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FINDINGS  
OF THE  
ABBOTT INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES

UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY

SUN VALLEY SOLAR, LLC  
TEXAS TAXPAYER ID # 32067114952  
APPLICATION #1364

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November 13, 2019

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

STATE OF TEXAS                   §  
  §  
COUNTY OF HILL               §

On the 13<sup>th</sup> day of November, 2019, a public meeting of the Board of Trustees of the Abbott 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 Sun Valley Solar, LLC (Application #1364) 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 Abbott Independent School District makes the following findings with respect to the Application of Sun Valley Solar, LLC #1364, and the economic impact of that Application:

On March 20, 2019, the Superintendent of Schools of the Abbott Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Sun Valley Solar, LLC #1364 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is posted on the Texas Comptroller’s website at:

<https://comptroller.texas.gov/economy/local/ch313/agreement-docs-details.php?id=1364>

The Applicant, Sun Valley Solar, LLC (Taxpayer ID 32067114952) (“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 Hill 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 June 10, 2019.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on August 16, 2019 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 A**.

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 Abbott Independent School District. A copy of a report prepared by Education Service Center, Region 12 is attached to these findings as **Exhibit B**. The Texas Commissioner of Education has determined that the project will not impact school enrollment.

The Board of Trustees has confirmed that the taxable value of property in the Abbott Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2018 ISD Summary Worksheet posted on the Texas Comptroller's website at:

<https://comptroller.texas.gov/data/property-tax/pvs/2018p/1091099011D.php>

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 C**.

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 Abbott Independent School District is \$230,000,000—\$230,000,000 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 \$49,259 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 \$115,000,000 on the basis of the 2 new qualifying positions committed to by the Applicant for this project. The project's total investment is \$230,000,000 resulting in a relative level of investment per qualifying job of \$115,000,000.**

**Board Finding Number 5.**

**The Applicant has requested a waiver of the job creation requirement under Texas Tax Code § 313.25(f-1), and the Board finds such waiver request should be granted. The Board notes that the number of jobs proposed for this project**

**(2 jobs) is consistent with industry standards in the renewable energy electric generation industry.**

**Board Finding Number 6.**

**Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region. In support of Finding 6, the economic impact evaluation states:**

Table 2 depicts this project’s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller’s office calculated the economic impact based on 15 years of annual investment and employment levels.

| <b>Table 2—Estimated Statewide Economic Impact of Sun Valley Solar, LLC (modeled)</b> |                   |                           |              |                        |                           |               |
|---|-------------------|---------------------------|--------------|------------------------|---------------------------|---------------|
| <b>Year</b>   | <b>Employment</b> |                           |              | <b>Personal Income</b> |                           |               |
|   | <b>Direct</b>     | <b>Indirect + Induced</b> | <b>Total</b> | <b>Direct</b>          | <b>Indirect + Induced</b> | <b>Total</b>  |
| 2020  | 400               | 1,348                     | 1,748        | \$22,000,000           | \$94,577,148              | \$116,577,148 |
| 2021  | 2                 | 62                        | 64.4531      | \$98,518               | \$13,085,076              | \$13,183,594  |
| 2022  | 2                 | 10                        | 12           | \$98,518               | \$7,958,122               | \$8,056,641   |
| 2023  | 2                 | (14)                      | -12          | \$98,518               | \$4,418,083               | \$4,516,602   |
| 2024  | 2                 | (31)                      | -29          | \$98,518               | \$1,610,466               | \$1,708,984   |
| 2025  | 2                 | (31)                      | -29          | \$98,518               | \$267,693                 | \$366,211     |
| 2026  | 2                 | (31)                      | -29          | \$98,518               | -\$953,010                | -\$854,492    |
| 2027  | 2                 | (25)                      | -23          | \$98,518               | -\$1,075,081              | -\$976,563    |
| 2028  | 2                 | (22)                      | -20          | \$98,518               | -\$830,940                | -\$732,422    |
| 2029  | 2                 | (18)                      | -16          | \$98,518               | -\$586,800                | -\$488,281    |
| 2030  | 2                 | (10)                      | -8           | \$98,518               | -\$830,940                | -\$732,422    |
| 2031  | 2                 | (8)                       | -6           | \$98,518               | -\$98,518                 | \$0           |
| 2032  | 2                 | (0)                       | 2            | \$98,518               | -\$98,518                 | \$0           |
| 2033  | 2                 | 6                         | 8            | \$98,518               | \$633,904                 | \$732,422     |
| 2034  | 2                 | 10                        | 12           | \$98,518               | \$1,366,326               | \$1,464,844   |
| 2035  | 2                 | 8                         | 10           | \$98,518               | \$878,044                 | \$976,563     |

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Hill County, Hill College, Hill County ESD #1, Hill County ESD #2, and Tehuacana Creek Water Improvement District, 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 Table 3 and Table 4:

Board Findings of the Abbott Independent School District

**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 | Abbott ISD I&S Tax Levy | Abbott ISD M&O Tax Levy | Abbott ISD M&O and I&S Tax Levies | Hill County Tax Levy | Hill County ESD #1 District Tax Levy | Hill County ESD #2 District Tax Levy | Hill College Tax Levy | Tehuacana Creek Water and Improvement District Tax Levy | Estimated Total Property Taxes |
|--------------|---------------------------------|---------------------------------|-------------------------|-------------------------|-----------------------------------|----------------------|--------------------------------------|--------------------------------------|-----------------------|---|--------------------------------|
|              |                                 |                                 | Tax Rate <sup>1</sup>   | 0.2899                  | 1.0200                            | 0.5399               | 0.0300                               | 0.0500                               | 0.0941                | 0.0248  |                                |
| 2021         | \$230,000,000                   | \$20,000,000                    | \$666,770               | \$204,000               | \$870,770                         | \$434,605            | \$69,000                             | \$115,000                            | \$216,504             | \$56,989  | \$1,762,868                    |
| 2022         | \$207,035,000                   | \$20,000,000                    | \$600,194               | \$204,000               | \$804,194                         | \$391,211            | \$62,111                             | \$103,518                            | \$194,886             | \$51,299  | \$1,607,218                    |
| 2023         | \$184,070,450                   | \$20,000,000                    | \$533,620               | \$204,000               | \$737,620                         | \$347,817            | \$55,221                             | \$92,035                             | \$173,269             | \$45,609  | \$1,451,572                    |
| 2024         | \$161,105,900                   | \$20,000,000                    | \$467,046               | \$204,000               | \$671,046                         | \$304,424            | \$48,332                             | \$80,553                             | \$151,652             | \$39,919  | \$1,295,925                    |
| 2025         | \$138,141,350                   | \$20,000,000                    | \$400,472               | \$204,000               | \$604,472                         | \$261,030            | \$41,442                             | \$69,071                             | \$130,035             | \$34,229  | \$1,140,279                    |
| 2026         | \$115,176,800                   | \$20,000,000                    | \$333,898               | \$204,000               | \$537,898                         | \$217,637            | \$34,553                             | \$57,588                             | \$108,418             | \$28,539  | \$984,632                      |
| 2027         | \$92,212,250                    | \$20,000,000                    | \$267,323               | \$204,000               | \$471,323                         | \$174,243            | \$27,664                             | \$46,106                             | \$86,801              | \$22,848  | \$828,986                      |
| 2028         | \$69,247,700                    | \$20,000,000                    | \$200,749               | \$204,000               | \$404,749                         | \$130,850            | \$20,774                             | \$34,624                             | \$65,184              | \$17,158  | \$673,339                      |
| 2029         | \$46,283,150                    | \$20,000,000                    | \$134,175               | \$204,000               | \$338,175                         | \$87,456             | \$13,885                             | \$23,142                             | \$43,567              | \$11,468  | \$517,693                      |
| 2030         | \$46,268,600                    | \$20,000,000                    | \$134,133               | \$204,000               | \$338,133                         | \$87,429             | \$13,881                             | \$23,134                             | \$43,554              | \$11,464  | \$517,594                      |
| 2031         | \$46,254,050                    | \$46,254,050                    | \$134,090               | \$471,791               | \$605,882                         | \$249,717            | \$13,876                             | \$23,127                             | \$43,540              | \$11,461  | \$947,6031                     |
| 2032         | \$46,239,500                    | \$46,239,500                    | \$134,048               | \$471,643               | \$605,691                         | \$249,639            | \$13,872                             | \$23,120                             | \$43,526              | \$11,457  | \$947,305                      |
| 2033         | \$46,224,950                    | \$46,224,950                    | \$134,006               | \$471,494               | \$605,501                         | \$249,560            | \$13,867                             | \$23,112                             | \$43,512              | \$11,454  | \$947,007                      |
| 2034         | \$46,210,400                    | \$46,210,400                    | \$133,964               | \$471,346               | \$605,310                         | \$249,482            | \$13,863                             | \$23,105                             | \$43,499              | \$11,450  | \$946,709                      |
| 2035         | \$46,195,850                    | \$46,195,850                    | \$133,922               | \$471,198               | \$605,119                         | \$249,403            | \$13,859                             | \$23,098                             | \$43,485              | \$11,446  | \$946,411                      |
| <b>Total</b> |                                 |                                 | <b>\$4,408,411</b>      | <b>\$4,397,472</b>      | <b>\$8,805,883</b>                | <b>\$3,684,501</b>   | <b>\$456,200</b>                     | <b>\$760,333</b>                     | <b>\$1,431,433</b>    | <b>\$376,791</b>  | <b>\$15,515,141</b>            |
| <b>Diff</b>  |                                 |                                 | <b>\$0</b>              | <b>\$11,113,320</b>     | <b>\$11,113,320</b>               | <b>\$4,525,301</b>   | <b>\$0</b>                           | <b>\$0</b>                           | <b>\$0</b>            | <b>\$0</b>  | <b>\$15,638,621</b>            |

Assumes School Value Limitation and Tax Abatement with the County.

<sup>1</sup>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.

| Year         | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Abbott ISD I&S Tax Levy | Abbott ISD M&O Tax Levy | Abbott ISD M&O and I&S Tax Levies | Hill County Tax Levy | Hill County ESD #1 District Tax Levy | Hill County ESD #2 District Tax Levy | Hill College Tax Levy | Tehuacana Creek Water and Improvement District Tax Levy | Estimated Total Property Taxes |
|--------------|---------------------------------|---------------------------------|-------------------------|-------------------------|-----------------------------------|----------------------|--------------------------------------|--------------------------------------|-----------------------|---|--------------------------------|
|              |                                 |                                 | Tax Rate <sup>1</sup>   | 0.2899                  | 1.0200                            | 0.5399               | 0.0300                               | 0.0500                               | 0.0941                | 0.0248  |                                |
| 2021         | \$230,000,000                   | \$230,000,000                   | \$666,770               | \$2,346,000             | \$3,012,770                       | \$1,241,729          | \$69,000                             | \$115,000                            | \$216,504             | \$56,989  | \$4,711,992                    |
| 2022         | \$207,035,000                   | \$207,035,000                   | \$600,194               | \$2,111,757             | \$2,711,951                       | \$1,117,745          | \$62,111                             | \$103,518                            | \$194,886             | \$51,299  | \$4,241,509                    |
| 2023         | \$184,070,450                   | \$184,070,450                   | \$533,620               | \$1,877,519             | \$2,411,139                       | \$993,763            | \$55,221                             | \$92,035                             | \$173,269             | \$45,609  | \$3,771,037                    |
| 2024         | \$161,105,900                   | \$161,105,900                   | \$467,046               | \$1,643,280             | \$2,110,326                       | \$869,782            | \$48,332                             | \$80,553                             | \$151,652             | \$39,919  | \$3,300,564                    |
| 2025         | \$138,141,350                   | \$138,141,350                   | \$400,472               | \$1,409,042             | \$1,809,514                       | \$745,800            | \$41,442                             | \$69,071                             | \$130,035             | \$34,229  | \$2,830,091                    |
| 2026         | \$115,176,800                   | \$115,176,800                   | \$333,898               | \$1,174,803             | \$1,508,701                       | \$621,819            | \$34,553                             | \$57,588                             | \$108,418             | \$28,539  | \$2,359,618                    |
| 2027         | \$92,212,250                    | \$92,212,250                    | \$267,323               | \$940,565               | \$1,207,888                       | \$497,837            | \$27,664                             | \$46,106                             | \$86,801              | \$22,848  | \$1,889,145                    |
| 2028         | \$69,247,700                    | \$69,247,700                    | \$200,749               | \$706,327               | \$907,076                         | \$373,856            | \$20,774                             | \$34,624                             | \$65,184              | \$17,158  | \$1,418,672                    |
| 2029         | \$46,283,150                    | \$46,283,150                    | \$134,175               | \$472,088               | \$606,263                         | \$249,874            | \$13,885                             | \$23,142                             | \$43,567              | \$11,468  | \$948,199                      |
| 2030         | \$46,268,600                    | \$46,268,600                    | \$134,133               | \$471,940               | \$606,072                         | \$249,796            | \$13,881                             | \$23,134                             | \$43,554              | \$11,464  | \$947,901                      |
| 2031         | \$46,254,050                    | \$46,254,050                    | \$134,090               | \$471,791               | \$605,882                         | \$249,717            | \$13,876                             | \$23,127                             | \$43,540              | \$11,461  | \$947,603                      |
| 2032         | \$46,239,500                    | \$46,239,500                    | \$134,048               | \$471,643               | \$605,691                         | \$249,639            | \$13,872                             | \$23,120                             | \$43,526              | \$11,457  | \$947,305                      |
| 2033         | \$46,224,950                    | \$46,224,950                    | \$134,006               | \$471,494               | \$605,501                         | \$249,560            | \$13,867                             | \$23,112                             | \$43,512              | \$11,454  | \$947,007                      |
| 2034         | \$46,210,400                    | \$46,210,400                    | \$133,964               | \$471,346               | \$605,310                         | \$249,482            | \$13,863                             | \$23,105                             | \$43,499              | \$11,450  | \$946,709                      |
| 2035         | \$46,195,850                    | \$46,195,850                    | \$133,922               | \$471,198               | \$605,119                         | \$249,403            | \$13,859                             | \$23,098                             | \$43,485              | \$11,446  | \$946,411                      |
| <b>Total</b> |                                 |                                 | <b>\$4,408,411</b>      | <b>\$15,510,793</b>     | <b>\$19,919,203</b>               | <b>\$8,209,802</b>   | <b>\$456,200</b>                     | <b>\$760,333</b>                     | <b>\$1,431,433</b>    | <b>\$376,791</b>  | <b>\$531,153,762</b>           |

<sup>1</sup>Tax Rate per \$100 Valuation

**Board Finding Number 7.**

Board Findings of the Abbott Independent School District

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 reasonably likely to generate, before the 25<sup>th</sup> 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. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

|  | 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                                       | 2018     | \$0   | \$0   | \$0   | \$0   |
|  | 2019     | \$0   | \$0   | \$0   | \$0   |
|  | 2020     | \$0   | \$0   | \$0   | \$0   |
| Limitation Period (10 Years)                               | 2021     | \$204,000                                     | \$204,000   | \$2,142,000   | \$2,142,000   |
|  | 2022     | \$204,000                                     | \$408,000   | \$1,907,757   | \$4,049,757   |
|  | 2023     | \$204,000                                     | \$612,000   | \$1,673,519   | \$5,723,276   |
|  | 2024     | \$204,000                                     | \$816,000   | \$1,439,280   | \$7,162,556   |
|  | 2025     | \$204,000                                     | \$1,020,000                                       | \$1,205,042   | \$8,367,598   |
|  | 2026     | \$204,000                                     | \$1,224,000                                       | \$970,803   | \$9,338,401   |
|  | 2027     | \$204,000                                     | \$1,428,000                                       | \$736,565   | \$10,074,966  |
|  | 2028     | \$204,000                                     | \$1,632,000                                       | \$502,327   | \$10,577,292  |
|  | 2029     | \$204,000                                     | \$1,836,000                                       | \$268,088   | \$10,845,381  |
| Maintain Viable Presence (5 Years)                         | 2030     | \$204,000                                     | \$2,040,000                                       | \$267,940   | \$11,113,320  |
|  | 2031     | \$471,791                                     | \$2,511,791                                       | \$0   | \$11,113,320  |
|  | 2032     | \$471,643                                     | \$2,983,434                                       | \$0   | \$11,113,320  |
|  | 2033     | \$471,494                                     | \$3,454,929                                       | \$0   | \$11,113,320  |
|  | 2034     | \$471,346                                     | \$3,926,275                                       | \$0   | \$11,113,320  |
| Additional Years as Required by § 313.026(c)(1) (10 Years) | 2035     | \$471,198                                     | \$4,397,472                                       | \$0   | \$11,113,320  |
|  | 2036     | \$471,049                                     | \$4,868,522                                       | \$0   | \$11,113,320  |
|  | 2037     | \$470,901                                     | \$5,339,423                                       | \$0   | \$11,113,320  |
|  | 2038     | \$470,752                                     | \$5,810,175                                       | \$0   | \$11,113,320  |
|  | 2039     | \$470,604                                     | \$6,280,779                                       | \$0   | \$11,113,320  |
|  | 2040     | \$470,456                                     | \$6,751,235                                       | \$0   | \$11,113,320  |
|  | 2041     | \$470,307                                     | \$7,221,542                                       | \$0   | \$11,113,320  |
|  | 2042     | \$470,159                                     | \$7,691,701                                       | \$0   | \$11,113,320  |
|  | 2043     | \$470,010                                     | \$8,161,711                                       | \$0   | \$11,113,320  |
|  | 2044     | \$469,862                                     | \$8,631,573                                       | \$0   | \$11,113,320  |
|  | 2045     | \$469,714                                     | \$9,101,287                                       | \$0   | \$11,113,320  |

