



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

June 29, 2015

Janet Hunt
Superintendent
McCamey Independent School District
111 E. 11th St.
McCamey, Texas 79752

Dear Superintendent Hunt:

On June 24, 2015, the Comptroller issued written notice that SPD-Solar Texas2, LLC (the applicant) submitted a completed application (Application #1073) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on June 8, 2015, to the McCamey Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1073.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

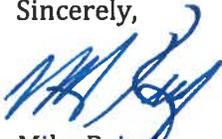
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of June 24, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of SPD Solar Texas2, LLC (the project) applying to McCamey Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of SPD Solar Texas2, LLC.

Applicant	SPD Solar Texas2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Solar
School District	McCamey ISD
October 14' Enrollment in School District	548
County	Upton
Proposed Total Investment in District	\$300,621,983
Proposed Qualified Investment	\$281,250,000
Limitation Amount	\$25,000,000
Number of new qualifying jobs committed to by applicant*	3
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,355
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,007
Minimum annual wage committed to by applicant for qualified jobs	\$70,485
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$100,207,328
Estimated M&O levy without any limit (15 years)	\$21,337,820
Estimated M&O levy with Limitation (15 years)	\$5,212,496
Estimated gross M&O tax benefit (15 years)	\$16,125,325
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

Table 2 is the estimated statewide economic impact of SPD Solar Texas2, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	100	222	322	\$3,750,000	\$13,950,195	\$17,700,195
2016	200	719	919	\$7,500,000	\$45,600,586	\$53,100,586
2017	3	41	44	\$211,455	\$8,333,467	\$8,544,922
2018	3	15	18	\$211,455	\$5,159,639	\$5,371,094
2019	3	(3)	0	\$211,455	\$2,840,303	\$3,051,758
2020	3	(11)	-8	\$211,455	\$1,985,811	\$2,197,266
2021	3	(13)	-10	\$211,455	\$643,037	\$854,492
2022	3	(15)	-12	\$211,455	\$32,686	\$244,141
2023	3	(11)	-8	\$211,455	\$32,686	\$244,141
2024	3	(9)	-6	\$211,455	\$154,756	\$366,211
2025	3	(3)	0	\$211,455	-\$211,455	\$0
2026	3	(7)	-4	\$211,455	-\$211,455	\$0
2027	3	(5)	-2	\$211,455	-\$211,455	\$0
2028	3	(3)	0	\$211,455	-\$211,455	\$0
2029	3	(7)	-4	\$211,455	-\$211,455	\$0
2030	3	(5)	-2	\$211,455	-\$699,736	-\$488,281

Source: CPA, REMI, SPD Solar Texas2, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital Dist. Tax Levy	Upton County Water District Tax Levy	Upton County ESD #1 Tax Levy	Estimated Total Property Taxes
				0.0000	1.0400		0.2273	0.4560	0.0040	0.0114	
2016	\$26,137,500	\$26,137,500		\$0	\$271,830	\$271,830	\$59,411	\$119,187	\$1,046	\$2,980	\$454,453
2017	\$281,330,000	\$281,330,000		\$0	\$2,925,832	\$2,925,832	\$639,463	\$1,282,865	\$11,253	\$32,072	\$4,891,485
2018	\$258,823,600	\$258,823,600		\$0	\$2,691,765	\$2,691,765	\$588,306	\$1,180,236	\$10,353	\$29,506	\$4,500,166
2019	\$236,317,200	\$236,317,200		\$0	\$2,457,699	\$2,457,699	\$537,149	\$1,077,606	\$9,453	\$26,940	\$4,108,847
2020	\$213,810,800	\$213,810,800		\$0	\$2,223,632	\$2,223,632	\$485,992	\$974,977	\$8,552	\$24,374	\$3,717,528
2021	\$191,304,400	\$191,304,400		\$0	\$1,989,566	\$1,989,566	\$434,835	\$872,348	\$7,652	\$21,809	\$3,326,210
2022	\$168,798,000	\$168,798,000		\$0	\$1,755,499	\$1,755,499	\$383,678	\$769,719	\$6,752	\$19,243	\$2,934,891
2023	\$146,291,600	\$146,291,600		\$0	\$1,521,433	\$1,521,433	\$332,521	\$667,090	\$5,852	\$16,677	\$2,543,572
2024	\$123,785,200	\$123,785,200		\$0	\$1,287,366	\$1,287,366	\$281,364	\$564,461	\$4,951	\$14,112	\$2,152,253
2025	\$101,278,800	\$101,278,800		\$0	\$1,053,300	\$1,053,300	\$230,207	\$461,831	\$4,051	\$11,546	\$1,760,934
2026	\$78,772,400	\$78,772,400		\$0	\$819,233	\$819,233	\$179,050	\$359,202	\$3,151	\$8,980	\$1,369,616
2027	\$56,266,000	\$56,266,000		\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297
2028	\$56,266,000	\$56,266,000		\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297
2029	\$56,266,000	\$56,266,000		\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297
2030	\$56,266,000	\$56,266,000		\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297
						Total	\$21,337,820	\$4,663,545	\$9,355,814	\$82,069	\$35,673,143

