



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 11, 2019

Mike Kelly
Superintendent
Valley Mills Independent School District
P.O. Box 518
Valley Mills, Texas ZIP 76689

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Valley Mills Independent School District and Glory Leasing, LLC, Application 1381

Dear Superintendent Kelly:

On September 3, 2019, the Comptroller issued written notice that Glory Leasing, LLC (applicant) submitted a completed application (Application 1381) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on June 19, 2019, to the Valley Mills 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 1381.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

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

Note that any building or improvement existing as of the application review start date of September 3, 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,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L".

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Glory Leasing, LLC (project) applying to Valley Mills 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 Glory Leasing, LLC.

Applicant	Glory Leasing, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Valley Mills ISD
2017-2018 Average Daily Attendance	600
County	Bosque
Proposed Total Investment in District	\$66,300,000
Proposed Qualified Investment	\$59,670,000
Limitation Amount	\$20,000,000
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	\$999
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$999
Minimum annual wage committed to by applicant for qualified jobs	\$51,970
Minimum weekly wage required for non-qualifying jobs	\$762
Minimum annual wage required for non-qualifying jobs	\$39,625
Investment per Qualifying Job	\$66,300,000
Estimated M&O levy without any limit (15 years)	\$2,903,642
Estimated M&O levy with Limitation (15 years)	\$2,149,888
Estimated gross M&O tax benefit (15 years)	\$753,754

* 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 Glory Leasing, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	75	94	169	\$3,750,000	\$8,516,000	\$12,266,000
2021	175	219	394.301	\$8,750,000	\$21,508,000	\$30,258,000
2022	1	20	21	\$51,970	\$4,259,030	\$4,311,000
2023	1	8	9	\$51,970	\$2,642,030	\$2,694,000
2024	1	(5)	-4	\$51,970	\$1,143,030	\$1,195,000
2025	1	(10)	-9	\$51,970	\$269,030	\$321,000
2026	1	(12)	-11	\$51,970	-\$175,970	-\$124,000
2027	1	(11)	-10	\$51,970	-\$331,970	-\$280,000
2028	1	(8)	-7	\$51,970	-\$287,970	-\$236,000
2029	1	(5)	-4	\$51,970	-\$129,970	-\$78,000
2030	1	(2)	-1	\$51,970	\$76,030	\$128,000
2031	1	(0)	1	\$51,970	\$291,030	\$343,000
2032	1	2	3	\$51,970	\$486,030	\$538,000
2033	1	3	4	\$51,970	\$647,030	\$699,000
2034	1	4	5	\$51,970	\$770,030	\$822,000
2035	1	4	5	\$51,970	\$853,030	\$905,000
2036	1	4	5	\$51,970	\$886,030	\$938,000

Source: CPA REMI, Glory Leasing, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Valley Mills ISD I&S Tax Levy	Valley Mills ISD M&O Tax Levy	Valley Mills ISD M&O and I&S Tax Levies	Bosque County Tax Levy	Bosque County ESD #1 Tax Levy	Conservation Groundwater Tax Levy	Estimated Total Property Taxes
				0.3854	0.9700		0.5220	0.0454	0.0097	
2022	\$42,697,200	\$42,697,200		\$164,555	\$414,163	\$578,718	\$222,879	\$19,385	\$4,142	\$825,123
2023	\$38,984,400	\$38,984,400		\$150,246	\$378,149	\$528,395	\$203,499	\$17,699	\$3,781	\$753,374
2024	\$35,271,600	\$35,271,600		\$135,937	\$342,135	\$478,071	\$184,118	\$16,013	\$3,421	\$681,624
2025	\$31,094,700	\$31,094,700		\$119,839	\$301,619	\$421,458	\$162,314	\$14,117	\$3,016	\$600,905
2026	\$26,917,800	\$26,917,800		\$103,741	\$261,103	\$364,844	\$140,511	\$12,221	\$2,611	\$520,186
2027	\$22,740,900	\$22,740,900		\$87,643	\$220,587	\$308,230	\$118,707	\$10,324	\$2,206	\$439,468
2028	\$18,099,900	\$18,099,900		\$69,757	\$175,569	\$245,326	\$94,481	\$8,217	\$1,756	\$349,781
2029	\$13,923,000	\$13,923,000		\$53,659	\$135,053	\$188,712	\$72,678	\$6,321	\$1,351	\$269,062
2030	\$11,138,400	\$11,138,400		\$42,927	\$108,042	\$150,970	\$58,142	\$5,057	\$1,080	\$215,250
2031	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2032	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2033	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2034	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2035	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2036	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
			Total	\$1,153,674	\$2,903,642	\$4,057,315	\$1,562,578	\$135,902	\$29,036	\$5,784,832

