

FINDINGS
of the
SUDAN INDEPENDENT SCHOOL
DISTRICT
BOARD OF TRUSTEES

Under Chapter 313 of the
Texas Tax Code

ON THE APPLICATION FOR
APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY

SUBMITTED BY

CAGE RANCH SOLAR, LLC

Comptroller Application Number 1395

December 9, 2019

The Texas Taxpayer Identification number for Cage Ranch Solar, LLC is 32066276869. Cage Ranch Solar is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, as represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §§313.025(a)(1) and 313.031(b) of the Texas Tax Code, 34 T.A.C. §9.1054(a), and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Lamb County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.024, 313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on September 19, 2019 that the Application be approved (the "Certificate Decision"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Sudan Independent School District. A copy of the Amended report prepared by McDowell School Finance Consulting, LLC and dated October 31, 2019, is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Cage Ranch Solar Application in the Sudan Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, fell within a rural school district, Category 3 of §313.054 of the Texas Tax Code at the time the Application was deemed complete by the Comptroller. *See* "2018 Property Value Study Report," attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Cage Ranch Solar regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District pursuant to Section 48.256(d) of the Texas Education Code. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted (2016 Form 50-826). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex.

Admin. Code §9.1051 and adopted by §9.1052(a)(6)) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1055(e)(1). See copy of December 4, 2019, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller’s Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Cage Ranch Solar’s Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

Board Finding Number 1.

Based on the Application and the Comptroller’s Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(5) as a renewable energy electric generation project.

In support of Finding Number 1, the Comptroller’s Certificate Decision states:

Determination required by 313.025(h)

* * *

Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

* * *

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.

See Attachment C. See also Attachment A (Tab 1, §6.2(5) and Tabs 4 and 8) and Attachment D.

Board Finding Number 2.

The Project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District’s maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period.

In support of Finding Number 2, the Certificate Decision states:

Certification 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.

See Attachment C.

Also in support of Finding Number 2, the Comptroller’s Economic Impact Analysis states:

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

This [table] represents the Comptroller’s determination that Cage Ranch Solar, 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	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2022	\$194,000	\$194,000	\$3,838,208	\$3,838,208
	2023	\$194,000	\$388,000	\$3,278,359	\$7,116,567
	2024	\$194,000	\$582,000	\$2,737,467	\$9,854,034
	2025	\$194,000	\$776,000	\$2,218,321	\$12,072,355
	2026	\$194,000	\$970,000	\$1,725,024	\$13,797,378
	2027	\$194,000	\$1,164,000	\$1,397,983	\$15,195,362
	2028	\$194,000	\$1,358,000	\$1,044,819	\$16,240,180
	2029	\$194,000	\$1,552,000	\$663,271	\$16,903,452
	2030	\$194,000	\$1,746,000	\$612,442	\$17,515,893
	2031	\$194,000	\$1,940,000	\$612,442	\$18,128,335
Maintain Viable Presence (5 Years)	2032	\$806,442	\$2,746,442	\$0	\$18,128,335
	2033	\$806,442	\$3,552,883	\$0	\$18,128,335
	2034	\$806,442	\$4,359,325	\$0	\$18,128,335
	2035	\$806,442	\$5,165,766	\$0	\$18,128,335
	2036	\$806,442	\$5,972,208	\$0	\$18,128,335
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$806,442	\$6,778,649	\$0	\$18,128,335
	2038	\$806,442	\$7,585,091	\$0	\$18,128,335
	2039	\$806,442	\$8,391,532	\$0	\$18,128,335
	2040	\$806,442	\$9,197,974	\$0	\$18,128,335
	2041	\$806,442	\$10,004,415	\$0	\$18,128,335
	2042	\$806,442	\$10,810,857	\$0	\$18,128,335
	2043	\$806,442	\$11,617,298	\$0	\$18,128,335
	2044	\$806,442	\$12,423,740	\$0	\$18,128,335
	2045	\$806,442	\$13,230,181	\$0	\$18,128,335
	2046	\$806,442	\$14,036,623	\$0	\$18,128,335

\$14,036,623 is less than \$18,128,335

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

Source: CPA, Cage Ranch Solar, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	300	266	566	\$15,000,000	\$24,000,000	\$39,000,000	19000000	-5000000	\$24,000,000
2022	2	25	27	\$88,600	\$4,911,400	\$5,000,000	1000000	2000000	-\$1,000,000
2023	2	16	18	\$88,600	\$3,911,400	\$4,000,000	1000000	2000000	-\$1,000,000
2024	2	6	8	\$88,600	\$2,911,400	\$3,000,000	0	2000000	-\$2,000,000
2025	2	10	12	\$88,600	\$1,911,400	\$2,000,000	0	2000000	-\$2,000,000
2026	2	4	6	\$88,600	\$1,911,400	\$2,000,000	0	1000000	-\$1,000,000
2027	2	8	10	\$88,600	\$1,911,400	\$2,000,000	0	1000000	-\$1,000,000
2028	2	6	8	\$88,600	\$911,400	\$1,000,000	0	1000000	-\$1,000,000
2029	2	4	6	\$88,600	\$911,400	\$1,000,000	0	1000000	-\$1,000,000
2030	2	2	4	\$88,600	\$911,400	\$1,000,000	0	1000000	-\$1,000,000
2031	2	4	6	\$88,600	\$911,400	\$1,000,000	0	1000000	-\$1,000,000
2032	2	6	8	\$88,600	\$911,400	\$1,000,000	0	1000000	-\$1,000,000
2033	2	4	6	\$88,600	\$911,400	\$1,000,000	0	1000000	-\$1,000,000
2034	2	4	6	\$88,600	\$911,400	\$1,000,000	0	1000000	-\$1,000,000
2035	2	6	8	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2036	2	10	12	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2037	2	10	12	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2038	2	2	4	\$88,600	-\$88,600	\$0	0	0	\$0
2039	2	8	10	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2040	2	4	6	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2041	2	10	12	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2042	2	6	8	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2043	2	2	4	\$88,600	-\$88,600	\$0	0	0	\$0
2044	2	0	2	\$88,600	-\$88,600	\$0	0	0	\$0
2045	2	2	4	\$88,600	-\$88,600	\$0	0	0	\$0
2046	2	0	2	\$88,600	-\$88,600	\$0	0	0	\$0
2047	2	4	6	\$88,600	\$911,400	\$1,000,000	0	0	\$0
2048	2	10	12	\$88,600	\$1,911,400	\$2,000,000	0	0	\$0
Total							\$21,000,000	\$12,000,000	\$9,000,000
							\$23,036,623	is greater than	\$18,128,335
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.

