



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 19, 2019

Michael Lamb  
Superintendent  
Sulphur Springs Independent School District  
631 Connally Street  
Sulphur Springs, Texas 75482

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sulphur Springs Independent School District and Hopkins Energy, LLC, Application 1384

Dear Superintendent Lamb:

On July 31, 2019, the Comptroller issued written notice that Hopkins Energy, LLC (applicant) submitted a completed application (Application 1384) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on June 11, 2019, to the Sulphur Springs 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.

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<sup>1</sup> All Statutory references are to the Texas Tax Code, unless otherwise noted.

- Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
- Sec. 313.024(d-2) Not applicable to Application 1384.

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 July 31, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is 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 Hopkins Energy, LLC (project) applying to Sulphur Springs 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 Hopkins Energy, LLC.

Applicant	Hopkins Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Sulphur Springs ISD
2017-2018 Average Daily Attendance	4,018
County	Hopkins
Proposed Total Investment in District	\$96,000,000
Proposed Qualified Investment	\$96,000,000
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	\$818
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$818
Minimum annual wage committed to by applicant for qualified jobs	\$42,529
Minimum weekly wage required for non-qualifying jobs	\$754
Minimum annual wage required for non-qualifying jobs	\$39,209
Investment per Qualifying Job	\$96,000,000
Estimated M&O levy without any limit (15 years)	\$6,410,730
Estimated M&O levy with Limitation (15 years)	\$3,853,616
Estimated gross M&O tax benefit (15 years)	\$2,557,114

\* 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 Hopkins Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	180	214	394	\$7,655,274	\$19,344,726	\$27,000,000
2021	180	223	403	\$7,655,274	\$23,344,726	\$31,000,000
2022	1	27	28	\$42,529	\$5,957,471	\$6,000,000
2023	1	11	12	\$42,529	\$3,957,471	\$4,000,000
2024	1	(4)	-3	\$42,529	\$1,957,471	\$2,000,000
2025	1	(10)	-9	\$42,529	\$957,471	\$1,000,000
2026	1	(11)	-10	\$42,529	-\$42,529	\$0
2027	1	(10)	-9	\$42,529	-\$42,529	\$0
2028	1	(7)	-6	\$42,529	-\$42,529	\$0
2029	1	(4)	-3	\$42,529	-\$42,529	\$0
2030	1	(1)	0	\$42,529	-\$42,529	\$0
2031	1	1	2	\$42,529	\$957,471	\$1,000,000
2032	1	3	4	\$42,529	\$957,471	\$1,000,000
2033	1	5	6	\$42,529	\$957,471	\$1,000,000
2034	1	5	6	\$42,529	\$957,471	\$1,000,000
2035	1	6	7	\$42,529	\$957,471	\$1,000,000
2036	1	6	7	\$42,529	\$957,471	\$1,000,000

Source: CPA REMI, Hopkins Energy, 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*	Sulphur Springs ISD I&S Tax Levy	Sulphur Springs ISD M&O Tax Levy	Sulphur Springs M&O and I&S Tax Levies	Hopkins County Tax Levy	Hopkins Co. Mem. Hosp. Tax Levy	Estimated Total Property Taxes
				<b>0.3105</b>	<b>0.9700</b>		<b>0.6249</b>	<b>0.2500</b>	
2021	\$21,000,000	\$21,000,000		\$65,201	\$203,700	\$268,901	\$131,227	\$52,500	\$452,628
2022	\$96,490,000	\$96,490,000		\$299,582	\$935,953	\$1,235,535	\$602,958	\$241,225	\$2,079,718
2023	\$86,880,000	\$86,880,000		\$269,745	\$842,736	\$1,112,481	\$542,906	\$217,200	\$1,872,587
2024	\$77,270,000	\$77,270,000		\$239,908	\$749,519	\$989,427	\$482,854	\$193,175	\$1,665,456
2025	\$67,660,000	\$67,660,000		\$210,071	\$656,302	\$866,373	\$422,802	\$169,150	\$1,458,325
2026	\$58,050,000	\$58,050,000		\$180,234	\$563,085	\$743,319	\$362,750	\$145,125	\$1,251,193
2027	\$48,440,000	\$48,440,000		\$150,397	\$469,868	\$620,265	\$302,698	\$121,100	\$1,044,062
2028	\$38,830,000	\$38,830,000		\$120,559	\$376,651	\$497,210	\$242,646	\$97,075	\$836,931
2029	\$29,220,000	\$29,220,000		\$90,722	\$283,434	\$374,156	\$182,593	\$73,050	\$629,800
2030	\$19,610,000	\$19,610,000		\$60,885	\$190,217	\$251,102	\$122,541	\$49,025	\$422,668
2031	\$19,600,000	\$19,600,000		\$60,854	\$190,120	\$250,974	\$122,479	\$49,000	\$422,453
2032	\$19,590,000	\$19,590,000		\$60,823	\$190,023	\$250,846	\$122,416	\$48,975	\$422,237
2033	\$19,580,000	\$19,580,000		\$60,792	\$189,926	\$250,718	\$122,354	\$48,950	\$422,022
2034	\$19,570,000	\$19,570,000		\$60,761	\$189,829	\$250,590	\$122,291	\$48,925	\$421,806
2035	\$19,560,000	\$19,560,000		\$60,730	\$189,732	\$250,462	\$122,229	\$48,900	\$421,591
2036	\$19,550,000	\$19,550,000		\$60,699	\$189,635	\$250,334	\$122,166	\$48,875	\$421,375
			<b>Total</b>	<b>\$2,051,962</b>	<b>\$6,410,730</b>	<b>\$8,462,692</b>	<b>\$4,129,911</b>	<b>\$1,652,250</b>	<b>\$14,244,854</b>

