GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 14, 2017

Jay Baccus
Superintendent
Anson Independent School District
1431 Commercial Ave.
Anson, Texas 79051

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Anson Independent School District and Anson Solar Center 2, LLC, Application 1257

Dear Superintendent Baccus:

On August 14, 2018, the Comptroller issued written notice that Anson Solar Center 2, LLC (applicant) submitted a completed application (Application 1257) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on April 16, 2018, to the Anson 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 1257.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of August 14, 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

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Anson Solar Center 2, LLC (project) applying to Anson 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 Anson Solar Center 2, LLC.

Applicant	Anson Solar Center 2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Anson ISD
2016-2017 Average Daily Attendance	694
County	Jones
Proposed Total Investment in District	$219,300,000
Proposed Qualified Investment	$219,300,000
Limitation Amount	$20,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$804
Minimum weekly wage required for each qualifying job by Tax Code, 313.0215(A)	$804
Minimum annual wage committed to by applicant for qualified jobs	$41,785
Minimum weekly wage required for non-qualifying jobs	$735
Minimum annual wage required for non-qualifying jobs	$38,195
Investment per Qualifying Job	$109,650,000
Estimated M&O levy without any limit (15 years)	$11,584,632
Estimated M&O levy with Limitation (15 years)	$4,225,870
Estimated gross M&O tax benefit (15 years)	$7,358,762

** 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 Anson Solar Center 2, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	300	375	675	$15,000,000	$34,064,000	$49,064,000
2021	2	41	43	$82,540	$6,523,460	$6,606,000
2022	2	28	30	$82,540	$4,774,460	$4,857,000
2023	2	9	11	$82,540	$2,868,460	$2,951,000
2024	2	(1)	1	$82,540	$1,665,460	$1,748,000
2025	2	(4)	-2	$82,540	$1,039,460	$1,122,000
2026	2	(4)	-2	$82,540	$777,460	$860,000
2027	2	(2)	0	$82,540	$753,460	$836,000
2028	2	1	3	$82,540	$879,460	$962,000
2029	2	4	6	$82,540	$1,086,460	$1,169,000
2030	2	6	8	$82,540	$1,331,460	$1,414,000
2031	2	8	10	$82,540	$1,554,460	$1,637,000
2032	2	10	12	$82,540	$1,770,460	$1,853,000
2033	2	11	13	$82,540	$1,954,460	$2,037,000
2020	300	375	675	$15,000,000	$34,064,000	$49,064,000
2021	2	41	43	$82,540	$6,523,460	$6,606,000

Source: CPA REMI, Anson Solar Center 2, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Anson ISD I&S Tax Levy	Anson ISD M&O Tax Levy	Anson ISD M&O and I&S Tax Levies	Jones County Tax Levy	Anson Hospital Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2239	1.1700		0.7000	0.3840	
2021	$141,229,200	$141,229,200		$316,212	$1,652,382	$1,968,594	$988,604	$542,371	$3,499,569
2022	$128,948,400	$128,948,400		$288,715	$1,508,696	$1,797,412	$902,639	$495,208	$3,195,259
2023	$116,667,600	$116,667,600		$261,219	$1,365,011	$1,626,230	$816,673	$448,046	$2,890,948
2024	$102,851,700	$102,851,700		$230,285	$1,203,365	$1,433,650	$719,962	$394,988	$2,548,599
2025	$89,035,800	$89,035,800		$199,351	$1,041,719	$1,241,070	$623,251	$341,930	$2,206,250
2026	$75,219,900	$75,219,900		$168,417	$880,073	$1,048,490	$526,539	$288,871	$1,863,901
2027	$59,868,900	$59,868,900		$134,046	$700,466	$834,513	$419,082	$229,918	$1,483,513
2028	$46,053,000	$46,053,000		$103,113	$538,820	$641,933	$322,371	$176,860	$1,141,164
2029	$36,842,400	$36,842,400		$82,490	$431,056	$513,546	$257,897	$141,488	$912,931
2030	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2031	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2032	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2033	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2034	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2035	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
			Total	$2,216,922	$11,584,632	$13,801,554	$6,930,977	$3,802,492	$24,535,023

Source: CPA, Anson Solar Center 2, LLC
*Tax Rate per $100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Anson ISD I&S Tax Levy	Anson ISD M&O Tax Levy	Anson ISD M&O and I&S Tax Levies	Jones County Tax Levy	Anson Hospital Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2239	1.1700		0.7000	0.3840	
2021	$141,229,200	$20,000,000		$316,212	$234,000	$550,212	$247,151	$542,371	$1,339,734
2022	$128,948,400	$20,000,000		$288,715	$234,000	$522,715	$225,660	$495,208	$1,243,583
2023	$116,667,600	$20,000,000		$261,219	$234,000	$495,219	$204,168	$448,046	$1,147,433
2024	$102,851,700	$20,000,000		$230,285	$234,000	$464,285	$179,990	$394,988	$1,039,263
2025	$89,035,800	$20,000,000		$199,351	$234,000	$433,351	$155,813	$341,930	$931,093
2026	$75,219,900	$20,000,000		$168,417	$234,000	$402,417	$131,635	$288,871	$822,924
2027	$59,868,900	$20,000,000		$134,046	$234,000	$368,046	$104,771	$229,918	$702,735
2028	$46,053,000	$20,000,000		$103,113	$234,000	$337,113	$80,593	$176,860	$594,566
2029	$36,842,400	$20,000,000		$82,490	$234,000	$316,490	$64,474	$141,488	$522,452
2030	$32,237,100	$20,000,000		$72,179	$234,000	$306,179	$56,415	$123,802	$486,396
2031	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2032	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2033	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2034	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
2035	$32,237,100	$32,237,100		$72,179	$377,174	$449,353	$225,660	$123,802	$798,815
			Total	$2,216,922	$4,225,870	$6,442,793	$2,578,968	$3,802,492	$12,824,253
			Diff	$0	$7,358,762	$7,358,762	$4,352,009	$0	$11,710,770