See Attachment D (at Attachment B thereof).

Board Finding Number 3.

The new qualifying jobs creation requirement under § 313.051(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant’s facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).

In support of this Finding, Applicant submitted, as Tab 12 to its Application, information regarding the industry standard for the number of jobs for a project with qualified property of this size and type. The Application states that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. Applicant reports in Tab 12 of the Application that solar projects create a large number of full and part-time, but temporary, jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences. Applicant further reports that the permanent employees of a solar project maintain and service PV panels, and inverters, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations. Thus, Applicant states that the two jobs committed to in the application are in line with the industry standard of one job for every 250MW for a solar project

this size. This is evidenced by previously certified limitation agreement applications by solar developers who also requested a waiver of the job requirements. Therefore, Cage Ranch Solar, LLC has the appropriate number of jobs for this project at two permanent job for the planned 500MW of installed capacity. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J.

See also Attachments A (Tab 4), and D.

Board Finding Number 4.

The Applicant will create two (2) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$44,300 (\$852 per week)², an amount equal to at least 110% of the Regional average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.

See Attachments A, D and J.

Board Finding Number 5.

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

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$787³ per week, which exceeds the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). See Attachments A and D.

Board Finding Number 6.

The ability of the Applicant to locate the proposed renewable energy facility in another state or another region of this state is significant because of the highly competitive marketplace for electricity and economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and Sudan ISD.

See Attachment C.

In support of Finding Number 6, the Comptroller's Certificate states, "[t]he Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision

² Applicant has committed to a higher weekly wage than the minimum amount required; per its Application (Tab 1, §14#7.c and #9), the minimum weekly wage is \$851.70 and the minimum annual wage is \$44,288.00.

³ The weekly salary for non-qualifying jobs stated in the Comptroller's Economic Impact Analysis is rounded up to the nearest dollar; the Application (Tab 1, §14#7.a), provides for a weekly wage of \$786.75.

to invest capital and construct the project in this state.” See Attachment C. The Economic Impact Analysis further states:

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Cage Ranch Solar [sic] 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:

- Geronimo Energy is a utility-scale renewable energy development company headquartered in Minneapolis, Minnesota.
- Per Geronimo Energy in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "Geronimo Energy has numerous renewable energy sites in development throughout the country and are continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, Geronimo Energy currently has ongoing project developments in many states, including but not limited to, Colorado, Nebraska, New Mexico, North Dakota and Tennessee."
 - B. "Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited."
- Tab 4 provided by the applicant stated the following:
The project is not known by any other names. The SPP Queue number is 2017-217 and was assigned in February of 2018.

See Attachment D (at Attachment C thereof).

Board Finding Number 7.

The proposed limitation on appraised value for the qualified property is \$20,000,000.

The Comptroller’s Minimum School District Limitation Values Report, effective as of January 1, 2019, provides that the District is a Subchapter C, Category 3 District, with a minimum limitation of \$20,000,000. See Attachments A and D.

Board Finding Number 8.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long term, with special reference to revenues used for supporting school district debt.

In support of this Finding, McDowell School Finance Consulting, LLC estimates in the District’s Financial Impact Report, based on the property values recited Cage Ranch Solar’s Application, that the project would add \$415,691,500 to the tax base at the peak investment level for tax year 2022

(school year 2022-2023). The additional project value is fully taxable for debt service taxes and can be used to meet any current or future debt needs serviced by an interest and sinking fund tax of the District. See Table I of Attachment E. See also Schedule B (Tab 14) of Attachment A, and Table 4 of Attachment D. In addition, the potential revenue gains from Supplemental Payments provided for in the proposed Agreement are estimated to be approximately \$700,000. See Attachment H at Section 6.2.A and Table VI of Attachment E.

Board Finding Number 9.

The effect of the Applicant's proposed project is not expected to increase the District's instructional facility needs. Sudan ISD can easily accommodate the student growth anticipated from Applicant's project with its existing facilities.

In support of this finding, the District's Financial Impact Report states:

Cage Ranch Solar, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that two full-time employees are expected. It is not known whether these would be new employees to the Sudan ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new two positions equates to 1 new student.

This projected student growth can be accommodated with the current facilities of Sudan ISD....

See Table VII of Attachment E. See also TEA's Facilities Impact Review Letter at Attachment F.

Board Finding Number 10.

The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table II of Attachment E (column labeled "Taxes w/o Agreement"), and is further based on the assumption that the projected total maintenance and operations tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.

