



Biennial Progress Report for Texas Economic Development Act

Economic Development and Analysis
Form 50-773-A

INTRODUCTION

- You have been assigned an application number. Please verify this number on the website prior to completing the form. This form will indicate the sections you need to complete based on application number.
- This form must be filled out by each applicant that is party to a limitation agreement.
- If the original application was made by a group of two or more companies, each company must complete this form.
- If the original applicant split into two or more applicants after the original agreement, all current agreement holders must complete this form.
- Applicants should only complete the information for their years as an agreement holder, noting what year they were formed after the original agreement was approved.
- Each agreement holder should respond as a current agreement holder in Section 2.
- Applicants should report their proportionate share of required employment and investment information.
- In addition to the Biennial Progress Report required from each applicant that is a party to an agreement, a separate Biennial Progress Report summarizing the combined applicants' data for the entire agreement must be completed.
- If one of the applicants cannot provide this information, a summarization report must be completed by the school district.
- Projects spanning more than one school district must complete forms for each school district.
- Please return signed hard copy forms and electronic spreadsheets to the school district before May 15 of each even-numbered year.

Note:

- The school district that is a party to the Chapter 313 agreement is collecting the data required by Chapter 313.008 on this form for the Comptroller of Public Accounts (CPA).
- The CPA requests companies complete the electronic spreadsheet version of the form. Please submit both an *electronic version* and a *signed hard copy version* of the spreadsheet (with any attachments) to the district. Please contact CPA if you have questions about the form. The spreadsheet version of this form can be downloaded at: www.texasahead.org/tax_programs/chapter313/forms.php.
- After ensuring that all forms are complete, the school district will forward that data to the CPA for inclusion in a statutorily required report to the Texas Legislature.

SECTION 1: Applicant Information

1. Application number 153
2. Name of school district Cushing ISD
3. Name of central appraisal district (CAD) appraising the qualified property in this school district Nacogdoches Central Appraisal District
4. Name of project on original application (or short description of facility) Biomass Fuel Steam Power Plant
5. Name of applicant on original application Nacogdoches Power LLC
6. Name of company entering into original agreement with district Nacogdoches Power LLC
7. If you are one of two or more companies originally applying for a limitation, list all other applicants here and describe their relationships. (Use attachments if necessary.)

SECTION 2: Current Agreement Information

1. Name of current agreement holder(s) Nacogdoches Power LLC

2. Complete mailing address of current agreement holder 30 Ivan Allen Jr Blvd NW, BIN SC1105, Atlanta, GA 30308

3. Company contact person for agreement holder:

Karen Dowdle

Accounting Manager

Name

Title

404-506-0350

kldowdle@southernco.com

Phone

Email

4. Texas franchise tax ID number of current agreement holder: 32018754666

5. If the current agreement holder does not report under the franchise tax law, please include name and tax ID of reporting entity:

Name

Tax ID

6. NAICS Code of current agreement holder (6 Digit): 221117

7. If the authorized company representative is different from the contact person listed above:

Name

Title

Complete Mailing Address

Phone

Email

8. If you are a current agreement holder who was not an original applicant, please list all other current agreement holders. Please describe the chain of ownership from the original applicant to the new entities. (Use attachments if necessary.)

SECTION 3: Project Timeline

- | | |
|---|-----------------|
| 1 Date original limitation agreement approved by school district | <u>6/1/2009</u> |
| 2 First (complete) year of qualifying time period – after the date the application is approved. See Tax Code §313.021[4]. . . | <u>2010</u> |
| 3 First year of property value limitation | <u>2012</u> |

