
SARA LEON
& ASSOCIATES, LLC

August 22, 2019

Via Electronic Mail and Hand Delivery
Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Application #1396 from Lunis Creek Solar Project, LLC to Ganado Independent School District – Amendment #001 Transmittal

Dear Local Government Assistance and Economic Analysis Division:

Lunis Creek Solar Project, LLC requests that you review and accept the following changes to Application #1396. Enumerated below are the changes contained in Amendment #001:

1. **Section 2 Applicant Information**-Authorized Company Representative changed
2. **Section 14 Wage and Employment Information:**
 - Question 7c: wage updated from \$1185.50 to \$1256.79
 - Question 9: wage updated from \$61,646.20 to \$65,353.20
 - Question 10: wage updated from \$61,646.20 to \$65,353.20
3. **Tab 5 Limitation as a Determining Factor**-reference to discounted cash flow model in paragraph 3 removed
4. **Tab 13 Calculation of Wage Requirements**-Calculation C updated with 2018 data
5. **Tab 14 Schedules**-Schedule C updated to reflect new annual wage rates for construction workers

Thanks so much for your kind attention to this matter.

Respectfully submitted,



Sara Hardner Leon

Enclosures

cc: *Via Electronic Mail: jhardwick@ganadoisd.net*
Dr. John Hardwick, Jr., Superintendent of Schools, Ganado Independent School District

Via Electronic Mail: szeimetz@savionenergy.com
Mr. Scott Zeimetz, Vice President, Savion, LLC

Via Electronic Mail: wgungoll@savionenergy.com
Mr. Wade Gungoll, Vice President of Development, Savion, LLC

Via Electronic Mail: mfry@keatax.com
Mr. Mike Fry, Director-Energy Services, KE Andrews



Ganado Independent School District
cc. Texas Comptroller of Public Accounts
P.O. Box 1200
Ganado, Texas 77962

RE: Amendment One for Lunis Creek Solar Project, LLC

Dear Dr. John Hardwick, Jr.:

Please find attached Amendment One for Lunis Creek Solar Project, LLC. On behalf of our client, Savion, LLC it is our request that the following changes be consider in the application for a 313 Value Limitation Agreement.

- Section 2 Application Information
 - Authorized Company Representative Changed
- Section 14 Wage and Employment Information
 - Question 7c: wage updated
 - Question 9: wage updated
 - Question 10: wage updated
- Tab 5
 - Reference to discounted cash flow model removed
- Tab 13
 - Calculation C updated
- Tab 14
 - Schedule C updated to reflect new wage

If you have any questions, feel free to contact us. We appreciate your consideration of this request.

Sincerely,

Mike Fry

Mike Fry—Director, Energy Service
mfy@keatax.com

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Sara Leon
First Name Last Name
Principal
Title
Sara Leon & Associates, LLC
Firm Name
512-637-4244 512-637-4245
Phone Number Fax Number
sleon@saraleonlaw.com
Mobile Number (optional) Email Address

- 4. On what date did the district determine this application complete?
5. Has the district determined that the electronic copy and hard copy are identical? [] Yes [] No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Scott Zeimetz
First Name Last Name
Vice President
Title
9316 Beechnut Drive, Austin, Texas 78748
Street Address
9316 Beechnut Drive, Austin, Texas 78748
Mailing Address
Austin Texas 78748
City State ZIP
612-820-5197 N/A
Phone Number
szeimetz@savionenergy.com
Mobile Number (optional) Business Email Address

- 2. Will a company official other than the authorized company representative be responsible for responding to future information requests? [x] Yes [] No
2a. If yes, please fill out contact information for that person.

