

**FINDINGS OF THE ANDREWS  
INDEPENDENT SCHOOL DISTRICT BOARD  
OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
2W PERMIAN SOLAR, LLC (#1411)**



November 12, 2019

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**NOVEMBER 12, 2019**

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DISTRICT BOARD OF TRUSTEES UNDER THE  
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ON THE APPLICATION SUBMITTED BY 2W PERMIAN  
SOLAR, LLC (#1411)

*STATE OF TEXAS* §

*COUNTY OF ANDREWS* §

On August 16, 2019, a public meeting of the Board of Trustees of the Andrews Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of 2W Permian Solar, LLC (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On August 16, 2019, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Application was determined to be complete as of September 17, 2019. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32068420176), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Andrews County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on October 9, 2019, in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate 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 before the 25<sup>th</sup> anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc., is attached to these findings as **Attachment D**.

The Board of Trustees has confirmed that the taxable value of property in the District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment E**.

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F**.

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

**Board Finding Number 1.**

**The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.**

In support of Finding 1, the Application indicates that:

2W Permian Solar plans to construct a 350 MW solar farm (the "Project") in Andrews County. 2W Permian Solar is requesting an appraised value limitation on all the property constructed or placed upon the real property within Andrews ISD. The application covers all qualified property in the reinvestment zone and project boundary within Andrews ISD. Solar equipment selection is ongoing at this time and has not been finalized. The exact number of PV panels and their capacity will vary depending upon the panels and inverters selected, manufacturer's availability and pricing, ongoing engineering design optimization, and the final megawatt generating capacity of the Project when completed. Current plans are to install 1.2 million Longi 400-watt panels.

Construction of the project will include, but is not limited to, the following: solar modules/panels, metal mounting system with tracking capabilities, battery or battery systems underground conduit, communication cables, electric collection system wiring, combiner boxes, a project substation including breakers, a transformer, meters, overhead transmission lines, inverter boxes on concrete pads, operations and maintenance facility, fencing for safety and security, telephone and internet communication system, access and service roads, and meteorological equipment to measure solar irradiation and weather conditions.

Property used for renewable electric energy generation is eligible for a limitation under §313.024(b) (5).

**Board Finding Number 2.**

**The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).**

**Board Finding Number 3.**

**Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).**

**Board Finding Number 4.**

**The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.**

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

**Board Finding Number 5.**

**Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.**

In its Application, the Applicant has committed to creating four (4) new qualifying jobs. The average salary level of qualifying jobs must be at least \$59,160 per year. The review of the application by the Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(5)(B) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-

- only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

**Board Finding Number 6.**

**Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.**

**Board Finding Number 7.**

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

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For any non-qualifying jobs the Applicant should create, the Applicant will be required to pay at least the county average wage of \$69,005 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(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, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$356.7 million to the tax base that would be available for debt service purposes at the peak investment level for the 2022-23 school year. An expansion of the I&S tax base creates the potential of a benefit for the District and its taxpayers in addressing its debt service needs, at least in the early years of the project.

**Board Finding Number 9.**

**The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

**Board Finding Number 10.**

**The Board finds that with the adoption of District Policy CCGB (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.**

**Board Finding Number 11.**

**The Board of Trustees hired consultants to review and verify the information in the Application. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.**

The Board has developed a written policy CCGB (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (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 and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations 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 Chapter 313 Tax Limitation Agreement (**Attachment G**) is an “official proceeding,” a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants 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.

