FINDINGS OF THE FORT STOCKTON INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY TAYGETE ENERGY PROJECT II, LLC (#1377)

February 24, 2020

FINDINGS OF THE

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

UNDER THE

TEXAS ECONOMIC DEVELOPMENT ACT

ON THE APPLICATION SUBMITTED BY

TAYGETE ENERGY PROJECT II, LLC (#1377)

FEBRUARY 24, 2020

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STATE OF TEXAS §

COUNTY OF PECOS §

On the 24th day of February 2020, a public meeting of the Board of Trustees of the Fort Stockton Independent School District ("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 Taygete Energy Project II, LLC ("Applicant") 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. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On May 20, 2019, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Application was determined to be complete as of August 28, 2019. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32069550047), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

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

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on October 22, 2019 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc., is attached to these findings as **Attachment D**.

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

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F.**

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

Taygete Energy Project II, LLC, proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant within the Fort Stockton Independent School District.

The project will be constructed on approximately 3,500 acres, which are subject to long-term lease agreements with local landowners. The project will be located entirely in Pecos County and within the Fort Stockton Independent School District. The proposed project will include, but is not limited to, the following:

- Planned 255 MW-AC in size;
- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracker racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) facility, an HVAC-equipped office building featuring ADA-compliant restroom and kitchen area, an underground septic and leeching system, computer equipment associated with operation of the project SCADA system, and a parking area for a minimum of ten (10) vehicles;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

Property used for renewable energy electric generation is eligible for a limitation under §313.024(b)(5).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, the Applicant has committed to creating one (1) new qualifying job. The average salary level of qualifying jobs must be at least $59,270 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that

qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

(A) requires at least 1,600 hours of work a year;

(B) is not transferred from one area in this state to another area in this state;

(C) is not created to replace a previous employee;

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

Board Finding Number 7.

The Applicant does not intend to create any non-qualifying jobs.

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For any non-qualifying jobs the Applicant should create, the Applicant will be required to pay at least the county average wage of $47,620 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 8.

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.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add $266.7 million to the tax base that would be available for debt service purposes at the peak investment level for the 2022-23 school year, which should benefit the District and its taxpayers.

Board Finding Number 9.

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

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

Board Finding Number 10.

> **The Board finds that with the adoption of District Policy CCGB (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.**

Board Finding Number 11.

> **The Board of Trustees hired consultants to review and verify the information in the Application. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.**

The Board has developed a written policy CCGB (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is

true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 12.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2018 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year **(Attachment E)**. The total industrial value for the District is $831.3 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its demographic characteristics. Given that the value of industrial property is more than $200 million, it is classified as a Category I district which can offer a minimum value limitation of $30 million.

Board Finding Number 13.

> **The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.**

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment I**)

Board Finding Number 14.

> **The Applicant (Taxpayer No. 32069550047) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer No. 32069550047), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement

(**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 15.

> **The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.**

Board Finding Number 16.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the initial year that the value limitation is in effect without the proposed Agreement under current law. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 17.

> **The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.**

Board Finding Number 18.

> **The Board finds that there are no conflicts of interest at the time of considering the agreement.**

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at https://pol.tasb.org/home/index/995, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any

potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 19.

> **The Board directs that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.**

Board Finding Number 20.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and herby authorized to be executed and delivered by and on behalf of the 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 District.

Dated the 24th day of February 2020.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

By: _____

Mr. Billy Espino Florentino Garcia
President, Board of Trustees

ATTEST:

By: _____

Mr. Freddie Martinez
Secretary, Board of Trustees

Attachment A

Application

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

May 21, 2019

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Fort Stockton Independent School District from Taygete Energy Project II, LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Fort Stockton Independent School District is notifying Taygete Energy Project II, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. Please prepare the Economic Impact Report.

The Applicant submitted the Application to the school district on May 20, 2019. The Board voted to accept the application on May 20, 2019. The application has been determined complete as of May 21, 2019. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered.

A copy of the application will be submitted to the Pecos County Appraisal District.

Sincerely,

Kevin O'Hanlon
School District Consultant

Cc: Pecos County Appraisal District
Taygete Energy Project II, LLC

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS	
TAB	**ATTACHMENT**
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation *(if applicable)*
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor *(if applicable)*
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property *(if applicable)*
11	Maps that clearly show: a) Project vicinity b) Qualified investment including location of tangible personal propertry to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size **Note:** Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information *(if applicable)*
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact *(if applicable)*
15	Economic Impact Analysis, other payments made in the state or other economic information *(if applicable)*
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* *** To be submitted with application or before date of final application approval by school board**
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative *(applicant)*

TAB 1

Pages 1-9 of Application.

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

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

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

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

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

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

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

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

Please visit the Comptroller's website to find out more about the program at comptroller.texas.gov/economy/local/ch313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

May 20, 2019
Date Application Received by District

Ralph
First Name

Traynham
Last Name

Superintendent
Title

Fort Stockton Independent School District
School District Name

101 West Division Street
Street Address

Mailing Address

Fort Stockton
City

TX
State

79735
ZIP

(432) 336-4000
Phone Number

Fax Number

Mobile Number (optional)

ralph.traynham@fsisd.net
Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application? . . . . . ☑ Yes ☐ No

SECTION 1: School District Information *(continued)*

3. Authorized School District Consultant *(If Applicable)*

Dan — First Name
Casey — Last Name
Partner — Title
Moak, Casey & Associates — Firm Name
(512) 485-7878 — Phone Number
(512) 485-7888 — Fax Number
Mobile Number *(optional)*
dcasey@moakcasey.com — Email Address

4. On what date did the district determine this application complete? ..... May 21, 2019

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

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

Scott — First Name
Pryor — Last Name
Chief Development Officer — Title
7X Energy, Inc. — Organization
3809 Juniper Trace, Suite 100 — Street Address
Mailing Address
Austin — City
TX — State
78738 — ZIP
(512) 680-0052 — Phone Number
Fax Number
Mobile Number *(optional)*
scott.pryor@7X.energy — Business Email Address

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

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

First Name
Last Name
Title
Organization
Street Address
Mailing Address
City
State
ZIP
Phone Number
Fax Number
Mobile Number *(optional)*
Business Email Address

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

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant *(If Applicable)*

First Name _____ Last Name _____

Title _____

Firm Name _____

Phone Number _____ Fax Number _____

Business Email Address _____

SECTION 3: Fees and Payments

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

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

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

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

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☑ No ☐ N/A

3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☑ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Taygete Energy Project II, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 *(11 digits)* 32069550047
3. List the NAICS code 221114
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☐ Yes ☑ No

   4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant *(corporation, limited liability corporation, etc)* Limited Liability Company
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☐ Yes ☑ No

   2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☑ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☐ Yes ☐ No ☑ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. *(If necessary, attach explanation in **Tab 3**)*

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

2. Check the project characteristics that apply to the proposed project:

- ☑ Land has no existing improvements
- ☐ Land has existing improvements *(complete Section 13)*
- ☐ Expansion of existing operation on the land *(complete Section 13)*
- ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

1. Application approval by school board 10/2019
2. Commencement of construction 03/2020
3. Beginning of qualifying time period 03/02/2020
4. First year of limitation 01/012022
5. Begin hiring new employees 03/02/2020
6. Commencement of commercial operations 6/2021
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date *(date your application is finally determined to be complete)*? ..... ☑ Yes ☐ No

   Note: Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? 03/2020

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located: Pecos County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Pecos CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? ..... ☐ Yes ☑ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

   County: Pecos County, $0.7990, 100% *(Name, tax rate and percent of project)*

   City: _____ *(Name, tax rate and percent of project)*

   Hospital District: _____ *(Name, tax rate and percent of project)*

   Water District: Middle Pecos Gr'dwater District, $0.0249, 100% *(Name, tax rate and percent of project)*

   Other *(describe)*: Midland College, $0.0345, 100% *(Name, tax rate and percent of project)*

   Other *(describe)*: _____ *(Name, tax rate and percent of project)*
5. Is the project located entirely within the ISD listed in Section 1? ..... ☑ Yes ☐ No

   5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ..... ☐ Yes ☑ No

   6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at **comptroller.texas.gov/economy/local/ch313/**.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00

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

SECTION 12: Qualified Property

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

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

1. In **Tab 10**, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.

2. In **Tab 10**, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).

3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in **Tab 10**:
   - a. maps and/or detailed site plan;
   - b. surveys;
   - c. appraisal district values and parcel numbers;
   - d. inventory lists;
   - e. existing and proposed property lists;
   - f. model and serial numbers of existing property; or
   - g. other information of sufficient detail and description.

4. Total estimated market value of existing property (that property described in response to question 1): $ 0.00
5. In **Tab 10**, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.

6. Total estimated market value of proposed property not eligible to become qualified property *(that property described in response to question 2)*: $ 0.00

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

SECTION 14: Wage and Employment Information

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

2. What is the last complete calendar quarter before application review start date:

   ☑ First Quarter ☐ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2019 *(year)*

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

   Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 1

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

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ..... ☐ Yes ☐ No

   6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).

   a. Average weekly wage for all jobs (all industries) in the county is 916.75

   b. 110% of the average weekly wage for manufacturing jobs in the county is 1,105.23

   c. 110% of the average weekly wage for manufacturing jobs in the region is 1,154.56

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ..... ☐ §313.021(5)(A) or ☑ §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 60,037.12

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 61,000.00

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

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ..... ☐ Yes ☐ No

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

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ..... ☐ Yes ☐ No

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

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. *(not required)*
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

TAB 2

Please find on the attached page, a copy of the application fee check in the amount of $75,000.00 made payable to the Fort Stockton Independent School District.

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

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

TAB 3

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

N/A

TAB 4

Detailed description of the project

Taygete Energy Project II, LLC, proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant within the Fort Stockton Independent School District.

The project will be constructed on approximately 3,500 acres, which are subject to long-term lease agreements with local landowners. The project will be located entirely in Pecos County and within the Fort Stockton Independent School District. The proposed project will include, but is not limited to, the following:

- Planned 255 MW-AC in size;
- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracker racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) facility, an HVAC-equipped office building featuring ADA-compliant restroom and kitchen area, an underground septic and leeching system, computer equipment associated with operation of the project SCADA system, and a parking area for a minimum of ten (10) vehicles;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

The parent company of Taygete Energy Project II, LLC, is a national solar developer with project opportunities all across the United States. The ability to enter into a limited appraisal valuation agreement with the Fort Stockton Independent School District is a motivating factor for constructing the project in Pecos County, Texas, as opposed to building and investing in another state or region where state tax incentives are available. Additional states where Applicant is considering include Tennessee, North Carolina, Mississippi, Virginia, Nevada, Georgia, Alabama, Utah, New Mexico, California and Arizona.

TAB 5

Documentation to assist in determining if limitation is a determining factor

The applicant's parent company, 7X Energy, Inc., is a national solar developer with the ability to locate projects of this type in other counties and states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. In fact, the applicant owns interests in greenfield solar projects in more than twenty (20) states other than Texas. The additional places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives, including North Carolina, Mississippi, Nevada, Georgia, Alabama, Utah, New Mexico, California, Arizona, and Virginia.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes non-financeable and the developer would have to abandon the project and go to a different market.

TAB 6

Names and percentages of additional districts that compromise the entire project:

The project is located 100% within the Fort Stockton Independent School District in Pecos County, Texas.

TAB 7

Description of Qualified Investment

Taygete Energy Project II, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 255 MW ac. The exact capacity and the specific technology components will be determined during the development and design process.

A 255 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracking racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) facility, an HVAC-equipped office building featuring ADA-compliant restroom and kitchen area, an underground septic and leeching system, computer equipment associated with operation of the project SCADA system, and a parking area for a minimum of ten (10) vehicles;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

TAB 8

Description of Qualified Property

Taygete Energy Project II, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 255MW ac. The exact capacity and the specific technology components will be determined during the development and design process.

A 255 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracking racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) facility, an HVAC-equipped office building featuring ADA-compliant restroom and kitchen area, an underground septic and leeching system, computer equipment associated with operation of the project SCADA system, and a parking area for a minimum of ten (10) vehicles;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

TAB 9

SITE DESCRIPTION

The project will be constructed on approximately 3,500 acres, which are subject to a long-term lease agreement with local landowners. The project will be located entirely in Pecos County and within the Fort Stockton Independent School District.

TAB 10

Description of all property not eligible to become qualified property (if applicable)

1. N/A.

TAB 11

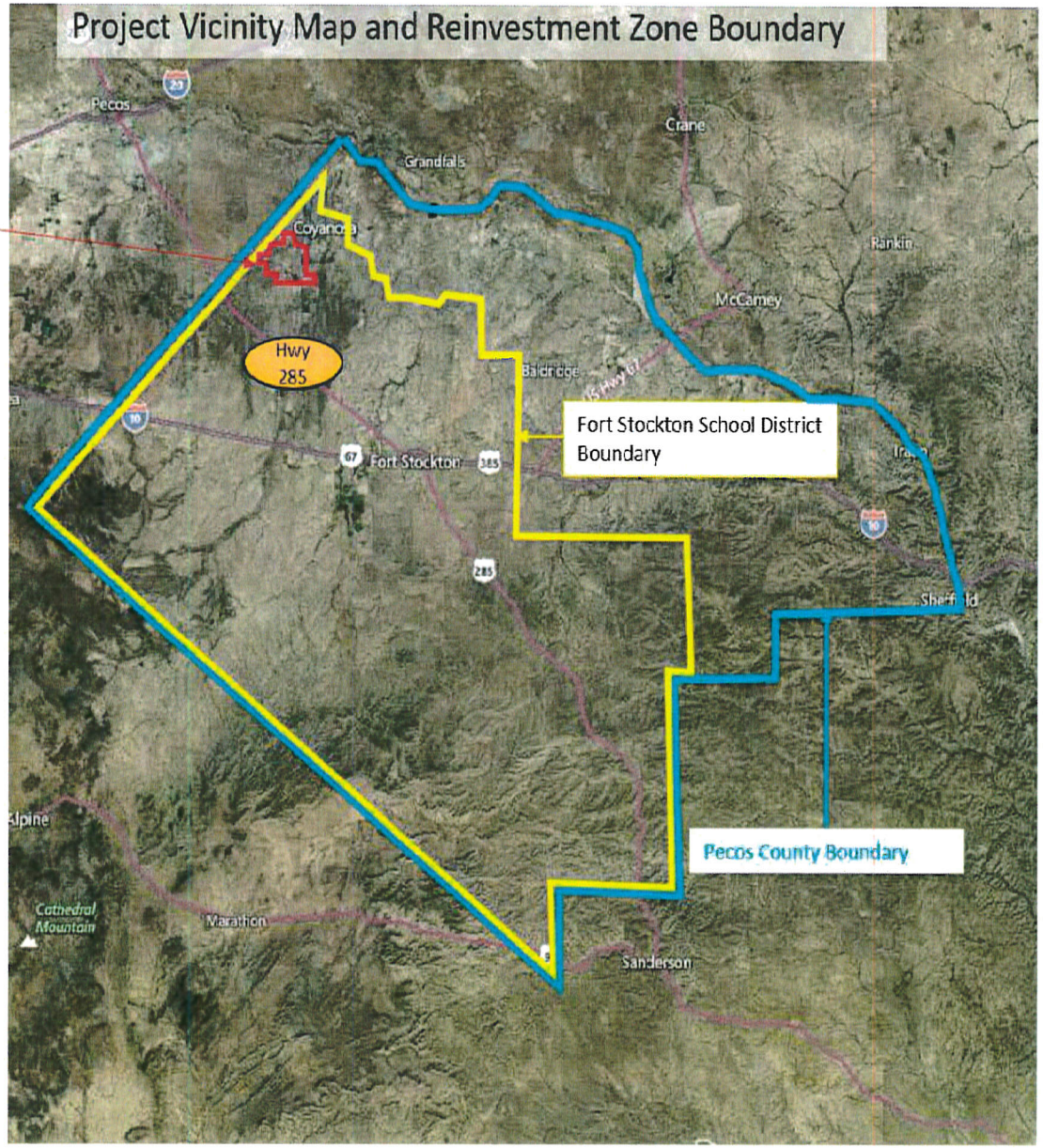
Maps that clearly show:

- ***Project vicinity, Qualified investment & property, Existing Property, Land Location, and Reinvestment Zone***

SEE ATTACHED MAPS

Project Vicinity Map and Reinvestment Zone Boundary

Project and Reinvestment Zone Boundary

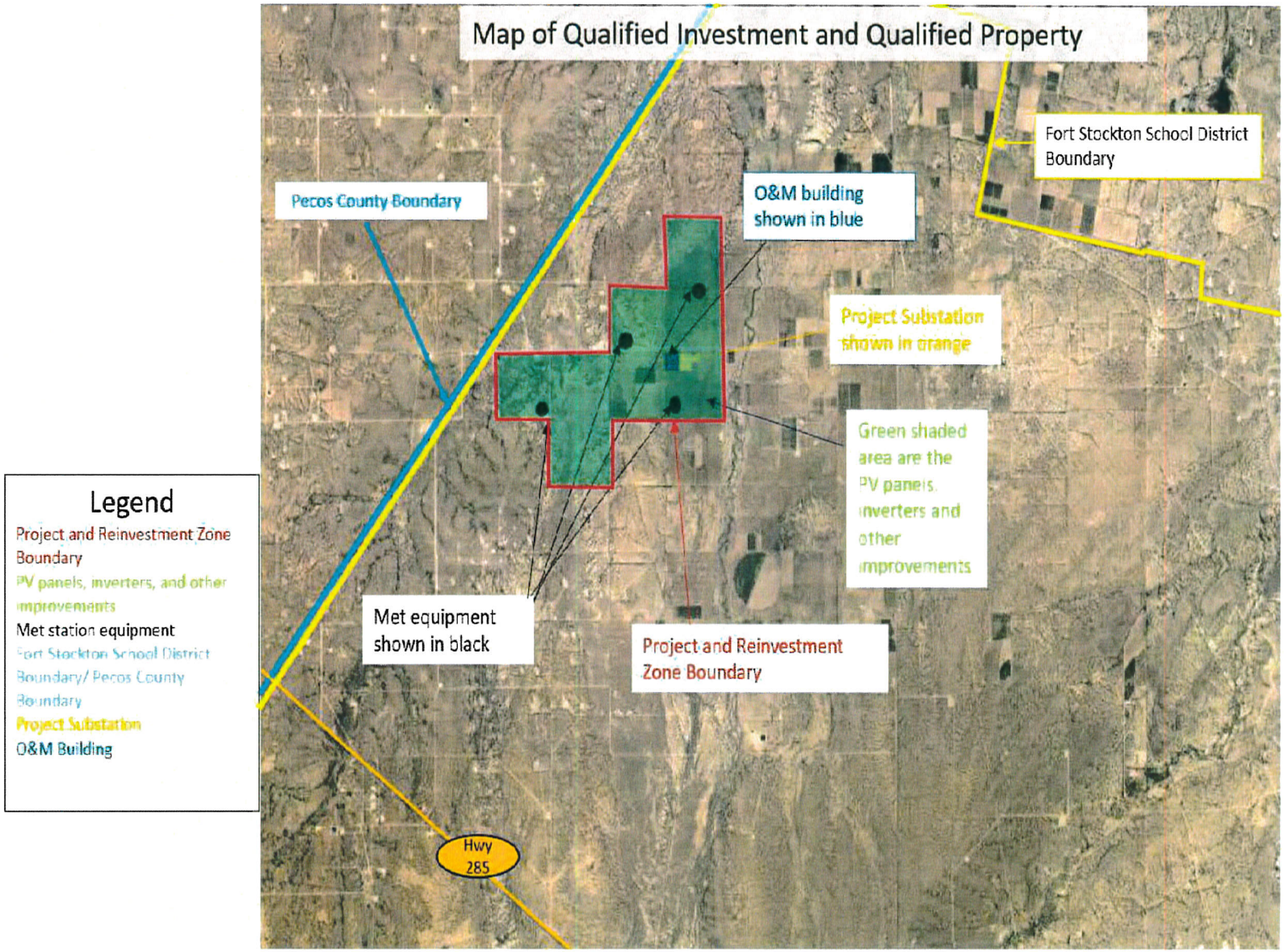


Legend

Project and Reinvestment Zone Boundary

Pecos County Boundary

Fort Stockton School District Boundary


Map of Qualified Investment and Qualified Property
Pecos County Boundary
O&M building shown in blue
Fort Stockton School District Boundary
Project Substation shown in orange
Green shaded area are the PV panels, inverters and other improvements
Met equipment shown in black
Project and Reinvestment Zone Boundary
Hwy 285
Legend
Project and Reinvestment Zone Boundary
PV panels, inverters, and other improvements
Met station equipment
Fort Stockton School District Boundary/ Pecos County Boundary
Project Substation
O&M Building

TAB 12

7X.energy
SOLAR EVOLVED

Request of Waiver of Job Creation Requirement

April 10, 2019

Ralph Traynham, Superintendent
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, Texas 79735

Re: Chapter 313 Job Waiver Request

Dear Superintendent Traynham,

Please consider this letter to be Taygete Energy Project II, LLC's formal request to waive the minimum new job creation requirement, as provided under Texas Tax Code 313.025(f-1).

Based upon knowledge of staffing requirements Taygete Energy Project II, LLC requests the job creation requirement under Chapter 313 of the Texas Tax Code be waived. In line with solar industry standards for job requirements, Taygete Energy Project II, LLC, has committed to create one (1) new permanent job.

