WALSH GALLEGOS
TREVIÑO KYLE & ROBINSON P.C.

July 15, 2022

via email: Desiree.Caufield@cpa.texas.gov
& Ch313.apps@cpa.texas.gov
Desiree Caufield
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Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 East 17th Street
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Re: Application No. 1787 | Supplement 1 (corrected) | Hill Solar II, LLC's Application for Appraised Value Limitation on Qualified Property to the Itasca Independent School District

Dear Ms. Caufield:

Enclosed for resubmission is the corrected Supplement 1 to the above-referenced appraised value limitation application forwarded to your office on April 20, 2022. Separate correspondence will be forwarded to your attention supplementing responses to Application No. 1729. The attached corrected Supplement 1 addresses your questions and requests for additional information and corrections in your e-mail correspondence dated July 6, 2022 as follows:

<u>July 6, 2022 – Response to Request</u>:

1. The proposed project boundary submitted for application #1729 is not permitted. As shown below in the Application #1787 corrections request, project boundaries must be contiguous.

   Please see Tabs 4, 8 and 9 – revised to update the acreage which describes a contiguous area for Hill Solar 1.

   Please see Tab 11 – revised maps confirmed to be within the reinvestment zone, that have been contiguous and highlights the Hill Solar I project boundary.

2. The Qualified Investment/Property maps for Applications #1729 and #1787 must be contiguous and must have labeled project boundaries. #1729's project boundary cannot overlap project #1787 and must be contiguous. The two areas below are not allowed as depicted, project areas must connect.

Please see Tab 11 – revised maps confirmed to be within the reinvestment zone, that have been contiguous and highlights the Hill Solar I project boundary.

3. The schedules on file no longer match the revised information provided in Section 9 of the applications. New schedules for both applications are now necessary.

   Please see the revised Tab 9 - project legal description and concurrent correction of acreage.

As requested in your email of July 6, 2022, the attached Supplement 1 also includes all updated and revised Supplement changes previously submitted in response to your e-mail correspondence dated May 20, 2022 and June 15, 2022 as follows:

May 20, 2022 – Response to Request

1. TWC has released 4th quarter 2021 wages. For all applications that have not received a completeness letter any pending corrections must also include revised Sections 14 and Tab 13 that include the 4th Quarter wages.

   See revised, Section 14 and Tab 13 to reflect TWC's 4th quarter wages that were released in 2021.

June 15, 2022 - Response to Request

2. Section 9: The Qualifying Time Period must be at least 2 full years. In order to be consistent with your schedules you must change #4(a) to option C. The other option is to change #3 to 01/01/2025; but note that will require your current schedules to also be revised.

   See revised, Section 9. Question 4a has been changed to reflect option "C."

3. The project boundary overlap has not been addressed in the supplement provided to our office on 06/03. Both applications must have contiguous clearly labeled project boundaries and they cannot overlap. They may share a reinvestment zone. Note, in order to share the Reinvestment Zone Application #1729 will also require revised maps.

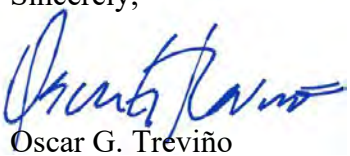
   Project Boundary for #1729: This needs a labeled project boundary and it must be changed to account for the proposed project boundary for application #1787.

   The map for Application #1787 must have a labeled project boundary that is contiguous and does not overlap with #1729.

See revised Tab 11. The Maps have been corrected to reflect the project boundary for Application 1787.

Please let me know if you have any questions or need anything additional. Thank you.

Sincerely,



Oscar G. Treviño

Enclosure

cc: *via email: mstevens@itascaisd.net*
Michael Stevens
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Itasca Independent School District
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Itasca, TX 76055

via email:greg@coresolar.energy
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via email: randall@coresolar.energy
Randall Jenks, Vice President
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via email: randy@mcdowellsfc.com
Randy McDowell, President
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6 Wolf Trail
Heath, TX 75032

