POWELL & LEON, LLP

108 Wild Basin Road, Suite 100, Austin, TX 78746 T: (512) 494-1177 F: (512) 494-1188

November 28, 2018

Via Hand Delivery and Electronic Mail
Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Board Findings and Agreement under Chapter 313 of the Property Tax Code between Damon Independent School District and Wagyu Solar, LLC, Application #1243

Dear Local Government Assistance and Economic Analysis Division:

The Damon Independent School District Board of Trustees approved the enclosed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes on October 10th, 2018. Enclosed, please find a hardcopy and electronic copy of the fully executed Board Findings and Agreement. A copy is being provided to the Brazoria County Appraisal District by copy of this correspondence.

Thank you for your attention to the foregoing.

Respectfully submitted,

Sara Hardner Leon

SHL;sl

Enclosures

cc: *Via Electronic Mail: bcad@brazoriacad.org*
Cheryl Evans, Chief Appraiser, Brazoria County Appraisal District

Via Electronic Mail: obrien@ccrenew.com
Jerome O'Brien, Authorized Representative, Cypress Creek Renewables LLC

Via Electronic Mail: blas.ortiz@property-tax.com
Blas Ortiz, Counsel for Applicant, Popp Hutchenson PLLC

Via Electronic Mail: bspringston@damonisd.net
Mr. Brett Springston, Superintendent of Schools, Damon Independent School District

FINDINGS
OF THE

DAMON INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

WAGYU SOLAR, LLC
TEXAS TAXPAYER ID #32057518758
APPLICATION #1243

October 10, 2018

FINDINGS OF THE DAMON INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY WAGYU SOLAR, LLC

STATE OF TEXAS §
§
COUNTY OF BRAZORIA §

On the 10th day of October, 2018, a public meeting of the Board of Trustees of the Damon Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application of Wagyu Solar, LLC (Application #1243) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Damon Independent School District makes the following findings with respect to the Application of Wagyu Solar, LLC #1243, and the economic impact of that Application:

On October 26, 2017, the Superintendent of Schools of the Damon Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Wagyu Solar, LLC #1243 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application, as amended on May 3, 2018 and June 25, 2018, has been posted on the Texas Comptroller's website.

The Applicant, Wagyu Solar, LLC (Taxpayer ID 32057518758) ("Applicant"), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. 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.

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 Brazoria County Appraisal District for review pursuant to 34 Texas Administrative 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 May 23, 2018.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on May 23, 2018 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 **Exhibit 1**.

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 Damon Independent School District. A copy of a report prepared by Jigsaw School Finance Solutions, LLC is attached to these findings as **Exhibit 2**.

The Board of Trustees has confirmed that the taxable value of property in the Damon Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2017 ISD Summary Worksheet posted on the Texas Comptroller's website.

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 **Exhibit 3**.

The Texas Commissioner of Education has determined that the project will not impact school enrollment.

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 qualifies for a limitation on appraised value of Qualified Property under Texas Tax Code §313.024 in the eligibility category of Renewable Energy Electric Generation.**

Board Finding Number 2.

> **The Applicant's entire proposed investment in the Damon Independent School District is $110,000,000—all of which is proposed to be Qualified Investment under Texas Tax Code §313.021.**

Board Finding Number 3.

> **The average salary level of qualifying jobs is expected to be at least $62,971 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 Texas Tax Code §313.021.**

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 $36.7 million on the basis of the 3 new qualifying positions committed to by the Applicant for this project. The project's total investment is $110,000,000, resulting in a relative level of investment per qualifying job of $36,666,667.**

Board Finding Number 5.

> **The Applicant has requested a waiver of the job creation requirement under Texas Tax Code §313.025(f-1) as well as an extension of the deadline to complete negotiations as provided under Texas Tax Code §313.025(b), and the Board finds each such request should be granted.**

In support of Finding 5, the Board notes that the number of jobs proposed for this project (3 jobs) is consistent with industry standards in the solar energy.

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 Wagyu Solar, LLC (modeled)

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	50	40	90	$ 1,787,500	$ 3,339,453	$ 5,126,953
2019	153	126	279	$ 5,551,425	$ 11,294,278	$ 16,845,703
2020	3	9	12	$ 188,925	$ 2,374,552	$ 2,563,477
2021	3	5	8	$ 188,925	$ 1,520,059	$ 1,708,984
2022	3	(5)	-2	$ 188,925	$ 909,708	$ 1,098,633
2023	3	(3)	0	$ 188,925	$ 665,567	$ 854,492
2024	3	(5)	-2	$ 188,925	$ 299,356	$ 488,281
2025	3	(1)	2	$ 188,925	$ 55,216	$ 244,141
2026	3	(1)	2	$ 188,925	$ 55,216	$ 244,141
2027	3	(3)	0	$ 188,925	$ 55,216	$ 244,141
2028	3	(1)	2	$ 188,925	$ 55,216	$ 244,141
2029	3	(7)	-4	$ 188,925	$ 55,216	$ 244,141
2030	3	(3)	0	$ 188,925	$ -433,066	$ -244,141
2031	3	(3)	0	$ 188,925	$ -188,925	$ 0
2032	3	(3)	0	$ 188,925	$ -433,066	$ -244,141
2033	3	(3)	0	$ 188,925	$ -188,925	$ 0
2034	3	(5)	-2	$ 188,925	$ -677,206	$ -488,281

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brazoria County, Brazoria County Road & Bridge, Port Freeport, West Brazoria County Drainage District #11, and Brazoria County Emergency Services District #2, 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 abatements with the county. 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	Damon ISD I&S Tax Levy	Damon ISD M&O Tax Levy	Damon ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazoria County Road & Bridge Tax Levy	Port Freeport Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency Services District #1 Tax Levy	Brazoria County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
		Tax Rate[1]	**0.0000**	**1.1700**		**0.3802**	**0.0600**	**0.0401**	**0.0200**	**0.0792**	**0.0750**	
2020	$ 101,2000,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 0	$ 60,720	$ 40,581	$ 20,240	$ 80,169	$ 75,900	$ 394,610
2021	$ 92,400,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 0	$ 55,440	$ 37,052	$ 18,480	$ 73,197	$ 69,300	$ 370,470
2022	$ 83,600,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 0	$ 50,160	$ 33,524	$ 16,720	$ 66,226	$ 62,700	$ 346,330
2023	$ 74,800,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 71,104	$ 44,880	$ 29,995	$ 14,960	$ 59,255	$ 56,100	$ 393,294
2024	$ 66,000,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 125,477	$ 39,600	$ 24,466	$ 13,200	$ 52,284	$ 49,500	$ 423,527
2025	$ 57,200,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 108,747	$ 34,320	$ 22,937	$ 11,440	$ 45,313	$ 42,900	$ 382,657
2026	$ 48,400,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 92,017	$ 29,040	$ 19,408	$ 9,680	$ 38,342	$ 36,300	$ 341,787
2027	$ 39,600,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 150,573	$ 23,760	$ 15,880	$ 7,920	$ 31,370	$ 29,700	$ 376,203
2028	$ 30,800,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 117,112	$ 18,480	$ 12,351	$ 6,160	$ 24,399	$ 23,100	$ 318,602
2029	$ 22,000,000	$ 10,000,000	$ 0	$ 117,000	$ 117,000	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 261,001
2030	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2031	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2032	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2033	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2034	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
		Total	**$ 0**	**$ 2,457,000**	**$ 2,457,000**	**$ 1,166,938**	**$ 435,600**	**$ 291,126**	**$ 145,200**	**$ 575,123**	**$ 544,500**	**$ 5,615,487**
		Diff	**$ 0**	**$ 6,037,200**	**$ 6,037,200**	**$ 1,593,561**	**$ 0**	**$ 0**		**$ 0**		**$ 7,630,761**

[1]Tax Rate per $100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant's 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	Damon ISD I&S Tax Levy	Damon ISD M&O Tax Levy	Damon ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazoria County Road & Bridge Tax Levy	Port Freeport Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency Services District #1 Tax Levy	Brazoria County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
		Tax Rate[1]	**0.0000**	**1.1700**		**0.3802**	**0.0600**	**0.0401**	**0.0200**	**0.0792**	**0.0750**	
2020	$ 101,200,000	$ 101,200,000	$ 0	$ 1,184,040	$ 1,184,040	$ 384,797	$ 60,720	$ 40,581	$ 20,240	$ 80,169	$ 75,900	$ 1,846,447
2021	$ 92,400,000	$ 92,400,000	$ 0	$ 1,081,080	$ 1,081,080	$ 351,336	$ 55,440	$ 37,052	$ 18,480	$ 73,197	$ 69,300	$ 1,685,886
2022	$ 83,600,000	$ 83,600,000	$ 0	$ 978,120	$ 978,120	$ 317,876	$ 50,160	$ 33,524	$ 16,720	$ 66,226	$ 62,700	$ 1,525,325
2023	$ 74,800,000	$ 74,800,000	$ 0	$ 875,160	$ 875,160	$ 284,415	$ 44,880	$ 29,995	$ 14,960	$ 59,255	$ 56,100	$ 1,364,765
2024	$ 66,000,000	$ 66,000,000	$ 0	$ 772,200	$ 772,200	$ 250,954	$ 39,600	$ 24,466	$ 13,200	$ 52,284	$ 49,500	$ 1,204,204
2025	$ 57,200,000	$ 57,200,000	$ 0	$ 669,240	$ 669,240	$ 217,494	$ 34,320	$ 22,937	$ 11,440	$ 45,313	$ 42,900	$ 1,043,644
2026	$ 48,400,000	$ 48,400,000	$ 0	$ 566,280	$ 566,280	$ 184,033	$ 29,040	$ 19,408	$ 9,680	$ 38,342	$ 36,300	$ 883,083
2027	$ 39,600,000	$ 39,600,000	$ 0	$ 463,320	$ 463,320	$ 150,573	$ 23,760	$ 15,880	$ 7,920	$ 31,370	$ 29,700	$ 722,523
2028	$ 30,800,000	$ 30,800,000	$ 0	$ 360,360	$ 360,360	$ 117,112	$ 18,480	$ 12,351	$ 6,160	$ 24,399	$ 23,100	$ 561,962
2029	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2030	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2031	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2032	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2033	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
2034	$ 22,000,000	$ 22,000,000	$ 0	$ 257,400	$ 257,400	$ 83,651	$ 13,200	$ 8,822	$ 4,400	$ 17,428	$ 16,500	$ 401,401
		Total	**$ 0**	**$ 8,494,200**	**$ 8,494,200**	**$ 2,760,499**	**$ 435,600**	**$ 291,126**	**$ 145,200**	**$ 575,123**	**$ 544,500**	**$ 13,246,248**

[1]Tax Rate per $100 Valuation

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 suggesting little underlying enrollment growth based on the impact of the project.

Board Finding Number 9.

The Applicant's 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 has determined, 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 efforts 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. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following two tables:

	Tax Year	Estimated DISD M&O Tax Levy Generated (Annual)	Estimated DISD M&O Tax Levy Generated (Cumulative)	Estimated DISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated DISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	$ 0	$ 0	$ 0	$ 0
	2018	$ 0	$ 0	$ 0	$ 0
	2019	$ 160,875	$ 160,875	$ 0	$ 0
Limitation Period (10 Years)	2020	$ 117,000	$ 277,875	$ 1,067,040	$ 1,067,040
	2021	$ 117,000	$ 394,875	$ 964,080	$ 2,031,120
	2022	$ 117,000	$ 511,875	$ 861,120	$ 2,892,240
	2023	$ 117,000	$ 628,875	$ 758,160	$ 3,650,400
	2024	$ 117,000	$ 745,875	$ 655,200	$ 4,305,600
	2025	$ 117,000	$ 862,875	$ 552,240	$ 4,857,840
	2026	$ 117,000	$ 979,875	$ 449,280	$ 5,307,120
	2027	$ 117,000	$ 1,096,875	$ 346,320	$ 5,653,440
	2028	$ 117,000	$ 1,213,875	$ 243,360	$ 5,896,800
	2029	$ 117,000	$ 1,330,875	$ 140,400	$ 6,037,200
Maintain Viable Presence (5 Years)	2030	$ 257,400	$ 1,588,275	$ 0	$ 24,344,367
	2031	$ 257,400	$ 1,845,675	$ 0	$ 24,344,367
	2032	$ 257,400	$ 2,103,075	$ 0	$ 24,344,367
	2033	$ 257,400	$ 2,360,475	$ 0	$ 24,344,367
	2034	$ 257,400	$ 2,617,875	$ 0	$ 24,344,367
Additional Years as Required by § 313.026(c)(1) (10 Years)	2035	$ 257,400	$ 2,875,275	$ 0	$ 24,344,367
	2036	$ 257,400	$ 3,132,675	$ 0	$ 24,344,367
	2037	$ 257,400	$ 3,390,075	$ 0	$ 24,344,367
	2038	$ 257,400	$ 3,647,475	$ 0	$ 24,344,367
	2039	$ 257,400	$ 3,904,875	$ 0	$ 24,344,367
	2040	$ 257,400	$ 4,162,275	$ 0	$ 24,344,367
	2041	$ 257,400	$ 4,419,675	$ 0	$ 24,344,367
	2042	$ 257,400	$ 4,677,075	$ 0	$ 24,344,367
	2043	$ 257,400	$ 4,934,475	$ 0	$ 24,344,367
	2044	$ 257,400	$ 5,191,875	$ 0	$ 24,344,367

$ 5,191,875	is less than	**$ 6,037,200**

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?	**No**

Tax Revenue Over 25 Years

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	50	40	90	$ 1,787,500	$ 3,339,45	$ 5,126,953	$ 259399.4	$ -160,217.3	$ 419,617
2019	153	126	279.297	$ 5,551,425	$ 11,294,278	$ 16,845,703	$ 869,751	$ -427,246.1	$ 1,296,997
2020	3	9	12	$ 188,925	$ 2,374,552	$ 2,563,477	$ 68,664.6	$ 259,399.4	$ -190,735
2021	3	5	8	$ 188,925	$ 1,520,059	$ 1,708,984	$ 30,517.6	$ 236,511.2	$ -205,994
2022	3	(5)	-2	$ 188,925	$ 909,708	$ 1,908,633	$ -30,517.6	$ 198,364.3	$ -228,882
2023	3	(3)	0	$ 188,925	$ 665,567	$ 854,492	$ -38,147	$ 160,217.3	$ -198,364
2024	3	(5)	-2	$ 188,925	$ 299,356	$ 488,281	$ -30,517.6	$ 144,958.5	$ -175,476
2025	3	(1)	2	$ 188,925	$ 55,216	$ 244,141	$ -38,147	$ 122,070.3	$ -160,217
2026	3	(1)	2	$ 188,925	$ 55,216	$ 244,141	$ -38,147	$ 91,552.7	$ -129,700
2027	3	(3)	0	$ 188,925	$ 55,216	$ 244,141	$ -76,293.9	$ 45,776.4	$ -122,070
2028	3	(1)	2	$ 188,925	$ 55,216	$ 244,141	$ -68,664.6	$ 15,258.8	$ -83,923
2029	3	(7)	-4	$ 188,925	$ 55,216	$ 244,141	$ -83,923.3	$ -7,629.4	$ -76,294
2030	3	(3)	0	$ 188,925	$ -433,066	$ -244,141	$ -11,440.9	$ -53,405.8	$ -61,035
2031	3	(3)	0	$ 188,925	$ -188,925	$ 0	$ -99,182.1	$ -76,293.9	$ -22,888
2032	3	(3)	0	$ 188,925	$ -433,066	$ -244,141	$ -129,699.7	$ -91,552.7	$ -38,147
2033	3	(3)	0	$ 188,925	$ -188,925	$ 0	$ -144,958.5	$ -144,958.5	$ 0
2034	3	(5)	-2	$ 188,925	$ -677,206	$ -488,281	$ -183,105.5	$ -167,846.7	$ -15,259
2035	3	(7)	-4	$ 188,925	$ -1,165,488	$ -976,563	$ -228,881.8	$ -198,364.3	$ -30,518
2036	3	(7)	-4	$ 188,925	$ -921,347	$ -732,422	$ -221,252.4	$ -259,399.4	$ 38,147
2037	3	(5)	-2	$ 188,925	$ -1,165,488	$ -976,563	$ -244,140.6	$ -282,287.6	$ 38,147
2038	3	(11)	-8	$ 188,925	$ -1,897,909	$ -1,708,984	$ -259,399.4	$ -320,434.6	$ 61,035
2039	3	(9)	-6	$ 188,925	$ -1,653,769	$ -1,464,844	$ -274,658.2	$ -366,210.9	$ 91,553
2040	3	(11)	-8	$ 188,925	$ -2,630,331	$ -2,441,406	$ -320,434.6	$ -419,616.7	$ 99,182
2041	3	(7)	-4	$ 188,925	$ -2,386,191	$ -2,197,266	$ -335,693.4	$ -465,393.1	$ 129,700
2042	3	(9)	-6	$ 188,925	$ -2,386,191	$ -2,197,266	$ -350,952.1	$ -473,022.5	$ 122,070
2043	3	(15)	-12	$ 188,925	$ -2,630,331	$ -2,441,406	$ -366,210.9	$ -503,540	$ 137,329
2044	3	(19)	-16	$ 188,925	$ -3,118,613	$ -2,929,688	$ -366,210.9	$ -511,169.4	$ 144,959
2045	3	(17)	-14	$ 188,925	$ -3,606,894	$ -3,417,969	$ -411,987.3	$ -64,575.2	$ 152,588
						Total	**$ -3,227,234**	**$ -4,219,055**	**$ 991,822**
							$ 6,183,697	is greater than	**$ 6,037,200**

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**

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 10 and 11, **Attachment C** of the economic impact study states:

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. This is based on information available, including information provided by the Applicant. Specifically, the Comptroller notes the following:

I. Per Wagyu Solar, LLC in Tab 5 of their Application for a Limitation on Appraised Value:

A. "Tax incentives play a vital role in the development of any renewable project, particularly one of this magnitude. The Chapter 313 value limitation incentive, in particular, is considered an important piece that can contribute to the viability, marketability, and success of the project. Critical project economics specific to this project are:

i. Texas' historically low power prices have become a hindrance despite the decline of solar build costs.
ii. Additional challenges and costs related to the construction on the land within the proposed designated areas.
iii. High property tax rates."