\$9,101,287 is less than \$11,113,320

|  |           |
|--|-----------|
| <b>Analysis Summary</b><br>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? | <b>No</b> |
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Board Findings of the Abbott Independent School District

| Year  | Employment |                    |         | Personal Income |                    |               | Revenue & Expenditure |                     |                     |
|---|------------|--------------------|---------|-----------------|--------------------|---------------|-----------------------|---------------------|---------------------|
|   | Direct     | Indirect + Induced | Total   | Direct          | Indirect + Induced | Total         | Revenue               | Expenditure         | Net Tax Effect      |
| 2020  | 400        | 1,348              | 1,748   | \$22,000,000    | \$94,577,148       | \$116,577,148 | 11138916              | -3227233.9          | \$14,366,150        |
| 2021  | 2          | 62                 | 64.4531 | \$98,518        | \$13,085,076       | \$13,183,594  | 534057.6              | 1197814.9           | -\$663,757          |
| 2022  | 2          | 10                 | 12      | \$98,518        | \$7,958,122        | \$8,056,641   | 373840.3              | 1182556.2           | -\$808,716          |
| 2023  | 2          | (14)               | -12     | \$98,518        | \$4,418,083        | \$4,516,602   | 251770                | 1129150.4           | -\$877,380          |
| 2024  | 2          | (31)               | -29     | \$98,518        | \$1,610,466        | \$1,708,984   | 190734.9              | 1045227.1           | -\$854,492          |
| 2025  | 2          | (31)               | -29     | \$98,518        | \$267,693          | \$366,211     | 137329.1              | 946044.9            | -\$808,716          |
| 2026  | 2          | (31)               | -29     | \$98,518        | -\$953,010         | -\$854,492    | 114440.9              | 862121.6            | -\$747,681          |
| 2027  | 2          | (25)               | -23     | \$98,518        | -\$1,075,081       | -\$976,563    | 122070.3              | 755310.1            | -\$633,240          |
| 2028  | 2          | (22)               | -20     | \$98,518        | -\$830,940         | -\$732,422    | 129699.7              | 679016.1            | -\$549,316          |
| 2029  | 2          | (18)               | -16     | \$98,518        | -\$586,800         | -\$488,281    | 137329.1              | 633239.7            | -\$495,911          |
| 2030  | 2          | (10)               | -8      | \$98,518        | -\$830,940         | -\$732,422    | 190734.9              | 572204.6            | -\$381,470          |
| 2031  | 2          | (8)                | -6      | \$98,518        | -\$98,518          | \$0           | 183105.5              | 541687              | -\$358,582          |
| 2032  | 2          | (0)                | 2       | \$98,518        | -\$98,518          | \$0           | 160217.3              | 488281.3            | -\$328,064          |
| 2033  | 2          | 6                  | 8       | \$98,518        | \$633,904          | \$732,422     | 198364.3              | 419616.7            | -\$221,252          |
| 2034  | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 167846.7              | 411987.3            | -\$244,141          |
| 2035  | 2          | 8                  | 10      | \$98,518        | \$878,044          | \$976,563     | 144958.5              | 389099.1            | -\$244,141          |
| 2036  | 2          | 14                 | 16      | \$98,518        | \$1,122,185        | \$1,220,703   | 144958.5              | 335693.4            | -\$190,735          |
| 2037  | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 137329.1              | 312805.2            | -\$175,476          |
| 2038  | 2          | 8                  | 10      | \$98,518        | \$1,610,466        | \$1,708,984   | 137329.1              | 305175.8            | -\$167,847          |
| 2039  | 2          | 14                 | 16      | \$98,518        | \$2,342,888        | \$2,441,406   | 91552.7               | 251770              | -\$160,217          |
| 2040  | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 45776.4               | 221252.4            | -\$175,476          |
| 2041  | 2          | 10                 | 12      | \$98,518        | \$1,610,466        | \$1,708,984   | 30517.6               | 213623              | -\$183,105          |
| 2042  | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 15258.8               | 190734.9            | -\$175,476          |
| 2043  | 2          | 2                  | 4       | \$98,518        | \$1,854,607        | \$1,953,125   | 61035.2               | 175476.1            | -\$114,441          |
| 2044  | 2          | 6                  | 8       | \$98,518        | \$2,831,169        | \$2,929,688   | 91552.7               | 175476.1            | -\$83,923           |
| 2045  | 2          | 12                 | 14      | \$98,518        | \$2,831,169        | \$2,929,688   | 91552.7               | 129699.7            | -\$38,147           |
| 2046  | 2          | 10                 | 12      | \$98,518        | \$3,319,451        | \$3,417,969   | 213623                | 144958.5            | \$68,665            |
| 2047  | 2          | 19                 | 21      | \$98,518        | \$4,784,294        | \$4,882,813   | 289917                | 175476.1            | \$114,441           |
| <b>Total</b>  |            |                    |         |                 |                    |               | <b>\$15,525,818</b>   | <b>\$10,658,264</b> | <b>\$4,867,554</b>  |
|   |            |                    |         |                 |                    |               | <b>\$13,968,841</b>   | is greater than     | <b>\$11,113,320</b> |
| <b>Analysis Summary</b>   |            |                    |         |                 |                    |               |                       |                     |                     |
| 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 Sun Valley 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 Sun Valley Solar, LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Due to the global nature of Alpin Sun, there are locations across the world and other parts of the United States being evaluated for the establishment of this solar facility. In the event a 313 agreement is not permitted, Alpin Sun will could relocate Sun Valley Solar, LLC to another area more financially viable for the continuation of this project. Other areas being considered include Pennsylvania, and sites where Alpin Sun both currently and previously has managed and developed renewable energy projects such as the United Kingdom, Belgium, Germany, Romania, Spain, and Chile.”
  - B. “With property tax liabilities composing a substantial ongoing cost of operation that directly impacts the rate of return on the investment, without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain.”
  - C. “Alpin Sun evaluates the economic viability of proposed projects through Discounted Cash Flow models (DCF), comparing the proposed project’s rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. To move forward, the model must show a rate of return where the project, with the valuation limitation agreement, would exceed the minimum rate of return required to proceed with the proposed investment.”
  - D. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize Alpin Sun to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district “the determining factor” to invest in this project.
- Per Tab 4 of the Application, “Sun Valley Solar, LLC is a solar energy project managed by global renewable energy company, Alpin Sun.”
- A March 4, 2019, *Hillsboro Reporter* article reported the following:
  - A. “The Hill County Commissioners’ Court met in a regular session Tuesday, February 26, and moved forward with economic development negotiations for a solar panel farm planning to locate in the county. Following an executive session held during the meeting, the court voted to grant authority to County Judge Justin Lewis and County Attorney David Holmes to negotiate an economic development agreement with Sun Valley Solar LLC.”
  - B. “Lewis said that three different developers have proposed four solar projects throughout Hill County. This first project is being proposed in the Abbott area near the county line.”
- A June 10, 2019, *Hillsboro Reporter* article stated:
  - A. “The Hill County Commissioners’ Court met in a special session Tuesday, June 4, and adopted amended tax abatement guidelines as the county negotiates with companies that have expressed interest in local energy projects.”
  - B. “The county recently reached an economic development agreement with Sun Valley Solar LLC for the first project, which will be located south of Abbott in the Abbott Independent School District. The project is expected to be valued

Board Findings of the Abbott Independent School District

at more than \$200 million, and a public hearing on the agreement will be held in July.”

- A July 15, 2019 *Hillsboro Reporter* reported the following:
  - A. “At a meeting held Tuesday, July 9, the Hill County Commissioners’ Court approved incentives for a solar energy company that is planning to invest around \$200 million in a project near Abbott. The county has been in economic development negotiations with Sun Valley Solar, LLC, and other solar energy companies that have set their sights on Hill County as they consider new development.”
  - B. “County Judge Justin Lewis said that while the projects do not bring in a lot of traffic or people, they do bring in a lot of investment in Hill County and it seems to be a lucrative deal for landowners in the area.”
  - C. “The company will receive a tax abatement of just over 52 percent for the next 10 years. Since the county never negotiates on the FM lateral, or road and bridge, portion of the tax rate, the project would immediately benefit county roads, according to the judge.”
  - D. “In order to move forward with the project, the court approved the creation of a reinvestment zone to allow for the tax abatement agreement. The zone encompasses 2,130 acres of land to be leased from multiple landowners ... Since the land is currently taxed as agricultural, the county will also get five years of back taxes from the company when the project begins.”
- A December 2018 *Generator Interconnection Status Report* issued by ERCOT, released January 1, 2019, includes a section that details those projects for which a Full Interconnection Study (FIS) has been requested.
  - A. Project Attributes: 19INR0169 (GINR Reference Number); Sun Valley (Project Name); Security Screening Study Completed, Full Interconnection Study Started, No Interconnection Agreement (GINR Study Phase); Aplin Sun (Interconnecting Entity); tap 345kV 68090 Sam Sw - 3405 or 13405 Tradinghouse (Point of Interconnection Location); Hill (County); NORTH (CDR Reporting Zone); 12/1/2020 (Projected Commercial Operation Date); SOL (Fuel); PV (Technology); 135 MW (Capacity);
  - B. Changes from Last Report: None (Change indicators: Proj Name, MW Size, COD, SFS/NtP, FIS Request);
  - C. GINR Project Milestone Dates: 3/2/2018 (Screening Study Started); 4/17/2018 (Screening Study Complete); 7/19/2018 (Full Interconnection Study Requested); No date given (Full Interconnection Study Approved); No date given (IA Signed); No (Financial Security and Notice to Proceed Provided)
  - D. Construction Dates: No date given (Construction Start); No date given (Construction End)
- Supplemental Information provided by the applicant indicated the following:
  - A. Is this project known by any specific names not otherwise mentioned in this application? No.
  - B. Please also list any other names by which this project may have been known in the past-in media reports, investor presentations, or any listings with any federal or state agency. The project was called GSE Eighteen in ERCOT's data base when the GINR application was filed; this name is not used anymore.
  - C. Has this project applied to ERCOT at this time? If so, please provide the project's

GINR number and when was it assigned. GINR no. 191NR0169 assigned on March 2, 2018.

**Supporting Information**

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

**Board Finding Number 12.**

**The Board of Trustees of the Abbott Independent School District hired consultants to review and verify the information in Application #1364. 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 Twenty Million Dollars, 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 32067114952) 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 C, 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.**

Board Findings of the Abbott Independent School District

It is therefore ORDERED that the Agreement attached hereto as **Exhibit C** is approved and hereby authorized to be executed and delivered by and on behalf of the Abbott 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 Abbott Independent School District.

Dated the 13<sup>th</sup> day of November, 2019.

ABBOTT INDEPENDENT SCHOOL DISTRICT

By:   
\_\_\_\_\_  
Bob Pustejovsky  
President, Board of Trustees

ATTEST:

By:   
\_\_\_\_\_  
Tiffany Stalker-  
Secretary, Board of Trustees

Findings and Order of the Abbott Independent School District  
Board of Trustees under the Texas Economic Development Act on the Application Submitted by  
Sun Valley Solar, LLC (Tax ID 32067114952) (Application #1364)

**EXHIBIT A**

**Comptroller's Economic Impact Analysis**



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 16, 2019

Eric Pustejovsky  
Superintendent  
Abbott Independent School District  
219 First Street  
Abbott, Texas 76621

Re: Certificate for Limitation on Appraised Value of Property for School District  
Maintenance and Operations taxes by and between Abbott Independent School  
District and Sun Valley Solar, LLC, Application 1364

Dear Superintendent Pustejovsky:

On June 10, 2019, the Comptroller issued written notice that Sun Valley Solar, LLC (applicant) submitted a completed application (Application 1364) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on March 20, 2019, to the Abbott 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.

<sup>1</sup> 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 1364.

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, 2019.

Note that any building or improvement existing as of the application review start date of June 10, 2019, 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](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is fluid and cursive, with the first name "Lisa" and last name "Craven" clearly legible.

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

**Attachment A – Economic Impact Analysis**

The following tables summarize the Comptroller's economic impact analysis of Sun Valley Solar, LLC (project) applying to Abbott 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 Sun Valley Solar, LLC.

|   |                                      |
|---|--------------------------------------|
| Applicant   | Sun Valley Solar, LLC                |
| Tax Code, 313.024 Eligibility Category  | Renewable Energy Electric Generation |
| School District   | Abbott ISD                           |
| 2017-2018 Average Daily Attendance  | 268                                  |
| County  | Hill County                          |
| Proposed Total Investment in District   | \$230,000,000                        |
| Proposed Qualified Investment   | \$230,000,000                        |
| 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                | \$947                                |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$947                                |
| Minimum annual wage committed to by applicant for qualified jobs                | \$49,259                             |
| Minimum weekly wage required for non-qualifying jobs                            | \$789                                |
| Minimum annual wage required for non-qualifying jobs                            | \$41,016                             |
| Investment per Qualifying Job   | \$115,000,000                        |
| Estimated M&O levy without any limit (15 years)                                 | \$15,510,793                         |
| Estimated M&O levy with Limitation (15 years)                                   | \$4,397,472                          |
| Estimated gross M&O tax benefit (15 years)                                      | \$11,113,320                         |

\* 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 Sun Valley Solar, LLC (modeled).

| Year | Employment |                    |         | Personal Income |                    |               |
|------|------------|--------------------|---------|-----------------|--------------------|---------------|
|      | Direct     | Indirect + Induced | Total   | Direct          | Indirect + Induced | Total         |
| 2020 | 400        | 1,348              | 1,748   | \$22,000,000    | \$94,577,148       | \$116,577,148 |
| 2021 | 2          | 62                 | 64.4531 | \$98,518        | \$13,085,076       | \$13,183,594  |
| 2022 | 2          | 10                 | 12      | \$98,518        | \$7,958,122        | \$8,056,641   |
| 2023 | 2          | (14)               | -12     | \$98,518        | \$4,418,083        | \$4,516,602   |
| 2024 | 2          | (31)               | -29     | \$98,518        | \$1,610,466        | \$1,708,984   |
| 2025 | 2          | (31)               | -29     | \$98,518        | \$267,693          | \$366,211     |
| 2026 | 2          | (31)               | -29     | \$98,518        | -\$953,010         | -\$854,492    |
| 2027 | 2          | (25)               | -23     | \$98,518        | -\$1,075,081       | -\$976,563    |
| 2028 | 2          | (22)               | -20     | \$98,518        | -\$830,940         | -\$732,422    |
| 2029 | 2          | (18)               | -16     | \$98,518        | -\$586,800         | -\$488,281    |
| 2030 | 2          | (10)               | -8      | \$98,518        | -\$830,940         | -\$732,422    |
| 2031 | 2          | (8)                | -6      | \$98,518        | -\$98,518          | \$0           |
| 2032 | 2          | (0)                | 2       | \$98,518        | -\$98,518          | \$0           |
| 2033 | 2          | 6                  | 8       | \$98,518        | \$633,904          | \$732,422     |
| 2034 | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   |
| 2035 | 2          | 8                  | 10      | \$98,518        | \$878,044          | \$976,563     |

Source: CPA RFMI, Sun Valley Solar, LLC

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

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate*    | Abbot ISD I&S Tax Levy | Abbot ISD M&O Tax Levy | Abbot M&O and I&S Tax Levies | Hill County Tax Levy | Hill County ESD #1 District Tax Levy | Hill County ESD #2 District Tax Levy | Hill College District Tax Levy | Tehuacana Creek Water and Improvement District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|------------------------|------------------------|------------------------------|----------------------|--------------------------------------|--------------------------------------|--------------------------------|---|--------------------------------|
| 2021 | \$230,000,000                   | \$230,000,000                   | 0.2899       | \$666,770              | \$2,346,000            | \$3,012,770                  | \$1,241,729          | \$69,000                             | \$115,000                            | \$215,504                      | \$56,589  | \$4,711,992                    |
| 2022 | \$207,035,000                   | \$207,035,000                   |              | \$600,194              | \$2,111,757            | \$2,711,951                  | \$1,117,745          | \$62,111                             | \$103,518                            | \$194,886                      | \$51,299  | \$4,241,509                    |
| 2023 | \$184,070,450                   | \$184,070,450                   |              | \$533,620              | \$1,877,519            | \$2,411,139                  | \$993,763            | \$55,221                             | \$92,035                             | \$173,269                      | \$45,609  | \$3,771,037                    |
| 2024 | \$161,105,900                   | \$161,105,900                   |              | \$467,046              | \$1,643,280            | \$2,110,326                  | \$869,782            | \$48,332                             | \$80,553                             | \$151,652                      | \$39,919  | \$3,300,564                    |
| 2025 | \$138,141,350                   | \$138,141,350                   |              | \$400,472              | \$1,409,042            | \$1,809,514                  | \$745,800            | \$41,442                             | \$69,071                             | \$130,035                      | \$34,229  | \$2,830,091                    |
| 2026 | \$115,176,800                   | \$115,176,800                   |              | \$333,898              | \$1,174,803            | \$1,508,701                  | \$621,819            | \$34,553                             | \$57,580                             | \$106,418                      | \$28,539  | \$2,359,618                    |
| 2027 | \$92,212,250                    | \$92,212,250                    |              | \$267,323              | \$940,565              | \$1,207,888                  | \$497,837            | \$27,664                             | \$46,106                             | \$86,801                       | \$22,846  | \$1,889,145                    |
| 2028 | \$69,247,700                    | \$69,247,700                    |              | \$200,749              | \$706,327              | \$907,076                    | \$373,856            | \$20,774                             | \$34,624                             | \$65,194                       | \$17,158  | \$1,418,672                    |
| 2029 | \$46,283,150                    | \$46,283,150                    |              | \$134,175              | \$472,008              | \$606,233                    | \$249,874            | \$13,885                             | \$23,142                             | \$43,567                       | \$11,468  | \$948,199                      |
| 2030 | \$46,268,600                    | \$46,268,600                    |              | \$134,135              | \$471,940              | \$606,072                    | \$249,796            | \$13,881                             | \$23,134                             | \$43,554                       | \$11,464  | \$947,901                      |
| 2031 | \$46,254,050                    | \$46,254,050                    |              | \$134,090              | \$471,791              | \$605,882                    | \$249,717            | \$13,876                             | \$23,127                             | \$43,540                       | \$11,461  | \$947,603                      |
| 2032 | \$46,239,500                    | \$46,239,500                    |              | \$134,048              | \$471,643              | \$605,691                    | \$249,639            | \$13,872                             | \$23,120                             | \$43,526                       | \$11,457  | \$947,305                      |
| 2033 | \$46,224,950                    | \$46,224,950                    |              | \$134,006              | \$471,494              | \$605,501                    | \$249,560            | \$13,867                             | \$23,112                             | \$43,512                       | \$11,454  | \$947,007                      |
| 2034 | \$46,210,400                    | \$46,210,400                    |              | \$133,964              | \$471,346              | \$605,310                    | \$249,482            | \$13,863                             | \$23,105                             | \$43,499                       | \$11,450  | \$946,709                      |
| 2035 | \$46,195,850                    | \$46,195,850                    |              | \$133,922              | \$471,198              | \$605,119                    | \$249,403            | \$13,859                             | \$23,098                             | \$43,485                       | \$11,446  | \$946,411                      |
|      |                                 |                                 | <b>Total</b> | <b>\$4,408,411</b>     | <b>\$15,510,793</b>    | <b>\$19,919,203</b>          | <b>\$8,209,802</b>   | <b>\$456,200</b>                     | <b>\$760,333</b>                     | <b>\$1,431,433</b>             | <b>\$376,791</b>  | <b>\$31,153,762</b>            |

Source: CPA, Sun Valley Solar, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Hill County, Hill College, Hill County ESD #1, Hill County ESD #2 and Tehuacana Creek Water Improvement District, 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.