**Board Finding Number 12.**

**The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Thirty Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).**

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller’s Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2018 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year (**Attachment**

E). The total industrial value for the District is \$479.2 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its demographic characteristics. Given that the value of industrial property is \$200 million or more, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

**Board Finding Number 13.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.**

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment I**)

**Board Finding Number 14.**

**The Applicant (Taxpayer No. 32068420176) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer No. 32068420176), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

**Board Finding Number 15.**

**The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.**

**Board Finding Number 16.**

**The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District, and such provisions comply with the specific terms of Texas Tax Code, Chapter 313.**

In support of this finding, the finance report prepared by Moak, Casey & Associates, Inc. shows that the District will incur revenue losses in the initial year that the value limitation is in effect without the proposed Agreement under current law. With this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

**Board Finding Number 17.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.**

**Board Finding Number 18.**

**The Board finds that there are no conflicts of interest at the time of considering the agreement.**

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/Home/Index/124>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

**Board Finding Number 19.**

**The Board directs that a link on its Website be established to the Comptroller's Office Website where appraisal-limitation-related documents are made available to the public.**

**Board Finding Number 20.**

**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting and maintained in the permanent records of the Board of Trustees of the District.

Dated the 12<sup>th</sup> day of November 2019.

ANDREWS INDEPENDENT SCHOOL DISTRICT

By: Kari Walinder  
Kari Walinder  
President, Board of Trustees

ATTEST:

By: J. Leach  
Jim Leach  
Secretary, Board of Trustees

Attachment A  
Application

# O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

August 16, 2019

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

RE: Application to the Andrews Independent School District from 2W Permian Solar, LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Andrews Independent School District is notifying 2W Permian Solar, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. Please prepare the Economic Impact Report.

The Applicant submitted the Application to the school district on August 13, 2019. The Board voted to accept the application on August 13, 2019. The application has been determined complete as of August 16, 2019. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered.

A copy of the application will be submitted to the Andrews County Appraisal District.

Sincerely,



Kevin O'Hanlon  
School District Consultant

Cc: Andrews County Appraisal District  
2W Permian Solar, LLC

## APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> <li>a) Project vicinity</li> <li>b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period</li> <li>c) Qualified property including location of new buildings or new improvements</li> <li>d) Existing property</li> <li>e) Land location within vicinity map</li> <li>f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size</li> </ul> <p><b>Note:</b> Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> <li>a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office</li> <li>b) legal description of reinvestment zone*</li> <li>c) order, resolution or ordinance establishing the reinvestment zone*</li> <li>d) guidelines and criteria for creating the zone*</li> </ul> <p><b>* To be submitted with application or before date of final application approval by school board</b></p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

**Tab Item 1**  
**Pages 1 through 11 of**  
**Application**

# Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

**INSTRUCTIONS:** This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
  - the date on which the school district received the application;
  - the date the school district determined that the application was complete;
  - the date the school board decided to consider the application; and
  - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/). There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SECTION 1: School District Information

### 1. Authorized School District Representative

August 13, 2019

Date Application Received by District

Bobby

First Name

Azam

Last Name

Superintendent

Title

Andrews Independent School District

School District Name

405 NW 3rd Street

Street Address

405 NW 3rd Street

Mailing Address

Andrews

City

TX

State

79714

ZIP

432-523-3640

Phone Number

Fax Number

bazam@andrews.esc18.net

Email Address

Mobile Number (optional)

2. Does the district authorize the consultant to provide and obtain information related to this application? .....  Yes  No

**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

<u>Mali</u> First Name	<u>Hanley</u> Last Name
<u>Consultant</u> Title	
<u>O'Hanlon, Demerath &amp; Castillo</u> Firm Name	
<u>512.494.9949</u> Phone Number	<u>512.494.9919</u> Fax Number
	<u>mhanley@808west.com</u> Email Address
<u>Mobile Number (optional)</u>	

4. On what date did the district determine this application complete? ..... August 16, 2019
5. Has the district determined that the electronic copy and hard copy are identical? .....  Yes  No

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

<u>Philip</u> First Name	<u>Moore</u> Last Name
<u>Senior Vice President - Development</u> Title	
<u>401 N Michigan Ave., Ste. 501</u> Street Address	
<u>401 N Michigan Ave., Ste. 501</u> Mailing Address	
<u>Chicago</u> City	<u>IL</u> State
<u>512-767-7461</u> Phone Number	<u>60611</u> ZIP
	<u>312-527-0538</u> Fax Number
	<u>pmoore@lincolnclean.com</u> Business Email Address
<u>Mobile Number (optional)</u>	

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? .....  Yes  No
- 2a. If yes, please fill out contact information for that person.

