
FINDINGS
OF THE
MCCAMEY INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
SPD-SOLAR TEXAS2, LLC
(*Texas Taxpayer ID #32055793296*)
(Application #1073)

August 27, 2015

COUNTY OF UPTON §

On June 12, 2015, the Superintendent of Schools of the McCamey Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from SPD-Solar Texas2, LLC #1073 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Board of Trustees acknowledges receipt of the Application, along with the required application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

Board Findings of the McCamey Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Upton County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the application was complete was issued on June 24, 2015. A copy of the Comptroller's completeness letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on June 29, 2015 pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the McCamey Independent School District. A copy of a report prepared by Jigsaw School Finance Solutions LLC is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the McCamey Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Attachment G**.

The Texas Commissioner of Education has determined that the project will not impact school enrollment, as stated in **Attachment H**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

The applicant SPD-SolarTexas2, LLC qualifies for a limitation on appraised value of Qualified Property under Section 313.024, TEXAS TAX CODE, in the eligibility category of renewable energy- solar.

Board Finding Number 2.

SPD-Solar Texas2, LLC's entire proposed investment in the McCamey ISD is \$300,621,983, all of which is proposed to be Qualified Investment under Section 313.021, TEXAS TAX CODE.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$70,485 per year. The review of the application by the State Comptroller's Office indicates that this amount-based on Texas Workforce Commission data-complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for qualified jobs under Section 313.021, TEXAS TAX CODE.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$100.2 million on the basis of the 3 new qualifying positions committed to by the Applicant for this project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$300,621,983, resulting in a relative level of investment per qualifying job of \$100,207,328.

Board Finding Number 5.

The applicant has requested a waiver of the job creation requirement under Section 313.25(f-1), TEXAS TAX CODE, and the Board finds such waiver request should be granted.

In support of Finding 5, the Board notes that the number of jobs proposed for this project are consistent with industry standards in the solar industry.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

In support of Finding 6, the economic impact evaluation states:

Table 2 depicts this project's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's

office calculated the economic impact based on 15 years of annual investment and employment levels.

Table 2: Estimated Statewide Economic Impact of SPD-Solar Texas2, LLC (modeled):

Employment			Personal Income			
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	100	222	322	\$3,750,00	\$13,950,195	\$17,700,195
2016	200	719	919	\$7,500,00	\$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

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Upton County, McCamey Hospital District, Upton County Water District and Upton County Emergency Services District #1 with all property tax incentives sought being granted using estimated market value from SPD-Solar Texas2, LLC's application. SPD-Solar Texas2, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and hospital district. The difference noted in the last line is the difference between 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		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
			Tax Rate	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	\$1,046	\$2,980	\$275,855
2017	\$281,330,000	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$11,253	\$32,072	\$303,325
2018	\$258,323,600	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$10,353	\$29,506	\$299,325
2019	\$236,317,200	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$9,453	\$26,940	\$296,393
2020	\$213,810,300	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$8,552	\$24,374	\$292,927
2021	\$191,304,400	\$25,000,000		\$0	\$260,000	\$260,000	\$43,483	\$0	\$7,652	\$21,309	\$332,944
2022	\$168,798,000	\$25,000,000		\$0	\$260,000	\$260,000	\$38,368	\$0	\$6,752	\$19,243	\$324,363
2023	\$146,291,600	\$25,000,000		\$0	\$260,000	\$260,000	\$33,252	\$0	\$5,852	\$16,677	\$315,781
2024	\$123,785,200	\$25,000,000		\$0	\$260,000	\$260,000	\$28,136	\$0	\$4,951	\$14,112	\$307,199
2025	\$101,278,300	\$25,000,000		\$0	\$260,000	\$260,000	\$23,021	\$0	\$4,051	\$11,546	\$298,613
2026	\$78,772,400	\$25,000,000		\$0	\$260,000	\$260,000	\$179,050	\$359,202	\$3,151	\$8,980	\$810,383

Board Findings of the McCamey Independent School District

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
											\$7,770,834
					Total	\$5,212,496	\$856,381	\$1,385,494	\$82,069		
					Diff	\$16,125,325	\$3,806,664	\$7,970,320	\$0		\$27,902,309

Table 3 illustrates the estimated tax impact of the SPD-Solar Texas2 project on the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		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
			Tax Rate	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	\$2,934,391
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	\$101,278,300	\$101,278,300		\$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

Board Finding Number 7.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

Board Finding Number 8.

The effect of the Applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the project.

In support of Finding 8, the Board refers to the finding of the Texas Commissioner of Education at Exhibit H to these findings.

Board Finding Number 9.

The SPD-Solar Texas2, LLC project is not 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. However, the Comptroller

Board Findings of the McCamey Independent School District

has determined that based on an analysis of the estimated M&O portion of the school district property tax levy, combined with the direct, indirect and induced tax effects from project employment directly related to this project, that the project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, total 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.

In support of finding No. 9, Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following two tables:

	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

Analysis Summary	\$11,649,326	is less than	\$16,125,325
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		

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	\$35,406
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

Board Findings of the McCamey Independent School District

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

Board Finding Number 10.

The limitation on appraised value requested by the applicant is a determining factor in the applicant's decision to invest capital and construct the project in this state.

Board Finding Number 11.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Findings Nos. 10 and 11, Attachment C of the economic impact study states:

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

Board Finding Number 12.

The Board of Trustees hired consultants to review and verify the information in Application #1073. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Twenty-Five Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer Id. 32055793296) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the McCamey Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the McCamey Independent School District.

Board Findings of the McCamey Independent School District

Dated the 27th day of August, 2015.

MCCAMEY INDEPENDENT SCHOOL DISTRICT

By: _____

Christy Hodges

President, Board of Trustees

ATTEST:

By: _____

Kim Smart

Secretary, Board of Trustees

Findings and Order of the McCamey Independent School District Board of
Trustees under the Texas Economic Development Act on the Application Submitted
by SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT A
Application of SPD-Solar Texas2, LLC



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

06/08/2015

Date Application Received by District

Janet

First Name

Superintendent

Title

McCamey Independent School District

School District Name

111 E. 11th

Street Address

111 E. 11th

Mailing Address

McCamey

City

432-652-3666

Phone Number

Mobile Number (optional)

Hunt

Last Name

Texas

State

432-652-4219

Fax Number

janhunt@mcisd.esc18.net

Email Address

79752

ZIP

2. Does the district authorize the consultant to provide and obtain information related to this application?

☒ Yes

☐ No

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Sara

First Name

Attorney

Title

Powell and Leon

Firm Name

512-494-1177

Phone Number

Leon

Last Name

512-494-1188

Fax Number

sleon@powell-leon.com

Email Address

Mobile Number (optional)

4. On what date did the district determine this application complete? 6/12/2015

5. Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Robert

First Name

Authorized Representative

Title

777 S High St.

Street Address

Suite 100

Mailing Address

Denver

City

303-886-1162

Phone Number

Reichenberger

Last Name

SPD-SolarTexas2 LLC

Organization

CO

State

303-593-1182

Fax Number

robert@solar-prime.com

Business Email Address

80209

ZIP

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? ☐ Yes ☒ No

2a. If yes, please fill out contact information for that person.

First Name

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number (optional)

Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

SECTION 2: Applicant Information (continued)**4. Authorized Company Consultant (If Applicable)**

Michael

Fry

First Name

Last Name

Licensed Senior Property Tax Consultant, Director-Energy Services

Title

KE Andrews

Firm Name

469.298.1594

469.298.1619

Phone Number

Fax Number

mike@keatax.com

Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☒ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? SPD-SolarTexas2 LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32055793296
3. List the NAICS code 221114
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☐ Yes ☒ No
- 4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☐ Yes ☒ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☐ Yes ☐ No ☒ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

Application for Appraised Value Limitation on Qualified Property

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(a)(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:

☒ Land has no existing improvements
☐ Expansion of existing operation on the land (complete Section 13)

☐ Land has existing improvements (complete Section 13)
☐ 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.

Application for Appraised Value Limitation on Qualified Property



SECTION 9: Projected Timeline

1. Application approval by school board June 2015
2. Commencement of construction October 2015
3. Beginning of qualifying time period 2015
4. First year of limitation January 2017
5. Begin hiring new employees June 1, 2016
6. Commencement of commercial operations October 1, 2016
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☒ Yes ☐ No
Note: Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? July 1, 2016

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Upton County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Upton County Appraisal District
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:
 County: Upton County, 100%, tax=.2567 City: n/a
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Hospital District: McCamey Hosp Dist, 00%, tax=.4966 Water District: Upton County Water District, 100%, tax=.0038
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Other (describe): Upton County EMS, 100%, tax=.0534 Other (describe): n/a
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☒ Yes ☐ No
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☒ No
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 25,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 25,000,000.00
Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☒ Yes ☐ No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? n/a

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

i. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

☒ First Quarter ☐ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2015
(year)

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0

4. What is the number of new qualifying jobs you are committing to create? 3

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

6. 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

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC 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 from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).

a. Average weekly wage for all jobs (all industries) in the county is 1,634.60

b. 110% of the average weekly wage for manufacturing jobs in the county is not available

c. 110% of the average weekly wage for manufacturing jobs in the region is 52,364.40

8. 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)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 52,364.40

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 70,484.00

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No

12. 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

12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. 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

13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

1. Complete and attach Schedules A1, A2, B, C, and D 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 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**.

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here ➔

Janet Hunt

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here ➔

Janet Hunt

Signature (Authorized School District Representative)

June 9, 2015

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print
here ➔

Robert Reichenberger

Print Name (Authorized Company Representative (Applicant))

Principal

Title

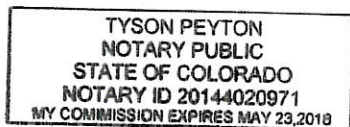
sign
here ➔

Robert Reichenberger

Signature (Authorized Company Representative (Applicant))

JUNE 5, 2015

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

5th day of June, 2015

Tyson Peyton
Notary Public in and for the State of Texas

My Commission expires: 05/23/18

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (<i>if applicable</i>)
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (<i>if applicable</i>)
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property (<i>if applicable</i>)
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information (<i>if applicable</i>)
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact (<i>if applicable</i>)
15	Economic Impact Analysis, other payments made in the state or other economic information (<i>if applicable</i>)
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (<i>applicant</i>)

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public
Accounts)*

Tab 3

Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)

Not Applicable

Tab 4
Description of the Project

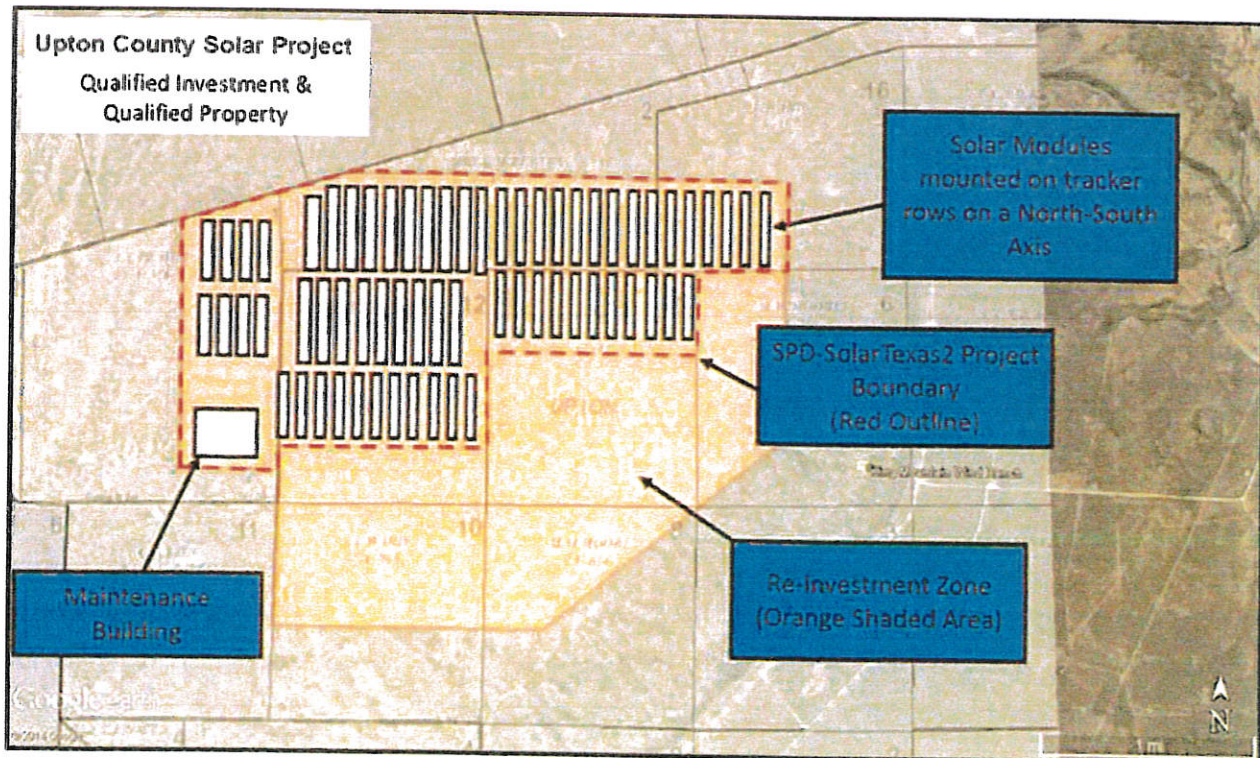
The Applicant for this project, and its Parent, is a national solar developer with the ability to locate projects of this type in several other states in the US with strong solar characteristics. The applicant is actively developing other projects in Arizona, Colorado, New Mexico, Missouri, and Minnesota, which are competing for the limited investment funds.

The anticipated generating capacity of the project is up to 180MW. The qualified investment for which the applicant is seeking an appraised value limitation shall include, but is not limited to, solar modules, mounting system, electrical collection systems, combiner boxes, inverters, project substation, meteorological equipment, operations and maintenance facility, transmission facilities, and other ancillary equipment necessary to safely operate, maintain, and transmit power to the grid.

The project will be located entirely within Upton County and McCamey Independent School District. It may utilize approximately 1850 acres of the land within the Reinvestment Zone. The project design has not yet been finalized so the final location of new buildings and improvements has not been determined. The land on which the project is located will be rented from the landowner, secured by a long term lease.

The applicant anticipates commencing construction activities in the 4th quarter of 2015 and completing construction in the 4th quarter of 2016. Once completed, the project may operate for 25 years or longer.

Project area & panel tracker layout illustration below.



Tab 5

Documentation to Assist in Determining if Limitation is a Determining Factor

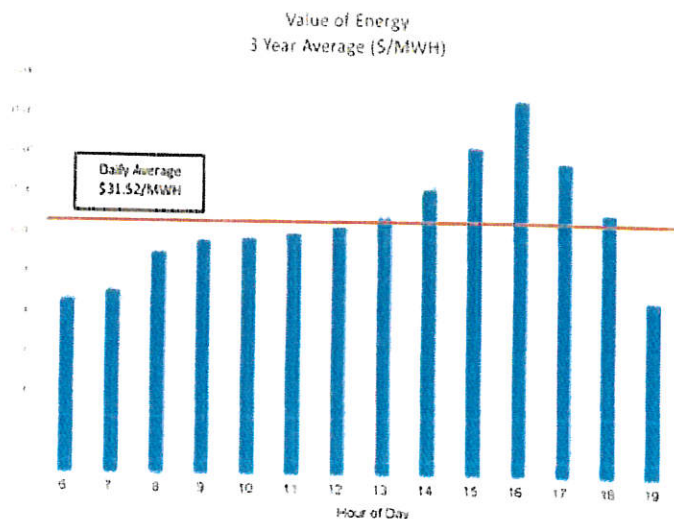
The applicant's parent company for this project is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics. The applicant is actively developing other projects in Arizona, Colorado, New Mexico, Missouri, and Minnesota. All 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.

Applicant is competing with other solar developers that are developing large solar projects in other states and are also seeking long-term financing from this same small pool of institutional investors as applicant. These institutions have investment hurdle rates, and generally require investment returns of at least 6.5%. At the same time, applicant's solar project is viable only if it is able to sell electricity at competitive prices within the Texas market, which has low electricity rates when compared with most other states. These dual constraints of investor return requirements and the need to offer competitively-priced electricity means that applicant's solar project (and other solar projects within Texas) are viable only if coupled with tax abatements or other form(s) of support or relief. Specifically, without the value limitation sought by applicant, the project return on investment (ROI) of 5.95% is well below investor requirements of at least 6.5% ROI (see table below), making it unattractive to institutional investors and also inferior to the applicant's other projects outside of Texas as shown in table. Without the value limitation, the solar projects outside of Texas, located in Colorado & New Mexico, would receive the constrained investment capital. With the value limitation approved, applicant's Texas project ROI is near the hurdle required in order to secure capital investment.

Projects Competing for Investment Capital	Texas Project		Outside Texas, Competing Projects		
	Upton County TX	Upton County TX	Pueblo, CO	Deming, NM	Alamosa, CO
Property Tax Abatement/Value Limitation	No	Yes	Yes	Yes	Yes
ROI: Project IRR (to Investor)	5.95%	6.45%	6.78%	6.68%	6.55%

Other solar companies are also seeking value limitation. As noted by one applicant in a publically available application: ***"Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract."***

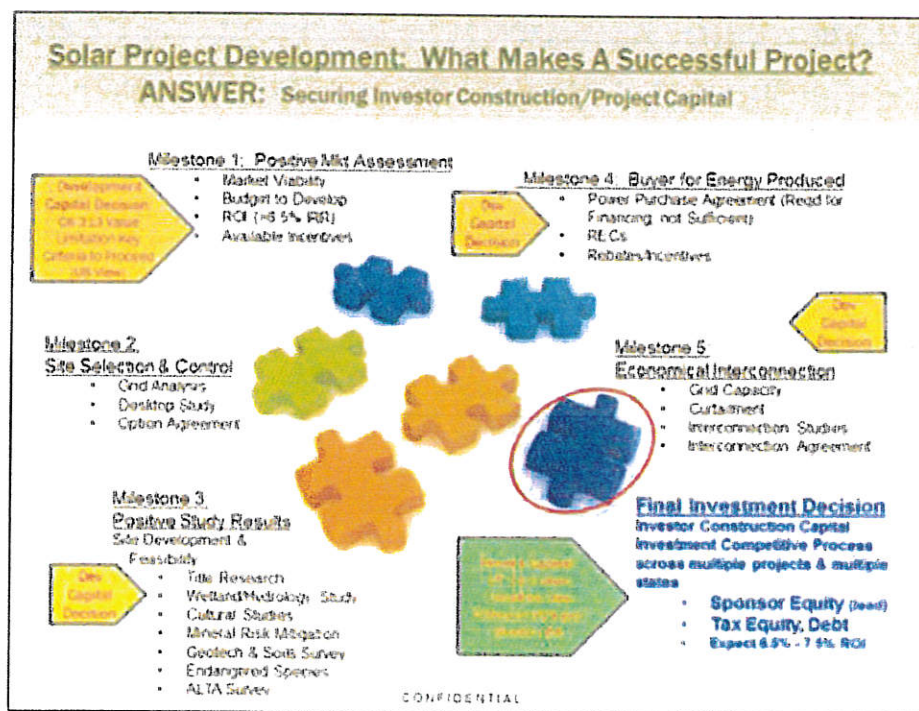
This is supported by the information in the chart to right showing value of energy in West Texas from publically available ERCOT data. Without the value limitation, either 1)solar companies would have to



charge well above the 3 year average of \$31.52 per MWH, making the PPA undesirable for a potential PPA counterparty or 2) if the solar project matches the competitive energy price in the PPA, the project margins (ROI) would be so low that the project would never receive financing and the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher.