Solar projects create a large number of full-time, temporary jobs during the construction phase (1st year), but require a small number of highly skilled technicians to operate the solar project once construction operations end and commercial operations begin. Hiring one (1) permanent, full-time employee is industry standard for a 250 MW utility-scale solar energy facility.

These permanent employees of a solar energy project maintain and service solar panels, mounting infrastructure, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employee described above, there also may be asset managers or technicians who supervise, monitor, and support solar project operations from offsite locations.

The waiver request herein is in line with industry standards for the number of jobs specifically relegated to a solar generation facility of this size. This is evidenced by previously filed limitation agreement applications by solar developers who similarly requested a waiver of the job requirements and in addition, by readily available documentation and education materials related to the development of solar generation facilities.

Sincerely,

Scott Pryor

TAB 13

Calculation of three possible wage requirements with supporting documentation

AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN PECOS COUNTY

FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Pecos	2018	Q3	$889.00
Pecos	2018	Q2	$893.00
Pecos	2018	Q1	$937.00
Pecos	2018	Q4	$948.00
		SUM:	$3,667.00
		CALCULATION:	$3,677/4 = **$916.75**

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN PECOS COUNTY

FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Pecos	2018	Q3	$1,008.00
Pecos	2018	Q2	$973.00
Pecos	2018	Q1	$1,064.00
Pecos	2018	Q4	$974.00
		SUM:	$4,019.00
		CALCULATION:	$1,004.75 * 1.1 = **$1,105.23**

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE PERMIAN BASIN REGION (WDA)

FOUR MOST RECENT QUARTERS

REGION / WDA	YEAR	Hourly/Annual	Avg. Weekly Wage
Permian Basin	2017	$26.24/$54,576.00	$1,049.60
		CALCULATION:	**$1,049.60** * 1.1 = **$1,154.56**

Please refer to the attached TWC & Council of Governments documentation below.

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2018	04	Pecos	Total All	10	Total, All Industries	0	$ 948.00
2018	01	Pecos	Total All	10	Total, All Industries	0	$ 937.00
2018	02	Pecos	Total All	10	Total, All Industries	0	$ 893.00
2018	03	Pecos	Total All	10	Total, All Industries	0	$ 889.00
Total							$ 3,667.00
Avg							$ 916.75

Year	Period	Area	Ownership	Industry Code	Industry	Level	Average Weekly Wage
2018	04	Pecos	Private	31-33	Manufacturing	2	$ 974.00
2018	01	Pecos	Private	31-33	Manufacturing	2	$ 1,064.00
2018	02	Pecos	Private	31-33	Manufacturing	2	$ 973.00
2018	03	Pecos	Private	31-33	Manufacturing	2	$ 1,008.00
Total							$ 4,019.00
Avg							$ 1,004.75
110%							$ 1,105.23

2017 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	**$26.24**	**$54,587**
1. Panhandle Regional Planning Commission	$23.65	$49,190
2. South Plains Association of Governments	$19.36	$40,262
3. NORTEX Regional Planning Commission	$23.46	$48,789
4. North Central Texas Council of Governments	$26.80	$55,747
5. Ark-Tex Council of Governments	$18.59	$38,663
6. East Texas Council of Governments	$21.07	$43,827
7. West Central Texas Council of Governments	$21.24	$44,178
8. Rio Grande Council of Governments	$18.44	$38,351
9. Permian Basin Regional Planning Commission	$26.24	$54,576
10. Concho Valley Council of Governments	$19.67	$40,924
11. Heart of Texas Council of Governments	$21.53	$44,781
12. Capital Area Council of Governments	$31.49	$65,497
13. Brazos Valley Council of Governments	$17.76	$36,931
14. Deep East Texas Council of Governments	$17.99	$37,428
15. South East Texas Regional Planning Commission	$34.98	$72,755
16. Houston-Galveston Area Council	$28.94	$60,202
17. Golden Crescent Regional Planning Commission	$26.94	$56,042
18. Alamo Area Council of Governments	$22.05	$45,869
19. South Texas Development Council	$15.07	$31,343
20. Coastal Bend Council of Governments	$28.98	$60,276
21. Lower Rio Grande Valley Development Council	$17.86	$37,152
22. Texoma Council of Governments	$21.18	$44,060
23. Central Texas Council of Governments	$19.30	$40,146
24. Middle Rio Grande Development Council	$24.07	$50,058

Source: Texas Occupational Employment and Wages
Data published: July 2018
Data published annually, next update will be July 31, 2019

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.
Data intended for TAC 313 purposes only.

TAB 14

Schedules A1, A2, B, C, and D completed and signed Economic Impact

See attached Excel Spreadsheet

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

Date 4/4/2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	Column B: New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Column C: Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E: **Total Investment** (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2019	Not e gible to become Qual f ed Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application			2020	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			2021	273,500,000	250,000	0		273,750,000
Complete tax years of qualifying time period	QTP1	2022-2023	2022	0	0	0	0	0
	QTP2	2023-3024	2023	0	0	0	0	0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				273,500,000	250,000	0	0	273,750,000

Enter amounts from TOTAL row above in Schedule A2

Total Qualified Investment (sum of green cells) 273,750,000

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

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

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

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

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

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

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

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

Date 4/4/2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton ISD

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	Column B: New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Column C: Other investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other investment made during this year that will become Qualified Property [SEE NOTE]	Column E: **Total Investment** (A+B+C+D)
Total Investment from Schedule A1*	–	**TOTALS FROM SCHEDULE A1**		**Enter amounts from TOTAL row in Schedule A1 in the row below**				
Each year prior to start of value limitation period** *Insert as many rows as necessary*	0	2019-2020	2019	0	0	0	0	0
	0	2020-2021	2020	0	0	0	0	0
	0	2021-2022	2021	273,500,000	250,000			273,750,000
Value limitation period***	1	2022-2023	2022	0	0	3,310,000	0	3,310,000
	2	2023-2024	2023	0	0	3,376,200	0	3,376,200
	3	2024-2025	2024	0	0	3,460,605	0	3,460,605
	4	2025-2026	2025	0	0	3,547,120	0	3,547,120
	5	2026-2027	2026	0	0	3,635,798	0	3,635,798
	6	2027-2028	2027	0	0	3,726,693	0	3,726,693
	7	2028-2029	2028	0	0	3,819,860	0	3,819,860
	8	2029-2030	2029	0	0	3,915,357	0	3,915,357
	9	2030-2031	2030	0	0	4,013,241	0	4,013,241
	10	2031-2032	2031	0	0	4,113,572	0	4,113,572
Total Investment made through limitation				273,500,000	250,000	36,918,446	0	310,668,446
Continue to maintain viable presence	11	2032-2033	2032			4,216,411		4,216,411
	12	2033-2034	2033			4,321,821		4,321,821
	13	2034-2035	2034			4,429,867		4,429,867
	14	2035-2036	2035			4,540,614		4,540,614
	15	2036-2037	2036			4,654,129		4,654,129
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2037-2038	2037			4,770,482		4,770,482
	17	2038-2039	2038			4,889,744		4,889,744
	18	2039-2040	2039			5,011,988		5,011,988
	19	2040-2041	2040			5,137,288		5,137,288
	20	2041-2042	2041			5,265,720		5,265,720
	21	2042-2043	2042			5,397,363		5,397,363
	22	2043-2044	2043			5,532,297		5,532,297
	23	2044-2045	2044			5,670,604		5,670,604
	24	2045-2046	2045			5,812,369		5,812,369
	25	2046-2047	2046			5,957,679		5,957,679

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row.**

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

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

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

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property

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

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date 4/4/2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton ISD

Form 50-296A
Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property: Estimated Market Value of Land	Qualified Property: Estimated Total Market Value of new buildings or other new improvements	Qualified Property: Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Estimated Taxable Value: Market Value less any exemptions (such as pollution control) and before limitation	Estimated Taxable Value: Final taxable value for I&S after all reductions	Estimated Taxable Value: Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2019-2020				0	0	0	0
	0	2020-2021							
	0	2021-2022							
Value Limitation Period	1	2022-2023	2022	0	250,000	273,500,000	273,750,000	273,750,000	30,000,000
	2	2023-2024	2023	0	237,500	232,475,000	232,712,500	232,712,500	30,000,000
	3	2024-2025	2024	0	225,625	197,603,750	197,829,375	197,829,375	30,000,000
	4	2025-2026	2025	0	214,344	167,963,188	168,177,531	168,177,531	30,000,000
	5	2026-2027	2026	0	203,627	142,768,709	142,972,336	142,972,336	30,000,000
	6	2027-2028	2027	0	193,445	121,353,403	121,546,848	121,546,848	30,000,000
	7	2028-2029	2028	0	183,773	103,150,393	103,334,165	103,334,165	30,000,000
	8	2029-2030	2029	0	174,584	87,677,834	87,852,418	87,852,418	30,000,000
	9	2030-2031	2030	0	165,855	74,526,159	74,692,014	74,692,014	30,000,000
	10	2031-2032	2031	0	157,562	63,347,235	63,504,797	63,504,797	30,000,000
Continue to maintain viable presence	11	2032-2033	2032	0	149,684	54,700,000	54,849,684	54,849,684	54,849,684
	12	2033-2034	2033	0	142,200	54,700,000	54,842,200	54,842,200	54,842,200
	13	2034-2035	2034	0	135,090	54,700,000	54,835,090	54,835,090	54,835,090
	14	2035-2036	2035	0	128,336	54,700,000	54,828,336	54,828,336	54,828,336
	15	2036-2037	2036	0	121,919	54,700,000	54,821,919	54,821,919	54,821,919
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2037-2038	2037	0	115,823	54,700,000	54,815,823	54,815,823	54,815,823
	17	2038-2039	2038	0	110,032	54,700,000	54,810,032	54,810,032	54,810,032
	18	2039-2040	2039	0	104,530	54,700,000	54,804,530	54,804,530	54,804,530
	19	2040-2041	2040	0	99,304	54,700,000	54,799,304	54,799,304	54,799,304
	20	2041-2042	2041	0	94,338	54,700,000	54,794,338	54,794,338	54,794,338
	21	2042-2043	2042	0	89,621	54,700,000	54,789,621	54,789,621	54,789,621
	22	2043-2044	2043	0	85,140	54,700,000	54,785,140	54,785,140	54,785,140
	23	2044-2045	2044	0	80,883	54,700,000	54,780,883	54,780,883	54,780,883
	24	2045-2046	2045	0	76,839	54,700,000	54,776,839	54,776,839	54,776,839
	25	2046-2047	2046	0	72,997	54,700,000	54,772,997	54,772,997	54,772,997

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

Schedule C: Employment Information

Date 4/4/2019

Applicant Name Taygete Energy Project II, LLC

ISD Name Fort Stockton

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Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	**Column B**	**Column C**	**Column D**	**Column E**
	Year	**School Year** (YYYY-YYYY)	**Tax Year** (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	**Average** annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	**Average** annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2019-2020	2019					
	0	2020-2021	2020					
	0	2021-2022	2021	250 FTE	51,000			
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2022-2023	2022				1	61,000
	2	2023-2024	2023				1	61,000
	3	2024-2025	2024				1	61,000
	4	2025-2026	2025				1	61,000
	5	2026-2027	2026				1	61,000
	6	2027-2028	2027				1	61,000
	7	2028-2029	2028				1	61,000
	8	2029-2030	2029				1	61,000
	9	2030-2031	2030				1	61,000
	10	2031-2032	2031				1	61,000
Years Following Value Limitation Period	11 through 25							

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) [X] Yes [ ] No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? [X] Yes [ ] No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? [ ] Yes [X] No

Schedule D: Other Incentives (Estimated)

Date 4/4/2019

Applicant Name Taygete Energy Project II, LLC

ISD Name Fort Stockton

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Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	**Taxing Entity (as applicable)**	**Beginning Year of Benefit**	**Duration of Benefit**	**Annual Tax Levy without Incentive**	**Annual Incentive**	**Annual Net Tax Levy**
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Pecos County	2022	10 Years	1,169,058	$1,000/MW	255,000
	City:	N/A	N/A	N/A	N/A	N/A
	Other:					
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions		N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements		N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project		N/A	N/A	N/A	N/A	N/A
Economic Development Corporation		N/A	N/A		N/A	
Texas Enterprise Fund		N/A	N/A		N/A	
Employee Recruitment		N/A	N/A		N/A	
Skills Development Fund		N/A	N/A		N/A	
Training Facility Space and Equipment		N/A	N/A		N/A	
Infrastructure Incentives		N/A	N/A		N/A	
Permitting Assistance		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
			TOTAL	1,169,058		255,000

Additional information on incentives for this project:

TAB 15

Economic Impact

Taygete Energy Project II, LLC, will not be including an Economic Impact Report.

TAB 16

RESOLUTION OF THE
PECOS COUNTY COMMISSIONERS COURT

A RESOLUTION AMENDING, RESTATING, AND DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 312 TAX ABATEMENT IN PORTIONS OF PECOS COUNTY, TEXAS, TO BE KNOWN AS THE "GRACE" REINVESTMENT ZONE; ESTABLISHING THE BOUNDARIES THEREOF; PROVIDING FOR AN EFFECTIVE DATE; AND APPROVING AMENDED AND RESTATED TAX ABATEMENT AGREEMENT.

WHEREAS, Pecos County, Texas, desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.401), for the purpose of authorizing a Tax Abatement Agreement, as authorized by Chapter 312 of the Texas Tax Code; and,

WHEREAS, Pecos County, Texas, (the "County") desires to encourage the retention or expansion of primary employment and to attract major investment in the County that would be a benefit to property in a reinvestment zone created by the County and that would contribute to the economic development of the County;

WHEREAS, the County has adopted guidelines and criteria governing tax abatement agreements in a resolution dated on or about July 24, 2017; and,

WHEREAS, on October 22, 2018, the Pecos County Commissioners Court duly approved and designated the "Grace" Reinvestment Zone covering certain lands situated within the County (the "Original Reinvestment Zone");

WHEREAS, on October 22, 2018, the County duly approved and executed that certain Tax Abatement Agreement between the County and Taygete Energy Project, LLC;

WHEREAS, the County desires to amend, restate, and designate the "Grace" Reinvestment Zone such that the "Grace" Reinvestment Zone will include some additional adjacent lands to the Original Reinvestment Zone and to preserve certain of the lands to remain within the "Grace" Reinvestment Zone;

WHEREAS, the County held a hearing, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone as described on EXHIBIT A and mapped on EXHIBIT B; and,

WHEREAS, the Pecos County Commissioners Court at such public hearing invited any interested person to appear and speak for or against (1) the amendment, restatement, and designation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone, and (2) approval of an Amended and Restated Tax Abatement Agreement between the County and Taygete Energy Project, LLC, to conform to the amended and restated "Grace" Reinvestment Zone; and,

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone; and,

WHEREAS, the County wishes to (1) amend, restate, and designate a reinvestment zone consisting of the same real property as described on EXHIBIT A and mapped on EXHIBIT B, and (2) approve the Amended and Restated Tax Abatement Agreement between the County and Taygete Energy Project, LLC, attached hereto as EXHIBIT C.

NOW THEREFORE, BE IT RESOLVED BY THE PECOS COUNTY COMMISSIONERS COURT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Pecos County Commissioners Court, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

(a) That the public hearing on the adoption of the "Grace" Reinvestment Zone has been properly called, held, and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,

(b) That the bounds of the Original Reinvestment Zone are hereby amended, replaced, and restated as follows herein; and,

(c) That the boundaries of the "Grace" Reinvestment Zone be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A"; and,

(d) That the map attached hereto as "EXHIBIT B" is declared to be and (by the adoption of this Resolution) is certified to depict and to show accurately the boundaries of the "Grace" Reinvestment Zone, which is normatively described in "EXHIBIT A", and further certifies that the property described in "EXHIBIT A" is inside the boundaries shown on "EXHIBIT B"; and,

(e) That creation of the "Grace" Reinvestment Zone with boundaries as described in "EXHIBIT A" and "EXHIBIT B" will result in benefits to Pecos County and to land included in the zone, and that the improvements sought are feasible and practical; and,

(f) That the "Grace" Reinvestment Zone described in "EXHIBIT A" and "EXHIBIT B" meets the criteria set forth in Texas Tax Code §312.401 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement

Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of Pecos County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Pecos County Commissioners Court, hereby creates a reinvestment zone under the provisions of Texas Tax Code § 312.401, encompassing the area described by the descriptions in "EXHIBIT A" and "EXHIBIT B", and such reinvestment zone is hereby designated and shall hereafter be referred to as the *Grace Reinvestment Zone*.

SECTION 4. That the *Grace Reinvestment Zone* shall take effect upon adoption by the County Commissioners Court and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That the Pecos County Commissioners Court already has found and resolved that Pecos County is eligible to enter into tax abatement agreements.

SECTION 6. That the Pecos County Commissioners Court hereby accepts, approves, amends, restates, and effectuates the Amended and Restated Tax Abatement Agreement between the County and Taygete Energy Project, LLC, such that the Amended and Restated Tax Abatement Agreement conforms to the boundaries of the "Grace" Reinvestment Zone established herein..

SECTION 7. That if any section, paragraph, clause, or provision of this resolution shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

SECTION 8. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the Pecos County Commissioners Court, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Pecos County of the State of Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED, AND ADOPTED on this 11th day of March, 2019.
PECOS COUNTY, TEXAS

[SIGNATURES FOLLOW ON SUBSEQUENT PAGE]

By: _____
The Honorable Joe Shuster
County Judge

By: _____
Tom Chapman
Commissioner, Precinct 1

By: _____
Robert Gonzales
Commissioner, Precinct 2

By: _____
Mickey Jack Perry
Commissioner, Precinct 3

By: _____
Santiago Cantu, Jr.
Commissioner, Precinct 4

EXHIBIT A
LEGAL DESCRIPTION OF "GRACE" REINVESTMENT ZONE

PARCEL 1:
All of Section 2, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 2:
All of Section 3, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 3:
All of Section 8, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 4:
All of Section 9, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 5:
All of Section 10, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 6:
All of Section 11, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 7:
All of Section 13, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 8:
All of Section 14, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 9:
All of Section 15, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 10:
All of Section 16, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 11:
All of Section 18, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 12:
E2 of Section 28, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 13:
All of Section 29, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 14:
All of Section 1, Block 49, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 15:
All of Section 4, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 16:
All of Section 5, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 17:

All of Section 6, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 18:

All of Section 7, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 19:

All of Section 22, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 20:

All of Section 26, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 21:

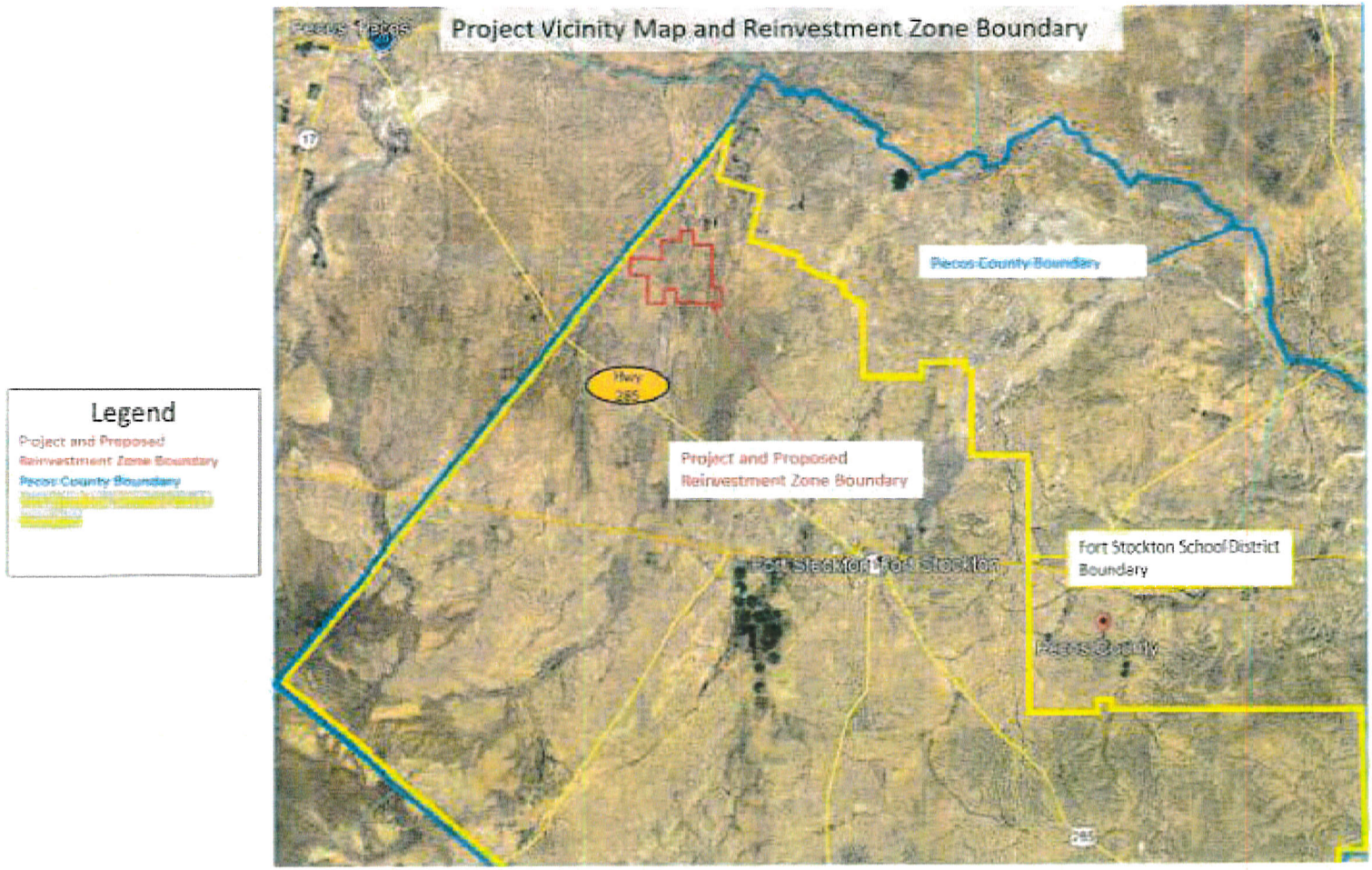
All of Section 27, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 22:

W/2 of Section 28, Block C2, PSL Survey, Pecos County, Texas.