<u>Eric</u> First Name	<u>Barnett</u> Last Name
<u>Director of Development</u> Title	
<u>401 N Michigan Ave., Ste. 501</u> Street Address	
<u>401 N Michigan Ave., Ste. 501</u> Mailing Address	
<u>Chicago</u> City	<u>IL</u> State
<u>(512) 484-4613</u> Phone Number	<u>60611</u> ZIP
	<u>(312) 527-0538</u> Fax Number
	<u>ebarnett@lincolnclean.com</u> Business Email Address
<u>Mobile Number (optional)</u>	

3. Does the applicant authorize the consultant to provide and obtain information related to this application? .....  Yes  No

**SECTION 2: Applicant Information (continued)**

**4. Authorized Company Consultant (If Applicable)**

David Sewell  
 First Name Last Name  
 Attorney  
 Title  
 Stahl, Davies, Sewell, Chavarria & Friend, LLP  
 Firm Name  
 (512) 346-5558 (512) 346-2712  
 Phone Number Fax Number  
 dsewel l@sbaustinlaw.com  
 Business Email Address

**SECTION 3: Fees and Payments**

1. Has an application fee been paid to the school district?  Yes  No  
 The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.  
 1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.
- For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.
2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A
  3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A

**SECTION 4: Business Applicant Information**

1. What is the legal name of the applicant under which this application is made? 2W Permian Solar, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32068420176
3. List the NAICS code 221115
4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 4a. If yes, please list application number, name of school district and year of agreement

**SECTION 5: Applicant Business Structure**

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No  
 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

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

**SECTION 7: Project Description**

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

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

**SECTION 8: Limitation as Determining Factor**

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

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

**SECTION 9: Projected Timeline**

- 1. Application approval by school board ..... Q4 2019
- 2. Commencement of construction ..... Q4 2019
- 3. Beginning of qualifying time period ..... 1/2/2020
- 4. First year of limitation ..... 1/1/2022
- 5. Begin hiring new employees ..... Q1 2021
- 6. Commencement of commercial operations ..... Q2 2021
- 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (*date your application is finally determined to be complete*)? .....  Yes  No  
**Note:** Improvements made before that time may not be considered qualified property.
- 8. When do you anticipate the new buildings or improvements will be placed in service? ..... Q2 2021

**SECTION 10: The Property**

- 1. Identify county or counties in which the proposed project will be located Andrews County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Andrews County Appraisal District
- 3. Will this CAD be acting on behalf of another CAD to appraise this property? .....  Yes  No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:  
 County: Andrews County, 0.5189, 100% City: \_\_\_\_\_  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Hospital District: Andrews County HD, 0.48455, 100% Water District: \_\_\_\_\_  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Other (*describe*): \_\_\_\_\_ Other (*describe*): \_\_\_\_\_  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
- 5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No  
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No  
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

**SECTION 11: Investment**

**NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/).

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 30,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? ..... 30,000,000.00  
**Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? .....  Yes  No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
  - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
  - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
  - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
- 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

**SECTION 12: Qualified Property**

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
  - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
  - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
  - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
  
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? .....  Yes  No
  - 2a. If yes, attach complete documentation including:
    - a. legal description of the land (Tab 9);
    - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
    - c. owner (Tab 9);
    - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
    - e. a detailed map showing the location of the land with vicinity map (Tab 11).
  
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ....  Yes  No
  - 3a. If yes, attach the applicable supporting documentation:
    - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
    - b. legal description of reinvestment zone (Tab 16);
    - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
    - d. guidelines and criteria for creating the zone (Tab 16); and
    - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
  - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? ..... June 2019

**SECTION 13: Information on Property Not Eligible to Become Qualified Property**

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
  - a. maps and/or detailed site plan;
  - b. surveys;
  - c. appraisal district values and parcel numbers;
  - d. inventory lists;
  - e. existing and proposed property lists;
  - f. model and serial numbers of existing property; or
  - g. other information of sufficient detail and description.
  