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate     | Abbott ISD I&S Tax Levy | Abbott ISD M&O Tax Levy | Abbott M&O and I&S Tax Levies | Hill County Tax Levy | Hill County ESD #1 District Tax Levy | Hill County ESD #2 District Tax Levy | Hill College District Tax Levy | Tehuacana Creek Water and Improvement District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|-------------------------|-------------------------|-------------------------------|----------------------|--------------------------------------|--------------------------------------|--------------------------------|---|--------------------------------|
| 2021 | \$230,000,000                   | \$20,000,000                    | 0.2899       | \$666,770               | \$204,000               | \$870,770                     | \$434,605            | \$69,000                             | \$115,000                            | \$216,504                      | \$56,989  | \$1,762,860                    |
| 2022 | \$207,035,000                   | \$20,000,000                    |              | \$600,194               | \$204,000               | \$804,194                     | \$391,211            | \$62,111                             | \$103,518                            | \$194,896                      | \$51,299  | \$1,607,218                    |
| 2023 | \$184,070,450                   | \$20,000,000                    |              | \$533,620               | \$204,000               | \$737,620                     | \$347,617            | \$55,221                             | \$92,035                             | \$173,269                      | \$45,609  | \$1,451,572                    |
| 2024 | \$161,105,900                   | \$20,000,000                    |              | \$467,046               | \$204,000               | \$671,046                     | \$304,424            | \$48,332                             | \$80,553                             | \$151,652                      | \$39,919  | \$1,295,925                    |
| 2025 | \$138,141,350                   | \$20,000,000                    |              | \$400,472               | \$204,000               | \$604,472                     | \$261,030            | \$41,442                             | \$69,071                             | \$130,035                      | \$34,229  | \$1,140,279                    |
| 2026 | \$115,176,800                   | \$20,000,000                    |              | \$333,898               | \$204,000               | \$537,898                     | \$217,637            | \$34,553                             | \$57,588                             | \$108,418                      | \$28,539  | \$884,632                      |
| 2027 | \$92,212,250                    | \$20,000,000                    |              | \$267,323               | \$204,000               | \$471,323                     | \$174,243            | \$27,664                             | \$46,106                             | \$86,801                       | \$22,848  | \$628,986                      |
| 2028 | \$69,247,700                    | \$20,000,000                    |              | \$200,749               | \$204,000               | \$404,749                     | \$130,850            | \$20,774                             | \$34,624                             | \$65,184                       | \$17,158  | \$473,339                      |
| 2029 | \$46,283,150                    | \$20,000,000                    |              | \$134,175               | \$204,000               | \$338,175                     | \$87,456             | \$13,885                             | \$23,142                             | \$43,567                       | \$11,468  | \$317,693                      |
| 2030 | \$46,268,600                    | \$20,000,000                    |              | \$134,133               | \$204,000               | \$338,133                     | \$87,429             | \$13,881                             | \$23,134                             | \$43,554                       | \$11,464  | \$317,594                      |
| 2031 | \$46,254,050                    | \$46,254,050                    |              | \$134,090               | \$471,791               | \$605,882                     | \$249,717            | \$13,876                             | \$23,127                             | \$43,540                       | \$11,461  | \$947,603                      |
| 2032 | \$46,239,500                    | \$46,239,500                    |              | \$134,048               | \$471,643               | \$605,691                     | \$249,639            | \$13,872                             | \$23,120                             | \$43,526                       | \$11,457  | \$947,305                      |
| 2033 | \$46,224,950                    | \$46,224,950                    |              | \$134,006               | \$471,494               | \$605,501                     | \$249,560            | \$13,867                             | \$23,112                             | \$43,512                       | \$11,454  | \$947,007                      |
| 2034 | \$46,210,400                    | \$46,210,400                    |              | \$133,964               | \$471,346               | \$605,310                     | \$249,482            | \$13,863                             | \$23,105                             | \$43,499                       | \$11,450  | \$946,709                      |
| 2035 | \$46,195,850                    | \$46,195,850                    |              | \$133,922               | \$471,198               | \$605,119                     | \$249,403            | \$13,859                             | \$23,098                             | \$43,485                       | \$11,446  | \$946,411                      |
|      |                                 |                                 | <b>Total</b> | <b>\$4,408,411</b>      | <b>\$4,397,472</b>      | <b>\$8,805,883</b>            | <b>\$3,684,501</b>   | <b>\$456,200</b>                     | <b>\$760,333</b>                     | <b>\$1,431,433</b>             | <b>\$376,791</b>  | <b>\$15,518,141</b>            |
|      |                                 |                                 | <b>Diff</b>  | <b>\$0</b>              | <b>\$11,113,320</b>     | <b>\$11,113,320</b>           | <b>\$4,525,301</b>   | <b>\$0</b>                           | <b>\$0</b>                           | <b>\$0</b>                     | <b>\$0</b>  | <b>\$15,630,621</b>            |

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Sun Valley 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 25<sup>th</sup> Anniversary of Limitation Start**

This represents the Comptroller's determination that Sun Valley 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) |
|---|----------|---|---|---|---|
| <b>Limitation Pre-Years</b>                                     | 2018     | \$0   | \$0   | \$0   | \$0   |
|   | 2019     | \$0   | \$0   | \$0   | \$0   |
|   | 2020     | \$0   | \$0   | \$0   | \$0   |
| <b>Limitation Period (10 Years)</b>                             | 2021     | \$204,000                                     | \$204,000   | \$2,142,000   | \$2,142,000   |
|   | 2022     | \$204,000                                     | \$408,000   | \$1,907,757   | \$4,049,757   |
|   | 2023     | \$204,000                                     | \$612,000   | \$1,673,519   | \$5,723,276   |
|   | 2024     | \$204,000                                     | \$816,000   | \$1,439,280   | \$7,162,556   |
|   | 2025     | \$204,000                                     | \$1,020,000                                       | \$1,205,042   | \$8,367,598   |
|   | 2026     | \$204,000                                     | \$1,224,000                                       | \$970,803   | \$9,338,401   |
|   | 2027     | \$204,000                                     | \$1,428,000                                       | \$736,565   | \$10,074,966  |
|   | 2028     | \$204,000                                     | \$1,632,000                                       | \$502,327   | \$10,577,292  |
|   | 2029     | \$204,000                                     | \$1,836,000                                       | \$268,088   | \$10,845,381  |
|   | 2030     | \$204,000                                     | \$2,040,000                                       | \$267,940   | \$11,113,320  |
| <b>Maintain Viable Presence (5 Years)</b>                       | 2031     | \$471,791                                     | \$2,511,791                                       | \$0   | \$11,113,320  |
|   | 2032     | \$471,643                                     | \$2,983,434                                       | \$0   | \$11,113,320  |
|   | 2033     | \$471,494                                     | \$3,454,929                                       | \$0   | \$11,113,320  |
|   | 2034     | \$471,346                                     | \$3,926,275                                       | \$0   | \$11,113,320  |
|   | 2035     | \$471,198                                     | \$4,397,472                                       | \$0   | \$11,113,320  |
| <b>Additional Years as Required by 313.026(c)(1) (10 Years)</b> | 2036     | \$471,049                                     | \$4,868,522                                       | \$0   | \$11,113,320  |
|   | 2037     | \$470,901                                     | \$5,339,423                                       | \$0   | \$11,113,320  |
|   | 2038     | \$470,752                                     | \$5,810,175                                       | \$0   | \$11,113,320  |
|   | 2039     | \$470,604                                     | \$6,280,779                                       | \$0   | \$11,113,320  |
|   | 2040     | \$470,456                                     | \$6,751,235                                       | \$0   | \$11,113,320  |
|   | 2041     | \$470,307                                     | \$7,221,542                                       | \$0   | \$11,113,320  |
|   | 2042     | \$470,159                                     | \$7,691,701                                       | \$0   | \$11,113,320  |
|   | 2043     | \$470,010                                     | \$8,161,711                                       | \$0   | \$11,113,320  |
|   | 2044     | \$469,862                                     | \$8,631,573                                       | \$0   | \$11,113,320  |
|   | 2045     | \$469,714                                     | \$9,101,287                                       | \$0   | \$11,113,320  |

**\$9,101,287**

is less than

**\$11,113,320**

**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, Sun Valley Solar, LLC

| Year         | Employment |                    |         | Personal Income |                    |               | Revenue & Expenditure |                     |                     |
|--------------|------------|--------------------|---------|-----------------|--------------------|---------------|-----------------------|---------------------|---------------------|
|              | Direct     | Indirect + Induced | Total   | Direct          | Indirect + Induced | Total         | Revenue               | Expenditure         | Net Tax Effect      |
| 2020         | 400        | 1,348              | 1,748   | \$22,000,000    | \$94,577,148       | \$116,577,148 | 11138916              | -3227233.9          | \$14,366,150        |
| 2021         | 2          | 62                 | 64,4531 | \$98,518        | \$13,085,076       | \$13,183,594  | 534057.6              | 1197814.9           | -\$663,757          |
| 2022         | 2          | 10                 | 12      | \$98,518        | \$7,958,122        | \$8,056,641   | 373840.3              | 1182556.2           | -\$808,716          |
| 2023         | 2          | (14)               | -12     | \$98,518        | \$4,418,083        | \$4,516,602   | 251770                | 1129150.4           | -\$877,380          |
| 2024         | 2          | (31)               | -29     | \$98,518        | \$1,610,466        | \$1,708,984   | 190734.9              | 1045227.1           | -\$854,492          |
| 2025         | 2          | (31)               | -29     | \$98,518        | \$267,693          | \$366,211     | 137329.1              | 946044.9            | -\$808,716          |
| 2026         | 2          | (31)               | -29     | \$98,518        | -\$953,010         | -\$854,492    | 114440.9              | 862121.6            | -\$747,681          |
| 2027         | 2          | (25)               | -23     | \$98,518        | -\$1,075,081       | -\$976,563    | 122070.3              | 755310.1            | -\$633,240          |
| 2028         | 2          | (22)               | -20     | \$98,518        | -\$830,940         | -\$732,422    | 129699.7              | 679016.1            | -\$549,316          |
| 2029         | 2          | (18)               | -16     | \$98,518        | -\$586,800         | -\$488,281    | 137329.1              | 633239.7            | -\$495,911          |
| 2030         | 2          | (10)               | -8      | \$98,518        | -\$830,940         | -\$732,422    | 190734.9              | 572204.6            | -\$381,470          |
| 2031         | 2          | (8)                | -6      | \$98,518        | -\$98,518          | \$0           | 183105.5              | 541687              | -\$358,582          |
| 2032         | 2          | (0)                | 2       | \$98,518        | -\$98,518          | \$0           | 160217.3              | 488281.3            | -\$328,064          |
| 2033         | 2          | 6                  | 8       | \$98,518        | \$633,904          | \$732,422     | 198364.3              | 419616.7            | -\$221,252          |
| 2034         | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 167846.7              | 411987.3            | -\$244,141          |
| 2035         | 2          | 8                  | 10      | \$98,518        | \$878,044          | \$976,563     | 144958.5              | 389099.1            | -\$244,141          |
| 2036         | 2          | 14                 | 16      | \$98,518        | \$1,122,185        | \$1,220,703   | 144958.5              | 335693.4            | -\$190,735          |
| 2037         | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 137329.1              | 312805.2            | -\$175,476          |
| 2038         | 2          | 8                  | 10      | \$98,518        | \$1,610,466        | \$1,708,984   | 137329.1              | 305175.8            | -\$167,847          |
| 2039         | 2          | 14                 | 16      | \$98,518        | \$2,342,888        | \$2,441,406   | 91552.7               | 251770              | -\$160,217          |
| 2040         | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 45776.4               | 221252.4            | -\$175,476          |
| 2041         | 2          | 10                 | 12      | \$98,518        | \$1,610,466        | \$1,708,984   | 30517.6               | 213623              | -\$183,105          |
| 2042         | 2          | 10                 | 12      | \$98,518        | \$1,366,326        | \$1,464,844   | 15258.8               | 190734.9            | -\$175,476          |
| 2043         | 2          | 2                  | 4       | \$98,518        | \$1,854,607        | \$1,953,125   | 61035.2               | 175476.1            | -\$114,441          |
| 2044         | 2          | 6                  | 8       | \$98,518        | \$2,831,169        | \$2,929,688   | 91552.7               | 175476.1            | -\$83,923           |
| 2045         | 2          | 12                 | 14      | \$98,518        | \$2,831,169        | \$2,929,688   | 91552.7               | 129699.7            | -\$38,147           |
| 2046         | 2          | 10                 | 12      | \$98,518        | \$3,319,451        | \$3,417,969   | 213623                | 144958.5            | \$68,665            |
| 2047         | 2          | 19                 | 21      | \$98,518        | \$4,784,294        | \$4,882,813   | 289917                | 175476.1            | \$114,441           |
| <b>Total</b> |            |                    |         |                 |                    |               | <b>\$15,525,818</b>   | <b>\$10,658,264</b> | <b>\$4,867,554</b>  |
|              |            |                    |         |                 |                    |               | <b>\$13,968,841</b>   | is greater than     | <b>\$11,113,320</b> |

**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 Sun Valley 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 Sun Valley Solar, LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Due to the global nature of Alpin Sun, there are locations across the world and other parts of the United States being evaluated for the establishment of this solar facility. In the event a 313 agreement is not permitted, Alpin Sun will could relocate Sun Valley Solar, LLC to another area more financially viable for the continuation of this project. Other areas being considered include Pennsylvania, and sites where Alpin Sun both currently and previously has managed and developed renewable energy projects such as the United Kingdom, Belgium, Germany, Romania, Spain, and Chile.”
  - B. “With property tax liabilities composing a substantial ongoing cost of operation that directly impacts the rate of return on the investment, without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain.”
  - C. “Alpin Sun evaluates the economic viability of proposed projects through Discounted Cash Flow models (DCF), comparing the proposed project’s rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. To move forward, the model must show a rate of return where the project, with the valuation limitation agreement, would exceed the minimum rate of return required to proceed with the proposed investment.”
  - D. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize Alpin Sun to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district “the determining factor” to invest in this project.
- Per Tab 4 of the Application, “Sun Valley Solar, LLC is a solar energy project managed by global renewable energy company, Alpin Sun.”

- A March 4, 2019, *Hillsboro Reporter* article reported the following:
  - A. "The Hill County Commissioners' Court met in a regular session Tuesday, February 26, and moved forward with economic development negotiations for a solar panel farm planning to locate in the county. Following an executive session held during the meeting, the court voted to grant authority to County Judge Justin Lewis and County Attorney David Holmes to negotiate an economic development agreement with Sun Valley Solar LLC."
  - B. "Lewis said that three different developers have proposed four solar projects throughout Hill County. This first project is being proposed in the Abbott area near the county line."
- A June 10, 2019, *Hillsboro Reporter* article stated:
  - A. "The Hill County Commissioners' Court met in a special session Tuesday, June 4, and adopted amended tax abatement guidelines as the county negotiates with companies that have expressed interest in local energy projects."
  - B. "The county recently reached an economic development agreement with Sun Valley Solar LLC for the first project, which will be located south of Abbott in the Abbott Independent School District. The project is expected to be valued at more than \$200 million, and a public hearing on the agreement will be held in July."
- A July 15, 2019 *Hillsboro Reporter* reported the following:
  - A. "At a meeting held Tuesday, July 9, the Hill County Commissioners' Court approved incentives for a solar energy company that is planning to invest around \$200 million in a project near Abbott. The county has been in economic development negotiations with Sun Valley Solar, LLC, and other solar energy companies that have set their sights on Hill County as they consider new development."
  - B. "County Judge Justin Lewis said that while the projects do not bring in a lot of traffic or people, they do bring in a lot of investment in Hill County and it seems to be a lucrative deal for landowners in the area."
  - C. "The company will receive a tax abatement of just over 52 percent for the next 10 years. Since the county never negotiates on the FM lateral, or road and bridge, portion of the tax rate, the project would immediately benefit county roads, according to the judge."
  - D. "In order to move forward with the project, the court approved the creation of a reinvestment zone to allow for the tax abatement agreement. The zone encompasses 2,130 acres of land to be leased from multiple landowners ... Since the land is currently taxed as agricultural, the county will also get five years of back taxes from the company when the project begins."
- A December 2018 *Generator Interconnection Status Report* issued by ERCOT, released January 1, 2019, includes a section that details those projects for which a Full Interconnection Study (FIS) has been requested.
  - A. Project Attributes: 19INR0169 (GINR Reference Number); Sun Valley (Project Name); Security Screening Study Completed, Full Interconnection Study Started, No Interconnection Agreement (GINR Study Phase); Aplin Sun (Interconnecting Entity); tap 345kV 68090 Sam Sw - 3405 or 13405 Tradinghouse (Point of Interconnection Location); Hill (County); NORTH (CDR Reporting Zone); 12/1/2020 (Projected Commercial Operation Date); SOL (Fuel); PV (Technology); 135 MW (Capacity);
  - B. Changes from Last Report: None (Change indicators: Proj Name, MW Size, COD, SFS/NtP, FIS Request);
  - C. GINR Project Milestone Dates: 3/2/2018 (Screening Study Started); 4/17/2018 (Screening Study Complete); 7/19/2018 (Full Interconnection Study Requested); No date given (Full Interconnection Study Approved); No date given (IA Signed); No (Financial Security and Notice to Proceed Provided)
  - D. Construction Dates: No date given (Construction Start); No date given (Construction End)
- Supplemental Information provided by the applicant indicated the following:
  - A. Is this project known by any specific names not otherwise mentioned in this application? No.
  - B. Please also list any other names by which this project may have been known in the past-in media reports, investor presentations, or any listings with any federal or state agency. The

project was called GSE Eighteen in ERCOT's data base when the GINR application was filed; this name is not used anymore.

- C. Has this project applied to ERCOT at this time? If so, please provide the project's GINR number and when was it assigned. GINR no. 19INR0169 assigned on March 2, 2018.

**Supporting Information**

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

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

## **Supporting Information**

Section 8 of the Application for  
a Limitation on Appraised Value

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

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

**SECTION 7: Project Description**

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

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

**SECTION 8: Limitation as Determining Factor**

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

## **Supporting Information**

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



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## Tab 5

### *Limitation as a Determining Factor*

Currently, Alpin Sun is considering a variety of other locations for Sun Valley Solar, LLC but believes Abbott ISD would be an ideal location for this solar facility. Due to the global nature of Alpin Sun, there are locations across the world and other parts of the United States being evaluated for the establishment of this solar facility. In the event a 313 agreement is not permitted, Alpin Sun will could relocate Sun Valley Solar, LLC to another area more financially viable for the continuation of this project. Other areas being considered include Pennsylvania, and sites where Alpin Sun both currently and previously has managed and developed renewable energy projects such as the United Kingdom, Belgium, Germany, Romania, Spain, and Chile. Unfortunately, relocating the project would dismiss Abbott ISD from receiving the economic benefits associated with the development of a solar facility within their jurisdiction. It is our goal to reach a 313 value limitation agreement for Sun Valley Solar, LLC for the benefit of both Abbott ISD and Alpin Sun.

Alpin Sun is constantly evaluating various locations for development and where to commit substantial long-term investment based on economic rate of return with the proposed projects. The economic benefits provided by a Chapter 313 Value Limitation is one of the most important components in their analysis.

Not only Alpin Sun but all prudent energy developers, know tax incentives play an important role in attracting capital intensive facilities due to the high property tax burden in Texas. Ultimately, the decision to invest in Texas, or any other state, requires any capital investment by Alpin Sun to be based on expected economic return on their investment.

With property tax liabilities composing a substantial ongoing cost of operation that directly impacts the rate of return on the investment, without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain. Alpin Sun evaluates the economic viability of proposed projects through Discounted Cash Flow models (DCF), comparing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. To move forward, the model must show a rate of return where the project, with the valuation limitation agreement, would exceed the minimum rate of return required to proceed with the proposed investment. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize Alpin Sun to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district "the determining factor" to invest in this project.

Alpin Sun is a leader in solar energy research & development and has consistently proved their dedication to the future of renewable energy, specifically solar power. They have completed over 220 photovoltaic plants around the globe, and currently manage 40 solar facilities. Their management features individuals with years of demonstrated experience in site selection, permitting, environmental due diligence, negotiations, and sustainable development. Alpin Sun believes solar power is the technology of the future and through innovation, positive stakeholder relationships, and wise investment decisions, the way in which we generate electricity will be changed.