Source: CPA, Glory Leasing, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Bosque 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	Tax Rate*	Valley Mills ISD I&S Tax Levy	Valley Mills ISD M&O Tax Levy	Valley Mills ISD M&O and I&S Tax Levies	Bosque County Tax Levy	Bosque County ESD #1 Tax Levy	Conservation Groundwater Tax Levy	Estimated Total Property Taxes
				0.3854	0.9700		0.5220	0.0454	0.0097	
2022	\$42,697,200	\$20,000,000		\$164,555	\$194,000	\$358,555	\$22,288	\$19,385	\$4,142	\$404,369
2023	\$38,984,400	\$20,000,000		\$150,246	\$194,000	\$344,246	\$20,350	\$17,699	\$3,781	\$386,076
2024	\$35,271,600	\$20,000,000		\$135,937	\$194,000	\$329,937	\$18,412	\$16,013	\$3,421	\$367,783
2025	\$31,094,700	\$20,000,000		\$119,839	\$194,000	\$313,839	\$16,231	\$14,117	\$3,016	\$347,204
2026	\$26,917,800	\$20,000,000		\$103,741	\$194,000	\$297,741	\$14,051	\$12,221	\$2,611	\$326,624
2027	\$22,740,900	\$20,000,000		\$87,643	\$194,000	\$281,643	\$23,741	\$10,324	\$2,206	\$317,915
2028	\$18,099,900	\$18,099,900		\$69,757	\$175,569	\$245,326	\$18,896	\$8,217	\$1,756	\$274,195
2029	\$13,923,000	\$13,923,000		\$53,659	\$135,053	\$188,712	\$14,536	\$6,321	\$1,351	\$210,920
2030	\$11,138,400	\$11,138,400		\$42,927	\$108,042	\$150,970	\$58,142	\$5,057	\$1,080	\$215,250
2031	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2032	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2033	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2034	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2035	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
2036	\$9,746,100	\$9,746,100		\$37,561	\$94,537	\$132,099	\$50,875	\$4,425	\$945	\$188,343
			Total	\$1,153,674	\$2,149,888	\$3,303,561	\$511,896	\$135,902	\$29,036	\$3,980,396
			Diff	\$0	\$753,754	\$753,754	\$1,050,682	\$0	\$0	\$1,804,437