4. Total estimated market value of existing property (that property described in response to question 1): ..... \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
  
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): ..... \$ 0.00

**Note:** Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? ..... 0
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2019  
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? ..... 4
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes     No
  - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
  - a. Average weekly wage for all jobs (all industries) in the county is ..... 1,380.25
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 1,120.35
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,139.81
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 58,258.20
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 58,259.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? .....  Yes     No
  - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes     No
  - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

**Tab Item 2**  
**Proof of Payment of**  
**Application Fee**

Proof of payment of filing fee received by the  
Comptroller of Public Accounts per TAC Rule  
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of  
Public Accounts)*

### Tab Item 3

#### Documentation of Combined Group Membership under Texas Tax Code 171.0001(7)

Documentation from Texas Comptroller's Franchise Tax Division to demonstrate combined group membership:

1. 2W Permian Solar, LLC is a Delaware Limited Liability Company formed on September 14<sup>th</sup>, 2018.
2. 2W Permian Solar, LLC is registered in the State of Texas as a foreign limited liability company, File Number 803122497, in the Office of the Secretary of State. Taxpayer number 32068420176.
3. 2W Permian Solar, LLC has one member with 100% ownership, Lincoln Clean Energy, LLC, which is registered in the State of Texas as a foreign limited liability company, File Number 0802369618, in the Office of the Secretary of State. Taxpayer number 32059303761.
4. Contact information for 2W Permian Solar, LLC is as follows:
  - a. Contact: Philip Moore
  - b. Phone: (512) 767 – 7461
  - c. Email: [pmoore@lincolnclean.com](mailto:pmoore@lincolnclean.com)
5. In addition, we have attached Form 05-166 (Texas Franchise Tax Affiliate Schedule) for Lincoln Clean Energy, LLC. Lincoln Clean Energy, LLC's affiliates are: Tahoka Wind, LLC; Lockett Windfarm, LLC; Willow Springs Wind Farm, LLC; Dermott Wind, LLC; Rockwood Energy Center, LLC; Staked Plains Energy, LLC; SP Energy 1, LLC; Shawnee Energy Center, LLC; Wayside Wind, LLC; Sage Draw Wind, LLC; Antelope Flats Wind, LLC; St. Lawrence Solar; SP Energy DM, LLC; SP Energy ET, LLC; SP Energy GL, LLC; SP Energy PV, LLC; SP Energy TL, LLC; LCE Asset Management Services, LLC; Lincoln Clean Energy Development, LLC; Helena Wind, LLC; Western Trail Wind, LLC; 2W Permian Solar, LLC; and Barranca Wind Energy, LLC.