Solar Project Development Process

The applicant has provided an explanation of its Solar Project Development process below in an effort to further elaborate on the elements that are necessary to secure development and investment capital necessary to bring a project to Texas. In order to invest in and make the decision to construct a Texas solar project, several milestones must be met to advance the project to a point where it will be considered by an investor of project/construction capital. The applicant, as the project developer, works closely with investors to ensure there is a clear understanding of their financial and other project related requirements. The applicant then adopts these requirements in making development capital decisions, which fund the work in achieving the project related milestones shown in the image below. The achievement of an individual milestone, absent the other milestones, is not sufficient in order to secure investment capital as a fatal flaw may exist in one of the other milestone categories. As an example, even with a "Buyer for the Energy" (milestone 4 in the image below), the project cannot obtain investment capital because the project investor must also be certain that the market is viable (milestone 1), that the land site is controlled (milestone 2), that there are not endangered species, geotech, mineral title, etc related fatal flaws from milestone 3, and that the project can even be interconnected to the grid successfully (milestone 5).



Public Statements

The applicant has been working with other taxing entities with jurisdiction over this project in order to obtain property tax abatements. As part of these discussions, the applicant provided a letter to Upton County (see letter to right), in which it relayed the encouraging news to the County that applicant was nearing agreement to sell all the electricity from the contemplated project to a would-be buyer, who was also in discussion with one other solar developer competing with applicant. As dictated by the low price of electricity in Texas, any solar power purchase agreement (PPA) with the buyer would need to be at low rates. And, regardless of which of the two competing solar developers was awarded the PPA by buyer, an actual solar facility would only become a reality if the "winning" developer could also succeed in attracting investment capital from the limited pool of institutions that are simultaneously considering investments in solar projects being development across the country. In other words, entering a PPA with a buyer was a necessary step in the development process, but was a not sufficient condition to a project becoming reality in Texas. The applicant's Texas project must still achieve several other development milestones in order to be viable to an investor.

February 1, 2015

Judge Bill Eyles
Upton County Judge
P.O. Box 482
Ranch, TX 79778

Dear Judge Eyles

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 requests 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 Commission 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 usage in Attachment 1
- 2) Approval of Property Tax Abatement: 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 Abatement 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 Raschenberger
Solar Prime LLC
SPD-SolarTexas2 LLC Project Company
Principal

By way of further background and support of this application please also see:

- Attachment 1 -- a letter from highly regarded representative of solar, addressing investment expectations and discussing applicant's multi-state portfolio of projects currently in development
- Attachment 2 --- map showing locations of other projects under development by applicant

Attachment 1

Letter from highly regarded representative of solar, addressing investment expectations and discussing applicant's multi-state portfolio of projects currently in development

 BRIGHT PLAIN RENEWABLE ENERGY

William Lee
President

CONFIDENTIAL

June 1, 2015

Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, TX 78711

My name is William Lee, Co-Founder and President of Bright Plain Renewable Energy LLC ("Bright Plain"), based in San Francisco, CA. Bright Plain, in partnership with D.E. Shaw Renewable Investments, invests in, builds, owns and operates solar projects in North America. Our portfolio includes contracted renewable energy projects in California, Hawaii, Arizona, Nevada, Massachusetts, Pennsylvania, Indiana, and Rhode Island. In the solar industry, I have successfully closed over \$1 billion of solar project financings across the United States, Canada, Italy and Spain.

I work closely with Solar Prime LLC on multiple projects across the United States. Specifically, we are presently evaluating for investment multiple Solar Prime projects in Colorado, New Mexico, and Texas, including the Upton County/McCammy ISD project. When considering a project for investment, we consider several economic and risk factors including, but not limited to, project IRR, cash flow, PPA off-take counterparty and term, development and construction costs, execution risk related to project characteristics and interconnection, and other costs, including property tax, sales tax, and ongoing operational costs.

At BPRE, we typically require project returns of 6.5 - 7.5% unlevered IRRs. With Texas, as with other states in which we do business, obtaining property tax abatements (aka value limitations) is critical in achieving the investment returns necessary to justify investment in the project. Given the competitive Texas energy market and the achievable solar PPA rates, the property tax value limitation is essential in enabling the economics required to locate the project in Texas. Our analysis shows that without the value limitation, the project economic returns become untenable. Therefore, securing the value limitation is a key determining factor in our decision to invest in Solar Prime's projects within Texas vs. other projects outside of Texas.

If you should have any questions, please do not hesitate to contact me.

Sincerely,

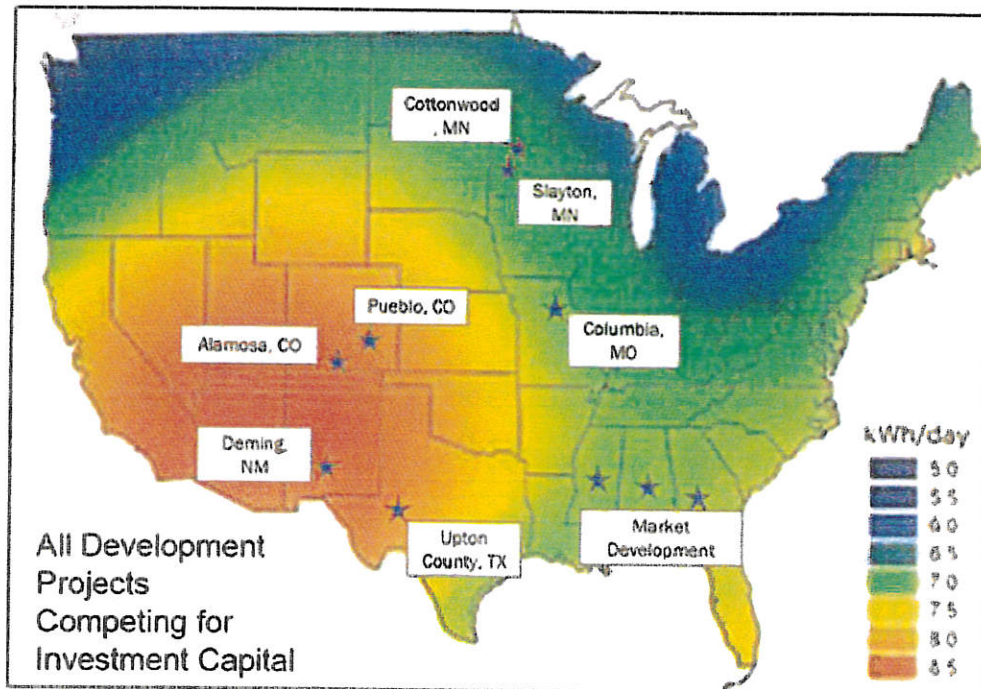


William Lee
415 463 6742

Attachment 2:

Applicant's Other Projects Outside of Texas Competing for Investment

The Applicant has multiple other projects outside of Texas (see image below for our other projects) that are competing for development and project capital investment. The value limitation is essential to improving the project economics to a point that we can consider bringing this project to Texas. Solar projects and their associated components are modular and can be deployed anywhere in the USA or the world that provides acceptable return on investment.



Tab 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

Not applicable

The project is located 100% in McCamey ISD and Upton County.

Tab 7

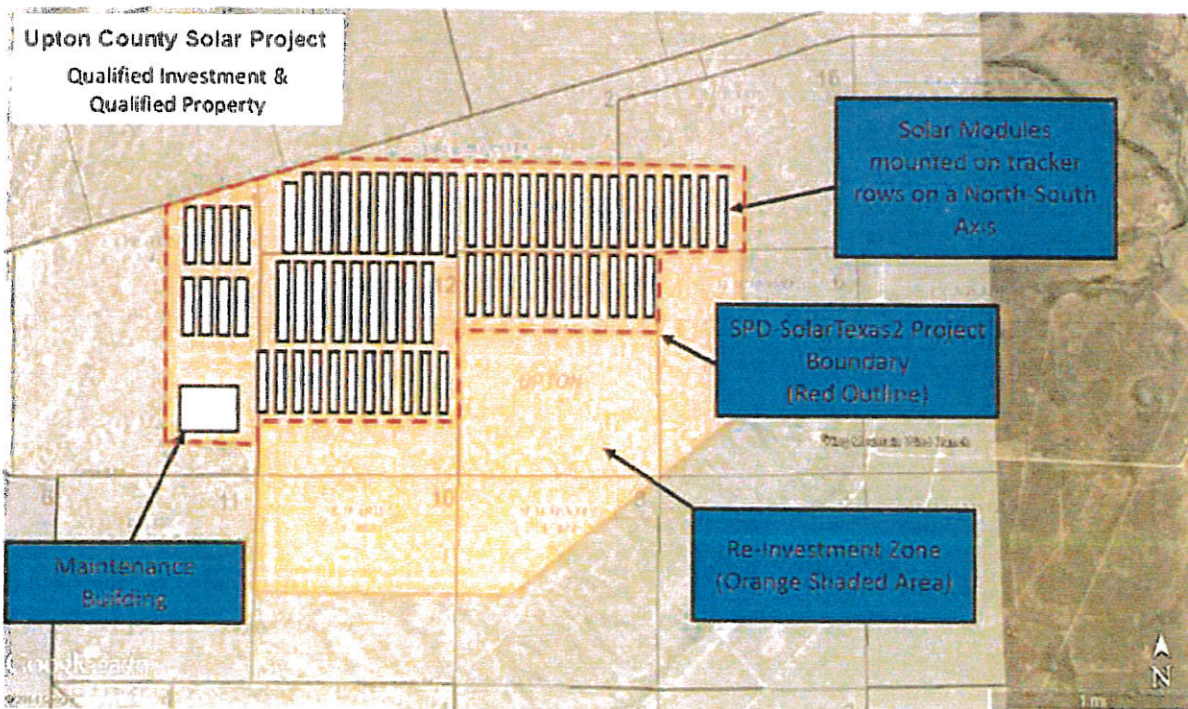
Description of Qualified Investment

The Qualified Investment is described below:

- Up to 180MW solar power generating facility containing:
 - Photovoltaic (PV) Solar Panels and DC-to-AC Inverters
 - Tracker system infrastructure.
 - Collection Substation including High Voltage Transformer, Switch Gear & Transmission equipment
 - Inverter boxes on concrete or gravel pads
 - Fencing for safety and security, Video Security System
 - Telephone System and Data Systems for communication and remote monitoring
 - Maintenance trailer and office equipment
 - Meteorological equipment to measure solar irradiance & weather conditions
 - New or improved access roads and service roads.

and associated ancillary equipment necessary to safely operate, maintain, and transmit power to the ERCOT grid.

Project area & panel tracker layout illustration below.



Tab 8

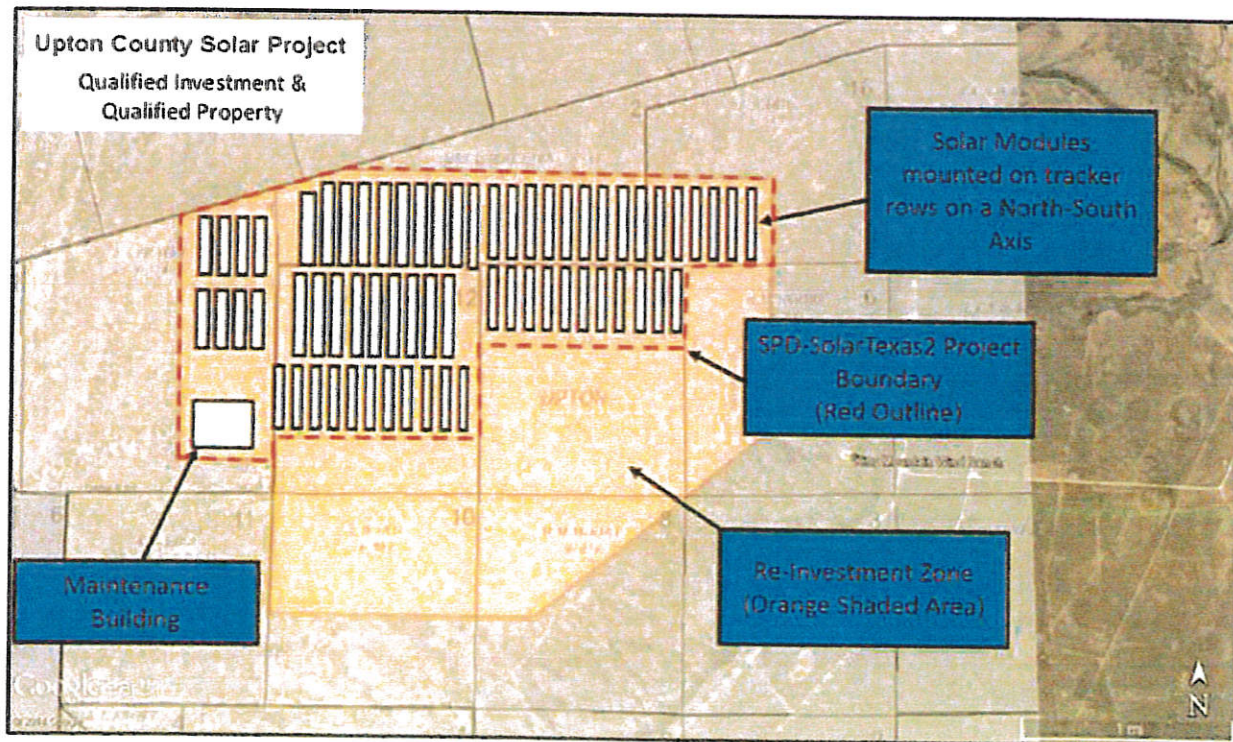
Description of Qualified Property

The Qualified Property is described below:

- Up to a 180MW solar power generating facility containing:
 - Photovoltaic (PV) Solar Panels and DC-to-AC Inverters
 - Tracker system infrastructure.
 - Collection Substation including High Voltage Transformer, Switch Gear & Transmission equipment
 - Inverter boxes on concrete or gravel pads
 - Fencing for safety and security, Video Security System
 - Telephone System and Data Systems for communication and remote monitoring
 - Maintenance trailer and office equipment
 - Meteorological equipment to measure solar irradiance & weather conditions
 - New or improved access roads and service roads.

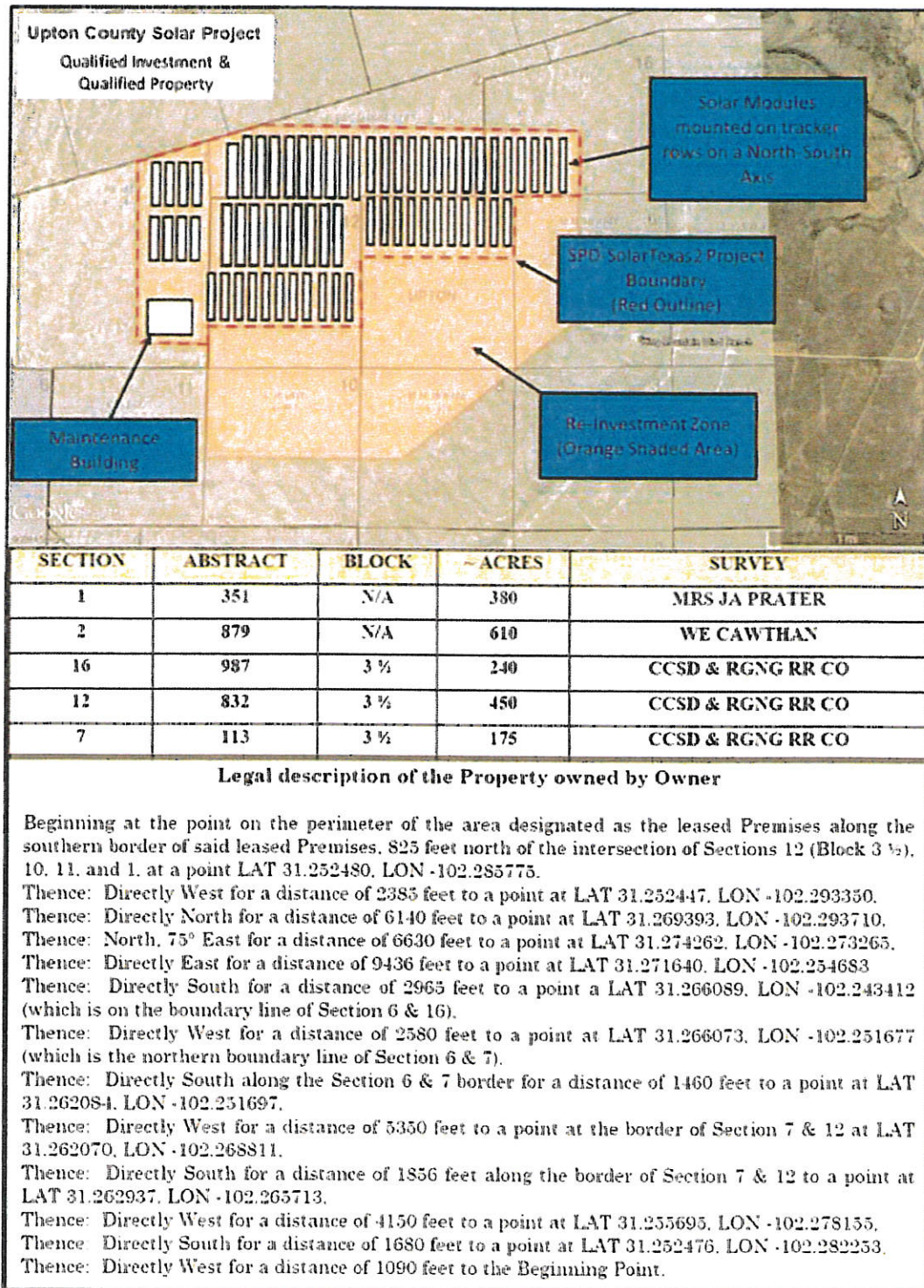
and associated ancillary equipment necessary to safely operate, maintain, and transmit power to the ERCOT grid.

