



WALSH GALLEGOS
TREVINO RUSSO & KYLE P.C.

March 30, 2020

Ms. Ginger Flowers
Research Analyst
Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 East 17th Street
Austin, Texas 78774

*VIA EMAIL DELIVERY: Ginger.Flowers@cpa.state.tx.us
and VIA U.S. POSTAL SERVICE DELIVERY*

Re: Application #1439—Knippa Independent School District (“District”) / Tax Limitation Agreement: OCI Sunray, LLC (“Applicant”)

Dear Ms. Flowers:

Pursuant to your email correspondence dated December 6, 2019, please see below and attached for the requested additional information and clarification related to the above-mentioned application materials submitted to your office on October 17, 2019. In particular, please note the following amendments to Application #1439:

1. Section 12, Question 3b amended to include letter from Knippa ISD regarding creation of reinvestment zone;
2. Section 14, Question 7 and Tab 13, amended to reflect the 4 most recent quarter wages;
3. Tab, 4, 7 and 8 amended language to “eligible ancillary and necessary equipment.”
4. Updated Schedule D;
5. Tab 11 updated maps to include legends; and
7. Fully Executed Signature page.

Thank you for your consideration. Please feel free to contact me directly if you have any additional questions.

Sincerely,



EDDY HERNANDEZ PEREZ

EHP/arm
Enclosure

Ms. Ginger Flowers

March 30, 2020

Page 2

cc: Elda Alejandro, Interim Superintendent of Schools, Knippa Independent School District
(Via Certified Mail No. 7019 1640 0001 2277 3680; Return Receipt Requested)

Chris Grammer, Culwell Consulting
(Via Certified Mail No. 7019 1640 0001 2277 3673; Return Receipt Requested)

Blas Ortiz, Popp Hutcheson PLC
(Via Certified Mail No. 7019 1640 0001 2277 3666; Return Receipt Requested)

Sabah Mahmood, OPI Solar Power, LLC
(Via Certified Mail No. 7019 1640 0001 2277 3659; Return Receipt Requested)

Uvalde County Appraisal District *(VIA U.S. POSTAL SERVICE)*
Chief Appraiser: Alberto Mireles
209 N. High Street
Uvalde, Texas 78801-5207

TAB 01

OCI SUNRAY, LLC

CHAPTER 313

APPLICATION FOR APPRAISED
VALUE LIMITATION ON QUALIFIED PROPERTY

KNIPPA INDEPENDENT SCHOOL DISTRICT

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 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)? 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 680.50
 b. 110% of the average weekly wage for manufacturing jobs in the county is 703.18
 c. 110% of the average weekly wage for manufacturing jobs in the region is 901.24
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? 46,864.40
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 46,865.00
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 04

Project Description

TAB 04 - PROJECT DESCRIPTION:

This proposed project provides for the design and construction of a solar energy facility, and associated infrastructure, with an approximate total generation capacity of 200 megawatts AC located in a proposed, contiguous reinvestment zone. The total estimated qualified investment for this project will be located within the boundaries of Knippa Independent School District.

If approved, the project will be executed in one phase and estimated to commence construction on or about Q1 2021 with completion on or about Q4 2021.

Site Information:

If approved, the proposed solar energy facility would be constructed in what is generally described as approx. 1,900 acres of vacant and/or irrigated cropland located exclusively within *Precinct No. 3, Uvalde County, Texas*. The legal description of the proposed reinvestment zone can be found in Tab 16.

Proposed Improvements and Tangible Personal Property:

Potential project-related improvements and tangible personal property for which this value limitation is sought includes the following: photovoltaic solar panel modules, DC to AC inverters, tracker racking systems, mounting structures, medium- and high-voltage electric cabling, substation, high voltage transformer, switchgear, transmission equipment, telecom, SCADA equipment, high voltage transmission line, meteorological equipment, safety equipment, operations and maintenance equipment, and eligible ancillary and necessary equipment.

Additional support infrastructure related to the project may also include: underground collection systems for cables, perimeter fencing, foundations, and security equipment. All qualified property and investment would reside within the contiguous reinvestment zone and school district boundary.

Items For Which Value Limitation Is Requested:

The Applicant requests the value limitation be approved for the items mentioned above as well as eligible ancillary and necessary equipment.

TAB 07

Description of Qualified Investment

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 200 megawatts AC located in a proposed, contiguous reinvestment zone. The total estimated qualified investment for this project will be located within the boundaries of Knippa Independent School District.

If approved, the project will be executed in one phase and estimated to commence construction on or about Q1 2021 with completion on or about Q4 2021.