Wade Gungoll
First Name Last Name
Vice President of Development
Title
1806 Big Canyon Drive, Austin, Texas 78746
Street Address
1806 Big Canyon Drive
Mailing Address
Austin Texas 78746
City State ZIP
512-804-8944 N/A
Phone Number
wgungoll@savionenergy.com
Mobile Number (optional) Business Email Address

- 3. Does the applicant authorize the consultant to provide and obtain information related to this application? [x] Yes [] No

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:
[checked] First Quarter [] Second Quarter [] Third Quarter [] Fourth Quarter of 2019 (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? ... 1

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)? ... [checked] 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 ... 860.75

b. 110% of the average weekly wage for manufacturing jobs in the county is ... Manufacturing Data Not Available

c. 110% of the average weekly wage for manufacturing jobs in the region is ... 1,256.79

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ... [] §313.021(5)(A) or [checked] §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? ... 65,353.20

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ... 65,353.20

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ... [checked] 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 [checked] 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 [checked] 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 5

Limitation as a Determining Factor

Currently, Savion, LLC is considering a variety of other locations for Lunis Creek Solar Project, LLC but believes Ganado ISD would be an ideal location for this solar facility. Other locations being evaluated for the establishment of the site include New Mexico, Ohio, Kansas, Oklahoma, Georgia, Louisiana, Alabama, South Carolina, Missouri, and Illinois--all locations where the development of this project would easily be feasible due to current company activity as well as previous development, and the presence of tax incentives. In the event a 313 agreement is not permitted Savion, LLC will reallocate the capital for this project to establish a facility in another location more financially viable. Unfortunately this would dismiss Ganado ISD from receiving the economic benefits associated with the development a solar facility within their jurisdiction. It is our goal to reach a 313 value limitation agreement for the benefit of both Lunis Creek Solar Project, LLC and Ganado ISD. Savion, LLC is constantly evaluating various locations for development and where to commit substantial long-term investment based on economic rate of return with the proposed projects. The economic benefits provided by a Chapter 313 Value Limitation is one of the most important components in their analysis.

Not only Savion, LLC but all prudent energy developers, recognize the importance of tax incentives in establishing capital intensive facilities. Due to the high property tax burden in Texas, the decision to invest within the state requires any capital investment by Savion LLC to be based on expected economic return on their investment.

Property tax liabilities compose a substantial ongoing cost of operation that directly impacts the rate of return on the investment. Without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain. Savion, LLC evaluates the economic viability of proposed projects through comparing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. To move forward, the rate of return with the valuation limitation agreement, must exceed the minimum rate of return required to proceed with the proposed investment. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize Savion, LLC to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district "the determining factor" to invest in this project.



Tab 13

Calculation of Wage Requirements

U.S. Department of Labor—Bureau of Labor Statistics

The proceeding calculations are for the following wage requirements:

Calculation A: Jackson County Average Weekly Wage

Calculation B: 110% of Jackson County Average for Manufacturing Jobs-N/A: Data Not Available

Calculation C: 110% of Golden Crescent Regional Planning Commission Manufacturing Wage

Calculation A: Jackson County County Average Weekly Wage for all Jobs

Year	Quarter	Average Weekly Wage
2018	Q1	\$845.00
2018	Q2	\$847.00
2018	Q3	\$838.00
2018	Q4	\$913.00
2018	Q Average	\$860.75

In order to calculate Jackson County Average Weekly Wage for all Jobs, the following calculations were completed:

Quarterly Average Calculation:

Step 1: $\$845.00 + \$847.00 + \$838.00 + \$913.00 = \$3,443$

Step 2: $\$3,443 / 4 = \860.75



Calculation C: 110% of Golden Crescent Regional Planning Commission Manufacturing Wage

2018 Golden Crescent Regional Planning Commission Annual Wage: \$59,412.00

2018 110% Golden Crescent Regional Planning Commission Regional Wage: \$65,353.20 annually or \$1,256.79 weekly

In order to calculate 110% of the Golden Crescent Regional Planning Commission Average Weekly Wage for Manufacturing Jobs in the Region the following calculations were completed:

Step 1: $\$59,412.00 * 1.10 = \$65,353.20$

Step 2: $\$65,353.20 / 52 = \$1,256.79$

*All calculations were completed using the most recent data available from the Texas Workforce Commission—data attached