[see table on next page]

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2019-2020	0.9700	0.152	0	0	0	0
2020-2021	0.9565	0.112	0	0	0	0
2021-2022	0.9432	0.112	0	0	0	0
2022-2023	0.9388	0.000	3,902,547	3,714,785	(3,469,951)	244,834
2023-2024	0.9344	0.000	3,345,082	3,158,193	(90,343)	3,067,850
2024-2025	0.9301	0.000	2,810,894	2,624,873	(66,377)	2,558,496
2025-2026	0.9258	0.000	2,302,355	2,117,199	(8,753)	2,108,446
2026-2027	0.9215	0.000	1,823,038	1,638,741	(8,967)	1,629,774
2027-2028	0.9172	0.000	1,505,333	1,321,892	(15,865)	1,306,027
2028-2029	0.9129	0.000	1,165,952	983,363	(14,305)	969,058
2029-2030	0.9087	0.000	803,102	621,361	0	621,361
2030-2031	0.9045	0.000	751,978	571,080	0	571,080
2031-2032	0.9003	0.000	748,489	568,430	(6,314)	562,116
2032-2033	0.8961	0.000	745,017	0	0	0
2033-2034	0.8920	0.000	741,562	0	0	0
2034-2035	0.8878	0.000	738,124	0	0	0
2035-2036	0.8837	0.000	734,702	0	0	0
2036-2037	0.8796	0.000	731,297	0	0	0
Totals			22,849,471	17,319,917	(3,680,875)	13,639,042

See also Table 3 of Attachment D⁴.

Board Finding Number 11.

The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled “Tax Savings with Agreement” from the column labeled “Taxes w/o Agreement”), and is based on the assumption that the projected total maintenance and operations tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.

[see table on next page]

⁴ The estimated M&O tax rates provided by McDowell School Finance Consulting are compressed according to HB 3 of the Texas Legislature’s 86th Regular Session.

TABLE II- Computation of Net Tax Savings:

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2019-2020	0.9700	0.152	0	0	0	0
2020-2021	0.9565	0.112	0	0	0	0
2021-2022	0.9432	0.112	0	0	0	0
2022-2023	0.9388	0.000	3,902,547	3,714,785	(3,469,951)	244,834
2023-2024	0.9344	0.000	3,345,082	3,158,193	(90,343)	3,067,850
2024-2025	0.9301	0.000	2,810,894	2,624,873	(66,377)	2,558,496
2025-2026	0.9258	0.000	2,302,355	2,117,199	(8,753)	2,108,446
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2027-2028	0.9172	0.000	1,505,333	1,321,892	(15,865)	1,306,027
2028-2029	0.9129	0.000	1,165,952	983,363	(14,305)	969,058
2029-2030	0.9087	0.000	803,102	621,361	0	621,361
2030-2031	0.9045	0.000	751,978	571,080	0	571,080
2031-2032	0.9003	0.000	748,489	568,430	(6,314)	562,116
2032-2033	0.8961	0.000	745,017	0	0	0
2033-2034	0.8920	0.000	741,562	0	0	0
2034-2035	0.8878	0.000	738,124	0	0	0
2035-2036	0.8837	0.000	734,702	0	0	0
2036-2037	0.8796	0.000	731,297	0	0	0
Totals			22,849,471	17,319,917	(3,680,875)	13,639,042

See also Table 4 of Attachment D. See note 4, *supra*.

Board Finding Number 12.

Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Analysis, the Comptroller's Certificate Decision, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when submitted.

Upon acceptance of the Application, the District requested the Comptroller undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. A Chapter 313 application is a governmental record under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an "official proceeding," a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

Board Finding Number 13.

The Applicant (Taxpayer Id. 32066276869) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller's acknowledgment that Applicant's right to transact business in Texas is active as a tax paying entity subject to taxes imposed by Chapter 171 of the Texas Tax Code.

See Attachments A, B and C.

Board Finding Number 14.

The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapters 312 and 313 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant's efforts to ensure that the area remains designated as a reinvestment zone for so long as the law allows.

See Attachment A (Tabs 11 and 16).

Board Finding Number 15.

Per Applicant's certification in its Application, no construction of Qualified Property has begun on the project site.

See Attachment A (§7.2 of Tab 1, and Tabs 10 and 11).

Board Finding Number 16.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.

In support of this Finding and based on the information provided and certified by Applicant in its Application, the District's Financial Impact Analysis demonstrates that, pursuant to current school finance law (including Texas Education Code §48.256(d)), the District is projected to receive revenue protection payments in tax years 2022 through 2028 and 2031 (school years 2022-23 through 2028-29 and 2031-32) in the estimated total amount of \$3,680,875. Therefore, any potential negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See Table II in Attachment E, and proposed Agreement, Article IV, at Attachment H.

Board Finding Number 17.

The Board finds there are no conflicts of interest at the time of its consideration of the Agreement.

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it has taken appropriate action to ensure that all District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

Board Finding Number 18.

Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Cage Ranch Solar's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

See Attachment D.

Board Finding Number 19.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.

See Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Sudan Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and (f) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.051(b) is hereby WAIVED; and,

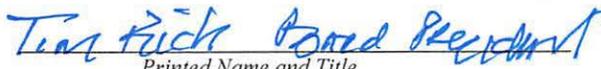
IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the Sudan Independent School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Sudan Independent School District Board of Trustees.

Dated this 9th day of December, 2019.

Sudan Independent School District

By  _____
Signature


Printed Name and Title

Attest:

By  _____
Signature


Printed Name and Title

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Applicant's Franchise Tax Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Analysis
F	TEA's Facilities Impact Letter
G	Comptroller's 2018 Property Value Study Report
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's December 4, 2019 Agreement Review Letter
J	Job Waiver Request



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 31, 2019

Scott Harrell
Superintendent
Sudan Independent School District
P.O. Box 2510
Sudan, Texas 77414

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sudan Independent School District and Cage Ranch Solar, LLC, Application 1395

Dear Superintendent Harrell:

On July 12, 2019, the Comptroller's office received Cage Ranch Solar, LLC's (applicant) application for a limitation on appraised value (Application 1395) from Sudan Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on July 31, 2019.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Ginger Flowers with our office. She can be reached by email at ginger.flowers@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5-0552 or at 512-475-0552.