Source: CPA, SPD Solar Texas2, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Upton County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county and the hospital district.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital Dist. Tax Levy	Upton County Water District Tax Levy	Upton County ESD #1 Tax Levy	Estimated Total Property Taxes
			0.0000	1.0400			0.2273	0.4560	0.0040	0.0114	
2016	\$26,137,500	\$26,137,500	\$0	\$271,830	\$271,830	\$0	\$0	\$0	\$1,046	\$2,980	\$275,855
2017	\$281,330,000	\$25,000,000	\$0	\$260,000	\$260,000	\$0	\$0	\$0	\$11,253	\$32,072	\$303,325
2018	\$258,823,600	\$25,000,000	\$0	\$260,000	\$260,000	\$0	\$0	\$0	\$10,353	\$29,506	\$299,859
2019	\$236,317,200	\$25,000,000	\$0	\$260,000	\$260,000	\$0	\$0	\$0	\$9,453	\$26,940	\$296,393
2020	\$213,810,800	\$25,000,000	\$0	\$260,000	\$260,000	\$0	\$0	\$0	\$8,552	\$24,374	\$292,927
2021	\$191,304,400	\$25,000,000	\$0	\$260,000	\$260,000	\$43,483	\$0	\$0	\$7,652	\$21,809	\$332,944
2022	\$168,798,000	\$25,000,000	\$0	\$260,000	\$260,000	\$38,368	\$0	\$0	\$6,752	\$19,243	\$324,363
2023	\$146,291,600	\$25,000,000	\$0	\$260,000	\$260,000	\$33,252	\$0	\$0	\$5,852	\$16,677	\$315,781
2024	\$123,785,200	\$25,000,000	\$0	\$260,000	\$260,000	\$28,136	\$0	\$0	\$4,951	\$14,112	\$307,199
2025	\$101,278,800	\$25,000,000	\$0	\$260,000	\$260,000	\$23,021	\$0	\$0	\$4,051	\$11,546	\$298,618
2026	\$78,772,400	\$25,000,000	\$0	\$260,000	\$260,000	\$179,050	\$359,202	\$3,151	\$8,980	\$810,383	
2027	\$56,266,000	\$56,266,000	\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297	
2028	\$56,266,000	\$56,266,000	\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297	
2029	\$56,266,000	\$56,266,000	\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297	
2030	\$56,266,000	\$56,266,000	\$0	\$585,166	\$585,166	\$127,893	\$256,573	\$2,251	\$6,414	\$978,297	
						Total	\$5,212,496	\$856,881	\$1,385,494	\$82,069	\$7,770,834
						Diff	\$16,125,325	\$3,806,664	\$7,970,320	\$0	\$27,902,309

