintendent  
Title

**sign here** ▶ *C Palmer*  
Signature (Authorized School District Representative)

09/29/18  
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** ▶ Jon Burke  
Print Name (Authorized Company Representative (Applicant))

President, Development  
Title

**sign here** ▶ *Jon Burke*  
Signature (Authorized Company Representative (Applicant))

09/27/2018  
Date



GIVEN under my hand and seal of office this, the

27<sup>th</sup> day of September, 2018

*Emily Barmore*  
Notary Public in and for the State of North Carolina

My Commission expires: 5/7/2023

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.