B. "In light of these obstacles, the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential to the overall economic analysis."

II. "Cypress Creek Renewables [is Wagyu Solar, LLC's parent company] and is a leader in developing and operating local, community-based solar projects in the United States… The decision to invest capital for Project Wagyu is still on-going and therefore the opportunity to consider capital investment for alternative locations is still available."

III. On November 2, 2017 *The County News (West Columbia, TX)* issue reported the following:

A. "The [D]istrict had representatives on hand from Wagyu Solar, LLC, a solar farm company interested in building a large project on property that is located on the eastern section of the Damon ISD tax base."

B. "Blas Ortiz from the solar company spoke to the board and explained that this project would encompass approximately 1,400 acres and would take about 8-12 months to complete construction."

C. "An estimated 150-200 jobs would be utilized during the construction with just three full-time permanent jobs after the project is completed."

D. "The company will have an estimated investment in the Project of $150,000 with an estimated number of panels at 515,000. …If approved, this Project would be slated to start around the fourth quarter of 2018 – first quarter of 2019 and would be completed around the end of 2019."

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 4 of the Application for a Limitation on Appraised Value
c) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
d) Additional information provided by the Applicant or located by the Comptroller

Board Finding Number 12.

> **The Board of Trustees of the Damon Independent School District hired consultants to review and verify the information in Application #1243. 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 the Applicant is currently Ten Million Dollars ($10,000,000), which is consistent with the minimum values currently set out by Texas Tax Code §313.054(a).**

Board Finding Number 14.

> **The Applicant (Taxpayer ID 32057518758) 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 Exhibit 3, 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, 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 **Exhibit 3** is approved and herby authorized to be executed and delivered by and on behalf of the Damon 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 Damon Independent School District.

Dated the 10th day of October, 2018.

DAMON INDE ENDENT SCHOOL DISTRICT

By: Bubba Schneider

Bubba Schneider
President, Board of Trustees

ATTEST:

By: Veronica Arredondo

Veronica Arredondo
Secretary, Board of Trustees

EXHIBIT 1

Comptroller's Economic Impact Analysis

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 2, 2018

Dr. Donald Rhodes
Superintendent
Damon Independent School District
P.O. Box 429
Damon, Texas 77430

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Damon Independent School District and Wagyu Solar, LLC, Application 1243

Dear Superintendent Rhodes:

On May 23, 2018, the Comptroller issued written notice that Wagyu Solar, LLC (applicant) submitted a completed application (Application 1243) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on October 26, 2017, to the Damon Independent School District (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.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

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 1243.

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.

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'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, 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 50-826) 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 by December 31, 2018.

Note that any building or improvement existing as of the application review start date of May 23, 2018, 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 Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Amended Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Wagyu Solar, LLC (project) applying to Damon Independent School District (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 Wagyu Solar, LLC.

Applicant	Wagyu Solar LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Damon ISD
Estimated 2016-2017 Average Daily Attendance	164
County	Brazoria
Proposed Total Investment in District	$110,000,000
Proposed Qualified Investment	$110,000,000
Limitation Amount	$10,000,000
Qualifying Time Period (Full Years)	2019-2020
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	$1,211
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,211
Minimum annual wage committed to by applicant for qualified jobs	$62,975
Minimum weekly wage required for non-qualifying jobs	$1,067
Minimum annual wage required for non-qualifying jobs	$55,472
Investment per Qualifying Job	$36,666,667
Estimated M&O levy without any limit (15 years)	$8,494,200
Estimated M&O levy with Limitation (15 years)	$2,457,000
Estimated gross M&O tax benefit (15 years)	$6,037,200

** 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 Wagyu Solar, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	50	40	90	$1,787,500	$3,339,453	$5,126,953
2019	153	126	279.297	$5,551,425	$11,294,278	$16,845,703
2020	3	9	12	$188,925	$2,374,552	$2,563,477
2021	3	5	8	$188,925	$1,520,059	$1,708,984
2022	3	(5)	-2	$188,925	$909,708	$1,098,633
2023	3	(3)	0	$188,925	$665,567	$854,492
2024	3	(5)	-2	$188,925	$299,356	$488,281
2025	3	(1)	2	$188,925	$55,216	$244,141
2026	3	(1)	2	$188,925	$55,216	$244,141
2027	3	(3)	0	$188,925	$55,216	$244,141
2028	3	(1)	2	$188,925	$55,216	$244,141
2029	3	(7)	-4	$188,925	$55,216	$244,141
2030	3	(3)	0	$188,925	-$433,066	-$244,141
2031	3	(3)	0	$188,925	-$188,925	$0
2032	3	(3)	0	$188,925	-$433,066	-$244,141
2033	3	(3)	0	$188,925	-$188,925	$0
2034	3	(5)	-2	$188,925	-$677,206	-$488,281

Source: CPA REMI, Wagyu Solar, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to 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		Damon ISD I&S Tax Levy	Damon ISD M&O Tax Levy	Damon ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazoria County Road & Bridge Tax Levy	Port Freeport Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency Services District #1 Tax Levy	Brazoria County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0000	1.1700		0.3802	0.0600	0.0401	0.0200	0.0792	0.0750	
2020	$101,200,000	$101,200,000		$0	$1,184,040	$1,184,040	$384,797	$60,720	$40,581	$20,240	$80,169	$75,900	$1,846,447
2021	$92,400,000	$92,400,000		$0	$1,081,080	$1,081,080	$351,336	$55,440	$37,052	$18,480	$73,197	$69,300	$1,685,886
2022	$83,600,000	$83,600,000		$0	$978,120	$978,120	$317,876	$50,160	$33,524	$16,720	$66,226	$62,700	$1,525,325
2023	$74,800,000	$74,800,000		$0	$875,160	$875,160	$284,415	$44,880	$29,995	$14,960	$59,255	$56,100	$1,364,765
2024	$66,000,000	$66,000,000		$0	$772,200	$772,200	$250,954	$39,600	$26,466	$13,200	$52,284	$49,500	$1,204,204
2025	$57,200,000	$57,200,000		$0	$669,240	$669,240	$217,494	$34,320	$22,937	$11,440	$45,313	$42,900	$1,043,644
2026	$48,400,000	$48,400,000		$0	$566,280	$566,280	$184,033	$29,040	$19,408	$9,680	$38,342	$36,300	$883,083
2027	$39,600,000	$39,600,000		$0	$463,320	$463,320	$150,573	$23,760	$15,880	$7,920	$31,370	$29,700	$722,523
2028	$30,800,000	$30,800,000		$0	$360,360	$360,360	$117,112	$18,480	$12,351	$6,160	$24,399	$23,100	$561,962
2029	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2030	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2031	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2032	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2033	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2034	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
			Total	$0	$8,494,200	$8,494,200	$2,760,499	$435,600	$291,126	$145,200	$575,123	$544,500	$13,246,248

Source: CPA, Wagyu Solar, LLC

*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Brazoria County, Brazoria County Road & Bridge, Port Freeport, West Brazoria County Drainage District #11, Brazoria County Emergency Services District #1 and Brazoria County Emergency Services District #2, with all property tax incentives sought 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.

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought													
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Damon ISD I&S Tax Levy	Damon ISD M&O Tax Levy	Damon ISD M&O and I&S Tax Levies	Brazoria County Tax Levy	Brazoria County Road & Bridge Tax Levy	Port Freeport Tax Levy	West Brazoria County Drainage District #11 Tax Levy	Brazoria County Emergency Services District #1 Tax Levy	Brazoria County Emergency Services District #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0000	1.1700		0.3802	0.0600	0.0401	0.0200	0.0792	0.0750	
2020	$101,200,000	$10,000,000		$0	$117,000	$117,000	$0	$60,720	$40,581	$20,240	$80,169	$75,900	$394,610
2021	$92,400,000	$10,000,000		$0	$117,000	$117,000	$0	$55,440	$37,052	$18,480	$73,197	$69,300	$370,470
2022	$83,600,000	$10,000,000		$0	$117,000	$117,000	$0	$50,160	$33,524	$16,720	$66,226	$62,700	$346,330
2023	$74,800,000	$10,000,000		$0	$117,000	$117,000	$71,104	$44,880	$29,995	$14,960	$59,255	$56,100	$393,294
2024	$66,000,000	$10,000,000		$0	$117,000	$117,000	$125,477	$39,600	$26,466	$13,200	$52,284	$49,500	$423,527
2025	$57,200,000	$10,000,000		$0	$117,000	$117,000	$108,747	$34,320	$22,937	$11,440	$45,313	$42,900	$382,657
2026	$48,400,000	$10,000,000		$0	$117,000	$117,000	$92,017	$29,040	$19,408	$9,680	$38,342	$36,300	$341,787
2027	$39,600,000	$10,000,000		$0	$117,000	$117,000	$150,573	$23,760	$15,880	$7,920	$31,370	$29,700	$376,203
2028	$30,800,000	$10,000,000		$0	$117,000	$117,000	$117,112	$18,480	$12,351	$6,160	$24,399	$23,100	$318,602
2029	$22,000,000	$10,000,000		$0	$117,000	$117,000	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$261,001
2030	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2031	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2032	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2033	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
2034	$22,000,000	$22,000,000		$0	$257,400	$257,400	$83,651	$13,200	$8,822	$4,400	$17,428	$16,500	$401,401
			Total	$0	$2,457,000	$2,457,000	$1,166,938	$435,600	$291,126	$145,200	$575,123	$544,500	$5,615,487
			Diff	$0	$6,037,200	$6,037,200	$1,593,561	$0	$0	$0	$0	$0	$7,630,761

Source: CPA, Wagyu Solar, LLC
*Tax 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 before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Wagyu Solar 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	2017	$0	$0	$0	$0
	2018	$0	$0	$0	$0
	2019	$160,875	$160,875	$0	$0
Limitation Period (10 Years)	2020	$117,000	$277,875	$1,067,040	$1,067,040
	2021	$117,000	$394,875	$964,080	$2,031,120
	2022	$117,000	$511,875	$861,120	$2,892,240
	2023	$117,000	$628,875	$758,160	$3,650,400
	2024	$117,000	$745,875	$655,200	$4,305,600
	2025	$117,000	$862,875	$552,240	$4,857,840
	2026	$117,000	$979,875	$449,280	$5,307,120
	2027	$117,000	$1,096,875	$346,320	$5,653,440
	2028	$117,000	$1,213,875	$243,360	$5,896,800
	2029	$117,000	$1,330,875	$140,400	$6,037,200
Maintain Viable Presence (5 Years)	2030	$257,400	$1,588,275	$0	$6,037,200
	2031	$257,400	$1,845,675	$0	$6,037,200
	2032	$257,400	$2,103,075	$0	$6,037,200
	2033	$257,400	$2,360,475	$0	$6,037,200
	2034	$257,400	$2,617,875	$0	$6,037,200
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$257,400	$2,875,275	$0	$6,037,200
	2036	$257,400	$3,132,675	$0	$6,037,200
	2037	$257,400	$3,390,075	$0	$6,037,200
	2038	$257,400	$3,647,475	$0	$6,037,200
	2039	$257,400	$3,904,875	$0	$6,037,200
	2040	$257,400	$4,162,275	$0	$6,037,200
	2041	$257,400	$4,419,675	$0	$6,037,200
	2042	$257,400	$4,677,075	$0	$6,037,200
	2043	$257,400	$4,934,475	$0	$6,037,200
	2044	$257,400	$5,191,875	$0	$6,037,200

$5,191,875	is less than	$6,037,200

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?	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, Wagyu Solar LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	50	40	90	$1,787,500	$3,339,453	$5,126,953	259399.4	-160217.3	$419,617
2019	153	126	279.297	$5,551,425	$11,294,278	$16,845,703	869751	-427246.1	$1,296,997
2020	3	9	12	$188,925	$2,374,552	$2,563,477	68664.6	259399.4	-$190,735
2021	3	5	8	$188,925	$1,520,059	$1,708,984	30517.6	236511.2	-$205,994
2022	3	(5)	-2	$188,925	$909,708	$1,098,633	-30517.6	198364.3	-$228,882
2023	3	(3)	0	$188,925	$665,567	$854,492	-38147	160217.3	-$198,364
2024	3	(5)	-2	$188,925	$299,356	$488,281	-30517.6	144958.5	-$175,476
2025	3	(1)	2	$188,925	$55,216	$244,141	-38147	122070.3	-$160,217
2026	3	(1)	2	$188,925	$55,216	$244,141	-38147	91552.7	-$129,700
2027	3	(3)	0	$188,925	$55,216	$244,141	-76293.9	45776.4	-$122,070
2028	3	(1)	2	$188,925	$55,216	$244,141	-68664.6	15258.8	-$83,923
2029	3	(7)	-4	$188,925	$55,216	$244,141	-83923.3	-7629.4	-$76,294
2030	3	(3)	0	$188,925	-$433,066	-$244,141	-114440.9	-53405.8	-$61,035
2031	3	(3)	0	$188,925	-$188,925	$0	-99182.1	-76293.9	-$22,888
2032	3	(3)	0	$188,925	-$433,066	-$244,141	-129699.7	-91552.7	-$38,147
2033	3	(3)	0	$188,925	-$188,925	$0	-144958.5	-144958.5	$0
2034	3	(5)	-2	$188,925	-$677,206	-$488,281	-183105.5	-167846.7	-$15,259
2035	3	(7)	-4	$188,925	-$1,165,488	-$976,563	-228881.8	-198364.3	-$30,518
2036	3	(7)	-4	$188,925	-$921,347	-$732,422	-221252.4	-259399.4	$38,147
2037	3	(5)	-2	$188,925	-$1,165,488	-$976,563	-244140.6	-282287.6	$38,147
2038	3	(11)	-8	$188,925	-$1,897,909	-$1,708,984	-259399.4	-320434.6	$61,035
2039	3	(9)	-6	$188,925	-$1,653,769	-$1,464,844	-274658.2	-366210.9	$91,553
2040	3	(11)	-8	$188,925	-$2,630,331	-$2,441,406	-320434.6	-419616.7	$99,182
2041	3	(7)	-4	$188,925	-$2,386,191	-$2,197,266	-335693.4	-465393.1	$129,700
2042	3	(9)	-6	$188,925	-$2,386,191	-$2,197,266	-350952.1	-473022.5	$122,070
2043	3	(15)	-12	$188,925	-$2,630,331	-$2,441,406	-366210.9	-503540	$137,329
2044	3	(19)	-16	$188,925	-$3,118,613	-$2,929,688	-366210.9	-511169.4	$144,959
2045	3	(17)	-14	$188,925	-$3,606,894	-$3,417,969	-411987.3	-564575.2	$152,588
						Total	**-$3,227,234**	**-$4,219,055**	**$991,822**
							$6,183,697	is greater than	**$6,037,200**

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

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 **has determined** that the limitation on appraised value is a determining factor in the Wagyu Solar, 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:

- Per Wagyu Solar, LLC, in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Tax incentives play a vital role in the development of any renewable project, particularly one of this magnitude. The Chapter 313 value limitation incentive, in particular, is considered an important piece that can contribute to the viability, marketability, and success of the project. Critical project economics specific to this project are:
     i. Texas' historically low power prices have become a hindrance despite the decline of solar build costs.
     ii. Additional challenges and costs related to the construction on the land within the proposed designated area.
     iii. High property tax rates.
  B. "In light of these obstacles, the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential to the overall economic analysis."
- Per Wagyu Solar, LLC in Tab 5 of the Application, Cypress Creek Renewables is Wagyu Solar, LLC's parent company. "Cypress Creek Renewables LLC (CCR) is a leader in developing and operating local, community-based solar projects in the United States. ... The decision to invest capital for Project Wagyu is still on-going and therefore the opportunity to consider capital investment for alternative locations is still available."
- A review of the minutes from the October 26, 2017 Board of Trustees meeting, Damon Independent School District indicated the Board voted to accept the application from Wagyu Solar LLC.
- A November 2, 2017 *The County News (West Columbia, TX)* issue reported:
  A. "The district had representatives on hand from Wagyu Solar LLC, a solar farm company interested in building a large project on property that is located on the eastern section of the Damon ISD tax base."