Source: CPA, Hopkins Energy, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Hopkins 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		Sulphur Springs ISD I&S Tax Levy	Sulphur Springs ISD M&O Tax Levy	Sulphur Springs M&O and I&S Tax Levies	Hopkins County Tax Levy	Hopkins Co. Mem. Hosp. Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3105	0.9700		0.6249	0.2500	
2021	\$21,000,000	\$21,000,000		\$65,201	\$203,700	\$268,901	\$131,227	\$52,500	\$452,628
2022	\$96,490,000	\$30,000,000		\$299,582	\$291,000	\$590,582	\$120,592	\$48,245	\$759,419
2023	\$86,880,000	\$30,000,000		\$269,745	\$291,000	\$560,745	\$108,581	\$43,440	\$712,766
2024	\$77,270,000	\$30,000,000		\$239,908	\$291,000	\$530,908	\$96,571	\$38,635	\$666,114
2025	\$67,660,000	\$30,000,000		\$210,071	\$291,000	\$501,071	\$84,560	\$33,830	\$619,461
2026	\$58,050,000	\$30,000,000		\$180,234	\$291,000	\$471,234	\$72,550	\$29,025	\$572,809
2027	\$48,440,000	\$30,000,000		\$150,397	\$291,000	\$441,397	\$60,540	\$24,220	\$526,156
2028	\$38,830,000	\$30,000,000		\$120,559	\$291,000	\$411,559	\$48,529	\$19,415	\$479,503
2029	\$29,220,000	\$29,220,000		\$90,722	\$283,434	\$374,156	\$36,519	\$14,610	\$425,285
2030	\$19,610,000	\$19,610,000		\$60,885	\$190,217	\$251,102	\$24,508	\$9,805	\$285,415
2031	\$19,600,000	\$19,600,000		\$60,854	\$190,120	\$250,974	\$24,496	\$9,800	\$285,270
2032	\$19,590,000	\$19,590,000		\$60,823	\$190,023	\$250,846	\$122,416	\$48,975	\$422,237
2033	\$19,580,000	\$19,580,000		\$60,792	\$189,926	\$250,718	\$122,354	\$48,950	\$422,022
2034	\$19,570,000	\$19,570,000		\$60,761	\$189,829	\$250,590	\$122,291	\$48,925	\$421,806
2035	\$19,560,000	\$19,560,000		\$60,730	\$189,732	\$250,462	\$122,229	\$48,900	\$421,591
2036	\$19,550,000	\$19,550,000		\$60,699	\$189,635	\$250,334	\$122,166	\$48,875	\$421,375
			<b>Total</b>	<b>\$2,051,962</b>	<b>\$3,853,616</b>	<b>\$5,905,578</b>	<b>\$1,420,130</b>	<b>\$568,150</b>	<b>\$7,893,858</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$2,557,114</b>	<b>\$2,557,114</b>	<b>\$2,709,782</b>	<b>\$1,084,100</b>	<b>\$6,350,996</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Hopkins Energy, LLC

\*Tax Rate per \$100 Valuation

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

**Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start**

This represents the Comptroller’s determination that Hopkins Energy, 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)
<b>Limitation Pre-Years</b>	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$203,700	\$203,700	\$0	\$0
<b>Limitation Period (10 Years)</b>	2022	\$291,000	\$494,700	\$644,953	\$644,953
	2023	\$291,000	\$785,700	\$551,736	\$1,196,689
	2024	\$291,000	\$1,076,700	\$458,519	\$1,655,208
	2025	\$291,000	\$1,367,700	\$365,302	\$2,020,510
	2026	\$291,000	\$1,658,700	\$272,085	\$2,292,595
	2027	\$291,000	\$1,949,700	\$178,868	\$2,471,463
	2028	\$291,000	\$2,240,700	\$85,651	\$2,557,114
	2029	\$283,434	\$2,524,134	\$0	\$2,557,114
	2030	\$190,217	\$2,714,351	\$0	\$2,557,114
	2031	\$190,120	\$2,904,471	\$0	\$2,557,114
<b>Maintain Viable Presence (5 Years)</b>	2032	\$190,023	\$3,094,494	\$0	\$2,557,114
	2033	\$189,926	\$3,284,420	\$0	\$2,557,114
	2034	\$189,829	\$3,474,249	\$0	\$2,557,114
	2035	\$189,732	\$3,663,981	\$0	\$2,557,114
	2036	\$189,635	\$3,853,616	\$0	\$2,557,114
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2037	\$189,538	\$4,043,154	\$0	\$2,557,114
	2038	\$189,441	\$4,232,595	\$0	\$2,557,114
	2039	\$189,344	\$4,421,939	\$0	\$2,557,114
	2040	\$189,247	\$4,611,186	\$0	\$2,557,114
	2041	\$189,150	\$4,800,336	\$0	\$2,557,114
	2042	\$189,053	\$4,989,389	\$0	\$2,557,114
	2043	\$188,956	\$5,178,345	\$0	\$2,557,114
	2044	\$188,859	\$5,367,204	\$0	\$2,557,114
	2045	\$188,762	\$5,555,966	\$0	\$2,557,114
	2046	\$188,665	\$5,744,631	\$0	\$2,557,114

**\$5,744,631**
   is greater than  **\$2,557,114**

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

Source: CPA, Hopkins Energy, 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 Hopkins Energy, 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:

- Hopkins Energy, LLC is a solar energy project managed by global renewable energy company, Alpine Sun.
- Per Alpine Sun in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Due to the global nature of Alpine 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 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.”
  - B. “With property tax liabilities composing a substantial ongoing cost of operation that directly impacts the rate of return on the investment, without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain. 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.”
- According to *KSST Radio* on June 12, 2019, “The proposed Hopkins Energy, LLC project would encompass 2,962 acres in northeastern Hopkins County and be a 320 MW-AC solar electric generating facility, with 1,625,000 photovoltaic panels, and 140 central inverters. Of those, an estimated 1,184 acres is expected to be in Sulphur Springs ISD; that would include 128 MW of capacity, 650,000 photovoltaic panesl and 56 central inverters in SSISD. The rest would be located on land with Sulphur Bluff ISD.”