Sincerely,

A handwritten signature in cursive script, reading "Will Counihan", is positioned above the typed name.

Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
David Reamer, Geronimo Energy
Carrie Bellamy, Geronimo Energy
Wes Jackson, Cummings Westlake, LLC

See Application documents
(Comptroller No. 1395)
posted on Comptroller Website:
Application (posted 7/19/19);
Supplement No. 1 (posted 8/1/19);
Supplement No. 2 (posted 8/22/19); and
Supplement No. 3 (posted 9/18/19)



Franchise Tax Account Status

As of : 12/01/2019 12:10:37

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

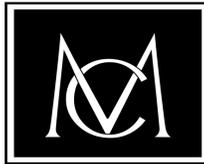
CAGE RANCH SOLAR, LLC DBA CAGE SOLAR RANCH, LLC	
Texas Taxpayer Number	32066276869
Mailing Address	1999 BRYAN ST STE 900 DALLAS, TX 75201-3140
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	02/16/2018
Texas SOS File Number	0802940093
Registered Agent Name	NATIONAL REGISTERED AGENTS, INC.
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

See Certification Packet
(Comptroller No. 1395)
posted on Comptroller Website (9/25/2019)

See Certification Packet
(Comptroller No. 1395)
posted on Comptroller Website (9/25/2019)

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Cage Ranch Solar, LLC**

Amended - October 31, 2019



MCDOWELL
School Finance
CONSULTING

Sudan ISD Financial Impact of Chapter 313 Agreement

Summary of Sudan ISD Financial Impact of the Limited Appraised Value Application from Cage Ranch Solar, LLC

Introduction

Cage Ranch Solar, LLC applied for a property value limitation from Sudan Independent School District under Chapter 313 of the Tax Code. The application was submitted July 8, 2019 and subsequently approved for consideration by the Sudan ISD Board of Trustees. Cage Ranch Solar, LLC (“Cage Ranch Solar”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007 and additionally House Bill 3390 from the 83rd Legislative Session.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below:

Sudan ISD Financial Impact of Chapter 313 Agreement

The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company.

Years Prior to Start of Value Limitation Period:

The tax years prior to the start of the value limitation period are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax year 2021 is the year that is Prior to the Start of Value Limitation Period.

Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the Minimum Limitation Amount for the applicable school district as determined by the State Comptroller’s Office. Sudan ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million. Thus, Sudan ISD has a Minimum Qualified Investment amount of \$10 million and a Minimum Limitation Amount of \$20 million. A qualifying entity’s taxable value would be reduced to \$20 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Sudan ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2022 and continue through tax year 2031.

Final Five Years of the Agreement – Continue to Maintain a Viable Presence:

Tax years 2032 through 2036 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

Sudan ISD Financial Impact of Chapter 313 Agreement

Taxable Value Projections from Application

The following data shows the projected taxable values that Cage Ranch Solar reported in the application to the District:

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value with Agreement
Each Year Prior to Start of Value Limitation Period	0	2019-2020	2019	\$0	\$0
	0	2020-2021	2020	\$0	\$0
	0	2021-2022	2021	\$0	\$0
Value Limitation Period	1	2022-2023	2022	\$415,691,500	\$20,000,000
	2	2023-2024	2023	\$357,975,200	\$20,000,000
	3	2024-2025	2024	\$302,213,050	\$20,000,000
	4	2025-2026	2025	\$248,692,900	\$20,000,000
	5	2026-2027	2026	\$197,837,500	\$20,000,000
	6	2027-2028	2027	\$164,122,000	\$20,000,000
	7	2028-2029	2028	\$127,713,250	\$20,000,000
	8	2029-2030	2029	\$88,378,500	\$20,000,000
	9	2030-2031	2030	\$83,138,300	\$20,000,000
Continue to Maintain Viable Presence	10	2031-2032	2031	\$83,138,300	\$20,000,000
	11	2032-2033	2032	\$83,138,300	\$83,138,300
	12	2033-2034	2033	\$83,138,300	\$83,138,300
	13	2034-2035	2034	\$83,138,300	\$83,138,300
	14	2035-2036	2035	\$83,138,300	\$83,138,300
Additional Years for 25 Year Economic Impact Study	15	2036-2037	2036	\$83,138,300	\$83,138,300
	16	2037-2038	2037	\$83,138,300	\$83,138,300
	17	2038-2039	2038	\$83,138,300	\$83,138,300
	18	2039-2040	2039	\$83,138,300	\$83,138,300
	19	2040-2041	2040	\$83,138,300	\$83,138,300
	20	2041-2042	2041	\$83,138,300	\$83,138,300
	21	2042-2043	2042	\$83,138,300	\$83,138,300
	22	2043-2044	2043	\$83,138,300	\$83,138,300
	23	2044-2045	2044	\$83,138,300	\$83,138,300
24	2045-2046	2045	\$83,138,300	\$83,138,300	
	25	2046-2047	2046	\$83,138,300	\$83,138,300