## **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller



Revised 5/27/2019

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Amendment One [5/21/2019]

## Tab 4

### *Detailed Description of the Project*

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.

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, Sun Valley Solar, LLC requests an appraised value limitation from Abbott Independent School District. Alpin Sun is proposing to construct a solar electric generating facility in Hill County, Texas. The facility, which will encompass approximately 2,596 acres, will be located in the southern portion of the county. Additionally, the entirety of the project will be within Abbott Independent School District. Please find attached in Tab 11 maps that further define the location of the facility.

The facility itself is expected to have a total capacity of 250 MW-AC and will feature 410,959 photovoltaic panels, and 51 central inverters.

Sun Valley Solar, LLC requests that this application includes but is not limited to the following components of this project:

- Solar Modules & Panels
- Inverter Boxes
- Meteorological Equipment
- Operation & Maintenance Building
- Electrical Substations
- Associated Towers
- Racking & Mounting Structures
- Combiner Boxes
- Foundations
- Roadways, Paving, & Fencing
- Generation Transmission Tie Line
- Interconnection Facilities

Sun Valley Solar, LLC is a solar energy project managed by global renewable energy company, Alpin Sun. Headquartered in Germany, but with offices and projects around the globe, Alpin Sun specializes in the development and management of solar power plants and has been a successful investor in the renewable energy industry since 2003. Alpin Sun is managed by a team of experienced individuals dedicated to the future of renewable energy. They are eager to continue their development of projects within the United States and are committed to building quality stakeholder relationships in the communities they choose to invest.

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## County Begins Negotiations With Solar Company For Local Project

Mon, Mar 04, 2019

The Hill County Commissioners' Court met in a regular session Tuesday, February 26, and moved forward with economic development negotiations for a solar panel farm planning to locate in the county.

Following an executive session held during the meeting, the court voted to grant authority to County Judge Justin Lewis and County Attorney David Holmes to negotiate an economic development agreement with Sun Valley Solar LLC.

The court also voted to hire Attorney Mike Dixon to assist the county with the negotiations.

Lewis said that three different developers have proposed four solar projects throughout Hill County. This first project is being proposed in the Abbott area near the county line.

The judge said that the county has courted energy projects because they bring a lot of value to the area without a lot of hassle.

"It's a low-key project off the beaten path and most people won't even know it's there," he said.

While the projects are unlikely to create many jobs, they will benefit school districts and other local taxing entities and allow the land to be taxed as commercial rather than agricultural.

Even if the company is granted tax incentives, the project would immediately benefit county roads as the county does not negotiate on the FM lateral tax, according to the judge.

The court also heard a presentation from Kenny Burns with Kenny Burns Architecture as the county considers upcoming maintenance and renovation projects that need to be performed at its facilities.

The judge has invited multiple companies to make presentations to the commissioners' court as it considers these issues.

Some of the projects the county judge said are on the agenda include roofing work at the Support Services Building on Waco Street, repair of damages at the Franklin Street annex, security upgrades at the Covington Street annex and some smaller projects, like work on the floors and windows in the courthouse.

In addition to these identified needs, Lewis explained that the county also needs to be thinking about a long-term plan over the next five or 10 years to consider what the county's needs will be for space and security.

Burns said that his company has completed over 150 projects for Texas counties and works on a fixed fee basis so there are no surprises.

Commissioners are expected to further discuss the issue at a future meeting.

A deed without warranty was approved for the City of Hillsboro to allow the city to acquire 11 properties on the north side of Corsicana Highway for flood control.

The county will convey its interest in the tax foreclosed properties to help the city improve flooding issues at the intersection of Waco Street and Corsicana Highway.

A representative from nCourt, a company offering credit card payment services, spoke to the court. Precinct 2 Justice of the Peace Shane Brassell approached the court about utilizing the company as an alternative to the current credit card payment provider.

The judge said that nCourt could possibly streamline the process of defendants paying fines and fees to the court.

### Top Stories

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- Hillsboro's Cinco De Mayo Events This Weekend
- Hillsboro Band Director To Retire After 22 Years
- Itasca Set For Cinco De Mayo Celebration
- Itasca Set For Cinco De Mayo Celebration

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5/3/2019

## County Begins Negotiations With Solar Company For Local Project

It would offer custom-designed individual websites for each office, mobile payment options, bilingual options, counter terminals and the option to make cash payments at retail outlets.

The court will obtain more information and discuss the issue with departments that would be utilizing the company's services.

Commissioners reviewed updated bid packets as the county prepares to seek annual bids on its large purchases of materials and services. The bid packet was approved.

The court declared culverts and sheet iron in Precinct 2 salvage material and approved selling it.

Lewis said that he and Holmes are looking into options for seeking a bid for a scrap metal purchaser so that the court does not have to go through the process of taking action each time a commissioner has scrap metal to sell.

Commissioners also observed two certificates of compliance from the County Treasurers' Association of Texas certifying that Treasurer Rhonda Burkhart completed required training hours on the Public Funds Investment Act and obtained continuing education.



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### Court Amends Abatement Guidelines As Local Solar Projects Considered

Mon, Jun 10, 2019

The Hill County Commissioners' Court met in a special session Tuesday, June 4, and adopted amended tax abatement guidelines as the county negotiates with companies that have expressed interest in local energy projects.

Hill County Judge Justin Lewis said that three solar energy developers have contacted the county about local projects east of Interstate 35.

The county recently reached an economic development agreement with Sun Valley Solar LLC for the first project, which will be located south of Abbott in the Abbott Independent School District.

The project is expected to be valued at more than \$200 million, and a public hearing on the agreement will be held in July.

The county has hired Attorney Mike Dixon to assist with the negotiations, and the amended guidelines specify what tax breaks the county can offer based on the value of each project.

The amended guidelines specifically address clean energy projects and lay out what the county is willing to offer based on the fact that the projects generally provide limited job creation and involve rapid depreciation in value for property tax purposes.

The minimum capital investment necessary for a company to be considered for a clean energy tax abatement is \$20 million.

The guidelines are broken up into projects valued at between \$20 million and \$50 million, projects between \$50 million and \$100 million and projects between \$100 million and \$200 million.

At the top tier, a project valued between \$100 million and \$200 million would be eligible for a tax break of approximately 52 percent over a 10-year period.

With the projects proposed on land currently taxed as agricultural, the county would also get five years of back taxes, and landowners would receive a monthly check for the next 30 years.

"I think it's to our advantage to try and attract them here," Lewis said, "but at the same time, we have to make a conscious decision not to give away the farm. I think we have a nice balance here."

The judge pointed out that the county never negotiates on the FM lateral, or road and bridge, portion of the tax rate, so the projects would immediately benefit county roads.

Lewis said that the projects should help the county shift some taxes from "bedrooms to energy production" and lower rates for homeowners.

"That's the goal, is that we find projects that fit well for Hill County and reduce what we charge on your house," Lewis said. "We have a duty to keep those taxes as low as we can."

The preliminary plat for Blue Sky Estates was also approved by the court. The subdivision will be located just outside of Abbott in the city's extraterritorial jurisdiction, and the city has also approved the plan.

The court heard a brief presentation by Jorge Moreno from McKinstry, company that designs, constructs, operates and maintains buildings, including implementing renewable energy systems.

Moreno discussed common challenges counties face, including aging infrastructure, limited funds, increasing utility costs and unfunded mandates. He told the court that the company could help the county upgrade its facilities with self-funded projects through utility savings.

Projects can include HVAC replacement, energy management and control systems, lighting, water conservation, jail improvements,

#### Top Stories

- ATTENTION POLKA MUSICIANS
- HISD Facilities Committee Continues Discussing Possible Bond Election
- Elm Street Rod Run Registration Now Underway
- Hill County Grand Jury Returns June Indictments
- Grant Assists Sheriff's Office With Digital Radio Upgrade

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## Court Amends Abatement Guidelines As Local Solar Projects Considered

courthouse renovations, electric rate reduction, renewable energy, windows, roofing and more.

He said that the company has secured over \$37 million in rebates, grants and incentives for Texas cities, counties and school districts over the past 10 years.

The court has been hearing presentations from companies providing similar services as the county looks to perform maintenance and upgrades on facilities.

A vote by commissioners permitted the company to access the county's historical utility usage information for planning purposes only. The company will come back before the court with any proposals.

Commissioners also voted to advertise for a purchaser of scrap metal for commissioners.

Miscellaneous scrap metal has created an issue for commissioners in the past, as they had to go through the process of auctioning it off after it was declared salvage material by the court.

The change is expected to simplify the process after metal is declared salvage material by the court.

The court also voted to seek bids for health insurance providers this year.

Lewis said that it has been five years since the county has gone out for health insurance bids, and although it creates a lot of work for county officials, it is a good business practice for the county.

The court also approved a credit application with Producers Cooperative Association to allow commissioners to make purchases from the business.



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## Solar Energy Project Moves Forward With Tax Incentives

Mon, Jul 15, 2019

At a meeting held Tuesday, July 9, the Hill County Commissioners' Court approved incentives for a solar energy company that is planning to invest around \$200 million in a project near Abbott.

The county has been in economic development negotiations with Sun Valley Solar, LLC, and other solar energy companies that have set their sights on Hill County as they consider new development.

In June, the court adopted tax abatement guidelines for clean energy projects to streamline the process and make it clear what the county is willing to offer based on each company's investment in Hill County.

County Judge Justin Lewis said that while the projects do not bring in a lot of traffic or people, they do bring in a lot of investment in Hill County and it seems to be a lucrative deal for landowners in the area.

The company will receive a tax abatement of just over 52 percent for the next 10 years. Since the county never negotiates on the PM lateral, or road and bridge, portion of the tax rate, the project would immediately benefit county roads, according to the judge.

In order to move forward with the project, the court approved the creation of a reinvestment zone to allow for the tax abatement agreement. The zone encompasses 2,130 acres of land to be leased from multiple landowners with Abbott addresses along HCRs 3203, 3206, 3110 and 3112.

Since the land is currently taxed as agricultural, the county will also get five years of back taxes from the company when the project begins.

"There's a lot of good to come out of this for Hill County, and a whole lot of good for the Abbott Independent School District," Lewis said.

Abbott ISD Superintendent Eric Pustejovsky spoke to the court, saying, "We are very excited about the potential of this project and what it can do for the school. We're glad that they chose Hill County, and we're looking forward to working with them in any capacity."

Commissioners also moved forward with a project to renovate portions of the former jail at 218 North Waco Street, now called the county's Support Services Building, to serve as a secure document storage facility.

The district clerk's office will be the first to begin moving records from the courthouse and annexes to the facility, which officials consider an ideal location as a secure, climate-controlled facility.

The first phase of the project will involve removing jail cell partition walls and doors, cleaning out debris and painting the rooms.

The district clerk will then install file shelving units and relocate over 1,600 boxes of case files from the John Erwin Annex with Covington Annex records to follow.

The court approved a bid from ICE Construction to perform the necessary work to get the project started.

Several budget line item transfers were approved for the Hill County Sheriff's Office to allow the department to update its aging fleet of patrol vehicles.

The department has been purchasing three or four new units at a time to address the issue, but it still has 20 vehicles with over 150,000 miles, the majority of which have over 200,000 miles.

The sheriff's office requested the court's permission to purchase three Chevrolet Tahoes from Cap Fleet Uplifters in Temple at a cost of \$39,276.33 per unit. The vehicles are already outfitted with emergency lights and sirens.

The sheriff's office will fund the purchase with salary savings in the law enforcement and corrections and rehabilitation accounts.

The court also designated three older vehicles and four trailers as

### Top Stories

- HISD Committee Wraps Up Research, Prepares Recommendation On Bond
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surplus equipment for the sheriff's office, which will allow them to be sold at auction.

Commissioners also approved a proposal allowing the sheriff's office to seek bids for the replacement of aging and failing air conditioning and heating units at the jail and sheriff's office.

A maintenance agreement was approved with the Heart of Texas Council of Governments (HOTCOG) for services related to the county's 9-1-1 system.

Hill County was nationally recognized as one of the first rural areas in the state to implement next-generation 9-1-1, allowing authorities to locate a cell phone caller within three meters of their location and allowing 9-1-1 texting service.

Lewis said that with the program's success, the state is now requiring all councils of governments to implement the same system. With the court's approval, grant funds administered through HOTCOG will further upgrade the county's equipment.

Commissioners voted to participate in the 2020 Census New Construction Program, which allows the county to update its residential address list with living quarters for which construction is in progress with completion expected by the April 1, 2020, Census.

While the program is voluntary, the Census Bureau encourages counties to participate to ensure that the count is accurate and federal funds for infrastructure, programs and services are allocated correctly.

The court approved the creation of a committee to review bids received for the county's employee health insurance as budget time approaches. Multiple elected officials and department representatives will review the three bids received and bring a recommendation to the court.

The county's quarterly investment report for the quarter ending March 31, was observed and recorded by the court. The report shows cash management earnings of \$4,652.09, certificates of deposit interest earnings of \$66,623.65, and a total investment funds balance of \$19,259,857.17.

The Hill County Emergency Services District 1 financial statements and audit were observed by the court. The district received a clean audit with no material findings.

The court re-appointed Charles Besada to the Prairielands Groundwater Conservation District Board of Directors for a term of four years.

The final plat for Blue Sky Estates was also approved by the court. The subdivision will be located just outside of Abbott in the city's extraterritorial jurisdiction, and the city has also approved the plan.

A lease agreement with Air Evac was also approved and will allow the company to rent space on the county's communications tower for a term of 12 months.

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GINR Activity: Dec 01, 2018 to Dec 31, 2018

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**Project Commissioning Update**

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**GINR Trends**

Disclaimer on the use of this report, and references to associated ERCOT Binding Documents **\*\*\*Please read\*\*\***

A list of the various acronyms used throughout the report

Tables that provide project aggregate counts and megawatt capacities by GINR phase and fuel type

A table listing project commissioning approval milestones met for the month: energization, synchronization, and commercial operations approval

A table listing the projects cancelled for the month

A table that lists project details; only includes projects for which a Full Interconnection Study has been requested

Charts and tables that show historical and projected interconnection study trends

Time of Report Run: Jan 1, 2019 9:16:00 AM



**Acronyms**

GINR = Generation Interconnection or Change Request  
 COD: Commercial Operation Date  
 SS = Security Screening Study  
 FIS = Full Interconnection Study  
 IA = Interconnection Agreement, can be either of the following:  
 - Standard Generation Interconnection Agreement (SGIA)  
 - Public financially binding agreement  
 - An official letter from a Municipally Owned Utility or Electric Cooperative signifying developer intent to build and operate generation facilities and interconnect with the MOU or EC  
 POI = Point of Interconnection  
 INR = Interconnection Request Number  
 TSP = Transmission Service Provider  
 NIP = Notice-to-Proceed given to the TSP for interconnection construction  
 CDR: Capacity, Demand and Reserves Report  
 SFS: Sufficient Financial Security provided to the TSP for construction of the interconnection facilities  
 QSA: Quarterly Stability Assessment

| Fuel Types       | Technology Types  |
|------------------|---|
| BIO = Biomass    | BA = Battery Energy Storage                                     |
| COA = Coal       | CC = Combined Cycle   |
| GAS = Gas        | CE = Compressed Air Energy Storage                              |
| GEO = Geothermal | CP = Concentrated Solar Power                                   |
| HYD = Hydrogen   | EN = Energy Storage   |
| NUC = Nuclear    | FC = Fuel Cell  |
| ÖIL = Fuel Oil   | GT = Combustion (gas) Turbine, but not part of a Combined Cycle |
| OTH = Other      | HY = Hydroelectric Turbine                                      |
| PET = Petroleum  | IC = Internal Combustion Engine, eg. Reciprocating              |
| SOL = Solar      | OT = Other  |
| WAT = Water      | PV = Photovoltaic Solar   |
| WIN = Wind       | ST = Steam Turbine other than Combined-Cycle                    |
|                  | WT = Wind Turbine   |



**GINR Project Details**

**NOTES:**

Due to Protocol confidentiality provisions, only those projects for which a Full life connection Study has been requested are included.

The megawatt capacities for projects identified as repowering are reported on a net change basis with respect to the original capacity amount, and thus may have zero or negative values. For projects where increased self-service would be part of the interconnection studies, the reported capacity is the maximum net MW available to the grid.

The construction start date is the date physical work of a significant nature (such as excavation for footings or foundations or pouring of concrete for foundations) has begun and is ongoing. Additionally, major equipment items (such as turbines or step-up transformers) are on-site, in route to the site, or being manufactured under a binding contract with significant financial commitments. The construction end date is the date when all plant systems are ready for commissioning startup activities. Note that the reporting of Construction Start and End Dates will begin in the ERCOT's online GINR system if available to project developers for data entry. Blank cells on Air Permit, CWC Permit and Water Availability indicate the respective permit/proof of water licenses are required but have not obtained or submitted to ERCOT yet.