Project area & panel tracker layout illustration below.



Tab 9

Description of the Land



Tab 10

Description of all Property Not Eligible to Become Qualified Property

Not applicable

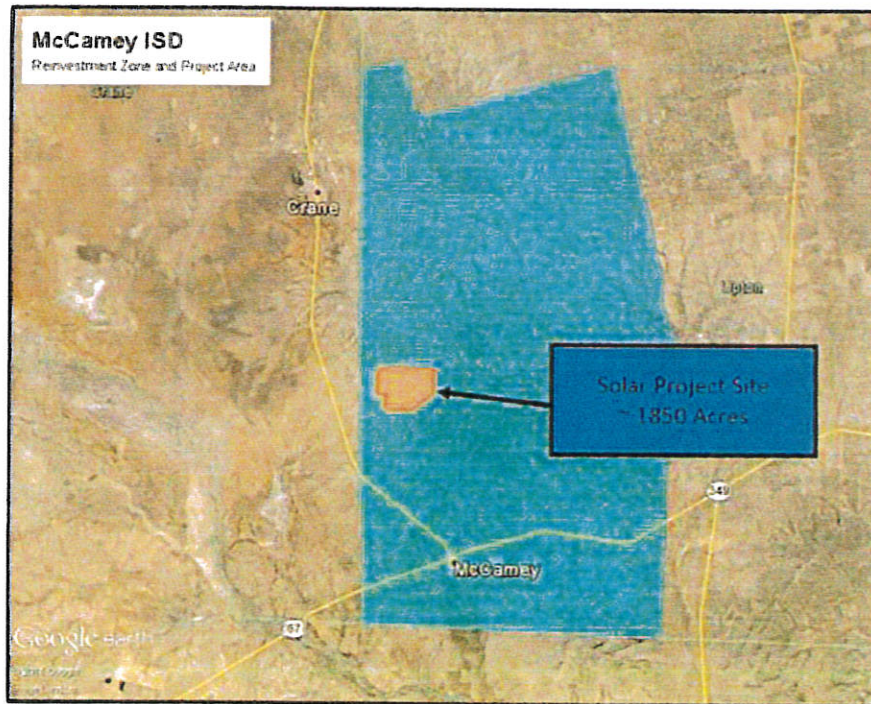
There are no buildings or improvements on the property

Tab 11

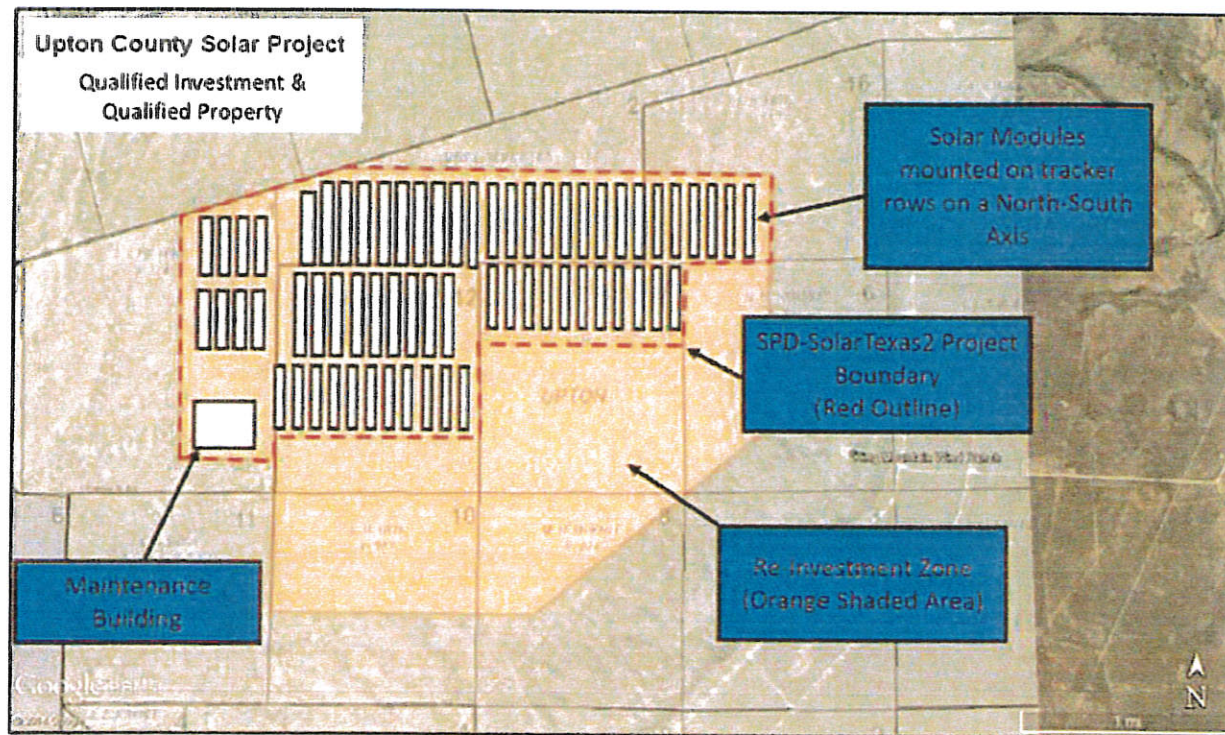
Maps that clearly show:

- a) Project vicinity (See Below)
- b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period (See Below)
- c) Qualified property including location of new buildings or new improvements (See Below)
- d) Existing property (There is no existing property on the site)
- e) Land location within vicinity map (See Below)
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size (See Below)

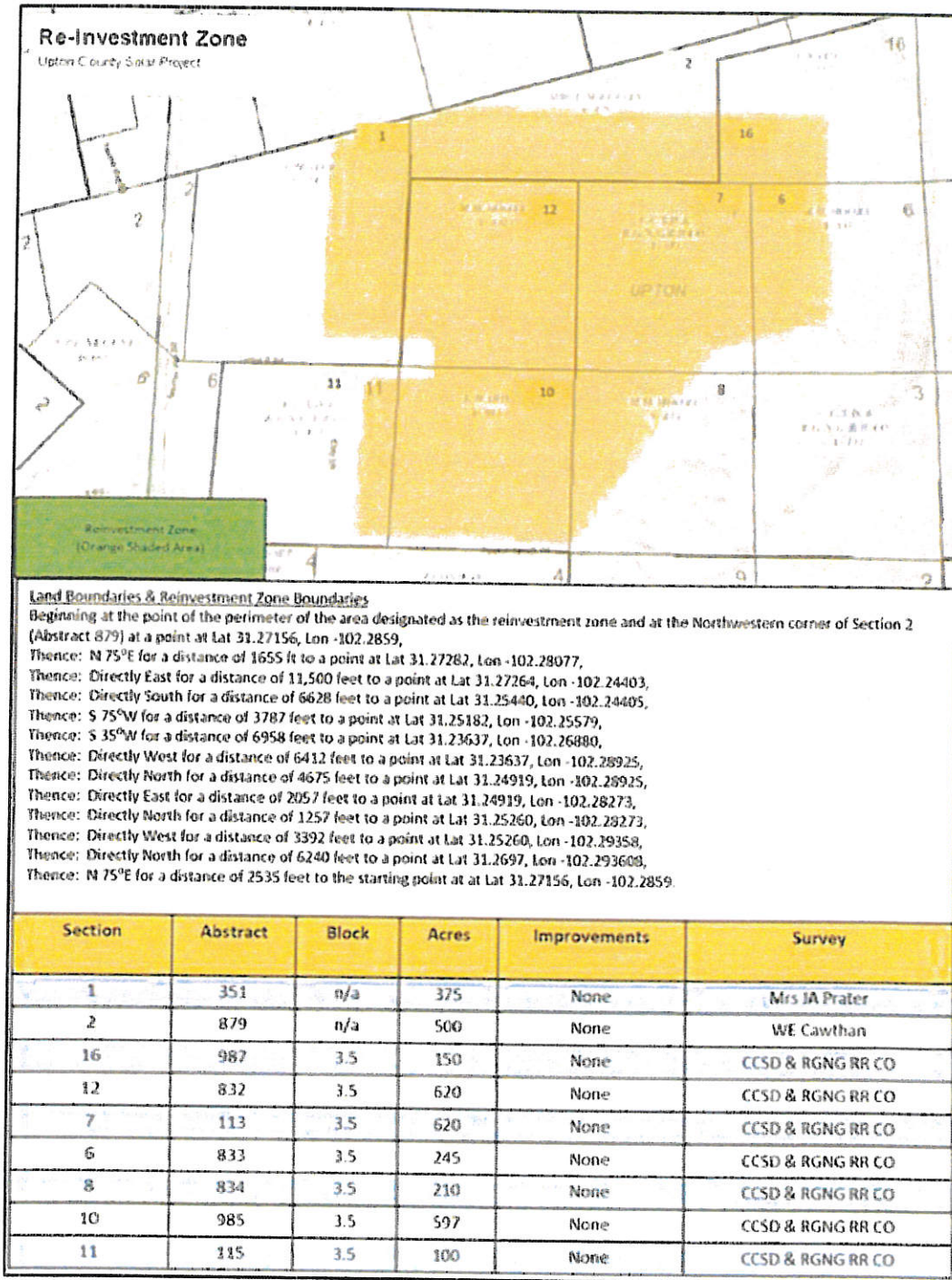
Vicinity Map: Solar Project is located 100% in Upton County and 100% in McCamey ISD



Location of the Qualified Investment & New Buildings and New Improvements (Solar Facility) shown below.



Reinvestment Zone



Tab 12

**Request for Waiver of Job Creation Requirement
and supporting information (if applicable)**

Solar Prime LLC

SPD-UptonSolar1 LLC
Robert Reichenberger
President
(303) 886-1162
robert@solar-prime.com

May 27, 2015

Ms. Jan Hunt
Superintendent
McCarney Independent School District
111 East 11th
McCarney, TX 79752

Re Chapter 313 Job Waiver Request for Solar Project

Dear Ms. Hunt:

This letter is to request a waiver of the requirement to create 10 full time jobs as part of the Appraised Value Limitation application for the SPD-UptonSolar1 LLC solar project contemplated for Southwestern Upton County, TX and inside McCarney ISD's district. House Bill 1470 altered the jobs requirement by adding Section 313.025(f-1) to permit a school district's board of trustees to make a finding that the job requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

SPD-UptonSolar1 LLC requests that the McCarney ISD Board of Trustees make such a finding and waive the job creation requirement for ten (10) permanent jobs. According to industry data and based upon the size and scope of this project, SPD UptonSolar1 expects to permanently employ two (2) highly skilled maintenance technicians for this facility. Solar projects create a large number of full-time, temporary jobs during the construction phase, but require a small number of personnel to operate the facility after commercial operation. Based upon our experience, the two permanent employees is sufficient to maintain the facility during the expected 25 year operational phase.

This waiver request is in line with industry standards for the number of jobs related to a solar generation facility of this size. This is evidenced by previously filed limitation agreement applications by solar developers who requested a waiver of the job requirements and through readily available documentation related to the development of solar generation facilities. Further, SPD-UptonSolar1 inquired with a solar industry operations and maintenance company with over 3000MW of projects under management and confirmed that 2 personnel is typical for similar projects of this size.

Respectfully,



Robert Reichenberger
SPD-UptonSolar1 LLC

Tab 13

Calculation of three possible wage requirements with TWC documentation

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Upton County	Private	00	0	10	Total, All Industries	\$1,927
2014	2nd Qtr	Upton County	Private	00	0	10	Total, All Industries	\$1,252
2014	3rd Qtr	Upton County	Private	00	0	10	Total, All Industries	\$1,280
2014	4th Qtr	Upton County	Private	00	0	10	Total, All Industries	\$1,485

Year	Period	Industry	Avg Weekly Wages
2014	1st Qtr	Total, All Industries	\$1,927.00
2014	2nd Qtr	Total, All Industries	\$1,252.00
2014	3rd Qtr	Total, All Industries	\$1,280.00
2014	4th Qtr	Total, All Industries	\$1,485.00

4 Quarter Average: \$1,486.00

x 110% 110%

Weekly Wage @ 110% of Average: **\$1,634.60**

Annual Wage @ 110% of Average: \$84,999.20

County Manufacturing Wages

No Manufacturing Wage in Upton County

**2013 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$23.73	\$49,363
<u>1. Panhandle Regional Planning Commission</u>	\$20.43	\$42,499
<u>2. South Plains Association of Governments</u>	\$16.53	\$34,380
<u>3. NORTEX Regional Planning Commission</u>	\$19.15	\$39,838
<u>4. North Central Texas Council of Governments</u>	\$25.00	\$51,997
<u>5. Ark-Tex Council of Governments</u>	\$17.45	\$36,298
<u>6. East Texas Council of Governments</u>	\$19.50	\$40,565
<u>7. West Central Texas Council of Governments</u>	\$18.64	\$38,779
<u>8. Rio Grande Council of Governments</u>	\$16.27	\$33,848
<u>9. Permian Basin Regional Planning Commission</u>	\$22.89	\$47,604
<u>10. Concho Valley Council of Governments</u>	\$17.20	\$35,777
<u>11. Heart of Texas Council of Governments</u>	\$19.44	\$40,444
<u>12. Capital Area Council of Governments</u>	\$27.31	\$56,805
<u>13. Brazos Valley Council of Governments</u>	\$17.20	\$35,770
<u>14. Deep East Texas Council of Governments</u>	\$16.48	\$34,287
<u>15. South East Texas Regional Planning Commission</u>	\$29.09	\$60,501
<u>16. Houston-Galveston Area Council</u>	\$26.13	\$54,350
<u>17. Golden Crescent Regional Planning Commission</u>	\$22.23	\$46,242
<u>18. Alamo Area Council of Governments</u>	\$18.91	\$39,329
<u>19. South Texas Development Council</u>	\$13.94	\$28,990
<u>20. Coastal Bend Council of Governments</u>	\$23.78	\$49,454
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.82	\$32,907
<u>22. Texoma Council of Governments</u>	\$20.93	\$43,529
<u>23. Central Texas Council of Governments</u>	\$17.33	\$36,042
<u>24. Middle Rio Grande Development Council</u>	\$19.07	\$39,666

Source: Texas Occupational Employment and Wages

Data published: July 2014

Data published annually, next update will be July 31, 2015

Note: Data is not supported by the Bureau of Labor Statistics (BLS)

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates

Data intended for TAC 313 purposes only

Region/WDA	Year	Hourly/Annual	Avg. Weekly Wage
Permian Basin	2013	\$22.89/\$47,604	\$915.60
Calculation (\$/Week):			$= \\$915.60 * 1.1 = \\$1,007.16$

Tab 14

Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)

Please see attached Spreadsheets

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Date **5/27/2015**
 Applicant Name **SPD Solar Texas 2 LLC**
 ISD Name **McCumby ISD**

Form 50-296A
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS						
(Estimated investment in each year. Do not put cumulative totals.)						
	Year	School Year (YYYY-YYYY)	Tax Year (fill in actual tax year shown) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or personal property that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property (SEE NOTE)
Column D	Other new investment made during this year that may become Qualified Property (SEE NOTE)					
Column E	Total Investment (Sum of Columns A+B+C+D)					
	Investment made before filing complete application with district					
	Investment made after filing complete application with district, but before final board approval of application	2015	2015	\$0	\$0	\$0
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			\$26,137,500	\$0	\$0
				\$255,112,500	\$0	\$0
	Complete tax years of qualifying time period	QTP1	2016	\$0	Qualified Investment	Qualified Investment
		QTP2	2017	\$0		
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$261,250,000	\$0	\$0
Total Qualified Investment (sum of green cells)				\$261,250,000	\$0	\$0

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Column B: Only tangible personal property that is specifically described in the application can become qualified property.

Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column E: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other Investments)

Form 99-256A
Revised May 2014

Date: 6/27/2016
Applicant Name: SFD-SolarTax2 LLC
ISD Name: McCassey ISD

PROPERTY INVESTMENT AMOUNTS											
(Estimated investment in each year. Do not put cumulative totals.)											
	Year	School Year (YYYY-YYYY)	Tax Year (FTE in actual tax year basis)	Column A		Column B	Column C	Column D	Column E		
				New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonexpendable components of buildings that will become Qualified Property	Other investment made during this year that will become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)			
Total Investment from Schedule A1*				-	TOTALS FROM SCHEDULE A1	Enter amounts from TOTAL row in Schedule A1 in the row below					
		0	2015-2016	2015	\$281,250,000						
Each year prior to start of value limitation period**		0	2015-2016	2015	\$28,137,500		\$0		\$0	\$28,137,500	
Each year prior to start of value limitation period**		0	2016-2017	2016	\$255,112,500		\$0	\$540,000	\$0	\$556,652,500	
Value limitation period***		1	2017-2018	2017	\$0		\$0	\$1,800,000	\$0	\$1,800,000	
		2	2018-2019	2018	\$0		\$0	\$1,818,000	\$0	\$1,818,000	
		3	2019-2020	2019	\$0		\$0	\$1,836,160	\$0	\$1,836,160	
		4	2020-2021	2020	\$0		\$0	\$1,854,542	\$0	\$1,854,542	
		5	2021-2022	2021	\$0		\$0	\$1,873,087	\$0	\$1,873,087	
		6	2022-2023	2022	\$0		\$0	\$1,891,818	\$0	\$1,891,818	
		7	2023-2024	2023	\$0		\$0	\$1,910,736	\$0	\$1,910,736	
		8	2024-2025	2024	\$0		\$0	\$1,929,844	\$0	\$1,929,844	
		9	2025-2026	2025	\$0		\$0	\$1,949,142	\$0	\$1,949,142	
		10	2026-2027	2026	\$0		\$0	\$1,968,633	\$0	\$1,968,633	
Total Investment made through limitation					\$281,250,000		\$0	\$18,371,803	\$0	\$300,621,803	
Continue to maintain value limitation		11	2027-2028	2027				\$1,988,320		\$1,988,320	
		12	2028-2029	2028				\$20,070,372		\$20,070,372	
		13	2029-2030	2029				\$2,028,285		\$2,028,285	
		14	2030-2031	2030				\$2,048,569		\$2,048,569	
		15	2031-2032	2031				\$2,068,054		\$2,068,054	
		16	2032-2033	2032				\$2,086,744		\$2,086,744	
		17	2033-2034	2033				\$2,110,642		\$2,110,642	
		18	2034-2035	2034				\$2,131,748		\$2,131,748	
		19	2035-2036	2035				\$2,153,065		\$2,153,065	
		20	2036-2037	2036				\$2,174,596		\$2,174,596	
Additional years for 25 year economic impact as required by 313.028(c)(1)		21	2037-2038	2037				\$2,196,342		\$2,196,342	
		22	2038-2039	2038				\$2,218,305		\$2,218,305	
		23	2039-2040	2039				\$2,240,489		\$2,240,489	
		24	2040-2041	2040				\$2,262,863		\$2,262,863	
		25	2041-2042	2041				\$2,285,522		\$2,285,522	

* All investments made through the qualifying time period are captured and included on Schedule A1 (blue box) and incorporated into this schedule in the first row.
 ** Only investment made during the start of the limitation (either the end of the qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.
 *** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.
 For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only includes subtotals of investment for "replacement" property if the property is specifically described in the application.
 Column B: The total dollar amount of planned investment each year in buildings or nonexpendable component of buildings.
 Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment including the definition of 313.02(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, remodel or upgrade existing property, or is added to existing property--described in SECTION 13, question 45 of the application.
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Date
Applicant Name
ISD Name

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)
5/27/2015
SPD-SolarTexas2 LLC
McCamey ISD

Form 50-296A
Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for ISD after all reductions	Final taxable value for M&O after all reductions
Prior Years	0	2015-2016	2015	\$0	\$0	\$0	\$0	\$0	\$0
Prior Years	0	2016-2017	2016	\$0	\$26,137,500	\$0	\$0	\$26,137,500	\$26,137,500
Value Limitation Period	1	2017-2018	2017	\$0	\$281,330,000	\$0	\$0	\$281,330,000	\$25,000,000
	2	2018-2019	2018	\$0	\$258,823,600	\$0	\$0	\$258,823,600	\$25,000,000
	3	2019-2020	2019	\$0	\$236,317,200	\$0	\$0	\$236,317,200	\$25,000,000
	4	2020-2021	2020	\$0	\$213,810,800	\$0	\$0	\$213,810,800	\$25,000,000
	5	2021-2022	2021	\$0	\$191,304,400	\$0	\$0	\$191,304,400	\$25,000,000
	6	2022-2023	2022	\$0	\$168,798,000	\$0	\$0	\$168,798,000	\$25,000,000
	7	2023-2024	2023	\$0	\$146,291,600	\$0	\$0	\$146,291,600	\$25,000,000
	8	2024-2025	2024	\$0	\$123,785,200	\$0	\$0	\$123,785,200	\$25,000,000
	9	2025-2026	2025	\$0	\$101,278,800	\$0	\$0	\$101,278,800	\$25,000,000
	10	2026-2027	2026	\$0	\$78,772,400	\$0	\$0	\$78,772,400	\$25,000,000
Continue to maintain viable presence	11	2027-2028	2027	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	12	2028-2029	2028	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	13	2029-2030	2029	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	14	2030-2031	2030	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	15	2031-2032	2031	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2032-2033	2032	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	17	2033-2034	2033	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	18	2034-2035	2034	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	19	2035-2036	2035	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	20	2036-2037	2036	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	21	2037-2038	2037	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	22	2038-2039	2038	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	23	2039-2040	2039	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	24	2040-2041	2040	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000
	25	2041-2042	2041	\$0	\$56,266,000	\$0	\$0	\$56,266,000	\$56,266,000

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
Only include market value for eligible property on this schedule.

				Construction		Non-Qualifying Jobs		Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E	
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs	
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2015-2016	2015	100 FTE Avg, 200 FTE Peak	\$37,500	0	0	0	
	0	2016-2017	2016	200 FTE Avg, 450 FTE Peak	\$37,500	0	0	0	
Value Limitation Period <i>The qualifying time period could overlap the value limitation period</i>	1	2017-2018	2017	0	\$0	0	2	\$70,485	
	2	2018-2019	2018	0	0	0	2	\$70,485	
	3	2019-2020	2019	0	0	0	2	\$70,485	
	4	2020-2021	2020	0	0	0	2	\$70,485	
	5	2021-2022	2021	0	0	0	2	\$70,485	
	6	2022-2023	2022	0	0	0	2	\$70,485	
	7	2023-2024	2023	0	0	0	2	\$70,485	
	8	2024-2025	2024	0	0	0	2	\$70,485	
	9	2025-2026	2025	0	0	0	2	\$70,485	
	10	2026-2027	2026	0	0	0	2	\$70,485	
Years Following Value Limitation Period	11 through 25	2027-2042	2026-2040	0	0	0	2	\$70,485	

Notes: See TAC 9.1051 for definition of non-qualifying jobs. Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25)

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

☐

Yes

☐

No

☐

Yes

☐

No

☐

Yes

☐

No

Schedule D: Other Incentives (Estimated)

Date: 5/27/2015
 Applicant Name: SPD-SolarTexas2 LLC
 ISD Name: McCamey ISD

Form 50-296A
 Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Upton County	2016	2016-2025	\$722,174	\$72,217.41	\$649,957
	City:	n/a				
	Other: McCamey Hospital District	2016	2016-2025	\$1,397,085	\$139,708.48	\$1,257,376
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$2,119,259	\$211,926	\$1,907,333

Additional information on incentives for this project:

Tab 15

**Economic Impact Analysis, other payments made in the state or other economic information
(if applicable)**

SPD-SolarTexas2 LLC did not conduct an Economic Impact Analysis

Not applicable

Tab 16

Description of Reinvestment or Enterprise Zone, including:

- a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office
- b) legal description of reinvestment zone*
- c) order, resolution or ordinance establishing the reinvestment zone*
- d) guidelines and criteria for creating the zone*

** To be submitted with application or before date of final application approval by school board*

Resolution Creating Reinvestment Zone

AN ORDER OF THE COMMISSIONERS COURT OF UPTON COUNTY, TEXAS, DESIGNATING CERTAIN REAL PROPERTY WITHIN UPTON COUNTY AS A REINVESTMENT ZONE UNDER CHAPTER 312 OF THE TEXAS TAX CODE

WHEREAS in conformity with Chapter 312 of the Texas Tax Code and Upton County, Texas' Tax Abatement Guidelines and Criteria which were adopted on January 26, 2015 (hereinafter "the Guidelines"), the Commissioners Court of Upton County conducted a public hearing at 9:00 a.m. on February 23, 2015, regarding the designation of the real property within Upton County identified in Exhibit A attached (hereinafter "the Property") as a reinvestment zone under the said chapter at the request of SPD-Solar Texas2 LLC" (hereinafter "Applicant"); and

WHEREAS Applicant has filed an application with the Commissioners Court of Upton County, Texas proposing certain improvements (hereinafter the "Improvements") to be located on the Property and requesting abatement of property taxes with respect to such improvements; and

WHEREAS Chapter 312 and the Guidelines require that certain findings of fact be entered in order to designate a reinvestment zone.

NOW, THEREFORE, the Commissioners Court of Upton County, Texas finds as follows with regard to the Property:

- a) That the Applicant has met his burden and demonstrated to this body that the designation of the Property as a reinvestment zone is reasonable likely to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the Property and that would contribute to the economic development of Upton County; and
- b) That the Improvements sought are feasible and practical; and
- c) That the Improvements sought will be a benefit to the Property and to Upton County after the expiration of an agreement entered into under V.T.C.A. Tax Code, Section 312.204; and


- d) That, not later than the seventh day before the date of said hearing, notice of the hearing was (1) published in the McCamey News, a newspaper having a general circulation in Upton County, Texas, and (2) delivered in writing to the presiding officers of the McCamey Independent School District, McCamey Hospital District, Upton County ESD #2, and Upton County Water District, said taxing entities being the only other taxing units that includes the Property in its boundaries; and
- e) That notice of said public hearing and the meeting at which this order was adopted was open to the public and was preceded by proper notice as required by Chapter 551 of the Texas Government Code (the Open Meetings Act); and
- f) That the Property is not in the taxing jurisdiction of any municipality.

WHEREAS the Commissioners Court of Upton County has made the findings of fact Necessary to designate the Property as a reinvestment zone; and

WHEREAS the Commissioners Court of Upton County believes such designation to be advantageous to the inhabitants of Upton County;

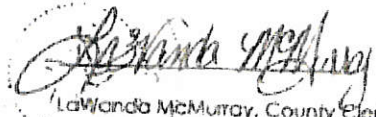
It is therefore ORDERED by the Commissioners Court of Upton County that the Property identified above within Upton County is hereby designated as a reinvestment zone under Chapter 312 of the Texas Tax Code and, in accordance with TEXAS TAX CODE 312.213 such designation shall be effective for a period of twenty five 25 years from the date of this order and may be renewed as provided by applicable law.

PASSED AND APPROVED on this the 24th day of February 2015



Bill Eyler, County Judge
Upton County, Texas

I, the undersigned, LaWanda McMurray, County Clerk of Upton County, Texas, do hereby certify that the above is a true and correct copy of a resolution duly adopted by the County of Upton, at a regular meeting duly convened on January 24, 2015.


LaWanda McMurray, County Clerk

January 24, 2015
Date

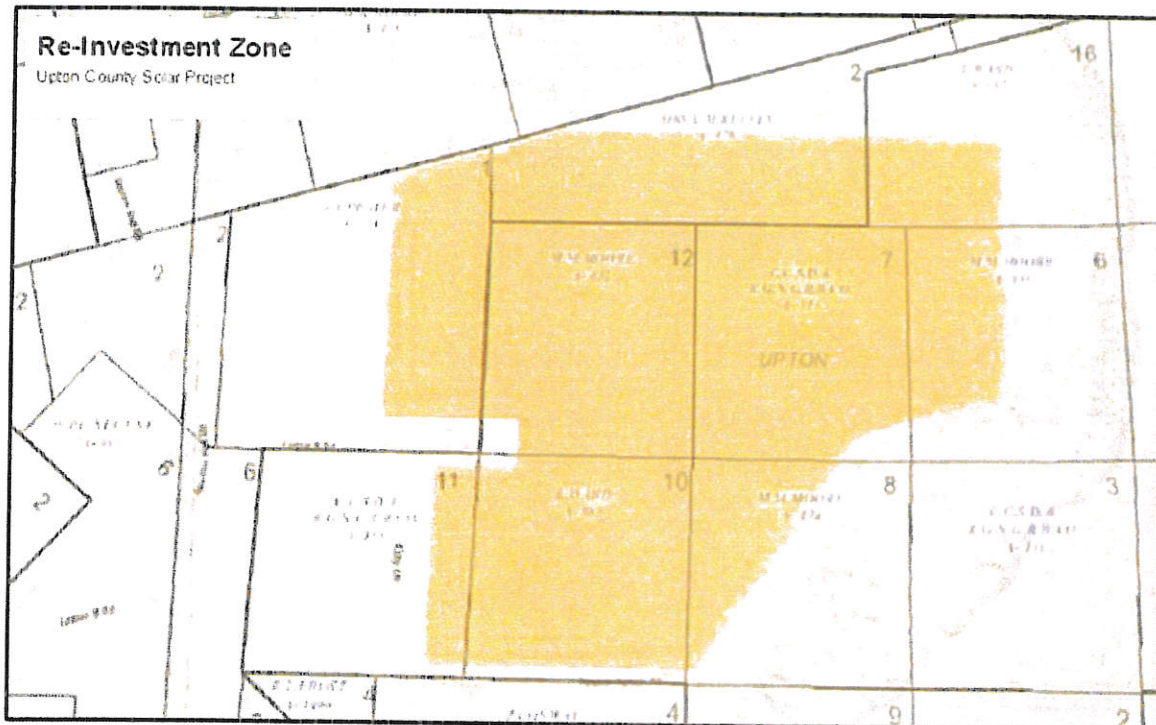
EXHIBIT "A"

LEGAL DESCRIPTION

Land Boundaries & Reinvestment Zone Boundaries, Located totally in Upton County, Texas.

Beginning at the point of the perimeter of the area designated as the reinvestment zone and at the Northwestern corner of Section 2 (Abstract 879) at a point at Lat 31.27156, Lon -102.2859,
Thence: N 75°E for a distance of 1655 feet to a point at Lat 31.27282, Lon -102.28077,
Thence: Directly East for a distance of 11,500 feet to a point at Lat 31.27264, Lon -102.24403,
Thence: Directly South for a distance of 6628 feet to a point at Lat 31.25440, Lon -102.24405,
Thence: S 75°W for a distance of 3787 feet to a point at Lat 31.25182, Lon -102.25579,
Thence: S 35°W for a distance of 6958 feet to a point at Lat 31.23637, Lon -102.26880,
Thence: Directly West for a distance of 6412 feet to a point at Lat 31.23637, Lon -102.28925,
Thence: Directly North for a distance of 4675 feet to a point at Lat 31.24919, Lon -102.28925,
Thence: Directly East for a distance of 2057 feet to a point at Lat 31.24919, Lon -102.28273,
Thence: Directly North for a distance of 1257 feet to a point at Lat 31.25260, Lon -102.28273,
Thence: Directly West for a distance of 3392 feet to a point at Lat 31.25260, Lon -102.29358,
Thence: Directly North for a distance of 6240 feet to a point at Lat 31.2697, Lon -102.293608,
Thence: N 75°E for a distance of 2535 feet to the starting point at Lat 31.27156, Lon -102.2859.

Re-Investment Zone Image



Tab 17

Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

Application for Appraised Value Limitation on Qualified Property

SECTION 16. Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here: **Janet Hunt** Title: **Superintendent**
Print Name (Authorized School District Representative)

sign here: **Janet Hunt** Date: **June 9, 2015**
Signature (Authorized School District Representative)

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here: **Robert Reichenberger** Principal
Print Name (Authorized Company Representative (Applicant))

sign here: **Robert Reichenberger** Date: **June 5, 2015**
Signature (Authorized Company Representative (Applicant))

TYSON PEYTON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20144020971
MY COMMISSION EXPIRES 06/07/2019

Notary Seal

GIVEN under my hand and seal of office this, the **5th** day of **June**, 2015.

Tyson Peyton
Notary Public is and for the State of Texas.

My Commission expires **06/07/2019**

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

www.texasattorneygeneral.gov/programs/assessor/SPD

Findings and Order of the McCamey Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT B
Franchise Account Status of
SPD-Solar Texas2, LLC



Franchise Tax Account Status

As of: 08/24/2015 10:33:08 AM

This Page is Not Sufficient for Filings with the Secretary of State

SPD-SOLARTEXAS2 LLC

Texas Taxpayer Number 32055793296
Mailing Address 777 S HIGH ST
DENVER, CO 80209-4528
Right to Transact Business ACTIVE
in Texas
State of Formation DE
Effective SOS Registration 12/01/2014
Date
Texas SOS File Number 0802108745
Registered Agent Name JEREMY SANDERS
Registered Office Street TWO RIVERWAY SUITE 1500
Address HOUSTON, TX 77056

Findings and Order of the McCamey Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT C
Comptroller Letter of June 24, 2015
Certifying Application as Complete



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 24, 2015

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

Dear Superintendent Hunt:

On June 08, 2015, the Comptroller's office received from McCamey Independent School District (McCamey ISD) an application from SPD-Solar Texas2, LLC for a limitation on appraised value (App #1073).

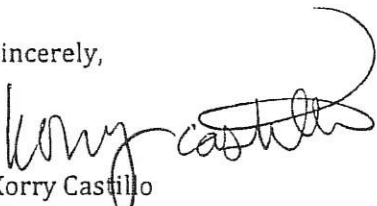
The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on June 24, 2015.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the ISD and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact John Villarreal with our office. He can be reached by email at john.villarreal@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-5241, or direct in Austin at 512-463-5241.

Sincerely,



Korry Castillo
Director

Data Analysis & Transparency Division

cc: Sara Leon, Powell and Leon, LLP

Robert Reichenberger, SPD-Solar Texas2, LLC
Michael Fry, KE Andrews

Findings and Order of the McCamey Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT D
Comptroller's Economic Impact Analysis



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).

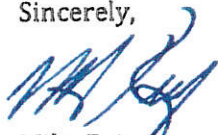
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 Reising
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).