B. "Blas Ortiz from the solar company spoke to the board and explained that this project would encompass approximately 1,400 acres and would take about 8-12 months to complete construction."
C. "An estimated 150-200 jobs would be utilized during the construction with just three full-time permanent jobs after the project is completed."
D. "The company will have an estimated investment in the project of $150,000,000 with an estimated number of panels at 515,500. ... If approved, this project would be slated to start around the fourth quarter of 2018-first quarter of 2019 and would be completed around the end of 2019."

- A review of the minutes from the March 27, 2018 Brazoria County Commissioners Court meeting revealed the following:
  A. Approved two Chapter 381 Economic Development Agreements with Cypress Creek Renewables, LLC
  B. "Cypress Creek Renewables, LLC will construct two solar electric power generation facilities – one located in Precinct 1 and one located in Precinct 4."
  C. "Expend no less than $110,000,000 on development costs for the project located in Precinct 4, and no less than $64,000,000 on development costs for the project located in Precinct 1." Per Wagyu Solar, LLC in Tab 9 of their Application, the description of land matches the legal description for the project located in Precinct 4.
  D. "Create no less than a total of six (6) new permanent operation and maintenance jobs; and create no less than a total of150 construction jobs."
  E. "For each solar electric power generation facility, the County will rebate 100% in Year 1, Year 2, Year 3, 75% in Year 4, and 50% in Year 5, Year 6, Year 7 of property tax on all eligible real and tangible personal property... The rebates will commence on January 1st of the first calendar year following the commencement of the projects."
- An April 1, 2018 *The Facts (Clute, TX)* article states with regard to the project, "Two proposed solar power generation facilities are expected to bring nearly $200 million to the county tax rolls. County commissioners at a meeting this week approved two Chapter 381 agreements with Cypress Creek Renewables LLC, a national provider of local solar energy based in Santa Monica, California. A Chapter 381 agreement allows counties to provide incentives encouraging developers to build in their jurisdictions. The agreement calls for a $110 million facility on CR 23 in Damon, and a $64 million building near Liverpool, County Judge Matt Sebesta said. The project will create six permanent jobs and 150 construction jobs, according to the agreement."
- A March 28, 2018 *Guidry News Service* article similarly reported the following:
  A. "The [Brazoria County] commissioners court voted unanimously to approve economic development agreements with Cypress Creek Renewables, LLC for two projects."
  B. "The projects include construction of two, independent solar electric power generation facilities, one located in Precinct 1, the other in Precinct 4. The project in Precinct 4 is to expend no less than $110 million in development costs, while the other project is to expend no less than $64 million. The projects will create six permanent jobs and 150 construction jobs."
  C. "If conditions are met, the county will rebate 100 percent of property taxes on eligible improvements for three years, 75 percent in the fourth year, and 50 percent for the three remaining years of the agreement."
- An April 2018 *Generator Interconnection Status Report* issued by ERCOT reported the project, in the Full Interconnect Study (FIS) phase, without a Signed Interconnection Agreement as of April 30, 2018.
  A. 18INR0062 (GINR Reference Number) Wagyu Solar LLC (Project Name); Cypress Creek Renewables (Interconnecting Entity); tap 138kV 43380 West Columbia - 44010 WA Parish (Point of Interconnection); Solar (Fuel) 120 MW (Capacity to Grid); 8/2019 (Projected Commercial Operations Date); Complete (Full Interconnect Study Status)
- Supplemental information provided by the applicant indicated the following:
  A. Is the Wagyu Solar LLC project currently known by any other project names? "Prior to being called Wagyu Solar LLC, the project was briefly named 'Willow Solar LLC.'"

B. Has this project applied to ERCOT at this time? If so, please provide the project's GINR number. "The GINR is 18INR0062."

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(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.

Supporting Information

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

TAB 05 - LIMITATION AS A DETERMINING FACTOR:

Cypress Creek Renewables LLC (CCR) is a leader in developing and operating local, community-based solar projects in the United States. With unmatched experience, CCR has cultivated a proven and repeatable model for implementing small to large utility scale solar energy projects which are strategically located to yield optimal generation. Currently, CCR has over 5.0 gigawatts of production capacity deployed or in development throughout the United States. These attributes provide excellent flexibility and numerous opportunities for capital investment in a variety of competing geographical regions with budding solar energy markets that offer competitive incentives.

The decision to invest capital for Project Wagyu is still on-going and therefore the opportunity to consider capital investment for alternative locations is still available. Locations in North Carolina, South Carolina, Nevada, and Oregon are being considered as potential alternative sites for this project. When considering the implementation of a project, CCR considers all factors directly affecting the return on investment. A substantial portion of internal analyses focuses on the considerable Texas property tax burden.

Tax incentives play a vital role in the development of any renewable project, particularly one of this magnitude. The Chapter 313 value limitation incentive, in particular, is considered an important piece that can contribute to the viability, marketability, and success of the project. Critical project economics specific to this project are:

- Texas' historically low power prices have become a hindrance despite the decline of solar build costs.
- Additional challenges and costs related to the construction on the land within the proposed designated area.
- High property tax rates.

In light of these obstacles, the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential to the overall economic analysis.

Currently, CCR has plans to pursue local and state regulatory permits and local tax incentive agreements, when appropriate.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Minutes of Regular Meeting
October 26, 2017

The Board of Trustees
Damon Independent School District

A Regular Meeting of the Board of Trustees of Damon Independent School District was held on Thursday, October 26, 2017, beginning at 7:00 PM in the Damon I.S.D. Board Room, 1211 Mulcahy, Damon, Texas 77430.

1. Meal for the board
2. Bobcat video presentation
   A. Damon Bobcats attend the student council convention.
3. Call to order 7:03 p.m.
   The meeting was called to order at 7:03 p.m. by President Bubba Schneider.
4. Establish a quorum
   Members Present: Bubba Schneider (left at 8:33 pm), BJ Gerjes-Biehunko, Helen Noble, Veronica Arredondo, Leah Pence (arrived at 7:55 pm)
   Members Absent: Linda Pavlicek, Justin Laughrey
   Superintendent: Dr. Donald Rhodes
   Principal: Mr. Dave Demiglio
   Business Office: Kandace Delaney, Dianna Matthys
   Superintendent's Secretary: Annette Elster
   Visitors: Sara Leon-presenter, Lewis Wilkes-presenter, Susan Bowles-presenter, Art Chandler, Casandra Johnson, Nicko Keene, Blas Ortiz
5. Open session for public comment
   None
6. Introduction of school attorney Sara Leon, partner Powell and Leon LLC.
   Dr. Rhodes introduced the school's attorney Sara Leon with Powell and Leon LLC to the board.
7. Acknowledgment of Conflict of Interest Policy BBFA (Legal) and (Local)
   The acknowledgment of Conflict of Interest Policy BBFA (Legal and (Local) will be discussed at the next meeting.
8. Action to Adopt Policy CCG (Local)
   Moved to November meeting.
9. Discussion and possible action to accept an Application for Value Limitation Agreement from Wagyu Solar LLC pursuant to Chapter 313 of the Texas Property Tax Code; authorize the Superintendent of Schools to review the Application for completeness and submit the Application to the Comptroller of Public Accounts; authorize the Superintendent of Schools to approve any request for extension of the

deadline for Board action beyond the 150-day Board review period as may be required.
Motion made by Helen Noble to accept an Application for Value Limitation Agreement from Wagyu Solar LLC pursuant to Chapter 313 of the Texas Property Tax Code; authorize the Superintendent of Schools to review the Application for completeness and submit the Application to the Comptroller of Public Accounts; authorize the Superintendent of Schools to approve any request for extension of the deadline for Board action beyond the 150-day Board review period as may be required.
Seconded by: Veronica Arredondo
For: 4
Against: 0
Abstain: 0
Passed unanimously.

10. Closed Session Consultation with legal counsel regarding an Application for Value Limitation Agreement from Wagyu Solar LLC pursuant to Chapter 313 of the Texas Property Tax Code
No closed session occurred.

11. Discussion and possible action to retain attorneys/consultants Powell & Leon, LLP and Jigsaw Consulting to assist the district in the review and processing of the Application for Value Limitation Agreement from Wagyu Solar LLC pursuant to Chapter 313 of the Texas Property Tax Code.
Motion made by Helen Noble to retain attorneys/consultants Powell & Leon, LLP and Jigsaw Consulting to assist the District in the review and processing of the Application for Value Limitation Agreement from Wagyu Solar LLC pursuant to Chapter 313 of the Texas Property Tax Code.
Seconded by: BJ Gerjes-Biehunko
For: 4
Against: 0
Abstain: 0
Passed unanimously.

12. Hear a report from a representative of Powell and Leon, LLC regarding the financing of a maintenance tax note.
It should be noted for the public that this action does not raise property taxes. This finance action will be paid for from the district's regular operational budget.
School Attorney Sara Leon reported on the financing of a maintenance tax note.

13. Hear a report from Lewis Wilkes, Director, Public Finance with U.S. Capital Advisors, LLC.
Lewis Wilkes reported on the financing of a maintenance tax note.

14. Closed Session: Consultation with legal counsel regarding a maintenance tax note.
No closed session occurred.

15. Consider approval of an engagement letter with U.S. Capital Advisors as finance consultants.
Motion made by Helen Noble to approve an engagement letter with U.S. Capital

From: Editorial
To: Michelle Luera
Subject: Damon ISD Story
Date: Thursday, April 19, 2018 3:04:05 PM

CAUTION: This email originated from outside of the Texas Comptroller's email system.
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Here is the story that ran in our Nov. 2, 2017 issue on Wagyu Solar and their appearance at the Damon ISD meeting in the last part of October in 2017.

Anthony Maenza
The County News

By Art Chandler

The Damon Board of Trustees held its regular monthly public meeting last Thursday.

The district had representatives on hand from Wagyu Solar LLC, a solar farm company interested in building a large project on property that is located on the eastern section of the Damon ISD tax base.

Blas Ortiz from the solar company spoke to the board and explained that this project would encompass approximately 1,400 acres and would take about 8-12 months to complete construction.

An estimated 150-200 jobs would be utilized during the construction with just three full-time permanent jobs after the project is completed.

Community benefits to be derived from the solar farm are thought to be as follows: clean energy, does not require the use of local water resources, potential for local construction labor and procurement of materials, an estimated 35-year useful life of solar panels, and an increased tax base and source of tax revenue.

Wagyu Solar LLC is headquartered in Santa Monica, Ca. but also has offices in Texas as well as other cities in the U.S.

The company will have an estimated investment in the project of $150,000,000. with an estimated number of panels at 515,500. These panels would pivot and thus follow the path of the sun across the sky. If approved, this project would be slated to start around the fourth quarter of 2018-first quarter of 2019 and would be completed around the end of 2019.

Susan Bowles, the special education Director of the Greater Gulf Coast Cooperative also spoke to the board.

Damon ISD is one of four school districts in the coop, along with Needville, Hitchcock, and Danbury. There are nine different categories of training offered to Damon ISD faculty members by the coop and 13 categories of disabilities that qualify students for Special Education. Damon ISD currently has six students that take part in Special Education.

Bowles went on to say that Damon ISD is in need of a special education teacher to help with the education of these students, a position the district has been unable to fill thus far. She said this can possibly be alleviated by the hiring of two teacher aides (for the remainder of the school year). The board followed her recommendation by unanimously passing an amendment to the budget to hire those two aides.

Bowles also stated that special education students should not be segregated and learn at a faster rate when around the general public students, a policy Damon ISD already adheres to.

During the principal's report, principal Dave Demiglio asked for a class size waiver for a class that has exceeded the state's recommendation of 22 students per class by one child to 23. He stated that the teachers were doing a great job and the one extra student had not caused any problems with the class. The waiver was passed unanimously.

Demiglio also talked about the school district's STAAR Camp where students in grades 3-10 can receive tutoring in reading and mathematics. Students are required to bring their homework and any other assignments that are outstanding with them to the camp. However, the camp is not designed to serve as a study hall or silent homework completion. Two teachers will be on hand at each camp (one each for reading and mathematics). Two camps have already been completed.

The upcoming dates (all Saturdays) are the following: 11/11,12/02,12/09,01/06,01/13,01/27,02/03,02/17,03/03,03,24,04,07,04/14,04/28,05/12. Session 1: 10-11:15, 11:15-11:45 lunch, Session 2: 11:45-1 p.m.

Demiglio also stated that the district's parent-teacher conferences were all but 5 percent completed with those parents all but refusing to take part in this important endeavor.

Superintendent Donald Rhodes, during his report, stated that after receiving a complaint at the last board meeting about parking issues at the school, he investigated the matter. He said the district had 65 available parking spaces for approximately 45 employees and felt that there was no need for additional spaces at this time.

March 27, 2018

THE COMMISSIONERS' COURT OF BRAZORIA COUNTY

SPECIAL MEETING

ORDER NO. 7.Q.3
RE: Order Authorizing Economic Development Agreements with Cypress Creek Renewables, LLC.

The Court hereby authorizes the County to enter into Economic Development Agreements pursuant to Chapter 381 of the Texas Local Government Code with Cypress Creek Renewables, LLC or an affiliated entity of Cypress Creek Renewable, LLC under the following terms and conditions:

1. Cypress Creek Renewables, LLC will:
    a. construct two, independent solar electric power generation facilities-one located in Precinct 1 and one located in Precinct 4-consisting of photovoltaic solar panel modules, reinforced foundations, single-axis tracking, inverters, transformers, conversion wiring, fencing, lighting and other electrical support infrastructure, various structural foundations, underground collection systems, and transmission lines;
    b. expend no less than $110,000,000 on development costs for the project located in Precinct 4, and no less than $64,000,000 on development costs for the project located in Precinct 1;
    c. create no less than a total of six (6) new permanent operation and maintenance jobs; and
    d. create no less than a total of150 construction jobs.
2. For each solar electric power generation facility, the County will rebate 100% in Year 1, Year 2, Year 3, 75% in Year 4, and 50% in Year 5, Year 6, Year 7 of property tax on all eligible real and tangible personal property described above. The rebates will commence on January 1st of the first calendar year following the commencement of the projects.
3. The County Judge is authorized to sign the Agreements pending final approval by the District Attorney's Office-Civil Division.

The Facts

NEXT UP

Opening of Clute fire station 20 years in the making, officials say

The new $3.9 million central fire and emergency medical s...

County approves tax break for solar power facilities

By Erinn Callahan erinn.callahan@thefacts.com Apr 1, 2018 0

ANGLETON — Two proposed solar power generation facilities are expected to bring nearly $200 million to the county tax rolls.

County commissioners at a meeting this week approved two Chapter 381 agreements with Cypress Creek Renewables LLC, a national provider of local solar energy based in Santa Monica, California. A Chapter 381 agreement allows counties to provide incentives encouraging developers to build in their jurisdictions.

The agreement calls for a $110 million facility on CR 23 in Damon, and a $64 million building near Liverpool, County Judge Matt Sebesta said.

The project will create six permanent jobs and 150 construction jobs, according to the agreement.

"They'll come in and put in the solar panels and put electricity into the grid," Sebesta said.

Commissioners approved a 100 percent tax abatement for the first three years each facility is operating, dropping to 75 percent after the fourth year and 50 percent after the fifth year until the seventh year, the agreement states.

Not only will the projects diversify the county's industrial makeup and bring in alternative sources of electricity, they also will provide a tax base in a largely agricultural, tax-exempt area, Sebesta said.

"They're not providing much tax base because they're running agriculture on those, so they do have those tax exemptions," he said. "This will put close to $200 million on the tax rolls."

As technology advances, solar panels have become much cheaper to produce, Sebesta said.

"The overhead equipment that is needed to tap into that power source is not as expensive as it used to be, so now it can help diversify the energy industry," he said.

Commissioners approved a similar economic development agreement two years ago with Pioneer Green Energy, an Austin-based clean energy company, for a large utility-scale wind farm in Chocolate Bayou.

The first of its kind in the area, the project would consist of 62 turbines — each less than 500 feet tall — on a roughly 13,000-acre tract south of FM 2004 and FM 2917 near Alvin, Pioneer Green Energy Development Manager Patrick Buckley told commissioners at the time.

"They're still progressing but they haven't started construction yet," Sebesta said. "These guys have identified a few sites in Brazoria County."

Erinn Callahan is a reporter for The Facts. Contact her at 979-237-0150.

Erin Callahan

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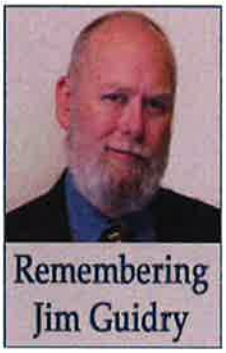
Brazoria County



Brazoria County Commissioner Court

by Garrett Bryce w/photos courtesy Brazoria County Judge's Office
Wednesday, March 28, 2018

Brazoria County Commissioners Court on Tuesday voted unanimously to adopt a resolution supporting recommendations regarding the Gulf Coast Intracoastal Waterway and the Brazos River Flood Gates.