Texas Franchise Tax Extension Affiliate List

Tcode 13298 Franchi

FILING REQUIREMENTS

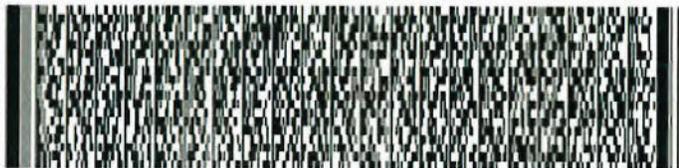
Reporting entity taxpayer number: 3 2 0 5 9 3 0 3 7 6 1  
 Report year: 2 0 1 8  
 Reporting entity taxpayer name: Lincoln Clean Energy, LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. TAHOKA WIND, LLC	3 2 0 6 1 8 6 2 3 8 2	<input type="radio"/>
2. LOCKETT WINDFARM, LLC	3 2 0 5 7 0 2 5 9 8 6	<input type="radio"/>
3. WILLOW SPRINGS WINDFARM, LLC	3 2 0 5 6 6 9 8 2 6 2	<input type="radio"/>
4. DERMOTT WIND, LLC	3 2 0 5 6 7 6 8 1 1 5	<input type="radio"/>
5. ROCKWOOD ENERGY CENTER, LLC	3 2 0 5 4 4 9 4 9 2 0	<input type="radio"/>
6. STAKED PLAINS ENERGY, LLC	3 2 0 5 9 7 5 9 4 5 9	<input type="radio"/>
7. SP ENERGY 1, LLC	3 2 0 6 0 2 9 4 4 6 2	<input type="radio"/>
8. SHAWNEE ENERGY CENTER, LLC	3 2 0 5 6 7 5 1 3 9 2	<input type="radio"/>
9. WAYSIDE WIND, LLC	3 2 0 5 9 3 4 2 6 8 6	<input type="radio"/>
10. SAGE DRAW WIND, LLC	3 2 0 6 1 8 8 3 3 3 9	<input type="radio"/>
11. ANTELOPE FLATS WIND, LLC	3 2 0 6 1 8 4 2 0 9 5	<input type="radio"/>
12. ST. LAWRENCE SOLAR	3 2 0 5 9 7 7 5 9 0 1	<input type="radio"/>
13. SP ENERGY DM, LLC	3 2 0 6 0 9 5 5 0 0 5	<input type="radio"/>
14. SP ENERGY ET, LLC	3 2 0 6 0 9 5 5 0 5 4	<input type="radio"/>
15. SP ENERGY GL, LLC	3 2 0 6 0 9 5 5 1 1 2	<input type="radio"/>
16. SP ENERGY PV, LLC	3 2 0 6 1 1 1 6 8 3 9	<input type="radio"/>
17. SP ENERGY TL, LLC	3 2 0 6 1 1 1 6 8 5 4	<input type="radio"/>
18. LCE ASSET MANAGEMENT SERVICES, LLC	3 2 0 6 1 5 2 9 2 6 2	<input type="radio"/>
19. LINCOLN CLEAN ENERGY DEVELOPMENT, LLC	3 2 0 5 3 5 1 9 6 7 7	<input type="radio"/>
20. HELENA WIND, LLC	3 2 0 6 6 9 2 1 2 2 5	<input type="radio"/>
21. WESTERN TRAIL WIND, LLC	3 2 0 6 6 8 9 0 6 0 2	<input type="radio"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



VE/DE  FM





Texas Franchise Tax Extension Affiliate List

FILING REQUIREMENTS

Tcode 13298 Franchi

Reporting entity taxpayer number: 3 2 0 5 9 3 0 3 7 6 1

Report year: 2 0 1 8

Reporting entity taxpayer name: Lincoln Clean Energy, LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NETS IN TEXAS
1. ZW PERMIAN SOLAR, LLC	3 2 0 6 8 4 2 0 1 7 6	<input type="radio"/>
2. BARRANCA WIND ENERGY, LLC	3 2 0 6 7 7 1 6 5 5 8	<input type="radio"/>
3.		<input type="radio"/>
4.		<input type="radio"/>
5.		<input type="radio"/>
6.		<input type="radio"/>
7.		<input type="radio"/>
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17.		<input type="radio"/>
18.		<input type="radio"/>
19.		<input type="radio"/>
20.		<input type="radio"/>
21.		<input type="radio"/>

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Do not file this form when requesting a second extension.

Texas Comptroller Official Use Only



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#### **Tab Item 4**

#### **Detailed Description of the Project**

*Provide 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.*

2W Permian Solar, LLC is requesting a Chapter 313 Appraised Value Limitation Agreement from Andrews ISD for a proposed solar powered electric generating facility (the "Project") to be constructed in Andrews ISD in Andrews County. The installed capacity of the proposed project is expected to be approximately 350 megawatts (MW). While solar panel type and size have yet to be finalized, the current plan is to utilize 1.2 million Longi 400-watt panels.