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Glory Leasing, 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 Glory Leasing, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$16,078	\$16,078	\$0	\$0
Limitation Period (10 Years)	2022	\$194,000	\$210,078	\$220,163	\$220,163
	2023	\$194,000	\$404,078	\$184,149	\$404,312
	2024	\$194,000	\$598,078	\$148,135	\$552,446
	2025	\$194,000	\$792,078	\$107,619	\$660,065
	2026	\$194,000	\$986,078	\$67,103	\$727,167
	2027	\$194,000	\$1,180,078	\$26,587	\$753,754
	2028	\$175,569	\$1,355,647	\$0	\$753,754
	2029	\$135,053	\$1,490,700	\$0	\$753,754
	2030	\$108,042	\$1,598,742	\$0	\$753,754
	2031	\$94,537	\$1,693,280	\$0	\$753,754
Maintain Viable Presence (5 Years)	2032	\$94,537	\$1,787,817	\$0	\$753,754
	2033	\$94,537	\$1,882,354	\$0	\$753,754
	2034	\$94,537	\$1,976,891	\$0	\$753,754
	2035	\$94,537	\$2,071,428	\$0	\$753,754
	2036	\$94,537	\$2,165,965	\$0	\$753,754
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$94,537	\$2,260,503	\$0	\$753,754
	2038	\$94,537	\$2,355,040	\$0	\$753,754
	2039	\$94,537	\$2,449,577	\$0	\$753,754
	2040	\$94,537	\$2,544,114	\$0	\$753,754
	2041	\$94,537	\$2,638,651	\$0	\$753,754
	2042	\$94,537	\$2,733,188	\$0	\$753,754
	2043	\$94,537	\$2,827,726	\$0	\$753,754
	2044	\$94,537	\$2,922,263	\$0	\$753,754
	2045	\$94,537	\$3,016,800	\$0	\$753,754
	2046	\$94,537	\$3,111,337	\$0	\$753,754

\$3,111,337

is greater than

\$753,754

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

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, Glory Leasing, LLC

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

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant’s decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Glory Leasing, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Glory Leasing, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Linn Partners is family investment firm established in 2005 and based out of Fort Worth. As a firm, we invest in real estate, agriculture and ranch opportunities, and other business ventures where we can add value. Renewable energy projects are slowly becoming synonymous with ranching investments not only in Texas but also neighboring states, especially to the north in Oklahoma and Kansas, and to the west in New Mexico.”
 - B. “Linn Partners is keen to develop and build the proposed Glory Leasing Solar Project as per this application on L Bar L Ranch, which is situated within the Valley Mills Independent School District, but since this Project is still in early- to mid- stage of development, further investment could be redeployed to other counties within the state of Texas or an entirely different state within the United States. Linn Partners is currently considering comparable solar development opportunities within New Mexico, Arizona, and Colorado. This Project, as with the aforementioned projects, are limited to a finite amount of capital investment.”
 - C. “In addition to the capital that will be deployed by Glory Leasing LLC, the solar project’s ultimate financier/operator will be a nationally-renowned entity with limited investment capital to deploy across the U.S. Consistent with the 313 applications filed by these companies on other renewable energy projects, the successful completion of market-competitive tax incentive is a necessity that provides a level playing field for all successful utility-scale solar projects in Texas. Key development characteristics, such as securing tax abatement commercial terms for example, will determine the ultimate location of the Glory Leasing Solar Project. Tax abatements, along with a few several other development variables, have a significant impact on the competitiveness of the project’s generation and ultimately likelihood for success. Therefore, Linn Partners is continually comparing investment opportunities, rate of return, and market viability of each project based upon financial metrics.”

- D. "Due to an extremely competitive power market in ERCOT, the Chapter 313 appraised value limitation agreement is a necessity for a solar project of this size, and the commercial terms associated have a significant impact on the project's likelihood for success. There are only a few developmental variables for solar project which enhance the economics (i.e. property taxes, land rental payment, geotechnical adders), and since solar projects all compete with each other within ERCOT, a project without an appraised value limitation agreement is not competitive and is very unlikely to reach the point of construction."
- E. "Therefore, this appraised value limitation is critical to the ability of the proposed project to move forward as currently sited within the Valley Mills Independent School District."
- According to a Regular Meeting of the Board of Trustees of Valley Mills ISD dated June 19, 2019, "The motion was made by Jim Blackford and seconded by John Bullion to accept an Application for Value Limitation Agreement from Markum Solar pursuant to Chapter 313 of the Texas Property Tax Code; authorize the Superintendent of Schools to review the Application for completeness and submit the Application to the Comptroller of Public Accounts; and authorize the Superintendent of Schools to approve any request for extension of the deadline for Board action beyond the 150-day Board review period as may be required."
- Supplemental information provided by the applicant indicated the following:
 - A. "Markham Solar."
 - B. "Yes, the project is currently being studied as a 161MWac solar energy facility proceeding through the Full Interconnection Study process. The GNIR for the project is 20INR0230."