Sudan ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The “Additional Value from Cage Ranch Solar” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2022 through 2031, the company’s taxable value will be limited to the \$20,000,000 Minimum Limitation Amount of Sudan ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Cage Ranch Wind	Minimum Limitation Amount	Abated Value	Taxable Value
Jan. 1, 2019	0	n/a	0	0
Jan. 1, 2020	0	n/a	0	0
Jan. 1, 2021	0	n/a	0	0
Jan. 1, 2022	415,691,500	(20,000,000)	395,691,500	20,000,000
Jan. 1, 2023	357,975,200	(20,000,000)	337,975,200	20,000,000
Jan. 1, 2024	302,213,050	(20,000,000)	282,213,050	20,000,000
Jan. 1, 2025	248,692,900	(20,000,000)	228,692,900	20,000,000
Jan. 1, 2026	197,837,500	(20,000,000)	177,837,500	20,000,000
Jan. 1, 2027	164,122,000	(20,000,000)	144,122,000	20,000,000
Jan. 1, 2028	127,713,250	(20,000,000)	107,713,250	20,000,000
Jan. 1, 2029	88,378,500	(20,000,000)	68,378,500	20,000,000
Jan. 1, 2030	83,138,300	(20,000,000)	63,138,300	20,000,000
Jan. 1, 2031	83,138,300	(20,000,000)	63,138,300	20,000,000
Jan. 1, 2032	83,138,300	n/a	0	83,138,300
Jan. 1, 2033	83,138,300	n/a	0	83,138,300
Jan. 1, 2034	83,138,300	n/a	0	83,138,300
Jan. 1, 2035	83,138,300	n/a	0	83,138,300
Jan. 1, 2036	83,138,300	n/a	0	83,138,300

Sudan ISD Financial Impact of Chapter 313 Agreement

Cage Ranch Solar’s Tax Benefit from Agreement

The projected amount of the net tax savings for Cage Ranch Solar is \$13.6 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

Sudan ISD projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not previously held a tax ratification election and the study projects that it will maintain the maximum M&O tax rate allowable that doesn’t require an additional voter election for the life of this agreement.
- The district has outstanding bonds that are scheduled to payoff in 2022 and currently have a \$.1515 I&S tax rate. This district’s annual debt payment is approximately \$688,000 per year and the debt rates below are calculated rates using the projected taxable values with the addition of Cage Ranch Solar estimated taxable values. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District’s Revenue Losses	Net Tax Savings
2019-2020	0.9700	0.152	0	0	0	0
2020-2021	0.9565	0.112	0	0	0	0
2021-2022	0.9432	0.112	0	0	0	0
2022-2023	0.9388	0.000	3,902,547	3,714,785	(3,469,951)	244,834
2023-2024	0.9344	0.000	3,345,082	3,158,193	(90,343)	3,067,850
2024-2025	0.9301	0.000	2,810,894	2,624,873	(66,377)	2,558,496
2025-2026	0.9258	0.000	2,302,355	2,117,199	(8,753)	2,108,446
2026-2027	0.9215	0.000	1,823,038	1,638,741	(8,967)	1,629,774
2027-2028	0.9172	0.000	1,505,333	1,321,892	(15,865)	1,306,027
2028-2029	0.9129	0.000	1,165,952	983,363	(14,305)	969,058
2029-2030	0.9087	0.000	803,102	621,361	0	621,361
2030-2031	0.9045	0.000	751,978	571,080	0	571,080
2031-2032	0.9003	0.000	748,489	568,430	(6,314)	562,116
2032-2033	0.8961	0.000	745,017	0	0	0
2033-2034	0.8920	0.000	741,562	0	0	0
2034-2035	0.8878	0.000	738,124	0	0	0
2035-2036	0.8837	0.000	734,702	0	0	0
2036-2037	0.8796	0.000	731,297	0	0	0
Totals			22,849,471	17,319,917	(3,680,875)	13,639,042

Sudan ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Sudan ISD. First, a seventeen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a seventeen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a seventeen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the “Calculation of LAVA Impact on District’s Finances” section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2019-2020 fiscal year) were used for state aid and recapture calculation purposes
 - Tier I - Basic Allotment of \$6,160 multiplied by the number of students in average daily attendance (ADA).
 - Level 1 of Tier II yield - \$98.56 - per weighted student in average daily attendance (WADA) per penny of tax effort
 - Level 2 of Tier II yield - \$49.28 – per WADA per penny of tax effort
- Use of current year property values for state funding calculations.
- Use of prior year property values for revenue protection payment calculations in accordance with Article IV of the Agreement.
- The district’s tax rate for maintenance & operations (M&O) for 2018-19 of \$1.04 will be compressed to \$.97 for 2019-20 and is projected to decrease based on estimated statewide property tax growth. No future tax ratification elections are projected in the calculations.
- An annual taxable value increase of 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2019 taxable value was used as a baseline for all projections.
- The district’s enrollment is projected to increase; therefore, the projected ADA and WADA for school year 2019-2020 was increased by .5% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the years of this proposed agreement. Also, Legislative changes to the school finance formulas are almost certain during the life of this agreement.