SECTION 4: Value Limitation Details

- 1 Original limitation amount (*for entire agreement*): 40,000,000.00
- 2 Amount of qualified investment during the qualifying time period the recipient committed to spend or allocate for this project on application (*not total investment*): 360,000,000.00
- 3 Total qualified investment made from the beginning of the qualifying time period through the end of the qualifying time period or the last complete tax year, if still in the qualifying time period. 249,712,831.00
- 4 Has the description of the qualified property changed from that in the application? Yes No
- 4a. If yes, please describe on an attachment how the actual qualified property — for which you are providing actual and estimated market values on subsequent pages — differs from that property described in the agreement. Include only property located in this school district.
- 5 What was the number of permanent existing jobs at this facility prior to application? 0
(See *guidelines for definition of existing job.*)

SECTION 5: Job Details

- 1 For agreements before Jan. 1, 2014, does the agreement includes a definition of "new job" other than TAC §9.1051(14)(C), as the rule existed at the time of application? Yes No
- 1a. If yes, please provide the definition of "new job" as used in the agreement. (*Use attachments if needed.*)

**Biennial Progress Report for Texas Economic Development Act
CHART A1: Job Data for Applications 1 through 999**

App Number 153

District Name Cushing ISD

Company Name Nacogdoches Power LLC

Project Name Nacogdoches Power Project

1st Yr. of Qualifying Time Period 2010

Form 50-773A
Revised Jan 2014

	Qualifying Time Period		Limitation Period										Viable Presence Period		
	Year 1 (First Complete Tax Year)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13		
CHART A1 - Only complete this for applications 1 through 999.	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
1 Number of qualifying jobs ¹ applicant committed to create on application (cumulative)			25	25	25	25	25	25	25	25	25	25	25		
2 Number of qualifying jobs ¹ applicant actually created (cumulative)			37	34	37	37	37	37	37	37	37	37	37		
3 Number of new jobs ² created (cumulative)			37	34	37	37	37	37	37	37	37	37	37		
4 Median annual wage of new jobs applicant created			\$60,475	\$62,098	\$60,475	\$60,475	\$60,475	\$60,475	\$60,475	\$60,475	\$60,475	\$60,475	\$60,475		
5 Total wages for new jobs applicant created			\$2,364,190	\$2,224,256	\$2,364,190	\$2,364,190	\$2,364,190	\$2,364,190	\$2,364,190	\$2,364,190	\$2,364,190	\$2,364,190	\$2,364,190		

Actual and projected data. Use actual data for prior years. Estimates are required for current and future years.

Notes:

- Jobs meeting all of the requirements of Tax Code §313.021(3) as the statute existed before Jan. 1, 2014. Do not include construction jobs in counts of qualifying jobs.
- For new job definition see TAC §9.1051(14) as rules existed before Jan. 1, 2014.

By signing below, I, Karen Dowdle, certify that I am the authorized representative of Nacogdoches Power LLC, a current agreement holder of a limitation on appraised value, and the contents of this form and the attached documentation are true and correct to the best of my knowledge and belief.

Authorized Official Signature: Karen Dowdle

Date: May 27, 2014 (Corrected filing)

Print Name/Title: Karen Dowdle, Accounting Manager

Phone: 404-506-0350

**Biennial Progress Report for Texas Economic Development Act
CHART A2: Investment and Market Values for Applications 1 through 999**

Form 50-773A
Revised Jan 2014

Application Number 153
Current Agreement Holder Name Nacogdoches Power LLC
ISD Name Cushing ISD

Year	School Year (YYYY-YYYY)	Tax Year (actual tax year) YYYY	Total Investment ¹ (cumulative)	Market value of qualified property on Jan. 1 BEFORE any exemptions ²	Market value less any exemptions (such as pollution control) and before limitation ³	Taxable value of qualified property for purposes of M&O
CHART A2 - Only complete this for applications 1 through 999. Prior to start of value limitation period Value limitation period Viable presence period	1	2010-11	2010	86,420,026	86,420,026	86,420,026
	2	2011-12	2011	249,712,831	249,712,831	249,712,831
	3	2012-13	2012	392,253,883	392,253,883	40,314,840
	4	2013-14	2013	426,988,441	426,988,441	40,314,840
	5	2014-15	2014	427,026,481	427,026,481	40,000,000
	6	2015-16	2015	427,677,481	427,677,481	40,000,000
	7	2016-17	2016	428,253,481	428,253,481	40,000,000
	8	2017-18	2017	430,759,481	430,759,481	40,000,000
	9	2018-19	2018	431,490,481	431,490,481	40,000,000
	10	2019-20	2019	432,141,481	432,141,481	40,000,000
	11	2020-21	2020	432,812,481	432,812,481	422,366,542
	12	2021-22	2021	433,503,481	433,503,481	423,057,542
	13	2022-23	2022	434,214,481	434,214,481	423,768,542