SECTION 8: Limitation as Determining Factor

1.	Does the applicant currently own the land on which the proposed project will occur?	☐ Yes	☑ No
2.	Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?	☑ Yes	☐ No
3.	Does the applicant have current business activities at the location where the proposed project will occur?	☐ Yes	☑ No
4.	Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?	☐ Yes	☑ No
5.	Has the applicant received any local or state permits for activities on the proposed project site?	☐ Yes	☑ No
6.	Has the applicant received commitments for state or local incentives for activities at the proposed project site?	☐ Yes	☑ No
7.	Is the applicant evaluating other locations not in Texas for the proposed project?	☑ Yes	☐ No
8.	Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?	☐ Yes	☑ No
9.	Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?	☐ Yes	☑ No
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?	☑ Yes	☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement: December 2022
2. Estimated commencement of construction: February 2026
3. Beginning of qualifying time period (MM/DD/YYYY): 01/01/2025
4. First year of limitation (YYYY): 2028

4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):

☐ A. January 1 following the application date ☐ B. January 1 following the end of QTP

☑ C. January 1 following the commencement of commercial operations

5. Commencement of commercial operations: December 2027

SECTION 10: The Property

1. County or counties in which the proposed project will be located: Hill County
2. Central Appraisal District (CAD) that will be responsible for appraising the property: Hill CAD
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:

M&O (ISD): Itasca ISD 100%, 0.9603 *(Name, tax rate and percent of project)*

I&S (ISD): .2931 *(Name, tax rate and percent of project)*

County: Hill County 100%, .420202 *(Name, tax rate and percent of project)*

City: N/A *(Name, tax rate and percent of project)*

Hospital District: N/A *(Name, tax rate and percent of project)*

Water District: N/A *(Name, tax rate and percent of project)*

Other *(describe)*: Hill County Lateral Rd., 100%, .077040 *(Name, tax rate and percent of project)*

Other *(describe)*: Hill County College, 100%, .085265 *(Name, tax rate and percent of project)*

SECTION 14: Wage and Employment Information

1. What is the number of new qualifying jobs you are committing to create? 2
2. What is the number of new non-qualifying jobs you are estimating you will create? (See TAC 9.1051(14)) 0
3. 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

   3a. If yes, attach evidence of industry standard 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.

4. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the Texas Workforce Commission 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 available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22). **Note**: If a more recent quarter of information becomes available before the application is deemed complete, updated wage information will be required.

   a. Non-qualified job wages
   - average weekly wage for all jobs (all industries) in the county is . . . . . $ 907.00

   b. Qualifying job wage minimum option §313.021(5)(A)
   -110% of the average weekly wage for manufacturing jobs in the county is . . . . . $ 1,155.28

   c. Qualifying job wage minimum option §313.021(5)(B)
   -110% of the average weekly wage for manufacturing jobs in the region is . . . . . $ 1,030.11

5. 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)
6. What is the minimum required annual wage for each qualifying job based on the qualified property? . . . . . $ 53,565.60
7. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? . . . . . $ 53,565.60
8. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? . . . . . ☑ Yes ☐ No
9. 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

   9a. If yes, attach in **Tab 13** supporting documentation from the TWC, pursuant to §313.021(3)(F).

10. 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

    10a. 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, and C 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 an entity 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 the Project

The Hill Solar II, LLC project will be an approximately 200 MWac photovoltaic solar power generation facility, that would be built on approximately 1,165.34 acres of privately owned land in Hill County, Texas. The entire site is located within the Itasca ISD jurisdiction. Currently the site is in agricultural use for cattle ranching. Power generated by the project would be sold and delivered into a 345kV line crossing the project site owned by Oncor.

The Hill Solar II, LLC solar project will consist of the following: solar photovoltaic modules, single axis tracking systems, driven-pile foundations new or improved onsite roads, meteorological equipment, DC wiring, DC/AC inverters, medium voltage step-up transformers, AC cabling and a central substation and switchyard with protective circuit breakers and switchgear including a high voltage step-up transformer, and other equipment necessary to safely operate, maintain and transmit power to the ERCOT electrical grid.

The project development also includes provision of batteries, designed to be charged entirely by excess solar electricity production. Energy would be stored and released to the grid at times, in the evening or at night, when the PV solar generation falls below the rated plant output or when the grid operator needs energy to support the stability of the grid.

Tab 8

Description of Qualified Property

Hill Solar 2, LLC project will be an approximately 200 MWac photovoltaic solar power generation facility that would be built on approximately 1,165.34 acres of privately owned land in Hill County, Texas. The entire site is located within the Itasca ISD jurisdiction. Currently the site is in agricultural use for cattle grazing.

Panel placement is subject to change but for purposes of this application, the Project anticipates using approximately 481,950 solar panels and approximately 55 inverters.