The recommendations include asking the United States Army Corps of Engineers to conduct a rerun of the hydrodynamic model based on the condition that the mouth of the San Bernard River is fully open, as well as re-running a sediment transfer model with the mouth of the river open in order to refine and determine the amount of sediment deposition that will travel through the Gulf Coast Intracoastal Waterway and into the San Bernard estuary.

Other recommendations include federalizing the San Bernard from the waterway to the Gulf of Mexico. **Resolution**

The commissioners court voted unanimously to proclaim April as Child Abuse and Neglect Prevention Month. **Proclamation**

The commissioners court voted unanimously to proclaim March 29 as Vietnam Veterans Day in Brazoria County. **Proclamation**

The commissioners court voted unanimously to appoint Gary Basinger to the Brazoria-Fort Bend Rail District Board of Directors to replace Sean Stockard, who resigned from the board.

The commissioners court voted 4-1, with County Judge Matt Sebesta opposed, to approve an amended order allowing firework sales for the Memorial Day holiday in 2018, but no longer after 2018 and for no additional days at this time.

The commissioners court voted unanimously to approve economic development agreements with Cypress Creek Renewables, LLC for two projects.

The projects include construction of two, independent solar electric power generation facilities, one located in Precinct 1, the other in Precinct 4. The project in Precinct 4 is to expend no less than $110 million in development costs, while the other project is to expend no less than $64 million. The projects will create six permanent jobs and 150 construction jobs.

If conditions are met, the county will rebate 100 percent of property taxes on eligible improvements for three years, 75 percent in the fourth year, and 50 percent for the three remaining years of the agreement.

The commissioners court took no action resulting from closed session discussions regarding potential litigation.

The commissioners court took no action resulting from closed session discussions regarding the purchase of property.

The commissioners court voted unanimously to approve a commercial contract for the sale of property located at 0 Garland Drive in Lake Jackson to Kaspar Construction Group for $150,000, as discussed in closed session.

All other items were approved by unanimous vote. All members were present. **Agenda**

To view a video of the meeting, **Click Here**

Pictured (Top Right): Vietnam Veterans received a Proclamation during Commissioners' Court proclaiming March 29th as "Vietnam Veterans Day" in Brazoria County.

Pictured left to right:
Front row - Andy Smith, Raymond Smith, John Rice, County Judge Matt Sebesta, Robert Rabb, Patrick Trotta, Art Munoz, Jacinto Hernandez
Middle row - Chief Deputy Jeff Adkins, Commissioner David Linder, Pct. 4; Commissioners Stacy Adams, Pct. 3, Kenneth Akerstrom, Glen Moody, Frank Dietz
Back row- Commissioner Dude Payne, Pct.1; Commissioner Ryan Cade, Pct. 2

Pictured (Above Left): Commissioners' Court proclaimed April as 'Child Abuse and Neglect Prevention Month" in Brazoria County. On April 5th at 10 AM a pinwheel display will be placed on the Brazoria County courthouse lawn. Each blue pinwheel displayed, represents a confirmed case of child abuse or neglect in Brazoria County within the last year. The silver pinwheels represent a child that has died from abuse or neglect within the year in the county. Commissioners' Court urges all citizens to work together to help reduce child abuse and neglect in our county.

Pictured left to right: Sharon Wilkerson, Michele Allison, Commissioner David Linder, Pct. 4; Commissioner Stacy Adams, Pct. 3; County Judge Matt Sebesta, Nancy Davis, Greg Anderson, Jacinda Reckaway - Cps Foster Adopt Supervisor; Commissioner Dude Payne, Pct. 1; Commissioner Ryan Cade, Pct. 2.

Trending Stories

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March 27, 2018

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The Select Committee on Texas Ports, Innovation & Infrastructure...
March 26, 2018

Memorial Hermann Southeast Hospital and Memorial Hermann...
March 26, 2018

Texas Governor Greg Abbott today visited JSW Group...
March 26, 2018

Texas Governor Greg Abbott today spoke to the Rotary...
March 25, 2018

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Generator Interconnection Status Report **April 2018**

Date: 5/1/2018 2:16:41 PM

All Projects, in the Full Interconnect Study (FIS) phase, without a Signed Interconnection Agreement as of April 30, 2018

GINR Reference Number	Project Name*	Interconnecting Entity	Point of Interconnection (POI)	County	Fuel	Capacity to Grid (MW)	Projected COD Month/Year (as specified by the resource developer)	FIS Report Status
18INR0077	Colorado Bend 2 retune	Exelon		Wharton	GAS	45	6/2018	Incomplete
18INR0076	Wolf Hollow 2 retune	Exelon		Hood	GAS	44	6/2018	Incomplete
17INR0070	Desert Sky repower	Invenergy		Pecos	WIND	7	6/2018	Complete
17INR0069	Trent repower	Invenergy		Nolan	WIND	6	6/2018	Complete
17INR0067	Sweetwater 1 repower	Leeward Energy	180151 Sweetwater1 34.5kV	Nolan	WIND	0	6/2018	Complete
17INR0065	Capricorn III repower	Nextera		Sterling	WIND	0	6/2018	Complete
17INR0064	Capricorn II repower	Nextera		Sterling	WIND	0	6/2018	Complete
17INR0060	Horse Hollow IV repower	Nextera		Taylor	WIND	0	6/2018	Complete
17INR0058	Horse Hollow II repower	Nextera		Taylor	WIND	0	6/2018	Complete
17INR0057	Red Canyon repower	Nextera		Borden	WIND	0	6/2018	Complete
17INR0104	Capricorn 4 repower	Nextera		Coke	WIND	0	7/2018	Complete
17INR0103	Horse 3 repower	Nextera		Taylor	WIND	0	7/2018	Complete
17INR0101	Horse 1 repower	Nextera		Taylor	WIND	0	7/2018	Complete
17INR0063	Capricorn I repower	Nextera		Sterling	WIND	0	7/2018	Complete
17INR0061	Capricorn IV repower	Nextera		Sterling	WIND	9	7/2018	Complete
17INR0056	Callahan repower	Nextera		Taylor	WIND	0	7/2018	Complete
17INR0054	Capricorn I & III repower	Nextera	180757 Capricorn Ridge 3 138kV	Sterling	WIND	32	7/2018	Complete
17INR0053	HH3 (HHGT increase)	Nextera	7046 Kendal 345kV	Taylor	WIND	44	7/2018	Complete
17INR0052	HH1 (HHGT increase)	Nextera	6216 Bluff Creek 138kV	Taylor	WIND	44	7/2018	Complete
18INR0075	Gulf Wind 1 Repower	Pattern Energy		Kenedy	WIND	0	8/2018	Incomplete
18INR0072	Blue Summit Repower	Nextera	140382 Blue Summit 1.6 34.5kV	Wilbarger	WIND	10	12/2018	Incomplete
18INR0070	Blue Summit II	Nextera	61001 Jim Treece 345kV	Wilbarger	WIND	102	12/2018	Incomplete
19INR0173	Magnet Wind	Seventus	Lane City 138kV	Wharton	WIND	125	3/2019	Incomplete
18INR0055	Long Draw Solar	BNB Renewables	59900 Long Draw 345kV	Borden	SOLAR	225	3/2019	Incomplete
18INR0023	Lost Mines Wind	RES Americas	60708 Orsted 345kV - Big Hill	Schleicher	WIND	201	3/2019	Incomplete
19INR0094	GSE Three Solar	Alpin Sun	6044 Turkey 69kV	Hall	SOLAR	50	4/2019	Incomplete
19INR0057	Old Bloomington Road	Castleman Power	8143 Dupont 138kV	Victoria	GAS	100	4/2019	Incomplete
19INR0056	Chamon Phase 2	Castleman Power	40260 Chamon 138kV	Harris	GAS	100	4/2019	Incomplete
16INR0036	Pecan Creek 1 Gas	NTE Energy	tap 345kV 11420 Sweetwater - 11406 Central Bluff	Nolan	GAS	280	4/2019	Incomplete
18INR0053	Fort Bend Solar	Lendlease Energy	tap 138kV 44541 Orchard - 44190 E Bernard	Fort Bend	SOLAR	240	5/2019	Incomplete
16INR0111	Las Lomas Wind	Enerverse	8957 Lopeno 138kV	Starr	WIND	200	5/2019	Incomplete
20INR0011	Ranchero Wind	Scout Clean Energy	tap 345kV 76002 Bakersfield - 76005 Schneeman	Crockett	WIND	250	6/2019	Incomplete
19INR0036	Oxbow Solar	BNB Renewables	59905 Faraday 345kV	Borden	SOLAR	250	6/2019	Incomplete
19INR0028	Normande Solar Farm	8minutenergy	59900 Long Draw 345kV	Borden	SOLAR	300	6/2019	Incomplete
19INR0017	Tri-County Solar	First Solar	tap 138kV 1027 Odessa - 1107 Monahans2T	Crane	SOLAR	207	6/2019	Incomplete
19INR0001	Texas Solar Nova	SunPower	tap 345kV 11305 Dermott - 59904 Cottonwood	Kent	SOLAR	750	6/2019	Incomplete
18INR0045	Misae Solar	Childress Solar LLC	60501 Tesla 345kV	Childress	SOLAR	241	6/2019	Incomplete
18INR0033	Oveja Wind	Invenergy	76005 Schneeman Draw 345kV	Irion	WIND	300	6/2019	Incomplete
18INR0040	Soda Lake Solar 1 and 2	Arrington Solar	Tap 138kV 6601 Rio Pecos - 60014 Spudder	Crane	SOLAR	400	6/2019	Complete
18INR0039	Fowler Ranch	Solar Prime	tap 138kV 60014 Spudder - 76615 Crane	Crane	SOLAR	150	6/2019	Complete
19INR0044	Lily Solar	SunChase Power	tap 138kV 6904 CombinRC - 6908 ScuryRC	Kaufman	SOLAR	150	7/2019	Incomplete
19INR0041	Myrtle Solar	Sunchase Power	42110 Angleton 138kv or line tap to Rosharon 44600	Brazoria	SOLAR	240	7/2019	Incomplete

GINR Reference Number	Project Name*	Interconnecting Entity	Point of Interconnection (POI)	County	Fuel	Capacity to Grid (MW)	Projected COD Month/Year (as specified by the resource developer)	FIS Report Status
18INR0065	Goodranch Solar	EDF Renewable Energy	79600 Vealmoor 138kV OR 79640 Vealmoor 345kV	Borden	SOLAR	200	7/2019	Incomplete
18INR0064	Silver Star repower	Bp	150511 Flat Creek 34.5kV	Eastland	WIND	-7	7/2019	Complete
13INR0025	Buffalo Wind 1	National Renewable Solutions	79504 AJ Swope 345kV	Randall	WIND	150	7/2019	Complete
19INR0083	Oberon Solar	174 Power Global	tap 138kV 1292 Ectorharp - 1013 Wolf	Ector	SOLAR	180	8/2019	Incomplete
18INR0058	Texana Solar	Sunchase Power	tap 138kV 8102 El Campo - 8117 Ganado	Wharton	SOLAR	150	8/2019	Incomplete
18INR0050	Mustang Creek Solar	Sunchase Power	5523 ETP 138kV	Jackson	SOLAR	150	8/2019	Incomplete
18INR0062	Wagyu Solar	Cypress Creek Renewables	tap 138kV 43380 West Columbia - 44010 WA Parish	Brazoria	SOLAR	120	8/2019	Complete
19INR0138	Buffalo Gap 4	Aes	66216 Bluff Creek 138kV	Nolan	WIND	175	9/2019	Incomplete
19INR0102	Queen Solar	Cielo	tap 345kV 11028 Odessa - 76000 NMcCamey	Upton	SOLAR	400	9/2019	Incomplete
19INR0099a	Kontiki Wind	TriGlobal	59903 Bearkat 345kV	Glasscock	WIND	255	9/2019	Incomplete
16INR0097	Morada Del Sol Solar	First Solar	tap 345kV 76002 Bakersfield - 76000 NMcCamey	Upton	SOLAR	200	9/2019	Incomplete
18INR0030	Canyon Wind	TriGlobal	11319 ScurryCounty 138kV	Scurry	WIND	360	9/2019	Complete
18INR0029	Armstrong Wind	Big Sky Energy	tap 345kV 79500 Alibates - 79503 Tule Canyon	Armstrong	WIND	253	9/2019	Complete
19INR0166	Loma Pinta II	Enerverse	5705 Fowlerton 138kV	La Salle	WIND	202	10/2019	Incomplete
19INR0142	Bacon Switch Solar	SunChase Power	tap 345kV 6101 Riley - 1425 Fisher OR 138kV 1450 Pleasva – 1485 Ceramic	Wichita	SOLAR	150	10/2019	Incomplete
19INR0120	Sherbino II Wind repower	Bp	131454 Keo_3 138kV	Pecos	WIND	-13	10/2019	Incomplete
19INR0111	Tom Green Solar	EDP Renewables	tap 138kV 6480 SAPS - 60423 Treadwell	Tom Green	SOLAR	150	10/2019	Incomplete
19INR0109	Crockett Solar	EDP Renewables	tap 138kV 6564 Illinois - 76579 Ft Lancaster	Crockett	SOLAR	150	10/2019	Incomplete
19INR0080	Whitehorse Wind	Hill Country Wind	68001 Clayton 345kV	Fisher	WIND	400	10/2019	Incomplete
19INR0053	Hidalgo II Wind	EDP Renewables	161705 Mirasole 345kV	Hidalgo	WIND	51	10/2019	Incomplete
19INR0045	Rayos Del Sol	Tradewind Energy	FIS considered tap Wesmer and Rangerville 138	Cameron	SOLAR	150	10/2019	Incomplete
19INR0029	Phoebe Solar	Longroad Energy	tap 138kV 1250 Yukon - 1252 Vest	Winkler	SOLAR	253	10/2019	Incomplete
19INR0007	Charbray Solar	8minutenergy	1032 Morgan Creek 138kV	Mitchell	SOLAR	200	10/2019	Incomplete
18INR0056	Hallmark Solar	Cypress Creek Renewables	tap 69kV 1824 Neyland - 1826 Cadmil	Hunt	SOLAR	50	10/2019	Incomplete
18INR0042	Kaiser Creek Wind	Calpine	Tap 138kV 6275 Abilene East – 6670 Putnam	Callahan	WIND	100	10/2019	Incomplete
18INR0027	Ponwar Solar Farm	8minutenergy	tap 138kV 76032 NMcCamey - 60361 Santa Rita	Upton	SOLAR	180	10/2019	Incomplete
17INR0025	Reloj Del Sol Wind	EDP Renewables	80220 Cenizo 345kV	Zapata	WIND	202	10/2019	Incomplete
19INR0004	Sanco Solar	8minutenergy	79502 Windmill 345kV	Deaf Smith	SOLAR	400	10/2019	Complete
15INR0063	Easter Wind A	TriGlobal	79502 Windmill 345kV	Castro	WIND	155	10/2019	Complete
19INR0155	Morrow Lake Solar	Sunchase Power	tap 138kV Pearsall 5895 - Miracle 5700	Frio	SOLAR	150	11/2019	Incomplete
19INR0150	Millhouse Solar	Cypress Creek Renewables	tap 69kV 8500 Alice - 8889 Stadium	Jim Wells	SOLAR	113	11/2019	Incomplete
19INR0006	Bluebonnet Solar	One Energy Renewables	tap 138kV 6680 Alamito - 60385 Solstice	Brewster	SOLAR	61	11/2019	Incomplete
18INR0031	Maryneal Wind	Duke Energy	71050 Bitter Creek 345kV	Nolan	WIND	180	11/2019	Incomplete
16INR0081	Mesteno Wind	Duke Energy	80355 Del Sol 345kV	Starr	WIND	202	11/2019	Complete
20INR0008	Yellow Jacket Wind	RES Americas	tap 345kV 7046 Kendal - 60618 Edison	Menard	WIND	200	12/2019	Incomplete
19INR0172	Dillon Gulch	Aes	tap 345kV 11420 Sweetwater East Switch - 11406 Central Bluff Switch	Nolan	WIND	175	12/2019	Incomplete
19INR0171	Concho Valley Solar	Merit SI	tap 138kV 6480 SAPOWER - 6490 Santiago	Tom Green	SOLAR	150	12/2019	Incomplete
19INR0161	Pierce Wind	Seventus	345kV ROW between Hillje & WAP	Wharton	WIND	300	12/2019	Incomplete
19INR0160	Great Dane Wind	Seventus	5546 Danevang 138kV	Wharton	WIND	302	12/2019	Incomplete
19INR0156	Grape Creek Wind	Apex Clean	tap 345kV 76009 TwinB - 76090 Divide	Coke	WIND	524	12/2019	Incomplete
19INR0149	Lapetus Solar	7x Energy	1284 Shafter Lake 138kV	Andrews	SOLAR	115	12/2019	Incomplete
19INR0147	Delong Solar	Eon	tap 345kV 76009 TwinB - 1444 Brown	Tom Green	SOLAR	200	12/2019	Incomplete
19INR0133	Los Porciones II	Terra-Gen	8574 Pomelo 345kV	Hidalgo	WIND	200	12/2019	Incomplete
19INR0132	Los Porciones I	Terra-Gen	8574 Pomelo 345kV	Hidalgo	WIND	200	12/2019	Incomplete

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Damon ISD – Wagyu Solar LLC App. #1242 –

Comptroller Questions (via email on May 24, 2018):

1) *Is the Wagyu Solar LLC, project currently known by any other project names?*
2) *Has this project applied to ERCOT at this time? If so, please provide the project's GINR number.*

Applicant Response (via email on May 30, 2018):

1) *Prior to being called Wagyu Solar LLC, the project was briefly named "Willow Solar LLC".*
2) *The GINR is 18INR0062.*

EXHIBIT 2

**Summary of Financial Impact on
Damon Independent School District Prepared by
Jigsaw School Finance Solutions, LLC**

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED

WAGYU SOLAR LLC PROJECT
(APPLICATION # 1243)

ON THE FINANCES OF
DAMON INDEPENDENT SCHOOL DISTRICT

UNDER A REQUESTED
CHAPTER 313 APPRAISED VALUE LIMITATION

PREPARED BY
JIGSAW SCHOOL FINANCE SOLUTIONS, LLC
AUGUST 6, 2018

Introduction

Wagyu Solar LLC has submitted an application to the Damon ISD Board of Trustees for a property value limitation on a proposed project under Chapter 313 of the Tax Code. The application was reviewed and signed by authorized representatives from the school district and the business in March of 2018. The application is for renewable energy electric generation as authorized by Sec. 313.024 (b) of the Tax Code with a proposed $110 million qualifying investment. 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 with Chapter 313 of the Texas Tax Code.