EXHIBIT B
MAP OF "GRACE"
REINVESTMENT ZONE

[FOLLOWS ON SUBSEQUENT PAGES]


Project Vicinity Map and Reinvestment Zone Boundary
Legend
Project and Proposed
Reinvestment Zone Boundary
Pecos County Boundary
Pecos County Boundary
Hwy
285
Project and Proposed
Reinvestment Zone Boundary
Fort Stockton
Fort Stockton School District
Boundary
Pecos County
285

TAB 17

Signature and Certification Page

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here Ralph Traynham — Print Name *(Authorized School District Representative)*

Superintendent — Title

sign here Ralph Traynham — Signature *(Authorized School District Representative)*

5-20-2019 — Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here Scott Pryor — Print Name *(Authorized Company Representative (Applicant))*

Chief Development Officer — Title

sign here — Signature *(Authorized Company Representative (Applicant))*

4/10/2019 — Date

TAMI CLARE
Notary Public, State of Texas
Comm. Expires 03-01-2020
Notary ID 128903481

(Notary Seal)

GIVEN under my hand and seal of office this, the

14th day of May, 2019

Notary Public in and for the State of Texas

My Commission expires: 3.1.20

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

O'HANLON, DEMERATH & CASTILLO
ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

August 13, 2019

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Fort Stockton Independent School District from Taygete Energy Project II, LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed, please find Amendment001 of Taygete Energy Project II, LLC to Fort Stockton ISD. The following changes have been made:

1. Section 14: Wage and Employment Information – Updated 7c
2. Tab 11 Maps – Updated Map of Qualified Investment and Qualified Property
   Updated Project Vicinity
   Updated Vicinity Map showing both projects
3. Updated Tab 13 – Region Wages
4. Updated Schedule C
5. New Signature Page

A copy of the application will be submitted to the Pecos County Appraisal District.

Sincerely,

Kevin O'Hanlon
School District Consultant

Cc: Pecos County Appraisal District
Taygete Energy Project II, LLC

TAB 1

Pages 1-9 of Application.

SECTION 14: Wage and Employment Information

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

2. What is the last complete calendar quarter before application review start date:

   ☑ First Quarter ☐ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2019 (year)

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

   Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 1

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

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? . . . . . ☑ Yes ☐ No

   6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).

   a. Average weekly wage for all jobs (all industries) in the county is 916.75

   b. 110% of the average weekly wage for manufacturing jobs in the county is 1,105.23

   c. 110% of the average weekly wage for manufacturing jobs in the region is 1,139.81

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? . . . . . ☐ §313.021(5)(A) or ☑ §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 59,270.20

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 59,270.20

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

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? . . . . . ☐ Yes ☑ No

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

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? . . . . . ☐ Yes ☑ No

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

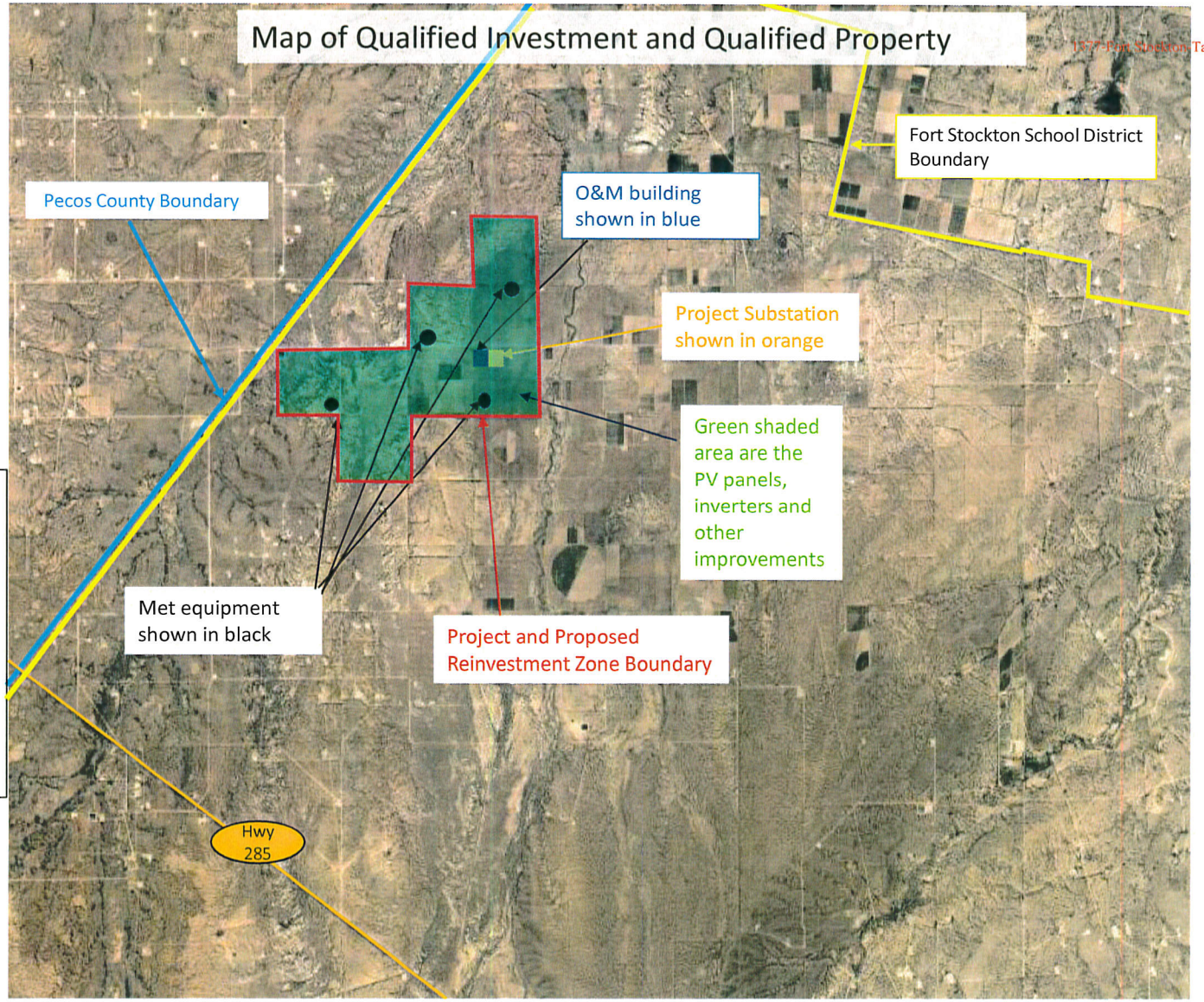
SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. *(not required)*
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

TAB 11

SEE ATTACHED MAPS

Map of Qualified Investment and Qualified Property



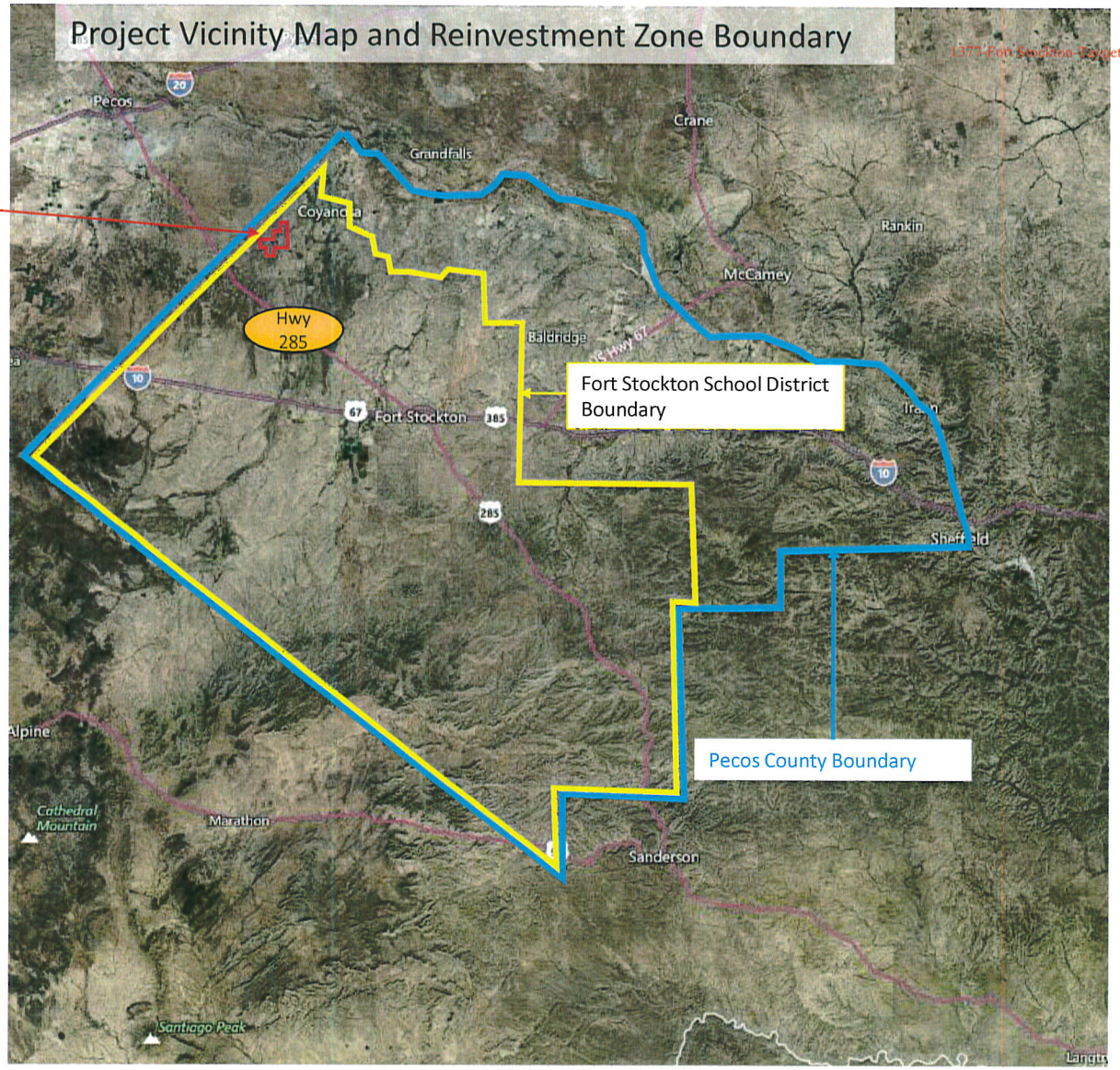
Legend

Project and Proposed Reinvestment Zone Boundary
PV panels, inverters, and other improvements
Met station equipment
Fort Stockton School District Boundary/ Pecos County Boundary
Project Substation
O&M Building

Project Vicinity Map and Reinvestment Zone Boundary

1377-Fort Stockton-Taygete II-Amendment001
August 2, 2019

Project and Proposed
Reinvestment Zone Boundary



Legend

Project and Proposed
Reinvestment Zone Boundary
Pecos County Boundary
Fort Stockton School District
Boundary

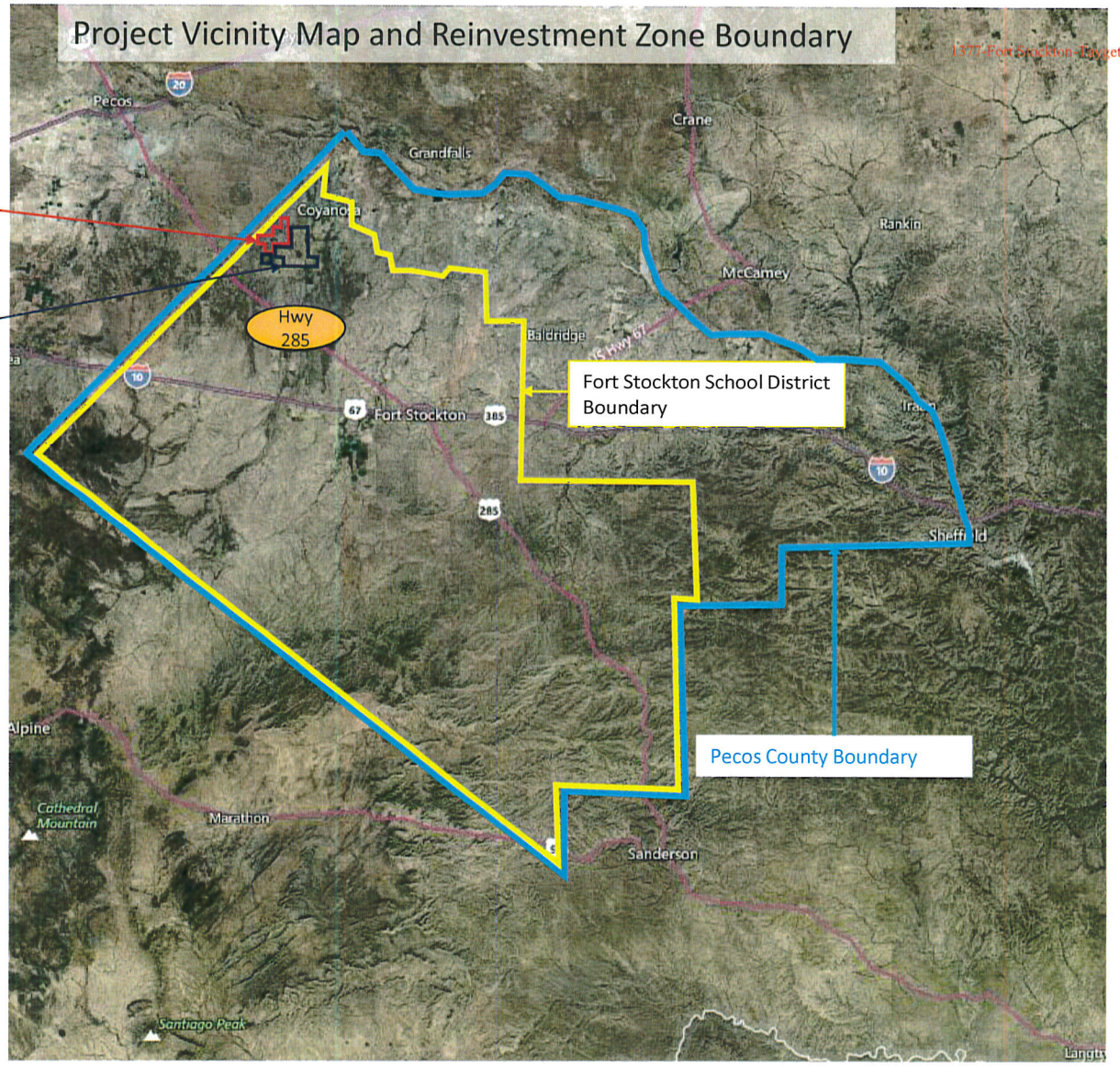
Taygete I & II

Project Vicinity Map and Reinvestment Zone Boundary

1377-Fort Stockton-Taygete II-Amendment001
August 2, 2019

Taygete II Project and Proposed Reinvestment Zone Boundary

Taygete I Project and Proposed Reinvestment Zone Boundary



Legend

Taygete II Project and Proposed Reinvestment Zone Boundary
Taygete I Project and Proposed Reinvestment Zone Boundary
Pecos County Boundary
Fort Stockton School District Boundary

TAB 13

Calculation of three possible wage requirements with supporting documentation

AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN PECOS COUNTY

FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Pecos	2018	Q3	$889.00
Pecos	2018	Q2	$893.00
Pecos	2018	Q1	$937.00
Pecos	2018	Q4	$948.00
		SUM:	$3,667.00
		CALCULATION:	$3,677/4 = **$916.75**

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN PECOS COUNTY

FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Pecos	2018	Q3	$1,008.00
Pecos	2018	Q2	$973.00
Pecos	2018	Q1	$1,064.00
Pecos	2018	Q4	$974.00
		SUM:	$4,019.00
		CALCULATION:	$1,004.75 * 1.1 = **$1,105.23**

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE PERMIAN BASIN REGION (WDA)

FOUR MOST RECENT QUARTERS

REGION / WDA	YEAR	Hourly/Annual	Avg. Weekly Wage
Permian Basin	2018	$25.90/$53,882	$1,036.19
		CALCULATION:	**$1,036.19** * 1.1 = **$1,139.81**

Please refer to the attached TWC & Council of Governments documentation below.

2018 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	COG Number	Wages	
		Hourly	Annual
Texas		**$27.04**	**$56,240**
Alamo Area Council of Governments	18	$22.80	$47,428
Ark-Tex Council of Governments	5	$18.73	$38,962
Brazos Valley Council of Governments	13	$18.16	$37,783
Capital Area Council of Governments	12	$32.36	$67,318
Central Texas Council of Governments	23	$19.60	$40,771
Coastal Bend Council of Governments	20	$28.52	$59,318
Concho Valley Council of Governments	10	$21.09	$43,874
Deep East Texas Council of Governments	14	$18.28	$38,021
East Texas Council of Governments	6	$21.45	$44,616
Golden Crescent Regional Planning Commission	17	$28.56	$59,412
Heart of Texas Council of Governments	11	$22.71	$47,245
Houston-Galveston Area Council	16	$29.76	$61,909
Lower Rio Grande Valley Development Council	21	$17.21	$35,804
Middle Rio Grande Development Council	24	$20.48	$42,604
NORTEX Regional Planning Commission	3	$25.14	$52,284
North Central Texas Council of Governments	4	$27.93	$58,094
Panhandle Regional Planning Commission	1	$24.19	$50,314
Permian Basin Regional Planning Commission	9	$25.90	$53,882
Rio Grande Council of Governments	8	$18.51	$38,493
South East Texas Regional Planning Commission	15	$36.26	$75,430
South Plains Association of Governments	2	$20.04	$41,691
South Texas Development Council	19	$17.83	$37,088
Texoma Council of Governments	22	$21.73	$45,198
West Central Texas Council of Governments	7	$21.84	$45,431

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.
Data published: July 2019
Data published annually, next update will be July 31, 2020
Annual wage figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas Occupational Employment Statistics (OES) data, and is not to be compared to BLS estimates.
Data intended only for use in implementing Chapter 313, Tax Code.

Schedule C: Employment Information

Date 4/4/2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	**Average** annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	**Average** annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2019-2020	2019					
	0	2020-2021	2020					
	0	2021-2022	2021	250 FTE	51,000			
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2022-2023	2022				1	$ 59,270.20
	2	2023-2024	2023				1	$ 59,270.20
	3	2024-2025	2024				1	$ 59,270.20
	4	2025-2026	2025				1	$ 59,270.20
	5	2026-2027	2026				1	$ 59,270.20
	6	2027-2028	2027				1	$ 59,270.20
	7	2028-2029	2028				1	$ 59,270.20
	8	2029-2030	2029				1	$ 59,270.20
	9	2030-2031	2030				1	$ 59,270.20
	10	2031-2032	2031				1	$ 59,270.20
Years Following Value Limitation Period	11 through 25	2032-2047	2032-2046				1	$ 59,720.20

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) [X] Yes [ ] No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? [X] Yes [ ] No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? [ ] Yes [X] No

Texas Comptroller of Public Accounts | Data Analysis and Transparency Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here Ralph Traynham
Print Name *(Authorized School District Representative)*

Superintendent
Title

sign here Ralph T. Traynham
Signature *(Authorized School District Representative)*

8-7-2019
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here Scott Pryor
Print Name *(Authorized Company Representative (Applicant))*

Chief Development Officer
Title

sign here
Signature *(Authorized Company Representative (Applicant))*

08/07/2019
Date

TAMI CLARE
Notary Public, State of Texas
Comm. Expires 03-01-2020
Notary ID 128903481

(Notary Seal)

GIVEN under my hand and seal of office this, the

7th day of August, 2019

Notary Public in and for the State of Texas

My Commission expires: 3.1.20

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

2. Check the project characteristics that apply to the proposed project:

- ☑ Land has no existing improvements
- ☐ Land has existing improvements *(complete Section 13)*
- ☐ Expansion of existing operation on the land *(complete Section 13)*
- ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Schedule D: Other Incentives (Estimated)

Date 4/4/2019

Applicant Name Taygete Energy Project II, LLC

ISD Name Fort Stockton

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	**Taxing Entity (as applicable)**	**Beginning Year of Benefit**	**Duration of Benefit**	**Annual Tax Levy without Incentive**	**Annual Incentive**	**Annual Net Tax Levy**
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Pecos County	2022	10 Years	1,169,058	78%	255,000
	City:	N/A	N/A	N/A	N/A	N/A
	Other:				N/A	
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions		N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements		N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project		N/A	N/A	N/A	N/A	N/A
Economic Development Corporation		N/A	N/A		N/A	
Texas Enterprise Fund		N/A	N/A		N/A	
Employee Recruitment		N/A	N/A		N/A	
Skills Development Fund		N/A	N/A		N/A	
Training Facility Space and Equipment		N/A	N/A		N/A	
Infrastructure Incentives		N/A	N/A		N/A	
Permitting Assistance		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
			TOTAL	1,169,058		255,000

Additional information on incentives for this project:

O'HANLON, DEMERATH & CASTILLO
ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

October 2, 2019

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Supplement003 to the Fort Stockton Independent School District from Taygete Energy Project II, LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed, please find Supplement002 of Taygete Energy Project II, LLC to Fort Stockton ISD. The following changes have been made:

1. Updated schedules A1-C and resubmitting schedule D

A copy of the application will be submitted to the Pecos County Appraisal District.