Sudan ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Cage Ranch Solar (Table III), the addition of Cage Ranch Solar's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Cage Ranch Solar's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Cage Ranch Solar, LLC:

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Total District Revenue
			Tier I	Tier II			
2019-2020	482,290,892	4,604,657	756,327	126,665	882,992	0	5,487,649
2020-2021	486,913,800	4,584,184	860,254	126,459	986,713	0	5,570,897
2021-2022	491,582,938	4,563,878	917,695	126,297	1,043,992	0	5,607,870
2022-2023	496,298,768	4,586,068	801,123	125,614	926,737	0	5,512,805
2023-2024	501,061,756	4,608,283	773,176	125,055	898,231	0	5,506,514
2024-2025	505,872,373	4,631,017	708,284	125,386	833,670	0	5,464,687
2025-2026	510,731,097	4,653,782	711,218	124,991	836,209	0	5,489,991
2026-2027	515,638,408	4,676,576	715,405	124,664	840,069	0	5,516,645
2027-2028	520,594,792	4,699,398	721,780	124,463	846,243	0	5,545,641
2028-2029	525,600,740	4,722,245	724,765	123,722	848,487	0	5,570,732
2029-2030	604,047,046	5,399,196	94,800	94,635	189,435	0	5,588,631
2030-2031	604,484,099	5,378,208	190,400	96,449	286,849	0	5,665,057
2031-2032	605,205,693	5,359,694	185,828	97,676	283,504	0	5,643,198
2032-2033	606,200,665	5,343,521	235,741	99,122	334,863	0	5,678,384
2033-2034	607,458,441	5,330,159	274,615	100,417	375,032	0	5,705,191
2034-2035	608,969,007	5,318,298	307,712	100,868	408,580	0	5,726,878
2035-2036	610,722,879	5,309,019	348,257	102,342	450,599	0	5,759,618
2036-2037	612,711,080	5,301,619	381,822	103,150	484,972	0	5,786,591

Sudan ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues with Cage Ranch Solar, LLC without Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Total District Revenue
			Tier I	Tier II			
2019-2020	482,290,892	4,604,657	756,327	126,665	882,992	0	5,487,649
2020-2021	486,913,800	4,584,184	860,254	126,459	986,713	0	5,570,897
2021-2022	491,582,938	4,563,878	917,695	126,297	1,043,992	0	5,607,870
2022-2023	911,990,268	7,607,048	1,307,120	0	1,307,120	(3,614,968)	5,299,200
2023-2024	859,036,956	7,166,517	159,920	0	159,920	(1,740,300)	5,586,137
2024-2025	808,085,423	6,742,640	184,800	6,298	191,098	(1,398,675)	5,535,063
2025-2026	759,423,997	6,337,815	93,000	26,938	119,938	(897,011)	5,560,742
2026-2027	713,475,908	5,955,563	186,800	46,598	233,398	(601,088)	5,587,873
2027-2028	684,716,792	5,716,310	93,800	59,647	153,447	(252,320)	5,617,437
2028-2029	653,313,990	5,455,063	188,800	73,530	262,330	(73,867)	5,643,526
2029-2030	692,425,546	6,186,230	94,800	59,902	154,702	(668,049)	5,672,883
2030-2031	687,622,399	6,115,154	190,400	63,531	253,931	(666,652)	5,702,433
2031-2032	688,343,993	6,093,218	95,800	64,755	160,555	(525,876)	5,727,897
2032-2033	689,338,965	6,073,623	192,400	66,449	258,849	(569,492)	5,762,980
2033-2034	690,596,741	6,056,920	96,800	67,660	164,460	(431,916)	5,789,464
2034-2035	692,107,307	6,041,638	194,400	68,194	262,594	(493,280)	5,810,952
2035-2036	693,861,179	6,029,018	97,600	69,409	167,009	(352,782)	5,843,245
2036-2037	695,849,380	6,018,277	196,400	70,215	266,615	(414,843)	5,870,049

TABLE V – District Revenues with Cage Ranch Solar, LLC with Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Payment		Total District Revenue
			Tier I	Tier II		Recapture Payment	for District Losses	
2019-2020	482,290,892	4,604,657	756,327	126,665	882,992	0	0	5,487,649
2020-2021	486,913,800	4,584,184	860,254	126,459	986,713	0	0	5,570,897
2021-2022	491,582,938	4,563,878	917,695	126,297	1,043,992	0	0	5,607,870
2022-2023	516,298,768	4,682,539	715,328	117,734	833,062	0	3,469,951	8,985,552
2023-2024	521,061,756	4,725,552	661,651	117,493	779,144	0	90,343	5,595,039
2024-2025	525,872,373	4,768,996	530,264	117,506	647,770	0	66,377	5,483,143
2025-2026	530,731,097	4,812,873	556,773	117,111	673,884	0	8,753	5,495,510
2026-2027	535,638,408	4,857,190	539,109	116,784	655,893	0	8,967	5,522,050
2027-2028	540,594,792	4,879,169	546,340	116,583	662,923	0	15,865	5,557,957
2028-2029	545,600,740	4,901,173	550,177	115,862	666,039	0	14,305	5,581,517
2029-2030	624,047,046	5,577,301	94,800	86,775	181,575	(85,925)	0	5,672,951
2030-2031	624,484,099	5,555,490	190,400	88,569	278,969	(131,748)	0	5,702,711
2031-2032	625,205,693	5,536,152	95,800	89,796	185,596	0	6,314	5,728,062
2032-2033	689,338,965	6,073,623	192,400	66,449	258,849	(569,492)	0	5,762,980
2033-2034	690,596,741	6,056,920	96,800	67,660	164,460	(431,916)	0	5,789,464
2034-2035	692,107,307	6,041,638	194,400	68,194	262,594	(493,280)	0	5,810,952
2035-2036	693,861,179	6,029,018	97,600	69,409	167,009	(352,782)	0	5,843,245
2036-2037	695,849,380	6,018,277	196,400	70,215	266,615	(414,843)	0	5,870,049

Sudan ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 3 of the 86th Legislative Session and became effective for the 2019-2020 school year. The primary intent of the new legislation is to reduce maintenance & operations “M&O” tax rate and cooperatively reduce district’s recapture payments; thus, increasing the State’s share of school district funding. The maximum M&O tax rate prior to the Legislative Session was \$1.17 and that rate was reduced to a maximum rate of \$1.06835 for the 2019-2020 school year. The maximum tax rate is expected to continue to be compressed lower when statewide property values increase at a rate greater than 2.5% per year or also when a school district’s property values increase by more than 2.5%. However, a school district’s M&O tax rate can’t be reduced to a rate lower than 90% of the maximum allowable Tier I rate for the respective year.