Construction of the Project will include:

- collection systems consisting of buried wiring systems transferring DC power from the PV panels to the inverters
- transmission lines
- electrical interconnections
- roads
- control systems necessary for commercial generation of electricity
- solar panels
- foundations
- racking and mounting structures
- inverters
- transformers
- supervisory control and data acquisition (SCADA)
- combiner boxes
- meteorological equipment
- maintenance and operations building
- paving
- fencing
- electrical substations
- generation transmission tie line and associated towers, and interconnection
- facilities and control systems necessary for commercial generation of electricity.

The project development also includes provision of batteries, designed to be charged entirely by excess solar electricity production. Energy would be stored and released to the grid at times, in the evening or at night, when the PV solar generation falls below the rated plant output or when the grid operator needs energy to support the stability of the grid.

Tab 9

Legal Description

TX, Hill Solar II, LLC

The following real property located in the county of Hill, Texas, more particularly described as follows and collectively consists of approximately 1,165.34 acres, more or less.

1. Rosson Ranches, Inc. – 1,187.28 acres (less 21.94 acre Easement used for Hill Solar I)

1. Rosson Ranches, Inc. (Option to Lease)

Being an Estimate 1,187.28 acres of land located in the S.A. Cook Survey, Abstract No. 1043, W.O. Merriweather Survey, Abstract No. 564, J.P. Allen Survey, Abstract No. 25, and Sam Shackelford Survey, Abstract No. 821, Hill County, Texas, and being more particularly described by metes and bounds as follows:

BEGINNING at a point on the south line of the W.O. Merriweather Survey, Abstract No. 564, and N 80°12' East a distance of 2,105.78 feet to the south east corner of said W.O. Merriweather Survey;
THENCE North 10°18' West with a fence line a distance of 1,269.6 feet;
THENCE South 80°29' West along a fence line a distance of 1,997.95 feet;
THENCE North 8°58' West a distance of 787.76 feet;
THENCE North 80°26'30" East along a fence line a distance of 1,650.28 feet to a steal rod for the corner;
THENCE North 10°02' West along a fence line 1,221.29 feet to a steel rod for the corner;
THENCE South 80°10'30" West along a fence line 1,611.16 feet;
THENCE North 11°7'29" West a distance of 4,950 feet;
THENCE South 79°22'49" West a distance of 1,582.67 feet to a public road and being the west boundary line of the W.O Merriweather Survey, Abstract No. 564;
THENCE North 20°41'12" West, along center of said county road, 211.83 feet to a railroad spike set for a corner;
THENCE North 22°36'38" West, continuing along said road, 1,822.4 feet to a railroad set for a corner;
THENCE North 28°48'49" West, along said road 444.88 feet to a railroad spike found for a corner being the most southerly corner of the M. Gay Survey, Abstract No. 357;
THENCE along the Southeast boundary line of the J.A. Sevier Survey, Abstract No. 1160, North 60° East a distance of 5,331.37 feet;
THENCE North 30° West along the east boundary of the J.A. Sevier Survey, Abstract No. 1160, a distance of 2,710.27 feet;
THENCE from the Northeast corner of the J.A. Sevier Survey, Abstract No. 1160, North 60° East a distance of 2,780.55 feet and being the Northeast corner of the S.A. Cook Survey, Abstract No. 1043;
THENCE South 30° East a distance of 2,669.44 feet;
THENCE South 60° West a distance of 435 feet;
THENCE South 30° East a distance of 1,133.8 feet;
THENCE South 77°44'07" West a distance of 1,468.43 feet;
THENCE South 26°50'26" West a distance of 2,260.95 feet;
THENCE South 11°38'46" East a distance of 3,250.97 feet;