| Int       | Project Name            | GINR Study Phase                 | Interconnecting Entity       | PQ Location                           | County       | CDR Reporting Zone | Proposed COG | Fuel | Technology | Capacity (MW) | Change from Last Report |              | GINR Project Milestones |                           |
|-----------|-------------------------|----------------------------------|------------------------------|---------------------------------------|--------------|--------------------|--------------|------|------------|---------------|-------------------------|--------------|-------------------------|---------------------------|
|           |                         |                                  |                              |                                       |              |                    |              |      |            |               | Change Indicators       | Proj Name MW | Repowering Study Status | Repowering Study Complete |
| 14N00184  | Comanche Wind           | SS Completed, FID Drafted, No IA | ERC                          | 7800 Rusk 345W                        | Cole         | PANHANDLE          | 10/10/2018   | Wind | WT         | 240           |                         | 01/10/2018   | 10/01/2018              |                           |
| 14N00254  | Midway Wind             | SS Completed, FID Completed, IA  | AEEI CHM                     | 8951 Whigum 138W                      | Comanche     | COMBATAL           | 10/10/2018   | Wind | WT         | 182.4         |                         | 01/10/2018   | 09/01/2018              |                           |
| 14N00262  | Brusher                 | SS Completed, FID Completed, IA  | NRG                          | 8500 Nelson Shreve 345W               | McCurtain    | COASTAL            | 09/16/2018   | Wind | WT         | 7.4           | COG                     | 01/10/2018   | 09/01/2018              |                           |
| 12N000224 | Shiner Dam #1 Wind A    | SS Completed, FID Completed, IA  | ES&P Renewables              | 70500 Tule Creek 345W                 | Blaine       | PANHANDLE          | 10/31/2018   | Wind | WT         | 200           |                         | 01/10/2018   | 01/21/2018              |                           |
| 12N00226  | Comanche Run Wind       | SS Completed, FID Drafted, IA    | Amgenia                      | 7681 Ogilvie 345W                     | Beaver       | PANHANDLE          | 10/31/2018   | Wind | WT         | 500           |                         | 03/01/2018   | 02/01/2018              |                           |
| 12N00335  | Hills at ne             | SS Completed, FID Completed, IA  | PROJECT, LLC                 | 10774 Mans 480W                       | Beaver       | WEST               | 04/01/2018   | Wind | WT         | 38.24         |                         | 03/01/2018   | 12/21/2018              |                           |
| 12N000236 | HOVEY (Bridle Solar 1B) | SS Completed, FID Completed, IA  | Fish Bear                    | 60000 Sabine 138W                     | Price        | WEST               | 02/26/2018   | SOL  | PV         | 7.4           |                         | 12/01/2018   | 07/01/2018              |                           |
| 12N00280  | Wheat Wash              | SS Completed, FID Completed, IA  | TRC                          | 70000 D.J. Hill 345W                  | Schuler      | WEST               | 01/09/2018   | Wind | WT         | 199.9         |                         | 10/01/2018   | 02/01/2018              |                           |
| 12N00106  | Marsh Oak East          | SS Completed, FID Drafted, IA    | Marsh Associates             | 11785 Marsh 345W                      | Harmon       | PANHANDLE          | 01/23/2018   | Wind | WT         | 151.6         | COG                     | 08/01/2018   | 02/01/2018              |                           |
| 12N00104  | Roanoke View Off        | SS Completed, FID Completed, IA  | Roanoke Wind LLC             | 74175 Marsh 345W                      | Harmon       | PANHANDLE          | 08/01/2018   | Wind | WT         | 600.3         |                         | 08/01/2018   | 02/01/2018              |                           |
| 12N00228  | Roanoke Wind            | SS Completed, FID Drafted, IA    | National Renewable Solutions | 75004 AJ Swepe 345W                   | Redbird      | PANHANDLE          | 08/01/2018   | Wind | WT         | 150           | COG                     | 08/01/2018   | 02/01/2018              |                           |
| 12N00228  | Canadian Bend Wind      | SS Completed, FID Completed, IA  | Whisper Cap                  | 740 345W 79000 Kendall 79000 AJ Swepe | Oldham       | PANHANDLE          | 08/12/2018   | Wind | WT         | 710           |                         | 07/01/2018   | 10/01/2018              |                           |
| 12N00229  | Whisper Bend            | SS Completed, FID Drafted, IA    | S Power                      | 70000 Ogilvie 345W                    | Shelby       | PANHANDLE          | 10/30/2018   | Wind | WT         | 501.3         |                         | 09/01/2018   | 02/01/2018              |                           |
| 14N00228  | Wind Associates Wind    | SS Completed, FID Drafted, IA    | WCA                          | 740 345W 79000 Kendall 79000 AJ Swepe | Oldham       | WEST               | 08/12/2018   | Wind | WT         | 345.8         | COG                     | 01/01/2018   | 01/01/2018              |                           |
| 14N00230  | Panhandle Wind 3        | SS Completed, FID Drafted, IA    | Power Energy                 | 70000 Rusk 345W                       | Casper       | PANHANDLE          | 10/01/2018   | Wind | WT         | 243           |                         | 03/01/2018   | 09/01/2018              |                           |
| 14N00233  | Deerfield Wind          | SS Completed, FID Completed, IA  | Fish Power                   | 740 345W 79000 Kendall 79000 AJ Swepe | Armadillo    | PANHANDLE          | 08/12/2018   | Wind | WT         | 496.2         |                         | 09/01/2018   | 09/01/2018              |                           |
| 14N00244  | West of Prairie Solar   | SS Completed, FID Drafted, IA    | En                           | 10000 Mason 138W                      | Reeves       | WEST               | 12/15/2018   | SOL  | PV         | 100           |                         | 09/01/2018   | 09/01/2018              |                           |
| 14N00245  | Texas 1a Wind           | SS Completed, FID Completed, IA  | Reeves                       | 14250 180000 Terrell 345W             | Reeves       | SOUTH              | 09/01/2018   | Wind | WT         | 200.9         | COG BPS&P               | 07/01/2018   | 03/01/2018              |                           |
| 13N00224  | El Aguijon #1-1 W       | SS Completed, FID Drafted, IA    | En                           | 740 345W 79000 Kendall 79000 AJ Swepe | San Patricio | COMBATAL           | 12/31/2018   | Wind | WT         | 201           |                         | 03/01/2018   | 03/01/2018              |                           |
| 14N00244  | Coconut Lake            | SS Completed, FID Drafted, IA    | Frontier                     | 82219 Lobo 345W                       | Wheeler      | SOUTH              | 10/31/2018   | SOL  | PV         | 200           |                         | 08/01/2018   | 08/01/2018              |                           |
| 14N00251  | Texas 2a Wind           | SS Completed, FID Drafted, IA    | En                           | 70000 Capella 345W                    | Reid         | PANHANDLE          | 12/15/2018   | Wind | WT         | 200           |                         | 10/01/2018   | 09/01/2018              |                           |
| 14N00259  | Emerald Grove Solar     | SS Completed, FID Drafted, IA    | Dyness Creek Renewables      | 8001 8000 Pecos 138W                  | Price        | WEST               | 10/01/2018   | SOL  | PV         | 100           |                         | 11/01/2018   | 10/01/2018              |                           |
| 14N00262  | Hill Community W-1      | SS Completed, FID Drafted, IA    | Reeves                       | 70000 Arapahoe 345W                   | Comanche     | PANHANDLE          | 10/31/2018   | Wind | WT         | 201           |                         | 11/01/2018   | 01/01/2018              |                           |
| 14N00263  | East Wind               | SS Completed, FID Drafted, IA    | T-Central                    | 20500 Warden 345W                     | Cass         | PANHANDLE          | 10/31/2018   | Wind | WT         | 201.5         |                         | 12/01/2018   | 01/01/2018              |                           |
| 12N00264  | Hills (Bridle Wind B)   | SS Completed, FID Completed, IA  | ERP                          | 55001 Rusk 345W                       | Cherokee     | WEST               | 10/01/2018   | Wind | WT         | 182           |                         | 11/01/2018   | 01/01/2018              |                           |
| 14N00265  | Progreive Solar         | SS Completed, FID Drafted, IA    | ERC Solar                    | 740 345W 79000 Kendall 79000 AJ Swepe | Texas        | SOUTH              | 12/01/2018   | SOL  | PV         | 144           |                         | 01/01/2018   | 01/01/2018              |                           |
| 14N00265  | LEVEE (Prairie Wind)    | SS Completed, FID Completed, IA  | Project LEVEE                | 43336 Dyer Cr 138W                    | Beaver       | COMBATAL           | 08/01/2018   | CLAS | GT         | 1             |                         | 12/01/2018   | 09/01/2018              |                           |
| 14N00267  | ACE Texas 1 Cog         | SS Completed, FID Drafted, IA    | Fish Power                   | 740 345W 79000 Kendall 79000 AJ Swepe | Reid         | WEST               | 04/01/2018   | CLAS | GT         | 742.9         |                         | 01/01/2018   | 09/01/2018              |                           |
| 14N00272  | Summit Wind             | SS Completed, FID Drafted, IA    | En                           | 740 345W 79000 Kendall 79000 AJ Swepe | Comanche     | COMBATAL           | 12/31/2018   | Wind | WT         | 201           | COG                     | 08/01/2018   | 01/01/2018              |                           |
| 14N00274  | Chattahoochee Wind A    | SS Completed, FID Drafted, IA    | En                           | 740 345W 79000 Kendall 79000 AJ Swepe | Casper       | PANHANDLE          | 08/01/2018   | Wind | WT         | 201.6         |                         | 10/01/2018   | 11/01/2018              |                           |
| 14N00274  | Chattahoochee Wind B    | SS Completed, FID Drafted, IA    | En                           | 740 345W 79000 Kendall 79000 AJ Swepe | Casper       | PANHANDLE          | 08/01/2018   | Wind | WT         | 201.6         | COG                     | 10/01/2018   | 11/01/2018              |                           |
| 14N00279  | Blue Bell Solar         | SS Completed, FID Drafted, IA    | Northern                     | 76000 Dimes 345W                      | Coke         | WEST               | 01/11/2018   | SOL  | PV         | 30            | COG                     | 11/01/2018   | 12/01/2018              |                           |
| 14N00283  | Map Wind                | SS Completed, FID Drafted, IA    | ERC                          | 13001 Ogilvie 345W                    | Cass         | PANHANDLE          | 10/01/2018   | Wind | WT         | 150           |                         | 01/01/2018   | 01/01/2018              |                           |



| Open    | FIS Proposed | FIS Approved | FA Stamp | Financial Security and Notice to Proceed Provided | As Permit    | OHG Permit   | Water Availability | Meets Planning Goal Section 5 (1)   | Meets Planning Goal Section 2   | Meets Planning Guide OSA (Section 6.0) Prerequisites | Distribution Start | Distribution End | Approved for Easement | Approved for Construction |
|---------|--------------|--------------|----------|---|--------------|--------------|--------------------|---|---|--|--------------------|------------------|-----------------------|---------------------------|
|         |              |              |          |   |              |              |                    | Meets Planning Goal Section 5 (1) Requirements for Inclusion in Planning Models | Meets Planning Goal Section 2 Requirements for Inclusion in Planning Models |  |                    |                  |                       |                           |
| 0712008 |              |              |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 1102008 | 0418008      | 1105001      |          | Yes   | Not Required | Not Required | Not Required       | 0424008   | 0912008   | 0424008  |                    |                  | 1022008               | 1204008                   |
| 0511008 | 0013008      | 0413001      |          | Yes   | Not Required | Not Required | Not Required       | 0116008   | 0508008   | 0416008  |                    |                  |                       |                           |
| 0715007 | 0003007      | 0822001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0716008 |              | 0724001      |          | Yes   | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0817008 | 0518008      | 1306001      |          | Yes   | Not Required | Not Required | Not Required       | 1307008   |   | 1018008  |                    |                  |                       |                           |
| 0808001 | 0318001      | 1208001      |          | Yes   | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0809001 | 0509001      | 0903001      |          | Yes   | Not Required | Not Required | Not Required       | 0831001   | 0828001   | 0601001  |                    |                  | 1011001               | 1128001                   |
| 1029008 |              | 0131001      |          | Yes   | Not Required | Not Required | Not Required       | 0426008   |   | 0430008  |                    |                  |                       |                           |
| 0318008 | 0502007      | 0123001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0501001 |              | 0423001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0401001 | 0316007      | 0223001      |          | Yes   | Not Required | Not Required | Not Required       | 0808001   | 1019001   | 0806001  |                    |                  |                       |                           |
| 1106001 |              | 0906001      |          | Yes   | Not Required | Not Required | Not Required       | 1004001   |   | 0504001  |                    |                  |                       |                           |
| 0519001 |              | 0313001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0708004 |              | 0223001      |          | Yes   | Not Required | Not Required | Not Required       | 0101000   |   | 0101000  |                    |                  |                       |                           |
| 0504008 | 0605007      | 0303001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0507007 |              | 0227001      |          | Yes   | Not Required | Not Required | Not Required       | 1004007   |   | 0504007  |                    |                  |                       |                           |
| 0803007 | 0614008      | 0413001      |          | Yes   | Not Required | Not Required | Not Required       | 0428008   | 0428008   | 0428008  |                    |                  | 1109008               |                           |
| 0818001 |              |              |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0808001 |              | 0227001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 1012001 |              | 0227001      |          | Yes   | Not Required | Not Required | Not Required       | 0101000   |   | 0101000  |                    |                  |                       |                           |
| 0815004 |              |              |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0810004 | 1306007      | 0401001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0415004 | 0921007      | 0523001      |          | Yes   | Not Required | Not Required | Not Required       | 0530001   | 0518001   | 0526001  |                    |                  |                       |                           |
| 0801001 |              | 0513001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0404007 | 0102001      | 0412001      |          | Yes   | Not Required | Not Required | Not Required       | 1008001   | 1018001   | 1018001  |                    |                  |                       |                           |
| 0814001 |              | 0801001      |          | No  | Not Required | Not Required | Not Required       | 1210201   | 1210201   | 0102001  |                    |                  |                       |                           |
| 0810001 |              |              |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0510004 |              |              |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0810004 |              |              |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 0810004 |              |              |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |
| 1107001 | 0501008      | 0818001      |          | Yes   | Not Required | Not Required | Not Required       | 0501008   | 0712008   | 0501008  |                    |                  | 1011008               | 1025008                   |
| 1227004 | 0518001      | 0506001      |          | No  | Not Required | Not Required | Not Required       |   |   |  |                    |                  |                       |                           |



COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
– Abbot ISD – Sun Valley Solar, LLC App. #1364 –

Comptroller Questions (via email on June 10, 2019):

- 1) Is this project known by any specific names not otherwise mentioned in this application?
- 2) Please also list any other names by which this project may have been known in the past-- in media reports, investor presentations, or any listings with any federal or state agency.
- 3) Has this project applied to ERCOT at this time? If so, please provide the project's GINR number and when was it assigned.

Company Response (via email on June 10, 2019):

- 1) *No.*
- 2) *The project was called GSE Eighteen in ERCOT's data base when the GINR application was filed; this name is not used anymore.*
- 3) *GINR no. 19INR0169 assigned on March 2, 2018.*

Findings and Order of the Abbott Independent School District  
Board of Trustees under the Texas Economic Development Act on the Application Submitted by  
Sun Valley Solar, LLC (Tax ID 32067114952) (Application #1364)

**EXHIBIT B**

**Summary of Financial Impact on  
Abbott Prepared by  
Education Service Center, Region 12**

**SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED  
SUN VALLEY SOLAR, LLC PROJECT  
(APPLICATION #1364)  
ON THE FINANCES OF  
ABBOTT INDEPENDENT SCHOOL DISTRICT  
UNDER A REQUESTED  
CHAPTER 313 APPRAISED VALUE LIMITATION**

**PREPARED BY  
EDUCATION SERVICE CENTER, REGION 12  
SEPTEMBER 24, 2019**

## Introduction

Sun Valley Solar, LLC (“Sun Valley” or “Company”) has submitted an application to the Abbott Independent School District (“AISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed project is a new solar electric generating facility in Hill County, TX. The company estimates that the total investment in this project will be in excess of \$230 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus, the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Abbott Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$20 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both M&O (maintenance and operation) and I&S (interest and sinking) during the 2020-21 school year. Beginning with the 2021-22 school year, the value of the project would be limited to \$20 million for M&O tax purposes and remain limited through the 2030-31 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

|   |             |
|---|-------------|
| Revenue Protection Payment to Abbott ISD -        | \$2,163,885 |
| Supplemental Payments to Abbott ISD -             | \$700,000   |
| Total Revenue to Abbott ISD                       | \$2,863,885 |
| Total Tax Savings to Company after all Payments - | \$8,977,820 |

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## 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. As a result of House Bill 3, as passed by the 86th Texas Legislature, signed into law, and effective in relevant part, on September 1, 2019, State funding is calculated using current year property value, which is a significant change from prior law which has relied on prior year values as certified by the Comptroller's Property Tax Division (CPTD), since 1993. However, for the purposes of districts with Tax Code Chapter 313 agreements and in accordance with Sec. 48.256 – LOCAL SHARE OF PROGRAM COST (TIER I), Subsection d - *A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.*

Texas school districts are funded by some 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. Local M&O collections at the compressed tax rate generate Tier I funding. In 2019-20, a school district's Tier I revenue is the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. The Tier 1 formulas start with a Basic Allotment per student of \$6,160. Funding calculations use the number of students in average daily attendance, the number of students who participate in categorical/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 current year 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.

Abbott ISD is a relatively property low wealth district per student and so most of its M&O revenue is generated from local ad valorem property taxes. In attempting to provide some degree of funding equity among school districts, the formulas provide guaranteed yields for both Tier I (formula funding) and for Tier II (enrichment). For those districts that generate local revenue in excess of entitlement amounts, the excess revenue is recaptured. Under prior law, recapture was a function of excess property wealth per weighted student. The system continues to rely on both golden (greater of 96th percentile of wealth up to 160% of basic allotment) and copper (equalized up to \$49.28/WADA) enrichment pennies (Tier II tax rate). Under HB 3, districts can access up to 8 golden pennies. Copper pennies will be compressed in manner that generates the same revenue for the compressed number of pennies as were taxed under old law.

AISD currently has property wealth per weighted ADA that is less than the second equalized wealth level at \$228,435 per weighted ADA. Under prior law, AISD was not

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considered a Chapter 41 district and would not have paid recapture. The implementation of HB 3, is not expected to alter Abbott's status in terms of being required to pay recapture. Sun Valley is requesting that the value of the solar electric generating facility be limited to \$20,000,000 in years one through ten of the agreement, corresponding to the 2021-22 school year through the 2030-31 school year. The full value of the project would be subject to interest and sinking (I&S) taxes levied by Abbott ISD in all years of the agreement.

### Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on AISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2020-21 through the 2035-36 school years.

The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against any potential 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 in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 16 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. For the purposes of this analysis, final 2018 CPTD values were used as well as 2019 CAD values from Hill County CAD (Central Appraisal District). These values have been included in the base data illustrated in **Table 1**.

To isolate the impact of the value limitation on the District's finances over this 16 year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that were projected to exist in the 2019-20 school year. An ADA of 255, a WADA of 452 and a 2019 M&O tax rate of \$1.1115, compressed to \$1.0304 under HB 3, were used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. The Hill CAD certified value for 2019 was used as the 2019 CAD value. This value was used as the basis for subsequent current year (CAD) values in this report. The final 2018 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values, certified to school districts in late July, 2019, were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

**Table 1 Base District Information  
Abbott ISD with Sun Valley Solar, LLC**

| Year of Agreement | School Year | ADA | WADA | Assumed M&O Tax Rate | Assumed I&S Tax Rate | CAD Value No Limit | CAD Value with Limitation |
|-------------------|-------------|-----|------|----------------------|----------------------|--------------------|---------------------------|
| QTP1              | 2020-21     | 255 | 452  | \$1.0304             | \$0.3081             | \$103,252,618      | \$103,252,618             |
| QTP2/L1           | 2021-22     | 255 | 452  | \$1.0304             | \$0.3081             | \$333,252,618      | \$123,252,618             |
| L2                | 2022-23     | 255 | 452  | \$1.0304             | \$0.3081             | \$310,287,618      | \$123,252,618             |
| L3                | 2023-24     | 255 | 452  | \$1.0304             | \$0.3081             | \$289,618,068      | \$123,252,618             |
| L4                | 2024-25     | 255 | 452  | \$1.0304             | \$0.3081             | \$268,948,518      | \$123,252,618             |
| L5                | 2025-26     | 255 | 452  | \$1.0304             | \$0.3081             | \$248,278,968      | \$123,252,618             |
| L6                | 2026-27     | 255 | 452  | \$1.0304             | \$0.3081             | \$227,609,418      | \$123,252,618             |
| L7                | 2027-28     | 255 | 452  | \$1.0304             | \$0.3081             | \$206,939,868      | \$123,252,618             |
| L8                | 2028-29     | 255 | 452  | \$1.0304             | \$0.3081             | \$186,270,318      | \$123,252,618             |
| L9                | 2029-30     | 255 | 452  | \$1.0304             | \$0.3081             | \$165,600,768      | \$123,252,618             |
| L10               | 2030-31     | 255 | 452  | \$1.0304             | \$0.3081             | \$144,931,218      | \$123,252,618             |
| MVP1              | 2031-32     | 255 | 452  | \$1.0304             | \$0.3081             | \$144,916,668      | \$144,916,668             |
| MVP2              | 2032-33     | 255 | 452  | \$1.0304             | \$0.3081             | \$144,902,118      | \$144,902,118             |
| MVP3              | 2033-34     | 255 | 452  | \$1.0304             | \$0.3081             | \$144,887,568      | \$144,887,568             |
| MVP4              | 2034-35     | 255 | 452  | \$1.0304             | \$0.3081             | \$144,873,018      | \$144,873,018             |
| MVP5              | 2035-36     | 255 | 452  | \$1.0304             | \$0.3081             | \$144,858,468      | \$144,858,468             |

The proposed agreement calls for Abbott ISD to be held harmless against potential 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, a state and local revenue projection for the 2019-2020 school year was completed to serve as base line data and is displayed in **Table 2**. In any year of the limitation period where total state and or 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 3.

### Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation revenue was estimated for each year of the agreement. **Table 3**, which summarizes the difference between the two models, indicates that there will be a total revenue loss of \$2.163 million over the course of the agreement. The revenue loss by the district, due to the agreement, is estimated to be mostly in the first year of the value limitation period.

| <b>Table 2</b>                                       |   | <b>Abbott ISD</b>                              |                    |
|--|---|--|--------------------|
|  |   | <b>2019-2020 Projected Summary of Finances</b> |                    |
| <b>Funding Elements</b>                              |   |  |                    |
| <b>Students</b>                                      |   |  |                    |
|  | Refined Average Daily Attendance (ADA)                              |  | 255.000            |
|  | Weighted ADA (WADA)   |  | 452.411            |
| <b>Property Values</b>                               |   |  |                    |
|  | 2019 (current tax year) Locally Certified Property Value            |  | \$103,252,618      |
|  | 2018 (prior tax year) Adjusted State Certified Property Value       |  | \$95,842,678       |
| <b>Tax Rates and Collections</b>                     |   |  |                    |
|  | 2018 M&O Tax Rate   |  | 1.1115             |
|  | 2019 M&O Tax Rate   |  | 1.0304             |
|  | Maximum Compressed Tax Rate   |  | 0.9300             |
|  | 2019-2020 M&O Tax Collections                                       |  | \$1,063,915        |
|  | 2019 I&S Tax Rate   |  | 0.3081             |
|  | 2019-2020 I&S Tax Collections                                       |  | \$318,142          |
|  | 2019-2020 Total Tax Collections                                     |  | \$1,382,057        |
|  | 2019-2020 Total Tax Levy  |  | \$1,409,698        |
| <b>Funding Components</b>                            |   |  |                    |
|  | District Basic Allotment  |  | \$6,160            |
|  | Available School Fund (ASF) ADA                                     |  | \$255              |
|  | Per Capita Rate   |  | \$259.207          |
| <b>Tier I Funding</b>                                |   |  |                    |
|  | Total Cost of Tier I  |  | \$2,805,917        |
|  | Less Local Fund Assignment  |  | (\$942,678)        |
|  | State Share of Tier I   |  | \$1,797,032        |
|  | Per Capita Distribution from Available School Fund (ASF)            |  | (\$66,207)         |
| <b>Foundation School Program (FSP) State Funding</b> |   |  |                    |
|  | FSP State Share of Tier One   |  | \$295,931          |
|  | Tier Two  |  | \$0                |
|  | Other Programs  |  | \$0                |
|  | Total FSP Operations Funding  |  | \$0                |
| <b>State Aid Summary</b>                             |   |  |                    |
| <b>M&amp;O State Aid</b>                             |   |  |                    |
|  | Foundation School Fund (FSP)  |  | \$2,092,963        |
|  | Available School Fund (ASF)   |  | \$66,207           |
| <b>I&amp;S State Aid</b>                             |   |  |                    |
|  | Existing Debt Allotment (EDA)                                       |  | \$0                |
|  | Instructional Facilities Allotment (IFA) (Bond)                     |  | \$27,598           |
|  | Instructional Facilities Allotment (IFA) (Lease-Purchase)           |  | \$0                |
|  | Additional State Aid for Homestead Exemption (ASAHE) for Facilities |  | \$5,354            |
|  | <b>TOTAL FSP/ASF STATE AID</b>                                      |  | <b>\$2,192,122</b> |
|  | <b>Local Revenue in Excess of Entitlement</b>                       |  | <b>(\$0)</b>       |

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## Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to \$20 million starting in school year 2021-22 and remaining limited through school year 2030-31. The potential gross and net tax savings to Sun Valley are shown in Table 3. As stated earlier, an M&O tax rate of \$1.0304 and a collection rate of 100% is used throughout the calculations in this report. Table 3 shows gross tax savings due to the limitation of \$11.84 million over the length of the contract. Net tax savings are estimated to be \$9.68 million. To estimate supplemental payments to the school district of \$100 per ADA, a growth model was applied to the base ADA of 255, which was the projected ADA for AISD for the 2019-20 school year.

## Facilities Funding Impact on the District

Reports submitted by Sun Valley show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S taxes and will enhance the district's ability to service current and future debt obligations. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

## Conclusion

The Sun Valley project proposed in this application will benefit the community, the district, AISD, and the taxpayer, Sun Valley. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will also enjoy an increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Remember that the Texas Legislature could take additional action that could potentially change the impact of this agreement on the finances of Abbott ISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those changes could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change, and will impact the estimates of this agreement, include changes to property values, district tax rates and student enrollment.

**Table 3 Estimated Financial Impact  
Abbott ISD and Sun Valley Solar, LLC Agreement #1364**

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Assumed M&O Tax Rate | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | Tax Benefit to Company Before Revenue Protection | School District Revenue Losses | Estimated Net Tax Benefits | School District Benefit \$100 per ADA | Company Tax Benefit |
|-------------------|-------------|---------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|----------------------------------|--|--------------------------------|----------------------------|---------------------------------------|---------------------|
| QTP1              | 2020-21     | \$0           | \$0                     | \$0           | 1.0304               | \$0                      | \$0                     | \$0                              | \$0  | \$0                            | \$0                        | \$50,000                              | -\$50,000           |
| QTP2/L1           | 2021-22     | \$230,000,000 | \$20,000,000            | \$210,000,000 | 1.0304               | \$2,369,966              | \$206,084               | \$2,163,882                      | \$2,163,882                                      | -\$2,163,885                   | \$0                        | \$50,000                              | -\$50,000           |
| L2                | 2022-23     | \$207,035,000 | \$20,000,000            | \$187,035,000 | 1.0304               | \$2,133,330              | \$206,084               | \$1,927,246                      | \$1,927,246                                      | \$0                            | \$1,927,246                | \$50,000                              | \$1,877,246         |
| L3                | 2023-24     | \$186,365,450 | \$20,000,000            | \$166,365,450 | 1.0304               | \$1,920,347              | \$206,084               | \$1,714,263                      | \$1,714,263                                      | \$0                            | \$1,714,263                | \$50,000                              | \$1,664,263         |
| L4                | 2024-25     | \$165,695,900 | \$20,000,000            | \$145,695,900 | 1.0304               | \$1,707,364              | \$206,084               | \$1,501,280                      | \$1,501,280                                      | \$0                            | \$1,501,280                | \$50,000                              | \$1,451,280         |
| L5                | 2025-26     | \$145,026,350 | \$20,000,000            | \$125,026,350 | 1.0304               | \$1,494,381              | \$206,084               | \$1,288,297                      | \$1,288,297                                      | \$0                            | \$1,288,297                | \$50,000                              | \$1,238,297         |
| L6                | 2026-27     | \$124,356,800 | \$20,000,000            | \$104,356,800 | 1.0304               | \$1,281,397              | \$206,084               | \$1,075,313                      | \$1,075,313                                      | \$0                            | \$1,075,313                | \$50,000                              | \$1,025,313         |
| L7                | 2027-28     | \$103,687,250 | \$20,000,000            | \$83,687,250  | 1.0304               | \$1,068,414              | \$206,084               | \$862,330                        | \$862,330  | \$0                            | \$862,330                  | \$50,000                              | \$812,330           |
| L8                | 2028-29     | \$83,017,700  | \$20,000,000            | \$63,017,700  | 1.0304               | \$855,431                | \$206,084               | \$649,347                        | \$649,347  | \$0                            | \$649,347                  | \$50,000                              | \$599,347           |
| L9                | 2029-30     | \$62,348,150  | \$20,000,000            | \$42,348,150  | 1.0304               | \$642,448                | \$206,084               | \$436,364                        | \$436,364  | \$0                            | \$436,364                  | \$50,000                              | \$386,364           |
| L10               | 2030-31     | \$41,678,600  | \$20,000,000            | \$21,678,600  | 1.0304               | \$429,465                | \$206,084               | \$223,381                        | \$223,381  | \$0                            | \$223,381                  | \$50,000                              | \$173,381           |
| MVP1              | 2031-32     | \$41,664,050  | \$41,664,050            | \$0           | 1.0304               | \$429,315                | \$429,315               | \$0                              | \$0  | \$0                            | \$0                        | \$50,000                              | -\$50,000           |
| MVP2              | 2032-33     | \$41,649,500  | \$41,649,500            | \$0           | 1.0304               | \$429,165                | \$429,165               | \$0                              | \$0  | \$0                            | \$0                        | \$50,000                              | -\$50,000           |
| MVP3              | 2033-34     | \$41,634,950  | \$41,634,950            | \$0           | 1.0304               | \$429,015                | \$429,015               | \$0                              | \$0  | \$0                            | \$0                        | \$50,000                              | -\$50,000           |
| MVP4              | 2034-35     | \$41,620,400  | \$41,620,400            | \$0           | 1.0304               | \$428,865                | \$428,865               | \$0                              | \$0  | \$0                            | \$0                        | \$0                                   | \$0                 |
| MVP5              | 2035-36     | \$41,605,850  | \$41,605,850            | \$0           | 1.0304               | \$428,715                | \$428,715               | \$0                              | \$0  | \$0                            | \$0                        | \$0                                   | \$0                 |
| <b>TOTALS</b>     |             |               |                         |               |                      | <b>\$16,047,616</b>      | <b>\$4,205,914</b>      | <b>\$11,841,702</b>              | <b>\$11,841,702</b>                              | <b>-\$2,163,885</b>            | <b>\$9,677,820</b>         | <b>\$700,000</b>                      | <b>\$8,977,820</b>  |

\*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.

Findings and Order of the Abbott Independent School District  
Board of Trustees under the Texas Economic Development Act on the Application Submitted by Sun  
Valley Solar, LLC (Tax ID 32067114952) (Application #1364)

**EXHIBIT C**

**Proposed Agreement between  
Abbott Independent School District  
and Sun Valley Solar, LLC**

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

by and between

**ABBOTT INDEPENDENT SCHOOL DISTRICT**

and

**SUN VALLEY SOLAR, LLC**

*(Texas Taxpayer ID # 32067114952)*

Comptroller Application # 1364

Dated

November 13, 2019

*Agreement for Limitation on Appraised Value  
Between Abbott ISD and Sun Valley Solar, LLC*

*Texas Economic Development Act  
Agreement Comptroller Form 50-  
826 (Jan 2016)*

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

*STATE OF TEXAS* §

*COUNTY OF HILL* §

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 **ABBOTT 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 **SUN VALLEY SOLAR, LLC**, Texas Taxpayer Identification Number 32067114952 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 March 20, 2019, the Superintendent of Schools of the Abbott 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 March 20, 2019, 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 June 10, 2019 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 Hill County Appraisal District established in Hill County, Texas (the “Hill 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 16, 2019, 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 November 13, 2019, 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 November 13, 2019, 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 November 13, 2019, 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 2, 2019, 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 November 13, 2019, 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 Sun Valley Solar, LLC, (Texas Taxpayer ID # 32067114952), 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 B or C of the TEXAS TAX CODE) filed with the District by the Applicant on March 20, 2019. 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 Hill County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Abbott 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 Hill County, Texas.

“District” or “School District” means the Abbott 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 Section 313.054 of the TEXAS TAX CODE.

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

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

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

**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 Limitation Period of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

“Applicable School Finance Law” means the State constitution and laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools and school districts generally and the District specifically, in accordance with all provisions thereof applicable to any terms of this Agreement at the time any computation, calculation or obligation of either Party under this Agreement is required to be performed or for the period to which such computation, calculation or obligation relates, as applicable. The term includes any amendments or successor statutes that may be adopted in the future which affect the calculation of the District’s Maintenance and Operations Tax Revenue or the Applicant’s ad valorem tax obligation to the District, in each case, either with or without the limitation on appraised value of property pursuant to this Agreement.

“Commercial Operation” means the date on which Applicant declares that the construction of the project has been substantially completed, trial operation of the project has been completed, and the project is ready for dispatch (all pursuant to and consistent with the terms of Applicant’s 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” shall have the meaning set forth in Section 4.2.

“Maintenance and Operations Tax Revenue” means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE, and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE, or any other statutory provision as well as any amendment or successor statute to these provisions, minus (iii) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE, in each case, as any of the items in clauses (i), (ii), and (iii) above may be amended by Applicable School Finance Law from time to time. Maintenance and Operations Tax Revenue shall be the net amount of all such revenues, payments or other amounts which the District is entitled to receive and retain from State and local funding for maintenance and operations purposes under Applicable School Finance Law.

“New M&O Revenue” means, with respect to any school year, the total State and local Maintenance and Operations Tax Revenue that the District actually received for such school year.

“Net Tax Benefit” means, for any Tax Year during the term of this Agreement, 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 such Tax Year and all previous Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for such Tax Year and all previous 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, with respect to any school year, the total State and local Maintenance and Operations Tax Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant’s Qualified Property been subject to the ad valorem maintenance and operations tax at the tax rate actually adopted by the District for the applicable Tax Year. For purposes of this calculation, the Third Party will base its calculations upon the District’s taxable value of property for the preceding tax year as certified by the Appraisal District for all taxable accounts in the District, *less* 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 service (interest and sinking fund) ad valorem tax purposes.

*“Third Party”* shall have the meaning set forth in Section 4.3

## **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 June 10, 2019, 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 November 13, 2019.
- C. The Qualifying Time Period for this Agreement:
  - i. Starts on November 13, 2019, the Application Approval Date; and
  - ii. Ends on December 31, 2021, the last day of the second complete Tax Year following the Qualifying Time Period start date.
- D. The Tax Limitation Period for this Agreement:
  - i. Starts on January 1, 2021, first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
  - ii. Ends on December 31, 2030.
- E. The Final Termination Date for this Agreement is December 31, 2035.

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. Twenty Million Dollars (\$20,000,000).

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 \$10,000,000 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 \$789.00 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 such Supplemental Payments as more fully specified in Article VI;
- C. 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
- D. 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 renewable energy electric generation.

**ARTICLE IV**  
**PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF PARTIES.**

Subject to the limitations contained in this Agreement, it is the intent of the Parties in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE and Section 48.256 (d) of the TEXAS EDUCATION CODE that the District shall be compensated by the Applicant as provided in this Article IV for any Lost M&O Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI of this Agreement. Subject to the limitations contained in this Agreement, **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, 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 in the first year of the Tax Limitation Period, and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the Application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

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, 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 31<sup>st</sup> 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, 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 for each year for which the calculation is made.
- 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 Operations Tax 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, and such appeal remains unresolved at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District. The calculations shall be readjusted, if necessary, based on the outcome of the appeal as set forth below.

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, 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 Tax 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 Operations Tax 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 thirty (30) days following notice from the District of such determination and calculation. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this 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 4.9 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 below, by such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.4, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, 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. The Applicant shall only be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 not to exceed Fifteen Thousand Dollars (\$15,000.00).

**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 thirty (30) 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 within thirty (30) days after receipt of the final determination of the calculations. Any appeal by the Applicant of the final determination of calculations shall in no way limit Applicant's other rights and remedies available hereunder, at law or in equity.

**Section 4.10. PAYMENT LIMITATION; AGGREGATE LIMIT.**

Notwithstanding any other provisions in this Agreement, in no event shall the Revenue Protection Payments calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Limitation Period commences under this Agreement as provided in Section 2.3.D.i, and ending with the end of the Tax Limitation Period, exceed an amount equal to the Aggregate Limit for such Tax Year. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.10, 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 limit set forth in this Section 4.10.

**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 purchase 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 above.

**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, and that all payments under Article VI are subject to the separate limitations contained in Section 6.2 and Section 6.3. Each Supplemental Payment shall be due and payable on January 31<sup>st</sup> of the year following that in which such Supplemental Payment accrued.

**Section 6.2. SUPPLEMENTAL PAYMENT.** Notwithstanding the foregoing:

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 Application.;

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.

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 Average Daily Attendance for the previous school year.

Failure to pay such Supplemental Payments shall constitute Material Breach of this Agreement, as set forth more fully herein at Article IX.

**Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT.**

For each Tax Year beginning with the period starting the first year of the Tax Limitation Period and ending December 31 of the last year of the Tax Limitation Period (Tax Year 2030), supplemental payments shall be owed.

If, for any Tax Year during the Limitation Period of this Agreement the Cumulative Payments owed under Sections IV, V and VI of this Agreement, exceeds the Aggregate Limit for such tax year, the difference between the Applicant’s Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year until paid to the District.

**Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.** All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Cumulative Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Cumulative Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Cumulative Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3.

- (a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.8.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.9, above.

**Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.**

At any time during this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that any of the Applicant's payments under this Article VI be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Any designation of a successor beneficiary under this Section 6.5 shall not alter the limits on Supplemental Payments described in Sections 6.2 and 6.3, above. Notwithstanding the foregoing, any payments made by the Applicant shall be made in the manner and to the party designated in this Agreement, unless Applicant receives an unambiguous written notice from the District that such payments are to be made to a different party as provided in this Section 6.5.

**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 ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to 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 ninety (90) 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 Hill 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 Hill 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 ninety (90) 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 ninety (90) 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 \$10,000,000 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:

| <b>To the District</b> |  | <b>With Copy to</b>         |
|------------------------|--|-----------------------------|
| Name:                  | Abbott Independent School District               | Sara Leon & Associates, LLC |
| Attn:                  | Superintendent Eric Pustejovsky or his successor | Sara Hardner Leon           |
| Address:               | 219 S. First Street                              | 2901 Via Fortuna Suite, 475 |
| City/Zip:              | Abbott, Texas 76621                              | Austin, TX 78746            |
| Phone :                | (254) 582-3011                                   | Phone: (512) 637-4244       |
| Fax :                  | (254) 582-5430                                   | Fax : (512) 637-4245        |
| Email:                 | Eric.pustejovsky@abbottisd.org                   | sleon@saraleonlaw.com       |

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

| <b>To the Applicant</b> |  | <b>With Copy to</b> |
|-------------------------|--|---------------------|
| Name:                   | Sun Valley Solar, LLC                    |                     |
| Attn:                   | Adrian Ioance, Authorized Representative |                     |
| Address:                | 10601 Clarence Drive, Suite 250          |                     |
| City/Zip:               | Frisco, Texas 75033                      |                     |
| Phone :                 | (888) 963-8033                           |                     |
| Fax:                    | 0040368453781                            |                     |
| Email:                  | Adrian.ioance@alpin-sun.de               |                     |

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.

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

## **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.

**Section 10.3. 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 Hill 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.**

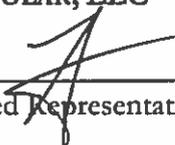
A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing 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 13th day of November 2019.