Wagyu Solar LLC is proposing an investment in Damon ISD for the design and construction of a solar energy facility and associated infrastructure. Under the provisions of Chapter 313, Damon ISD may offer a minimum value limitation of $10 million. Under Sec. 313.027, the application must provide that the limitation under Subsection (1) 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. Wagyu Solar LLC proposed the fourth quarter of 2018 as the commencement of commercial operations with a January 1, 2020 beginning date of the limitation. For the purpose of this review, the limitation would extend from 2020-21 through 2029-30 (years 1-10) school years. Beginning with the 2020-21 school year, the project would go on the local tax roll at $10 million and remain at that level of taxable value for ten years for maintenance and operations (M&O) taxes.

Revenue Protection Payment to Damon ISD	$ 1,483,907
Supplemental Payments to Damon ISD	$ 600,000
M&O Taxes Paid to Damon ISD	$ 3,132,675
Total Revenue to Damon ISD	$ 5,216,582
Total Tax Savings to Company after all Payments	$ 3,953,309

School Finance Mechanics

The Texas system of public school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. State funding is calculated using a prior year value certified by the Comptroller's Property Tax Division (CPTD). Texas school districts are funded by a combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. The Tier 1 formulas start with a Basic Allotment per student of $5,140. Calculations that use the number of students in average daily attendance, the number of students who participate in special programs, and adjustments for size, sparsity and location determine a Total Cost of Tier 1. A local fund assignment is determined by multiplying the district's compressed tax rate by the previous year (CPTD) property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. School districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid. Pennies that districts levy over and above the compressed tax rate and up to $1.17 generate additional state and local funding in Tier 2 Level 1 and Tier 2 Level 2. Current funding formulas provide for a Guaranteed Yield per penny per WADA of $99.41 for Tier 2 Level 1 and a Guaranteed Yield per penny per WADA of $319,500 in Tier 2 Level 2. Damon ISD is a property rich per student district thus generating most of Maintenance and Operation revenue from local ad valorem property taxes. In an attempt to provide some degree of funding equity among school districts, the formulas provide two equalized wealth levels. A district that exceeds the first equalized wealth level of $514,000 per weighted ADA is subject to recapture on taxes collected at the compressed rate. A district that exceeds the second equalized wealth level of $319,500 per weighted ADA is subject to recapture on

revenues collected on pennies that exceed six pennies over the compressed rate. Wagyu Solar LLC is requesting that the value of the renewable energy project be limited to $10,000,000 in years one through ten of the agreement. The full value of the project would be subject to interest and sinking taxes (I&S) levied by Damon ISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on Damon ISD's future revenue streams will be very useful to the district concerning the decision to grant the limitation and for the district's long range financial planning process. Currently 15 years of data and analysis are required during the Chapter 313 application process.

The approach used in this report was to predict 15 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections and current year (CAD) values and prior year (CPTD) values for each year of the agreement. Current year (CAD) values and prior year (CPTD) values were forecast both with the full project value and with the limited value of the project. The enrollment and property value assumptions are summarized in **Table 1**.

Table 1. Base District Information

Year of Agreement	School Year	ADA	WADA	Assumed M&O Tax Rate	Assumed I&S Tax Rate	CAD Value No Limit	CAD Value with Limit	CPTD No Limit	CPTD with Limit	CPTD Value with Project per WADA	CPTD Value with Limit per WADA
QTP1	2018-19	169	344	$1.1700	$0.0000	$63,210,530	$63,210,530	$61,769,209	$61,769,209	$179,745	$179,745
QTP2	2019-20	169	344	$1.1700	$0.0000	$76,960,530	$76,960,530	$63,210,530	$63,210,530	$183,939	$183,939
L1	2020-21	169	344	$1.1700	$0.0000	$164,410,530	$73,210,530	$76,960,530	$76,960,530	$223,950	$223,950
L2	2021-22	169	344	$1.1700	$0.0000	$155,610,530	$73,210,530	$164,410,530	$73,210,530	$478,424	$213,038
L3	2022-23	169	344	$1.1700	$0.0000	$146,810,530	$73,210,530	$155,610,530	$73,210,530	$452,817	$213,038
L4	2023-24	169	344	$1.1700	$0.0000	$138,010,530	$73,210,530	$146,810,530	$73,210,530	$427,209	$213,038
L5	2024-25	169	344	$1.1700	$0.0000	$129,210,530	$73,210,530	$138,010,530	$73,210,530	$401,602	$213,038
L6	2025-26	169	344	$1.1700	$0.0000	$120,410,530	$73,210,530	$129,210,530	$73,210,530	$375,995	$213,038
L7	2026-27	169	344	$1.1700	$0.0000	$111,610,530	$73,210,530	$120,410,530	$73,210,530	$350,387	$213,038
L8	2027-28	169	344	$1.1700	$0.0000	$102,810,530	$73,210,530	$111,610,530	$73,210,530	$324,780	$213,038
L9	2028-29	169	344	$1.1700	$0.0000	$94,010,530	$73,210,530	$102,810,530	$73,210,530	$299,172	$213,038
L10	2029-30	169	344	$1.1700	$0.0000	$85,210,530	$73,210,530	$94,010,530	$73,210,530	$273,565	$213,038
MVP1	2030-31	169	344	$1.1700	$0.0000	$85,210,530	$85,210,530	$85,210,530	$73,210,530	$247,957	$213,038
MVP2	2031-32	169	344	$1.1700	$0.0000	$85,210,530	$85,210,530	$85,210,530	$85,210,530	$247,957	$247,957
MVP3	2032-33	169	344	$1.1700	$0.0000	$85,210,530	$85,210,530	$85,210,530	$85,210,530	$247,957	$247,957
MVP4	2033-34	169	344	$1.1700	$0.0000	$85,210,530	$85,210,530	$85,210,530	$85,210,530	$247,957	$247,957
MVP5	2034-35	169	344	$1.1700	$0.0000	$84,110,530	$84,110,530	$85,210,530	$85,210,530	$247,957	$247,957
MVP5	2035-36	169	344	$1.1700	$0.0000	$83,065,530	$83,065,530	$84,110,530	$84,110,530	$244,756	$244,756
0	2036-37	169	344	$1.1700	$0.0000	$82,072,780	$82,072,780	$83,065,530	$83,065,530	$241,715	$241,715

To isolate the impact of the value limitation on the district's finances over the 17-year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2017-18 school year. In April 2018 the Brazoria County Appraisal District certified estimate of the district's 2018 current year (CAD) net taxable values at $63,210,530. These values were used as the basis for subsequent current year (CAD) values in this report. The 2017 Comptroller Property Tax Division (CPTD) values also certified to school districts were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

As mentioned above, in order to provide calculations extended 17 years into the future and to isolate the impact of the proposed project by Wagyu Solar LLC, certain constants and assumptions are used.

1. The estimates presented at the end of the report are based upon the school funding system and formulas as defined by the 85thTexas Legislature in 2017. 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 2017-18 school year.

2. The 2017-18 ADA of 168.735 has been used as the basis of these calculations and was held constant for the duration of the agreement. Wagyu Solar LLC commits to qualifying new jobs but student enrollment growth is not expected to be impacted by this project.

3. The general approach used is to maintain relatively static base property values. The certified estimate CAD taxable value, as furnished by Brazoria County Appraisal District for school year 2018-19, 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.

4. Although the impact of the approval of this agreement could result in lower M&O tax rates in future years, an evaluation of the M&O tax rate is not included in the scope of this analysis. The calculated tax collections each year are based on the district's 2017-18 approved M&O rate of $1.17 and was used for the duration of the review with an assumed collection rate of 100 percent each year with no projected delinquent taxes.

The proposed agreement calls for Damon ISD to be held harmless against total state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, two models were developed. One model illustrated in **Table 2** incorporates the full value of the Wagyu Solar LLC project into the state and local funding calculations. The other model shown in **Table 3** assumes that only the limited value of the Wagyu Solar LLC project is available for M&O taxation purposes. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 4**. Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the fifteen years of this proposed agreement. **If the full value of the project increases significantly during the value limitation period, the school district revenue losses may be larger than these estimates**.

Table 2. Baseline Revenue Model—Project Value Added with No Value Limitation

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to $.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at Level 1 EWL	Recapture at Level 2 EWL	Other State Aid	Total General Fund
QTP1	2018-19	$1,434,026	$75,455	$594,395	$35,664	$65,383	$0	$0	$0	$2,204,924
QTP2	2019-20	$1,560,946	$33,747	$731,015	$43,861	$80,412	$0	$0	$0	$2,449,981
L1	2020-21	$1,625,996	$63,276	$1,597,121	$95,827	$175,683	$0	$0	$0	$3,557,903
L2	2021-22	$664,081	$33,747	$1,470,635	$88,238	$121,196	$0	$40,574	$0	$2,377,897
L3	2022-23	$764,908	$63,276	$1,382,635	$82,958	$122,775	$0	$29,315	$0	$2,416,551
L4	2023-24	$472,735	$75,455	$1,294,635	$77,678	$110,652	$0	$31,758	$0	$2,031,156
L5	2024-25	$660,096	$33,747	$1,207,850	$72,471	$112,182	$0	$20,681	$0	$2,086,346
L6	2025-26	$776,334	$63,276	$1,125,222	$67,513	$113,966	$0	$9,809	$0	$2,146,311
L7	2026-27	$952,267	$33,747	$1,042,595	$62,556	$114,685	$0	$0	$0	$2,205,850
L8	2027-28	$1,078,809	$63,276	$959,967	$57,598	$105,596	$0	$0	$0	$2,265,246
L9	2028-29	$937,945	$75,455	$877,339	$52,640	$96,507	$0	$0	$0	$2,039,887
L10	2029-30	$1,132,646	$33,747	$794,712	$47,683	$87,418	$0	$0	$0	$2,096,206
MVP1	2030-31	$1,286,145	$63,276	$800,084	$48,005	$88,009	$0	$0	$0	$2,285,520
MVP2	2031-32	$1,372,725	$33,747	$800,084	$48,005	$88,009	$0	$0	$0	$2,342,571
MVP3	2032-33	$1,400,252	$63,276	$800,084	$48,005	$88,009	$0	$0	$0	$2,399,627
MVP4	2033-34	$1,156,568	$75,455	$800,084	$48,005	$88,009	$0	$0	$0	$2,168,122
MVP5	2034-35	$1,250,152	$33,747	$789,084	$47,345	$86,799	$0	$0	$0	$2,207,128
MVP5	2035-36	$1,296,247	$63,276	$779,306	$46,758	$85,724	$0	$0	$0	$2,271,311
0	2036-37	$1,394,853	$33,747	$770,016	$46,201	$84,702	$0	$0	$0	$2,329,519

Table 3. Value Limitation Revenue Model—Project Value Added with Value Limitation

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to $.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at Level 1 EWL	Recapture at Level 2 EWL	Other State Aid
QTP1	2018-19	$1,434,026	$75,455	$594,395	$35,664	$65,383	$0	$0	$0
QTP2	2019-20	$1,560,946	$33,747	$731,015	$43,861	$80,412	$0	$0	$0
L1	2020-21	$1,370,363	$63,276	$685,121	$41,107	$75,363	$0	$0	$0
L2	2021-22	$1,498,018	$33,747	$646,635	$38,798	$71,130	$0	$0	$0
L3	2022-23	$1,525,047	$63,276	$646,635	$38,798	$71,130	$0	$0	$0
L4	2023-24	$1,283,532	$75,455	$646,635	$38,798	$71,130	$0	$0	$0
L5	2024-25	$1,379,583	$33,747	$647,850	$38,871	$71,263	$0	$0	$0
L6	2025-26	$1,413,949	$63,276	$653,222	$39,193	$71,854	$0	$0	$0
L7	2026-27	$1,502,195	$33,747	$658,595	$39,516	$72,445	$0	$0	$0
L8	2027-28	$1,531,143	$63,276	$663,967	$39,838	$73,036	$0	$0	$0
L9	2028-29	$1,290,508	$75,455	$669,339	$40,160	$73,627	$0	$0	$0
L10	2029-30	$1,387,935	$33,747	$674,712	$40,483	$74,218	$0	$0	$0
MVP1	2030-31	$1,462,823	$63,276	$800,084	$48,005	$88,009	$0	$0	$0
MVP2	2031-32	$1,372,725	$33,747	$800,084	$48,005	$88,009	$0	$0	$0
MVP3	2032-33	$1,400,252	$63,276	$800,084	$48,005	$88,009	$0	$0	$0
MVP4	2033-34	$1,156,568	$75,455	$800,084	$48,005	$88,009	$0	$0	$0
MVP5	2034-35	$1,250,152	$33,747	$789,084	$47,345	$86,799	$0	$0	$0
MVP5	2035-36	$1,296,247	$63,276	$779,306	$46,758	$85,724	$0	$0	$0

Table 4. "Baseline Revenue Model" less "Value Limitation Model"

Year of Agreement	School Year	Foundation School Fund	Available School Fund	M&O Rev From Local Taxes (net of recapture and up to compressed rate)	M&O Rev From Local Taxes (up to $.06 above compressed rate; no recapture)	M&O Rev From Local Taxes (net of any recapture)	Recapture at Level 1 EWL	Recapture at Level 2 EWL	Other State Aid	Total General Fund	School District Revenue Losses
QTP1	2018-19	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP2	2019-20	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
L1	2020-21	$255,633	$0	$912,000	$54,720	$100,320	$0	$0	$0	$1,322,673	$1,322,673
L2	2021-22	-$833,937	$0	$824,000	$49,440	$50,066	$0	$40,574	$0	$89,568	$89,568
L3	2022-23	-$760,140	$0	$736,000	$44,160	$51,645	$0	$29,315	$0	$71,665	$71,665
L4	2023-24	-$810,797	$0	$648,000	$38,880	$39,522	$0	$31,758	$0	-$84,395	$0
L5	2024-25	-$719,487	$0	$560,000	$33,600	$40,919	$0	$20,681	$0	-$84,968	$0
L6	2025-26	-$637,615	$0	$472,000	$28,320	$42,111	$0	$9,809	$0	-$95,184	$0
L7	2026-27	-$549,928	$0	$384,000	$23,040	$42,240	$0	$0	$0	-$100,648	$0
L8	2027-28	-$452,334	$0	$296,000	$17,760	$32,560	$0	$0	$0	-$106,014	$0
L9	2028-29	-$352,563	$0	$208,000	$12,480	$22,880	$0	$0	$0	-$109,203	$0
L10	2029-30	-$255,289	$0	$120,000	$7,200	$13,200	$0	$0	$0	-$114,889	$0
MVP1	2030-31	-$176,678	$0	$0	$0	$0	$0	$0	$0	-$176,678	$0
MVP2	2031-32	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP3	2032-33	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP4	2033-34	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP5	2034-35	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MVP5	2035-36	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
0	2036-37	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Financial Impact on the District

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against total state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue Protection calculations are to be made using whatever property tax laws and school

funding formulas are in place at that time. During the first year when the value of the property is limited, the school district will likely see a significant loss in total revenue. As per the language in the contract, the company will be required to make Revenue Protection Payments to the district in an amount equal to the loss of state and local revenue as a result of the limitation in all years of the agreement. Any revenue loss exceeding tax savings are rolled to the following school year.