- Also, according to *KSST Radio* in a separate article, "A nearly 3,00 \$240 million solar project is one step closer to being located in northeastern Hopkins County. The Dike location is one of many international company Alpin Sun is considering in the United States. The proposed solar energy project which would span approximately 2,962 acres, with 40 percent in SSISD and 60 percent or an estimated 1,777 acres within SBISD.
- Supplemental information provided by the applicant stated the following:
  - A. In ERCOT's records, the project is known as Hopkins Solar.
  - B. The project received the IGNR number from ERCOT, 20INR0210 on November 20, 2018.

**Supporting Information**

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

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

# **Supporting Information**

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

<input 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

### *Limitation as a Determining Factor*

Currently, Alpin Sun is considering a variety of other locations for Hopkins Energy LLC but believes Sulphur Springs 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 Springs 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 Springs 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.

AUSTIN • DALLAS • DENVER

1900 DALROCK ROAD • ROWLETT, TX 75088 • T (469) 298-1594 • F (469) 298-1595 • keatax.com

# **Supporting Information**

**Additional information  
provided by the Applicant or  
located by the Comptroller**

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
Sulphur Springs ISD – Hopkins Energy, LLC App. #1384

Comptroller Questions (via email on August 13, 2019):

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

Applicant Response (via email on July 29, 2019):

1. *Is Hopkins Energy, LLC currently known by any other project names?  
In ERCOT and ONCOR records the project is known as Hopkins Solar*
2. *Please also list any other names by which this project may have been known in the past – in media reports, investor presentations, or any listings with any federal or state agency.  
The LLC that owned the project was formerly known as GSE Three, LLC.*
3. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.  
Yes, the IGNR number is 20INR0210 and it was assigned on November 20, 2018.*



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**Hopkins Energy**  
within Sulphur Springs ISD & Sulphur Bluff ISD

**Legend**

- Hopkins Solar LLC
- Sulphur Bluff ISD
- Sulphur Springs ISD

**New Solar Energy Project Proposed for Dike area**

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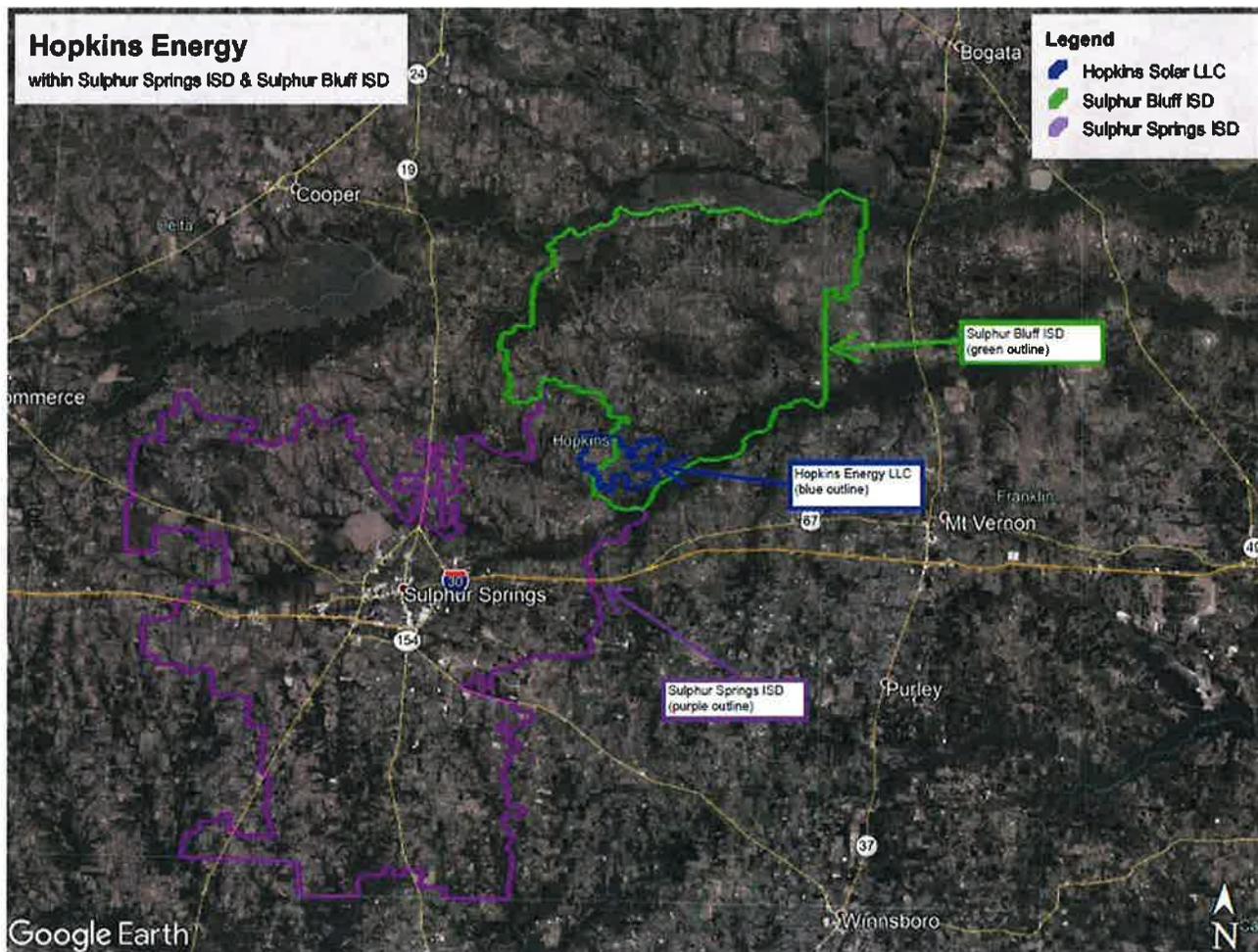


