



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 18, 2019

Tina Herrington
Superintendent
Wharton Independent School District
2100 N Fulton
Wharton, TX 77488

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Wharton Independent School District and AP Solar 6, LLC, Application 1390

Dear Superintendent Herrington:

On September 13, 2019, the Comptroller issued written notice that AP Solar 6, LLC (applicant) submitted a completed application (Application 1390) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on July 1, 2019, to the Wharton 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 1390.

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 13, 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 fluid and cursive, with the first name "Lisa" and the last name "Craven" clearly legible.

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of AP Solar 6, LLC (project) applying to Wharton 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 AP Solar 6, LLC.

Applicant	AP Solar 6, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Wharton ISD
2018-2019 Average Daily Attendance	1,827
County	Wharton
Proposed Total Investment in District	\$300,000,000
Proposed Qualified Investment	\$300,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$912
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$912
Minimum annual wage committed to by applicant for qualified jobs	\$47,405
Minimum weekly wage required for non-qualifying jobs	\$767
Minimum annual wage required for non-qualifying jobs	\$39,898
Investment per Qualifying Job	\$100,000,000
Estimated M&O levy without any limit (15 years)	\$22,500,000
Estimated M&O levy with Limitation (15 years)	\$7,500,000
Estimated gross M&O tax benefit (15 years)	\$15,000,000

* 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 AP Solar 6, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	300	290	590	\$18,458,700	\$24,541,300	\$43,000,000
2021	3	20	23	\$142,214	\$4,857,787	\$5,000,000
2022	3	13	16	\$142,214	\$3,857,787	\$4,000,000
2023	3	3	6	\$142,214	\$1,857,787	\$2,000,000
2024	3	1	4	\$142,214	\$1,857,787	\$2,000,000
2025	3	5	8	\$142,214	\$857,787	\$1,000,000
2026	3	1	4	\$142,214	\$857,787	\$1,000,000
2027	3	5	8	\$142,214	\$857,787	\$1,000,000
2028	3	3	6	\$142,214	\$857,787	\$1,000,000
2029	3	1	4	\$142,214	\$857,787	\$1,000,000
2030	3	3	6	\$142,214	-\$142,214	\$0
2031	3	3	6	\$142,214	\$857,787	\$1,000,000
2032	3	7	10	\$142,214	\$857,787	\$1,000,000
2033	3	5	8	\$142,214	\$857,787	\$1,000,000
2034	3	3	6	\$142,214	-\$142,214	\$0
2035	3	3	6	\$142,214	-\$142,214	\$0

Source: CPA REMI, AP Solar 6, 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	Wharton ISD I&S Tax Levy	Wharton ISD M&O Tax Levy	Wharton ISD M&O and I&S Tax Levies	Wharton County Tax Levy	Wharton County Hospital District Tax Levy	FM & LR Tax Levy	Wharton County Emergency Services District #1 Tax Levy	Wharton County Emergency Services District #4 Tax Levy	Coastal Bend Groundwater Conservation District Tax Levy	Wharton County Junior College District Tax Levy	Estimated Total Property Taxes	
			Tax Rate	0.1070	1.0000	0.4225	0.2220	0.0514	0.0600	0.0682	0.0083	0.1435		
2021	\$150,000,000	\$150,000,000		\$160,500	\$1,500,000	\$1,660,500	\$633,810	\$333,000	\$77,130	\$90,000	\$102,315	\$12,450	\$215,190	\$3,124,395
2022	\$300,000,000	\$300,000,000		\$321,000	\$3,000,000	\$3,321,000	\$1,267,620	\$666,000	\$154,260	\$180,000	\$204,630	\$24,900	\$430,380	
2023	\$285,000,000	\$285,000,000		\$304,950	\$2,850,000	\$3,154,950	\$1,204,239	\$632,700	\$146,547	\$171,000	\$194,399	\$23,655	\$408,861	\$5,936,351
2024	\$255,000,000	\$255,000,000		\$272,850	\$2,550,000	\$2,822,850	\$1,077,477	\$566,100	\$131,121	\$153,000	\$173,936	\$21,165	\$365,823	\$5,311,472
2025	\$225,000,000	\$225,000,000		\$240,750	\$2,250,000	\$2,490,750	\$950,715	\$499,500	\$115,695	\$135,000	\$153,473	\$18,675	\$322,785	\$4,686,593
2026	\$195,000,000	\$195,000,000		\$208,650	\$1,950,000	\$2,158,650	\$823,953	\$432,900	\$100,269	\$117,000	\$133,010	\$16,185	\$279,747	\$4,061,714
2027	\$165,000,000	\$165,000,000		\$176,550	\$1,650,000	\$1,826,550	\$697,191	\$366,300	\$84,843	\$99,000	\$112,547	\$13,695	\$236,709	\$3,436,835
2028	\$135,000,000	\$135,000,000		\$144,450	\$1,350,000	\$1,494,450	\$570,429	\$299,700	\$69,417	\$81,000	\$92,084	\$11,205	\$193,671	\$2,811,956
2029	\$105,000,000	\$105,000,000		\$112,350	\$1,050,000	\$1,162,350	\$443,667	\$233,100	\$53,991	\$63,000	\$71,621	\$8,715	\$150,633	\$2,187,077
2030	\$75,000,000	\$75,000,000		\$80,250	\$750,000	\$830,250	\$316,905	\$166,500	\$38,565	\$45,000	\$51,158	\$6,225	\$107,595	\$1,562,198
2031	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2032	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2033	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2034	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2035	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2036	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
			Total	\$2,407,500	\$22,500,000	\$24,907,500	\$9,507,150	\$4,995,000	\$1,156,950	\$1,350,000	\$1,534,725	\$186,750	\$3,227,850	\$40,617,135