Site Information:

If approved, the proposed solar energy facility would be constructed in what is generally described as approx. 1,900 acres of vacant and/or irrigated cropland located exclusively within *Precinct No. 3, Uvalde County, Texas*. The legal description of the proposed reinvestment zone can be found in Tab 16.

Potential project-related improvements and tangible personal property for which this value limitation is sought includes the following:

- Photovoltaic solar panel modules (approx. 710,000 based on current panel technology configuration);
- DC to AC inverters;
- Tracker racking systems and mounting structures;
- medium- and high-voltage electric cabling;
- Substation;
- High voltage transformer;
- Switchgear;
- Transmission equipment;
- Telecom and SCADA equipment;
- High voltage transmission line;
- Meteorological equipment;
- safety equipment and operations and maintenance equipment; and
- eligible ancillary and necessary equipment.

Additional support infrastructure related to the project may also include:

- underground collection systems for cables;
- perimeter fencing;
- foundations; and
- security equipment

Based on the current project configuration and attributes, the productive life range for this project is estimated at 30-35 years.

TAB 08

Description of Qualified Property

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 200 megawatts AC located in a proposed, contiguous reinvestment zone. The total estimated qualified investment for this project will be located within the boundaries of Knippa Independent School District.

If approved, the project will be executed in one phase and estimated to commence construction on or about Q1 2021 with completion on or about Q4 2021.

Site Information:

If approved, the proposed solar energy facility would be constructed in what is generally described as approx. 1,900 acres of vacant and/or irrigated cropland located exclusively within *Precinct No. 3, Uvalde County, Texas*. The legal description of the proposed reinvestment zone can be found in Tab 16.

Potential project-related improvements and tangible personal property for which this value limitation is sought includes the following:

- Photovoltaic solar panel modules (approx. 710,000 based on current panel technology configuration);
- DC to AC inverters;
- Tracker racking systems and mounting structures;
- medium- and high-voltage electric cabling;
- Substation;
- High voltage transformer;
- Switchgear;
- Transmission equipment;
- Telecom and SCADA equipment;
- High voltage transmission line;
- Meteorological equipment;
- safety equipment and operations and maintenance equipment; and
- eligible ancillary and necessary equipment.

Additional support infrastructure related to the project may also include:

- underground collection systems for cables;
- perimeter fencing;
- foundations; and
- security equipment

Based on the current project configuration and attributes, the productive life range for this project is estimated at 30-35 years.

TAB 11

Maps

TAB 11 - MAPS:

- 11.a.
 - 1. Proposed project vicinity map
 - 2. Proposed project vicinity map (zoom)

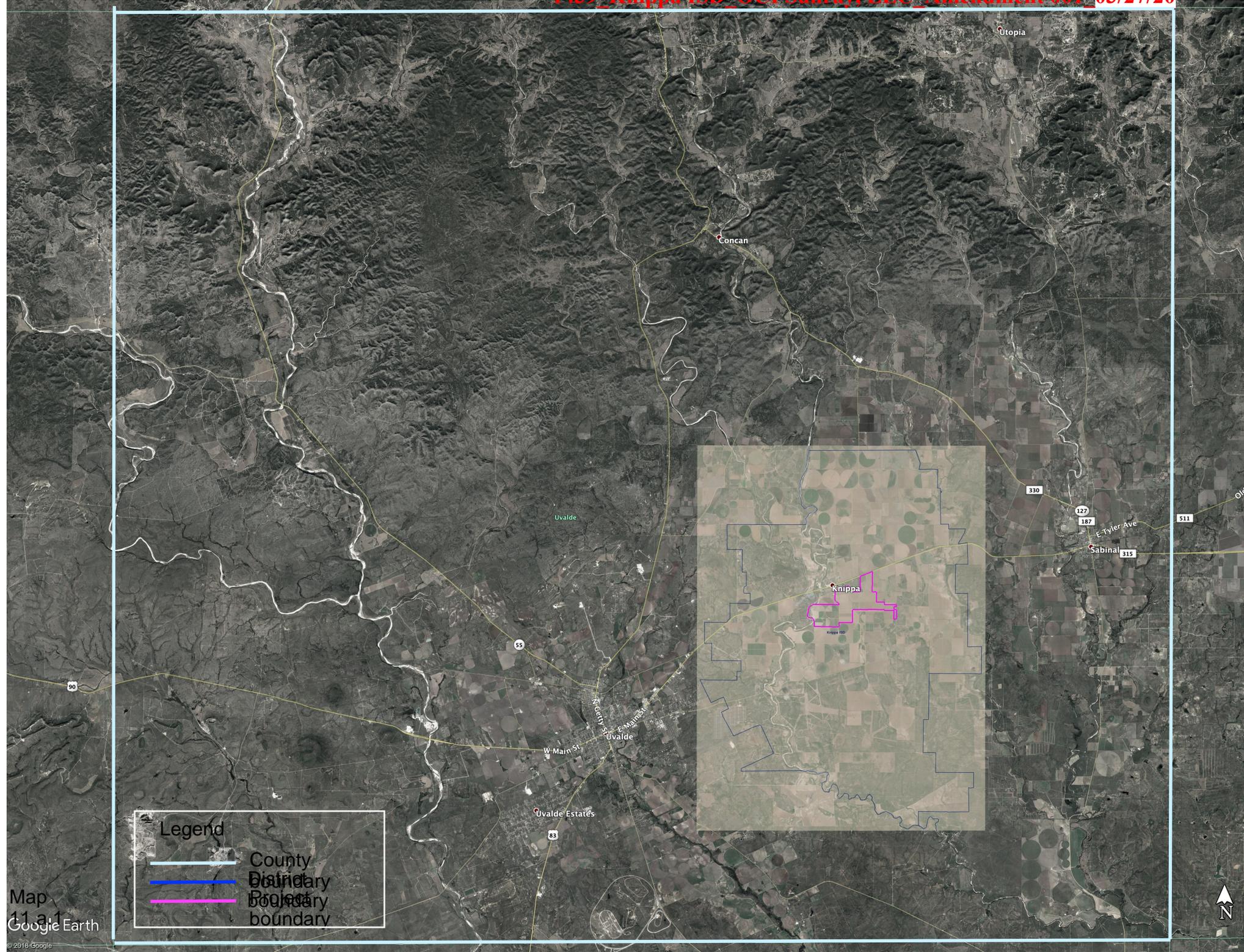
- 11.b. Qualified Investment (proposed facility footprint)
****CONFIDENTIAL****