Notes:

- Total investment is all investment at original cost, including land acquired after filing of application. Investments made in a year should be reflected in the subsequent year's market value.
- Use appraisal values from CAD as available. For future years, use market value that the entity estimates will approximate the market value for ad valorem tax purposes in that year.
- This amount is typically the taxable value for the purpose of I&S fund or debt service reserve fund.

By signing below, I, Karen Dowdle, certify that I am the authorized representative of Nacogdoches Power LLC, a current agreement holder of a limitation on appraised value, and the contents of this form and the attached documentation are true and correct to the best of my knowledge and belief.

Authorized Official Karen Dowdle
Signature

Date: May 27, 2014 (Corrected filing)

Print Name/Title: Karen Dowdle, Accounting Manager

Phone Number: 404-506-0350

The CPA requests companies complete the electronic spreadsheet version of the form.
Please submit both an electronic version and a signed hard copy version of the spreadsheet (with any attachments) to the district.

Mali Hanley

From: Goodman, Suzanne Alisa (SPC) <SAGOODMA@SOUTHERNCO.COM>
Sent: Tuesday, May 27, 2014 11:04 AM
To: Mali Hanley
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

Thank you!

From: Mali Hanley [mailto:mhanley@808west.com]
Sent: Tuesday, May 27, 2014 12:03 PM
To: Goodman, Suzanne Alisa (SPC)
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

Yes definitely. The land qualifies as qualified property. Thank you for the explanation.

Thank you,

Mali

From: Goodman, Suzanne Alisa (SPC) [mailto:SAGOODMA@SOUTHERNCO.COM]
Sent: Tuesday, May 27, 2014 11:02 AM
To: Mali Hanley
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

The appraisal district has not included the real property value in the \$40M limitation. We have paid tax on it for 2012 and 2013 when it should have fallen under the limitation. This is why the taxable amount during the limitation period was more than the \$40M on my original submission.

Should I contact the appraisal district to correct this?

From: Mali Hanley [mailto:mhanley@808west.com]
Sent: Tuesday, May 27, 2014 9:58 AM
To: Goodman, Suzanne Alisa (SPC)
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

Correct. Only the value of property associated with the plant should be included.

Thank you,

Mali

From: Goodman, Suzanne Alisa (SPC) [mailto:SAGOODMA@SOUTHERNCO.COM]
Sent: Tuesday, May 27, 2014 8:51 AM
To: Mali Hanley
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

I just wanted to clarify on the market value correction under Section 4 of the 772a. The only thing I've included that I think you are saying I should not include is real property that is held for future use and not connected to the existing power plant. Is that correct?

From: Mali Hanley [<mailto:mhanley@808west.com>]
Sent: Tuesday, May 27, 2014 9:35 AM
To: Goodman, Suzanne Alisa (SPC)
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

Yes, replace the 40 with 25.

Thank you,

Mali

From: Goodman, Suzanne Alisa (SPC) [<mailto:SAGOODMA@SOUTHERNCO.COM>]
Sent: Tuesday, May 27, 2014 8:35 AM
To: Mali Hanley
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

Would the 40 then be replaced with the 25 or is it still a commitment of 40? I'm so sorry, but I am still a bit confused!