Sincerely,

Kevin O'Hanlon
School District Consultant

Cc: Pecos County Appraisal District
Taygete Energy Project II, LLC

Date 10.2.2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton

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

1377-Fort Stockton-Taygete II-Supplement003
October 2, 2019

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS

(Estimated Investment in each year. Do not put cumulative totals.)

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	Column B: New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Column C: Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E: **Total Investment** (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	–	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)		Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application			2019	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			2020	136,750,000	0	0	0	136750000
Complete tax years of qualifying time period	QTP1	2021-2022	2021	136,750,000	250,000	0	0	137000000
	QTP2	2022-2023	2022	0	0	3310000	0	3,310,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				273,500,000	250,000	3,310,000	0	277,060,000

Enter amounts from TOTAL row above in Schedule A2

Total Qualified Investment (sum of green cells) 277,060,000

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

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

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

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

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

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

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

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

1377-Fort Stockton-Taygete II-Supplement003
October 2, 2019

Form 50-296A
Revised May 2014

Date 10.2.2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton ISD

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Other investment made during this year that will not become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property {SEE NOTE}	**Total Investment** (A+B+C+D)
Total Investment from Schedule A1*	--	**TOTALS FROM SCHEDULE A1**		**Enter amounts from TOTAL row in Schedule A1 in the row below**				
Each year prior to start of value limitation period** *Insert as many rows as necessary*	0	2020-2021	2020	136,750,000	0	0	0	136,750,000
	QTP1	2021-2022	2021	136,750,000	250,000	0	0	137,000,000
	QTP2/L1	2022-2023	2022	0	0	3,310,000	0	3,310,000
Value limitation period***	2	2023-2024	2023	0	0	3,376,200	0	3,376,200
	3	2024-2025	2024	0	0	3,460,605	0	3,460,605
	4	2025-2026	2025	0	0	3,547,120	0	3,547,120
	5	2026-2027	2026	0	0	3,635,798	0	3,635,798
	6	2027-2028	2027	0	0	3,726,693	0	3,726,693
	7	2028-2029	2028	0	0	3,819,860	0	3,819,860
	8	2029-2030	2029	0	0	3,915,357	0	3,915,357
	9	2030-2031	2030	0	0	4,013,241	0	4,013,241
	10	2031-2032	2031	0	0	4,113,572	0	4,113,572
Total Investment made through limitation				273,500,000	250,000	36,918,446	0	310,668,446
Continue to maintain viable presence	11	2032-2033	2032			4,216,411		4,216,411
	12	2033-2034	2033			4,321,821		4,321,821
	13	2034-2035	2034			4,429,867		4,429,867
	14	2035-2036	2035			4,540,614		4,540,614
	15	2036-2037	2036			4,654,129		4,654,129
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2037-2038	2037			4,770,482		4,770,482
	17	2038-2039	2038			4,889,744		4,889,744
	18	2039-2040	2039			5,011,988		5,011,988
	19	2040-2041	2040			5,137,288		5,137,288
	20	2041-2042	2041			5,265,720		5,265,720
	21	2042-2043	2042			5,397,363		5,397,363
	22	2043-2044	2043			5,532,297		5,532,297
	23	2044-2045	2044			5,670,604		5,670,604
	24	2045-2046	2045			5,812,369		5,812,369
	25	2046-2047	2046			5,957,679		5,957,679

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the **first row.**

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were **not** captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

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

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

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that

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

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

1377 Fort Stockton-Taygete II-Supplement003
October 2, 2019

Date 10.2.2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton ISD

Form 50-296A
Revised May 2014

				Qualified Property			Estimated Taxable Value		
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2020-2021	2020	0	0	0	0	0	0
	QTP1	2021-2022	2021	0	0	68,375,000	68,375,000	68,375,000	68,375,000
	QTP2/L1	2022-2023	2022	0	250,000	266,662,500	266,912,500	266,912,500	30,000,000
	2	2023-2024	2023	0	237,500	239,996,250	240,233,750	240,233,750	30,000,000
	3	2024-2025	2024	0	225,625	215,996,625	216,222,250	216,222,250	30,000,000
	4	2025-2026	2025	0	214,344	194,396,963	194,611,306	194,611,306	30,000,000
	5	2026-2027	2026	0	203,627	174,957,266	175,160,893	175,160,893	30,000,000
Value Limitation Period	6	2027-2028	2027	0	193,445	157,461,540	157,654,985	157,654,985	30,000,000
	7	2028-2029	2028	0	183,773	141,715,386	141,899,159	141,899,159	30,000,000
	8	2029-2030	2029	0	174,584	127,543,847	127,718,431	127,718,431	30,000,000
	9	2030-2031	2030	0	165,855	114,789,462	114,955,317	114,955,317	30,000,000
	10	2031-2032	2031	0	157,562	103,310,516	103,468,079	103,468,079	30,000,000
	11	2032-2033	2032	0	149,684	92,979,465	93,129,149	93,129,149	93,129,149
	12	2033-2034	2033	0	142,200	83,681,518	83,823,718	83,823,718	83,823,718
Continue to maintain viable presence	13	2034-2035	2034	0	135,090	75,313,366	75,448,456	75,448,456	75,448,456
	14	2035-2036	2035	0	128,336	67,782,030	67,910,365	67,910,365	67,910,365
	15	2036-2037	2036	0	121,919	61,003,827	61,125,745	61,125,745	61,125,745
	16	2037-2038	2037	0	115,823	54,903,444	55,019,267	55,019,267	55,019,267
	17	2038-2039	2038	0	110,032	49,413,100	49,523,131	49,523,131	49,523,131
	18	2039-2040	2039	0	104,530	44,471,790	44,576,320	44,576,320	44,576,320
	19	2040-2041	2040	0	99,304	40,024,611	40,123,914	40,123,914	40,123,914
Additional years for 25 year economic impact as required by 313.026(c)(1)	20	2041-2042	2041	0	94,338	36,022,150	36,116,488	36,116,488	36,116,488
	21	2042-2043	2042	0	89,621	32,419,935	32,509,556	32,509,556	32,509,556
	22	2043-2044	2043	0	85,140	29,177,941	29,263,082	29,263,082	29,263,082
	23	2044-2045	2044	0	80,883	26,260,147	26,341,030	26,341,030	26,341,030
	24	2045-2046	2045	0	76,839	23,634,132	23,710,972	23,710,972	23,710,972
	25	2046-2047	2046	0	72,997	21,270,719	21,343,716	21,343,716	21,343,716

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

Schedule C: Employment Information

Date 10.2.2019
Applicant Name Taygete Energy Project II, LLC
ISD Name Fort Stockton

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Number of Construction FTE's or man-hours (specify)	**Average** annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	**Average** annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period *Insert as many rows as necessary*	0	2020-2021	2020	250 FTE	51,000			
	QTP1	2021-2022	2021	250 FTE	51,000			
	QTP2/L1	2022-2023	2022				1	$ 59,270.20
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	2	2023-2024	2023				1	$ 59,270.20
	3	2024-2025	2024				1	$ 59,270.20
	4	2025-2026	2025				1	$ 59,270.20
	5	2026-2027	2026				1	$ 59,270.20
	6	2027-2028	2027				1	$ 59,270.20
	7	2028-2029	2028				1	$ 59,270.20
	8	2029-2030	2029				1	$ 59,270.20
	9	2030-2031	2030				1	$ 59,270.20
	10	2031-2032	2031				1	$ 59,270.20
Years Following Value Limitation Period	11 through 25	2032-2047	2032-2046				1	$ 59,720.20

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) [X] Yes [ ] No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? [X] Yes [ ] No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? [ ] Yes [X] No

Schedule D: Other Incentives (Estimated)

Date 4/4/2019

Applicant Name Taygete Energy Project II, LLC

ISD Name Fort Stockton

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	**Taxing Entity (as applicable)**	**Beginning Year of Benefit**	**Duration of Benefit**	**Annual Tax Levy without Incentive**	**Annual Incentive**	**Annual Net Tax Levy**
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Pecos County	2022	10 Years	1,169,058	78%	255,000
	City:	N/A	N/A	N/A	N/A	N/A
	Other:				N/A	
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions		N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements		N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project		N/A	N/A	N/A	N/A	N/A
Economic Development Corporation		N/A	N/A		N/A	
Texas Enterprise Fund		N/A	N/A		N/A	
Employee Recruitment		N/A	N/A		N/A	
Skills Development Fund		N/A	N/A		N/A	
Training Facility Space and Equipment		N/A	N/A		N/A	
Infrastructure Incentives		N/A	N/A		N/A	
Permitting Assistance		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
Other:		N/A	N/A		N/A	
			TOTAL	1,169,058		255,000

Additional information on incentives for this project:

O'HANLON, DEMERATH & CASTILLO
ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

October 3, 2019

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Supplement004 to the Fort Stockton Independent School District from Taygete Energy Project II, LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed, please find Supplement002 of Taygete Energy Project II, LLC to Fort Stockton ISD. The following changes have been made:

1. Updated Legal Description by adding section 12, block 49
2. Updated Reinvestment Zone Map
3. Updated Qualified Property and Qualified Investment Map
4. Updated Project Vicinity Map showing both projects

A copy of the application will be submitted to the Pecos County Appraisal District.

Sincerely,

Kevin O'Hanlon
School District Consultant

Cc: Pecos County Appraisal District
Taygete Energy Project II, LLC

EXHIBIT A
LEGAL DESCRIPTION OF "GRACE" REINVESTMENT ZONE

PARCEL 1:
All of Section 2, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 2:
All of Section 3, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 3:
All of Section 8, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 4:
All of Section 9, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 5:
All of Section 10, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 6:
All of Section 11, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 7:
All of Section 13, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 8:
All of Section 14, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 9:
All of Section 15, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 10:
All of Section 16, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 11:
All of Section 18, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 12:
E2 of Section 28, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 13:
All of Section 29, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 14:
All of Section 1, Block 49, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 15:
All of Section 4, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 16:
All of Section 5, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 17:

All of Section 6, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 18:

All of Section 7, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 19:

All of Section 22, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 20:

All of Section 26, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 21:

All of Section 27, Block C2, PSL Survey, Pecos County, Texas.

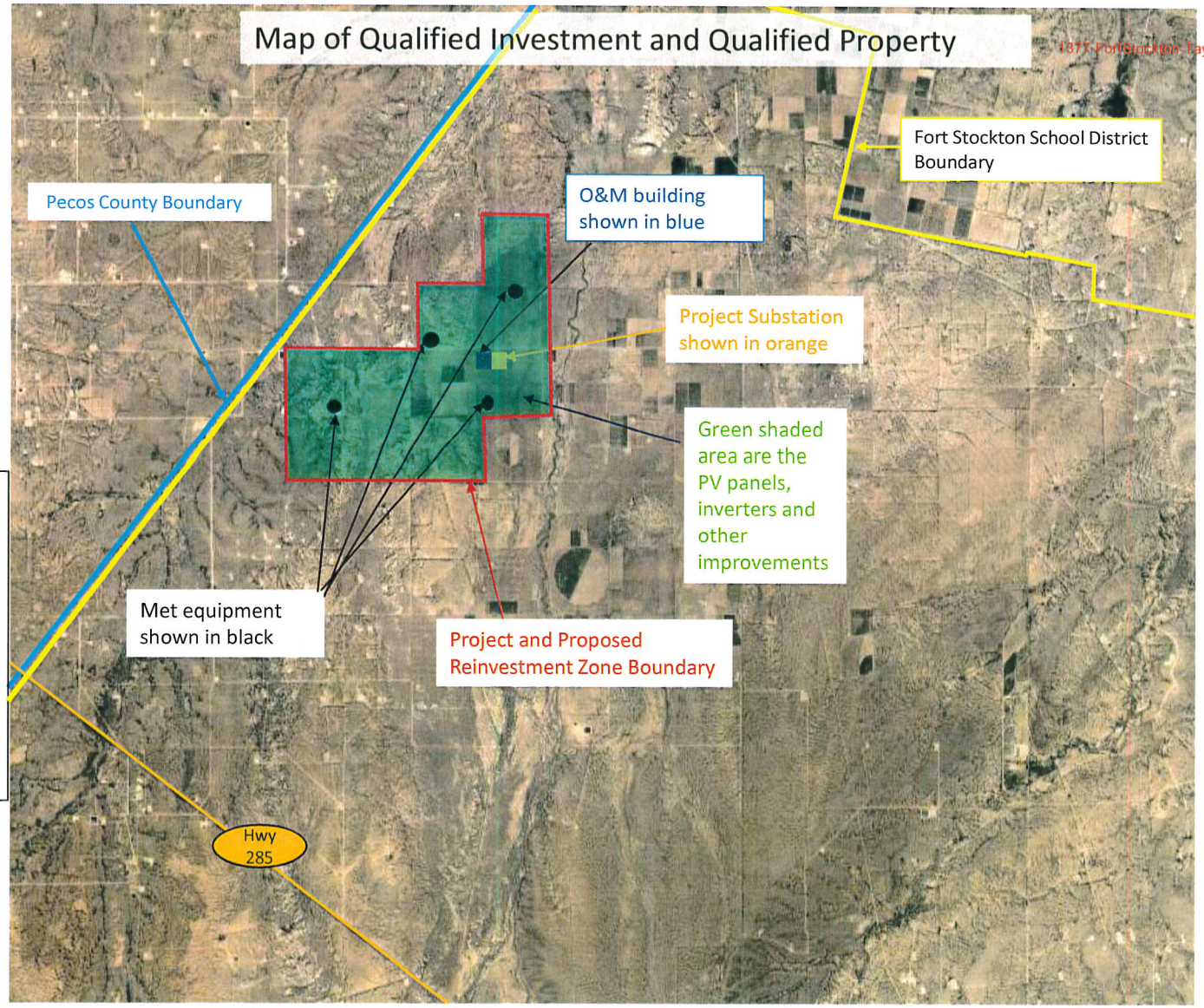
PARCEL 22:

W/2 of Section 28, Block C2, PSL Survey, Pecos County, Texas.

All of Section 12, Block 49, Township 8, Pecos County, TX

Map of Qualified Investment and Qualified Property

1871-FortStockton-Taygete II-Supplement004
October 3, 2019



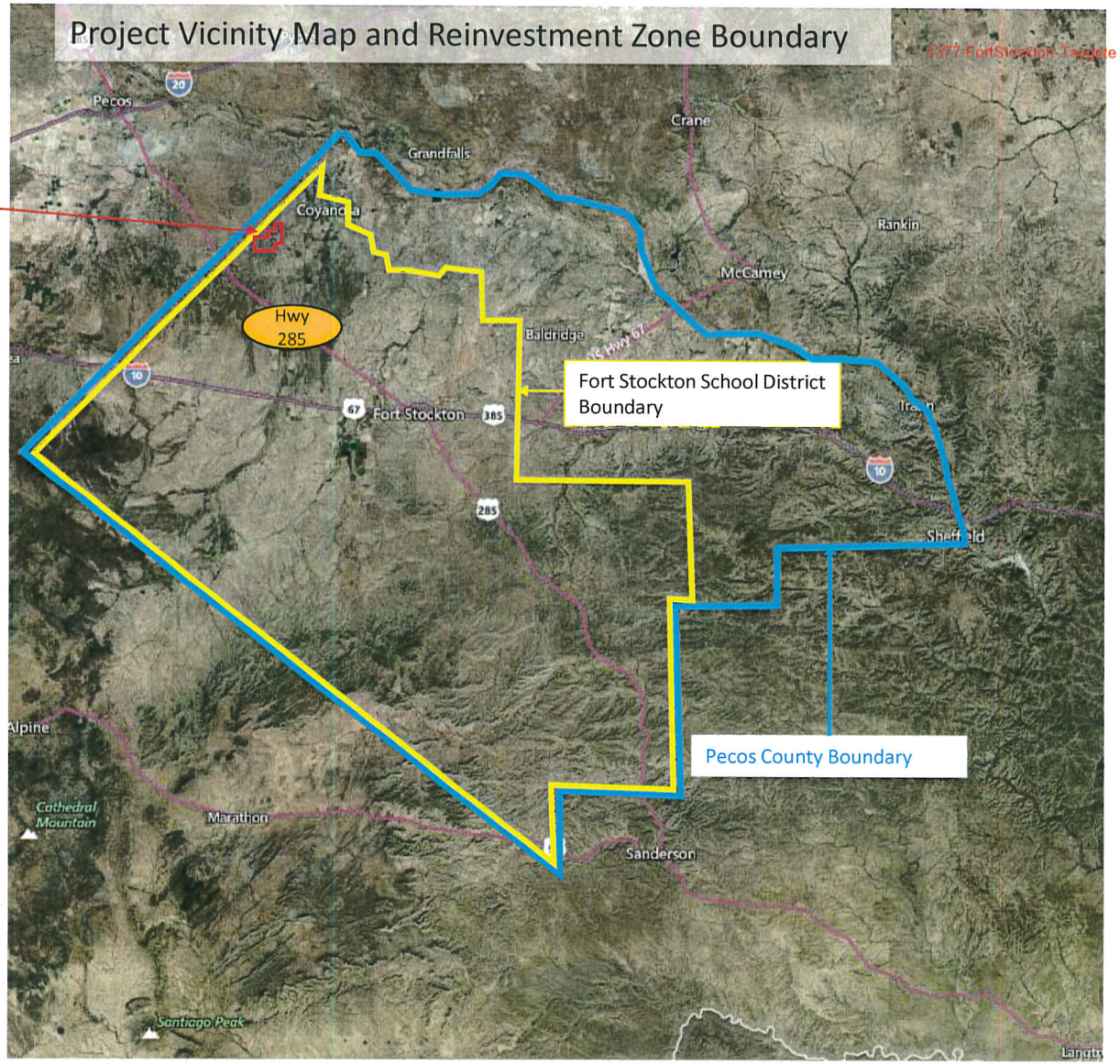
Legend

Project and Proposed Reinvestment Zone Boundary
PV panels, inverters, and other improvements
Met station equipment
Fort Stockton School District Boundary/ Pecos County Boundary
Project Substation
O&M Building

Project Vicinity Map and Reinvestment Zone Boundary

1377-FortStockton-Taygete II-Supplement004
October 3, 2019

Project and Proposed
Reinvestment Zone Boundary



Legend

Project and Proposed
Reinvestment Zone Boundary
Pecos County Boundary
Fort Stockton School District
Boundary