Another solar electric generating facility is being considered for the Dike area of northeastern Hopkins County.

Sites in Pennsylvania and Oklahoma, as well as other "locations across the world and other parts the United States" are being also reportedly being considered for the Alpin Sun solar project.

Alpin Sun is the same company responsible for Solemio Solar farm SSISD granted a limited

value agreement for tax reduction. Alpin Sun is headquartered in Germany, with locations and projects around the world. The company specializes in the development and management of solar power plants. They got the Solemio project started; Solemio is now Pattern Development's project.



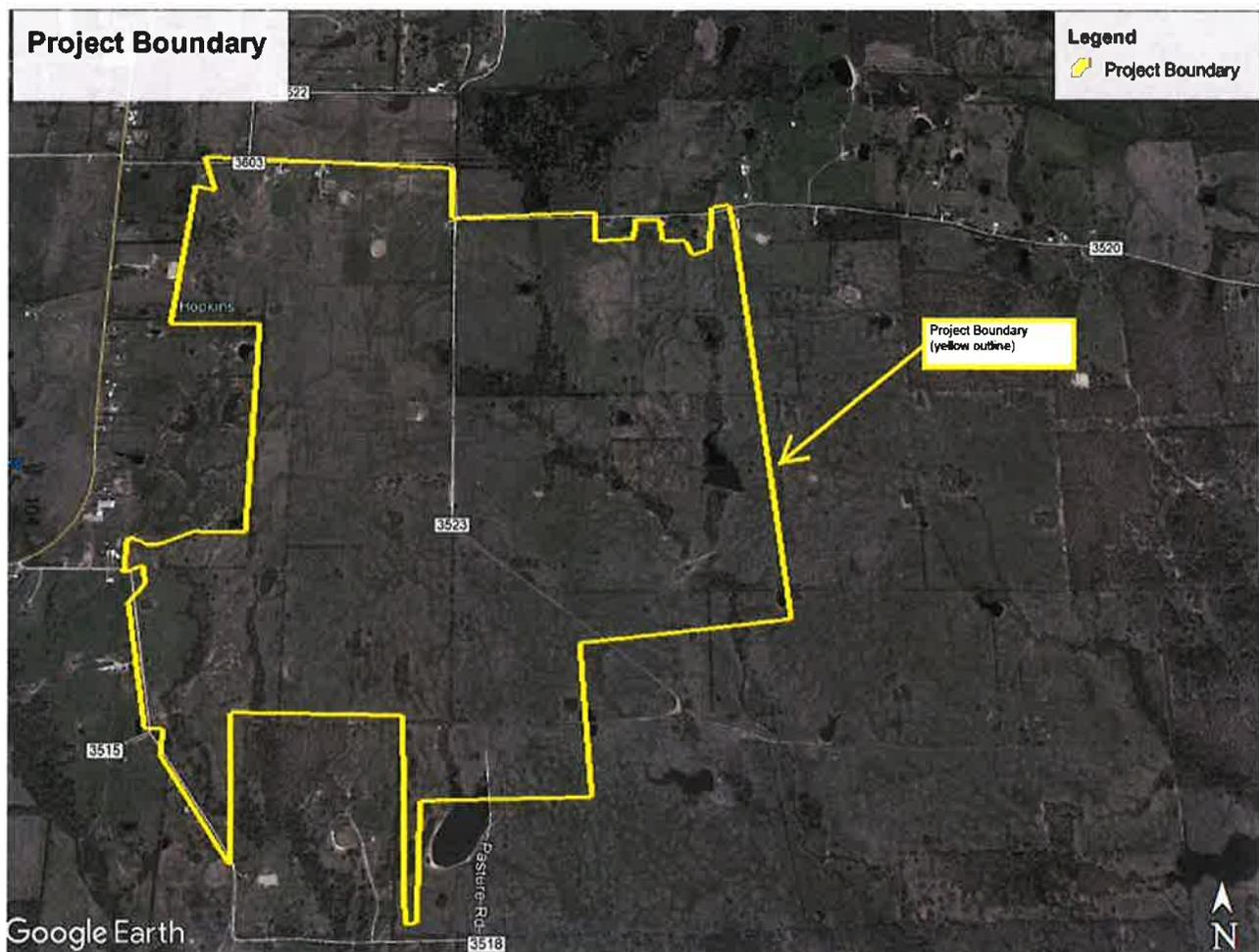
Location of the proposed Hopkins Energy LLC solar project to be located within Sulphur Springs and Sulphur Bluff school districts, according to an Application for Appraised Value Limitation submitted to SSISD.

The proposed Hopkins Energy LLC project would encompass 2,962 acres in northeastern Hopkins County and be a 320 MW-AC solar electric generating facility, with 1,625,000 photovoltaic panels, and 140 central inverters. Of those, an estimated 1,184 acres is expected to be in Sulphur Springs ISD; that would include 128 MW-AC of capacity, 650,000 photovoltaic panels and 56 central inverters in SSISD. The rest would be located on land within Sulphur Bluff ISD.