Source: CPA, AP Solar 6, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Wharton 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 Wharton County, Wharton County Hospital, and FM & LR.

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	Wharton ISD I&S Tax Levy	Wharton ISD M&O Tax Levy	Wharton ISD M&O and I&S Tax Levies	Wharton County Tax Levy	Wharton County Hospital District Tax Levy	FM & LR Tax Levy	Wharton County Emergency Services District #1 Tax Levy	Wharton County Emergency Services District #4 Tax Levy	Coastal Bend Groundwater Conservation District Tax Levy	Wharton County Junior College District Tax Levy	Estimated Total Property Taxes
			0.1070		1.0000		0.4225	0.2220	0.0514	0.0600	0.0682	0.0083	0.1435	
2021	\$150,000,000	\$150,000,000		\$160,500	\$1,500,000	\$1,660,500	\$633,810	\$333,000	\$77,130	\$90,000	\$102,315	\$12,450	\$215,190	\$3,124,395
2022	\$300,000,000	\$30,000,000		\$321,000	\$300,000	\$621,000	\$633,810	\$333,000	\$77,130	\$180,000	\$204,630	\$24,900	\$430,380	\$2,504,600
2023	\$285,000,000	\$30,000,000		\$304,950	\$300,000	\$604,950	\$602,120	\$316,350	\$73,274	\$171,000	\$194,399	\$23,655	\$408,861	\$2,394,608
2024	\$255,000,000	\$30,000,000		\$272,850	\$300,000	\$572,850	\$538,739	\$283,050	\$65,561	\$153,000	\$173,936	\$21,165	\$365,823	\$2,174,123
2025	\$225,000,000	\$30,000,000		\$240,750	\$300,000	\$540,750	\$475,358	\$249,750	\$57,848	\$135,000	\$153,473	\$18,675	\$322,785	\$1,953,638
2026	\$195,000,000	\$30,000,000		\$208,650	\$300,000	\$508,650	\$411,977	\$216,450	\$50,135	\$117,000	\$133,010	\$16,185	\$279,747	\$1,733,153
2027	\$165,000,000	\$30,000,000		\$176,550	\$300,000	\$476,550	\$348,596	\$183,150	\$42,422	\$99,000	\$112,547	\$13,695	\$236,709	\$1,512,668
2028	\$135,000,000	\$30,000,000		\$144,450	\$300,000	\$444,450	\$285,215	\$149,850	\$34,709	\$81,000	\$92,084	\$11,205	\$193,671	\$1,292,183
2029	\$105,000,000	\$30,000,000		\$112,350	\$300,000	\$412,350	\$221,834	\$116,550	\$26,996	\$63,000	\$71,621	\$8,715	\$150,633	\$1,071,698
2030	\$75,000,000	\$30,000,000		\$80,250	\$300,000	\$380,250	\$158,453	\$83,250	\$19,283	\$45,000	\$51,158	\$6,225	\$107,595	\$851,213
2031	\$60,000,000	\$30,000,000		\$64,200	\$300,000	\$364,200	\$126,762	\$66,600	\$15,426	\$36,000	\$40,926	\$4,980	\$86,076	\$740,970
2032	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2033	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2034	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2035	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
2036	\$60,000,000	\$60,000,000		\$64,200	\$600,000	\$664,200	\$253,524	\$133,200	\$30,852	\$36,000	\$40,926	\$4,980	\$86,076	\$1,249,758
			Total	\$2,407,500	\$7,500,000	\$9,907,500	\$5,704,290	\$2,997,000	\$694,170	\$1,350,000	\$1,534,725	\$186,750	\$3,227,850	\$25,602,285
			Diff	\$0	\$15,000,000	\$15,000,000	\$3,802,860	\$1,998,000	\$462,780	\$0	\$0	\$0	\$0	\$15,014,850