Source: CPA, SPD Solar Texas2, LLC

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that SPD Solar Texas2, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$271,830	\$271,830	\$0	\$0
Limitation Period (10 Years)	2017	\$260,000	\$531,830	\$2,665,832	\$2,665,832
	2018	\$260,000	\$791,830	\$2,431,765	\$5,097,597
	2019	\$260,000	\$1,051,830	\$2,197,699	\$7,295,296
	2020	\$260,000	\$1,311,830	\$1,963,632	\$9,258,929
	2021	\$260,000	\$1,571,830	\$1,729,566	\$10,988,494
	2022	\$260,000	\$1,831,830	\$1,495,499	\$12,483,994
	2023	\$260,000	\$2,091,830	\$1,261,433	\$13,745,426
	2024	\$260,000	\$2,351,830	\$1,027,366	\$14,772,792
	2025	\$260,000	\$2,611,830	\$793,300	\$15,566,092
	2026	\$260,000	\$2,871,830	\$559,233	\$16,125,325
Maintain Viable Presence (5 Years)	2027	\$585,166	\$3,456,996	\$0	\$16,125,325
	2028	\$585,166	\$4,042,163	\$0	\$16,125,325
	2029	\$585,166	\$4,627,329	\$0	\$16,125,325
	2030	\$585,166	\$5,212,496	\$0	\$16,125,325
	2031	\$585,166	\$5,797,662	\$0	\$16,125,325
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$585,166	\$6,382,828	\$0	\$16,125,325
	2033	\$585,166	\$6,967,995	\$0	\$16,125,325
	2034	\$585,166	\$7,553,161	\$0	\$16,125,325
	2035	\$585,166	\$8,138,328	\$0	\$16,125,325
	2036	\$585,166	\$8,723,494	\$0	\$16,125,325
	2037	\$585,166	\$9,308,660	\$0	\$16,125,325
	2038	\$585,166	\$9,893,827	\$0	\$16,125,325
	2039	\$585,166	\$10,478,993	\$0	\$16,125,325
	2040	\$585,166	\$11,064,160	\$0	\$16,125,325
	2041	\$585,166	\$11,649,326	\$0	\$16,125,325

\$11,649,326

 is less than

 \$16,125,325

Analysis Summary	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, SPD-Solar Texas2, LLC

Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	100	222	322	\$3,750,000	\$13,950,195	\$17,700,195	\$1,777,649	-\$518,799	\$2,296,448
2016	200	719	919	\$7,500,000	\$45,600,586	\$53,100,586	\$6,065,369	-\$1,342,773	\$7,408,142
2017	3	41	44	\$211,455	\$8,333,467	\$8,544,922	\$488,281	\$839,233	-\$350,952
2018	3	15	18	\$211,455	\$5,159,639	\$5,371,094	\$366,211	\$839,233	-\$473,022
2019	3	(3)	0	\$211,455	\$2,840,303	\$3,051,758	\$244,141	\$778,198	-\$534,057
2020	3	(11)	-8	\$211,455	\$1,985,811	\$2,197,266	\$183,105	\$701,904	-\$518,799
2021	3	(13)	-10	\$211,455	\$643,037	\$854,492	\$129,700	\$602,722	-\$473,022
2022	3	(15)	-12	\$211,455	\$32,686	\$244,141	\$83,923	\$495,911	-\$411,988
2023	3	(11)	-8	\$211,455	\$32,686	\$244,141	\$76,294	\$404,358	-\$328,064
2024	3	(9)	-6	\$211,455	\$154,756	\$366,211	\$83,923	\$335,693	-\$251,770
2025	3	(3)	0	\$211,455	-\$211,455	\$0	\$22,888	\$259,399	-\$236,511
2026	3	(7)	-4	\$211,455	-\$211,455	\$0	\$7,629	\$175,476	-\$167,847
2027	3	(5)	-2	\$211,455	-\$211,455	\$0	-\$38,147	\$91,553	-\$129,700
2028	3	(3)	0	\$211,455	-\$211,455	\$0	-\$15,259	\$22,888	-\$38,147
2029	3	(7)	-4	\$211,455	-\$211,455	\$0	-\$45,776	-\$22,888	-\$22,888
2030	3	(5)	-2	\$211,455	-\$699,736	-\$488,281	-\$76,294	-\$106,812	\$30,518
2031	3	(9)	-6	\$211,455	-\$699,736	-\$488,281	-\$91,553	-\$152,588	\$61,035
2032	3	(7)	-4	\$211,455	-\$699,736	-\$488,281	-\$114,441	-\$183,105	\$68,664
2033	3	(9)	-6	\$211,455	-\$699,736	-\$488,281	-\$152,588	-\$244,141	\$91,553
2034	3	(13)	-10	\$211,455	-\$943,877	-\$732,422	-\$213,623	-\$267,029	\$53,406
2035	3	(13)	-10	\$211,455	-\$1,432,158	-\$1,220,703	-\$251,770	-\$343,323	\$91,553
2036	3	(15)	-12	\$211,455	-\$2,164,580	-\$1,953,125	-\$297,546	-\$419,617	\$122,071
2037	3	(19)	-16	\$211,455	-\$2,897,002	-\$2,685,547	-\$343,323	-\$495,911	\$152,588
2038	3	(21)	-18	\$211,455	-\$3,385,283	-\$3,173,828	-\$320,435	-\$541,687	\$221,252
2039	3	(21)	-18	\$211,455	-\$2,897,002	-\$2,685,547	-\$381,470	-\$617,981	\$236,511
2040	3	(24)	-21	\$211,455	-\$4,117,705	-\$3,906,250	-\$411,987	-\$717,163	\$305,176
2041	3	(21)	-18	\$211,455	-\$3,873,564	-\$3,662,109	-\$427,246	-\$755,310	\$328,064
							\$6,347,655	-\$1,182,559	\$7,530,214
							\$19,179,540	is greater than	\$16,125,325

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Source: CPA, SPD-Solar Texas2, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **determines** that the limitation on appraised value is a determining factor in the SPD-Solar Texas2, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the Comptroller notes the following:

- The applicant states that they have the ability to locate projects of this type in other states with strong solar characteristics. This and other projects compete for limited investment funds.
- The applicant is developing projects in several other locations in other states.
- A representative of the applicant requested a property tax abatement from the county, and at the Commissioners’ Court hearing they state, “As I communicated at the meeting, Solar Prime is interested in developing a solar project in Upton County. As an update, we are one of two finalists for this project. The competing project is located in Pecos County.”
- The applicant placed the previous statement in context by stating that this project was competing for a power purchase agreement with another developer’s project in Pecos County. Applicant states that other development steps are required for a project to become a reality in Texas and, “The applicant's Texas project must still achieve several other development milestones in order to be viable to an investor.”
- The applicant states that property taxes are one of the highest long-term operating expenses for a solar project and approval of the value limitation will allow the applicant to sell electricity at marketable rates.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In Tab 4, attach 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.
2. Check the project characteristics that apply to the proposed project:

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (complete Section 13)
<input type="checkbox"/> Expansion of existing operation on the land (complete Section 13)	<input type="checkbox"/> Relocation within Texas

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.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