From: Mali Hanley [<mailto:mhanley@808west.com>]
Sent: Tuesday, May 27, 2014 9:18 AM
To: Goodman, Suzanne Alisa (SPC)
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

The number of new jobs (41) is also listed on the application, but you are correct. The agreement calls for the maintenance of not fewer than 25 qualifying jobs.

Thank you,

Mali

From: Goodman, Suzanne Alisa (SPC) [<mailto:SAGOODMA@SOUTHERNCO.COM>]
Sent: Tuesday, May 27, 2014 7:29 AM
To: Mali Hanley
Subject: RE: Nacodgoches Power/Cushing ISD Comptroller reports

I have completed this form based on information which has been used for completion in years past. Upon reading the contract, it appears in order to maintain viable presence we only committed to 25 jobs indicated in the definitions for "Maintain Viable Presence". The only place I see reference to the 40 or 41 jobs is the summary provided by the Comptroller's office. From what I can tell, we haven't completed that section properly by indicating 40 jobs as a commitment.

Would you agree?

From: Mali Hanley [<mailto:mhanley@808west.com>]
Sent: Saturday, May 24, 2014 4:25 PM
To: Goodman, Suzanne Alisa (SPC)
Cc: Bob Popinski (bpopinski@moakcasey.com)
Subject: Nacodgoches Power/Cushing ISD Comptroller reports

Good afternoon. We have begun reviewing the reports submitted to the school district. We have the following notes/questions about the information provided.

Although much of the information is included on the form that you used, the Comptroller adopted a new form: Form 772a. I have attached a copy hereto. This version of the Comptroller report must be filed. However, there appears to be an error in the information provided.

Section 4

1. Should be 2013 market value as reported by the CAD of only the property that is subject to the agreement
2. Should be the 2013 value of only the property that is subject to the agreement that you paid I&S taxes on (in most cases the answer is the same as 1 less any exemptions for pollution controls, etc.)
3. Should be 40,000,000 not that you are in the value limitation period

Section 6

- 6a. Calculations and wage data were not attached to the reprot

Form 773 a:

Schedule A-1

Schedules need to be completed with estimates through the 13th year of the agreement, the "Maintain Viable Presence" period

1. In the application, the company stated that it would be creating 40 "qualifying jobs" Row 1 of the entire schedule needs to be changed to 40
2. It appears from the estimates going forward that the company will never create the number of qualifying jobs that it stated it would create. Could you verify whether or not it is estimated that the company will create the number of required jobs before the end of the value limitation period?

Schedule A-2

1. The Comptroller created a form that combines the year 1 and 2 values, but requires the school district to show the annual impact of

the taxable values. We are not able to do the calculations with the information as provided. I have attached a revised excel form that includes a row for both year 1 and 2 of the agreement. Please review and complete with the values by years.

2. The school years listed on the excel were incorrect. I have updated the years on the attached excel.
3. Schedules need to be completed with estimates through the 13th year of the agreement, the "Maintain Viable Presence" period
4. The values reported on the form do not match the values reported in prior years. Could you please verify that the values in this spreadsheet are the actual values certified by the appraisal district for all prior tax years. (We understand that it is only estimates for 2014 and all future tax years.

Thank you in advance for submitting corrected versions of the reports. We request that these items are addressed as expeditiously as possible. Please feel free to follow up with me with any questions about my notes.

Thank you,

Amalia Hanley
for Kevin O'Hanlon
O'HANLON, McCOLLOM & DEMERATH
Attorneys-at-law
808 West Ave.
Austin, Texas 78701

512.494.9949
FAX: 512.494.9919

The information contained in this transmission is intended only for the personal and confidential use of the designated recipient(s) above. This message may be an attorney-client communication, and as such, is privileged and confidential. If the reader of this message is not the intended recipient, you are hereby notified that any disclosure, copying, distribution or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately notify us by telephone at (512) 494-9949, to arrange for the return of the documents at our expense.