An application is expected to be submitted June 20 to Sulphur Bluff ISD, where 60 percent of the Hopkins County LLC project would be located, according to the Chapter 313 Application for Appraised Value Limitation to Sulphur Springs ISD presented to SSISD trustees Tuesday night.

By agreeing to accept an application, SSISD trustees agrees only to start the process to review and consider an agreement, but in no way commits the district to anything, explained Rick Lambert with Powell, Youngblood & Taylor LLP, the attorneys hired to help the district with the review and processing of the application from Hopkins Energy LLC. Region 12 Education Service Center will be serving “as a consulting expert to perform a school finance impact study.”

Action Monday simply authorized SSISD Superintendent Michael Lamb to review the application for completeness. It's then submitted to the Texas Comptroller of Public Accounts for review, to determine all requirements for a 313 tax break are met; it also is sent to the appraisal district for verification of all information. After what Lambert described as a “a lot of due diligence” to ensure everything meets the tax code, a special agreement can be drafted and presented to trustees for consideration.



Proposed boundary for the proposed Hopkins Energy LLC solar project as submitted to Sulphur Springs ISD as part of an Application for Appraised Value Limitation.

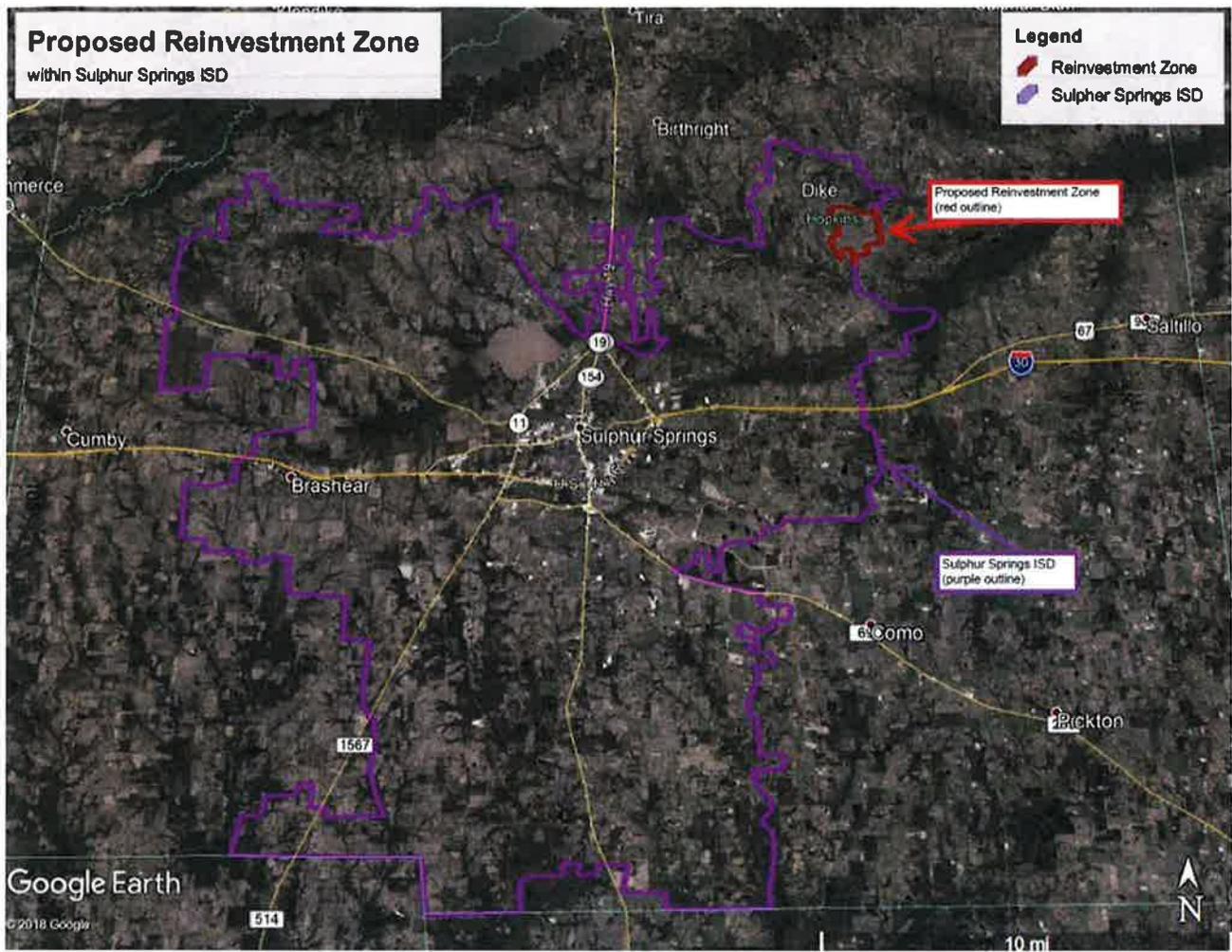
Costs associated with the application process are covered using the application fee paid by the submitting company, so the school districts are not out any money on the process, according to

Lambert.

Garrett Peters with K.E. Andrews Valuation Tax Solutions, the firm representing the solar business, reported representatives had been out talking with all of the property owners in the area impacted. He reported 80 percent of the landowners had options to sign, but a few others had yet to decide, which could require a shifting if the project has to be moved to other nearby land. These and other factors would need to be worked out, as well as agreements with the various taxing entities before the project could move forward.

If the project moves forward, reinvestment zones including the property impacted would also have to be approved by the district.