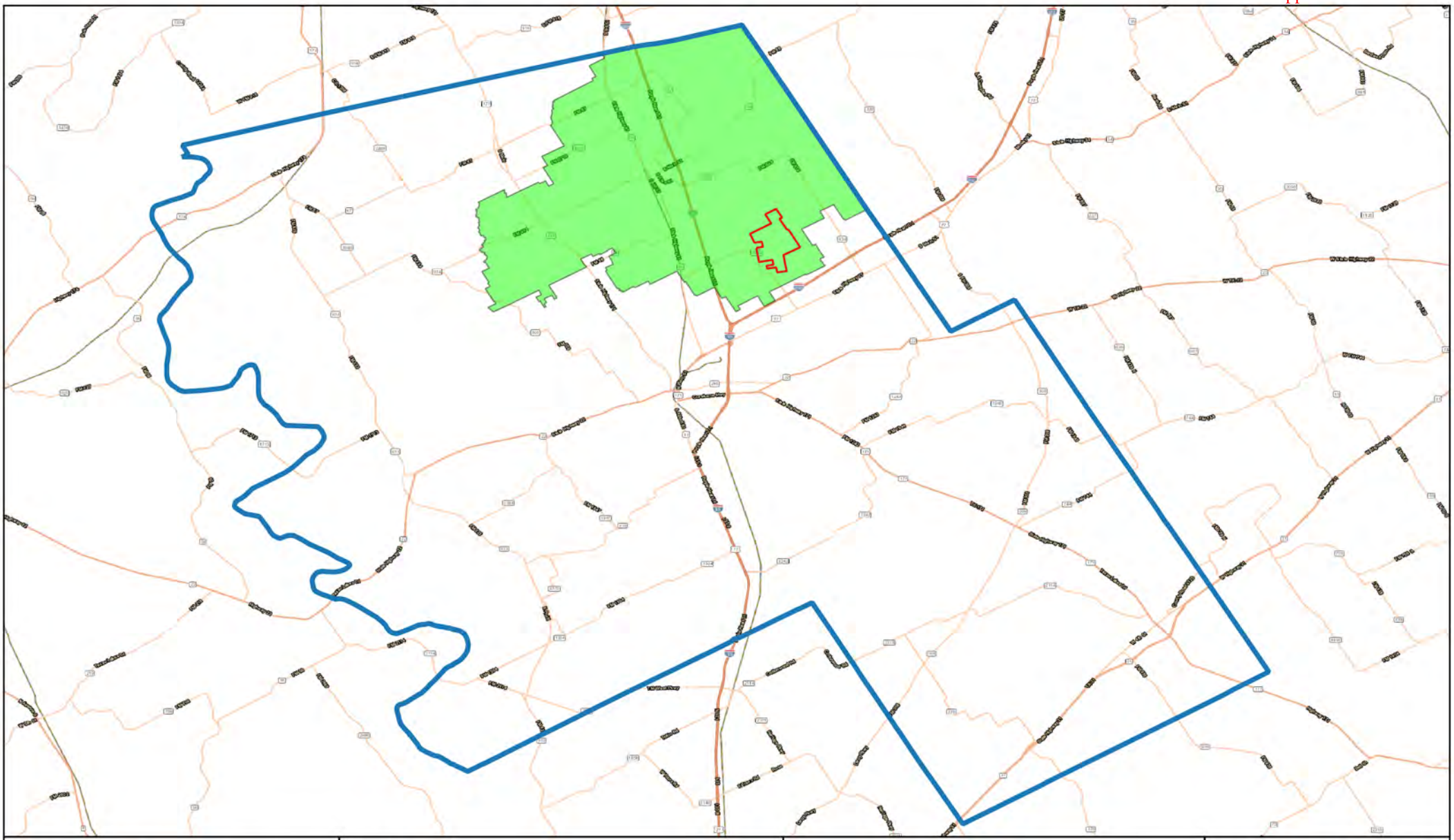
THENCE South 62°9’49” East 97.31 feet;
THENCE South 70°19’37” East 159.22 feet
THENCE South 5°15’45” East 1,475.95 feet to the middle of a public road;
THENCE North 79°34’20” East a distance of 1,358.73 feet being the east boundary line of the W.O. Merriweather Survey, Abstract No. 564;
THENCE with the East boundary of the W.O. Merriweather Survey line, South 10°46’ East a distance of 1,519.11 feet;
THENCE South 11°34’ East a distance of 677.59 feet;
THENCE South 12°48’ East a distance of 268.4 feet;
THENCE South 10°25’ East a distance of 3,062.1 feet to a steel rod located in the Southeast Corner of the W.O. Merriweather Survey, Abstract No. 564;
THENCE South 80°12’ West along the centerline of a county road and the south line of said Merriweather Survey a distance of 2,175 feet to the place of the beginning and containing 1,187.28 acres of land, **Less and Except**, a connection easement for Hill Solar I measuring 100 ft by 9,556.26 ft being 21.94 acres of land, located on the East boundary of the Rosson Ranches, Inc.