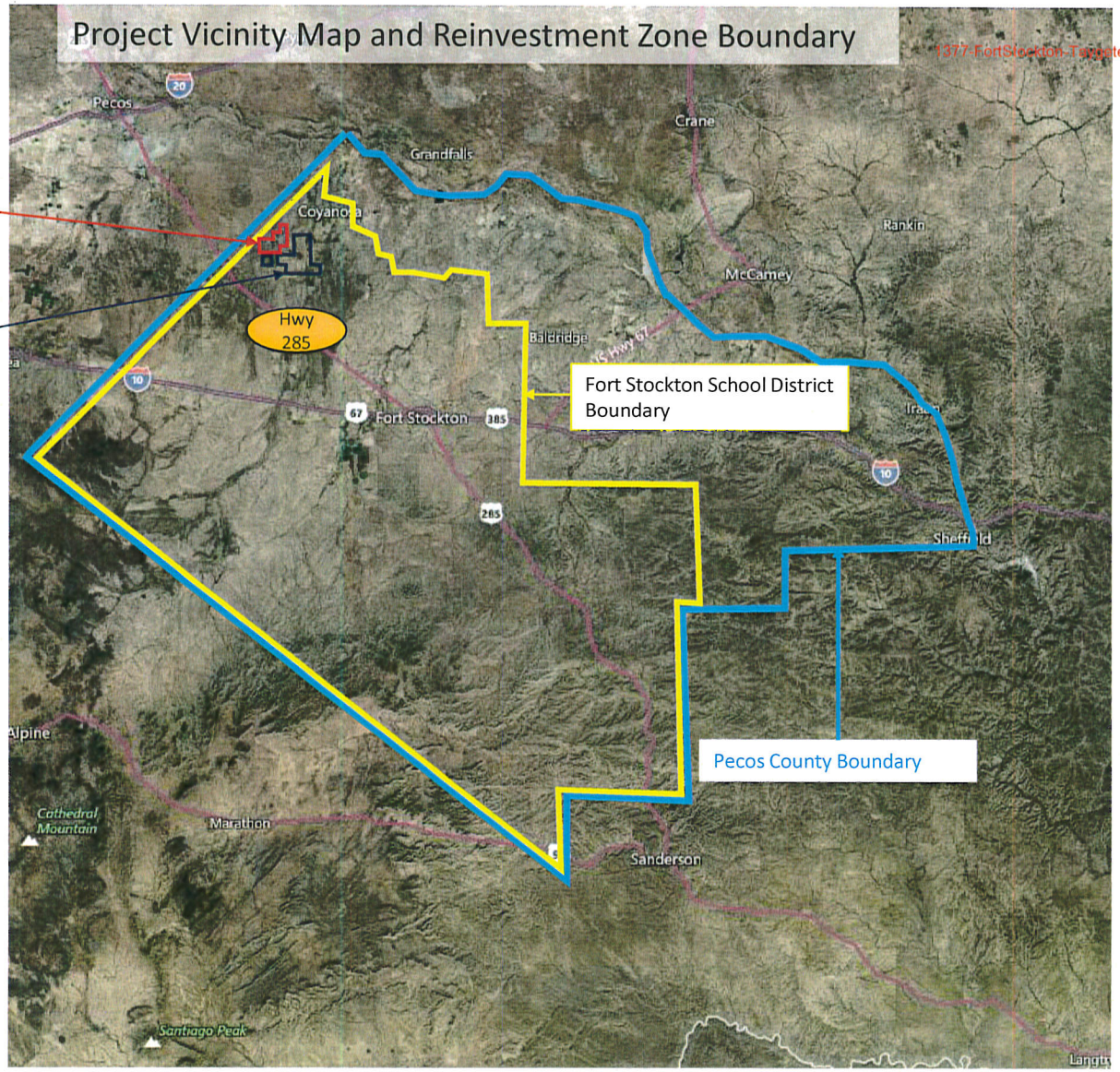
Taygete I & II

Project Vicinity Map and Reinvestment Zone Boundary

1377-FortStockton-Taygete II-Supplement004
October 3, 2019

Taygete II Project and Proposed Reinvestment Zone Boundary

Taygete I Project and Proposed Reinvestment Zone Boundary



Legend

Taygete II Project and Proposed Reinvestment Zone Boundary
Taygete I Project and Proposed Reinvestment Zone Boundary
Pecos County Boundary
Fort Stockton School District Boundary

Attachment B

Franchise Tax Account Status

Franchise Tax Account Status

As of : 11/15/2019 15:05:21

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

TAYGETE ENERGY PROJECT II, LLC

Texas Taxpayer Number	32069550047
Mailing Address	3809 JUNIPER TRCE STE 100 AUSTIN, TX 78738-5534
Right to Transact Business in Texas	ACTIVE
State of Formation	TX
Effective SOS Registration Date	01/24/2019
Texas SOS File Number	0803218403
Registered Agent Name	ASHLEY HIGHSMITH
Registered Office Street Address	3809 JUNIPER TRACE STE. 100 AUSTIN, TX 78738

Attachment C

State Comptroller's Certification

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 22, 2019

Ralph Traynham
Superintendent
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, Texas 79735

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Fort Stockton Independent School District and Taygete Energy Project II, LLC, Application 1377

Dear Superintendent Traynham:

On August 28, 2019, the Comptroller issued written notice that Taygete Energy Project II, LLC, (applicant) submitted a completed application (Application 1377) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on May 20, 2019, to the Fort Stockton Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

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

Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1377.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

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

Note that any building or improvement existing as of the application review start date of August 28, 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Taygete Energy Project II, LLC (project) applying to Fort Stockton 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 Taygete Energy Project II, LLC.

Applicant	Taygete Energy Project II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Fort Stockton ISD
2017-2018 Average Daily Attendance	2,239
County	Pecos
Proposed Total Investment in District	$310,668,446
Proposed Qualified Investment	$277,060,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,140
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,140
Minimum annual wage committed to by applicant for qualified jobs	$59,270
Minimum weekly wage required for non-qualifying jobs	$916
Minimum annual wage required for non-qualifying jobs	$47,620
Investment per Qualifying Job	$310,668,446
Estimated M&O levy without any limit (15 years)	$20,566,659
Estimated M&O levy with Limitation (15 years)	$6,609,943
Estimated gross M&O tax benefit (15 years)	$13,956,716

** 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 Taygete Energy Project II, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	250	809	1058.59	$12,750,000	$57,196,000	$69,946,000
2021	250	818	1068	$12,750,000	$64,765,000	$77,515,000
2022	1	56	57	$59,270	$13,856,730	$13,916,000
2023	1	1	2	$59,270	$7,997,730	$8,057,000
2024	1	(26)	-25	$59,270	$3,724,730	$3,784,000
2025	1	(34)	-33	$59,270	$1,283,730	$1,343,000
2026	1	(40)	-39	$59,270	-$181,270	-$122,000
2027	1	(32)	-31	$59,270	-$791,270	-$732,000
2028	1	(26)	-25	$59,270	-$791,270	-$732,000
2029	1	(22)	-21	$59,270	-$791,270	-$732,000
2030	1	(15)	-14	$59,270	-$1,036,270	-$977,000
2031	1	(9)	-8	$59,270	-$59,270	$0
2032	1	1	2	$59,270	-$59,270	$0
2033	1	1	2	$59,270	$428,730	$488,000
2034	1	5	6	$59,270	$917,730	$977,000
2035	1	9	10	$59,270	$917,730	$977,000
2036	1	11	12	$59,270	$1,161,730	$1,221,000

Source: CPA REMI, Taygete Energy Project II, 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		Fort Stockton ISD I&S Tax Levy	Fort Stockton ISD M&O Tax Levy	Fort Stockton M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Middle Pecos G'rdwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1975	0.9700		0.7990	0.0345	0.0249	
2021	$68,375,000	$68,375,000		$135,068	$663,238	$798,305	$546,316	$23,589	$17,025	$1,385,236
2022	$266,912,500	$266,912,500		$527,259	$2,589,051	$3,116,310	$2,132,631	$92,085	$66,461	$5,407,487
2023	$240,233,750	$240,233,750		$474,558	$2,330,267	$2,804,825	$1,919,468	$82,881	$59,818	$4,866,992
2024	$216,222,250	$216,222,250		$427,125	$2,097,356	$2,524,481	$1,727,616	$74,597	$53,839	$4,380,533
2025	$194,611,306	$194,611,306		$384,435	$1,887,730	$2,272,165	$1,554,944	$67,141	$48,458	$3,942,708
2026	$175,160,893	$175,160,893		$346,013	$1,699,061	$2,045,073	$1,399,536	$60,431	$43,615	$3,548,655
2027	$157,654,985	$157,654,985		$311,432	$1,529,253	$1,840,685	$1,259,663	$54,391	$39,256	$3,193,995
2028	$141,899,159	$141,899,159		$280,308	$1,376,422	$1,656,729	$1,133,774	$48,955	$35,333	$2,874,792
2029	$127,718,431	$127,718,431		$252,295	$1,238,869	$1,491,164	$1,020,470	$44,063	$31,802	$2,587,499
2030	$114,955,317	$114,955,317		$227,083	$1,115,067	$1,342,149	$918,493	$39,660	$28,624	$2,328,926
2031	$103,468,079	$103,468,079		$204,391	$1,003,640	$1,208,031	$826,710	$35,696	$25,764	$2,096,201
2032	$93,129,149	$93,129,149		$183,967	$903,353	$1,087,320	$744,102	$32,130	$23,189	$1,886,741
2033	$83,823,718	$83,823,718		$165,585	$813,090	$978,675	$669,752	$28,919	$20,872	$1,698,218
2034	$75,448,456	$75,448,456		$149,041	$731,850	$880,891	$602,833	$26,030	$18,787	$1,528,540
2035	$67,910,365	$67,910,365		$134,150	$658,731	$792,881	$542,604	$23,429	$16,910	$1,375,823
2036	$61,125,745	$61,125,745		$120,748	$592,920	$713,668	$488,395	$21,088	$15,220	$1,238,371
			Total	$4,188,389	$20,566,659	$24,755,048	$16,940,990	$731,495	$527,948	$42,955,481

Source: CPA, Taygete Energy Project II, LLC
*Tax Rate per $100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Fort Stockton ISD I&S Tax Levy	Fort Stockton ISD M&O Tax Levy	Fort Stockton M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Middle Pecos G'rdwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1975	0.9700		0.7990	0.0345	0.0249	
2021	$68,375,000	$68,375,000		$135,068	$663,238	$798,305	$546,316	$23,589	$17,025	$1,368,211
2022	$266,912,500	$30,000,000		$527,259	$291,000	$818,259	$469,179	$92,085	$66,461	$1,379,523
2023	$240,233,750	$30,000,000		$474,558	$291,000	$765,558	$422,283	$82,881	$59,818	$1,270,721
2024	$216,222,250	$30,000,000		$427,125	$291,000	$718,125	$380,075	$74,597	$53,839	$1,172,798
2025	$194,611,306	$30,000,000		$384,435	$291,000	$675,435	$342,088	$67,141	$48,458	$1,084,664
2026	$175,160,893	$30,000,000		$346,013	$291,000	$637,013	$307,898	$60,431	$43,615	$1,005,341
2027	$157,654,985	$30,000,000		$311,432	$291,000	$602,432	$277,126	$54,391	$39,256	$933,949
2028	$141,899,159	$30,000,000		$280,308	$291,000	$571,308	$249,430	$48,955	$35,333	$869,693
2029	$127,718,431	$30,000,000		$252,295	$291,000	$543,295	$224,503	$44,063	$31,802	$811,861
2030	$114,955,317	$30,000,000		$227,083	$291,000	$518,083	$202,068	$39,660	$28,624	$759,811
2031	$103,468,079	$30,000,000		$204,391	$291,000	$495,391	$181,876	$35,696	$25,764	$712,964
2032	$93,129,149	$93,129,149		$183,967	$903,353	$1,087,320	$744,102	$32,130	$23,189	$1,863,552
2033	$83,823,718	$83,823,718		$165,585	$813,090	$978,675	$669,752	$28,919	$20,872	$1,677,346
2034	$75,448,456	$75,448,456		$149,041	$731,850	$880,891	$602,833	$26,030	$18,787	$1,509,754
2035	$67,910,365	$67,910,365		$134,150	$658,731	$792,881	$542,604	$23,429	$16,910	$1,358,914
2036	$61,125,745	$61,125,745		$120,748	$592,920	$713,668	$488,395	$21,088	$15,220	$1,223,151
			Total	$4,188,389	$6,609,943	$10,798,333	$6,104,212	$731,495	$527,948	$17,634,039
			Diff	$0	$13,956,716	$13,956,716	$10,836,778	$0	$0	$25,321,442

Source: CPA, Taygete Energy Project II, LLC
*Tax Rate per $100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
	2021	$663,238	$663,238	$0	$0
Limitation Period (10 Years)	2022	$291,000	$954,238	$2,298,051	$2,298,051
	2023	$291,000	$1,245,238	$2,039,267	$4,337,319
	2024	$291,000	$1,536,238	$1,806,356	$6,143,674
	2025	$291,000	$1,827,238	$1,596,730	$7,740,404
	2026	$291,000	$2,118,238	$1,408,061	$9,148,465
	2027	$291,000	$2,409,238	$1,238,253	$10,386,718
	2028	$291,000	$2,700,238	$1,085,422	$11,472,140
	2029	$291,000	$2,991,238	$947,869	$12,420,009
	2030	$291,000	$3,282,238	$824,067	$13,244,075
	2031	$291,000	$3,573,238	$712,640	$13,956,716
Maintain Viable Presence (5 Years)	2032	$903,353	$4,476,590	$0	$13,956,716
	2033	$813,090	$5,289,680	$0	$13,956,716
	2034	$731,850	$6,021,530	$0	$13,956,716
	2035	$658,731	$6,680,261	$0	$13,956,716
	2036	$592,920	$7,273,181	$0	$13,956,716
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$533,687	$7,806,867	$0	$13,956,716
	2038	$480,374	$8,287,242	$0	$13,956,716
	2039	$432,390	$8,719,632	$0	$13,956,716
	2040	$389,202	$9,108,834	$0	$13,956,716
	2041	$350,330	$9,459,164	$0	$13,956,716
	2042	$315,343	$9,774,507	$0	$13,956,716
	2043	$283,852	$10,058,359	$0	$13,956,716
	2044	$255,508	$10,313,867	$0	$13,956,716
	2045	$229,996	$10,543,863	$0	$13,956,716
	2046	$207,034	$10,750,897	$0	$13,956,716

$10,750,897	is less than	$13,956,716

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, Taygete Energy Project II, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2019	0	0	0	$0	$0	$0	0	0	$0
2020	250	809	1058.59	$12,750,000	$57,196,000	$69,946,000	6653000	-1938000	$8,591,000
2021	250	818	1068	$12,750,000	$64,765,000	$77,515,000	6660000	-1167000	$7,827,000
2022	1	56	57	$59,270	$13,856,730	$13,916,000	633000	1404000	-$771,000
2023	1	1	2	$59,270	$7,997,730	$8,057,000	359000	1396000	-$1,037,000
2024	1	(26)	-25	$59,270	$3,724,730	$3,784,000	275000	1320000	-$1,045,000
2025	1	(34)	-33	$59,270	$1,283,730	$1,343,000	153000	1228000	-$1,075,000
2026	1	(40)	-39	$59,270	-$181,270	-$122,000	130000	1114000	-$984,000
2027	1	(32)	-31	$59,270	-$791,270	-$732,000	92000	984000	-$892,000
2028	1	(26)	-25	$59,270	-$791,270	-$732,000	99000	877000	-$778,000
2029	1	(22)	-21	$59,270	-$791,270	-$732,000	99000	786000	-$687,000
2030	1	(15)	-14	$59,270	-$1,036,270	-$977,000	137000	694000	-$557,000
2031	1	(9)	-8	$59,270	-$59,270	$0	153000	618000	-$465,000
2032	1	1	2	$59,270	-$59,270	$0	160000	572000	-$412,000
2033	1	1	2	$59,270	$428,730	$488,000	130000	473000	-$343,000
2034	1	5	6	$59,270	$917,730	$977,000	99000	420000	-$321,000
2035	1	9	10	$59,270	$917,730	$977,000	99000	366000	-$267,000
2036	1	11	12	$59,270	$1,161,730	$1,221,000	84000	313000	-$229,000
2037	1	11	12	$59,270	$1,161,730	$1,221,000	46000	259000	-$213,000
2038	1	7	8	$59,270	$1,893,730	$1,953,000	61000	244000	-$183,000
2039	1	13	14	$59,270	$1,893,730	$1,953,000	31000	191000	-$160,000
2040	1	11	12	$59,270	$1,649,730	$1,709,000	46000	145000	-$99,000
2041	1	11	12	$59,270	$1,405,730	$1,465,000	0	99000	-$99,000
2042	1	11	12	$59,270	$1,893,730	$1,953,000	46000	76000	-$30,000
2043	1	11	12	$59,270	$2,381,730	$2,441,000	122000	69000	$53,000
2044	1	9	10	$59,270	$3,846,730	$3,906,000	168000	92000	$76,000
2045	1	15	16	$59,270	$3,358,730	$3,418,000	137000	8000	$129,000
2046	1	15	16	$59,270	$4,335,730	$4,395,000	214000	31000	$183,000
						Total	**$16,886,000**	**$10,674,000**	**$6,212,000**
							$16,962,897	is greater than	**$13,956,716**

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 Taygete Energy Project II, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- The applicant's parent company, 7X Energy, Inc., is a national solar developer with the ability to locate project of this type in other counties and states in the US with strong solar characteristics.
- Per 7X Energy, Inc., in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. The additional places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives , including North Carolina, Mississippi, Nevada, Georgia, Alabama, Utah, New Mexico, California, Arizona, and Virginia."
  B. "Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis."
  C. "Without the tax incentives in Texas, a project with a power purchase agreement becomes non-financeable and the developer would have to abandon the project and go to a different market."
- According to *PVTECH* on April 23, 2019, "7X Energy has entered into a second purchase agreement for the remaining power of its 690MW Taygete Energy project, located in Pecos County, Texas."
- On April 23, 2013 the *Business Wire* reported "7X Energy, Inc., ("7X"), a leading solar developer with projects across the U.S., announces it has entered into a second power purchase agreement (PPA) for the remaining power of its 690 MWp Taygete Energy Project ("Taygete" or "Project") located in Pecos County, Texas. The solar energy from the Taygete facility will be purchased by two large corporate entities in SolarBlocks™, a fixed shape solar energy product offered by 7X Energy. Taygete will be built in two phases with the first phase starting construction in Q3 2019 and the second phase in Q1

2020. Once constructed, Taygete will be the largest solar facility in Texas and the 5th largest solar photovoltaic (PV) project in the United States."

- Per *The Fort Stockton Pioneer* on April 30, 2019, "The state of Texas' largest solar farm will be in Pecos County upon the completion of 7x Energy's 2,000-acre Taygete Energy Project.
- Per *The Fort Stockton Pioneer* on May 27, 2019, The board approved several items regarding the Taygete Energy Project, LLC. which will be the largest solar farm in Texas. The board approved the application allowing Taygete to proceed in the process with the comptroller, letting them know the district is in favor of the project. They also approved allowing Taygete to waive the job creation requirement, which currently requires 10 full time jobs. Solar farms require a small workforce of around one to five employees.
- 7X Energy web site: Project Details
- Supplemental information provided by the applicant stated the following:
  A. In ERCOT's records, the project is known as Taygete Energy Project II.
  B. The project received the IGNR number from ERCOT, 21INR0233 on December 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:

☑ Land has no existing improvements
☐ Land has existing improvements *(complete Section 13)*
☐ Expansion of existing operation on the land *(complete Section 13)*
☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

TAB 5

Documentation to assist in determining if limitation is a determining factor

The applicant's parent company, 7X Energy, Inc., is a national solar developer with the ability to locate projects of this type in other counties and states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. In fact, the applicant owns interests in greenfield solar projects in more than twenty (20) states other than Texas. The additional places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives, including North Carolina, Mississippi, Nevada, Georgia, Alabama, Utah, New Mexico, California, Arizona, and Virginia.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes non-financeable and the developer would have to abandon the project and go to a different market.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
Fort Stockton ISD – Taygete Energy Project II ,LLC App. #1377

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

1. *Is the Taygete Energy Project II, LLC currently known by any other project names?*

2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when it was assigned?*

3. *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.*

Applicant Response (via email on August 1, 2019):

1. *Is the Taygete Energy Project II, LLC currently known by any other project names?*
   No. Just Taygete II.

2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when it was assigned?*
   Yes. IGNR #21INR0233. December 2018

3. *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 LLC that owned the project was formerly known as GSE Three, LLC.
   None. We have always just referenced it as the Taygete II project.

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7X Energy signs second PPA for remaining power of 690MW Texas project

By Conor Ryan Apr 23 2019 11 49 PM BST 0 Share

7X Energy has entered into a second power purchase agreement for the remaining power of its 690MW Taygete Energy Project, located in Pecos County, Texas.

The PV energy generated by the Taygete facility will be purchased by two large corporate entities in SolarBlocks,, a fixed shape solar energy product offered by 7X Energy. The project will be developed in two phases, with the first phase set to start construction in the third quarter of 2019. The second phase will begin construction in the first quarter of 2020.

Once constructed, Taygete will be the largest solar facility in Texas and the fifth largest PV installation located in the US.

Joe Shuster, judge of Pecos County, said: "Pecos County is proud to have 7X Energy's Taygete Energy Project and, upon completion, not only will it be the largest solar farm in the State of Texas, it will also make Pecos County the largest solar-producing county in the state. This new industry brings multiple jobs to the county, provides good revenue to the landowners, provides electricity to the local grid, and helps create a stable tax base so that Pecos County can continue to provide services such as law enforcement, fire protection, maintenance of roads and bridges, medical, and emergency medical services to county residents."

The Taygete Energy Project stands as a capital investment in Texas of over US$650 million and is expected to bring approximately 500 jobs to Pecos County during peak construction with actual construction spanning over a two-year period.

Tags: us usa texas 7x energy

Solar & Storage Finance USA

Oct 29 - Oct 30, 2019 New York City, USA PV Tech Event

Now in its sixth successful year, Solar & Storage Finance USA is the only event which looks at raising capital for solar, storage and collocated solar and storage projects in the USA. The conference will help delegates understand how providers are evolving propositions for storage and how they can access capital for standalone solar or storage, and co-located projects. Meet debt providers, funders, utilities, corporate off takers and blue chip energy firms with capital to invest and developers with credible pipelines.

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Project

April 23

Taygete Energy Project will be largest solar facility in Texas

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3, 2019 09:00 AM Eastern Daylight Time

TIN, Texas--(BUSINESS WIRE)--7X Energy, Inc. ("7X"), a leading solar developer with projects across the U.S., unces it has entered into a second power purchase agreement (PPA) for the remaining power of its 690 MWp ete Energy Project ("Taygete" or "Project") located in Pecos County, Texas. The solar energy from the Taygete facility e purchased by two large corporate entities in SolarBlocks™, a fixed shape solar energy product offered by 7X gy. Taygete will be built in two phases with the first phase starting construction in Q3 2019 and the second phase in 020. Once constructed, Taygete will be the largest solar facility in Texas and the 5th largest solar photovoltaic (PV) t in the United States.

