



Tab 5

Limitation as a Determining Factor

Currently, Alpin Sun is considering a variety of other locations for Hopkins Energy LLC but believes Sulphur Bluff ISD would be an ideal location for this solar facility. Due to the global nature of Alpin Sun, there are locations across the world and other parts of the United States being evaluated for the establishment of this solar facility. Other locations within the United States being evaluated for the establishment of the site include Pennsylvania and Oklahoma. In the event a 313 agreement is not permitted, Alpin Sun will reallocate the capital for this project to another location more financially viable for solar development. Unfortunately this would also dismiss Sulphur Bluff ISD from receiving the economic benefits associated with a solar facility within their jurisdiction. It is our goal to reach a 313 value limitation agreement for the benefit of both Hopkins Energy LLC and Sulphur Bluff ISD. Alpin Sun is constantly evaluating various locations for development and where to commit substantial long-term investment based on economic rate of return with the proposed projects. The economic benefits provided by a Chapter 313 Value Limitation is one of the most important components in their analysis.

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

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

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