	Employment			Personal Income		
		Indirect +			Indirect +	
Year	Direct	Induced	Total	Direct	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		McCarney ISD I&S Tax Levy	McCarney ISD M&O Tax Levy	McCarney ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCarney Hospital Dist. Tax Levy	Upton County Water District Tax Levy	Upton County ESD #1 Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	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.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		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
			Tax Rate ¹	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	\$1,046	\$2,980	\$275,855
2017	\$281,330,000	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$11,253	\$32,072	\$303,325
2018	\$258,823,600	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$10,353	\$29,506	\$299,859
2019	\$236,317,200	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$9,453	\$26,940	\$296,393
2020	\$213,810,800	\$25,000,000		\$0	\$260,000	\$260,000	\$0	\$0	\$8,552	\$24,374	\$292,927
2021	\$191,304,400	\$25,000,000		\$0	\$260,000	\$260,000	\$43,483	\$0	\$7,652	\$21,809	\$332,944
2022	\$168,798,000	\$25,000,000		\$0	\$260,000	\$260,000	\$38,368	\$0	\$6,752	\$19,243	\$324,363
2023	\$146,291,600	\$25,000,000		\$0	\$260,000	\$260,000	\$33,252	\$0	\$5,852	\$16,677	\$315,781
2024	\$123,785,200	\$25,000,000		\$0	\$260,000	\$260,000	\$28,136	\$0	\$4,951	\$14,112	\$307,199
2025	\$101,278,800	\$25,000,000		\$0	\$260,000	\$260,000	\$23,021	\$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	\$3,371,094	\$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

Application for Appraised Value Limitation on Qualified Property

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(a) 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

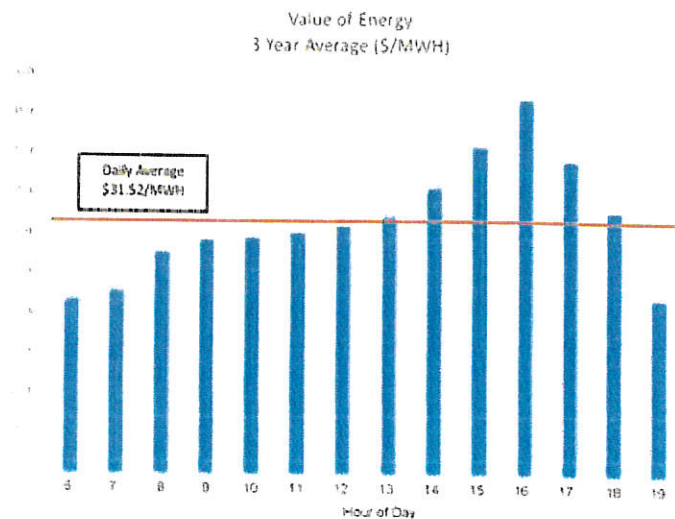
The applicant's parent company for this project is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics. The applicant is actively developing other projects in Arizona, Colorado, New Mexico, Missouri, and Minnesota. All 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.

Applicant is competing with other solar developers that are developing large solar projects in other states and are also seeking long-term financing from this same small pool of institutional investors as applicant. These institutions have investment hurdle rates, and generally require investment returns of at least 6.5%. At the same time, applicant's solar project is viable only if it is able to sell electricity at competitive prices within the Texas market, which has low electricity rates when compared with most other states. These dual constraints of investor return requirements and the need to offer competitively-priced electricity means that applicant's solar project (and other solar projects within Texas) are viable only if coupled with tax abatements or other form(s) of support or relief. Specifically, without the value limitation sought by applicant, the project return on investment (ROI) of 5.95% is well below investor requirements of at least 6.5% ROI (see table below), making it unattractive to institutional investors and also inferior to the applicant's other projects outside of Texas as shown in table. Without the value limitation, the solar projects outside of Texas, located in Colorado & New Mexico, would receive the constrained investment capital. With the value limitation approved, applicant's Texas project ROI is near the hurdle required in order to secure capital investment.

Projects Competing for Investment Capital	Texas Project		Outside Texas, Competing Projects		
	Upton County TX	Upton County TX	Pueblo, CO	Deming, NM	Alamosa, CO
Property Tax Abatement/Value Limitation	No	Yes	Yes	Yes	Yes
ROI: Project IRR (to Investor)	5.95%	6.45%	6.78%	6.68%	6.55%

Other solar companies are also seeking value limitation. As noted by one applicant in a publically available application: ***"Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract."***

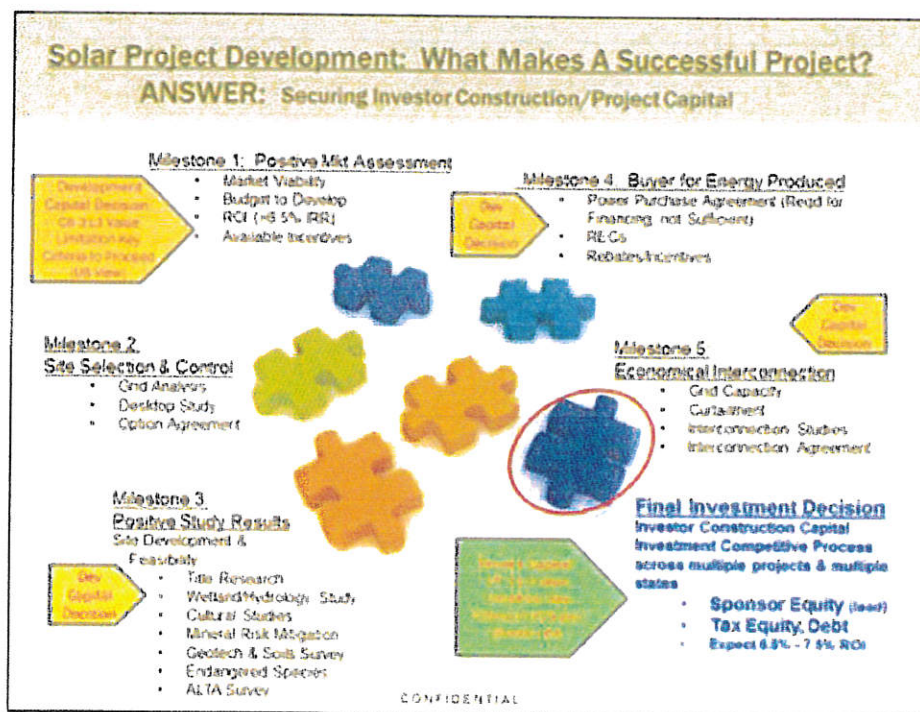
This is supported by the information in the chart to right showing value of energy in West Texas from publically available ERCOT data. Without the value limitation, either 1)solar companies would have to



charge well above the 3 year average of \$31.52 per MWH, making the PPA undesirable for a potential PPA counterparty or 2) if the solar project matches the competitive energy price in the PPA, the project margins (ROI) would be so low that the project would never receive financing and the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher.

Solar Project Development Process

The applicant has provided an explanation of its Solar Project Development process below in an effort to further elaborate on the elements that are necessary to secure development and investment capital necessary to bring a project to Texas. In order to invest in and make the decision to construct a Texas solar project, several milestones must be met to advance the project to a point where it will be considered by an investor of project/construction capital. The applicant, as the project developer, works closely with investors to ensure there is a clear understanding of their financial and other project related requirements. The applicant then adopts these requirements in making development capital decisions, which fund the work in achieving the project related milestones shown in the image below. The achievement of an individual milestone, absent the other milestones, is not sufficient in order to secure investment capital as a fatal flaw may exist in one of the other milestone categories. As an example, even with a "Buyer for the Energy" (milestone 4 in the image below), the project cannot obtain investment capital because the project investor must also be certain that the market is viable (milestone 1), that the land site is controlled (milestone 2), that there are not endangered species, geotech, mineral title, etc related fatal flaws from milestone 3, and that the project can even be interconnected to the grid successfully (milestone 5).



Public Statements

The applicant has been working with other taxing entities with jurisdiction over this project in order to obtain property tax abatements. As part of these discussions, the applicant provided a letter to Upton County (see letter to right), in which it relayed the encouraging news to the County that applicant was nearing agreement to sell all the electricity from the contemplated project to a would-be buyer, who was also in discussion with one other solar developer competing with applicant. As dictated by the low price of electricity in Texas, any solar power purchase agreement (PPA) with the buyer would need to be at low rates. And, regardless of which of the two competing solar developers was awarded the PPA by buyer, an actual solar facility would only become a reality if the "winning" developer could also succeed in attracting investment capital from the limited pool of institutions that are simultaneously considering investments in solar projects being development across the country. In other words, entering a PPA with a buyer was a necessary step in the development process, but was a not sufficient condition to a project becoming reality in Texas. The applicant's Texas project must still achieve several other development milestones in order to be viable to an investor.

February 1, 2015

Judge Bill Eyles
Upton County Judge
P.O. Box 482
Rachin, TX 79778

Dear Judge Eyles

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 requests 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 Commission 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 maps in Attachment 1
- 2) Approval of Property Tax Abatement: 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 Abatement 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

By way of further background and support of this application please also see:

- Attachment 1 -- a letter from highly regarded representative of solar, addressing investment expectations and discussing applicant's multi-state portfolio of projects currently in development
- Attachment 2 --- map showing locations of other projects under development by applicant

Attachment 1

Letter from highly regarded representative of solar, addressing investment expectations and discussing applicant's multi-state portfolio of projects currently in development

 BRIGHT PLAIN RENEWABLE ENERGY

William Lee
President

CONFIDENTIAL

June 1, 2015

Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, TX 78711

My name is William Lee, Co-Founder and President of Bright Plain Renewable Energy LLC ("Bright Plain"), based in San Francisco, CA. Bright Plain, in partnership with D.E. Shaw Renewable Investments, invests in, builds, owns and operates solar projects in North America. Our portfolio includes contracted renewable energy projects in California, Hawaii, Arizona, Nevada, Massachusetts, Pennsylvania, Indiana, and Rhode Island. In the solar industry, I have successfully closed over \$1 billion of solar project financings across the United States, Canada, Italy and Spain.

I work closely with Solar Prime LLC on multiple projects across the United States. Specifically, we are presently evaluating for investment multiple Solar Prime projects in Colorado, New Mexico, and Texas, including the Upton County/McCammy ESD project. When considering a project for investment, we consider several economic and risk factors including, but not limited to, project IRR, cash flow, PPA off-take counterparty and term, development and construction costs, execution risk related to project characteristics and interconnection, and other costs, including property tax, sales tax, and ongoing operational costs.

At BPRE, we typically require project returns of 6.5 - 7.5% unlevered IRRs. With Texas, as with other states in which we do business, obtaining property tax abatements (aka value limitations) is critical in achieving the investment returns necessary to justify investment in the project. Given the competitive Texas energy market and the achievable solar PPA rates, the property tax value limitation is essential in enabling the economics required to locate the project in Texas. Our analysis shows that without the value limitation, the project economic returns become untenable. Therefore, securing the value limitation is a key determining factor in our decision to invest in Solar Prime's projects within Texas vs. other projects outside of Texas.

If you should have any questions, please do not hesitate to contact me.

Sincerely,

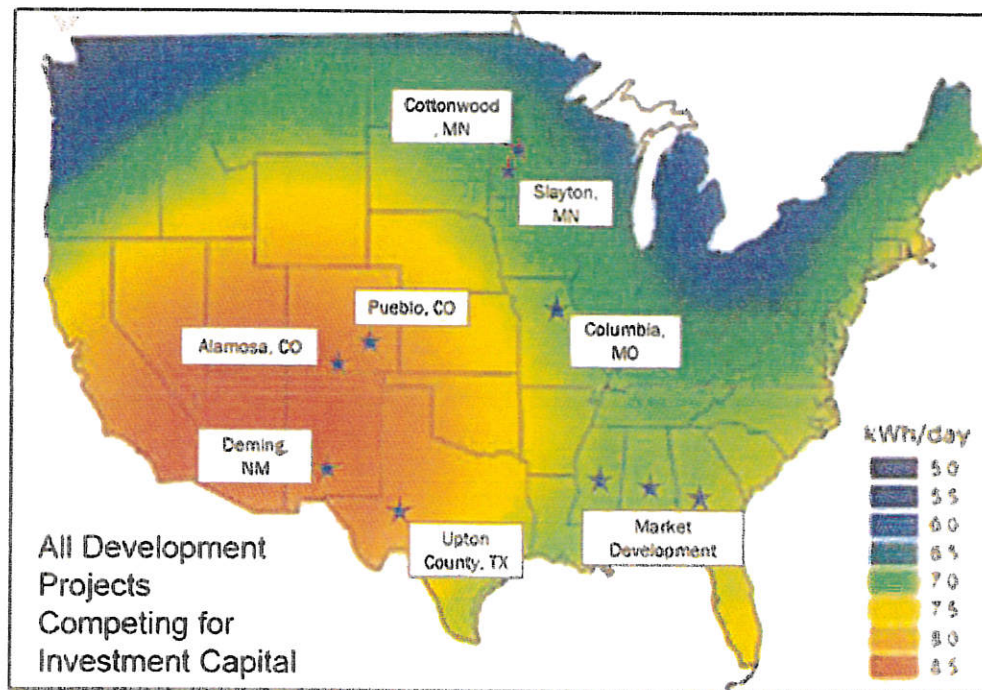


William Lee
415 403 6742

Attachment 2:

Applicant's Other Projects Outside of Texas Competing for Investment

The Applicant has multiple other projects outside of Texas (see image below for our other projects) that are competing for development and project capital investment. The value limitation is essential to improving the project economics to a point that we can consider bringing this project to Texas. Solar projects and their associated components are modular and can be deployed anywhere in the USA or the world that provides acceptable return on investment.



Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Solar Prime LLC
Robert Raichenberger
(303) 886-1162
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 Raichenberger
Solar Prime LLC
SPD-SolarTexas2 LLC Project Company
Principal



VAL 0025 PG 951
UPTON COUNTY, TX

Findings and Order of the McCamey Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT E
Summary of Financial Impact on McCamey ISD
Jigsaw School Finance Solutions LLC

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
SPD-SOLAR TEXAS2 LLC PROJECT (APP # 1073) ON
THE FINANCES OF MCCAMEY ISD UNDER A REQUESTED
CHAPTER 313 APPRAISED VALUE LIMITATION

PREPARED BY
JIGSAW SCHOOL FINANCE SOLUTIONS, LLC
JULY 30, 2015

Introduction

SPD-SolarTexas2, LLC has submitted an application to the McCamey ISD Board of Trustees for a property value limitation on a proposed project under Chapter 313 of the Tax Code. The McCamey ISD Board of Trustees accepted the application on June 8, 2015. The application is for a manufacturing project as authorized by Sec. 313.024 (b) of the Tax Code.

This project is consistent with the state's goal for economic development, the expanded intent of House Bill 1200 as originally passed by the Texas Legislature in 2001 and amended thereafter, and with Chapter 313 of the Texas Tax Code.

SPD-SolarTexas2 is proposing to invest in McCamey ISD for a solar power generating facility. Under the provisions of Chapter 313, MISD may offer a minimum value limitation of \$25 million. Under Sec. 313.027, the application must provide that the limitation under Subsection (a) applies for a period of 10 years; and (2) specify the beginning date of the limitation, which must be January 1 of the first tax year that begins after: (A) the application date; (B) the qualifying time period; or (C) the date commercial operations begin at the site of the project. SPD-SolarTexas2, LLC proposed October 1, 2016 as the commencement of commercial operations, a January 1, 2015 beginning of qualifying time period, and a January 2017 beginning date of the limitation. For the purpose of this review, the limitation would extend from 2017-18 through 2026-27 (years 1-10). Beginning with the 2017-18 school year, the project would go on the local tax roll at \$25 million and remain at that level of taxable value for ten years for maintenance and operations (M&O) taxes.

School Finance Background

McCamey ISD intends to offer a value limitation for this project of \$25 million effective school year 2017-18 through 2026-27. As a result, the project will impact the local tax roll of the school district at that same amount for M&O taxes only. Taxes for debt service, voter approved projects financed by the sale of bonds, will be at the full taxable value. Although McCamey ISD does not currently have any I&S taxes, McCamey ISD has voter authorization to issue \$26.5 million in bonds and I&S taxes for any future projects will be assessed against the full taxable value. Depreciation will reduce the taxable value of the project over time at an estimated annual rate of about 8.0 - 28.6% in accordance with schedule B of the application.

While taxes are collected by the district on the current year county appraisal district (CAD) value, the state funding formulas use the comptroller's property tax division (CPTD) value for the purpose of calculating the district's required local shares within the funding tiers of that formula. The CPTD is a reflection of last year's CAD value; therefore, it lags behind the CAD value in all years. As a result, state and local revenues are generated by two different values in any given year.

With the passage of House Bill 1 in the 2006 special legislative session, the school finance system in Texas moved from one that was formula driven with a maximum M&O tax rate of \$1.50 to one that was, and continues to be, target revenue driven at a maximum tax rate of generally \$1.04, voter approval for a higher tax rate up to \$1.17 notwithstanding. This means

that most districts now receive additional state aid for tax reduction (ASATR) to offset the loss in state and local funds at the new maximum \$1.04 M&O tax cap vs. what was previously generated at the \$1.50 maximum M&O tax cap. The stated goal is for ASATR revenue to be completely eliminated by school year 2017-18 and this was not remedied in the 84th legislative session.

With the passage of Senate Bill 1 in the 2011 special legislative session, funding reductions to the school finance system in Texas amounted to \$4 billion for the biennium or \$2 billion each year of the biennium. To accomplish these reductions, schools' regular program allotments are reduced by 7.61% in school year 2011-12 while those same calculated allotments are reduced by 2% in school year 2012-13 in addition to the ASATR funding also being reduced by 7.65%. As of the 2013 legislative session, approximately \$3.4 billion of those cuts were restored.

The passage of House Bill 1 in the 84th legislative session added approximately \$4.86 billion in new funding for public education for enrollment growth, Basic Allotment/Tier 1 Equalized Wealth Level increases, a fractional funding fix, Instructional Facilities, New Instructional Facilities, and an increase in the Austin Yield. Senate Bill 1, passed in the 2015 legislative session, increases the mandatory homestead residence exemption from \$15,000 to \$25,000. Assuming voters approve the constitutional amendment in November 2015, districts will see an increase in state funding or a decline in recapture due to the increased exemption. For the instances when that doesn't provide the district with the same amount of funding, SB 1 provides a hold harmless for both M&O and I&S funding through the calculation of a district's Additional State Aid for Homestead Exemption (ASAHE). TEA has not provided the rules for this provision, so it is not included in this review.

Lastly, the Texas Supreme Court will hear the school finance in fall 2015. The outcome of this case and future legislative sessions will determine the course of school finance after school year 2015-16 and beyond.

Underlying Assumptions

The drivers of the funding mechanisms for Texas school districts are the current year property values, known as the County Appraisal District (CAD values), the prior year property values [after review by the Texas State Comptroller become the "comptroller's property tax division" (CPTD) values (used for next year funding)] and Average Daily Attendance (ADA of current funding year).

In calculating district's state and local tax revenue for any year the current year CAD values, current year ADA and prior year CPTD is used. For the purposes of these calculations, the starting point is to determine the projected CAD value for the 2015-16 school year. The District's 2015 local CAD certified value is \$1,042,247,087.

An ADA of 494.13 has been used as the basis of these calculations. SPD-SolarTexas2, LLC commits to 3 qualifying new jobs, which is not expected to impact enrollment.

For the Chapter 313 projects, 15 years of data must be calculated. In order to provide calculations extended 15 years into the future and to isolate the impact of the proposed project by ETC Texas Pipeline, LTD, certain constants and assumptions are used.