"Taygete is a fantastic project and an example of how 7X is leading the energy transition"

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"Pecos County is proud to have 7X Energy's Taygete Energy Project and, upon completion, not only will it be the largest solar farm in the State of Texas, it will also make Pecos County the largest solar-producing county in the state," said Judge Joe Shuster, Pecos County. "This new industry brings multiple jobs to the county, provides good revenue to the landowners, provides electricity to the local grid, and helps create a stable tax base so that Pecos County can continue to provide services such as law enforcement, fire protection, maintenance of roads and bridges, medical, and emergency medical services to county residents."

The Taygete Energy Project represents a capital investment in Texas of over $650 million and is expected to bring approximately 500 jobs to Pecos County during peak construction with actual construction spanning over a two-year period. The project will generate tens of millions of dollars of property tax revenue to the county and other local taxing authorities over the 35-plus-year life of the project. These revenues can be used to support regional needs.

"Taygete is a fantastic project and an example of how 7X is leading the energy transition," said Clay Butler, President and CEO of 7X. "Big solar is a win-win for Texas, serving as an economic boost to agriculture, jobs, and infrastructure while cutting electricity costs for buyers."

The 690 MWp Taygete project will be 7X Energy's third successful large-scale solar project in Texas. In addition to Taygete, 7X originated and developed the 136 MWp Lapetus project and originated and jointly developed the 315 MWp

Phoebe* project. The three projects combined represent a capital injection of over $1 billion dollars into the Lonestar state.

For additional information on the Taygete Energy Project, please visit here.

*The joint development arrangement with Longroad has been successfully completed and thus ended on December 31, 2018

About 7X Energy

7X Energy (7X), headquartered in Austin, Texas, is a leading developer in the solar industry. The company is independently owned and consists of a diverse team of seasoned industry veterans, with over 10,000 MW of collective utility-scale development expertise, focused on the development and sale of renewable energy to commercial and wholesale customers. Contact us at www.7x.energy.

Contacts

Raheleh Folkerts
Raheleh.Folkerts@7x.energy
512-992-0439

7X ENERGY, INC.

- **Headquarters:** Austin, TX
- **Website:** www.7X.energy
- **CEO:** Clay Butler
- **Employees:** 34
- **Organization:** PRI

Pecos County lands states largest solar farm

Posted Tuesday, April 30, 2019 12:38 pm

Aurora Sain

The state of Texas' largest solar farm will be in Pecos County upon the completion of 7x Energy's 2,000-acre Taygete Energy Project.

The plant, which is estimated to be open in 2021, will be built in the Coyanosa area and will produce 690 Mwp.

"We do have several other solar farms in Pecos County but this will make us the biggest solar farm producers in the state of Texas," said County Judge Joe Shuster.

Pecos County is a prime location for solar farms given its more than 300 days with sunshine and existing infrastructure to power grids.

Shuster estimates construction will employ between 350

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and 500 people for a six-to-nine month span.

After completion, the solar farm will employ 10 to 12 people permanently.

Over the life of the facility, the project is forecast to produce tens of millions of dollars in tax revenue.

Comments

Other items that may interest you

Public hearing tonight on Fort Stockton ISD proposed budget and tax rate

Pecos County Commissioners Court meeting

Voters will decide FSISD's proposed $85 million bond

Pecos County People

E-edition

Thursday, August 22, 2019

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Sports

Prowlers fall to Sonora in finals of Comanche Volleyball Classes

VOLLEYBALL: Sonora def. Prowlers 25-14, 25-18

VOLLEYBALL: Prowlers def. Crane, 25-18, 25-15

Prowlers face Crane Saturday in Comanche Volleyball Classic

VOLLEYBALL: Prowlers def. Grandfalls 25-12, 25-16

VOLLEYBALL: Prowlers def. Van Horn 25-21, 25-23

VOLLEYBALL: Denver City def. FSHS 19-25, 15-25, 18-25

2019 Varsity Football Schedules for Fort Stockton, Iraan and Buena Vista high schools

Meet The Panthers/Prowlers 8 p.m. Tuesday!

Fort Stockton wins 18u and 10u softbal titles in Midland tournament

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School district holding on to Comanche property

Posted Monday, May 27, 2019 8:00 am

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Aurora Sain

Once again, the Comanche School Property was a topic of discussion at the monthly Fort Stockton Independent School District board meeting.

After a long discussion in April on the property, the board decided Monday night to move forward themselves.

In April the Economic Development Council approached the district about the property since it had been left without discussion for several years.

The EDC had buyers interested in developing the property into houses or apartments.

The EDC said it would demolish the current school property, re-zone and get the area ready for homebuilders to build on it which would cost around $800,000.

The school board went into closed session in April, but reported nothing out of closed session.

The property was a hot topic dating back to 2006 when then-Superintendent Roy Mayfield was advised to "take all necessary steps to advertise the sale of the property."

At Monday night's meeting the board decided to go forward with the asbestos abatement on the property costing around $188,000.

There are items needed to be removed from the property which the district will be responsible for as well as getting a water source to the property for the abatement crew.

When asked if the abatement was the first step before they decide to sell the property, Superintendent Ralph Traynham said they had no plans to sell the property.

In other news:

• The board approved several items regarding the Taygete Energy Project, LLC. which will be the largest solar farm in Texas.

The board approved the application allowing Taygete to proceed in the process with the comptroller, letting them know the district is in favor of the project.

They also approved allowing Taygete to waive the job creation requirement, which currently requires 10 full-time jobs.

Solar farms require a small workforce of around one to five employees.

E-edition

Thursday, August 22, 2019

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Read more

Taygete will be giving the district around $2.2 million in taxes to the general fund.

There will be around 350 to 400 people working on the construction of the project.

•The board approved the renewal of the Germblast contract for infection control for the schools for $39,427.

The company comes at least 3 times a year and treats the athletic equipment or classrooms for contagious sickness.

• The district approved replacing the special events center scoreboard for $67,631.

• The high school tennis courts will be receiving sun covers from the Playwell Group for $53,116.

• The Fort Stockton Athletic Booster Club donated $350 to be used towards the athletic department.

• Gameday Productions donated $500 to be used towards the athletic department.

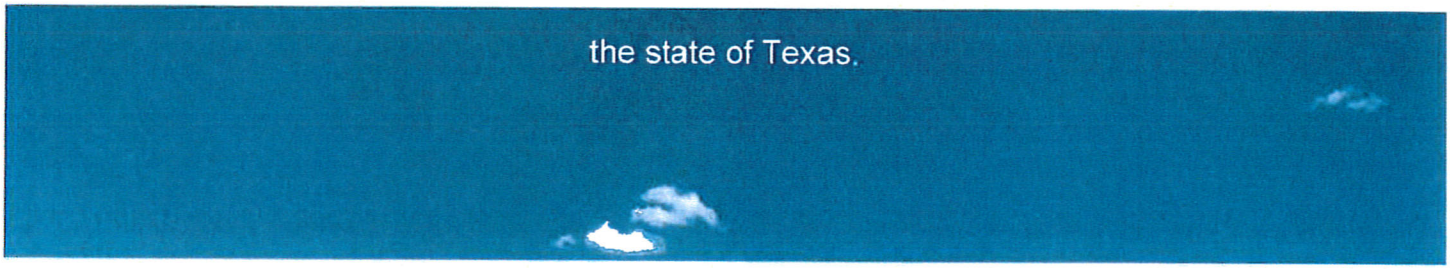
• The board approved allowing the superintendent to make final hiring decisions without the need to come to the board first.

Comments

Other items that may interest you

Public hearing tonight on Fort

7X.energy
SOLAR EVOLVED



Solar energy from the Taygete facility will be sold under a multi-year fixed priced power purchase agreement, which will bring the total developed by 7X in ERCOT to over 800 MWp.

PROJECT DETAILS

Project

Taygete

Location

Pecos County, TX on ~2000 acres

Projected Capacity

690 MWp

Number of Modules

Approximately 900,000

Developer

Energy Buyer

7X Energy is the originating and sole developer and owns 100% of the equity in the project

Confidential

Contract Term

Multi-year

Operational Timeline

Breaking ground for Phase I Q4 2019 and Phase II Q1 2020; Operational (COD) for Phase I Q1 2021 and Phase II Q2 2021

PROJECT BENEFITS

Environmental

Taygete will produce over ~1,474,308 MWh of renewable energy in its first year of operation. This equates[1] to:

Carbon sequestered by almost 783,297 acres of forest in one year

Reduction in greenhouse gas emissions of almost 141,305 cars off the road for one year

Reduction in CO2 emissions of over 116,070 homes' electricity use for one year

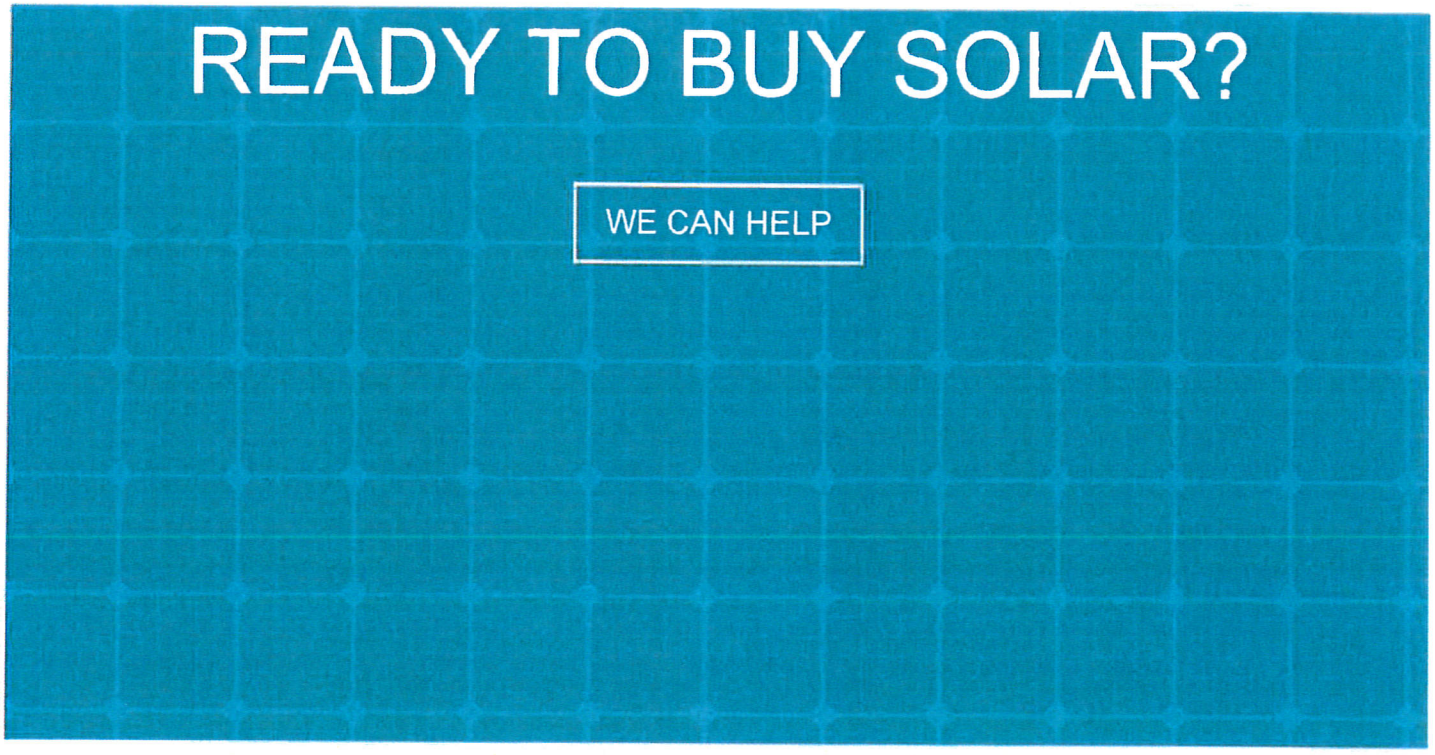
Economic

During construction the project will generate approximately 500 jobs during the peak of construction

Over the life of the facility, Taygete will generate tens of millions of dollars of

property tax revenue to the county.

1 https://www epa gov/energy/greenhouse-gas-equivalencies-calculator (2016 eGrid ERCOT CO2 lbs/MWh emissions factor)



7X Energy is a trusted utility-scale solar development company. We combine innovation, flexibility, and experience to deliver cost-competitive solar energy to our customers.

STAY UPDATED

Attachment D

Summary of Financial Impact

CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED TAYGETE ENERGY PROJECT II, LLC PROJECT IN THE FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1377)

PREPARED BY

NOVEMBER 18, 2019

Executive Summary

Taygete Energy Project II, LLC (Company) has requested that the Fort Stockton Independent School District (FSISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to FSISD on May 20, 2019 the Company plans to invest $267 million to construct a renewable energy electric generation facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Taygete Energy II project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, FSISD may offer a minimum value limitation of $30 million. This value limitation, under the proposed application, will begin in the 2022-23 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. The overall conclusions are as follows, but please read all of the subsquent details in the report below for more information.

Total Revenue Loss Payment owed to FSISD	$729,473
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	$13.03 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for this project was issued on August 28, 2019.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Comptroller

issued the certificate on October 22, 2019. After the certificate is received, the district has until the 150th day from the receipt of the Completeness Letter to adopt an agreement, although extensions may be requested by the Company and granted by the District.

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo (ODC) will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, ODC will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. The school board will be requested to consider the adoption of a job waiver during this meeting.

How the 313 Agreement Interacts with Texas School Finance

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at $6,160 per weighted ADA or WADA and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to $98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate $49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of House Bill 3. Rather than being tied to exceeding an equalized wealth level per WADA, recapture is now defined as the amount collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.)

The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional approach for the last 30 years has been to rely on prior-year state property values as determined annually under the Comptroller's State Property Value Study under Section 403 of the Government Code. The change in House Bill 3 calls for using current-year property

values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. **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 [emphasis added].**

Given the directive to use preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first prepared under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.254(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal in 2021 and any changes made may impact these calculations moving forward.

For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to $6,160, the Tier II golden penny yield is set to $98.56 per WADA for up to eight cents, while the copper penny yield is $49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	2,220
Local M&O Tax Base	$1.995 billion
2019-20 M&O Tax Rate:	$0.9700 per $100 of Taxable Value
2020-21 Projected M&O Tax Rate:	$0.9565 per $100 of Taxable Value
I&S Tax Rate for 2018-19:	$0.1954 per $100 of Taxable Value

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 – Base District Information with Taygete Energy II Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d) District Revenue Protection District Property Value with Project	Sec. 48.256(d) District Revenue Protection District Property Value with Limitation	DPV Value with Project per WADA	DPV Value with Limitation per WADA
QTP0	2020-21	2,219.63	3,028.91	$0.9565	$0.1954	$1,821,030,091	$1,821,030,091	$601,216	$601,216
QTP1	2021-22	2,219.63	3,028.91	$0.9565	$0.1954	$1,845,163,753	$1,845,163,753	$609,184	$609,184
QTP2/VL1	2022-23	2,219.63	3,028.91	$0.9565	$0.1954	$1,902,370,032	$1,902,370,032	$628,071	$628,071
VL2	2023-24	2,219.63	3,028.91	$0.9565	$0.1954	$2,168,182,303	$1,931,269,803	$715,829	$637,612
VL3	2024-25	2,219.63	3,028.91	$0.9565	$0.1954	$2,137,897,080	$1,927,663,330	$705,831	$636,421
VL4	2025-26	2,219.63	3,028.91	$0.9565	$0.1954	$2,110,820,062	$1,924,597,812	$696,891	$635,409
VL5	2026-27	2,219.63	3,028.91	$0.9565	$0.1954	$2,086,837,847	$1,922,226,541	$688,973	$634,626
VL6	2027-28	2,219.63	3,028.91	$0.9565	$0.1954	$2,067,387,434	$1,922,226,541	$682,552	$634,626
VL7	2028-29	2,219.63	3,028.91	$0.9565	$0.1954	$2,090,989,027	$1,963,334,042	$690,344	$648,198
VL8	2029-30	2,219.63	3,028.91	$0.9565	$0.1954	$2,112,424,374	$2,000,525,215	$697,421	$660,477
VL9	2030-31	2,219.63	3,028.91	$0.9565	$0.1954	$2,080,965,766	$1,983,247,335	$687,035	$654,773
VL10	2031-32	2,219.63	3,028.91	$0.9565	$0.1954	$2,057,497,715	$1,972,542,398	$679,287	$651,238
VP1	2032-33	2,219.63	3,028.91	$0.9565	$0.1954	$2,058,911,383	$1,985,443,304	$679,753	$655,498
VP2	2033-34	2,219.63	3,028.91	$0.9565	$0.1954	$2,039,503,869	$2,039,503,869	$673,346	$673,346
VP3	2034-35	2,219.63	3,028.91	$0.9565	$0.1954	$2,021,854,903	$2,021,854,903	$667,519	$667,519
VP4	2035-36	2,219.63	3,028.91	$0.9565	$0.1954	$2,005,803,172	$2,005,803,172	$662,219	$662,219
VP5	2036-37	2,219.63	3,028.91	$0.9565	$0.1954	$1,991,202,335	$1,991,202,335	$657,399	$657,399

***Basic Allotment: $6,160; Golden Penny Yield: $98.56; Copper Penny Yield: $49.28**

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact of the Taygete Energy II Project on FSISD

A model is established to make a calculation of the "Baseline Revenue Model" (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the "Value Limitation Revenue Model" (Table 3) by adding the project's limited value of $30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of $729,473 over the course of the Agreement, with all the loss reflected in the first limitation year (2022-23).

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2020-21	$20,115,060	$2,406,071	$0	$877,909	$561,175	$0	$1,609,934	$25,570,149
QTP1	2021-22	$20,628,869	$2,184,886	$0	$900,334	$556,383	$0	$1,117,845	$25,388,317
QTP2/VL1	2022-23	$23,059,736	$1,660,592	$0	$1,006,428	$572,866	$0	$0	$26,299,622
VL2	2023-24	$22,782,834	$549,552	-$1,325,125	$994,343	$375,054	$0	$2,011,659	$25,388,317
VL3	2024-25	$22,535,235	$998,834	-$1,496,844	$983,536	$389,802	$0	$0	$23,410,563
VL4	2025-26	$22,315,873	$549,552	-$799,401	$973,962	$403,132	$0	$0	$23,443,118
VL5	2026-27	$22,137,611	$998,834	-$1,028,887	$966,182	$415,985	$0	$0	$23,489,725
VL6	2027-28	$22,346,384	$549,552	-$401,342	$975,294	$433,252	$0	$0	$23,903,140
VL7	2028-29	$22,536,021	$998,834	-$1,066,932	$983,571	$420,323	$0	$0	$23,871,817
VL8	2029-30	$22,250,871	$549,552	-$814,105	$971,126	$401,520	$0	$0	$23,358,964
VL9	2030-31	$22,037,749	$998,834	-$975,069	$961,824	$417,800	$0	$0	$23,441,138
VL10	2031-32	$22,048,340	$549,552	-$310,703	$962,286	$434,208	$0	$0	$23,683,683
VP1	2032-33	$21,860,561	$998,834	-$772,941	$954,091	$428,915	$0	$0	$23,469,460
VP2	2033-34	$21,702,044	$549,552	-$145,789	$947,172	$438,846	$0	$0	$23,491,825
VP3	2034-35	$21,557,872	$998,834	-$433,319	$940,880	$447,999	$0	$0	$23,512,266
VP4	2035-36	$21,426,732	$712,629	$0	$935,156	$456,443	$0	$0	$23,530,960
VP5	2036-37	$21,307,426	$998,834	-$152,389	$929,949	$464,241	$0	$0	$23,548,061

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total $13.8 million over the life of the agreement. The FSISD revenue losses are expected to total approximately $729,473 over the course of the agreement. The total potential net tax benefits (after hold-harmless payments are made) are estimated to reach $13.03 million, prior to any negotiations with Taygete Energy II on supplemental payments. (See Table 5.)

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with FSISD levying a $0.1954 per $100 I&S rate for the 2018-19 school year. As shown in the Table 6 below, local taxpayers should receive at least a modest benefit from the addition of the Taygete Energy II project to the local I&S tax roll.