Prior to the 86th Legislative Session and the passage of House Bill 3, school finance law required the use of a district’s prior year property values for the calculation of property wealth. House Bill 3 changed school finance law and now requires a district’s current year property values for the property wealth calculation; however, it also contains language for the calculation of revenue protection payments for Chapter 313 Agreements using prior year values in Section 48.256(d) as follows:

(d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.

Sudan ISD Financial Impact of Chapter 313 Agreement

Supplemental Payments

Assuming that the District and Cage Ranch Solar, LLC mutually agree in the LAVA that the greater of \$100 per student in average daily attendance (ADA) or \$50,000, the projected amount of these payments over the life of the agreement is \$700,000 of the \$13.6 million net tax savings amount. This amount will be computed annually according to Section VI of the Agreement.

TABLE VI - Calculation of the Supplemental Payments:

Fiscal Year	Net Tax Savings	Sudan ISD Supplemental	Cage Ranch Solar Share
2019-2020	0	0	0
2020-2021	0	0	0
2021-2022	0	50,000	(50,000)
2022-2023	244,834	50,000	194,834
2023-2024	3,067,850	50,000	3,017,850
2024-2025	2,558,496	50,000	2,508,496
2025-2026	2,108,446	50,000	2,058,446
2026-2027	1,629,774	50,000	1,579,774
2027-2028	1,306,027	50,000	1,256,027
2028-2029	969,058	50,000	919,058
2029-2030	621,361	50,000	571,361
2030-2031	571,080	50,000	521,080
2031-2032	562,116	50,000	512,116
2032-2033	0	50,000	(50,000)
2033-2034	0	50,000	(50,000)
2034-2035	0	50,000	(50,000)
2035-2036	0	0	0
2036-2037	0	0	0
Totals	13,639,042	700,000	12,939,042

Sudan ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Sudan Elementary	EE-7	22	484	328	156
Sudan High School	8-12	17	374	164	210
Total		39	858	492	366

The building capacities are based on 22 students per classroom for early education through 12th grade. Sudan ISD is an early-education through 12th grade district.

Cage Ranch Solar, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that two employees are expected. It is not known whether these would be new employees to the Sudan ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new two positions equates to 1 new student.

This projected student growth can be accommodated with the current facilities of Sudan ISD as displayed in Table VII above.

Sudan ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Cage Ranch Solar, LLC, would be beneficial to both Cage Ranch Solar and Sudan ISD under the current school finance system.

Cage Ranch Solar, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and supplemental payments to the District, Cage Ranch Solar is projected to benefit from an 90% tax savings during that ten year period of this Agreement. Cage Ranch Solar also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Sudan ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Cage Ranch Solar to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.



Commissioner Mike Morath

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

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

August 9, 2019

Tim Rich, President
Board of Trustees
Sudan Independent School District
PO Box 249
Sudan, TX 79371-0249

Dear Mr. Rich:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Cage Ranch Solar LLC project #1395 on the number and size of school facilities in Sudan Independent School District (SISD). Based on an examination of SISD enrollment and the number of potential new jobs, the TEA has determined that the Cage Ranch Solar LLC project should not have a significant impact on the number or size of school facilities in SISD.

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

Sincerely,

A handwritten signature in cursive script that reads "Amy Copeland".

Amy Copeland
Assistant Director of State Funding

AC/rk

Cc: Scott Michael Harrell


Taxes

Property Tax Assistance

2018 ISD Summary Worksheet**009-Bailey****140-908/Sudan ISD**

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	916,058	N/A	916,058	916,058
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C1. VACANT LOTS	47,817	N/A	47,817	47,817
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURE LAND	25,289,199	N/A	25,289,199	25,289,199
D2. REAL PROPERTY: FARM & RANCH	888,987	N/A	888,987	888,987
E. REAL PROPERTY: NON-QUALIFYING ACREAGE	7,421,914	N/A	7,421,914	7,421,914
F1. COMMERCIAL REAL ESTATE	371,614	N/A	371,614	371,614
F2. INDUSTRIAL REAL ESTATE	1,453,955	N/A	1,453,955	1,453,955
G. OIL, GAS, MINERAL RIGHTS	0	N/A	0	0
J. UTILITIES	7,435,325	N/A	7,435,325	7,435,325
L1. COMMERCIAL PERSONAL	85,670	N/A	85,670	85,670
L2. INDUSTRIAL PERSONAL	176,562	N/A	176,562	176,562
M. MOBILE HOMES	93,298	N/A	93,298	93,298

N. INTANGIBLE PERSONAL PROPERTY	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
Subtotal	44,180,399	0	44,180,399	44,180,399
Less Total Deductions	2,237,354	0	2,237,354	2,237,354
Total Taxable Value	41,943,045	0	41,943,045	41,943,045

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M & O Purposes

T1	T2	T3	T4
42,413,827	41,943,045	42,413,827	41,943,045

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
470,782	0

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

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

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

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

Value Taxable For I & S Purposes

T7	T8	T9	T10
42,413,827	41,943,045	42,413,827	41,943,045

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

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

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

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

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

040-Cochran

140-908/Sudan ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	0	N/A	0	0
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C1. VACANT LOTS	0	N/A	0	0
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	1,120,654	N/A	1,120,654	1,120,654