- 11.c. Qualified Property (same as 11.b.)

- 11.d. Existing property (not applicable)

- 11.e. Land location within vicinity map

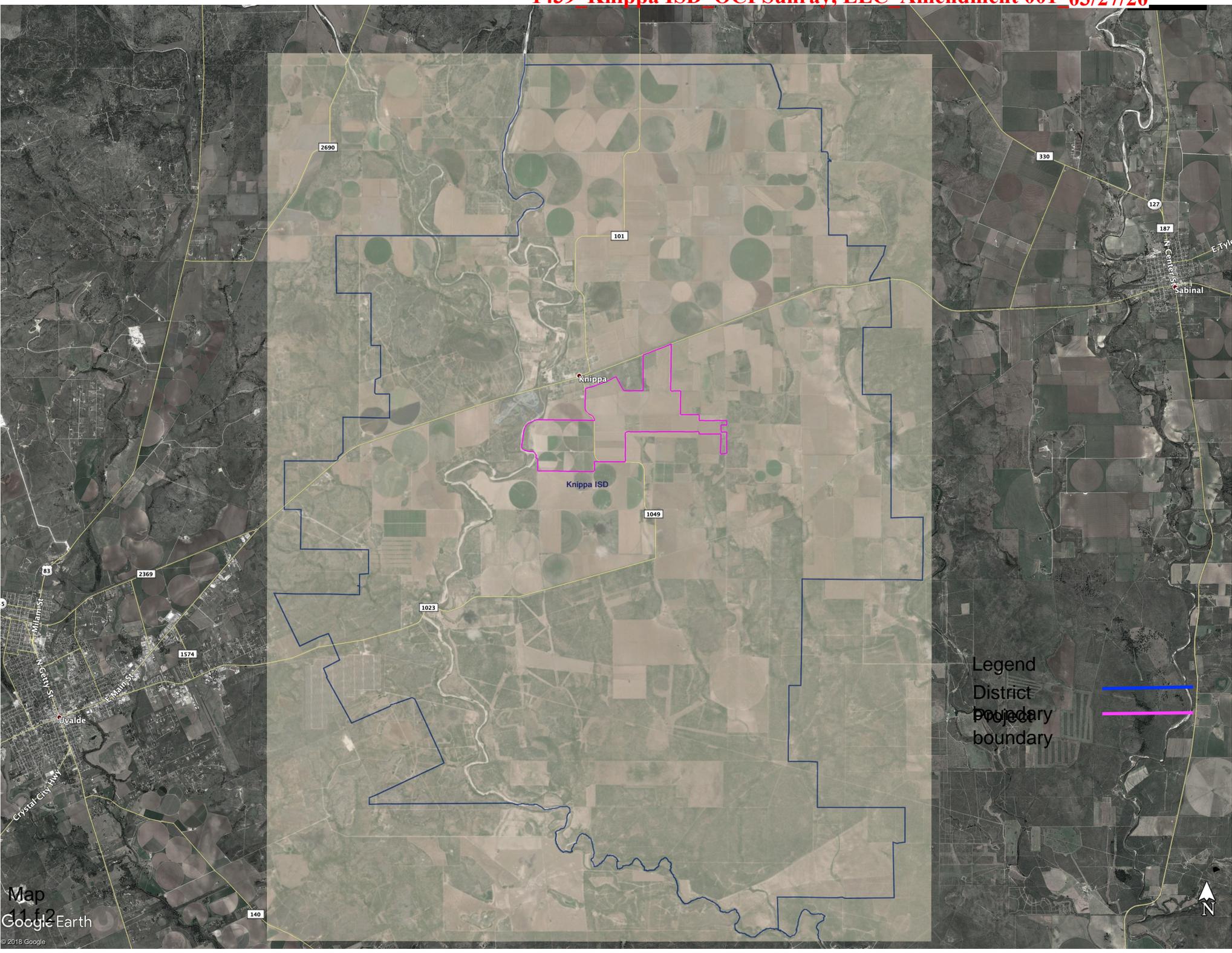
- 11.f.
 - 1. Reinvestment zone within vicinity map
 - 2. Location of proposed project area within ISD boundary