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related

development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Table 3– "Value Limitation Revenue Model" --Project Value Added to DPV with Value Limitation in Effect

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2020-21	$20,115,060	$2,406,071	$0	$877,909	$561,175	$0	$1,609,934	$25,570,149
QTP1	2021-22	$20,628,869	$2,184,886	$0	$900,334	$556,383	$0	$1,117,845	$25,388,317
QTP2/VL1	2022-23	$20,888,437	$1,660,592	$0	$911,663	$518,721	$0	$1,590,736	$25,570,149
VL2	2023-24	$20,856,045	$1,395,726	$0	$910,249	$496,445	$0	$1,729,852	$25,388,317
VL3	2024-25	$20,828,512	$1,428,779	$0	$909,048	$499,202	$0	$0	$23,665,541
VL4	2025-26	$20,807,214	$1,456,875	$0	$908,118	$500,649	$0	$0	$23,672,856
VL5	2026-27	$20,807,214	$1,478,607	$0	$908,118	$501,768	$0	$0	$23,695,707
VL6	2027-28	$21,176,428	$1,478,607	$0	$924,232	$511,335	$0	$0	$24,090,602
VL7	2028-29	$21,510,468	$1,101,858	$0	$938,811	$488,496	$0	$0	$24,039,633
VL8	2029-30	$21,355,283	$761,001	$0	$932,038	$458,902	$0	$0	$23,507,224
VL9	2030-31	$21,259,135	$998,834	-$79,481	$927,842	$468,957	$0	$0	$23,575,287
VL10	2031-32	$21,375,007	$1,017,463	$0	$932,899	$479,031	$0	$0	$23,804,400
VP1	2032-33	$21,860,561	$998,834	-$99,607	$954,091	$480,928	$0	$0	$24,194,807
VP2	2033-34	$21,702,044	$549,552	-$145,789	$947,172	$438,846	$0	$0	$23,491,825
VP3	2034-35	$21,557,872	$998,834	-$433,319	$940,880	$447,999	$0	$0	$23,512,266
VP4	2035-36	$21,426,732	$712,629	$0	$935,156	$456,443	$0	$0	$23,530,960
VP5	2036-37	$21,307,426	$998,834	-$152,389	$929,949	$464,241	$0	$0	$23,548,061

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

Table 4 – Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2020-21	$0	$0	$0	$0	$0	$0	$0	$0
QTP1	2021-22	$0	$0	$0	$0	$0	$0	$0	$0
QTP2/VL1	2022-23	-$2,171,299	$0	$0	-$94,765	-$54,145	$0	$1,590,736	-$729,473
VL2	2023-24	-$1,926,789	$846,174	$1,325,125	-$84,094	$121,391	$0	-$281,807	$0
VL3	2024-25	-$1,706,723	$429,945	$1,496,844	-$74,488	$109,400	$0	$0	$254,978
VL4	2025-26	-$1,508,659	$907,323	$799,401	-$65,844	$97,517	$0	$0	$229,738
VL5	2026-27	-$1,330,397	$479,773	$1,028,887	-$58,064	$85,783	$0	$0	$205,982
VL6	2027-28	-$1,169,956	$929,055	$401,342	-$51,062	$78,083	$0	$0	$187,462
VL7	2028-29	-$1,025,553	$103,024	$1,066,932	-$44,760	$68,173	$0	$0	$167,816
VL8	2029-30	-$895,588	$211,449	$814,105	-$39,088	$57,382	$0	$0	$148,260
VL9	2030-31	-$778,614	$0	$895,588	-$33,982	$51,157	$0	$0	$134,149
VL10	2031-32	-$673,333	$467,911	$310,703	-$29,387	$44,823	$0	$0	$120,717
VP1	2032-33	$0	$0	$673,334	$0	$52,013	$0	$0	$725,347
VP2	2033-34	$0	$0	$0	$0	$0	$0	$0	$0
VP3	2034-35	$0	$0	$0	$0	$0	$0	$0	$0
VP4	2035-36	$0	$0	$0	$0	$0	$0	$0	$0
VP5	2036-37	$0	$0	$0	$0	$0	$0	$0	$0

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

Table 5 - Estimated Financial Impact of the Taygete Energy II Project Property Value Limitation Request Submitted to FSISD at $0.9565 per $100 M&O Tax Rate

Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O With Limitation	Assumed M&O Tax Rate	Tax Savings To Company	School District Revenue Protection	Estimated Net Tax Benefits
QTP0	2020-21	$0	$0	$0.95650	$0	$0	$0
QTP1	2021-22	$68,375,000	$68,375,000	$0.95650	$0	$0	$0
QTP2/VL1	2022-23	$266,912,500	$30,000,000	$0.95650	$2,266,064	-$729,473	$1,536,591
VL2	2023-24	$240,233,750	$30,000,000	$0.95650	$2,010,882	$0	$2,010,882
VL3	2024-25	$216,222,250	$30,000,000	$0.95650	$1,781,213	$0	$1,781,213
VL4	2025-26	$194,611,306	$30,000,000	$0.95650	$1,574,504	$0	$1,574,504
VL5	2026-27	$175,160,893	$30,000,000	$0.95650	$1,388,461	$0	$1,388,461
VL6	2027-28	$157,654,985	$30,000,000	$0.95650	$1,221,018	$0	$1,221,018
VL7	2028-29	$141,899,159	$30,000,000	$0.95650	$1,070,314	$0	$1,070,314
VL8	2029-30	$127,718,431	$30,000,000	$0.95650	$934,675	$0	$934,675
VL9	2030-31	$114,955,317	$30,000,000	$0.95650	$812,596	$0	$812,596
VL10	2031-32	$103,468,079	$30,000,000	$0.95650	$702,721	$0	$702,721
VP1	2032-33	$93,129,149	$93,129,149	$0.95650	$0	$0	$0
VP2	2033-34	$83,823,718	$83,823,718	$0.95650	$0	$0	$0
VP3	2034-35	$75,448,456	$75,448,456	$0.95650	$0	$0	$0
VP4	2035-36	$67,910,365	$67,910,365	$0.95650	$0	$0	$0
VP5	2036-37	$61,125,745	$61,125,745	$0.95650	$0	$0	$0
					$13,762,448	**-$729,473**	**$13,032,975**

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- **Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.**
- **Legislative changes addressing property value appraisals and exemptions.**
- **Year-to-year appraisals of project values and district taxable values.**
- **Changes in school district tax rates and student enrollment.**

Table 6 - Estimated Impact of the Taygete Energy II Project Property Value Limitation Request on FSISD I&S Tax Rate

Year of Agreement	School Year	I&S Rate w/out Project	Local Value w/out Project	I&S Taxes w/out Project	Project Full Taxable Value	I&S Rate with Project Value	Change in I&S Rate
QTP0	2020-21	$0.1954	$2,447,998,931	$4,783,390	$0	$0.195400	$0.0000
QTP1	2021-22	$0.1954	$2,697,495,445	$5,270,906	$68,375,000	$0.190570	-$0.0048
QTP2/VL1	2022-23	$0.1954	$2,698,055,818	$5,272,001	$266,912,500	$0.177810	-$0.0176
VL2	2023-24	$0.1954	$2,634,815,187	$5,148,429	$240,233,750	$0.179073	-$0.0163
VL3	2024-25	$0.1954	$2,578,123,219	$5,037,653	$216,222,250	$0.180280	-$0.0151
VL4	2025-26	$0.1954	$2,527,221,641	$4,938,191	$194,611,306	$0.181429	-$0.0140
VL5	2026-27	$0.1954	$2,482,981,760	$4,851,746	$175,160,893	$0.182524	-$0.0129
VL6	2027-28	$0.1954	$2,442,331,816	$4,772,316	$157,654,985	$0.183552	-$0.0118
VL7	2028-29	$0.1954	$2,404,652,823	$4,698,692	$141,899,159	$0.184512	-$0.0109
VL8	2029-30	$0.1954	$2,374,719,447	$4,640,202	$127,718,431	$0.185427	-$0.0100
VL9	2030-31	$0.1954	$2,353,256,466	$4,598,263	$114,955,317	$0.186299	-$0.0091
VL10	2031-32	$0.1954	$2,335,084,553	$4,562,755	$103,468,079	$0.187109	-$0.0083
VP1	2032-33	$0.1954	$2,326,015,969	$4,545,035	$93,129,149	$0.187878	-$0.0075
VP2	2033-34	$0.1954	$2,317,672,434	$4,528,732	$83,823,718	$0.188580	-$0.0068
VP3	2034-35	$0.1954	$2,309,995,965	$4,513,732	$75,448,456	$0.189220	-$0.0062
VP4	2035-36	$0.1954	$2,302,933,219	$4,499,932	$67,910,365	$0.189803	-$0.0056
VP5	2036-37	$0.1954	$2,296,434,494	$4,487,233	$61,125,745	$0.190334	-$0.0051

Any IFA or EDA state aid is now based on current-year values which could affect the tax rate needed pay for bond payments for districts receiving these funds.

Attachment E

Taxable Value of Property

COMPTROLLER.TEXAS.GOV

Glenn Hegar
Texas Comptroller of Public Accounts

Taxes

Property Tax Assistance

2018 ISD Summary Worksheet

186-Pecos

186-902/Fort Stockton ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	264,133,020	0.7583	348,322,590	264,133,020
B. MULTIFAMILY RESIDENCES	5,864,510	N/A	5,864,510	5,864,510
C1. VACANT LOTS	7,086,930	N/A	7,086,930	7,086,930
C2. COLONIA LOTS	2,306,370	N/A	2,306,370	2,306,370
D1. QUALIFIED AG LAND	16,578,010	0.6880	24,096,511	16,578,010
D2. REAL PROP:FARM & RANCH	10,957,840	N/A	10,957,840	10,957,840
E. REAL PROP NONQUAL ACREAGE	23,451,110	N/A	23,451,110	23,451,110
F1. COMMERCIAL REAL	111,318,850	0.7865	141,536,999	111,318,850
F2. INDUSTRIAL REAL	123,562,570	N/A	123,562,570	123,562,570
G. OIL,GAS,MINERALS	537,290,400	0.9940	540,533,602	537,290,400
J. UTILITIES	252,593,190	0.9262	272,719,920	252,593,190
L1. COMMERCIAL PERSONAL	33,419,480	N/A	33,419,480	33,419,480
L2. INDUSTRIAL PERSO NAL	707,731,400	N/A	707,731,400	707,731,400
M. MOBILE HOMES	10,948,700	N/A	10,948,700	10,948,700
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	801,620	N/A	801,620	801,620
S. SPECIAL INVENTORY	2,989,460	N/A	2,989,460	2,989,460
Subtotal	2,111,033,460	0	2,256,329,612	2,111,033,460
Less Total Deductions	495,443,469	0	516,130,124	495,443,469
Total Taxable Value	1,615,589,991	0	1,740,199,488	1,615,589,991

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth.These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes.For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M & O Purposes

T1	T2	T3	T4
1,638,643,871	1,615,589,991	1,619,117,051	1,596,063,171

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
23,053,880	19,526,820

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

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

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

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

Value Taxable For I & S Purposes

T7	T8	T9	T10
2,031,183,021	2,008,129,141	2,011,656,201	1,988,602,321

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

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

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

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

THE PVS FOUND YOUR LOCAL VALUE INVALID, BUT LOCAL VALUE WAS CERTIFIED BECAUSE YOUR SCHOOL DISTRICT IS IN YEAR TWO OF THE GRACE PERIOD

186-902-02/Fort Stockton ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	264,133,020	0.7583	348,322,590	264,133,020
B. MULTIFAMILY RESIDENCES	5,864,510	N/A	5,864,510	5,864,510
C1. VACANT LOTS	7,086,930	N/A	7,086,930	7,086,930
C2. COLONIA LOTS	2,306,370	N/A	2,306,370	2,306,370
D1. QUALIFIED AG LAND	16,578,010	0.6880	24,096,511	16,578,010
D2. REAL PROP:FARM & RANCH	10,957,840	N/A	10,957,840	10,957,840
E. REAL PROP NONQUAL ACREAGE	23,451,110	N/A	23,451,110	23,451,110
F1. COMMERCIAL REAL	111,318,850	0.7865	141,536,999	111,318,850
F2. INDUSTRIAL REAL	123,562,570	N/A	123,562,570	123,562,570
G. OIL,GAS,MINERALS	537,290,400	0.9940	540,533,602	537,290,400
J. UTILITIES	252,593,190	0.9262	272,719,920	252,593,190
L1. COMMERCIAL PERSONAL	33,419,480	N/A	33,419,480	33,419,480
L2. INDUSTRIAL PERSONAL	707,731,400	N/A	707,731,400	707,731,400
M. MOBILE HOMES	10,948,700	N/A	10,948,700	10,948,700
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	801,620	N/A	801,620	801,620
S. SPECIAL INVENTORY	2,989,460	N/A	2,989,460	2,989,460
Subtotal	2,111,033,460		2,256,329,612	2,111,033,460
Less Total Deductions	495,443,469		516,130,124	495,443,469
Total Taxable Value	1,615,589,991		1,740,199,488	1,615,589,991

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth.These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes.For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M & O Purposes

T1	T2	T3	T4

1,638,643,871	1,615,589,991	1,619,117,051	1,596,063,171

Loss To the Additional $10,000 Homestead Exemption	**50 % of the loss to the Local Optional Percentage Homestead Exemption**
23,053,880	19,526,820

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

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

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

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

Value Taxable For I & S Purposes

T7	**T8**	**T9**	**T10**
2,031,183,021	2,008,129,141	2,011,656,201	1,988,602,321

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

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

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

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

Attachment F

TEA's Facilities Value

Texas Education Agency

Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.

September 6, 2019

Billy Espino, President
Board of Trustees
Fort Stockton Independent School District
1500 West 18th
Fort Stockton, TX 79735

Dear Mr. Espino:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Taygete Energy Project II #1377 on the number and size of school facilities in Fort Stockton Independent School District (FSISD). Based on an examination of FSISD enrollment and the number of potential new jobs, the TEA has determined that the Taygete Energy Project II project should not have a significant impact on the number or size of school facilities in FSISD.

Please feel free to contact me by phone at (512) 463-8732 or by email at amy.copeland@tea.texas.gov if you have any questions.

Sincerely,

Amy Copeland

Amy Copeland
Assistant Director of State Funding

AC/rk
Cc: Ralph Traynham

Attachment G

Participation Agreement

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

---

by and between

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

and

TAYGETE ENERGY PROJECT II, LLC

(Texas Taxpayer ID #32069550047)

Comptroller Application # 1377

Dated

February 24, 2020

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

STATE OF TEXAS §

COUNTY OF PECOS §

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 **FORT STOCKTON 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 **TAYGETE ENERGY PROJECT II, LLC,** Texas Taxpayer Identification Number 32069550047, 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 May 20, 2019, the Superintendent of Schools of the Fort Stockton 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 May 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 August 28, 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 Pecos Appraisal District established in Pecos County, Texas (the "Pecos 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 October 22, 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 District's Superintendent, approved on January 9, 2020, the extension of the statutory deadline by which the District must consider the Application until February 28, 2020 and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);

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 February 24, 2020, 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 February 24, 2020, 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 February 24, 2020, 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 January 21, 2020, 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 February 24, 2020, 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, or in the event the

Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized the Board Vice President 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 Taygete Energy Project II, LLC, *(Texas Taxpayer ID #32069550047)* 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 May 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 Pecos County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Fort Stockton Independent School District.

"*Commercial Operation*" means the date on which the project becomes commercially operational, has installed or constructed Qualified Property on the Land, and is able to generate electricity and is connected to the grid with an interconnection agreement.

"*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 Pecos County, Texas.

"*District*" *or* "*School District*" means the Fort Stockton 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.

"*Annual Limit*" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code § 31 3.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's average daily attendance of 2239 for the 2017-2018 school year, as calculated pursuant to Texas Education Code §42.005, times the greater of $100, or any larger amount allowed by Texas Tax Code§ 313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2019, which, by virtue of the Approval Date is the Tax Year that includes the date on which the Board of Trustees approved the Application and this Agreement.

"*Aggregate Limit*" means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the term of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article VI.

"*Applicable School Finance Law*" means Chapters 41, 42, 48 and 49 of the TEXAS EDUCATION CODE, the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State for each and every year of this Agreement, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems

and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any and all amendments or successor statutes that may be adopted in the future that impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement. For each year of this Agreement, the "Applicable School Finance Law" shall be interpreted to include all provisions made applicable for any calculations made for the specific year for which calculations are being made.

"Cumulative Unadjusted Tax Benefit" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit for all previous Tax Years during the term of this Agreement.

"*Maintenance and Operations Revenue*" or "*M&O 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, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace the District's M&O Revenue lost as a result of such similar agreements, less (iv) 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.

"M&O Amount" means the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date as set forth in Section 4.2 of this Agreement.

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

"Net Tax Benefit" means an amount equal to (but not less than zero): (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

"Revenue Protection Amount" means the amount calculated pursuant to Section 4.2 of this Agreement.

"*Original M&O Revenue*" means the total State and local Maintenance and Operations Revenue that District would have received for the Tax 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 & operations tax at the rate applicable for such Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement. In this calculation, the total appraised value of the Qualified Property subject to this Agreement will be used for the Qualified Property in lieu of the property's M&O taxable value. (For clarification, the taxable value used by the District in calculating the taxes payable for Interest and Sinking Fund taxation purposes on Applicant's Qualified Property will be used for the Qualified Property in lieu of the property's M&O taxable value.)

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 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 August 28, 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 February 24, 2020.

C. The Qualifying Time Period for this Agreement:

i. Starts on March 02, 2020, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE; and

ii. Ends on December 31, 2022, 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, 2022, the first complete Tax Year after the date of the commencement of Commercial Operation;

ii. Ends on December 31, 2031.

E. The Final Termination Date for this Agreement is December 31, 2036.

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 Thirty Million Dollars ($30,000,000) based on Section 313.054 of the TEXAS TAX CODE

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.

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 $30,000,000 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 $916 for all New Non-Qualifying Jobs created by the Applicant.

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

A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;

C. provide such Supplemental Payments as more fully specified in Article VI;

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

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

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

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

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated

into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) property used for renewable energy electric generation.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a producing cause, resulting, at least in part because of or on account of, the execution of this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may well periodically change in accordance with changes made from time to time in the Applicable School Finance Law. 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 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 THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

A. Calculation of the Revenue Protection Amount.

The amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

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

Where:

1. *"Original M&O Revenue"* means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax at the tax rate actually adopted by the District for the applicable year. For purposes of this calculation, the Third Party will base its calculations upon taxable values for the prior school year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, plus the taxable value of the Qualified Property for the prior school year subject to this Agreement. (For clarification, the taxable value used by the District in calculating the taxes payable for Interest and Sinking Fund taxation purposes on Applicant's Qualified Property will be used for the Qualified Property in lieu of the property's M&O taxable value.)

2. *"New M&O Revenue"* means the total State and local Maintenance & Operations Revenue that the District would have actually received for such school year, if calculated using prior year taxable values.

B. In making the calculations required by this Section 4.2 of this Agreement:

i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists 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 Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax

Limitation Amount for such year.

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") approved each year by the District. To the extent not inconsistent with a statutory change to Applicable School Finance Law, all calculations made by the Third Party under this Agreement shall be made using a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District 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 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. 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 Sections 4.2 and/or 4.3, Article VI, and/or Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.7, 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 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. Should the Applicant disagree with the certification containing the calculations, 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 info1mation in accordance with Section 4.6 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 certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.6. PAYMENT BY APPLICANT. 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 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.6 which exceeds Fifteen Thousand Dollars ($15,000.00).

Section 4.7. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.8. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance

and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District, up to the revenue protection amount limit set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations 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 District.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for the following: all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project during any project construction year.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

A. Amounts Exclusive of Indemnity Amounts. 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 "Supplemental Payments"). 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, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 6.2.

B. Adherence to Statutory Limits on Supplemental Payments. It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant

under this Article VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. 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 2018-2019 Average Daily Attendance of 2331, rounded to the nearest whole number.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO ANNUAL PAYMENT LIMIT. The District shall receive Supplemental Payments on in the dates set forth on the following schedule.

TAX YEAR	AMOUNT OF ANNUAL PAYMENT LIMIT	PAYMOUNT AMOUNT	PAYMENT DUE DATE
2020	$218,532.35	$218,532.35	31-Jan-23
2021	$218,532.35	$50,429.65	31-Jan-23
		$157,344.70	31-Jan-24
2022	$218,532.35	$111,617.30	31-Jan-24
		$85,399.05	31-Jan-25
2023	$218,532.35	$183,562.95	31-Jan-25
		$24,211.40	31-Jan-26
2024	$218,532.35	$218,532.35	31-Jan-26
2025	$218,532.35	$26,218.25	31-Jan-26
		$192,314.10	31-Jan-27
2026	$218,532.35	$76,647.90	31-Jan-27
		$120,365.45	31-Jan-28
2027	$218,532.35	$148,593.55	31-Jan-28
		$59,180.80	31-Jan-29
2028	$218,532.35	$209,781.20	31-Jan-29
		$8,751.15	31-Jan-30
2029	$218,532.35	$218,532.35	31-Jan-30
2030	$218,532.35	$41,678.50	31-Jan-30
		$166,095.85	31-Jan-31
2031	$218,532.35	$102,866.15	31-Jan-31
		$129,115.20	31-Jan-32
2032	$218,532.35	$139,846.80	31-Jan-32
		$102,892.55	31-Jan-33
2033	$218,532.35	$166,069.45	31-Jan-33
		$50,429.60	30-Jan-34
2034	$218,532.35	$218,532.35	31-Jan-34

* In accordance with Section 6.2.A No payment in any Tax Year shall exceed the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement, less all amounts

previously paid by the Applicant to or on behalf of the District.

Applicants payments under this Paragraph shall be due and owing to the District on or before thirty (30) days following the termination of this Agreement. The payment obligation for all Tax Years up to the point of termination shall survive the termination or expiration dates of this Agreement. Failure to make such payments shall be treated as a Material Breach of the Agreement and be subject to the provisions of Article IX, below.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.3, above.

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

C. The payment of all amounts due under this Article shall be made shall be paid on the same date established by Section 4.6 for such Tax Year.

Section 6.5. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the District's 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 the Applicant's payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Supplemental Payments calculated as described in Section 6.5, above.