SUN VALLEY SOLAR, LLC

By  \_\_\_\_\_  
Authorized Representative

ABBOTT INDEPENDENT SCHOOL DISTRICT

By  \_\_\_\_\_  
Bob Pustejovsky  
President, Board of Trustees

ATTEST:

By  \_\_\_\_\_  
Tiffany Stalker  
Secretary, Board of Trustees

**EXHIBIT 1**

**DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE**

**Agreement for Limitation on Appraised Value**  
Between Abbott ISD and Sun Valley Solar, LLC, #1364  
November 13, 2019

*Texas Economic Development Act Agreement*  
*Comptroller Form 50-826 (Jan 2016)*

2019-9125

## EXHIBIT A

Approximately 2,130 acres of land near Abbott, Hill County, Texas proposed to be leased, which land is in adjoining parcels capable of combination for use in a Project qualifying for tax abatement. Such parcels making up the Reinvestment Zone being--

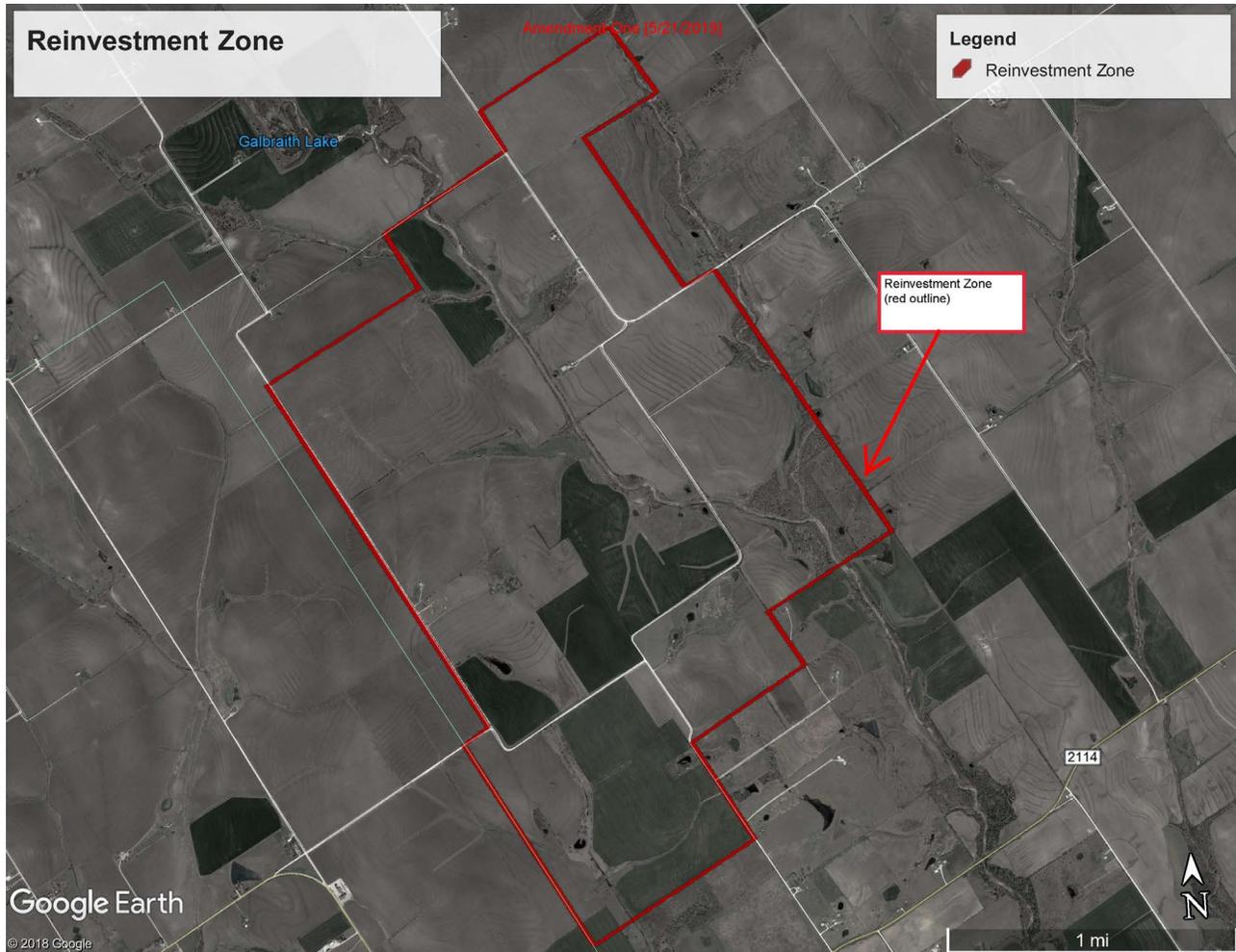
| Parcel ID | Owner Name                  | Address                         | Acreage | Legal Description                               |
|-----------|-----------------------------|---------------------------------|---------|---|
| 109611    | Joe & Evelyn Soukup         | 386 HCR 3112, ABBOTT, TX 76621  | 99.70   | S HOLLOWAY A-367 TR 8B 99.70 AC                 |
| 109610    | Joe & Evelyn Soukup         | 386 HCR 3112, ABBOTT, TX 76621  | 3.00    | S HOLLOWAY A-367 TR 8A 3.00 AC                  |
| 109605    | Joe & Evelyn Soukup         | 386 HCR 3112, ABBOTT, TX 76621  | 10.80   | S HOLLOWAY A-367 TR 8 10.80 AC                  |
| 108984    | Joe & Evelyn Soukup         | 386 HCR 3112, ABBOTT, TX 76621  | 5.60    | LAY A-553 TR 6 5.60 AC                          |
| 108720    | Mynar, Rose Marie           | 680 HCR 3112, ABBOTT, TX 76621  | 138.47  | S HOLLOWAY A-367 TR 4, 4A, 4B, 5 & 5A 138.47 AC |
| 108719    | Z-M Brothers                | HCR 3112 TX, ABBOTT, TX 76621   | 75.37   | S HOLLOWAY A-367 TR 3 75.372 AC                 |
| 109600    | Kimme Partners, Ltd         | HCR 3206, ABBOTT, TX 76621      | 165.35  | C GILBREATH A-352 TR 6 165.35 AC                |
| 105966    | Kimme Partners, Ltd         | HCR 3206, ABBOTT, TX 76621      | 145.36  | S HOLLOWAY A-367 TR 6 145.364 AC                |
| 381465    | Kimme Partners, Ltd         | HCR 3206, ABBOTT, TX 76621      | 55.00   | C GILBREATH A-352 TR 6A 55.00 AC                |
| 109007    | Kimme Partners, Ltd         | HCR 3206, ABBOTT, TX 76621      | 10.00   | T MCCULLUM A-629 TR 1 10.00 AC                  |
| 109008    | Mach, Joe F.                | HCR 3203, ABBOTT, TX 76621      | 100.00  | T MCCULLUM A-629 TR 2 100.00 AC                 |
| 109009    | Mach, Joe F.                | HCR 3203, ABBOTT, TX 76621      | 40.00   | T MCCULLUM A-629 TR 3 40.00 AC (PT A352 HERE)   |
| 109010    | Mach, Joe F.                | HCR 3203, ABBOTT, TX 76621      | 68.47   | T MCCULLUM A-629 TR 4 68.47 AC                  |
| 108715    | Mach, Joe F.                | HCR 3206, ABBOTT, TX 76621      | 9.00    | C GILBREATH A-352 TR 5 9.00 AC                  |
| 108714    | Mach, Joe F.                | HCR 3206, ABBOTT, TX 76621      | 89.00   | C GILBREATH A-352 TR 4 89.00 AC                 |
| 108716    | Mach, Joe F.                | HCR 3206, ABBOTT, TX 76621      | 1.00    | C GILBREATH A-352 TR 4A 1.00 AC                 |
| 109598    | Mach, Joe F.                | HCR 3206, ABBOTT, TX 76621      | 97.06   | C GILBREATH A-352 TR 1 97.06 AC                 |
| 109251    | Cocok, Mary Ann             | HCR 3110 S, ABBOTT, TX 76621    | 110.00  | J WALLACE A-938 TR 34 110.00 AC                 |
| 103680    | Pibil, Albert & Doris Trust | HCR 3110 S, ABBOTT, TX 76621    | 39.50   | S MARSHALL A-570 TR 1 39.50 AC                  |
| 103676    | Pibil, Albert & Doris Trust | HCR 3110, ABBOTT, TX 76621      | 167.63  | C GILBREATH A-352 TR 2 & 2B 167.63 AC           |
| 103679    | Pibil, Albert & Doris Trust | HCR 3206, ABBOTT, TX 76621      | 102.00  | S HOLLOWAY A-367 TR 10 102.00 AC                |
| 135074    | Pibil, Albert & Doris Trust | 855 HCR 3110 S ABBOTT, TX 76621 | 1.00    | C GILBREATH A-352 TR 3 1.00 AC                  |
| 103678    | Pibil, Albert & Doris Trust | HCR 3206, ABBOTT, TX 76621      | 150.00  | S HOLLOWAY A-367 TR 9 150.00 AC                 |

2019-9125

617

|        |                                |                                 |        |   |
|--------|--------------------------------|---------------------------------|--------|---|
| 109603 | Pibil, Albert &<br>Doris Trust | 815 HCR 3110 S ABBOTT, TX 76621 | 0.25   | C GILBREATH A-352 TR 2A 0.25<br>AC      |
| 109250 | Mach, Richard J.               | HCR 3110 S, ABBOTT, TX 76621    | 100.00 | J WALLACE A-938 TR 33 100.00<br>AC      |
| 108718 | Ginder, William<br>L.          | HCR 3112 TX, ABBOTT, TX 76621   | 102.00 | S HOLLOWAY A-367 TR 2 102.00<br>AC      |
| 108998 | Ginder, William<br>L.          | HCR 3112 TX, ABBOTT, TX 76621   | 230.00 | MORROW A-579 TR 1 230.00 AC             |
| 377039 | Eckols, Dane                   | HCR 3206, ABBOTT, TX 76621      | 14.54  | S HOLLOWAY A-367 TR 1 14.54<br>AC (UDI) |

The boundary of the proposed Reinvestment Zone is delineated by the outside boundary lines of the outermost parcels forming the approximately 2,130 acre unit intended for production of solar energy.



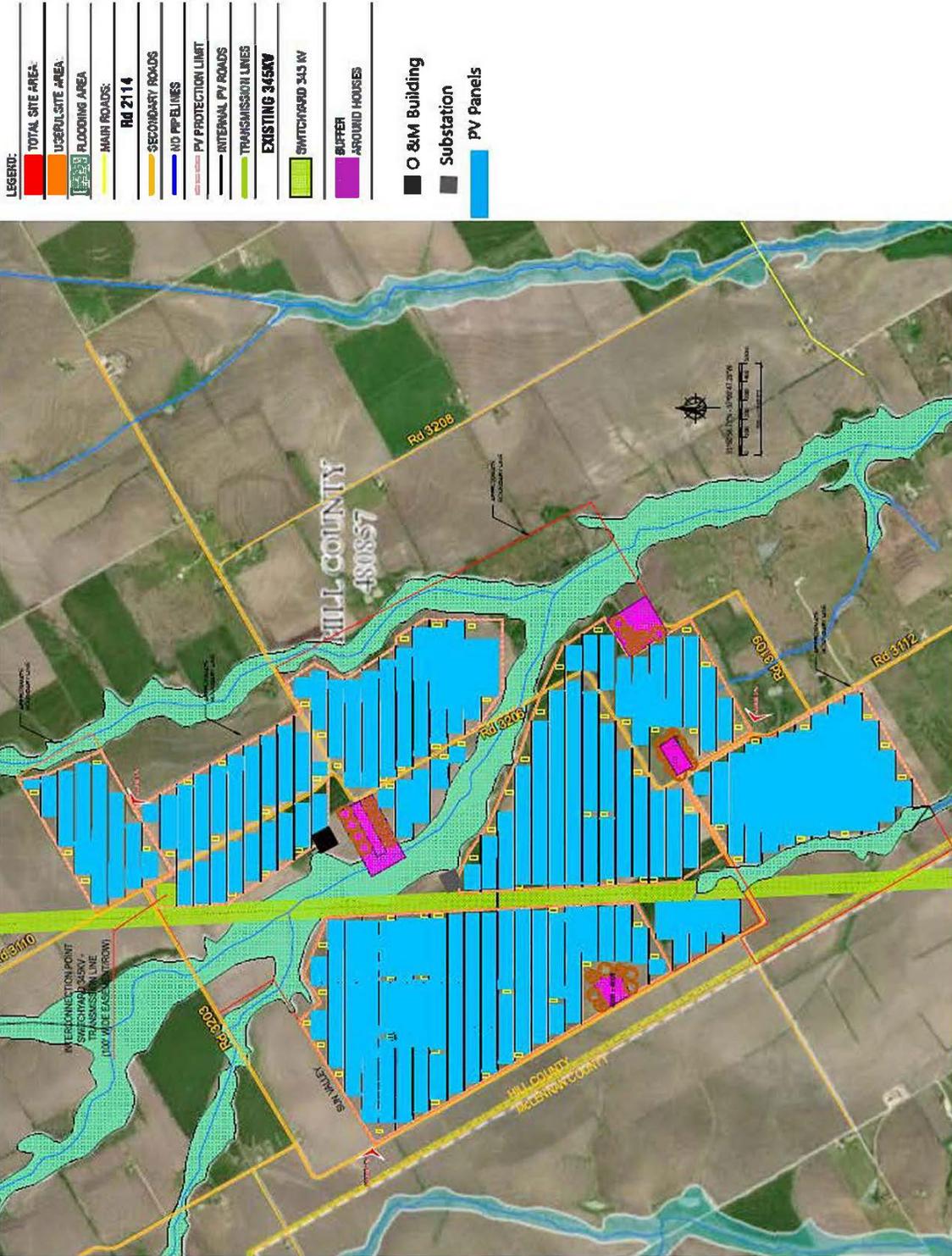
**Agreement for Limitation on Appraised Value**  
Between Abbott ISD and Sun Valley Solar, LLC, #1364  
November 13, 2019

*Texas Economic Development Act Agreement*  
*Comptroller Form 50-826 (Jan 2016)*

**LAYOUT**

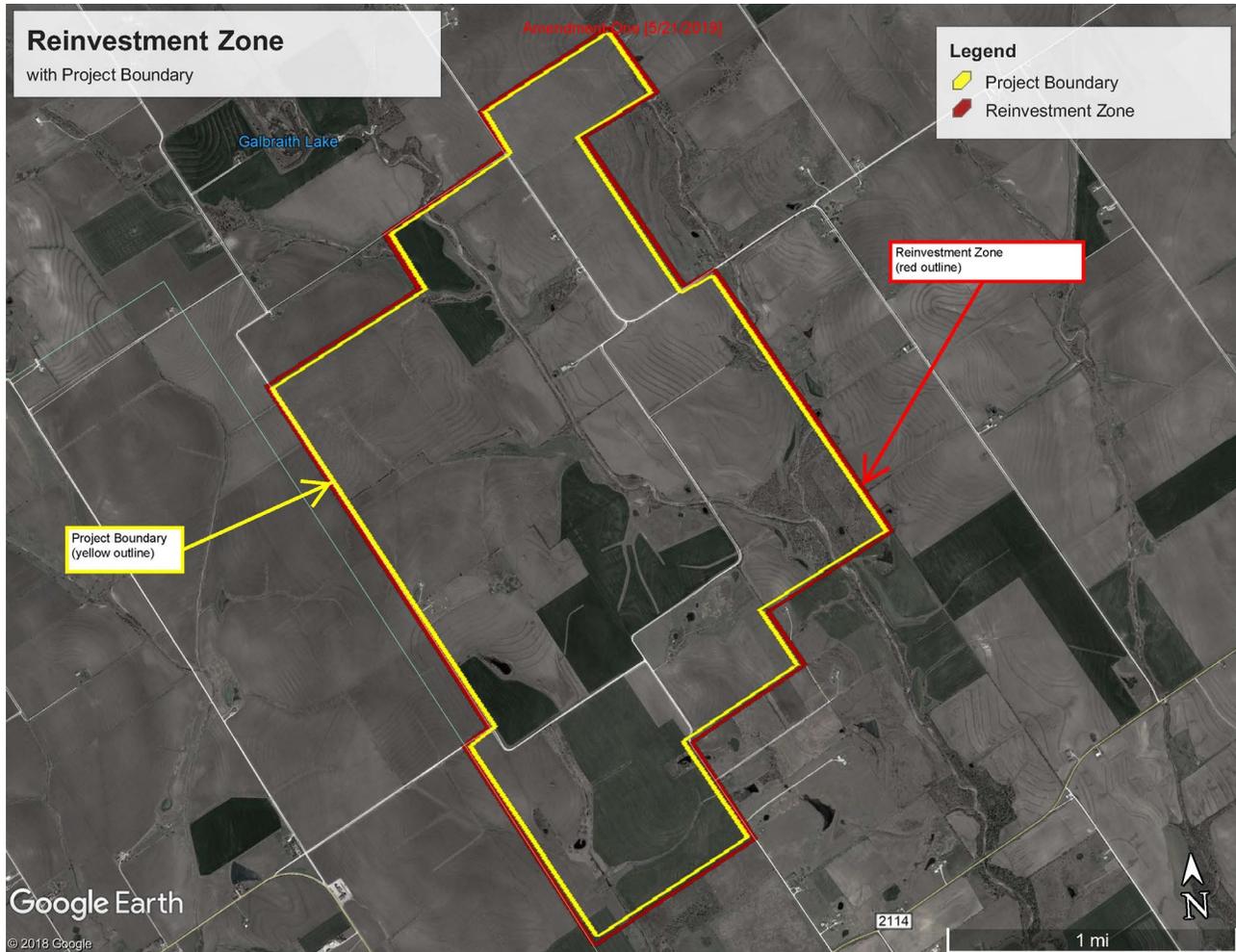
Amendment One [5/21/2019]