1. The estimates presented below are based upon the school funding system and formulas as defined by House Bill 1 passed in 2015. This school funding system and formulas were used for the duration of the project; although, no guarantee exists that this system or these formulas will remain in effect after the 2016-17 school year.
2. The ADA funding driver used is 494.13 and is held constant for the duration of the agreement.
3. The general approach used here is to maintain relatively static base property values. The certified freeze adjusted CAD taxable value as furnished by Upton County Appraisal District for school year 2015-16 as released on or about July 25, 2015 was used as the base value to which the estimated project values for each year as set forth in schedule B of the application were added. These projected CAD values were then used for the CPTD values in each of the following years based on the lag between these two values as heretofore explained.
4. Tax collections each year were based on the district's 2014-15 adopted M&O rate of \$1.04. The focus of this review is the impact on M&O funding of the district. The district has no outstanding bond debt as the 2014-15 school year, therefore no I&S tax rate was used for the duration of the review and an assumed collection rate of 100 percent each year.

The enrollment and property value assumptions are summarized in Table 1.

Table 1 – Data Assumptions for McCamey ISD and SPD-SolarTexas2, LLC. – This table illustrates by year the tax rates, CAD Values with the Limitation in place, CAD Values for full taxable value for I&S purposes and the respective move to the next year of those value to the CPTD value. This respective data is then used as the basis for calculations in Tables 2 - 4.

Tables 2 - 4 – M&O Revenue Without the Limitation and With the Limitation – The first set of calculations (Table 2) uses the data to calculate the baseline revenue by adding the value of the proposed facility to the model, but without assuming that the value limitation is approved. The second set of the calculations (Table 3) show the M&O taxes and state revenue with the limitation in place. The ending result after the basic calculations are performed is to illustrate the difference between the two sets of calculations since this will be the basis for the Revenue Protection under the agreement (Table 4).

Financial Impact on the District

A summary of the differences in Table 2 and Table 3 are summarized in Table 4. A loss in total state and local M&O revenue to the district is noted in year one resulting from the

agreement due to the inverted value lag between the CPTD and CAD values during the first year of the value limitation. Gains are noted in years 2-11. The slightly larger gain noted in year 11 is due primarily to another value lag between the CPTD and CAD values, the inverse of that observed in year 1. School districts that receive ASATR funding may not require as large of a company revenue loss payments as those districts that are formula driven. As ASATR is reduced, more districts will be formula driven and the revenue losses may be greater than estimated in this report of initial revenue-loss. This analysis assumes the aforementioned elimination of ASATR funding at the end of school year 2016-17.

M&O Impact on Taxpayer (ETC Texas Pipeline, LTD)

In tax year 2017, the tax value limitation applies, but only to the M&O portion of the M&O taxes collected at the assumed rate of \$1.04 per \$100 of taxable value.

Under these provisions, SPD-SolarTexas2, LLC has the potential savings in M&O taxes of \$16,125,325. (This does not include school revenue loss or any other supplemental payments permitted by law). SPD-SolarTexas2, LLC is not eligible for a tax credit(s) on taxes paid on value in excess of the value limitation in the years prior to the value limitation becoming effective. House Bill (HB) 3390 as passed by the 83rd Texas Legislature repealed the provision for tax credits. Correspondingly the provision for the school district to make such payments to SPD-SolarTexas2, LLC and the reimbursement by the state for such tax credit payments has been eliminated. Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. **It is important to note that future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report. In addition, if the full value of the project increases significantly during the value limitation period, the school revenue losses may be greater than estimated at this time.**

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, however as mentioned earlier, MISD currently is levying a \$0.0 I&S rate with no outstanding bond debt, but voters recently approved a \$26.5 million bond referendum. The value of the SPD-SolarTexas2, LLC project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth per WADA to \$1.5 million in the peak year of I&S taxable project value. Even with depreciation in project values in future years, local taxpayers should benefit from the addition of the project to the local tax roll.

The SPD-SolarTexas2, LLC project is not expected to affect MISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but it is not certain that this project will have an impact on a stand-alone basis.

Conclusion

While some uncertainty exists concerning school finance legislation and litigation over the future of this project, the following points appear to currently apply to the SPD-SolarTexas2, LLC project and the MISD. The proposed project enhances the tax base of MISD and it reflects continued capital investment and job creation in keeping with the goals of Chapter 313 of the Tax Code. Under the assumptions outlined above, the potential tax savings for SPD-SolarTexas2, LLC under a Chapter 313 agreement could reach an estimated \$16.1 million. This amount is prior to any anticipated revenue losses, and prior to any supplemental payments to MISD as permitted by law. The additional taxable value also enhances the tax base of MISD in meeting possible future debt service obligations without creating an overall financial loss for the district with regard to M&O earnings over the term of the project provided SPD-SolarTexas2, LLC contractually agrees to offset the loss that is indicated in the Table 5.

Table 1- Base District Information with SPD-SolarTexas2 Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2015-16	494.13	905.97	\$1.0400	\$0.0000	\$1,042,247.087	\$1,042,247.087	\$1,269,408.464	\$1,269,408.464	\$1,401,153	\$1,401,153
Pre-Year 1	2016-17	494.13	905.97	\$1.0400	\$0.0000	\$1,068,384.587	\$1,068,384.587	\$1,042,247.087	\$1,042,247.087	\$1,150,416	\$1,150,416
1	2017-18	494.13	905.97	\$1.0400	\$0.0000	\$1,323,577.087	\$1,067,247.087	\$1,068,384.587	\$1,068,384.587	\$1,179,266	\$1,179,266
2	2018-19	494.13	905.97	\$1.0400	\$0.0000	\$1,301,070.687	\$1,067,247.087	\$1,323,577.087	\$1,067,247.087	\$1,460,944	\$1,178,011
3	2019-20	494.13	905.97	\$1.0400	\$0.0000	\$1,278,564.287	\$1,067,247.087	\$1,301,070.687	\$1,067,247.087	\$1,436,102	\$1,178,011
4	2020-21	494.13	905.97	\$1.0400	\$0.0000	\$1,256,057.887	\$1,067,247.087	\$1,278,564.287	\$1,067,247.087	\$1,411,259	\$1,178,011
5	2021-22	494.13	905.97	\$1.0400	\$0.0000	\$1,233,551.487	\$1,067,247.087	\$1,256,057.887	\$1,067,247.087	\$1,386,417	\$1,178,011
6	2022-23	494.13	905.97	\$1.0400	\$0.0000	\$1,211,045.087	\$1,067,247.087	\$1,233,551.487	\$1,067,247.087	\$1,361,575	\$1,178,011
7	2023-24	494.13	905.97	\$1.0400	\$0.0000	\$1,188,538.687	\$1,067,247.087	\$1,211,045.087	\$1,067,247.087	\$1,336,733	\$1,178,011
8	2024-25	494.13	905.97	\$1.0400	\$0.0000	\$1,166,032.287	\$1,067,247.087	\$1,188,538.687	\$1,067,247.087	\$1,311,891	\$1,178,011
9	2025-26	494.13	905.97	\$1.0400	\$0.0000	\$1,143,525.887	\$1,067,247.087	\$1,166,032.287	\$1,067,247.087	\$1,287,048	\$1,178,011
10	2026-27	494.13	905.97	\$1.0400	\$0.0000	\$1,121,019.487	\$1,067,247.087	\$1,143,525.887	\$1,067,247.087	\$1,262,206	\$1,178,011
11	2027-28	494.13	905.97	\$1.0400	\$0.0000	\$1,098,513.087	\$1,098,513.087	\$1,121,019.487	\$1,067,247.087	\$1,237,364	\$1,178,011
12	2028-29	494.13	905.97	\$1.0400	\$0.0000	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,212,522	\$1,212,522
13	2029-30	494.13	905.97	\$1.0400	\$0.0000	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,212,522	\$1,212,522
14	2030-31	494.13	905.97	\$1.0400	\$0.0000	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,212,522	\$1,212,522
15	2031-32	494.13	905.97	\$1.0400	\$0.0000	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,098,513.087	\$1,212,522	\$1,212,522

Basic Allotment: \$5140; AISD Yield: 2015-16 \$74.28 2016-17 \$77.53; Equalized Wealth: \$514,000 per WADA

Table 2 - "Baseline Revenue Model" - Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2015-16	\$10,422,471	\$180,541	\$1,642,402	-\$6,403,919	\$416,899				
Pre-Year 1	2016-17	\$10,683,846	\$180,541	\$736,592	-\$5,759,484	\$427,354	\$0	\$0	\$18,000	\$6,276,394
1	2017-18	\$13,235,771	\$178,308	\$0	-\$7,310,677	\$529,431	\$0	\$0	\$18,000	\$6,286,849
2	2018-19	\$13,010,707	\$178,308	\$0	-\$8,227,969	\$520,428	\$0	\$0	\$18,000	\$6,650,832
3	2019-20	\$12,785,643	\$178,308	\$0	-\$8,008,452	\$511,426	\$0	\$0	\$18,000	\$5,499,473
4	2020-21	\$12,560,579	\$178,308	\$0	-\$7,789,008	\$502,423	\$0	\$0	\$18,000	\$5,484,924
5	2021-22	\$12,335,515	\$178,308	\$0	-\$7,569,640	\$493,421	\$0	\$0	\$18,000	\$5,470,302
6	2022-23	\$12,110,451	\$178,308	\$0	-\$7,350,353	\$484,418	\$0	\$0	\$18,000	\$5,455,603
7	2023-24	\$11,885,387	\$178,308	\$0	-\$7,131,149	\$475,415	\$0	\$0	\$18,000	\$5,440,824
8	2024-25	\$11,660,323	\$178,308	\$0	-\$6,912,035	\$466,413	\$0	\$0	\$18,000	\$5,425,961
9	2025-26	\$11,435,259	\$178,308	\$0	-\$6,693,016	\$457,410	\$0	\$0	\$18,000	\$5,411,008
10	2026-27	\$11,210,195	\$178,308	\$0	-\$6,474,096	\$448,408	\$0	\$0	\$18,000	\$5,395,961
11	2027-28	\$10,985,131	\$178,308	\$0	-\$6,255,283	\$439,405	\$0	\$0	\$18,000	\$5,380,814
12	2028-29	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,365,561
13	2029-30	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,454,599
14	2030-31	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,454,599
15	2031-32	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,454,599

Table 3 - "Value Limitation Revenue Model" - Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2015-16	\$10,422,471	\$180,541	\$1,642,402	-\$6,403,919	\$416,899	\$0	\$0	\$18,000	\$6,276,394
Pre-Year 1	2016-17	\$10,683,846	\$180,541	\$736,592	-\$5,759,484	\$427,354	\$0	\$0	\$18,000	\$6,286,849
1	2017-18	\$10,672,471	\$178,308	\$0	-\$5,864,559	\$426,899	\$0	\$0	\$18,000	\$5,431,118
2	2018-19	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
3	2019-20	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
4	2020-21	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
5	2021-22	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
6	2022-23	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
7	2023-24	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
8	2024-25	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
9	2025-26	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
10	2026-27	\$10,672,471	\$178,308	\$0	-\$5,859,830	\$426,899	\$0	\$0	\$18,000	\$5,435,847
11	2027-28	\$10,985,131	\$178,308	\$0	-\$6,036,076	\$439,405	\$0	\$0	\$18,000	\$5,584,768
12	2028-29	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,454,599
13	2029-30	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,454,599
14	2030-31	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,454,599
15	2031-32	\$10,985,131	\$178,308	\$0	-\$6,166,245	\$439,405	\$0	\$0	\$18,000	\$5,454,599

Table 4 - "Baseline Revenue Model" Less "Value Limitation Model"

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
Pre-Year 1	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pre-Year 1	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2017-18	-\$2,563,300	\$0	\$0	\$1,446,118	-\$102,532	\$0	\$0	\$0	-\$1,219,714
2	2018-19	-\$2,338,236	\$0	\$0	\$2,368,139	-\$93,529	\$0	\$0	\$0	-\$63,626
3	2019-20	-\$2,113,172	\$0	\$0	\$2,148,622	-\$84,527	\$0	\$0	\$0	-\$49,077
4	2020-21	-\$1,888,108	\$0	\$0	\$1,929,178	-\$75,524	\$0	\$0	\$0	-\$34,454
5	2021-22	-\$1,663,044	\$0	\$0	\$1,709,810	-\$66,522	\$0	\$0	\$0	-\$19,756
6	2022-23	-\$1,437,980	\$0	\$0	\$1,490,522	-\$57,519	\$0	\$0	\$0	-\$4,977
7	2023-24	-\$1,212,916	\$0	\$0	\$1,271,319	-\$48,517	\$0	\$0	\$0	\$9,886
8	2024-25	-\$987,852	\$0	\$0	\$1,052,205	-\$39,514	\$0	\$0	\$0	\$24,839
9	2025-26	-\$762,788	\$0	\$0	\$833,185	-\$30,512	\$0	\$0	\$0	\$39,886
10	2026-27	-\$537,724	\$0	\$0	\$614,266	-\$21,509	\$0	\$0	\$0	\$55,033
11	2027-28	\$0	\$0	\$0	\$219,207	\$0	\$0	\$0	\$0	\$219,207
12	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5: Estimated Financial Impact of the SPD-SolarTexas2 Project Property Value Limitation #1073 Request Submitted to McCamey ISD at \$1.04 M&O Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
QTP 1	2015-16	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0
QTP 2	2016-17	\$26,137,500	\$26,137,500	\$0	\$1.040	\$271,830	\$271,830	\$0	\$0	\$0	\$0
LP 1	2017-18	\$281,330,000	\$25,000,000	\$256,330,000	\$1.040	\$2,925,832	\$260,000	\$2,665,832	\$2,665,832	-\$1,219,714	\$1,446,118
LP 2	2018-19	\$258,823,600	\$25,000,000	\$233,823,600	\$1.040	\$2,691,765	\$260,000	\$2,431,765	\$2,431,765	-\$63,626	\$2,368,139
LP 3	2019-20	\$236,317,200	\$25,000,000	\$211,317,200	\$1.040	\$2,457,699	\$260,000	\$2,197,699	\$2,197,699	-\$49,077	\$2,148,622
LP 4	2020-21	\$213,810,800	\$25,000,000	\$188,810,800	\$1.040	\$2,223,632	\$260,000	\$1,963,632	\$1,963,632	-\$34,454	\$1,929,178
LP 5	2021-22	\$191,304,400	\$25,000,000	\$166,304,400	\$1.040	\$1,989,566	\$260,000	\$1,729,566	\$1,729,566	-\$19,756	\$1,709,810
LP 6	2022-23	\$168,798,000	\$25,000,000	\$143,798,000	\$1.040	\$1,755,499	\$260,000	\$1,495,499	\$1,495,499	-\$4,977	\$1,490,522
LP 7	2023-24	\$146,291,600	\$25,000,000	\$121,291,600	\$1.040	\$1,521,433	\$260,000	\$1,261,433	\$1,261,433	\$0	\$1,261,433
LP 8	2024-25	\$123,785,200	\$25,000,000	\$98,785,200	\$1.040	\$1,287,366	\$260,000	\$1,027,366	\$1,027,366	\$0	\$1,027,366
LP 9	2025-26	\$101,278,800	\$25,000,000	\$76,278,800	\$1.040	\$1,053,300	\$260,000	\$793,300	\$793,300	\$0	\$793,300
LP 10	2026-27	\$78,772,400	\$25,000,000	\$53,772,400	\$1.040	\$819,233	\$260,000	\$559,233	\$559,233	\$0	\$559,233
VP 1	2027-28	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$0
VP 2	2028-29	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$0
VP 3	2029-30	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$0
VP 4	2030-31	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$0
VP 5	2031-32	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$0
						\$21,922,987	\$5,797,662	\$16,125,325	\$16,125,325	-\$1,391,604	\$14,733,721

QTP = Qualifying Time Period

LP = Limitation Period

VP = Continue to Maintain Viable Presence

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Estimated Financial Impact of the SPD-SolarTexas2 Project Property Value Limitation Request (#1073) Submitted to McCamey ISD at \$1.04 M&O Rate

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits	School District Tax Benefit \$100 per ADA	Company Tax Benefit
QTP 1	2015-16	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$49,413	-\$49,413
QTP 2	2016-17	\$26,137,500	\$26,137,500	\$0	\$1.040	\$271,830	\$271,830	\$0	\$0	\$0	\$49,413	-\$49,413
LP 1	2017-18	\$281,330,000	\$25,000,000	\$256,330,000	\$1.040	\$2,925,832	\$260,000	\$2,665,832	-\$1,219,714	\$1,446,118	\$49,413	\$1,396,705
LP 2	2018-19	\$258,823,600	\$25,000,000	\$233,823,600	\$1.040	\$2,691,765	\$260,000	\$2,431,765	-\$63,626	\$2,368,139	\$49,413	\$2,318,726
LP 3	2019-20	\$236,317,200	\$25,000,000	\$211,317,200	\$1.040	\$2,457,699	\$260,000	\$2,197,699	-\$49,077	\$2,148,622	\$49,413	\$2,099,209
LP 4	2020-21	\$213,810,800	\$25,000,000	\$188,810,800	\$1.040	\$2,223,632	\$260,000	\$1,963,632	-\$34,454	\$1,929,178	\$49,413	\$1,879,765
LP 5	2021-22	\$191,304,400	\$25,000,000	\$166,304,400	\$1.040	\$1,989,566	\$260,000	\$1,729,566	-\$19,756	\$1,709,810	\$49,413	\$1,660,397
LP 6	2022-23	\$168,798,000	\$25,000,000	\$143,798,000	\$1.040	\$1,755,499	\$260,000	\$1,495,499	-\$4,977	\$1,490,522	\$49,413	\$1,441,109
LP 7	2023-24	\$146,291,600	\$25,000,000	\$121,291,600	\$1.040	\$1,521,433	\$260,000	\$1,261,433	\$0	\$1,261,433	\$49,413	\$1,212,020
LP 8	2024-25	\$123,785,200	\$25,000,000	\$98,785,200	\$1.040	\$1,287,366	\$260,000	\$1,027,366	\$0	\$1,027,366	\$49,413	\$977,953
LP 9	2025-26	\$101,278,800	\$25,000,000	\$76,278,800	\$1.040	\$1,053,300	\$260,000	\$793,300	\$0	\$793,300	\$49,413	\$743,887
LP 10	2026-27	\$78,772,400	\$25,000,000	\$53,772,400	\$1.040	\$819,233	\$260,000	\$559,233	\$0	\$559,233	\$49,413	\$509,820
VP 1	2027-28	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$49,413	-\$49,413
VP 2	2028-29	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$49,413	-\$49,413
VP 3	2029-30	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$49,413	-\$49,413
VP 4	2030-31	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$0	\$0
VP 5	2031-32	\$56,266,000	\$56,266,000	\$0	\$1.040	\$585,166	\$585,166	\$0	\$0	\$0	\$0	\$0
						\$21,922,987	\$5,797,662	\$16,125,325	-\$1,391,604	\$14,733,721	\$741,195	\$13,992,526

QTP = Qualifying Time Period

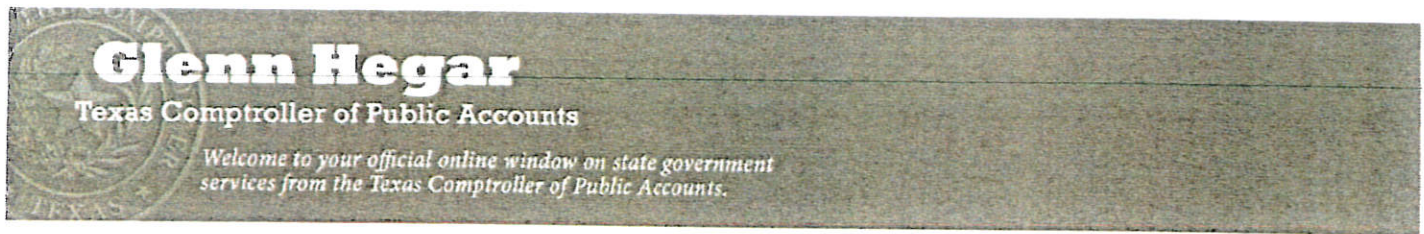
LP = Limitation Period

VP = Viable Presence

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this report.