Legend

- County boundary
- District boundary
- Project boundary





Legend
District boundary ————
Project boundary ————

Confidentiality Request

In accordance with 34 TAC 9.1053 please accept this as a request for the following items to be deemed confidential and segregated from the remaining value limitation application materials. These items will be submitted separately to protect against unintended disclosure:

Tab 11.b. Qualified Investment and Property project layout

These items depict trade secret information of a specific and proprietary nature that could potentially expose the proposed project to detrimental and unwarranted observation from industry competitors. Therefore, pursuant to Texas Government Code 552.110, we formally request that the aforementioned items be considered confidential, removed and submitted separately from the remaining value limitation application materials.

TAB 13

Calculation of three possible Wage Requirements and Supporting information

TAB 13 WAGE DATA CALCULATIONS

7.a.

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2018	4	Uvalde	Total All	All Industries	\$ 689
2019	1	Uvalde	Total All	All Industries	\$ 676
2019	2	Uvalde	Total All	All Industries	\$ 670
2019	3	Uvalde	Total All	All Industries	\$ 687
<i>(Mean Avg.)</i>					\$ 680.50 <i>Average Weekly Wage For All Jobs</i>

7.b.

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2018	4	Uvalde	Private	Manufacturing	\$ 560
2019	1	Uvalde	Private	Manufacturing	\$ 575
2019	2	Uvalde	Private	Manufacturing	\$ 767
2019	3	Uvalde	Private	Manufacturing	\$ 655
<i>(Mean Avg.)</i>					\$ 639.25
					110%
					\$ 703.18 <i>110% of County Average Weekly Wage for Manufacturing Jobs</i>

7.c.

Year	Middle Rio Grande Development Council	
2018	Manufacturing Average Wages by COG Region	\$ 42,604
	Data published: July 2019	110%
		\$ 46,864.40 <i>110% of Average Annual Wage for Manufacturing Jobs in Region</i>
		\$ 901.24 <i>110% of Average Weekly Wage for Manufacturing Jobs in Region</i>

*Data from the Texas Workforce Commission's "Tracer" system.

1439_Knipa ISD_OCI Sunray, LLC_Amendment 001_03/27/20**QUARTERLY EMPLOYMENT AND WAGES (QCEW)**

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2018	04	Uvalde	Total All	10	Total, All Industries	0	689
2019	01	Uvalde	Total All	10	Total, All Industries	0	676
2019	02	Uvalde	Total All	10	Total, All Industries	0	670
2019	03	Uvalde	Total All	10	Total, All Industries	0	687

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2018	04	Uvalde	Private	31-33	Manufacturing	2	560
2019	01	Uvalde	Private	31-33	Manufacturing	2	575
2019	02	Uvalde	Private	31-33	Manufacturing	2	767
2019	03	Uvalde	Private	31-33	Manufacturing	2	655