Overall, the project is expected to create three “qualifying” jobs, two for the portion of the project in Sulphur Bluff ISD and one in Sulphur Springs ISD, according to the letter Mike Fry, KE Andrews Director of Energy Services, submitted June 3 to SSISD Superintendent Michael Lamb for a Hopkins Energy LLC Chapter 313 Job Waiver Request as part of the Application for Section 313 Value Limitation Agreement. Approval would have to be given for a waiver of the 10 jobs requirement for the agreement. The documents noted that while many full and part-time positions would be needed during construction, three would be the industry standard for a solar project of that size.



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## Sulphur Bluff ISD Accepts Application For Value Limitation for Dike Solar Farm

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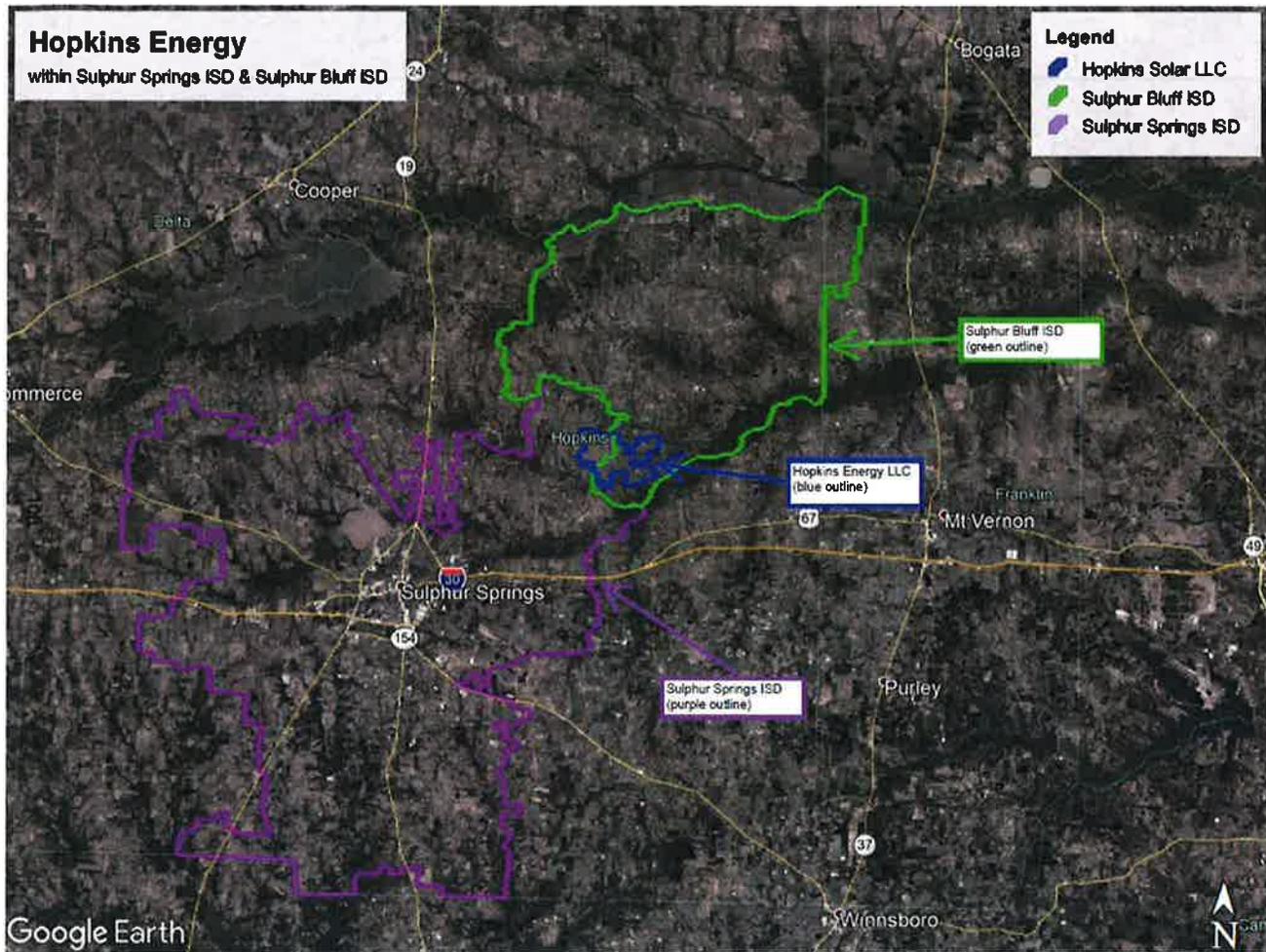
Shelly Leung and Rick Lambert of Powell, Youngblood & Taylor discuss with Sulphur Bluff ISD trustees the application for appraised value limitation Hopkins Energy LLC submitted to SBISD for a proposed nearly 3,000-acre solar farm.

A nearly 3,000-acre \$240 million solar project is one step closer to being located in northeastern Hopkins County. The Dike location is one of many international company Alpin Sun is considering in the United States.

The project is contingent on receiving tax incentives from four local taxing entities: Sulphur Springs and Sulphur Bluff school district, Hopkins County and the county hospital district.

Sulphur Springs ISD trustees on June 10 accepted an application to agree to consider a value limitation for the 40 percent of the proposed facility to be located within the school district boundary and hired Powell Youngblood & Taylor to assist the district with legalities of the project.

Sulphur Bluff ISD Board of Trustees Thursday, June 20, accepted an application for an appraised value limitation for Hopkins Energy LLC and also hired the attorneys to represent them.