Tab 11

Maps of Project

Maps attached:

Hill Solar, LLC Supplement, Showing Hill Solar II within RZ, easement for Hill I on east side.



CORE SOLAR

LEGEND

- Hill County
- Itasca ISD
- Hill Solar II Project Boundary

FIGURE 1

Hill Solar II
School District Overview

Location: Hill County, TX

0 3 6 mi

By: Jared Feske on 07/07/2022

CORE SOLAR

LEGEND
- Reinvestment Zone
- Project Boundary
- Qualified Investment Area
- Electric Transmission (existing)

FIGURE 2

Hill Solar II
Qualified Investment Area and Proposed Infrastructure

Location: Hill County, TX

0 1 2 mi

By: Jared Feske on 07/08/2022

CORE SOLAR

LEGEND

- Reinvestment Zone
- Project Boundary
- Qualified Investment Area

FIGURE 3

Hill Solar II Reinvestment Zone

Location: Hill County, TX

0 1 2 mi

By: Jared Feske on 07/08/2022

Tab 13

Calculation of Three Possible Wage Requirements with TWC Documentation

Hill County All Industries Average Weekly Wages

Year	Period	Area	Ownership	Division	Level	Ind. Code	Industry	Avg. Weekly Wages
2021	1st Qtr	Hill County	Total All	00	0	10	Total, All Industries	$831.00
2021	2nd Qtr	Hill County	Total All	00	0	10	Total, All Industries	$877.00
2021	3rd Qtr	Hill County	Total All	00	0	10	Total, All Industries	$910.00
2021	4th Qtr	Hill County	Total All	00	0	10	Total, All Industries	$1,010.00
						4 Period Weekly Average		$907.00
						110% of Average Weekly Wages		$997.70
						110% of Annual Wages		$51,880.40

Hill County Average Manufacturing Weekly Wages

Year	Period	Area	Ownership	Division	Level	Ind. Code	Industry	Avg. Weekly Wages
2021	1st Qtr	Hill County	Private	31	2	31-33	Manufacturing	$936.00
2021	2nd Qtr	Hill County	Private	31	2	31-33	Manufacturing	$1,004.00
2021	3rd Qtr	Hill County	Private	31	2	31-33	Manufacturing	$1,040.00
2021	4th Qtr	Hill County	Private	31	2	31-33	Manufacturing	$1,221.00
						4 Period Weekly Average		$1,050.25
						110% of Average Weekly Wages		$1,155.28
						110% of Annual Wages		$60,074.30

COG Region Wages

Heart of Texas Council of Governments		
	Hourly	Annual
2020 Manufacturing Average Wages	$23.41	$48,696.00
Average Weekly Wages		$936.46
110% of Average Weekly Wages		$1,030.11
110% of Annual Wages		$53,565.60

Year	Period	Area	Ownership
2021	01	Hill	Total All
2021	02	Hill	Total All
2021	03	Hill	Total All
2021	04	Hill	Total All

Industry Code	Industry	Level
10	Total, All Industries	0
10	Total, All Industries	0
10	Total, All Industries	0
10	Total, All Industries	0

Establishments	Firms	Average Employment	Average Weekly Wage
796	716	9,918	831
804	724	10,098	877
807	727	10,294	910
807	727	10,629	1,010

Total Wages	Month 1 Employment	Month 2 Employment	Month 3 Employment
107,176,400	9,813	9,916	10,026
115,175,509	10,029	10,133	10,133
121,800,209	10,269	10,251	10,363
139,617,890	10,546	10,613	10,727

Hierarchical Ordering
1
1
1
1

Year	Period	Area	Ownership	Industry Code	Industry	Level	Establishments	Firms	Average Employment	Average Weekly Wage	Total Wages	Month 1 Employment	Month 2 Employment	Month 3 Employment	Hierarchical Ordering
2021	01	Hill	Private	31-33	Manufacturing	2	42	42	1,224	936	14,895,135	1,215	1,219	1,238	305
2021	02	Hill	Private	31-33	Manufacturing	2	42	42	1,260	1,004	16,444,107	1,230	1,275	1,274	305
2021	03	Hill	Private	31-33	Manufacturing	2	43	43	1,324	1,040	17,912,027	1,334	1,323	1,316	305
2021	04	Hill	Private	31-33	Manufacturing	2	40	40	1,389	1,221	22,051,418	1,366	1,381	1,420	305