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 the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, prior to the beginning of the Tax Limitation Period, to terminate this Agreement by notifying the District in writing of its exercise of such option and such termination will be effective as of the date set forth in the notice. Additionally, 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 not greater than thirty (30) 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 thirty (30) 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 Pecos 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 Pecos, 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 30 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 (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

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

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts

calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make $30,000,000 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:

Ralph Traynham
Superintendent
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, TX 79735
Phone: 432-336-4000
Email: ralph.traynham@fsisd.net

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

Scott Pryor
Chief Development Officer
7X Energy, Inc
3809 Juniper Trace, Suite 100
Austin, TX 78738
Email: scott.pryor@7x.energy

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.

Section10.3. ASSIGNMENT.

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

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

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

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. Governing Law. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Pecos.

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 24th day of February, 2020.

TAYGETE ENERGY PROJECT II, LLC

By: _____

DIRECTOR

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

By: _____

VICE **PRESIDENT, BOARD OF TRUSTEES**

ATTEST:

By: _____

SECRETARY, BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

At the time of the Application Approval Date February 24, 2020, pursuant to Chapter 312 of the Texas Tax Code, the Fort Stockton Independent School District designated the below tracts of land as the *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE*. A map of this *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* is attached as the last page of this **EXHIBIT 1** following the legal description of the zone. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the project area located within *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* and the Fort Stockton Independent School District.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

RESOLUTION CREATING TAYGETE ENERGY PROJECT II REINVESTMENT ZONE

WHEREAS, Section 312.0025 of the Texas Tax Code permits a school district to designate a reinvestment zone if that designation is reasonably likely to contribute to the expansion of primary employment in the reinvestment zone, or attract major investment in the reinvestment zone that would be a benefit to property in the reinvestment zone and to the school district and contribute to the economic development of the region of this state in which the school district is located; and,

WHEREAS, the Fort Stockton Independent School District (the "District") desires to encourage the development of primary employment and to attract major investment in the District and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, a public hearing is required by Chapter 312 of the Texas Tax Code prior to approval of a reinvestment zone; and,

WHEREAS, the District published notice of a public hearing regarding the possible designation of the area described in the attached **Exhibit A** as a reinvestment zone for the purposes of Chapter 313 of the Texas Tax Code; and,

WHEREAS, the District wishes to create a reinvestment zone within the boundaries of the school district in Pecos County, Texas as shown on the map attached as **Exhibit B**; and,

WHEREAS, the District has given written notice of the proposed action and the Public Hearing to all political subdivisions and taxing authorities having jurisdiction over the property proposed to be designated as the reinvestment zone, described in the attached **Exhibits A & B**; and,

WHEREAS, all interested members of the public were given an opportunity to make comments at the public hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE FORT STOCKTON INDEPENDENT SCHOOL DISTRICT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the Fort Stockton Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

(a) That the public hearing on the adoption of *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* has been called, held and conducted, and that notices of such hearing have been published and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,

(b) That the boundaries of *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* be and, by the adoption of this Resolution, are declared and certified to be the area as described in the description attached hereto as "**Exhibit A**"; and,

(c) That the map attached hereto as "**Exhibit B"** is declared to be and, by the adoption of this Resolution, is certified to accurately depict and show the boundaries of *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* which is described in **Exhibit A**; and further certifies that the property described in **Exhibit A** is inside the boundaries shown on **Exhibit B**; and,

(d) That creation of *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* with boundaries as described in **Exhibit A** and **Exhibit B** will result in benefits to the Fort Stockton Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,

(e) That the *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* described in **Exhibit A** and **Exhibit B** meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Fort Stockton Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Fort Stockton Independent School District hereby creates a reinvestment zone under the provisions of Texas Tax Code §312.0025, encompassing the area described by the descriptions in **Exhibit A** and **Exhibit B,** and such reinvestment zone is hereby designated and shall hereafter be referred to as *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE.*

SECTION 4. That the existence of the *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* shall first take effect upon, February 24, 2020, the date of the adoption of this Resolution by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such adoption.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this

Resolution.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject of the meeting of the Fort Stockton Independent School District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Pecos County of the State of Texas, and furthermore, such notice was, in fact, delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 24th day of February, 2020.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

By: _____
~~BILLY ESPINO~~
President
Board of Trustees

ATTEST: _____
~~FREDDY MARTINEZ~~
Secretary
Board of Trustees

EXHIBIT A

LEGAL DESCRIPTION OF TAYGETE ENERGY PROJECT II REINVESTMENT ZONE

EXHIBIT A
LEGAL DESCRIPTION OF "GRACE" REINVESTMENT ZONE

PARCEL 1:
All of Section 2, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 2:
All of Section 3, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 3:
All of Section 8, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 4:
All of Section 9, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 5:
All of Section 10, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 6:
All of Section 11, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 7:
All of Section 13, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 8:
All of Section 14, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 9:
All of Section 15, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 10:
All of Section 16, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 11:
All of Section 18, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 12:
E2 of Section 28, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 13:
All of Section 29, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 14:
All of Section 1, Block 49, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 15:
All of Section 4, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 16:
All of Section 5, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 17:

All of Section 6, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 18:

All of Section 7, Block 48, Township 8, T&P Ry Co. Survey, Pecos County, Texas.

PARCEL 19:

All of Section 22, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 20:

All of Section 26, Block C2, PSL Survey, Pecos County, Texas.

PARCEL 21:

All of Section 27, Block C2, PSL Survey, Pecos County, Texas.

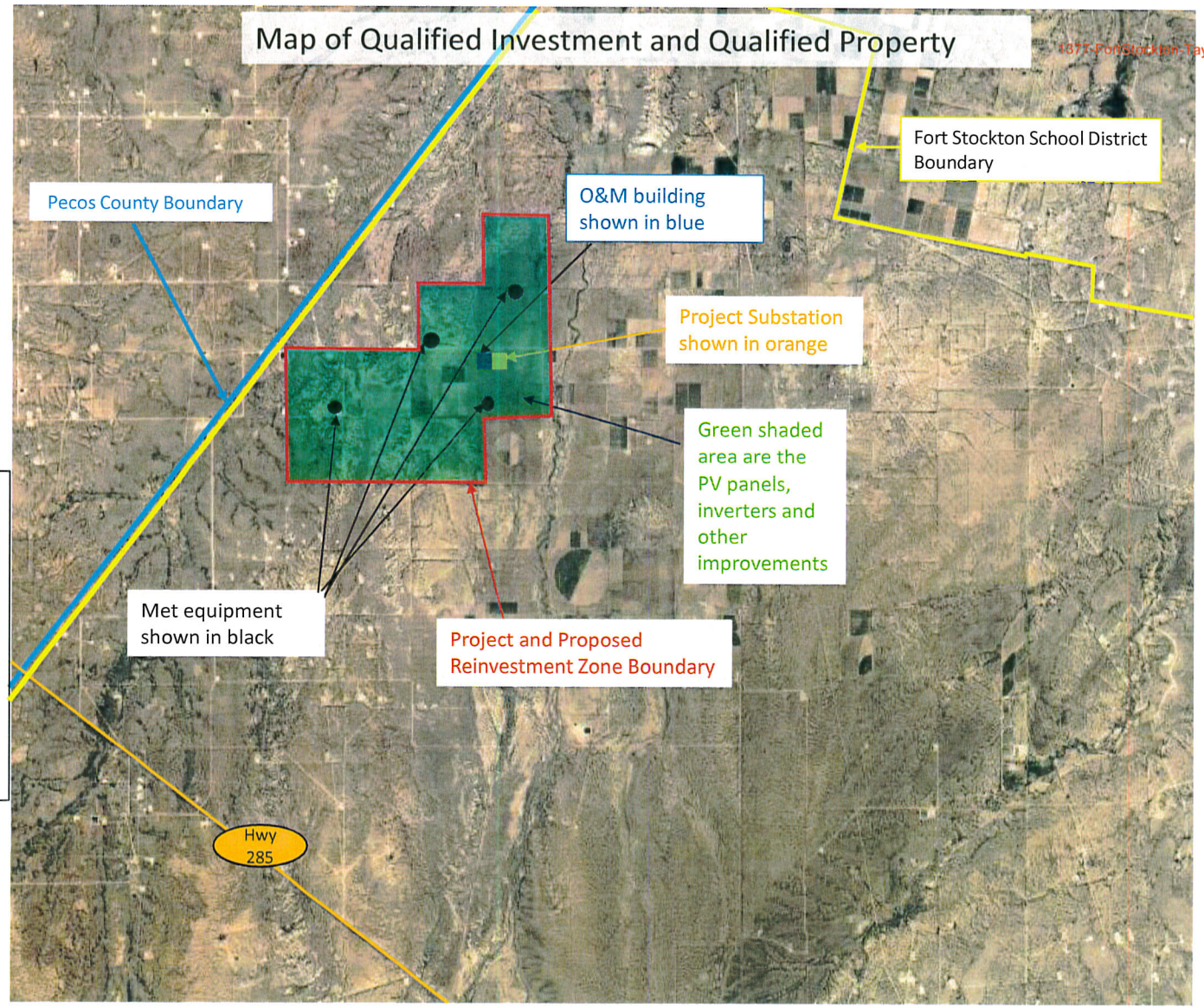
PARCEL 22:

W/2 of Section 28, Block C2, PSL Survey, Pecos County, Texas.

All of Section 12, Block 49, Township 8, Pecos County, TX

EXHIBIT B

SURVEY MAPS OF TAYGETE ENERGY PROJECT II REINVESTMENT ZONE



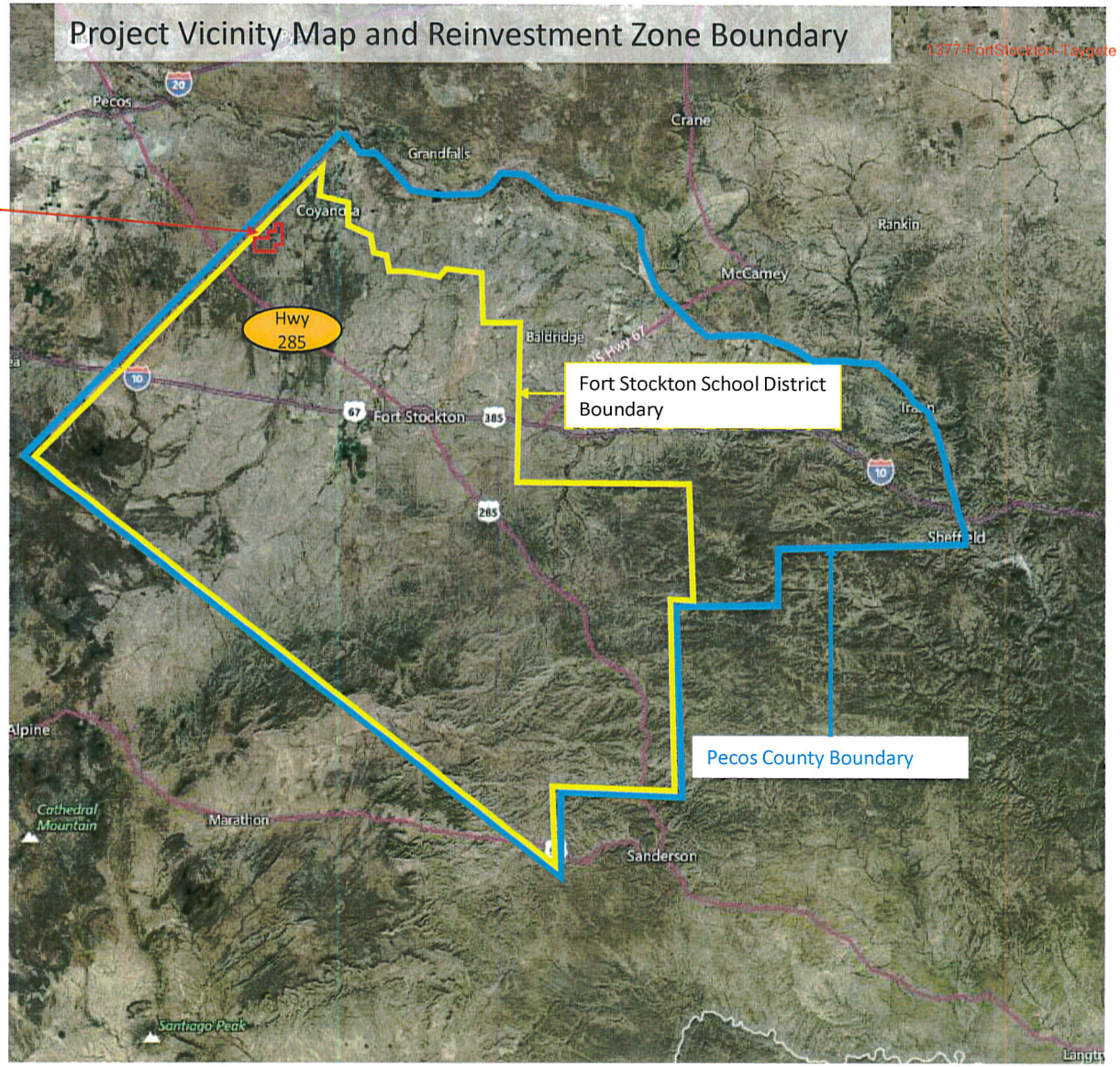
Legend

Project and Proposed Reinvestment Zone Boundary
PV panels, inverters, and other improvements
Met station equipment
Fort Stockton School District Boundary/ Pecos County Boundary
Project Substation
O&M Building

Project Vicinity Map and Reinvestment Zone Boundary

1377 FortStockton-Taggate II-Supplement004
October 3, 2019

Project and Proposed
Reinvestment Zone Boundary



Legend

Project and Proposed
Reinvestment Zone Boundary
Pecos County Boundary
Fort Stockton School District
Boundary

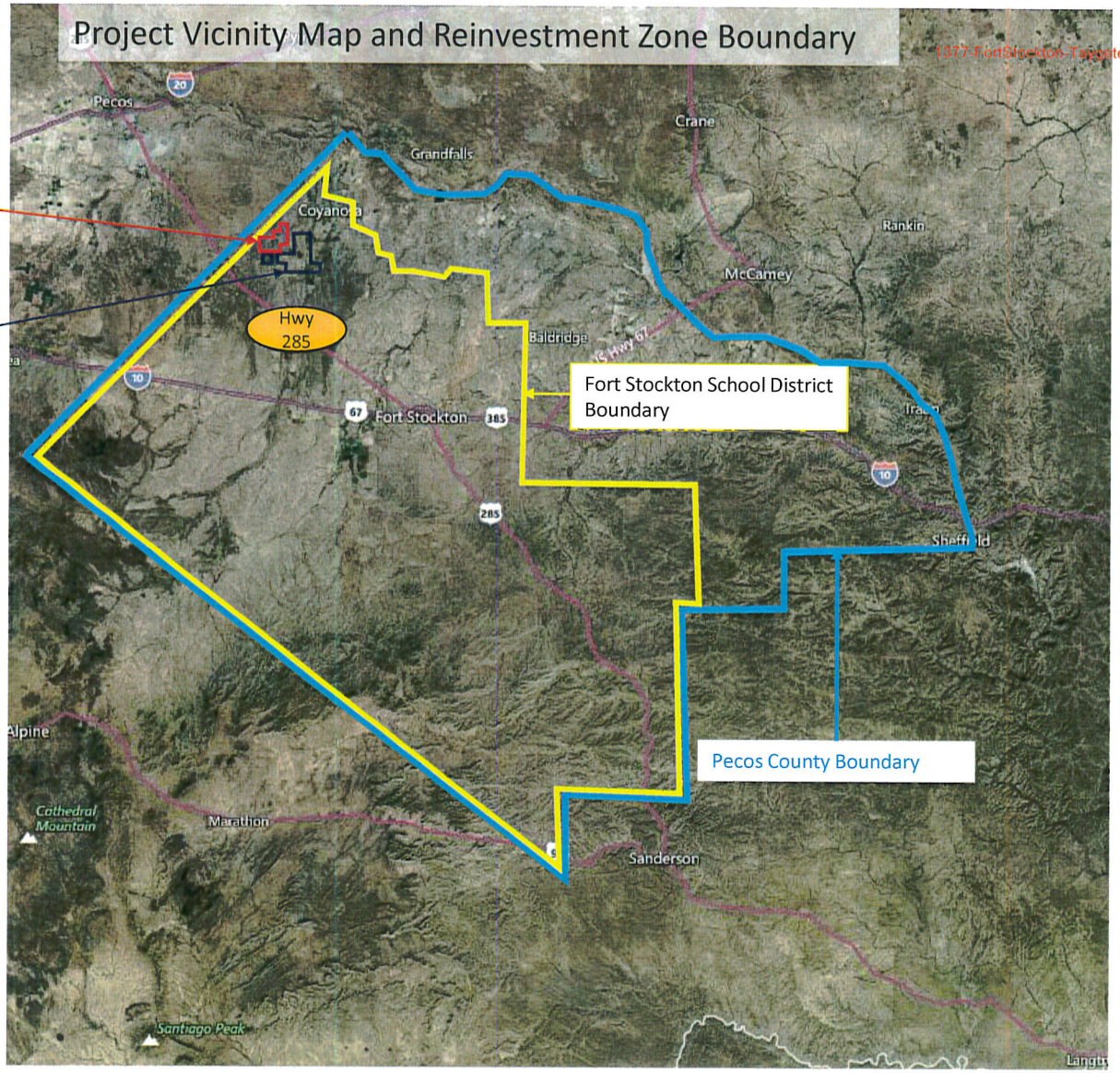
Taygete I & II

Project Vicinity Map and Reinvestment Zone Boundary

1377-FortStockton-Taygete II-Supplement004
October 3, 2019

Taygete II Project and Proposed Reinvestment Zone Boundary

Taygete I Project and Proposed Reinvestment Zone Boundary



Legend

Taygete II Project and Proposed Reinvestment Zone Boundary
Taygete I Project and Proposed Reinvestment Zone Boundary
Pecos County Boundary
Fort Stockton School District Boundary

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the map attached to **Exhibit 1**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment shall be all tangible personal property first placed in service after February 24, 2020, that is owned by the Applicant, as more fully described in Tab #7 of the Application, and located within the project area located within the *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* and the Fort Stockton Independent School District depicted by the map attached to **Exhibit 1**.

Description of Qualified Investment

Taygete Energy Project II, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 255 MW ac. The exact capacity and the specific technology components will be determined during the development and design process.

A 255 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracking racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) facility, an HVAC-equipped office building featuring ADA-compliant restroom and kitchen area, an underground septic and leeching system, computer equipment associated with operation of the project SCADA system, and a parking area for a minimum of ten (10) vehicles;
- Meteorological equipment to measure solar irradiance and other weather conditions; and Associated equipment to safely operate, maintain and deliver electricity to the grid.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Fort Stockton ISD necessary for the commercial operations of the solar-powered electric generating facility. All the Qualified Property for this Project will be located within the project area located within *TAYGETE ENERGY PROJECT II REINVESTMENT ZONE* and the Fort Stockton Independent School District.

Taygete Energy Project II, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 255MW ac. The exact capacity and the specific technology components will be determined during the development and design process.

A 255 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracking racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) facility, an HVAC-equipped office building featuring ADA-compliant restroom and kitchen area, an underground septic and leeching system, computer equipment associated with operation of the project SCADA system, and a parking area for a minimum of ten (10) vehicles;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

Attachment H

Consultant Verification Letter

MOAK, CASEY & ASSOCIATES
SCHOOL FINANCE & ACCOUNTABILITY EXPERTS

LYNN M. MOAK, PARTNER DANIEL T. CASEY, PARTNER

February 24, 2020

President and Members
Board of Trustees
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, Texas 79735

Re: Recommendations and Findings of the Firm Concerning the Application of Taygete Energy Project II, LLC (#1377) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Fort Stockton Independent School District, with respect to the pending Application of the Taygete Energy Project II, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review, we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District over the course of the Agreement.

Because of the foregoing, it is our recommendation that the Board of Trustees approve the Application of the Taygete Energy Project II, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey
Partner

www.moakcasey.com

Phone 512-485-7878 901 S. Mopac Expressway★Bldg. III★Suite 310★Austin, TX 78746 Fax 512-485-7888

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW
808 WEST AVE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

JUSTIN DEMERATH

BENJAMIN CASTILLO

February 24, 2020

President and Members
Board of Trustees
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, Texas 79735

Re: Recommendations and Findings of the Firm Concerning Application of Taygete Energy Project II, LLC (#1377) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Fort Stockton Independent School District, with respect to the pending Application of the Taygete Energy Project II, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Taygete Energy Project II, LLC. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

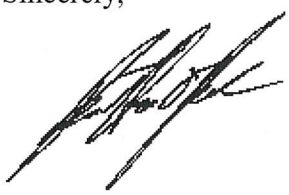
3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Taygete Energy Project II, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,



Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 21, 2020

Ralph Traynham
Superintendent
Fort Stockton Independent School District
101 West Division Street
Fort Stockton, Texas 79735

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Fort Stockton Independent School District and Taygete Energy Project II, LLC, Application 1377

Dear Superintendent Traynham:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Fort Stockton Independent School District and Taygete Energy Project II, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Ginger Flowers with our office. She can be reached by email at ginger.flowers@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-0552, or at 512-475-0552.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Dan Casey, Moak, Casey & Associates, LLP
Scott Pryor, 7X Energy, Inc.

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:

   The person owns at least:

   a. Ten percent of the voting stock or shares of the business entity, or

   b. Either ten percent or $15,000 of the fair market value of the business entity; or

   c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.

4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.