The proposed solar energy project which would span approximately 2,962 acres, with 40 percent in SSISD and 60 percent or an estimated 1,777 acres within SBISD.

The facility is expected to be 320 MW-AC solar electric generating facility, with 1,625,000 photovoltaic panels and 140 inverters. Of those, 192 MW-AC of the capacity, 975,000 photovoltaic panels and 84 central inverters would be located in SBISD, according to Jordan Christman, property tax incentive coordinator for KE Andrews, the firm for Alpin Sun, which is seeking Chapter 313 value limitations from for Hopkins Energy LLC.

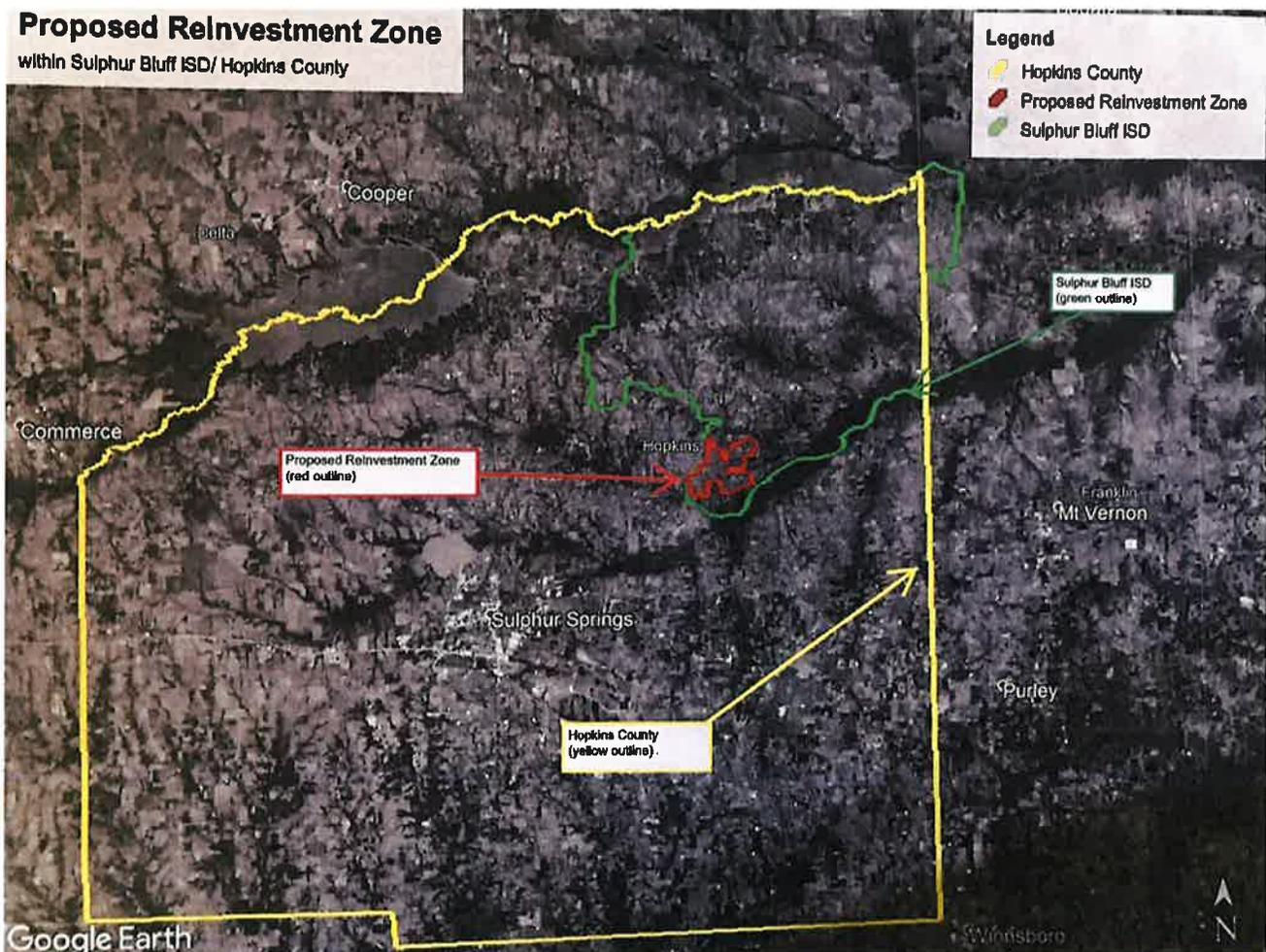
In addition to solar modules and panels and inverter boxes, the project would also have meteorological equipment and operation and maintenance building, electrical substations, associated towers, racking and mounting structures, combiner boxes, foundations, a generation transmission tie line, interconnection facilities and roadways, paving and fencing.

If all taxing entities sign off and the project moves forward, the project is expected to begin construction in 2020 and be complete in Dec. 1, 2021. SSISD on June 10 accepted the application to start the process to consider a tax limitation agreement.

The district agreed to accept an application to be submitted to the state comptroller to be

evaluated to determine whether it meets terms for a potential value limitation agreement for Hopkins Energy LLC. The project is expected to be \$240 million, with \$144 million located in SBISD. The application asks for a tax limitation of \$20 million starting in the 2022-23 school year and continuing for 10 years; that is taxing only that much of the \$144 million value. The actual value of the project (in SBISD) is expected to drop to just over \$29 million for years 10-20 of the project, then would drop just below \$28 million; the full amount would be taxable starting in year 11 of operation. The lifespan of the project is projected at 30 years, with the company paying full taxable amount to the school district in years 11-30, according to the information presented at the June 20 SBISD Board meeting and in the value limitation application.