D2. REAL PROP:FA RM & RANCH	0	N/A	0	0
E. REAL PROP NO NQUAL ACREAGE	167,922	N/A	167,922	167,922
F1. COMMERCIAL REAL	0	N/A	0	0
F2. INDUSTRIAL R EAL	0	N/A	0	0
G. OIL,GAS,MINER ALS	0	N/A	0	0
J. UTILITIES	92,667	N/A	92,667	92,667
L1. COMMERCIAL PERSONAL	0	N/A	0	0
L2. INDUSTRIAL P ERSONAL	0	N/A	0	0
M. MOBILE HOMES	0	N/A	0	0
N. INTANGIBLE PE RSONAL PROP	0	N/A	0	0
O. RESIDENTIAL IN VENTORY	0	N/A	0	0
S. SPECIAL INVEN TORY	0	N/A	0	0
Subtotal	1,381,243	0	1,381,243	1,381,243
Less Total Deducti ons	70,000	0	70,000	70,000
Total Taxable Value	1,311,243	0	1,311,243	1,311,243

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M & O Purposes

T1	T2	T3	T4
1,331,243	1,311,243	1,331,243	1,311,243

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
20,000	0

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

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

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

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

Value Taxable For I & S Purposes

T7	T8	T9	T10
1,331,243	1,311,243	1,331,243	1,311,243

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

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

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

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

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

140-Lamb

140-908/Sudan ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	16,339,990	0.8264	19,772,495	16,339,990
B. MULTIFAMILY RESIDENCES	4,270	N/A	4,270	4,270
C1. VACANT LOTS	202,010	N/A	202,010	202,010
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	21,060,890	1.4369	14,657,249	21,060,890
D2. REAL PROP:FARM & RANCH	460,910	N/A	460,910	460,910
E. REAL PROP NON-QUAL ACREAGE	5,356,024	N/A	5,356,024	5,356,024
F1. COMMERCIAL REAL	1,421,760	N/A	1,421,760	1,421,760
F2. INDUSTRIAL REAL	2,206,430	N/A	2,206,430	2,206,430
G. OIL,GAS,MINERALS	0	N/A	0	0
J. UTILITIES	377,227,180	0.9538	395,499,245	377,227,180
L1. COMMERCIAL PERSONAL	793,670	N/A	793,670	793,670
L2. INDUSTRIAL PERSONAL	2,972,840	N/A	2,972,840	2,972,840
M. MOBILE HOMES	522,410	N/A	522,410	522,410
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0

Subtotal	428,568,384	0	443,869,313	428,568,384
Less Total Deductions	14,108,918	0	14,887,053	14,108,918
Total Taxable Value	414,459,466	0	428,982,260	414,459,466

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M & O Purposes

T1	T2	T3	T4
416,208,114	414,459,466	416,208,114	414,459,466

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
1,748,648	0

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

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

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

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

Value Taxable For I & S Purposes

T7	T8	T9	T10
416,208,114	414,459,466	416,208,114	414,459,466

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

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

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

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

THE PVS FOUND YOUR LOCAL VALUE INVALID, BUT LOCAL VALUE WAS CERTIFIED BECAUSE LOCAL VALUE IS GREATER THAN PTAD VALUE

140-908-02/Sudan ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	17,256,048	0.8341	20,688,553	17,256,048
B. MULTIFAMILY RESIDENCES	4,270	N/A	4,270	4,270
C1. VACANT LOTS	249,827	N/A	249,827	249,827
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	47,470,743	1.1559	41,067,102	47,470,743
D2. REAL PROPERTY: FARM & RANCH	1,349,897	N/A	1,349,897	1,349,897
E. REAL PROPERTY: NON-QUALIFYING ACREAGE	12,945,860	N/A	12,945,860	12,945,860

F1. COMMERCIAL REAL	1,793,374	N/A	1,793,374	1,793,374
F2. INDUSTRIAL REAL	3,660,385	N/A	3,660,385	3,660,385
G. OIL,GAS,MINERALS	0	N/A	0	0
J. UTILITIES	384,755,172	0.9547	403,027,237	384,755,172
L1. COMMERCIAL PERSONAL	879,340	N/A	879,340	879,340
L2. INDUSTRIAL PERSONAL	3,149,402	N/A	3,149,402	3,149,402
M. MOBILE HOMES	615,708	N/A	615,708	615,708
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
Subtotal	474,130,026		489,430,955	474,130,026
Less Total Deductions	16,416,272		17,194,407	16,416,272
Total Taxable Value	457,713,754		472,236,548	457,713,754

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M & O Purposes

T1	T2	T3	T4
459,953,184	457,713,754	459,953,184	457,713,754

Loss To the Additional \$10,000 Homestead Exemption	50 % of the loss to the Local Optional Percentage Homestead Exemption
2,239,430	0

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

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

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

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

Value Taxable For I & S Purposes

T7	T8	T9	T10
459,953,184	457,713,754	459,953,184	457,713,754

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

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

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

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

See Agreement
(Comptroller No. 1395)
posted on Comptroller Website



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 4, 2019

Scott Harrell
Superintendent
Sudan Independent School District
P.O. Box 249
Sudan, TX 79371

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sudan Independent School District and Cage Ranch Solar, LLC, Application 1395

Dear Superintendent Harrell:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Sudan Independent School District and Cage Ranch Solar, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Ginger Flowers with our office. She can be reached by email at ginger.flowers@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-0552, or at 512-475-0552.

Sincerely,

A handwritten signature in cursive script, reading "Will Counihan", is positioned below the word "Sincerely,".

Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
David Reamer, Geronimo Energy
Carrie Bellamy, Geronimo Energy
Wes Jackson, Cummings Westlake, LLC

See Tab 12 of the Application,
(Comptroller No. 1395)
posted on Comptroller Website
(posted 07/19/19)