



Travis County Commissioners Court Agenda Request

Meeting Date: 12/30/2014, 9:00 AM, Voting Session

Prepared By/Phone Number: Katie Petersen Gipson Planning and Budget Office, 854-9346

Elected/Appointed Official/Dept. Head: Leroy Nellis, Acting County Executive, Planning and Budget

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE:

Consider and take appropriate action on amendment to the RRE Solar economic development incentive agreement.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

On November 18, 2014, Commissioners Court approved negotiating an amendment to the RRE Solar Farm economic development incentive agreement in order to extend the construction date by twelve months (and adjust subsequent dates as appropriate). This contract had been previously amended to extend the construction deadline when the company failed to negotiate purchase power agreements. The company requested an additional extension in order to have one more chance to build a facility on this site located in Pflugerville's extraterritorial jurisdiction. There is an upcoming RFP from Austin Energy in which the company would like an opportunity to bid. Due to federal tax credits that will expire in 2016, RRE will have one more year to feasibly begin construction. This amendment includes an automatic termination clause if construction does not begin by December 31, 2015. It should also be noted that while the construction date has moved forward, the final termination date remains the same and the contract will end in 2032 as agreed to in the original contract signed in 2010.

STAFF RECOMMENDATIONS:

PBO recommends approval of this amendment.

ISSUES AND OPPORTUNITIES:

This parcel is currently undeveloped and minimal property tax is collected. This amendment will allow one more opportunity for significant investment to be located on this site to increase property value and bring additional revenue to Travis County, Austin Community College, Travis Central Health District and Elgin Independent School District.

FISCAL IMPACT AND SOURCE OF FUNDING:

No incentive has been paid to RRE since no business personal property is yet located on the site. The company is expected to invest \$210 million in a 60 MW solar farm facility. The agreement allows for an 80% ad valorem property tax rebate on business personal property.

REQUIRED AUTHORIZATIONS:

Planning and Budget Office
County Judge's Office

Jessica Rio
Melissa Velasquez

AMENDMENT NUMBER 2 OF ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN TRAVIS COUNTY AND
RRE AUSTIN SOLAR L.L.C.

PARTIES

This Amendment Number 2 ("Amendment 2") of Agreement is entered into by the following Parties: Travis County, a political subdivision of the State of Texas ("County") and RRE Austin Solar LLC, a Texas Limited Liability Company duly authorized to transact business in Texas, its successors and assigns ("Company").

RECITALS

County and Company entered into an agreement to provide for economic incentives in the form of property tax rebates ("Agreement").

Under the Agreement, Company agreed to construct a new 60 Megawatt Solar Farm ("Facility") which would generate clean renewable energy and maintain regional offices in Travis County.

The Agreement provides for changes by written document signed by both Parties; and the Parties desire to amend the Agreement to reflect mutually agreed to changes.

The Parties have previously agreed to amend the Agreement to extend the time period for performance by Company (Amendment 1).

The Parties desire to amend the Agreement to extend performance deadlines.

NOW, THEREFORE, in consideration of the mutual benefits received by these changes, and other good and adequate consideration as specified herein, the Parties agree to amend the Agreement as follows:

1.0 EXTENSION

1.1 The Parties agree to extend the time allowed for completion of certain obligations under the Agreement as follows:

AGREEMENT SECTION	ORIGINAL REQUIREMENTS	AMENDMENT 1 REQUIREMENTS	AMENDMENT 2 REQUIREMENTS
1.4 Agreement Term	Begins date signed – 1/14/11 Ends Termination date	No change	No change

AGREEMENT SECTION	ORIGINAL REQUIREMENTS	AMEND. 1 REQUIREMENTS	AMEND. 2 REQUIREMENTS
1.6 Completion Date – issuance of Certificate of Occupancy/ completion of Project	On or before 12/31/14	On or before 6/30/16	On or before 12/31/19
1.9 Effective Date – date both parties sign the agreement	1/14/11	No change	No change
1.10 Effective Year Value – taxable value assessed by TCAD for year agreement signed	2011	No change	No change
1.17 Payment Term	Begins 1/1/13, ends termination date; First payment made in 2013 based on compliance and taxes paid for 2012	Begins 1/1/15, ends termination date First payment made in 2015 based on compliance and taxes paid for 2014	Begins 1/1/18, ends termination date. First payment made in 2018 based on compliance and taxes for 2017
1.27 Termination Date	12/31/32 or when terminated according to terms	No change	No change
2.4.1 Agreement Term	Begins 1/14/11, ends 12/31/32	No change	No change
2.4.2 Payment Term	Begins 1/1/12 (first payment in 2013; continues through 12/31/32	Begins 1/1/15 (first payment in 2015); continues through 12/31/32	Begins 1/1/18 (first payment in 2018); continues through 12/31/32
4.2.1 Reporting/Completion/Payment Dates:			
	1/1/10 – 12/31/10 – Effective Year Value determined by TCAD	No change	No change
	1/14/11 – Effective Date	No change	No change
	1/1/11 – Construction begins	3/1/13 – Construction begins	Construction begins no later than 12/31/15
	12/31/11 - \$25 million investment; 5 MW power production	6/30/13 - \$25 million investment; 5 MW power production	12/31/16 - \$25 million investment; 5 MW power production