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, AP Solar 6, 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 AP Solar 6, 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	\$1,500,000	\$1,500,000	\$0	\$0
Limitation Period (10 Years)	2022	\$300,000	\$1,800,000	\$2,700,000	\$2,700,000
	2023	\$300,000	\$2,100,000	\$2,550,000	\$5,250,000
	2024	\$300,000	\$2,400,000	\$2,250,000	\$7,500,000
	2025	\$300,000	\$2,700,000	\$1,950,000	\$9,450,000
	2026	\$300,000	\$3,000,000	\$1,650,000	\$11,100,000
	2027	\$300,000	\$3,300,000	\$1,350,000	\$12,450,000
	2028	\$300,000	\$3,600,000	\$1,050,000	\$13,500,000
	2029	\$300,000	\$3,900,000	\$750,000	\$14,250,000
	2030	\$300,000	\$4,200,000	\$450,000	\$14,700,000
	2031	\$300,000	\$4,500,000	\$300,000	\$15,000,000
Maintain Viable Presence (5 Years)	2032	\$600,000	\$5,100,000	\$0	\$15,000,000
	2033	\$600,000	\$5,700,000	\$0	\$15,000,000
	2034	\$600,000	\$6,300,000	\$0	\$15,000,000
	2035	\$600,000	\$6,900,000	\$0	\$15,000,000
	2036	\$600,000	\$7,500,000	\$0	\$15,000,000
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$600,000	\$8,100,000	\$0	\$15,000,000
	2038	\$600,000	\$8,700,000	\$0	\$15,000,000
	2039	\$600,000	\$9,300,000	\$0	\$15,000,000
	2040	\$600,000	\$9,900,000	\$0	\$15,000,000
	2041	\$600,000	\$10,500,000	\$0	\$15,000,000
	2042	\$600,000	\$11,100,000	\$0	\$15,000,000
	2043	\$600,000	\$11,700,000	\$0	\$15,000,000
	2044	\$600,000	\$12,300,000	\$0	\$15,000,000
	2045	\$600,000	\$12,900,000	\$0	\$15,000,000
	2046	\$600,000	\$13,500,000	\$0	\$15,000,000

\$13,500,000 is less than **\$15,000,000**

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 levv directly related to this project.
Source: CPA, AP Solar 6, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	300	290	590	\$18,458,700	\$24,541,300	\$43,000,000	2129000	-1076000	\$3,205,000
2021	3	20	23	\$142,214	\$4,857,787	\$5,000,000	191000	404000	-\$213,000
2022	3	13	16	\$142,214	\$3,857,787	\$4,000,000	198000	389000	-\$191,000
2023	3	3	6	\$142,214	\$1,857,787	\$2,000,000	160000	351000	-\$191,000
2024	3	1	4	\$142,214	\$1,857,787	\$2,000,000	160000	320000	-\$160,000
2025	3	5	8	\$142,214	\$857,787	\$1,000,000	175000	282000	-\$107,000
2026	3	1	4	\$142,214	\$857,787	\$1,000,000	160000	244000	-\$84,000
2027	3	5	8	\$142,214	\$857,787	\$1,000,000	153000	168000	-\$15,000
2028	3	3	6	\$142,214	\$857,787	\$1,000,000	145000	160000	-\$15,000
2029	3	1	4	\$142,214	\$857,787	\$1,000,000	175000	145000	\$30,000
2030	3	3	6	\$142,214	-\$142,214	\$0	153000	107000	\$46,000
2031	3	3	6	\$142,214	\$857,787	\$1,000,000	168000	114000	\$54,000
2032	3	7	10	\$142,214	\$857,787	\$1,000,000	122000	84000	\$38,000
2033	3	5	8	\$142,214	\$857,787	\$1,000,000	114000	15000	\$99,000
2034	3	3	6	\$142,214	-\$142,214	\$0	84000	46000	\$38,000
2035	3	3	6	\$142,214	-\$142,214	\$0	46000	0	\$46,000
2036	3	1	4	\$142,214	-\$142,214	\$0	8000	-46000	\$54,000
2037	3	3	6	\$142,214	-\$142,214	\$0	-15000	-92000	\$77,000
2038	3	1	4	\$142,214	-\$142,214	\$0	15000	-107000	\$122,000
2039	3	1	4	\$142,214	-\$142,214	\$0	0	-137000	\$137,000
2040	3	(1)	2	\$142,214	-\$142,214	\$0	-61000	-191000	\$130,000
2041	3	1	4	\$142,214	-\$142,214	\$0	-61000	-206000	\$145,000
2042	3	(1)	2	\$142,214	-\$142,214	\$0	-31000	-221000	\$190,000
2043	3	(1)	2	\$142,214	-\$142,214	\$0	-61000	-244000	\$183,000
2044	3	(5)	-2	\$142,214	-\$142,214	\$0	-61000	-252000	\$191,000
2045	3	(3)	0	\$142,214	-\$142,214	\$0	-122000	-328000	\$206,000
2046	3	(3)	0	\$142,214	-\$142,214	\$0	-31000	-313000	\$282,000
Total							\$3,913,000	-\$384,000	\$4,297,000
							\$17,797,000	is greater than	\$15,000,000