Supporting Information

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

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

TAB 5

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

Linn Partners is family investment firm established in 2005 and based out of Fort Worth. As a firm, we invest in real estate, agriculture and ranch opportunities, and other business ventures where we can add value. Renewable energy projects are slowly becoming synonymous with ranching investments not only in Texas but also neighboring states, especially to the north in Oklahoma and Kansas, and to the west in New Mexico.

Linn Partners is keen to develop and build the proposed Glory Leasing Solar Project as per this application on L Bar L Ranch, which is situated within the Valley Mills Independent School District, but since this Project is still in early- to mid- stage of development, further investment could be redeployed to other counties within the state of Texas or an entirely different state within the United States. Linn Partners is currently considering comparable solar development opportunities within New Mexico, Arizona, and Colorado. This Project, as with the aforementioned projects, are limited to a finite amount of capital investment.

In addition to the capital that will be deployed by Glory Leasing LLC, the solar project's ultimate financier/operator will be a nationally-renowned entity with limited investment capital to deploy across the U.S. Consistent with the 313 applications filed by these companies on other renewable energy projects, the successful completion of market-competitive tax incentives is a necessity that provides a level playing field for all successful utility-scale solar projects in Texas. Key development characteristics, such as securing tax abatement commercial terms for example, will determine the ultimate location of the Glory Leasing Solar Project. Tax abatements, along with a few several other development variables, have a significant impact on the competitiveness of the project's generation and ultimately likelihood for success. Therefore, Linn Partners is continually comparing investment opportunities, rate of return, and market viability of each project based upon financial metrics.

Due to an extremely competitive power market in ERCOT, the Chapter 313 appraised value limitation agreement is a necessity for a solar project of this size, and the commercial terms associated have a significant impact on the project's likelihood for success. There are only a few developmental variables for solar project which enhance the economics (i.e. property taxes, land rental payment, geotechnical adders), and since solar projects all compete with each other within ERCOT, a project without an appraised value limitation agreement is not competitive and is very unlikely to reach the point of construction. Therefore, this

Glory Leasing, LLC

Chapter 313 Application to Valley Mills ISD

Cummings Westlake, LLC

appraised value limitation is critical to the ability of the proposed project to move forward as currently sited within the Valley Mills Independent School District.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

Minutes of Regular Meeting

The Board of Trustees Valley Mills ISD

June 19, 2019

A Regular Meeting of the Board of Trustees of Valley Mills ISD was held Wednesday, June 19, 2019, beginning at 6:00p.m., in the Board Room at the High School, located at One Eagle Way, Valley Mills, Texas.

Board Members Present: Mike Jones, President, Jim Blackford, Vice President, Tammie Mann-Chrisman, Secretary, John Bullion and Doug Scallion.

Board Members Absent: Bret Hodges and Steven Owens

School Administrators Present: Mike Kelly, Superintendent, Brenda Byrom, Business Manager, Jason Sansom, High School Principal, and Chris Dowdy, Elementary Principal

Other School Personnel Present: None

Others Present: Cody Holt, Claycomb Associates, Architects, Aaron Mynor, Mazanec Construction, Nick Brown, Jigsaw School Finance Solutions, LLC, Wes Jackson, Cummings Westlake, LLC and Sara Leon with Sara Leon and Associates, LLC

1. Opening

- A. **Call to Order** - The meeting was called to order by President Mike Jones at 6:00 p.m.
- B. **Establish Quorum** - A quorum was established.
- C. **Prayer** - The prayer was presented by Jim Blackford.
- D. **Pledges** – The pledges to the American and Texas Flags were recited.