Findings and Order of the McCamey Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT F
Comptroller's 2014 ISD Summary Worksheet - McCamey ISD



2014 ISD Summary Worksheet

231/Upton

231-901/McCamey ISD

Category	Local Tax Roll Value	2014 WTD Mean Ratio	2014 PTAD Value Estimate	2014 Value Assigned
A. Single-Family Residences	36,163,780	N/A	36,163,780	36,163,780
B. Multi-Family Residences	21,980	N/A	21,980	21,980
C1. Vacant Lots	1,090,499	N/A	1,090,499	1,090,499
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	814,715	.9862	826,120	814,715
D2. Real Prop Farm & Ranch	426,220	N/A	426,220	426,220
E. Real Prop NonQual Acres	4,624,430	N/A	4,624,430	4,624,430
F1. Commercial Real	8,135,830	N/A	8,135,830	8,135,830
F2. Industrial Real	3,454,590	N/A	3,454,590	3,454,590
G. Oil, Gas, Minerals	993,805,614	1.0328	962,244,010	993,805,614
J. Utilities	110,389,550	.9736	113,382,857	110,389,550
L1. Commercial Personal	7,913,690	N/A	7,913,690	7,913,690
L2. Industrial Personal	118,395,460	N/A	118,395,460	118,395,460
M. Other Personal	771,800	N/A	771,800	771,800
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	1,286,008,158		1,257,451,266	1,286,008,158
Less Total Deductions	16,599,694		16,599,694	16,599,694
Total Taxable Value	1,269,408,464		1,240,851,572	1,269,408,464 T2

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
1,274,728,652	1,269,408,464	1,272,357,336	1,267,037,148	1,269,462,118	1,267,090,802
Loss To the Additional \$10,000 Homestead Exemption		50% of the loss to the Local Optional Percentage Homestead Exemption			
5,320,188		2,371,316			

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
1,274,728,652	1,269,408,464	1,272,357,336	1,267,037,148	1,269,462,118	1,267,090,802

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified



Upton County Appraisal District

P.O. Box 1110

McCamey, Texas 79752

Phone (432) 652-3221

Fax (432) 652-3372

July 27, 2015

CERTIFICATION OF APPRAISAL TO A TAXING UNIT

CERTIFICATION OF 2015 APPRAISAL ROLL FOR

MCCAMEY ISD

I, Sheri Stephens, Chief Appraiser for the Upton County Appraisal District, solemnly swear this is the portion of the approved appraisal roll of the Upton County Appraisal District which lists property taxable by McCAMEY ISD and constitutes the appraisal roll for McCAMEY ISD

Taxable Value before the Freeze for 2015 \$1,043,995,877

Taxable value after the Freeze for 2015 \$1,042,247,087

Dated 07/27/2015

A handwritten signature in cursive script that reads "Sheri Stephens".

Sheri Stephens, Chief Appraiser

Findings and Order of the McCamey Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT G
Proposed Agreement Between
McCamey ISD and SPD-Solar Texas2, LLC



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 7, 2015

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

Re: Agreement for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between McCamey Independent
School District and SPD-Solar Texas2, LLC

Dear Superintendent Hunt:

This office has been provided with the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes" by and between McCamey Independent School District and SPD-Solar Texas2, LLC (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that it complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

If you need additional information or have questions, please contact John Villarreal, Research Analyst, Data Analysis and Transparency Division, at (512) 463-5241.

Sincerely,

A handwritten signature in blue ink, appearing to read "Korry Castillo".

Korry Castillo
Director

cc: Sara Leon, Powell and Leon, LLP
Robert Reichenberger, SPD-Solar Texas2, LLC
Michael Fry, KE Andrews

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL
DISTRICT MAINTENANCE AND OPERATIONS TAXES**

by and between

McCAMEY INDEPENDENT SCHOOL DISTRICT

and

SPD-SOLAR TEXAS2, LLC

(Tax ID 32055793296)

Dated

August 27, 2015

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES**

STATE OF TEXAS

§
§
§

COUNTY OF UPTON

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **MCCAMEY INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **SPD-SOLARTEXAS2 LLC**, Taxpayer Identification Number 32055793296, hereinafter referred to as "Applicant." Applicant and District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on June 8, 2015 the McCamey Independent School District received from Applicant an Application for Appraised Value Limitation on Qualified Property pursuant to Chapter 313 of the TEXAS TAX CODE; and

WHEREAS, on June 12, 2015, the Superintendent of Schools of the McCamey Independent School District, acting as agent of the Board of Trustees, received from Applicant an Amended Application for Appraised Value Limitation on Qualified Property pursuant to Chapter 313 of the TEXAS TAX CODE; and

WHEREAS, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the application;

WHEREAS, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025(a-1) of the TEXAS TAX CODE; and,

WHEREAS, the District and Texas Comptroller's Office have determined that the application is complete and June 24, 2015 is the Application Review Start Date as that term is defined by 34 TEX. ADMIN. CODE 9.1051;

WHEREAS, pursuant to 34 TEX. ADMIN. CODE §9.1054, the Application was delivered for review to the Upton County Appraisal District established in Upton County, Texas (the "Upton County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on June 29, 2015, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.026 of the TEXAS TAX CODE;

WHEREAS, on August 27, 2015 the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on August 27, 2015, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the project proposed by Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset District's 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; (iv) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (v) this Agreement is in the best interest of District and the State of Texas; and

WHEREAS, on August 7, 2015, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

WHEREAS, on August 27, 2015 the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 DEFINITIONS. Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 Texas Administrative Code Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 Texas Administrative Code Section 9.1051.

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Section 10.2.

"Applicable School Finance Law" means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act, Chapter 403, Subchapter M, of the Texas Government Code applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having

jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

"Applicant" means SPD-SolarTexas2 LLC, Taxpayer Identification Number 32055793296, the company listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include Applicant's assigns and successors-in-interest as approved according to Section 10.2 of this Agreement.

"Applicant's Qualified Investment" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in Section 3.3 of this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with District by Applicant on June 8, 2015. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

"Application Approval Date" means the date that the Application is approved by the Board of Trustees of District and as further identified in Section 2.3.B of this Agreement.

"Application Review Start Date" means the later date of either the date on which District issues its written notice that Applicant has submitted a completed application or the date on which Comptroller issues its written notice that Applicant has submitted a completed application and as further identified in Section 2.3.A of this Agreement.

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"Appraisal District" means the Upton County Appraisal District.

"Board of Trustees" means the Board of Trustees of the McCamey Independent School District.

"Comptroller" means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of Comptroller.

"Comptroller's Rules" means the applicable rules and regulations of Comptroller set forth in Chapter 34 Texas Administrative Code, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Upton County, Texas.

"District" or "School District" means the McCamey Independent School District, being a duly

authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means the last date of the final year in which Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

"Force Majeure" means those causes generally recognized under Texas law as constituting impossible conditions. Each party must inform the other in writing with proof of receipt within three business days of the existence of such force majeure or otherwise waive this right as a defense.

"Land" means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

"Maintain Viable Presence" means (i) the development, construction and operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the retention during the term of this Agreement of the number of New Qualifying Jobs set forth in its Application by Applicant; (iii) and continue the average weekly wage paid by Applicant for all Non-Qualifying Jobs created by Applicant that exceeds the county average weekly wage for all jobs in the county where the administrative office of District is maintained.

"Me&O Amount" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

"Maintenance and Operations Revenue" or "Me&O Revenue" means (i) those revenues which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII §3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

"New Qualifying Jobs" means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(4) of the TEXAS TAX CODE.

"Qualified Investment" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller's Rules, as these provisions existed on the Application Review Start Date.

"Non-Qualifying Jobs" means the number of New Non-Qualifying Jobs, as defined in 34 TAC §9.0151, to be created and maintained by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code and as interpreted by Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of the Application is approved by District,

"Qualifying Time Period" means the period that begins on the date of approval of this Agreement by District's Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the Texas Tax Code and during which Applicant shall make investment on the land where the qualified property in the amount required by the Act, the Comptroller's rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Chapter 313 of the Texas Tax Code. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, and any school district written finding or report filed with the comptroller as required under this subchapter.

"Supplemental Payment" has the meaning as set forth in Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Applicant's Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

"Tax Limitation Period" means the Tax Years for which the Applicant's Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (i.e., the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313 of the TEXAS TAX CODE, which are set forth at 19 TEX. ADMIN. CODE, Part 2, together with any court or administrative decisions interpreting same.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by District as its written agreement with Applicant pursuant to the provisions and authority granted to District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution of and subsequent performance of the terms and obligations by Applicant pursuant to this Agreement, identified in Section 2.5 and 2.6 and as more fully specified in this Agreement, the value of Applicant's Qualified Property listed and assessed by the County Appraiser for District's operation and maintenance ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is June 24th, 2015 which will determine Applicant's Qualified Property and applicable wage standard.

B. The Application Approval Date for this Agreement is June 12, 2015 which will determine the qualifying time period.

C. The Qualifying Time Period for this agreement:

1. Starts on June 12, 2015, the Application Approval Date; and
2. Ends on December 31, 2017 being the second complete tax year after the effective date of this agreement

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2017.
2. Ends on December 31, 2026.

E. The Final Termination Date for this Agreement is December 31, 2031.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Subsection B. This Agreement, and the obligation and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Subsection E, unless extended by the express terms of this Agreement.

2.4. TAX LIMITATION. So long as Applicant makes the Qualified Investment as defined by Section 2.5 below, during the Qualifying Time Period, and unless this Agreement has been terminated as

provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Twenty Five Million Dollars (\$25,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Section 313.052 of the TEXAS TAX CODE.

2.5. QUALIFIED INVESTMENT FOR TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in 2.4 for the Qualified Property identified in Article III, Applicant shall:

- A. have completed a Qualified Investment in the amount of \$25,000,000.00 by the end of the Qualifying Time Period;
- B. have created the number of Qualifying Jobs specified in, and in the time period specified on, Schedule C of the Application; and
- C. be paying the average weekly wage of all jobs in the county in which District's administrative office is located for all non-qualifying jobs created by Applicant.

2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by 2.4, Applicant shall:

- A. provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;
- C. provide such supplemental payments as more fully specified in Article VI; and
- D. create and Maintain Viable Presence on and/or with the qualified property and perform additional obligations as more fully specified in Article VII of this Agreement.

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described on **EXHIBIT 2** which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. If at any time after the Application Approval Date there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**; or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, or permanent, non-removable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(1) of the TEXAS TAX CODE as a renewable energy electric generating facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES.

A. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations

Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the risk of any negative financial consequence to District in making the decision to enter into this Agreement will be borne solely by Applicant and not by District.

B. The calculation of any amount required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year following the start of "Commercial Operations" (as hereinafter defined).

C. For purposes of this Article IV, and of Section 2.3, D, 1, above, the term "Commercial Operations" means the date on which the project described in **Exhibit 3** becomes commercially operational and placed into service, such that it has been constructed, tested, and is fully capable of commercial generation and transmission of electricity.

D. If the Qualified Property when complete is different than the description provided in the Application or any supplemental application information, the Applicant shall provide to the District, the Comptroller, and the Appraisal District, within sixty (60) days after the date Commercial Operations begin, a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, structures, or permanent, non-removable building or structural components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land that is subject to the agreement. If no substantial changes have been made, Applicant may submit in lieu of the report a verified written statement that no substantial changes have been made.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date, the "M&O Amount" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. The M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax at the tax rate actually adopted by the District for the applicable year.

- ii. “New M&O Revenue” means the total State and local Maintenance and Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.
- B. In making the calculations required by this Section 4.2:
 - i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
 - ii. For purposes of this calculation, the tax collection rate on the Applicant’s Qualified Property and/or the Applicant’s Qualified Investment will be presumed to be one hundred percent (100%).
 - iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.
 - iv. All calculations made for each Tax Year during the Tax Limitation Period under this Section 4.2, clause *ii* of this Subsection B will reflect the Tax Limitation Amount for such Tax Year.
 - v. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CUMULATIVE PAYMENT LIMITATION. In no event shall the Cumulative Payments (as defined in Section 6.1, C, (i)) made by the Applicant to the District exceed an amount equal to One Hundred Percent (100%) of the Applicant’s Cumulative Unadjusted Tax Benefit (as defined in Section 6.1, C, (ii)) under this Agreement from the Commencement Date through Tax Year 2026. For each year of this Agreement, amounts due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.3 are not payable to the District for a given year, shall be carried forward to future years during the term of this Agreement, but shall be subject, in each subsequent year, to the limit set forth in this Section 4.3.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- A. All non-reimbursed costs, certified by the District’s external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. Applicant

shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.

B. Any other loss of District revenues which are, or may be reasonably attributable to the payment by the Applicant to or on behalf of any other third party beneficiary of this Agreement. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.

C. Any other cost to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

Section 4.5 CALCULATIONS TO BE MADE BY THIRD PARTY. Except for any certifications made by the District's external auditor under Article V, all calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 9.5 of this Agreement.

Section 4.6 DATA USED FOR CALCULATIONS. The calculations under this Agreement shall be initially based upon the valuations placed upon all taxable property in the District, including the Applicant's Qualified Investment and/or the Applicant's Qualified Property, by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Section 26.01 of the Texas Tax Code on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.7 DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 4.2 and/or 4.3, Article VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after the Final Termination Date. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 4.7, if such fee is timely paid.

Section 4.8 PAYMENT BY APPLICANT. The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each

year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party under Section 4.6 above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. Notwithstanding anything contained herein to the contrary, for no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.7 and Section 4.6 which exceeds Ten Thousand Dollars (\$10,000.00).

Section 4.9 RESOLUTION OF DISPUTES. Should the Applicant disagree with any certification or calculations made and presented pursuant to this Article IV or Article V, the Applicant may appeal such certification or calculation and any findings related thereto, in writing, to the Third Party or the District's external auditor, as the case may be, within thirty (30) days following the later of (i) receipt of the certification or calculation, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 4.6 for purposes of auditing or reviewing the information in connection with the certification or calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party or the District's external auditor, as the case may be, will issue, in writing, a final determination with respect to the certification or calculations in issue, as the case may be. Thereafter, the Applicant may appeal such final determination with respect to the certification or calculations in issue, as the case may be, to the Board of Trustees. Any such appeal by the Applicant to the Board of Trustees may be made, in writing, to the Board of Trustees within thirty (30) days of such final determination and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity. Without limiting the generality of the immediately preceding sentence, if the Applicant disagrees with any determination by the Board of Trustees with respect to such an appeal, the Applicant may mediate such determination with the District pursuant to the mediation procedures set forth in Section 9.5.

Section 4.10 EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property and/or the Applicant's Qualified Investment and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Investment by the Appraisal District. If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amount to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.3. EFFECT OF STATUTORY CHANGES. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District reasonably determines that it will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, or to other governmental entities including the

but subject to the limitations contained in Section 7.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District reasonably determines that it will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, or to other governmental entities including the Appraisal District, because of its participation in this Agreement, the Applicant shall make payments to the District that are necessary to offset any actual negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this Section 4.10, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 9.5.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, the Applicant on an annual basis shall also indemnify and reimburse the District for the following:

A. All non-reimbursed costs certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project described in the Application that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to such project. The Applicant shall have the right to contest the findings of, or any such costs certified by, the District's external auditor under the provisions of Section 4.8.

B. Any other loss of the District's revenues, as certified by the District's external auditor to have been incurred by the District, which directly result from, or are reasonably attributable to, any payment by the Applicant to or on behalf of any third party beneficiary of this Agreement. The Applicant shall have the right to contest the findings of, or any such costs certified by, the District's external auditor under the provisions of Section 4.8

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1 INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS. In interpreting the provisions of Articles IV, V and VI, the Parties agree as follows:

A. Amounts Exclusive of Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article IV, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article VI ("Supplemental Payments"). The Applicant shall not be responsible to the District or

limitations contained in Section 4.3, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.4.

B. Adherence to Statutory Limits on Supplemental Payments. It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article VI shall not exceed the limits imposed by the provisions of Section 313.027(i) of the Texas Tax Code unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law.