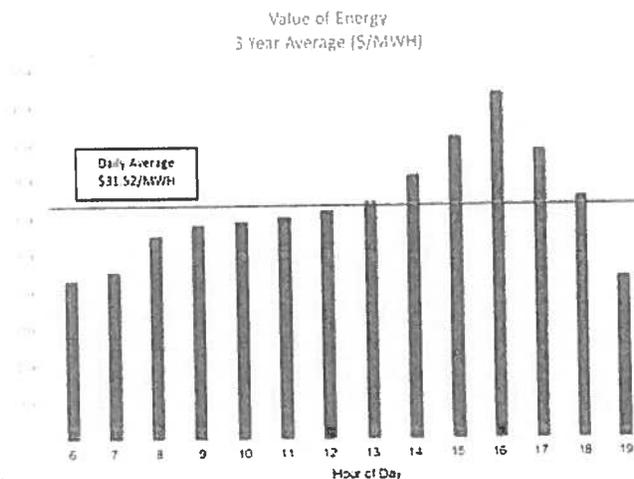
**Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value**

Tab 5

Documentation to Assist in Determining if Limitation is a Determining Factor

The applicant's parent company for this project is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics. The applicant is actively developing other projects in Arizona, Colorado, New Mexico, Missouri, and Minnesota. All of these projects are competing with the Upton County project for applicant's limited resources. The applicant requires this appraised value limitation in order (i) to continue allocating resources to develop the project (e.g., paying for studies related to subsurface geotechnical conditions at the project site, having detailed land surveys carried out, retaining the services of specialized legal counsel), and (ii) to secure long-term (>20 years) project related capital from the limited pool of third-party institutional solar investors that have the very significant resources needed to construct and operate a project of this size.

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limitation, either 1/solar companies would have to

charge well above the 3 year average of \$31.52 per MWH making the PPA undesirable for a potential PPA counterparty

Confidential

• ALTA Survey CONFIDENTIAL

Public Statements

Confidential

Attachment 1

Confidential

Attachment 2:

Applicant's Other Projects Outside of Texas Competing for Investment

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Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**

Solar Prime LLC

Robert Reichenberger
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robert@solar-prime.com

February 1, 2015

Judge Bill Eyer
Upton County Judge
P.O. Box 482
Rankin, TX 79778

Dear Judge Eyer:

Thank you for the opportunity to present to you and the county commission at your December 2014 meeting and for your availability for recent discussions. As I communicated at the meeting, Solar Prime is interested in developing a solar project in Upton County. As an update, we are one of two finalists for this project. The competing project is located in Pecos County. In order to make our Upton project competitive and financially viable, Solar Prime requires the Upton County Commission's support to create a re-investment zone and for property tax abatements.

The solar project we are planning will occupy approximately 3400 acres in Upton County and will have up to 180MW generating capacity. We anticipate starting construction in mid-2015, with completion 3Q/2016. During this 1 year construction phase we anticipate over 400 construction jobs at the employment peak. Long term we will require 3 full-time, highly-skilled, operations and maintenance employees and additional seasonal staff to support annual maintenance work, landscaping, vegetation control, and module cleaning. The solar asset project life is expected to be in excess of 30 years.

To facilitate Solar Prime moving forward with this project, we respectfully request the Upton County Commissions support to take action on the following:

- 1) The creation of a re-investment zone in Upton County on the land defined by the legal description and image in Attachment 1.
- 2) Approval of Property Tax Abatements for the SPD-SolarTexas2 LLC project company for 100% abatement of all M&O and I&S property taxes for years 1-5 and a 90% abatement of all M&O and I&S property taxes for years 6-10. For your convenience, we have created a table showing the county related property taxes we would pay under these abatement levels (Attachment 2) assuming a 180MW project size.
- 3) Approval for the Upton County attorney to work with SPD-SolarTexas2 LLC to finalize within 30 days a Tax Abatement Agreement including the aforementioned tax abatement levels and the required Upton County provisions as defined in the Guidelines & Criteria for Granting Tax Abatements in Reinvestment Zones (Section III)

With your support, and to meet project schedule constraints, I would like to obtain approval for these items at your first February 2015 County Commission meeting.

Respectfully,



Robert Reichenberger
Solar Prime LLC
SPD-SolarTexas2 LLC Project Company
Principal



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UPTON COUNTY, TX