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was calculated for each year of the agreement. 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 (2020- 2021) resulting from the agreement due to the inverted value lag between the CPTD and CAD values during the first year of the value limitation. The estimated total revenue loss is $1,322,673 as noted in **Table 4** for year 2020-21. As result of the build out of the project and changes in the district's values, the district will have a loss of state and local M&O revenue in limit years two ($89,568), and three ($71,665). In all other years where the project value is limited, the calculations that include the limited project amounts show slight revenue gains over the results of the calculations that include the full project value. Typically, you will see a larger gain in year 11 due primarily to another value lag between the CPTD and CAD values, the inverse of that observed in year 1.

The Supplemental Payment Clause of the proposed agreement calls for the school district to annually receive the greater of $50,000 or $100 multiplied by the district's average daily attendance. Since 168.735 was used for the average daily attendance in the calculations, $50,000 will be the required supplemental payment clause.

Financial Impact on Taxpayer (Wagyu Solar LLC)

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the Wagyu Solar LLC project to be limited to $10 million starting in tax year 2020 (school year 2020-21) and remaining limited through tax year 2029 (school year 2029-30). The potential gross and net tax savings to Wagyu Solar LLC are shown in **Table 5**. The focus of this table is on the M&O tax rate only. As stated earlier, an M&O tax rate of $1.17 and a collection rate of 100% are used throughout the calculations in this report. **Table 5** shows gross tax savings due to the limitation of $6.037 million over the length of the contract. The estimated net benefit to Wagyu Solar LLC after the payment of the revenue protection payment and the supplemental payments is $3.953
million. This analysis is based on timelines and value estimates provided by Wagyu Solar LLC's application and uses current school funding formulas adopted in the 85th Texas Legislative session.

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.

The Wagyu Solar 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 Wagyu Solar LLC and the reimbursement by the state for such tax credit payments has been eliminated.

Facilities Funding Impact on School District

The value of the Wagyu Solar 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 taxable I&S wealth. The full value of the project will be available to the district and will enhance the district's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of $35 per ADA per penny of tax effort. Damon ISD has property wealth per ADA that will allow the district to be eligible for this state assistance.

Conclusion

While some uncertainty exists concerning school finance legislation over the future of this project, the following points appear to currently apply to the Wagyu Solar LLC project and to the Damon ISD. The proposed project enhances the tax base of Damon ISD, reflects continued capital investment and job creation by Wagyu Solar LLC in keeping with the goals of Chapter 313 of the Tax Code. Under the assumptions outlined above, the potential benefit for Wagyu Solar LLC under a Chapter 313 agreement could reach an estimated $3.953 million. This amount is the net after the anticipated revenue loss payment and any supplemental payments are made to Damon ISD as permitted by law and the agreement. The manufacturing project brings large scale capital investment to the area and Damon ISD will benefit from a growing tax base that can be leveraged to meet possible future debt service obligations and provide first class facilities for the district's students and faculty. The contractually agreement with Wagyu Solar LLC will enhances the tax base of Damon ISD without creating an overall financial loss to M&O earnings for the district over the term of the project per the contractually agreement to offset the loss that is indicated in the Table 5 and to the payment of annual supplemental payments.

Table 5 Estimated Financial Impact
Damon ISD, Wagyu Solar LLC, Project # 1243, 7-23-2018

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 Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit at 75% Limit on Annual Payments	Company Benefit at 75% Limit on Annual Payments
QTP1	2018-19	$0	$0	$0	1.1700	$0	$0	$0	$0	$0	$50,000.00	-$50,000.00
QTP2	2019-20	$13,750,000	$13,750,000	$0	1.1700	$160,875	$160,875	$0	$0	$0	$50,000.00	-$50,000.00
L1	2020-21	$101,200,000	$10,000,000	$91,200,000	1.1700	$1,184,040	$117,000	$1,067,040	$1,322,673	-$255,633	$800,280.00	$266,760.00
L2	2021-22	$92,400,000	$10,000,000	$82,400,000	1.1700	$1,081,080	$117,000	$964,080	$89,568	$874,512	$711,956.00	$252,124.00
L3	2022-23	$83,600,000	$10,000,000	$73,600,000	1.1700	$978,120	$117,000	$861,120	$71,665	$789,455	$121,655.00	$739,465.00
L4	2023-24	$74,800,000	$10,000,000	$64,800,000	1.1700	$875,160	$117,000	$758,160	$0	$758,160	$50,000.00	$708,160.00
L5	2024-25	$66,000,000	$10,000,000	$56,000,000	1.1700	$772,200	$117,000	$655,200	$0	$655,200	$50,000.00	$605,200.00
L6	2025-26	$57,200,000	$10,000,000	$47,200,000	1.1700	$669,240	$117,000	$552,240	$0	$552,240	$50,000.00	$502,240.00
L7	2026-27	$48,400,000	$10,000,000	$38,400,000	1.1700	$566,280	$117,000	$449,280	$0	$449,280	$50,000.00	$399,280.00
L8	2027-28	$39,600,000	$10,000,000	$29,600,000	1.1700	$463,320	$117,000	$346,320	$0	$346,320	$50,000.00	$296,320.00
L9	2028-29	$30,800,000	$10,000,000	$20,800,000	1.1700	$360,360	$117,000	$243,360	$0	$243,360	$50,000.00	$193,360.00
L10	2029-30	$22,000,000	$10,000,000	$12,000,000	1.1700	$257,400	$117,000	$140,400	$0	$140,400	$50,000.00	$90,400.00
MVP1	2030-31	$22,000,000	$22,000,000	$0	1.1700	$257,400	$257,400	$0	$0	$0	$50,000.00	-$50,000.00
MVP2	2031-32	$22,000,000	$22,000,000	$0	1.1700	$257,400	$257,400	$0	$0	$0	$50,000.00	-$50,000.00
MVP3	2032-33	$22,000,000	$22,000,000	$0	1.1700	$257,400	$257,400	$0	$0	$0	$50,000.00	-$50,000.00
MVP4	2033-34	$22,000,000	$22,000,000	$0	1.1700	$257,400	$257,400	$0	$0	$0	$0.00	$0.00
MVP5	2034-35	$22,000,000	$22,000,000	$0	1.1700	$257,400	$257,400	$0	$0	$0	$0.00	$0.00
MVP5	2035-36	$22,000,000	$22,000,000	$0	1.1700	$257,400	$257,400	$0	$0	$0	$0.00	$0.00
0	2036-37	$22,000,000	$22,000,000	$0	1.1700	$257,400	$257,400	$0	$0	$0	$0.00	$0.00
TOTALS						$9,169,875	$3,132,675	$6,037,200	$1,483,907	$4,553,293	$2,233,891.00	$3,803,309.00

*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. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

EXHIBIT 3

**Proposed Agreement between
Damon Independent School District
and Wagyu Solar, LLC**

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October10, 2018

Dr. Donald Rhodes
Superintendent
Damon Independent School District
P.O. Box 429
Damon, Texas 77430

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Damon Independent School District and Wagyu Solar LLC, Application 1243

Dear Superintendent Rhodes:

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 Damon Independent School District and Wagyu Solar LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-6053, or at 512-463-6053.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Sara Leon, Powell & Leon, LLP
Jerome O'Brien, Cypress Creek Renewables LLC
Nicko Keene, Cypress Creek Renewables LLC
Blas Ortiz, Popp Hutcheson PLLC

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

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by and between

DAMON INDEPENDENT SCHOOL DISTRICT

and

WAGYU SOLAR LLC

(Texas Taxpayer ID # 32057518758)

Comptroller Application # 1243

Dated

October 10, 2018

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

STATE OF TEXAS §

COUNTY OF BRAZORIA §

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 **DAMON INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **WAGYU SOLAR LLC,** Texas Taxpayer Identification Number 32057518758 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on October 26, 2017, the Superintendent of Schools of the Damon Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on October 26, 2017, 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 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and May 23, 2018 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Brazoria County Appraisal District established in Brazoria County, Texas (the "Brazoria 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 August 2, 2018 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 313.025 of the TEXAS TAX CODE;

WHEREAS, on October 26, 2017, 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 October 10, 2018 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) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the 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 the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

***WHEREAS*,** on October 10, 2018 pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

***WHEREAS*,** on October 10, 2018, 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;

WHEREAS, on October 10, 2018 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 in this Agreement, 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 ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. 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 Sections 10.2 and 10.3.

"*Applicant*" means Wagyu Solar LLC, (Texas Taxpayer ID # 32057518758), the entity 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 the Applicant's assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 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 **EXHIBIT 3** of this Agreement.

"*Applicant's Qualified Property*" means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

"*Application*" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter C of the TEXAS TAX CODE) filed with the District by the Applicant on October 26, 2017. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

"*Application Approval Date*" means the date that the Application is approved by the Board of Trustees of the 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 the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the 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 Brazoria County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Damon 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 the Comptroller.

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

"*County*" means Brazoria County, Texas.

"*District*" *or* "*School District*" means the Damon 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 the Applicant's Qualified Property or the Applicant's Qualified Investment.

"*Final Termination Date*" means the last date of the final year in which the 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 sixty (60) 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 operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

"*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 by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller's Rules.

"*New Non-Qualifying Jobs*" means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"*Qualified Investment*" has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller's Rules.

"*Qualified Property*" has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

"*Qualifying Time Period*" means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller's Rules, and this Agreement.

"*State*" means the State of Texas.

"*Supplemental Payment*" means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

"*Tax Limitation Amount*" means the maximum amount which may be placed as the Appraised Value on the Applicant's Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to 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.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

"Aggregate Limit" means, for any Tax Year during the term of this Agreement, an amount

equal to the cumulative total of the Annual Limit amount for such Tax Year and all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to the District under Article VI.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, for the school year immediately preceding each year for which the Annual Limit is calculated, rounded to the whole number by $100, or any larger amount in Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for the first Tax Year (including partial Tax Year) of the Qualifying Time Period. The start of the Qualifying Time Period is set forth in Section 2.3(C)(i), below.

"*Applicable School Finance Law*" means the state laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools generally and the District specifically at the time the computation, calculation or obligation of either party under this Agreement is performed.

"*Commercial Operations*" means the date on which the project becomes commercially operational, has installed or constructed Qualified Property on the Land having a value that equals or exceeds $1,000,000, and is able to generate electricity and is connected to the grid with an interconnection agreement.

"Cumulative Payments" means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

"*Lost M&O Revenue*" means the reduction in Maintenance and Operations ad valorem tax revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date of this Agreement.

"New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

"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 from the Applicant 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 Articles IV, V, and VI of this Agreement.

"Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the school year, under the Applicable School Finance Law for such Tax Year, had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the District's full *ad valorem* maintenance & operations tax at the rate applicable for such tax year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District's tax levy for debt tax purposes. For the calculation of Original M&O Revenue, the taxable value of Applicant's Qualified Property for M&O purposes will not be used.

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation 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 May 23, 2018, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is October 10, 2018.

C. The Qualifying Time Period for this Agreement:

i. Starts on the Application Approval Date:

ii. Ends on December 31, 2020.

D. The Tax Limitation Period for this Agreement:

i. Starts on January 1, 2020, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and

ii. Ends on December 31, 2029, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2034, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii plus 5 years.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, 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. $ 10 million.

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

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

A. have completed the Applicant's Qualified Investment in the amount of $1 million during the Qualifying Time Period;

B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. pay an average weekly wage of at least $1,067 for all New Non-Qualifying Jobs created by the Applicant.

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

A. Provide payments to District sufficient to protect 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 the 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;

D. Create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is 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, and information concerning the designation, 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 in **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 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** 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. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable 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. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as a renewable energy electric generation facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF PARTIES.

Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE that the District shall be compensated by the Applicant as provided in this Article IV for any Lost M&O Revenue as a direct result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement and the limitation set out in Section

2.4. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI of 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 and all Lost M&O Revenue as a result of, or on account of, entering into this Agreement, will be borne by the Applicant and not by the District.**

Subject to the limitations contained in this Agreement (including Section 7.1), the calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for in the first year of the Tax Limitation Period, and every year thereafter during the term of this Agreement.

The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are:

i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement;

ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,

iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2 CALCULATING LOST M&O REVENUE.

Subject to the limitations contained in this Agreement (including Section 7.1), the amount to be paid by the Applicant to compensate the District for loss of M&O Revenue resulting from, or on account of, this Agreement for each year starting in the first year of the Tax Limitation Period and ending on December 31st of the last year of the Tax Limitation Period (the "Lost M&O Revenue") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

Subject to the limitations contained in this Agreement (including Section 7.1), the Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue.

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 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 of this Agreement, results in a negative number, the negative number will be considered to be zero.

iv. For all calculations made for years during the Tax Limitation Period under this Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax Limitation Amount for such year.

v. All calculations made under this Section 4.2 shall be made by a methodology which isolates only the full Maintenance and Operation 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. CALCULATIONS TO BE MADE BY THIRD PARTY.

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected and appointed each year by the District, subject to approval by Applicant in writing, which approval shall not unreasonably be withheld.

Section 4.4. DATA USED FOR CALCULATIONS.

The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Property, by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year pursuant to Texas Tax Code § 26.01 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 and appointed under Section 4.3. 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 4.5. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

If the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property 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 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 4.6. DELIVERY OF CALCULATIONS.

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, 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, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.8, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, 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 until four (4) years after the Final Termination Date of this Agreement. 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.

Section 4.7. STATUTORY CHANGES AFFECTING MAINTENANCE & OPERATION REVENUE.

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, 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 will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District that are necessary to fully reimburse and hold the District harmless from any actual negative impact on the District's Maintenance and Operation Revenue 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 forty-five (45) 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 Article IV, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 4.9.

Section 4.8. PAYMENT BY APPLICANT.

Subject to Section 4.10 below, the Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. Subject to the limitation set forth in this Section 4.8, by such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement, 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, for any audits conducted by the State Auditor's Office, or for other legal expenses which are, or may be required under the terms of, or because of, the execution of this Agreement, provided, however, that the District and the applicant may mutually agree in writing to extend the date of payment. The Applicant shall only be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 not exceeding Fifteen Thousand Dollars ($15,000) beginning in Tax Year 2019.

Section 4.9. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to this Article IV of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within forty-five (45) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.4 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.10. PAYMENT LIMITATION.

For each Tax Year of this Agreement, which is the third Tax Year following the end of the Tax Limitation Period, the calculation of payments due under this Article IV shall be calculated. For purposes of such calculations, the Parties agree and stipulate that the sum of the Lost M&O Revenue payment owed pursuant to this Article IV added to the Supplemental Payment made pursuant to Article VI, below, shall not exceed Seventy-Five Percent (75%) of the Applicant's Net Tax Benefit for that Tax Year or the Supplemental Payment amount due and owed, whichever shall be greater. For each Tax 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 and Section 7.1, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the Payment limit set forth in this Section and Section 7.1. Any of the Payments which are not paid to the District after the third Tax Year following the end of the Tax Limitation Period because such payment would exceed the payment limitation under this Section will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES.

In addition to the amounts determined pursuant to Articles IV and VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses directly and solely related to the project that are not directly funded in state aid formulas, including expenses for the acquisition of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment caused directly by such project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 herein.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of this Article VI, the Parties agree that, in addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, 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. The Applicant shall not be responsible 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, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article VI are separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV, V, and VI are subject to such limitations as are contained in Section 7.1, and that all payments under Article VI are subject to the separate limitations contained in Section 6.2 and Section 6.3.

Section 6.2. SUPPLEMENTAL PAYMENT.

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed

for 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 times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may 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:

C. The limitation in Section 6.2.A 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; and

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of $50,000 or $100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2018-2019 Average Daily Attendance of 209, rounded to the whole number.

Section 6.3. LIMITATION ON ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT

A. If, for any Tax Year during the term of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under Section 6.2 above for such Tax Year, which, by virtue of the application of the payment limitation set forth in Section 7.1 below, are not payable to the District for such Tax Year, such sums shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year, to the Payment limit set forth in Section 7.1. Any of the Payments which are not paid to the District after the third Tax Year following the end of the Tax Limitation Period because such payment would exceed the payment limitation under this Section will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.
B. Pursuant to Texas Tax Code Section 313.027(i), the parties agree that supplemental payments under this Section 6 shall be owed for each year of the period beginning in the first year of the Qualifying Time Period (2018 Tax Year) and ending the third year after the date the Applicant's eligibility for a limitation agreement expires (2032 Tax Year).