Construction of the Project is expected to commence in the fourth quarter of 2019 and is anticipated to be complete in the second quarter of 2021. Construction of the project will include, but is not limited to, the following: solar modules/panels, metal mounting system with tracking capabilities, battery or battery system, underground conduit, communication cables, electric collection system wiring, combiner boxes, a project substation including breakers, a transformer, and meters, overhead transmission lines, inverter boxes on concrete pads, operations and maintenance facility, fencing for safety and security, telephone and internet communication system, access and service roads, and meteorological equipment to measure solar irradiation and weather conditions.

## Tab Item 5

### Documentation to assist in determining if limitation is a determining factor:

2W Permian Solar, LLC ("Permian Solar") is a Delaware limited liability company. Permian Solar has one member with 100% ownership, Lincoln Clean Energy, LLC ("LCE"). LCE has successfully developed projects involving over \$1 billion in capital investments in some of the largest electricity markets in the United States, including California, New Jersey, and Texas.

The Applicant for this Project has entered into several contracts related to the project, including long-term lease option agreements with area landowners and service agreements and scopes with various consultants (environmental, road and home glare, etc.) to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. None of these contracts obligate Applicant to construct the Project, and each of these contracts may be terminated by Applicant without incurring any significant liability.

The Applicant for the Project has obtained or applied for the following state and local permits:

- Andrews County Tax Abatement 312
- Andrews County Hospital District Tax Abatement 312

The project has not been known by any other names during its development. The Project applied to ERCOT on November 30, 2018, and it has been assigned GINR number 20INR0219

The applicant is a national solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar characteristics. The Applicant is actively assessing and developing other projects outside of Texas that are competing for limited investment funds. In addition to its projects in Texas, the developer is assessing or developing projects in Washington, Oregon, California, Nevada, Arizona, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Nebraska, Minnesota, Arkansas, Louisiana, Illinois, Mississippi, Michigan, Indiana, Alabama, Ohio, Georgia, Florida, New York, Connecticut, Maryland, Delaware, Virginia, and North Carolina. The appraised value limitation is critical to the ability of the Project to move forward in Southland ISD.

Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease. The Applicant for this project is competing against other developers who have been offered or are in the process of applying for Value Limitation Agreements with other school districts. Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in areas with more favorable economics.

**Tab Item 6**

Not applicable.

## **Tab Item 7**

### **Description of Qualified Investment**

2W Permian Solar, LLC plans to construct a 350 MW solar farm (the "Project") in Andrews County.

The Applicant is requesting an appraised value limitation on all the property constructed or placed upon the real property within Andrews ISD. Solar equipment selection is ongoing at this time and has not been finalized. The exact number of PV panels and their capacity will vary depending upon the panels and the inverters selected, manufacturer's availability and prices, ongoing engineering design optimization, and the final megawatt generating capacity of the Project when completed. With that being said, current plans are to install 1.2 million Longi 400-watt panels.

Construction of the project will include, but is not limited to, the following: solar modules/panels, metal mounting system with tracking capabilities, battery or battery system, underground conduit, communication cables, electric collection system wiring, combiner boxes, a project substation including breakers, a transformer, and meters, overhead transmission lines, inverter boxes on concrete pads, operations and maintenance facility, fencing for safety and security, telephone and internet communication system, access and service roads, and meteorological equipment to measure solar irradiation and weather conditions.

Construction of the project is anticipated to begin in quarter 4 of 2019 with completion and commercial operation by quarter 2 of 2021.

## **Tab Item 8**

### **Description of Qualified Property**

2W Permian Solar, LLC plans to construct a 350 MW solar farm (the "Project") in Andrews County.

The Applicant is requesting an appraised value limitation on all the property constructed or placed upon the real property within Andrews ISD. Solar equipment selection is ongoing at this time and has not been finalized. The exact number of PV panels and their capacity will vary depending upon the panels and the inverters selected, manufacturer's availability and prices, ongoing engineering design optimization, and the final megawatt generating capacity of the Project when completed. With that being said, current plans are to install 1.2 million Longi 400-watt panels.