C. Certain Definitions. As used in Article IV and this Article VI, the following terms shall be defined as follows:

- i. "Cumulative Payments" means for each Tax Year during the term of this Agreement, the total of all payments, calculated under Article IV, V and VI of this Agreement, for such Tax Year which are paid by or owed by the Applicant to the District, plus all payments, calculated under Article IV, V and VI of this Agreement, paid by the Applicant for all previous Tax Years during the term of this Agreement.
- ii. "Cumulative Unadjusted Tax Benefit" means for each Tax Year during the term of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years during the term of this Agreement.
- iii. "Unadjusted Tax Benefit" means for each Tax Year during the term of this Agreement, the total of all gross tax savings calculated for such Tax Year by multiplying (i) an amount equal to (a) the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, minus (b) the Tax Limitation Amount (as defined in Section 2.4 above), by (ii) the District's maintenance and operations tax rate for such Tax Year.
- iv. "Net Tax Benefit" means an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; minus (ii) an amount equal to the sum of (a) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years during the term of this Agreement, plus (b) any and all payments due to the District under Article IV of this Agreement, plus (c) any and all payments of the Annual Limit (as such term is defined in Section 6.2(C)) due to the District.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

A. Notwithstanding the foregoing, the total annual supplement payment made pursuant to this Article IV shall:

1. not exceed in any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the Texas Education Code, or Fifty Thousand Dollars (\$50,000.00) per year; and
2. only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation does not apply to amounts described by Section 313.027(f)(1)-(2) of the Texas Tax Code as implemented in Articles IV and V of this Agreement.

C. For purposes of this Agreement, the amount of the Annual Limit shall be \$54,800 based upon the District's 2014-2015 Average Daily Attendance of 548 rounded to the whole number.

Section 6.3 STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO SUPPLEMENTAL PAYMENT LIMITATION. In any year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

A. the "Applicant's Stipulated Supplemental Payment Amount," defined as Forty percent (40%) of the Applicant's "Net Tax Benefit," as the term is defined in Section 6.1(C)(iv), above; or,

B. the Annual Limit, as the term is defined in Section 6.2(C), above.

Section 6.4 ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT. The Parties agree that for each Tax Year during the term of this Agreement beginning with the Tax Year 2017, the first Tax Year of the Tax Limitation Period specified in Section 2.3(D) of this Agreement, the Applicant's Stipulated Supplemental Payment Amount, as defined in Section 6.3(A), will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, including the District's maintenance and operations tax rate adopted for such Tax Year, in accordance with the following formula:

The Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Minus,

Any amounts previously paid to the District under Article IV with respect to such Tax Year;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 6.2 and 6.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 4.4 above shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 6.5 PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article VI shall be calculated by the Third Party selected pursuant to Section 4.4.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6, above.

C. The payment of all amounts due under this Article VI shall be made by December 31 of the Tax Year for which the payment is due.

Section 6.6 DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that any of the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity, provided that such decision and direction of the Board of Trustees does not result in additional costs to the Applicant. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such a foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1 below. Such designation may be rescinded, with respect to future payments only, by action of the Board of Trustees, at any time, provided, however, that any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 10.1. Any designation of a successor beneficiary under this Section 6.6 shall not alter the Supplemental Payments calculated pursuant to this Article VI.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1 ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the

contrary, and with respect to each Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that Applicant would have paid to District for such Tax Year (determined by using District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 4.2 of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from Applicant to District under Article IV, Article V, and/or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties' respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments, records and dispute resolution shall survive the termination or expiration dates of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall Maintain Viable Presence in District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure. The Final Termination Date will only be extended for the mutually agreed length of the Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by 2.4 in addition to

the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf>;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf>; and

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website http://www.texasahead.org/tax_programs/chapter313/forms.php.

Section 8.3. COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. Applicant shall allow authorized employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of Applicant, and shall be conducted in accordance with Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide District, Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS. This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. Applicant and District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the later of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

C. Comptroller may require, at Applicant's or District's sole cost and expense, as applicable, independent audits by a qualified certified public accounting firm of Applicant's, District's or the Comptroller's books, records, or property. The independent auditor shall provide Comptroller with a copy of such audit at the same time it is provided to Applicant and/or District.

D. In addition to and without limitation on the other audit provisions of this Agreement, pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE, the state auditor may conduct an audit or investigation of Applicant or District or any other entity or person receiving funds from the state directly under this Agreement or indirectly through a subcontract under this Agreement. The acceptance of funds by Applicant or District or any other entity or person directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, Applicant or District or other entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. This Agreement may be amended unilaterally by Comptroller to comply with any rules and procedures of the state auditor in the implementation and enforcement of Section 2262.003 of the TEXAS GOVERNMENT CODE.

Section 8.7 FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which Comptroller would not have approved this Agreement and District would not executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Tex. Admin. Code § 9.1053(f)(2)(L).

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to an material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. Applicant failed to have complete Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of the Application;

D. Applicant failed to pay the average weekly wage of all jobs in the county in which District's administrative office is located for all Non-Qualifying Jobs created by Applicant;

E. Applicant failed to provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

F. Applicant failed to provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V of this Agreement;

G. Applicant failed to provide such supplemental payments as more fully specified in Article VI of this Agreement;

H. Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as more fully specified in Article VIII of this Agreement;

I. Applicant failed to submit the reports required to be submitted by section 8.2 to the satisfaction

of Comptroller on the dates indicated on the form;

J. Applicant failed to provide the District or Comptroller with all information reasonably necessary for District or Comptroller to determine whether Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

K. Applicant failed to allow authorized employees of District, Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property;

L. Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with the Agreement.

M. Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles III and IV, of this Agreement; or

N. Applicant fails either to:

- i. Implement a plan to remedy non-compliance as required by Comptroller pursuant to 34 TAC Section 9.1059; or
- ii. Pay a penalty assessed by Comptroller pursuant to 34 TAC Section 9.1059.

Section 9.2. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 9.3, then District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 9.3.C on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI of this Agreement.

B. Notwithstanding Section 9.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI. Upon payment

of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 9.2.A owed for each Tax Year during the Tax Limitation Period. District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.2.A had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.3. LIMITED STATUTORY CURE OF MATERIAL BREACH. In accordance with the provisions of Section 313.0275 of the Texas Tax Code, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement, defined in Sections 9.1.C. or 9.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 9.1.C. or 9.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the Texas Tax Code, in accordance with the provisions of Section 313.0275(c) of the TEXAS TAX CODE.

Section 9.3. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 8.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, District shall provide Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 9.2.A and B (net of all credits under Section 9.2.A and B), and the amount of any penalty and/or interest under Section 9.2.C that are owed to District.

C. After making its determination regarding any alleged breach, the Board of Trustees shall cause Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

Section 9.4. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.3, Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 9.3, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Upton County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) District shall bear one-half of such mediator's fees and expenses and Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Chapter 33, Subchapters B and C, of the Texas Tax Code for the collection of delinquent taxes. In the event that District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the Texas Tax Code to the attorneys representing District pursuant to Section 6.30 of the Texas Tax Code.

C. In any event where a dispute between District and Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either District or Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 9.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available

to the District, whether at law or under principles of equity.

Section 9.6. BINDING ON SUCCESSORS. In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE X.
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to District shall be addressed to District's Authorized Representative as follows:

	To the District	With copy to
Name:	McCamey ISD	Powell & Leon. LLP
Attn:	Superintendent Jan Hunt, Or her successor	Attn: Sara Hardner Leon
Address:	111 East 11 th Street	115 Wild Basin Road #106
City/Zip:	McCamey, Texas 79752	West Lake Hills TX 78746
Phone :	(432)652-3666	Phone : (512) 494-1177
Fax :	(432) 652-4219	Fax : (512) 494-1188
Email:	janhunt@mcisd.esc18.net	sleon@powell-leon.com

C. Notices to Applicant shall be addressed to its Authorized Representative as follows:

Name: Robert Reichenberger, SPD SolarTexas2 LLC
Address: 777 S. High Street, Suite 100
City/Zip: Denver, CO 80209
Phone: (303) 886-1162
Fax : (303) 593-1182
Email: robert@solar-prime.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as Applicant may designate by written notice to District.

Section 10.2 AMENDMENTS TO AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of subsection B hereof. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement.

B. By official action of the District's Board of Trustees, this Agreement may only be amended according to the following:

i. Applicant shall submit to District and Comptroller:

a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;

b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller;

c. and any additional information requested by District or Comptroller necessary to evaluate the amendment or modification; and

ii. Comptroller shall review the request and any additional information and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by Comptroller by the end of the 90 day period, the request is denied;

iii. If Comptroller has not denied the request, District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 10.3 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the Texas Tax Code;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

iii. define minimum eligibility requirements for the recipient of limited value.

D. This Agreement may not be amended to extend the value limitation time period beyond its ten year statutory term.

Section 10.4. ASSIGNMENT. Any assignment of the interests of Applicant in this Agreement is considered

an amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 10.3 regarding amendments to the Agreement.

Section 10.5. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.6 MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS. When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 10.7 GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Upton County.

Section 10.8 AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.9 SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.10 PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.11 INTERPRETATION. When a reference is made in this Agreement to a Section, Article or

Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 10.12 EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 10.13 PUBLICATION OF DOCUMENTS. The Parties acknowledge that District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of such document, the school district shall submit a copy to Comptroller for Publication on Comptroller's Internet website;

B. District shall provide on its website a link to the location of those documents posted on Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the Texas Tax Code.

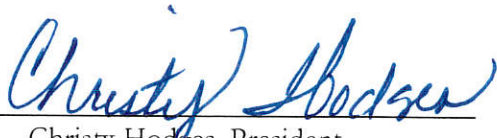
Section 10.14 CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

Section 10.15 DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Contract.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 27 day of August, 2015.

McCAMEY INDEPENDENT SCHOOL DISTRICT

SPD-SOLARTEXAS2 LLC



By: Christy Hodges, President,
Board of Trustees



By: Robert Reichenburger
President

Attest: 
Kim Smart, Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION AND MAP OF REINVESTMENT ZONE AND/OR ENTERPRISE ZONE

The reinvestment zone shall be that adopted by the Upton County Commissioners Court on January 26, 2015, and as attached hereto.

Land Boundaries & Reinvestment Zone Boundaries:

Beginning at the point of the perimeter of the area designated as the reinvestment zone and at the Northwestern corner of Section 2 (Abstract 879) at a point at Lat 31.27156, Lon -102.2859,
Thence: N 75°E for a distance of 1655 feet to a point at Lat 31.27282, Lon -102.28077,
Thence: Directly East for a distance of 11,500 feet to a point at Lat 31.27264, Lon -102.24403,
Thence: Directly South for a distance of 6628 feet to a point at Lat 31.25440, Lon -102.24405,
Thence: S 75°W for a distance of 3787 feet to a point at Lat 31.25182, Lon -102.25579,
Thence: S 35°W for a distance of 6958 feet to a point at Lat 31.23637, Lon -102.26880,
Thence: Directly West for a distance of 6412 feet to a point at Lat 31.23637, Lon -102.28925,
Thence: Directly North for a distance of 4675 feet to a point at Lat 31.24919, Lon -102.28925,
Thence: Directly East for a distance of 2057 feet to a point at Lat 31.24919, Lon -102.28273,
Thence: Directly North for a distance of 1257 feet to a point at Lat 31.25260, Lon -102.28273,
Thence: Directly West for a distance of 3392 feet to a point at Lat 31.25260, Lon -102.29358,
Thence: Directly North for a distance of 6240 feet to a point at Lat 31.2697, Lon -102.293608,
Thence: N 75°E for a distance of 2535 feet to the starting point at Lat 31.27156, Lon -102.2859.

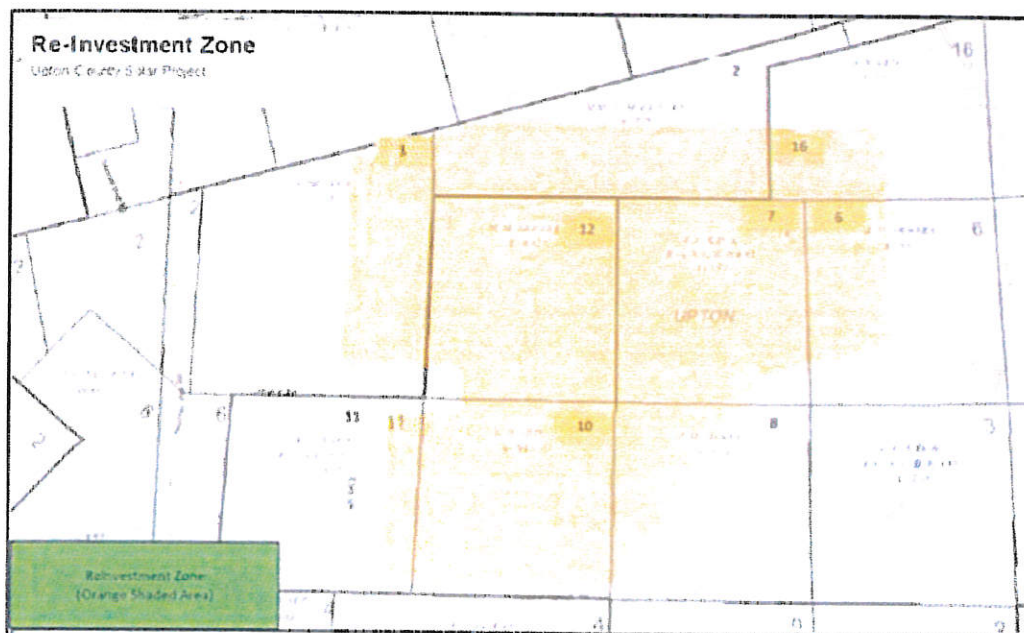


EXHIBIT 2

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

Legal Description of the Property Owned by Owner

Beginning at the point on the perimeter of the area designated as the leased Premises along the southern border of said leased Premises. 825 feet north of the intersection of Sections 12 (Block 3 ½), 10, 11, and 1, at a point LAT 31.252480, LON -102.285775.

Thence: Directly West for a distance of 2385 feet to a point at LAT 31.252447, LON -102.293350.

Thence: Directly North for a distance of 6140 feet to a point at LAT 31.269393, LON -102.293710.

Thence: North, 75° East for a distance of 6630 feet to a point at LAT 31.274262, LON -102.273265.

Thence: Directly East for a distance of 9436 feet to a point at LAT 31.271640, LON -102.254683.

Thence: Directly South for a distance of 2965 feet to a point at LAT 31.266089, LON -102.243412.

(which is on the boundary line of section 6 & 16)

Thence: Directly West for a distance of 2580 feet to a point at LAT 31.266073, LON -102.251677.

(which is the northern boundary line of Section 6 & 7)

Thence: Directly South along the Section 6 & 7 border for a distance of 1460 feet to a point at LAT 31.262084, LON -102.251697.

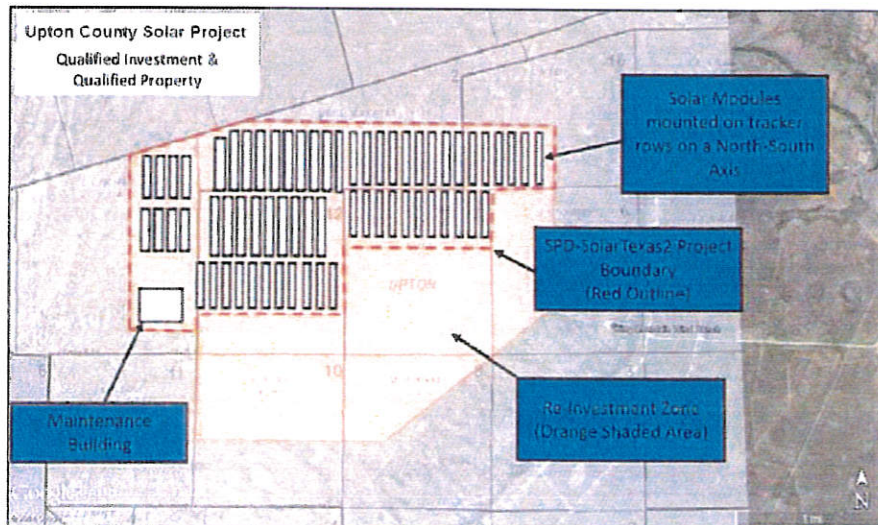
Thence: Directly West for a distance of 5350 feet to a point at the border of Section 7 & 12 at LAT 31.262070, LON -102.268811.

Thence: Directly South for a distance of 1856 feet along the border of Section 7 & 12 to a point at LAT 31.262937, LON -102.265713.

Thence: Directly West for a distance of 4150 feet to a point at LAT 31.255695, LON -102.278155.

Thence: Directly South for a distance of 1680 feet to a point at LAT 31.252476, LON -102.282253.

Thence: Directly West for a distance of 1090 feet to the Beginning Point.



Agreement for Limitation on Appraised Value
Between McCamey ISD and SPD-SolarTexas2 LLC #1073
August 27, 2015

EXHIBIT 3

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within the reinvestment zone described at Exhibit 1 hereto and necessary for the commercial operations of the proposed manufacturing facility described in Tab 4 of the Application. Qualified property includes, but is not limited to:

Up to 180MW solar power generating facility containing:

- Photovoltaic (PV) Solar Panels and DC-to-AC Inverters
- Tracker system infrastructure
- Collection Substation including High Voltage Transformer, Switch Gear & Transmission equipment
- Inverter boxes on concrete or gravel pads
- Fencing for safety and security, Video Security System
- Telephone System and Data Systems for communication and remote monitoring
- Maintenance trailer and office equipment
- Meteorological equipment to measure solar irradiance & weather conditions
- New or improved access roads and service roads

And associated ancillary equipment necessary to safely operate, maintain and transmit power to the ERCOT grid.

Findings and Order of the McCamey Independent School District Board of Trustees
under the Texas Economic Development Act on the Application Submitted by
SPD-Solar Texas2, LLC (Tax ID 32055793296) (Application #1073)

ATTACHMENT H
Letter From the Texas Comminssioner of
Education Regarding Impact on
Enrollment



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
General Manager

June 25, 2015

Christy Hodges, President
Board of Trustees
McCamey Independent School District
111 East 11th Street
McCamey, TX 79752-1069

Dear Ms. Hodges:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed SPD-SolarTexas 2 LLC project on the number and size of school facilities in McCamey Independent School District (MISD). Based on an examination of MISD enrollment and the number of potential new jobs, the TEA has determined that the SPD-SolarTexas 2 LLC project should not have a significant impact on the number or size of school facilities in MISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", with a stylized flourish at the end.

Al McKenzie, Manager
Foundation School Program Support

AM/rk
Cc: Janet Hunt