CUMMINGS WESTLAKE
PROPERTY TAX ADVISORS

November 10, 2021

Dan Casey
Moak Casey and Associates
901 S. Mopac Expressway, Building III, Suite 310
Austin, TX 78746

Mr. Casey:

Attached please find the hard copies of the Supplement #2 Application pages for Texas Renewable Fuels LLC (Phase I) (Application # 1647 in Newton ISD). The attached changes to the original Application are responsive to email from Comptroller staff dated October 25, 2021 and are itemized below.
Application #1647 is the first in a series of Applications ahead of Application #1648.

Application Section 8, #1 / Section 12, #2

- Section 8, #1 was answered 'no' (does the applicant currently own the land…) - Section 12, #2 was answered 'yes' (is the land…part of qualified property…). Please clarify, if applicable, in Tab 5 if the plan is to purchase the land, lease it, etc. Note: if the land has been purchased, update the application and explain if this land purchase does or does not commit the applicant from completing this project at this location in Tab 5.
  The Applicant does not currently own the land nor is it under contractual obligation for lease at this time. If the project is sanctioned, the Applicant intends to lease the land and have it included as Qualified Property

Section 9

- The current QTP is only allowable as long as the applicant does not execute until 2022..
  The Applicant does not anticipate execution of a 313 Agreement until after January 1, 2022.

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Tab 4

- Explain what each component/building of the existing property is in detail and how it will be used regarding the proposed qualified property (QP), (ex., will it be demolished, renovated, etc.)
  Tab 4 has been amended to address each of the components of the identified existing property.

Tab 5

- As in Tab 4, explain existing property, also add information about how the existing property does or does not commit the applicant to this site.
  A statement has been added to Tab 5 explaining that the existing property is not contemplated to be re-purposed or used in conjunction with the proposed development of the project which is the subject of this Application

Tab 11, Existing Property Outline Map

- Fully label and explain all existing property and whether the existing property will be demolished, renovated and/or used in conjunction with the proposed QP. Please retain the statement that all existing property is explicitly excluded from the application.
  The map showing existing property in the Project Area has been amended to include labels for all of the existing property identified. A statement has been added to the map indicating that the existing property is not contemplated to be used in conjunction with the proposed development of the project, which is the subject of this application, however it is cost prohibitive to demolish the property. The existing property will remain idle.

Tab 11, Map of Qualified Property

- This map must more clearly differentiate existing and qualified property, what existing property will be used/renovated in conjunction with new QP, and what/where the interconnections are/will be.
  The map showing existing property in the Project Area has been amended to include labels for all of the existing property identified. A statement has been added to the map indicating that the existing property is not contemplated to be used in conjunction with the proposed development of the project which is the subject of this application. No interconnections with existing property are planned.

Please let me know if you have questions or need additional information.

Sincerely,

Brandon Westlake
Consultant

TAB 4

Detailed Description of the Project

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

Texas Renewable Fuels LLC is proposing to construct a renewable energy project specializing in the conversion of forestry waste products into liquid fuels including ASTM-grade diesel fuel, using proven and dependable technologies. The plant capacity will be approximately 33 million gallons per year of renewable diesel and naphtha. The second stage of the project will expand the capacity by an additional 33 million gallons per year. When fully developed, both phases at full capacity will use approximately 2 million tons per year of forestry waste from the southeast region to produce approximately 66 million gallons per year of renewable diesel and naphtha. The diesel fuel is a premium ultra-low sulfur direct replacement for fossil fuel derived diesel. The renewable naphtha is used as a gasoline blend stock.

The site is a former plywood manufacturing facility and there are several abandoned structures on the property that were associated with that operation. The operation ceased and the structures abandoned. There is a large structure that was the former plywood manufacturing plant, three transformer sheds devoid of any useable electrical equipment, an empty oil storage shed, an empty structure formerly used as a maintenance shop and a water well. None of these facilities are contemplated to be used in conjunction with the project which is the subject of this Application. Per the correspondence from the Newton County Appraisal District attached at Tab 11, these items are classified and valued as salvage.

This Application is for Phase I of a series of Applications for a 2-phase project.

Below is a list of the new major equipment comprising this plant as follows:

- Truck Scale and Dumpers
- Chip and Bark Conveyors
- Air Separation Unit
- Gasifier
- Oxidation Unit
- Reactors
- Hydrotreaters
- Compressors
- Boilers
- Gasifiers

- CO2 Adsorbers
- Feed Systems
- Cooling Water System
- Generators, Switchgears and Motor Controls
- Transformers
- Cooling Tower
- Fire Water tank

Also included in this application are all of the associated new concrete foundations, new pipe supports, new intra-plant piping, new intra-plant conduit and connections, new control loops, new safety systems, new fire water protection, new insulation, new pollution control equipment and new utilities necessary to safely operate the new equipment.

TAB 5

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

Texas Renewable Fuels LLC's parent company USA BioEnergy (USABE) is a developer of renewable energy projects specializing in the conversion of waste into liquid fuels including ASTM-grade diesel fuel, using proven and dependable technologies. USBE converts solid biomass to a synthetic gas which is then reformed into volatile liquids including hydrogen, carbon monoxide and methane . The biomass includes wood chips, lumbering and lumber mill waste as well as other materials which has absorbed vast amounts of CO2 from the atmosphere during its growth cycle. The sequestration process removes nearly all of the CO2 from the wood waste, resulting in a negative carbon footprint. Products generated are used in cars, trucks aircraft, generators, and other power generation devices.