**2018 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
Texas		\$27.04	\$56,240
<u>Alamo Area Council of Governments</u>	18	\$22.80	\$47,428
<u>Ark-Tex Council of Governments</u>	5	\$18.73	\$38,962
<u>Brazos Valley Council of Governments</u>	13	\$18.16	\$37,783
<u>Capital Area Council of Governments</u>	12	\$32.36	\$67,318
<u>Central Texas Council of Governments</u>	23	\$19.60	\$40,771
<u>Coastal Bend Council of Governments</u>	20	\$28.52	\$59,318
<u>Concho Valley Council of Governments</u>	10	\$21.09	\$43,874
<u>Deep East Texas Council of Governments</u>	14	\$18.28	\$38,021
<u>East Texas Council of Governments</u>	6	\$21.45	\$44,616
<u>Golden Crescent Regional Planning Commission</u>	17	\$28.56	\$59,412
<u>Heart of Texas Council of Governments</u>	11	\$22.71	\$47,245
<u>Houston-Galveston Area Council</u>	16	\$29.76	\$61,909
<u>Lower Rio Grande Valley Development Council</u>	21	\$17.21	\$35,804
<u>Middle Rio Grande Development Council</u>	24	\$20.48	\$42,604
<u>NORTEX Regional Planning Commission</u>	3	\$25.14	\$52,284
<u>North Central Texas Council of Governments</u>	4	\$27.93	\$58,094
<u>Panhandle Regional Planning Commission</u>	1	\$24.19	\$50,314
<u>Permian Basin Regional Planning Commission</u>	9	\$25.90	\$53,882
<u>Rio Grande Council of Governments</u>	8	\$18.51	\$38,493
<u>South East Texas Regional Planning Commission</u>	15	\$36.26	\$75,430
<u>South Plains Association of Governments</u>	2	\$20.04	\$41,691
<u>South Texas Development Council</u>	19	\$17.83	\$37,088
<u>Texoma Council of Governments</u>	22	\$21.73	\$45,198
<u>West Central Texas Council of Governments</u>	7	\$21.84	\$45,431

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.

Data published: July 2019

Data published annually, next update will be July 31, 2020

Annual wage figure assumes a 40-hour work week.

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

Wage data is produced from Texas Occupational Employment Statistics (OES) data, and is not to be compared to BLS estimates.

Data intended only for use in implementing Chapter 313, Tax Code.



Tab 14

Schedules A1-D

Schedule C: Employment Information

Date **6/18/2019**
 Applicant Name **Lunis Creek Solar Project, LLC**
 ISD Name **Ganado ISD**

Form 50-298A
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period	0	2019-2020	2019	N/A	N/A	N/A	N/A	N/A
Each year prior to start of Value Limitation Period	0	2020-2021	2020	250 FTE	\$ 65,353.20	N/A	N/A	N/A
Each year prior to start of Value Limitation Period	0	2021-2022	2021	250 FTE	\$ 65,353.20	N/A	N/A	N/A
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2022-2023	2022	N/A	N/A	N/A	1	\$ 65,353.20
	2	2023-2024	2023	N/A	N/A	N/A	1	\$ 65,353.20
	3	2024-2025	2024	N/A	N/A	N/A	1	\$ 65,353.20
	4	2025-2026	2025	N/A	N/A	N/A	1	\$ 65,353.20
	5	2026-2027	2026	N/A	N/A	N/A	1	\$ 65,353.20
	6	2027-2028	2027	N/A	N/A	N/A	1	\$ 65,353.20
	7	2028-2029	2028	N/A	N/A	N/A	1	\$ 65,353.20
	8	2029-2030	2029	N/A	N/A	N/A	1	\$ 65,353.20
	9	2030-2031	2030	N/A	N/A	N/A	1	\$ 65,353.20
10	2031-2032	2031	N/A	N/A	N/A	1	\$ 65,353.20	
Years Following Value Limitation Period	11 through 25	2032-2046	2032-2046	N/A	N/A	N/A	N/A	N/A

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
 Only include jobs on the project site in this school district.

- C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No
 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
 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



Tab 17

Signatures and Certification

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.

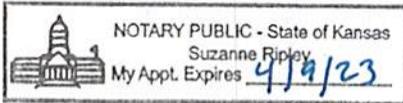
print here - John Hardwick, Jr. Ed. D. Superintendent Ganado ISD
Signature - [Handwritten Signature]
Date - 20 Aug / 19

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 - Scott Zeimetz VP, Head of Development
Signature - [Handwritten Signature]
Date - 7.31.19



(Notary Seal)

GIVEN under my hand and seal of office this, the

31st day of July, 2019

Suzanne Ripley
Notary Public in and for the State of Texas Kansas

My Commission expires: 4/9/23

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.