AGREEMENT SECTION	ORIGINAL REQUIREMENTS	AMEND. 1 REQUIREMENTS	AMEND. 2 REQUIREMENTS
	6/30/12 – first list of purchase agreements, service providers and customers due	12/31/13 – first list of purchase agreements, service providers and customers due	12/31/16 – first list of purchase agreements, services providers and customers due
	12/31/12 - \$76 million investment; 20 MW power production	6/30/14 - \$76 million investment; 20 MW power production	12/31/17 - \$76 million investment; 20 MW power production
	1/1/13 – Payment term begins	1/1/15 – Payment term begins	1/1/18 – Payment term begins
	3/31/13 – Annual report due for 2011 performance	3/31/14 – Annual report due for 2013 performance	3/31/18 – Annual report due for 2016 performance
	4/30/13 – County response to report due	4/30/14 – County response to report due	4/30/18 – County response to report due
	9/30/13 – 10/31/13 – County budget process for FY 2014	9/30/14 – 10/31/14 – County budget process for FY 2015	9/30/18-10/31/18 – County budget process for FY 2019
	10/31/13 – County payment due if compliance	10/31/15 – County payment due if compliance	10/31/18 – County payment due if compliance
	12/31/13 - \$133 million investment; 40 MW power production	6/30/15 - \$133 million investment; 40 MW power production	12/31/18 - \$133 million investment; 40 MW power production
	1/1/14 – Second payment year begins	1/1/16 – Second payment year begins	1/1/19 – Second payment year begins
	3/31/14 – Annual report due for 2013 compliance	1/1/15 – Annual report due for 2014 compliance	3/31/19 – Annual report due for 2017 compliance
	7/31/14 – 9/30/14 – County budget process for FY15	7/31/15 – 9/30/15 – County budget process for FY 16	7/31/19 – 9/30/19 – County budget process for FY 2020
	10/31/14 – County payment due if compliance achieved	10/31/15 – County payment due if compliance achieved	10/31/19 – County payment due if compliance achieved

AGREEMENT SECTION	ORIGINAL REQUIREMENTS	AMEND. 1 REQUIREMENTS	AMEND. 2 REQUIREMENTS
	12/31/14 – Completion date for Facility; \$210 million investment; 60 MW power production	6/30/16 – Completion date for Facility; \$210 million investment; 60 MW power production	12/31/19 – completion date for Facility; \$210 million investment; 60 MW power production
	12/31/15 – 25 FTEs: at Facility – 5, at Headquarters - 20	6/30/17 – 25 FTEs: at Facility – 5; at Headquarters – 20	12/31/20 – 25 FTEs; Facility – 5; Headquarters – 20
	12/31/32–End of term	No change	No change
5.1.1(b) – Jobs	25 by 12/31/15(5 at Facility, 20 at Headquarters)	25 by 6/30/17 (5 at Facility, 20 at Headquarters)	25 - 12/31/20 (5 at Facility; 20 at headquarters)
5.1.1(c) - Investment	12/31/11 - \$25 million 12/31/12 - \$76 million 12/31/13 - \$133 million 12/31/14 – \$210 million	6/30/13 - \$25 million 6/30/14 - \$76 million 6/30/15 - \$133 million 6/30/16 - \$210 million	12/31/16 - \$25 Million 12/31/17 - \$76 million 12/31/18 - \$133 million 12/31/19 - \$210 million
5.1.1(d)(i) – Notice to Proceed with Construction	By 1/1/11 Completion by 12/31/14 % completion requirements	By 3/1/13 Completion by 6/30/16 % completion requirements – no change	12/31/15 – Completion by 12/31/19
5.1.1(d)(ii) - Completion	Certificate of Occupancy no later than 12/31/14	Certificate of Occupancy no later than 6/30/16	Certificate of Occupancy no later than 12/31/19
5.1.1.(d)(iii) - Production	2011 – 5 MW 2012 – 20 MW 2013 – 40 MW 2014 – 60 MW	2013 – 5 MW 2014 – 20 MW 2015 – 40 MW 2016 – 60 MW	2016 – 5 MW 2017 – 20 MW 2018 – 40 MW 2019 – 60 MW
5.1.1(f) – Purchase Agreements	List of providers and customers beginning no later than 6/30/12	List of providers and customers beginning no later than 12/31/15	List of providers and customers no later than 12/31/16
5.2	Annual Report	Begins 3/31/14	Begins 3/31/18

1.2 County and Company understand and agree that the extension granted in this Amendment 2 is the final extension which will be granted, and Company agrees not to request additional time for any performance under the Agreement. If Company cannot meet the above requirements, the Agreement will be terminated. Company agrees that termination based on failure to comply with requirements under this Amendment 2 will be automatic, with written notice from County to Company sufficient to complete the termination of the Agreement.

2.0 INCORPORATION

2.1 County and Company hereby incorporate the Agreement into this Amendment 2. Except for the changes made in this Amendment 2, County and Company hereby ratify all the terms and conditions of the Agreement as amended. The Agreement with the changes made in this Amendment 2 constitutes the entire agreement between the Parties and supersedes any prior undertaking or written or oral agreements or representations between the Parties. All provisions in the Agreement not specifically amended herein remain the same and in full force and effect.

TRAVIS COUNTY

BY: _____
Samuel T. Biscoe
Travis County Judge
Date: _____

RRE AUSTIN SOLAR L.L.C.

BY: *Daveon Menti*
Authorized RRE Representative
Printed Name: Daveon Menti
Title: CEO
Date: 12/17/14