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 beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the 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 the Applicant would have paid to the District for such Tax Year (determined by using the 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 Article IV 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 the Applicant to the 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 the Applicant to the District under Article IV, Article V, 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, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year 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 the 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 (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration 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 Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the 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, the 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 the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

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

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

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records 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 the 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 the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the 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; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance

pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the 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. The Applicant and the 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 latest occurring date of:

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

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New 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 the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the 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 the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly 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, the Applicant or the 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. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

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 the

Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the 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 the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

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

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

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

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

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller 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;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property 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 the Applicant's Qualified Property under Sections 8.5 and 8.6;

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

N. The 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 IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the 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, the 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:

i. whether or not a breach of this Agreement has occurred;

ii. whether or not such breach is a Material Breach;

iii. the date such breach occurred, if any;

iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);

ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and

iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have sixty (60) 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 the 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 sixty (60) days after the Applicant initiates mediation, 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 presiding in Brazoria 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) the District shall bear one-half of such mediator's fees and expenses and the 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 within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Brazoria County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 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 the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. Consequences of Early Termination or Other Breach by Applicant.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the 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 the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The 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 9.4.C 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 9.5. 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, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the 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. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make $1 Million

of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS

Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

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 or email transmission, with notice 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 or email 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 the District shall be addressed to the District's Authorized Representative as follows:

To the District		**With Copy to**
Name:	Damon ISD	Powell & Leon. LLP
Attn:	Superintendent of Schools,	Sara Hardner Leon
Address:	P.O. Box 429	108 Wild Basin Road #100
City/Zip:	Damon, Texas 77430	West Lake Hills TX 78746
Phone :	(979) 742-3457	Phone : (512) 494-1177
Fax :	(979) 742-3275	Fax : (512) 494-1188
Email:	superintendent@damonisd.net	sleon@powell-leon.com

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

To the Applicant

Name:	Cypress Creek Renewables LLC
Attn:	Jerome O'Brien
Address:	3250 Ocean Park Blvd. Suite 355
City/Zip:	Santa Monica, CA 90405
Phone :	(213) 347-9399
Fax :	
Email:	obrien@ccrenew.com

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

Section 10.2. AMENDMENTS TO APPLICATION AND 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 Section 10.2.B. 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, the Application and this Agreement may only be amended according to the following:

i. The Applicant shall submit to the District and the Comptroller:

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

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

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

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules 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 the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the 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 Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 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

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

F. The Applicant shall amend the Application and this Agreement to identify the changes in the information that was provided in the Application and was approved by the District and as considered by the Comptroller no earlier than 180 days and no later than 90 days prior to the start of the Qualifying Time Period as identified in Section 2.3.C.i of this Agreement.

i. The Applicant shall comply with written requests from the District or the Comptroller to provide additional information necessary to prepare a Comptroller certificate for a limitation for the conditions prior to the start of the Qualifying Time Period; and

ii. If the Comptroller provides its certificate for a limitation with conditions different from the existing agreement, the District shall hold a meeting and determine whether to amend this Agreement to include the conditions required by the Comptroller or terminate this Agreement; or

iii. If the Comptroller withdraws its certificate for a limitation based on the revised Application, the District shall terminate this Agreement.

Section10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

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

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. 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 10.5. 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 a state district court in Brazoria County.

Section 10.6. 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 10.7. 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 so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 10.8. 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 10.9. INTERPRETATION.

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

i. The Act;

ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and

iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. 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 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all

economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

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

B. The District shall provide on its website a link to the location of those documents posted on the 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 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

A. all payments, including liquidated damage and tax payments, have been made;

B. all reports have been submitted;

C. all records have been maintained in accordance with Section 8.6.A; and

D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

i. When delivered if delivered personally or sent by express courier service;

ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;

iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or

iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 10th day of October, 2018.

WAGYU SOLAR LLC

By: _____

JEROME O'BRIEN
~~CHIEF ADMINISTRATIVE OFFICER~~
AUTHORIZED PERSON

DAMON INDEPENDENT SCHOOL DISTRICT

By: _____

BUBBA SCHNEIDER
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

_____

VERONICA ARREDONDO
SECRETARY, BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

Tract 1:
A **104.464** Ac. tract of land, being the sum of the following tracts of land situated in Brazoria County, Texas conveyed to George R. Burke: Called 74.03 Ac. in the J. M. Swisher Survey, Abstract No. 665; Called 25.97 Ac. in the T. K. Davis Survey, Abstract No. 184 (Volume 398, Page 284; Volume 630, Page 293; Volume 378, Page 114, Brazoria County, Deed Records); Called 2.5 Ac. in the H.T. & B. RR. Co. Survey, Abst No. 218; (Volume 314, Page 114, Brazoria County, Deed Records), said tracts totaling 102.5 Ac. but resurveyed to contain 104.464 Ac. and described by metes and bounds as follows:

BEGINNING at a large corner post in the West line of the H.T. & B. RR Co. Survey A-218, and being the recognized SW corner of the Milford C. Gless 624.0771 Ac. tract described in Volume 940, Page 849 BCDR, and being the NW corner of said 2.5 Ac. tract;

THENCE SE 00 Deg. 00 Min. 11 Sec., with West line of said H.T.&B. RR Co. Survey, 24.44 ft. to a ½ inch rod set in concrete, and being the SW corner of said 2.5 Ac. and the SW corner of said H.T. & B. RR Co. Survey, and being in the North line of the J.W. Swisher Survey A-665;

THENCE SW 89 Deg. 53 Min. 13 Sec., with the North line of said Swisher Survey, 122.53 ft. to a ½ inch iron rod set next to a corner post, and being the NW corner of the above mentioned 74.03 Ac. tract;

THENCE SE 00 Deg. 29 Min. 32 Sec., at approx. 798.1 ft. cross the North line of the T.K. Davis Survey A-184, and in all, 1115.55 ft. to a 1 inch iron pipe found marking the SW corner of the above mentioned 25.97 Ac. tract;

THENCE NE 89 Deg. 41 Min. 11 Sec., with fence line, at approx. 3599.5 ft. cross the East line of said Davis Survey, at 3882.18 ft. pass a corner post, and in all, 3912.60 ft. to a point in the approx. center of a County Road, and being in the East line of the said Swisher Survey and West line of the J.E.B. Austin Survey A-17;

THENCE NW 00 Deg. 14 Min. 46 Sec., with the Swisher-Austin line and along County Road, 1110.64 ft. to a ½ inch iron rod set in the South line of the above mentioned H.T. & B. R.R. Co. Survey A-218, and South line of the said 2.5 Ac. tract and being the NE corner of said 74.03 Ac. tract;

THENCE NE 89 Deg. 45 Min. 14 Sec., with the South line of said 2.5 Ac. and South line of said R.R. Co. Survey, 1487.08 ft. to a ½ inch iron rod set at the intersection of two fence lines at the SE corner of said RR Co. Survey, and being the SE corner of said 2.5 Ac. tract;

THENCE NE 00 Deg. 14 Min. 35 Sec., with the East line of said RR Co. Survey, 39.79 ft. to a corner post found marking the NE corner of said 2.5 Ac. tract, and being the SE corner of said Gless 624.0771 Ac. tract;

THENCE with the recognized South line of said Gless 624.0771 Ac. tract with fence line meanders as follows:

SW 89 Deg. 21 Min. 36 Sec. 1771.27 ft. to a corner post;

NW 46 Deg. 12 Min. 52 Sec. 20.13 ft. to a corner post at a cattle guard and Gless Road crossing;

SW 89 Deg. 51 Min. 15 Sec. 1512.99 ft. to a corner post on West side of a large irrigation canal;

SW 89 Deg. 10 Min. 54 Sec. 1983.58 ft. to the PLACE OF BEGINNING and containing 104.464 Ac. of land, SAVE AND EXCEPT those certain tracts of land being i) 3.20 acres files for record under Brazoria County Clerk's File No. 2006031751, and ii) 1.932 acres filed for record under Brazoria County Clerk's File No. 2009027541.

Tract 5:
A **0.966** Ac. tract of land, situated in the J.M. Swisher Survey, Abstract 665, Brazoria County, Texas being a portion of that certain called 104.464 Ac. tract of land conveyed from Kathleen Burke and Burke Children Partnership No. one to Charles F. and James R. Gless in deed dated July 13, 1994, recorded in Brazoria County Clerk's File No. 94027354; said 0.966 Ac. tract being more particularly described by metes and bounds as follows:

For reference begin at a ½ inch iron rod called & found for the Northeast corner of said Swisher Survey, same being the Northeast corner of said 104.464 Ac. tract;

THENCE South 00 Deg. 14 Min. 46 Sec. East (Reference Bearing), with the East line of said Swisher Survey same being with the East line of said 104.464 Ac. tract, 30.55 ft. to a point in a fence at the end of County Road No. 456 (meas. 60 ft. wide)

THENCE North 89 Deg. 11 Min. 18 Sec. West, with said fence line, 28.80 ft. to a point in the West margin of said Road for the Northeast and BEGINNING corner hereof;

THENCE South 00 Deg. 14 Min. 46 Sec. East, with the West margin of said County Road No. 456, 123.13 ft. to a 5/8 inch iron rod capped # 2320, set for the Southeast corner hereof, same being the Northeast corner of a 1.60 Ac. tract of land surveyed by R.J. Kolacny, RPLS # 2320, on October 20, 2005;

THENCE South 86 Deg. 14 Min. 12 Sec. West, 234.37 ft. to a 5/8 inch iron rod capped # 2320, set for an interior corner of said 1.60 Ac. tract, same being the lower Southwest corner hereof;

THENCE North 03 Deg. 55 Min. 57 Sec. West, 47.85 ft. to a 5/8 inch iron rod capped # 2320, set for a corner of said 1.60 Ac. tract, same being an interior corner hereof;

THENCE North 88 Deg. 23 Min. 16 Sec. West, 114.53 ft. to a 5/8 inch iron capped #2320, set for the Northwest corner of said 1.60 Ac. tract, same being the upper Southwest corner hereof;

THENCE North 88 Deg. 23 Min. 16 Sec. West, 114.53 ft. to a 5/8 inch iron rod capped # 2320, set for the Northwest corner of said 1.60 Ac. tract, same being the upper Southwest corner hereof;

THENCE North 00 Deg. 11 Min. 18 Sec. East, along a fence line and its extension, 352.19 ft. to the PLACE OF BEGINNING and containing 0.966 Ac. of land.

Tract 6:

Field Notes of a **320.1883** acre tract of land being the Easterly portion of the Davis and Brown Survey Abstract 572, Brazoria County, Texas and being all of that certain called 321.04 acre tract of land conveyed to Kathleen Burke, et al, as described by instrument recorded in Volume 838, Page 230, Official Records, Brazoria County, Texas, situated in the Davis and Brown Survey, Abstract 572, Brazoria County, Texas, and being more particularly described by metes and bounds as follows: with all bearings herein being based upon the deed call of the West line of the said 321.04 acre tract as being North;

BEGINNING at a ¾ inch iron pipe set at a broken off corner post found marking, the Northwest corner of the H.T.&B.R.R.R. Company Survey, Abstract 218, the Northwest corner of that certain called 624.0771 acre tract of land conveyed to Charles Franklin Gless and James Robert Gless as described by instrument recorded in Volume 970, Page 824, Deed Records, Brazoria County, Texas (D.R.B.C.T.), the Northeast corner of the Davis & Brown Survey, Abstract 572, and the Northeast corner of the said 321.04 acre tract and the herein described tract;

THENCE South 00 degrees 05 minutes 17 seconds East (called South 00 degrees 01 minute 00 seconds East), along the common line of said Abstract 218 and Abstract 572, a distance of 1,273.69 feet (called 1,273.00 feel) to a ½ inch iron rod in concrete, found marking an angle point of the East line of the herein described tract;

THENCE South 00 degrees 00 minutes 11 seconds East (called South 00 degrees 07 minutes 00 seconds West), along the said common line of Abstract 218 and Abstract 572, passing at a distance of 3,832.62 feel, a 14 inch corner post found marking the Northwest corner of that certain called 2.5 acre tract of land conveyed to George R. Burk as described by instrument recorded in Volume 314, Page 114, D.R.B.C.T., continue said bearing a total distance of 3,856.87 feet (called 3,858.40 feet), to a ½ inch iron rod in concrete found, in the North line of that certain called 104.64 acre tract of land conveyed to George R. Burke, Jr., as described in instrument recorded in Volume 838, Page 230, Official Records, Brazoria County, Texas (O.R.B.C.T.), in the North line of the J. M. Swisher Survey, Abstract 665, marking the Southwest corner of the said Abstract 218, the Southeast corner of the said Abstract 572, and the Southeast corner of said 321.04 acre tract and the herein described tract;

THENCE South 89 degrees 52 minutes 31 second West (called South 89 degrees 56 minutes 00 seconds West), along the common line of said Abstract 665 and Abstract 572, passing at a distance of 122.57 feet, an 8 inch steel corner post found marking, the Northwest corner of the said 104.464 acre tract and the Northeast corner of that certain called 100 acre tract of land conveyed to Ruth S. Martin, as described by instrument recorded in Volume 1221, Page 8, D.R.B.C.T., continue said bearing a total distance of 2,719.81 feet (called 2,720.95 feet), to

a 1-1/2 inch iron pipe in concrete found marking, the Southeast corner of that certain 321,3627 acre tract of land (called 321.5 acres) conveyed to Carrie Lou Laughlin Taylor, as described by instrument recorded in Volume 1566, Page 942, D.R.B.CT., and the Southwest corner of the said 321.04 acre tract and the herein described tract;

THENCE North along the common line of the said 321.04 acre tract and the said 321.3627 acre tract, passing a distance of 5026.52 feet an 8 inch steel corner post found marking the Southeast corner of that certain called 6.351 acre tract of land conveyed to Sam Winklemnann Jr., as described by instrument recorded in Volume 147, Page 449, D.R.B.C.T., continue said bearing a total distance of 5127.03 feet (called 5134.80 feel) to a 1 inch iron pipe in concrete, found in the North line of the Davis & Brown Survey, Abstract 571, marking the Northeast corner of said 321.3627 acre tract, the Southeast corner of that certain called 80 acre tract of land conveyed to Kittie Nash Groce, as described by instrument recorded in Volume 549, Page 549 and Volume 549, Page 557, D.R.B.C.T., the Southwest corner of that certain called 160.2 acre tract of land conveyed to Kittie Nash Groce, as described by instrument recorded in Volume 387, Page 556, D.R.B.C.T., and the Northwest corner of the said 321.04 acre tract and the herein described tract;

THENCE North 89 degrees 48 minutes 02 seconds East (called North 89 degrees 53 minutes 00 seconds East), along the common line of the said Abstract 572 and Abstract 571, being the common line of the said 160.2 acre tract and the herein described tract, a distance of 2,717.65 feet (called 2,727.7 feet) to the POINT OF BEGINNING and containing 320.1883 acres of land.

Tract 7:

All of Section Seven (7), H.T.&B.R.R. Co. Survey, Abstract 218, Brazoria County, Texas LESS AND EXCEPT 2.5 acres, being a twenty (20) foot strip along the South line of said Section Seven (7) conveyed to George R. Burke by deed recorded in Volume 314, Page 114, Deed Records, Brazoria County, Texas; and being the same land described as Tract No. One in a deed, hereinafter referred to as "Said Groce Deed", from Baldwin Nash Young and Dorothy Long Cousins, Co-Independent Executors of the Estate of Kittie Nash Groce Deceased, to George C. Hardin, Je., et al, dated May 26, 1963, recorded in Volume 851, Page 379, Deed Records, Brazoria County, Texas, in which deed said tract is called as containing 638.5 acres, more or less, which by a resurvey is found to contain **624.0771** acres;

622.4574 acres of land, being out of the H.T.&B.R.R. Company Survey No. 7, Abstract No. 218, in Brazoria County, Texas, and being described as follows:

BEGINNING at a cedar stake at the Northwest corner of the Thomas Spraggins Survey in the South line of the H.T.&B.R.R. Company Survey No. 2;

THENCE South 0° 32' 49" West with the fence along the West line of the Thomas Spraggins Survey 5148.00 feet to a fence corner in the North line of a 2.5 acre tract being a 20 foot strip along the South line of Section No. 7 conveyed to George R. Burke by deed recorded in Volume 314, Page 114, Deed Records, Brazoria County, Texas;

THENCE North 89° 52’ 17” West with the fence line long the North line of the said 20 foot strip 1794.83 feet to a point for corner in said fence;

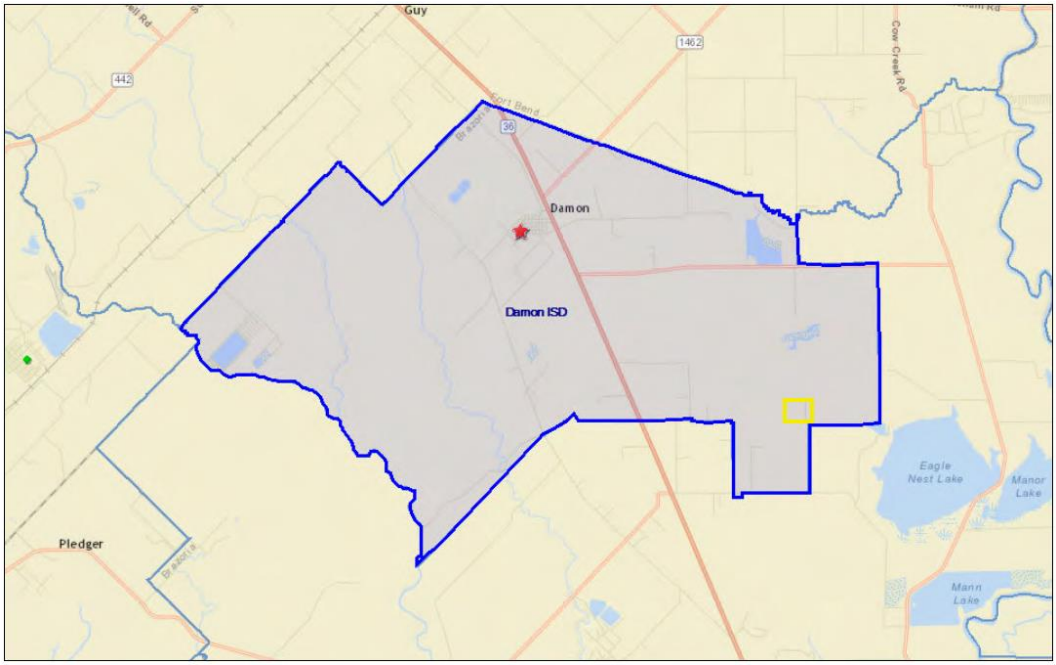
THENCE North 30° 21’ 07” West with the fence line along the South line of this tract 16.78 feet to a fence corner;

THENCE North 89° 41’ 03” West with the fence line along the South line of this tract 3495.59 feet to a fence corner, being the Southwest corner of this tract;

THENCE North 0° 45’ 39” East with the fence line along the West line of this tract 5105.11 feet to a fence corner for the Northwest corner of this tract in the South line of the H.T.&B.R.R. Company Survey No. 3;

THENCE North 89° 56’ 32” East with the South line of said Survey No. 3 and said Survey No. 2 5280.21 feet to the place of beginning, containing 622.4574 acres of land.