Assumes School Value Limitation and Tax Abatements with the County.
Source: CPA, Anson Solar Center 2, 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 Anson Solar Center 2, 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 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	2016	$0	$0	$0	$0
	2017	$0	$0	$0	$0
	2020	$0	$0	$0	$0
Limitation Period (10 Years)	2021	$234,000	$234,000	$1,418,382	$1,418,382
	2022	$234,000	$468,000	$1,274,696	$2,693,078
	2023	$234,000	$702,000	$1,131,011	$3,824,089
	2024	$234,000	$936,000	$969,365	$4,793,454
	2025	$234,000	$1,170,000	$807,719	$5,601,173
	2026	$234,000	$1,404,000	$646,073	$6,247,245
	2027	$234,000	$1,638,000	$466,466	$6,713,712
	2028	$234,000	$1,872,000	$304,820	$7,018,532
	2029	$234,000	$2,106,000	$197,056	$7,215,588
	2030	$234,000	$2,340,000	$143,174	$7,358,762
Maintain Viable Presence (5 Years)	2031	$377,174	$2,717,174	$0	$7,358,762
	2032	$377,174	$3,094,348	$0	$7,358,762
	2033	$377,174	$3,471,522	$0	$7,358,762
	2034	$377,174	$3,848,696	$0	$7,358,762
	2035	$377,174	$4,225,870	$0	$7,358,762
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$377,174	$4,603,044	$0	$7,358,762
	2037	$377,174	$4,980,218	$0	$7,358,762
	2038	$377,174	$5,357,393	$0	$7,358,762
	2039	$377,174	$5,734,567	$0	$7,358,762
	2040	$377,174	$6,111,741	$0	$7,358,762
	2041	$377,174	$6,488,915	$0	$7,358,762
	2042	$377,174	$6,866,089	$0	$7,358,762
	2043	$377,174	$7,243,263	$0	$7,358,762
	2044	$377,174	$7,620,437	$0	$7,358,762
	2045	$377,174	$7,997,611	$0	$7,358,762

$7,997,611	is greater than	$7,358,762

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

Source: CPA, Anson Solar Center 2, LLC

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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 Anson Solar Center 2, LLC 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 Anson Solar Center 2, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "Coronal Energy is keen to develop and build the proposed Anson Solar Center 2 Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar solar projects. Coronal is active in states throughout the United States, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to our customers and making our investment more viable and marketable.
  - B. "Due to the extremely competitive power market in Texas most if not all PP A's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a PPA A signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.
- Supplemental information provided by the applicant stated the following:
  - A. Is Anson Solar Center 2, LLC currently known by any other project names? None of the projects are known by any other name.
  - B. All three projects have the same IGNR: 19INR0081 Coronal has a single 600MW interconnection position. It was assigned on 5/24/17.

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 5

Documentation to assist in determining if limitation is a determining factor.

Coronal Energy, powered by Panasonic, unites Panasonic's lasting financial strength and award-winning history of solar innovation and sustainability leadership with the project development, finance, engineering, construction, and asset management experience of Coronal Energy.

Coronal Energy is a leading provider of renewable energy solutions—including solar photovoltaic and battery energy storage—for diverse enterprise customers across North America, including utilities, corporations, the public sector, educational institutions, and other organizations.

Coronal Energy is keen to develop and build the proposed Anson Solar Center 2 Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar solar projects. Coronal is active in states throughout the United States, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to our customers and making our investment more viable and marketable. Coronal has various projects in development throughout the country and are continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, Coronal currently has ongoing project developments in many states, including but not limited to, California, Colorado and New Mexico.

Due to the extremely competitive power market in Texas most if not all PPA's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a PPA. A signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Anson ISD– Anson Solar Center 2, LLC App. #1257

Comptroller Questions (via email on August 14, 2018):

1. *Is The Anson Solar Center 2, 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 IGNR number.*

Applicant Response (via email on August 14, 2018):

1. *All three projects have the same IGNR 19INR008. Coronal has a single 600MW interconnection position.:*

2. *None of the projects are known by any other name.*

Comptroller Questions (via email on August 14, 2018):

1. *When was the ERCOT IGNR number assigned?*

Applicant Response (via email on August 14, 2018):

1. *The IGNR number was assigned on 5/24/2017.*