Hopkins Energy LLC is also asking for an 80 percent tax incentive from the county and hospital district for the first 10 years of the project as well. For the county that would be a reduction from an annual tax levy of \$839,855 down to \$167,971; the hospital district's levy would go from \$336,000 annually to \$67,200 annually, according to the application presented to the school district June 20.



The taxing entities will also be asked to waive the minimal 10 job requirement for projects seeking the value limitation.

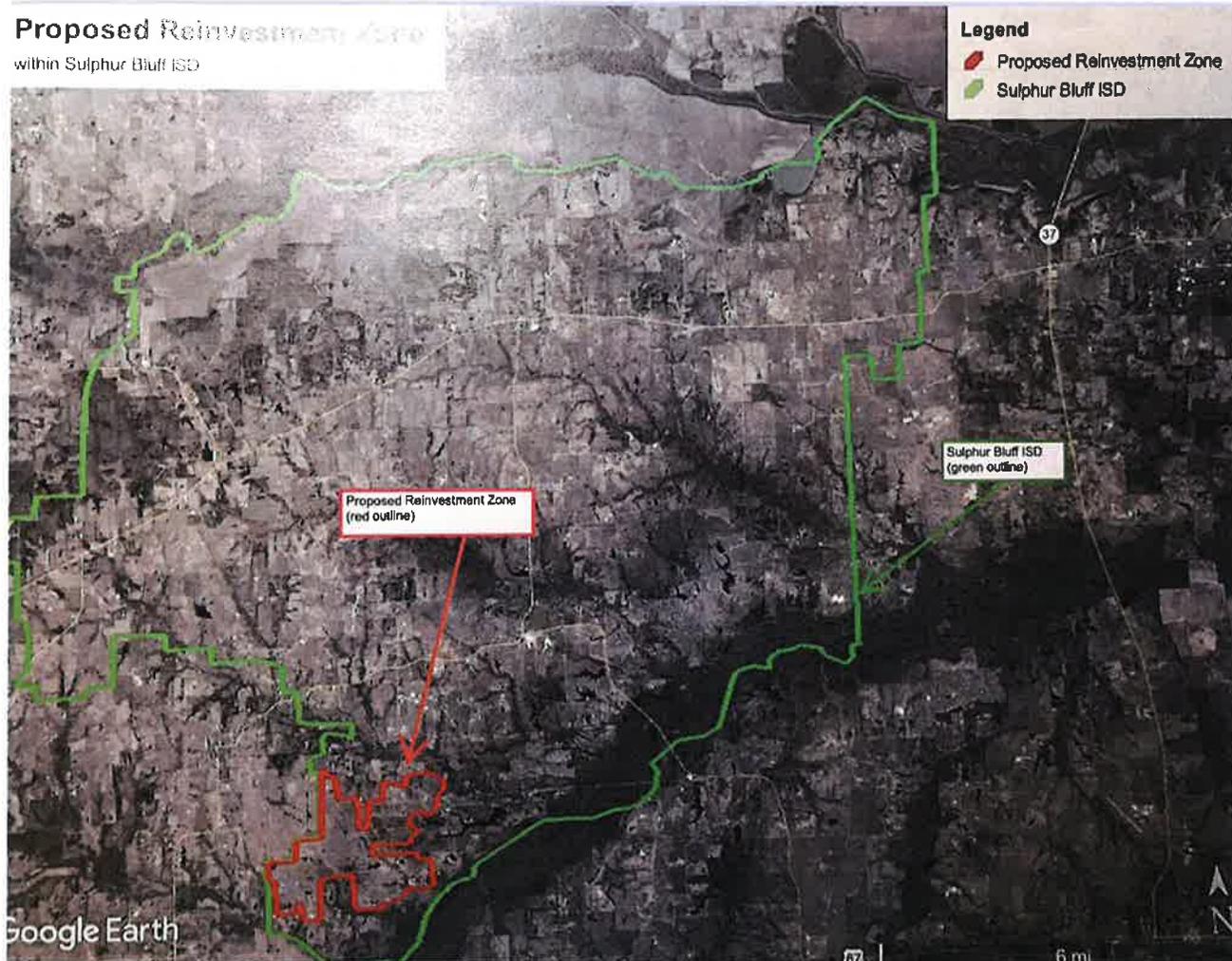
The construction process would provide approximately 300 jobs. Once the facility is complete only three employees would be needed to maintain the entire project, two of which would be located in SBISD. Wages are required to be 110 percent of the average manufacturing wage. That'd be about \$43,000 a year for the three full-time employees after the facility is operational, according to Christman.

Also proposed to SBISD is for Hopkins Energy LLC to pay a PILOT or supplemental payment to the school district. The amount is limited to \$100 per Average Daily Attendance per year or \$50,000, whichever is the greater value. For SBISD, that's expected to be \$50,000, as the district had an enrollment of 234 students at the end of the school year and had peaked at 241 during the PEIMS reporting period, according to information provided by Rick Lambert and Shelly Leung with Powell, Youngblood & Taylor.

Any M&O revenues the district loses as a consequence of the agreement would have to be reimbursed to the district by the energy company, according to the information provided by Lambert and Leung.

Part of the application process required a \$75,000 application fee to cover costs for attorneys to review the application which is being submitted to the comptroller's office and negotiate on behalf of the district an agreement if approved, as well as fund two economic impact studies (one performed independently on behalf of the district and the other by the comptroller) and other costs associated with the application process. Thus, the school districts should not be out any funds during the application process, Christman, Lambert and Leung assured SBISD trustees Thursday.

The measure received approval from all four board members present at Thursday's meeting — Chris Bassham, David Caldwell, Donnie Powers, Terry Goldsmith.



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