EXHIBIT 1



October 2, 2017

Current_Schools

- Elementary School
- High School
- Academy/Charter School

Texas_Outline

Current_Districts

***Approximate location of project area within school district boundary is outlined in yellow.**

1:144,448

0 1 2 4 mi

0 1.25 2.5 5 km

Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),

Map 11.f.2

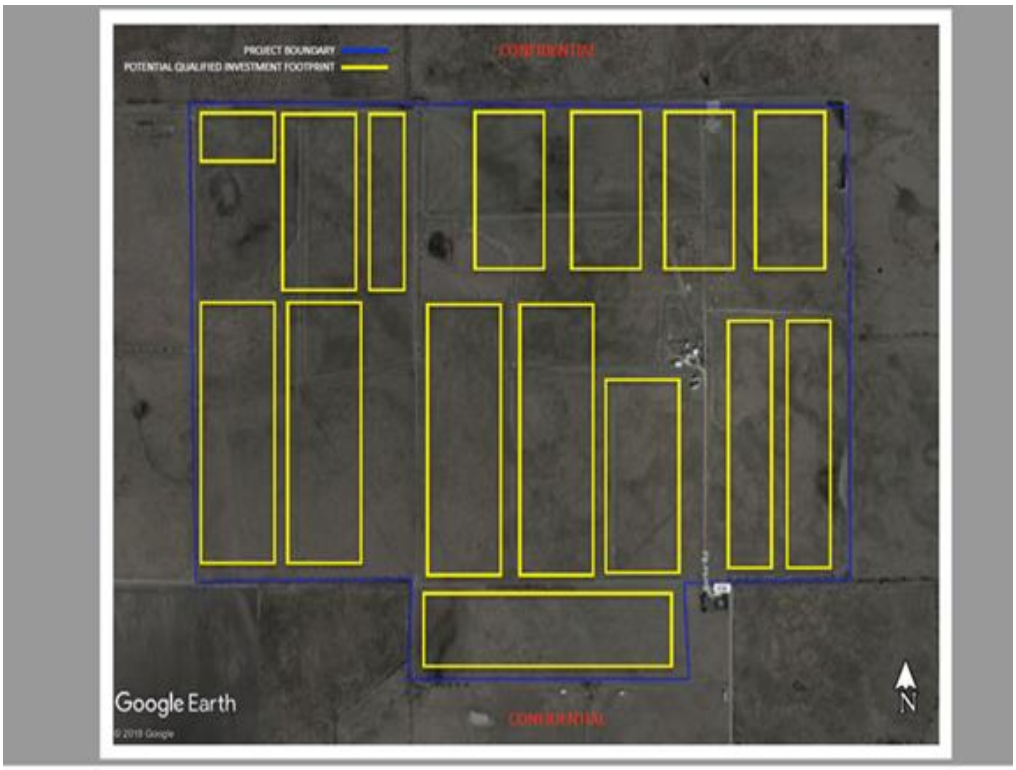


EXHIBIT 1

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The land properties associated with the proposed project are generally described as vacant, irrigated cropland located within Brazoria County, Texas, Damon Independent School District, and the contiguous Damon ISD Reinvestment Zone No. 1. The legal descriptions of the land can be found in **Exhibit 1 above**. Currently, there are no existing project-related or applicant-owned improvements on the designated land.

Below please find the six (6) Brazoria County Appraisal District parcel identification numbers for the designated land:

163624
164394
164397
164398
179210
180076

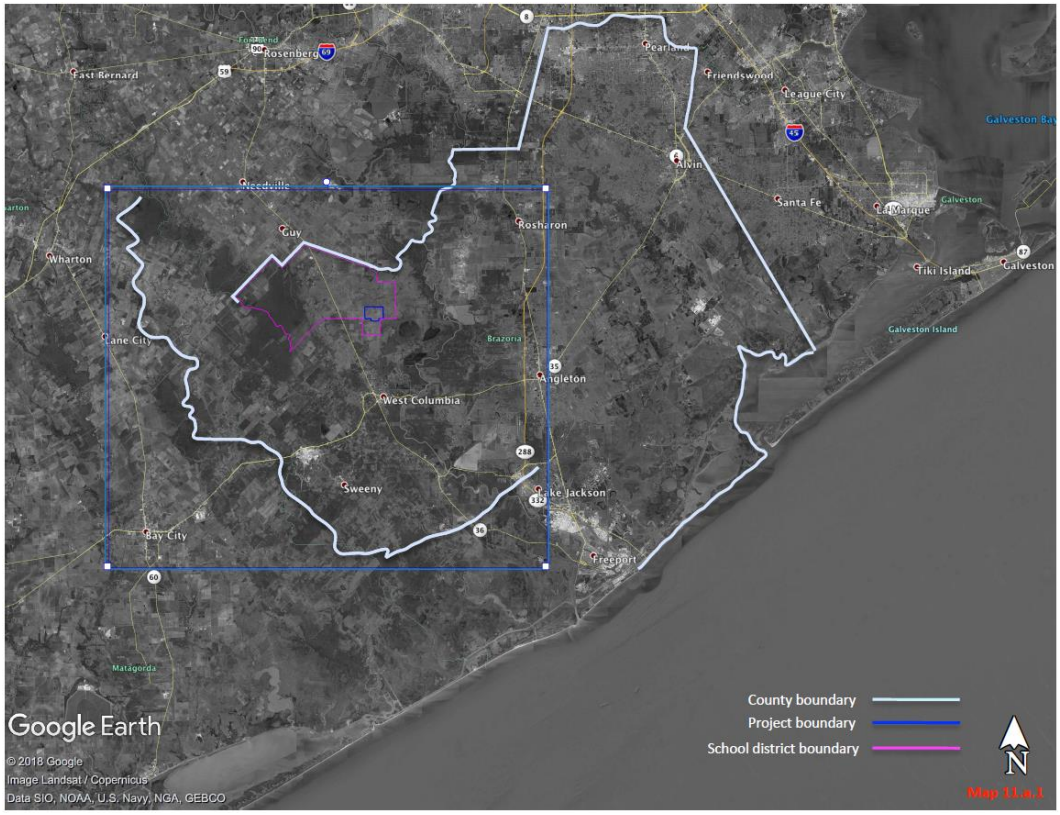


EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

This proposed project provides for the design and construction of a solar energy facility, and associated infrastructure, with an approximate total generation capacity of 120 MW AC located within *Damon ISD Reinvestment Zone No. 1*. The total estimated Qualified Investment for this project is $110 million dollars.

If approved, the project will be executed in one phase and estimated to commence construction on or about Q4 2018 with completion on or about Q4 2019.

Site Information:

If approved, the proposed solar energy facility would be constructed in what is described as approximately 1,000 acres of vacant, irrigated cropland located exclusively within Brazoria County, Texas. The legal description of the land within *Damon ISD Reinvestment Zone No. 1* can be found in **Exhibit 1 above**.

Potential, new project-related improvements for which this value limitation is sought include, but are not limited to, the following:

- photovoltaic solar panel modules (approx. 1,380,000 panels)
- reinforced foundations
- single-axis tracking
- inverters
- transformers
- conversion wiring
- fencing
- lighting and other electrical support infrastructure.

Additional support infrastructure related to the project should include:

- various structural foundations
- underground collection systems for cables
- transmission lines
- substation.

Based on the current project configuration and attributes, the productive life for this project is estimated at 25-40 years.

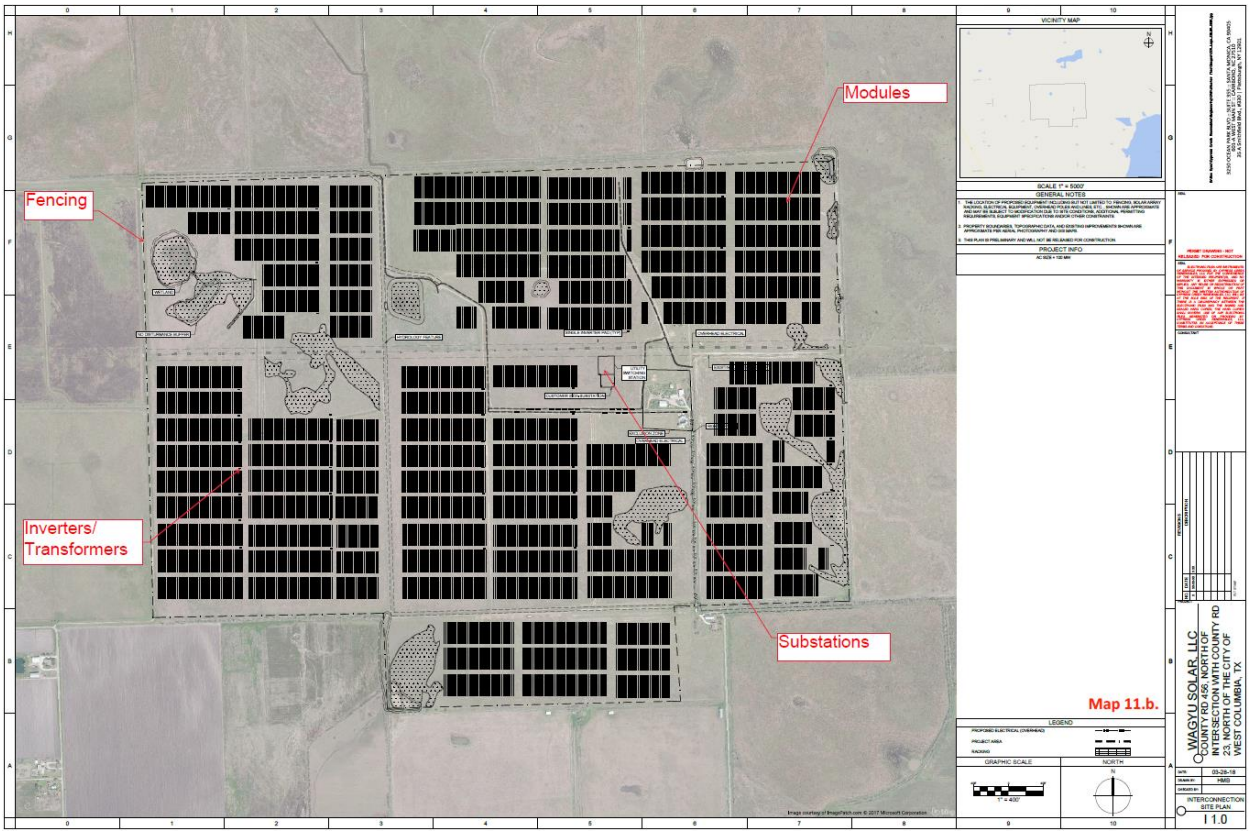

Modules
Fencing
Inverters/
Transformers
Substations
Map 11.b.
VICINITY MAP
SCALE 1" = 5000'
GENERAL NOTES
PROJECT INFO
LEGEND
GRAPHIC SCALE
NORTH
WAGYU SOLAR, LLC
COUNTY RD 456, NORTH OF
INTERSECTION WITH COUNTY RD
23, NORTH OF THE CITY OF
WEST COLUMBIA, TX
INTERCONNECTION
SITE PLAN
I-1.0

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This proposed project provides for the design and construction of a solar energy facility, and associated infrastructure, with an approximate total generation capacity of 120 MW AC located within *Damon ISD Reinvestment Zone No. 1*. The total estimated Qualified Investment for this project is $110 million dollars.

If approved, the project will be executed in one phase and estimated to commence construction on or about Q4 2018 with completion on or about Q4 2019.

Site Information:

If approved, the proposed solar energy facility would be constructed in what is described as approximately 1,000 acres of vacant, irrigated cropland located exclusively within Brazoria County, Texas. The legal description of the land within *Damon ISD Reinvestment Zone No. 1* can be found in **Exhibit 1 above**.

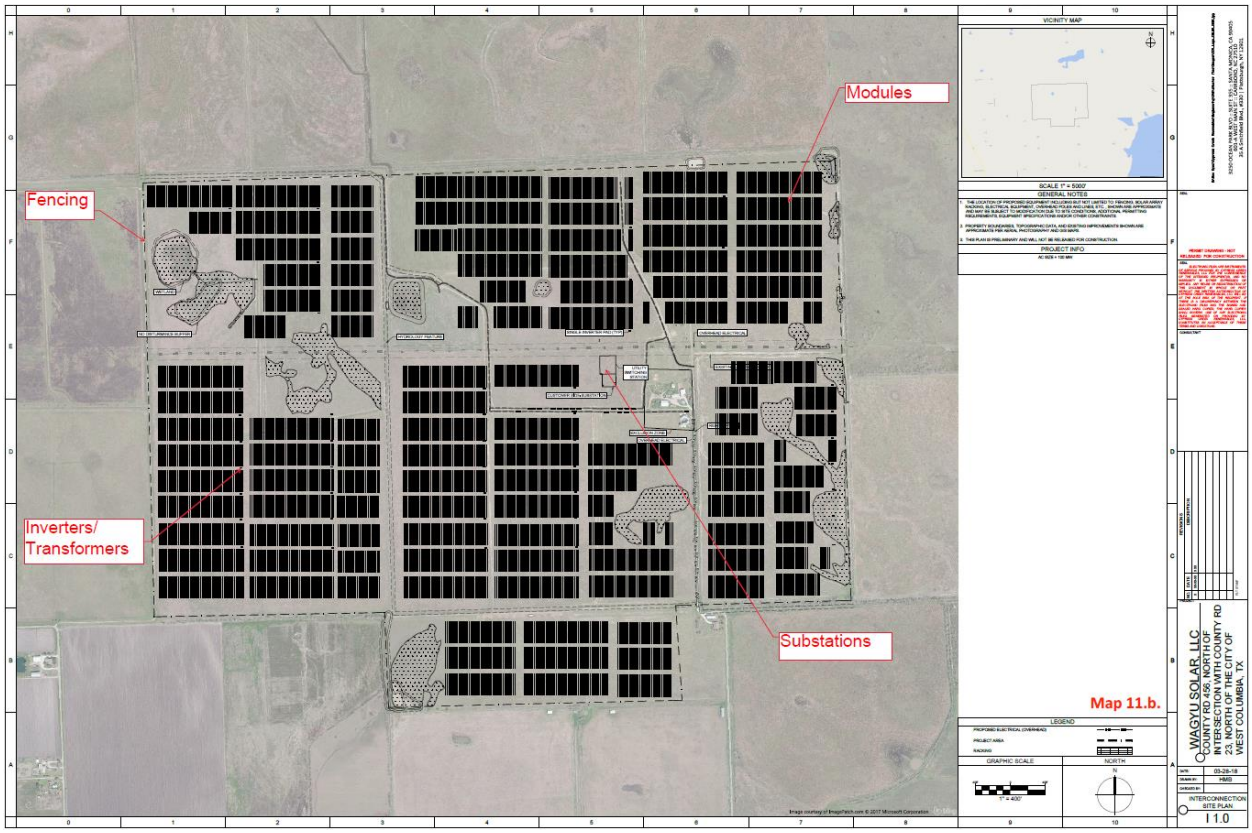
Potential, new project-related improvements for which this value limitation is sought include, but are not limited to, the following:

- photovoltaic solar panel modules (approx. 1,380,000 panels)
- reinforced foundations
- single-axis tracking
- inverters
- transformers
- conversion wiring
- fencing
- lighting and other electrical support infrastructure.

Additional support infrastructure related to the project should include:

- various structural foundations
- underground collection systems for cables
- transmission lines
- substation.

Based on the current project configuration and attributes, the productive life for this project is estimated at 25-40 years.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SCALE 1" = 5000'
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WAGYU SOLAR, LLC
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INTERSECTION WITH COUNTY RD
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WEST COLUMBIA, TX
INTERCONNECTION
SITE PLAN
I 1.0

EXHIBIT 4