**SUN VALLEY SOLAR PARK - HILL COUNTY**



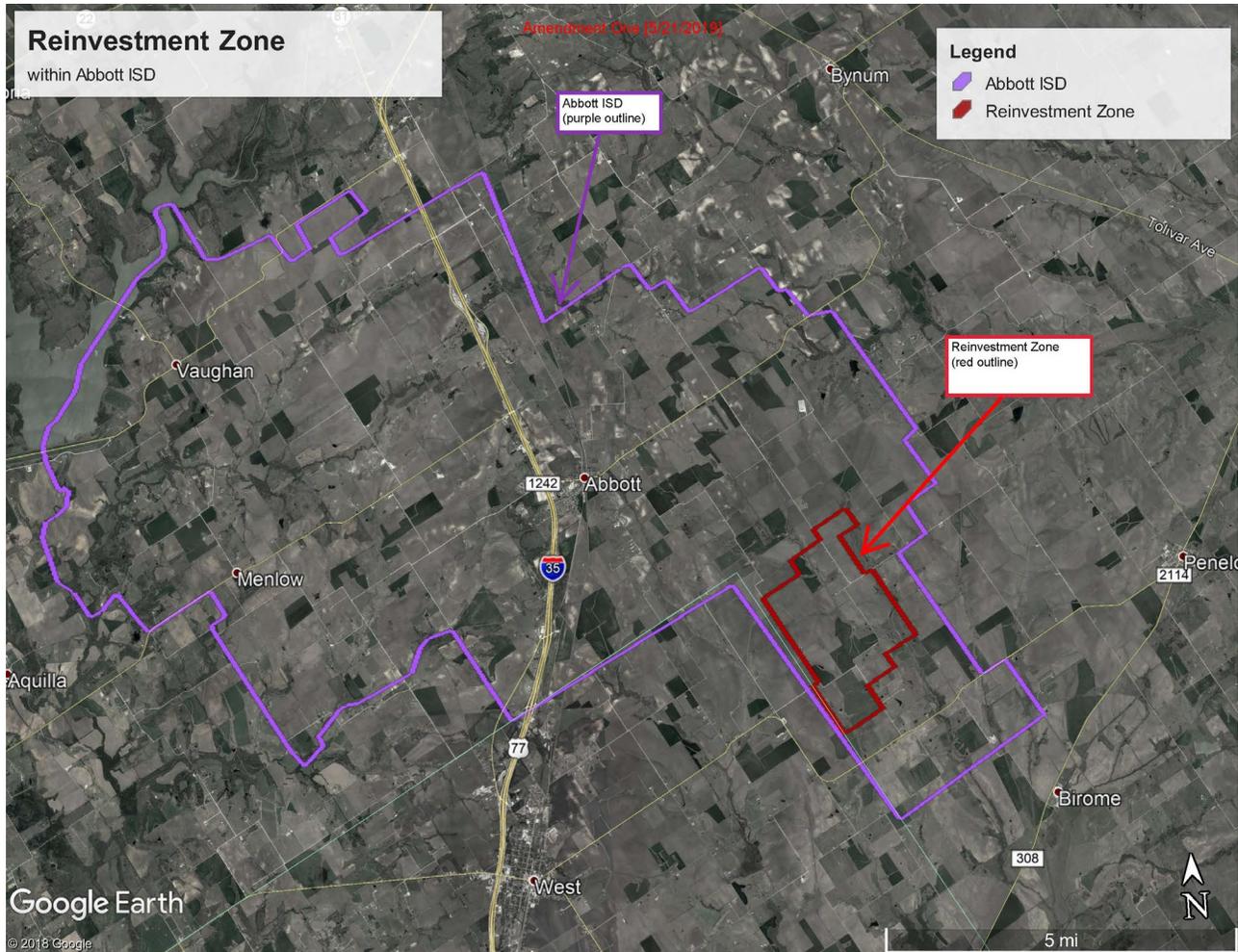
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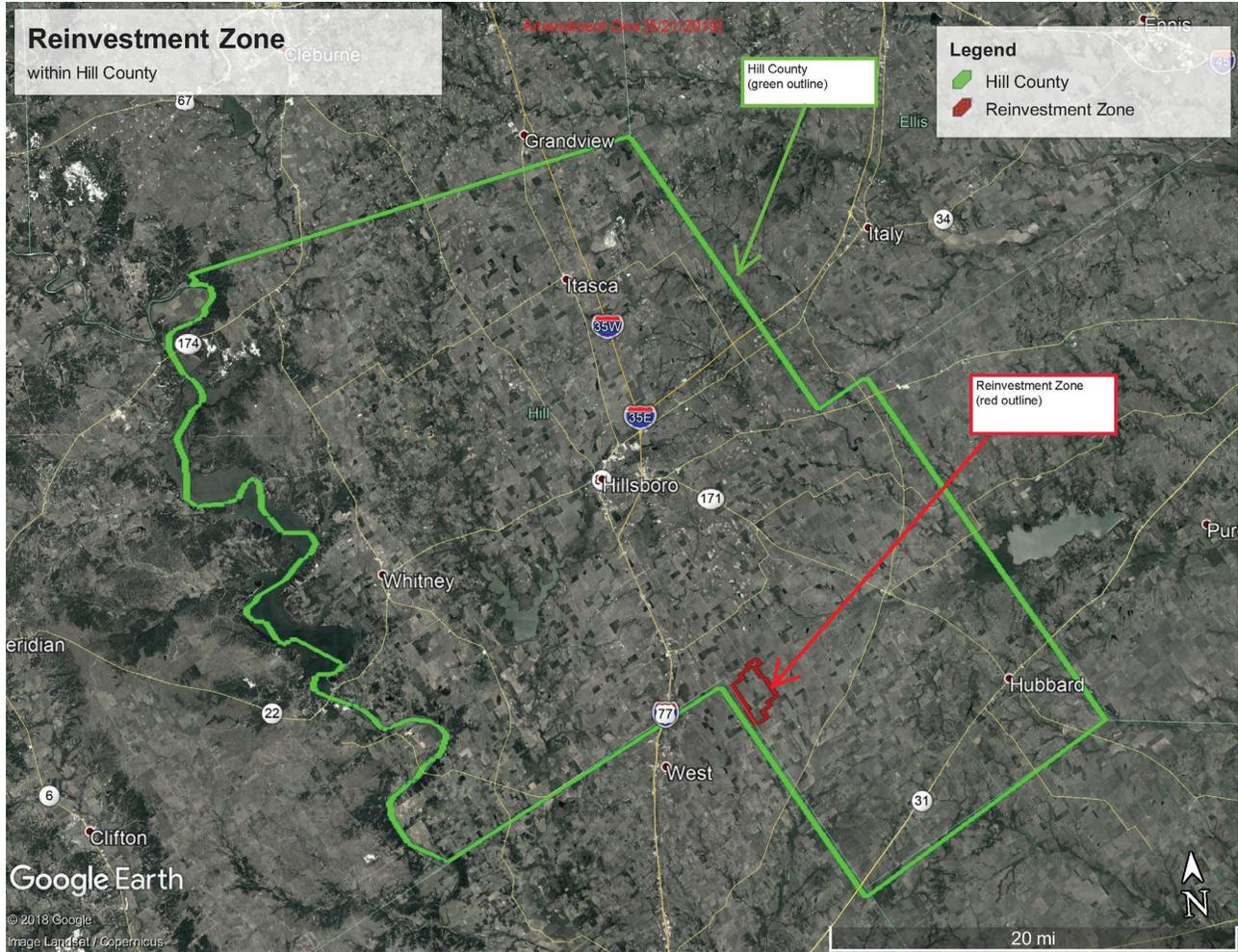
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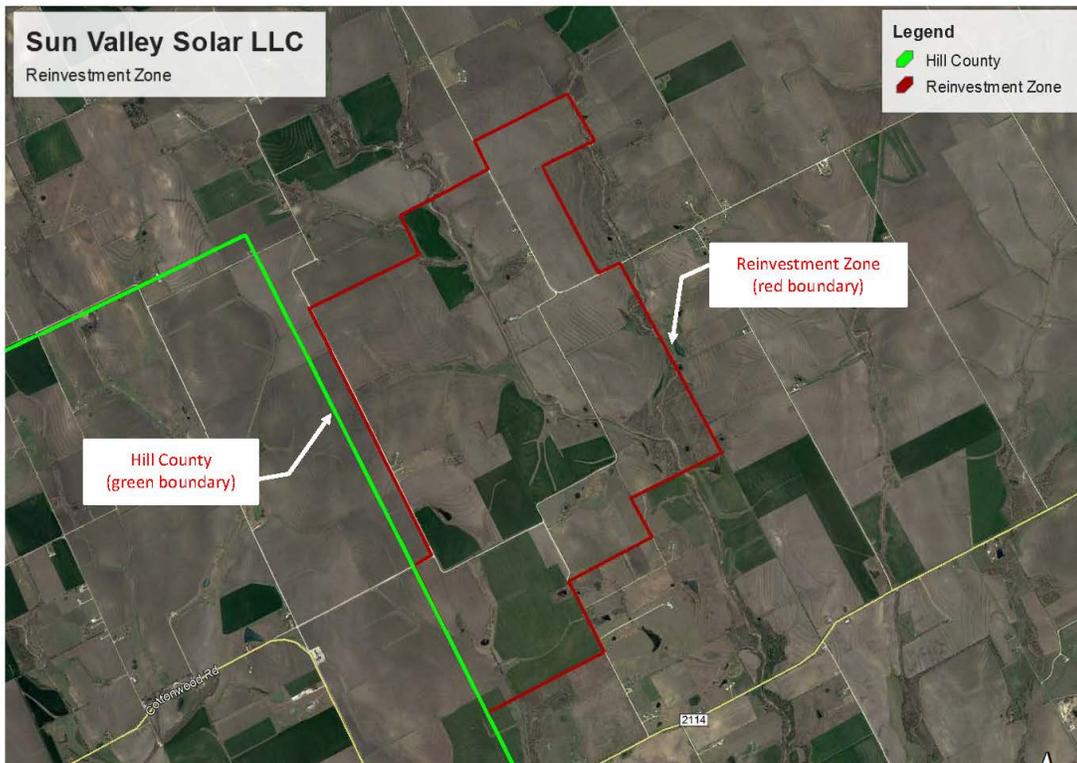
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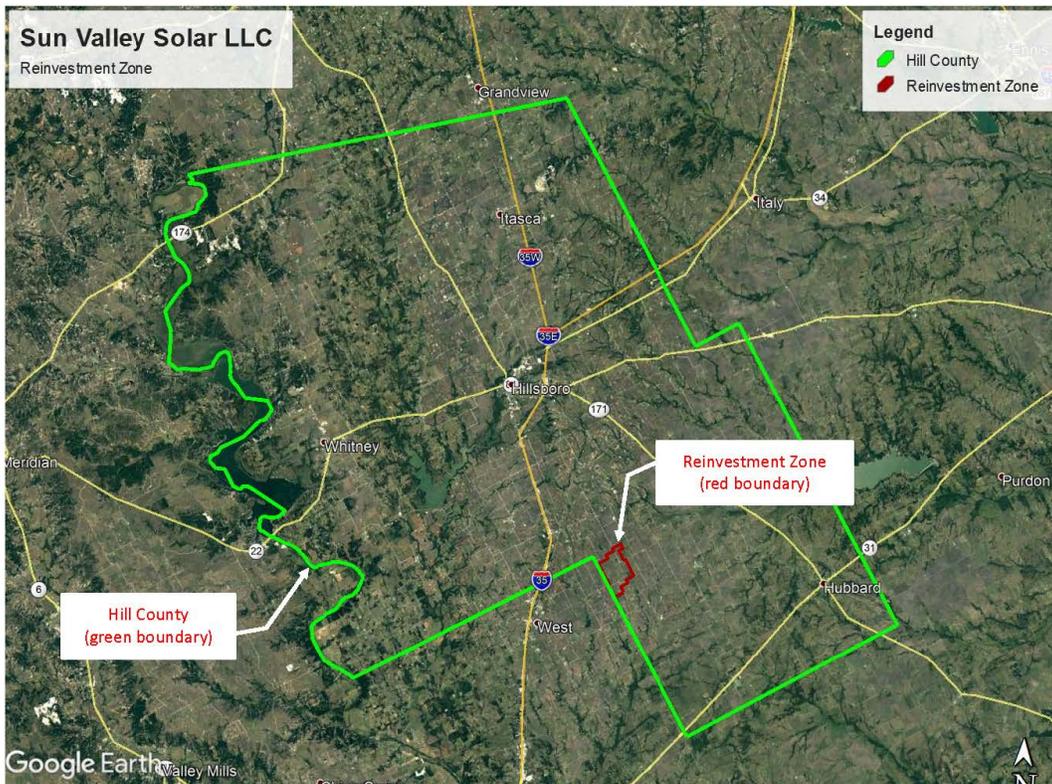
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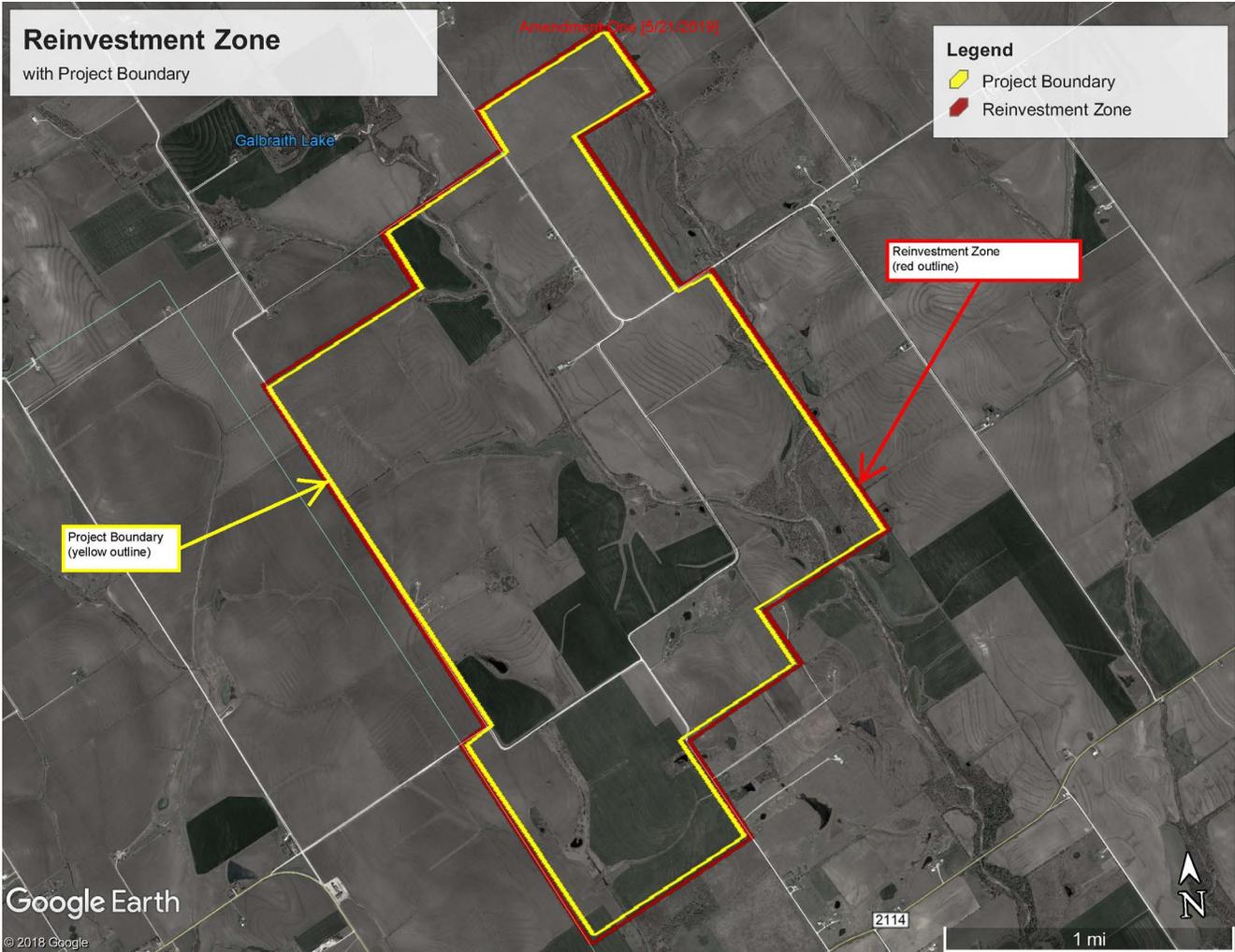
*Texas Economic Development Act Agreement*  
*Comptroller Form 50-826 (Jan 2016)*

**EXHIBIT 2**

**DESCRIPTION AND LOCATION OF LAND**

The proceeding chart is a description of the leased parcels for Sun Valley Solar, LLC.

| <b>Parcel ID</b> | <b>Owner Name</b>           | <b>Acreage</b> |
|------------------|-----------------------------|----------------|
| 109611           | Joe & Evelyn Soukup         | 99.70          |
| 109610           | Joe & Evelyn Soukup         | 3.00           |
| 109605           | Joe & Evelyn Soukup         | 10.80          |
| 108984           | Joe & Evelyn Soukup         | 5.60           |
| 108720           | Mynar, Rose Marie           | 138.47         |
| 108719           | 2-M Brothers                | 75.37          |
| 109600           | Kimme Partners, Ltd         | 165.35         |
| 105966           | Kimme Partners, Ltd         | 145.36         |
| 381465           | Kimme Partners, Ltd         | 55.00          |
| 109007           | Kimme Partners, Ltd         | 10.00          |
| 109008           | Mach, Joe F.                | 100.00         |
| 109009           | Mach, Joe F.                | 40.00          |
| 109010           | Mach, Joe F.                | 68.47          |
| 108715           | Mach, Joe F.                | 9.00           |
| 108714           | Mach, Joe F.                | 89.00          |
| 108716           | Mach, Joe F.                | 1.00           |
| 109598           | Mach, Joe F.                | 97.06          |
| 109251           | Cocek, Mary Ann             | 110.00         |
| 103680           | Pibil, Albert & Doris Trust | 39.50          |
| 103676           | Pibil, Albert & Doris Trust | 167.63         |
| 103679           | Pibil, Albert & Doris Trust | 102.00         |
| 135074           | Pibil, Albert & Doris Trust | 1.00           |
| 103678           | Pibil, Albert & Doris Trust | 150.00         |
| 109603           | Pibil, Albert & Doris Trust | 0.25           |
| 109011           | McKown Family Farms LP      | 89.54          |
| 109250           | Mach, Richard J.            | 100.00         |
| 108718           | Ginder, William L.          | 102.00         |
| 108998           | Ginder, William L.          | 230.00         |
| 377039           | Eckols, Dane                | 14.54          |
| 109249           | Blaha, John E.              | 164.66         |
| 108704           | Helona Fam. Rev. Tr.        | 53.90          |
| 108556           | Helona Fam. Rev. Tr.        | 158.00         |



**Agreement for Limitation on Appraised Value**  
Between Abbott ISD and Sun Valley Solar, LLC, #1364  
November 13, 2019

*Texas Economic Development Act Agreement*  
*Comptroller Form 50-826 (Jan 2016)*

### EXHIBIT 3

#### APPLICANT'S QUALIFIED INVESTMENT

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, Sun Valley Solar, LLC requests an appraised value limitation from Abbott Independent School District. Alpin Sun is proposing to construct a solar electric generating facility in Hill County, Texas. The facility, which will encompass approximately 2,596 acres, will be located in the southern portion of the county. Additionally, the entirety of the project will be within Abbott Independent School District. Please find attached in Tab 11 maps that further define the location of the facility.

The facility itself is expected to have a total capacity of 250 MW-AC and will feature 410,959 photovoltaic panels, and 51 central inverters.

Sun Valley Solar, LLC requests that this application includes but is not limited to the following components of this project:

- Solar Modules & Panels
- Inverter Boxes
- Meteorological Equipment
- Operation & Maintenance Building
- Electrical Substations
- Associated Towers
- Racking & Mounting Structures
- Combiner Boxes
- Foundations
- Roadways, Paving, & Fencing
- Generation Transmission Tie Line
- Interconnection Facilities

All qualified investment in the reinvestment zone and project boundary is within Abbott ISD.

## EXHIBIT 4

### DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, Sun Valley Solar, LLC requests an appraised value limitation from Abbott Independent School District. Alpin Sun is proposing to construct a solar electric generating facility, Sun Valley Solar, LLC, in Hill County, Texas. The facility, which will encompass approximately 2,596 acres, will be located in the southern portion of the county. Additionally, the entirety of the project will be within Abbott Independent School District. Please find attached in Tab 11 maps that further define the location of the facility.

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- Combiner Boxes
- Foundations
- Roadways, Paving, & Fencing
- Generation Transmission Tie Line
- Interconnection Facilities

All qualified property in the reinvestment zone and project boundary is within Abbott ISD.