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 AP Solar 6, 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 AP Solar 6, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “AP Solar is considering building multiple projects, several of which are planned in locations throughout Texas. Since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties for similar solar projects. Each AP Solar project individually competes for a finite pool of investment capital. State and local tax incentives contribute to the lowering of the cost of power and makes our investment more viable and marketable.”
 - B. “Due to the extreme competitive power market in ERCOT most, if not all, economic model assumptions are based on the Project securing both Chapter 312 local tax incentives and Chapter 313 appraised value limitation. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level. Without the tax incentives in Texas, a project can become non-financeable. Therefore, these tax abatements are critical to the ability of the proposed Project to move forward.”
- Provided by Applicant
 - A. Besides The Red-tailed Hawk Solar Project, there are no other names associated with the project. The INR number is 211NR0389, and it was assigned on or about July 1, 2019.
 - B. Per AP Solar 6, LLC Tab 4 “ The Red-tailed Hawk Solar Project is approximately 300 MWac utility-scale solar field to be located on approximately 2,500 acres of the Peirce Ranch in Wharton County. AP Solar 6, LLC (“APS6”) is the entity formed to own and operate the Project, and APS6 has entered into an exclusive development agreement with AP Solar Holdings, LLC to develop and construct the Project. AP Solar Holdings, LLC is a Texas-focused renewable energy company currently developing a number of solar generation projects within the Energy Reliability Council of Texas service territory.”

Supporting Information

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 (complete Section 13)
<input type="checkbox"/> Expansion of existing operation on the land (complete Section 13)	<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

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.

Tab 5

Limitation as Determining Factor

Section 8, Item 2: Agreements, Contracts or Letters of Intent

AP Solar has entered into the following agreements and contracts for the development of the Red-tailed Hawk Solar Project:

- Lease/Option Agreement (03/01/19) - currently in feasibility period
- Phase I Environmental Site Assessment (05/02/19)
- Desktop Environmental Review (04/23/19)
- Conceptual Design (04/03/19)
- Generation Interconnection Request - SS/FIS Applications (expected to be submitted by 06/15/19)
- Texas Tax Code, Chapter 312 Agreement (negotiation ongoing)

Section 8, Item 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?

AP Solar is considering building multiple projects, several of which are planned in locations throughout Texas. Since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties for similar solar projects. Each AP Solar project individually competes for a finite pool of investment capital. State and local tax incentives contribute to the lowering of the cost of power and makes our investment more viable and marketable. AP Solar is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics.

Due to the extremely competitive power market in ERCOT most, if not all, economic model assumptions are based on the Project securing both Chapter 312 local tax incentives and Chapter 313 appraised value limitation. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level. Without the tax incentives in Texas, a project can become non-financeable. Therefore, these tax abatements are critical to the ability of the proposed Project to move forward.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Wharton ISD– AP Solar 6, LLC App. #1390

Comptroller Questions (via email on September 24, 2019):

1. Is AP Solar 6, LLC currently known by any other project names, besides The Red-tailed Hawk Solar Project?
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 was it assigned.

Applicant Response (via email on September 24, 2019):

1. There are no other names associated with the project.
2. There are no other names associated with the project.
3. The INR number is 211NR0389, and it was assigned on or about July 1, 2019.

Tab 4

Detailed Description of the Project

Project Definition

The Red-tailed Hawk Solar Project ("Project") is an approximately 300 MWac utility-scale solar (photovoltaic) field to be located on approximately 2,500 acres of the Pierce Ranch in Wharton County. AP Solar 6, LLC ("APS6") is the entity formed to own and operate the Project, and APS6 has entered into an exclusive development agreement with AP Solar Holdings, LLC to develop and construct the Project. Pending completion of development activities, including obtaining an interconnection agreement with the transmission service provider, construction is expected to begin on the Project in the 3rd quarter of 2020, and commercial operation is expected to commence in the 3rd quarter of 2021.

About AP Solar Holdings, LLC

AP Solar Holdings, LLC ("AP Solar") is a Texas-focused renewable energy company currently developing a number of solar generation projects within the Energy Reliability Council of Texas ("ERCOT") service territory. AP Solar has numerous potential solar sites already under option and lease, and these sites are located in areas of ERCOT with strong power demand fundamentals. The AP Solar development team has previously developed and financed over 3.3 gigawatts of solar, wind and thermal power generation projects in ERCOT. The team has an unparalleled understanding of the ERCOT electricity market, and it does not require a long-term power purchase agreement to be in place in order to move ahead developing and constructing its projects.