2. Open Forum – No one spoke in open forum.

3. Discussion/ Approval of Consent Agenda Items

- A. **Approval of Minutes of the May 15, 2019 Regular Meeting**
- B. **Monthly Financial Report**
- C. **Investment Report**
- D. **Cash Flow**
- E. **Budget Amendment**

No discussion was held on the consent agenda items.

The motion was made by Jim Blackford and seconded by John Bullion to approve Consent Agenda items A-E as presented.

The motion passed 5-0-0 with Mr. Hodges and Mr. Owens absent.

4. District/Campus Reports

- A. **Construction Update** – A construction Update was presented by Cody Holt and Aaron Mynor.

B. Chapter 313 Overview Presentation: Wes Jackson, Sara Leon and Nick Brown presented an overview of the Chapter 313 process. They explained that a company was assessing the feasibility of constructing a solar energy site on land that falls in Valley Mills ISD and China Spring ISD districts. Construction would take until the end of 2020 and the company would enter into independent Chapter 313 agreements with each school district. The agreement would relieve the solar company from paying the M&O portion of the property taxes but would be taxed at the full I&S rate. The District would receive periodic payments to offset the lost revenue on the M&O side as well as receiving I&S revenue taxed at the full value of the solar energy site.

5. Action Items

A. Discussion and possible action to Adopt Updated Board Policy CCGB (Local)

This is necessary to enable the District to enter into a 313 Agreement.

The motion was made by Jim Blackford and seconded by John Bullion to adopt Updated Board Policy CCGB (LOCAL) as presented.

The motion passed 5-0-0 with Mr. Hodges and Mr. Owens absent.

B. Acknowledgment of Conflict of Interest Policy BBFA (LEGAL) and (LOCAL)

The conflict of interest form was passed out to the Board for their signatures.

The motion was made by Jim Blackford and seconded by Doug Scallion to adopt the Acknowledgment of Conflict of Interest Policy BBFA (LEGAL) and (LOCAL) as presented.

The motion passed 5-0-0 with Mr. Hodges and Mr. Owens absent.

C. Discussion and possible action to accept an Application for Value Limitation Agreement from Markum Solar pursuant to Chapter 313 of the Texas Property Tax Code; authorize the Superintendent of Schools to review the Application for completeness and submit the Application to the Comptroller of Public Accounts; and authorize the Superintendent of Schools to approve any request for extension of the deadline for Board action beyond the 150-day Board review period as may be required.

There was no further discussion on the Chapter 313 agreement.

The motion was made by Jim Blackford and seconded by John Bullion to accept an Application for Value Limitation Agreement from Markum Solar pursuant to Chapter 313 of the Texas Property Tax Code; authorize the Superintendent of Schools to review the Application for completeness and submit the Application to the Comptroller of Public Accounts; and authorize the Superintendent of Schools to approve any request for extension of the deadline for Board action beyond the 150-day Board review period as may be required.

The motion passed 5-0-0 with Mr. Hodges and Mr. Owens absent.

D. Discussion and possible action to retain attorneys Sara Leon & Associates, LLC and financial consultants Jigsaw School Finance Solutions, LLC to assist the District in the review and processing of the Application for Value Limitation Agreement with Markum Solar pursuant to Chapter 313 of the Texas Property Tax Code.

The motion was made by Jim Blackford and seconded by Doug Scallion to retain attorneys Sara Leon & Associates, LLC and financial consultants Jigsaw School Finance Solutions, LLC to assist the District in the review and processing of the Application for Value Limitation Agreement with Markum Solar pursuant to Chapter 313 of the Texas Property Tax Code.

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
- Valley Mills ISD - Glory Leasing, LLC, App. #1381

Comptroller Questions (via email on September 17, 2019):

1. *Please list any other names by which this project may have known in the past--in media reports, investor presentations, or any listings with any federal or state agency.*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's GINR number and when was it assigned.*

Applicant Response (via email on September 17, 2019):

1. *Markham Solar.*
2. *Yes, the project is currently being studied as a 161MWac solar energy facility proceeding through the Full Interconnection Study process. The GNIR for the project is 201NR0230..*