TAB 14

Schedules A1 - D

Schedule C: Employment Information

Date #####
 Applicant Name OCI SunRay LLC
 ISD Name Knippa ISD

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A Number of Construction FTE's or man-hours (specify)	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019			0	0	\$ -
	0	2020-2021	2020			0	0	\$ -
	1	2021-2022	2021	200 FTE	\$ 30,000.00	0	0	\$ -
	2/1	2022-2023	2022			0	1	\$ 46,865.00
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	2	2023-2024	2023			0	1	\$ 46,865.00
	3	2024-2025	2024			0	1	\$ 46,865.00
	4	2025-2026	2025			0	1	\$ 46,865.00
	5	2026-2027	2026			0	1	\$ 46,865.00
	6	2027-2028	2027			0	1	\$ 46,865.00
	7	2028-2029	2028			0	1	\$ 46,865.00
	8	2029-2030	2029			0	1	\$ 46,865.00
	9	2030-2031	2030			0	1	\$ 46,865.00
10	2031-2032	2031			0	1	\$ 46,865.00	
Years Following Value Limitation Period	11 through 25	2032-2047	2032-2046			0	1	\$ 46,865.00

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) Yes No
 If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)? Yes No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Schedule D: Other Incentives (Estimated)

Date 10-Oct-19
 Applicant Name OCI SunRay LLC
 ISD Name Knippa ISD

Form 50-296A
 Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County:Uvalde County	2022	10 Years (Estimated)	\$ 453,068.87	\$ 265,208.28	\$ 187,860.59
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$ 453,068.87	\$ 265,208.28	\$ 187,860.59

Additional information on incentives for this project:

The above estimated levies are based on a twenty-five year projection for a potential 10-year, 100% Chapter 312 tax abatement agreement with Uvalde County. The above calculation is adjusted for depreciation. Please note that the Applicant and Uvalde County have not entered into a Chapter 312 tax abatement agreement.

TAB 16

Description of Reinvestment Zone



KNIPPA INDEPENDENT SCHOOL DISTRICT

P.O. Box 99
KNIPPA, TEXAS 78870
TEL: 830.934.2176
FAX: 830.934.2490

March 26, 2020

OCI SunRay LLC
c/o Sabah Mahmood
Sr. Director, Project Development and EPC
300 Convent Street, Suite 1900
San Antonio, Texas 78205

VIA E-MAIL AND U.S. POSTAL SERVICE

Re: Knippa Independent School District—Intent to consider creating a Reinvestment Zone under Chapter 312 of the Texas Tax Code in connection with Application Number 1439

Dear Mr. Mahmood:

As Superintendent of Schools for the Knippa Independent School District (the “District”), I am writing this letter to confirm that in the event the Uvalde County does not create a Reinvestment Zone in relation to the Project, the District will consider establishing a Reinvestment Zone in connection with the Application for Appraised Value Limitation on Qualified Property Number 1439 submitted by OCI SunRay, LLC. If necessary, the Board of Trustees plans to hold a hearing regarding creation of a Reinvestment Zone on the same day it considers final approval of the proposed Chapter 313 Application and Agreement with SunRay, LLC. All Board meetings and hearings on the matter will be conducted in accordance with the Texas Open Meetings Act, Chapters 312 and 313 of the Texas Tax Code, and all other applicable statutes and regulations.

If you have any questions about this letter or any other part of the Application and Agreement processes, please contact the District’s legal counsel, Eddy Hernandez Perez, of Walsh Gallegos Treviño Russo and Kyle, P.C.

Sincerely,

Elda Alejandro
Interim Superintendent of Schools

cc: Eddy Hernandez Perez, Legal Counsel for Knippa ISD (*Via E-mail:*
EPerez@wabsa.com)



It takes a little more to be a Rockcrusher
www.knippaid.net



TAB 17

Signature and Certification Page

Texas Comptroller of Public Accounts

Data Analysis and Transparency Form 50-296-A

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 ▶ Elda Alejandro
Print Name (Authorized School District Representative)

Interim Supt
Title

sign here ▶ [Signature]
Signature (Authorized School District Representative)

3-26-20
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 ▶ Sabah N. Mahmood
Print Name (Authorized Company Representative (Applicant))

Sr. Dir. Proj. Dev. EPC
Title

sign here ▶ [Signature]
Signature (Authorized Company Representative (Applicant))

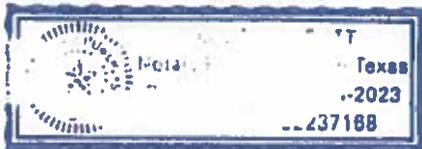
2/26/2020
Date

GIVEN under my hand and seal of office this, the

26th day of February, 2020

[Signature]
Notary Public in and for the State of Texas

My Commission expires: 11/3/2023



(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.