USA BioEnergy has the option to invest capital in manufacturing plants on a nationwide basis. Current alternative sites under consideration for this project capital in the United States are Arkansas, Louisiana, and Mississippi. No construction contracts have been negotiated or signed to construct the proposed project.

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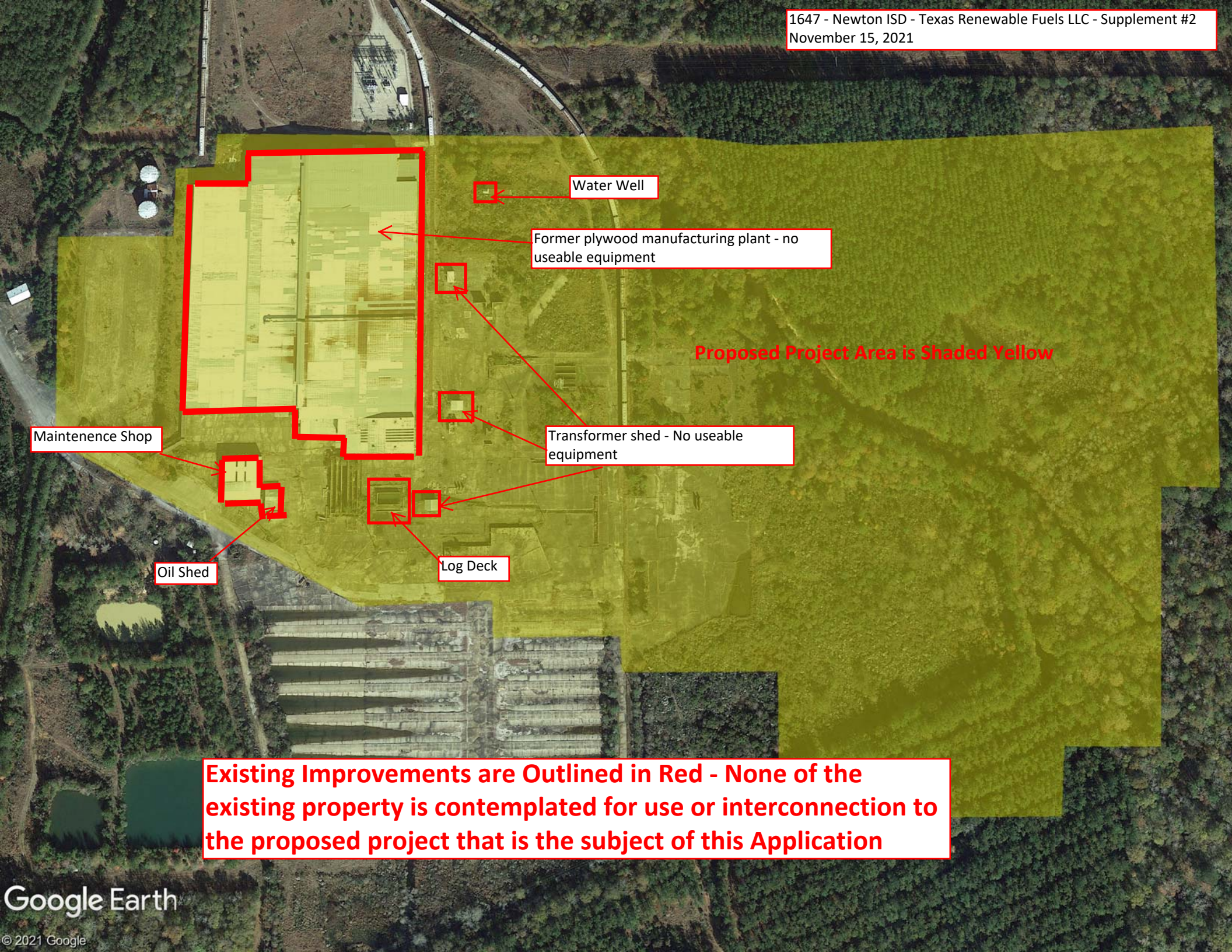
The decision to invest in a particular country or state depends on the economics of the investment in the particular jurisdiction. In the case of the investment in the proposed project in Texas, the decision will be based on a number of commercial and financial considerations, including the ability to obtain relief regarding local property taxes. Obtaining the Chapter 313 value limitation is a necessary part of the economic analysis for investment in Texas. Without the Chapter 313 value limitation, siting the project at the Newton ISD proposed site is less attractive.

This Application is for Phase I of a series of Applications for a 2-phase project.


1647 - Newton ISD - Texas Renewable Fuels LLC - Supplement #2
November 15, 2021
Water Well
Former plywood manufacturing plant - no useable equipment
Proposed Project Area is Shaded Yellow
Maintenence Shop
Transformer shed - No useable equipment
Oil Shed
Log Deck
Existing Improvements are Outlined in Red - None of the existing property is contemplated for use or interconnection to the proposed project that is the subject of this Application
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