Construction of the project will include, but is not limited to, the following: solar modules/panels, metal mounting system with tracking capabilities, battery or battery system, underground conduit, communication cables, electric collection system wiring, combiner boxes, a project substation including breakers, a transformer, and meters, overhead transmission lines, inverter boxes on concrete pads, operations and maintenance facility, fencing for safety and security, telephone and internet communication system, access and service roads, and meteorological equipment to measure solar irradiation and weather conditions.

Construction of the project is anticipated to begin in quarter 4 of 2019 with completion and commercial operation by quarter 2 of 2021.

**Tab Item 9**

**Description of Land**

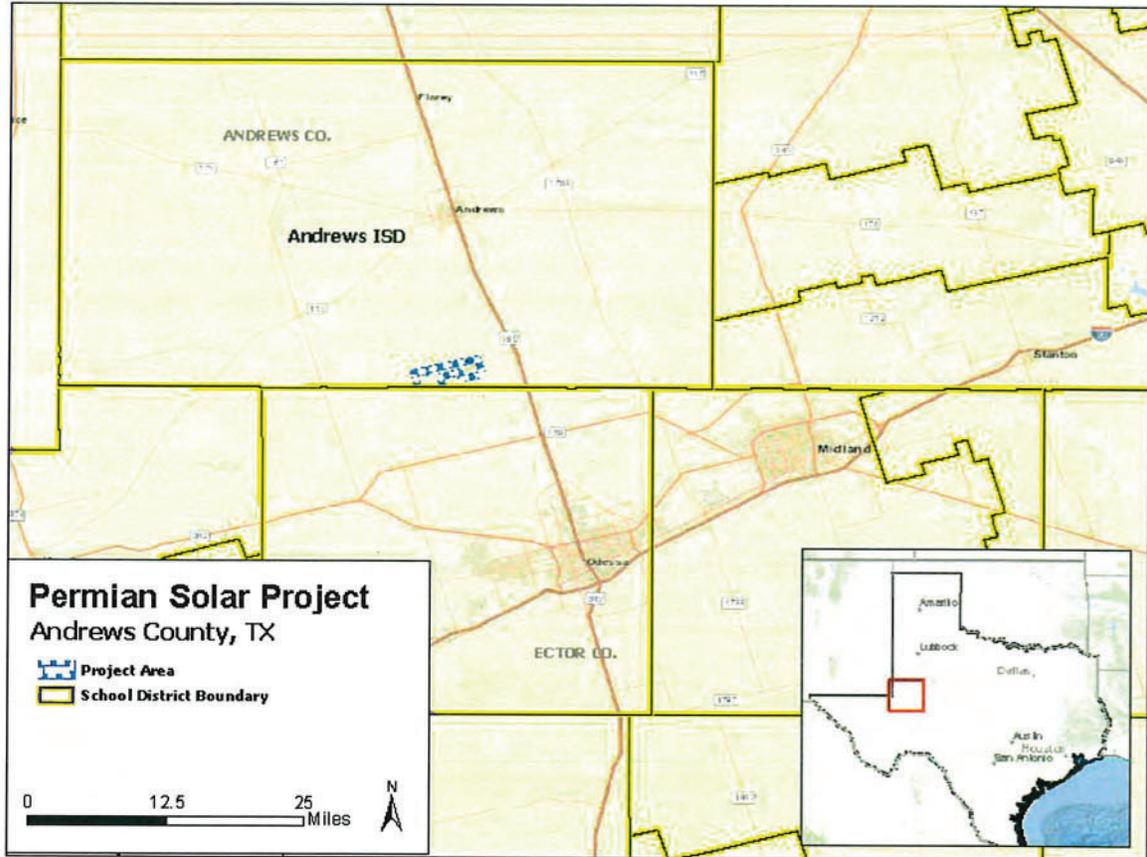
The land will not be part of the qualified property for the project.

**Tab Item 10**

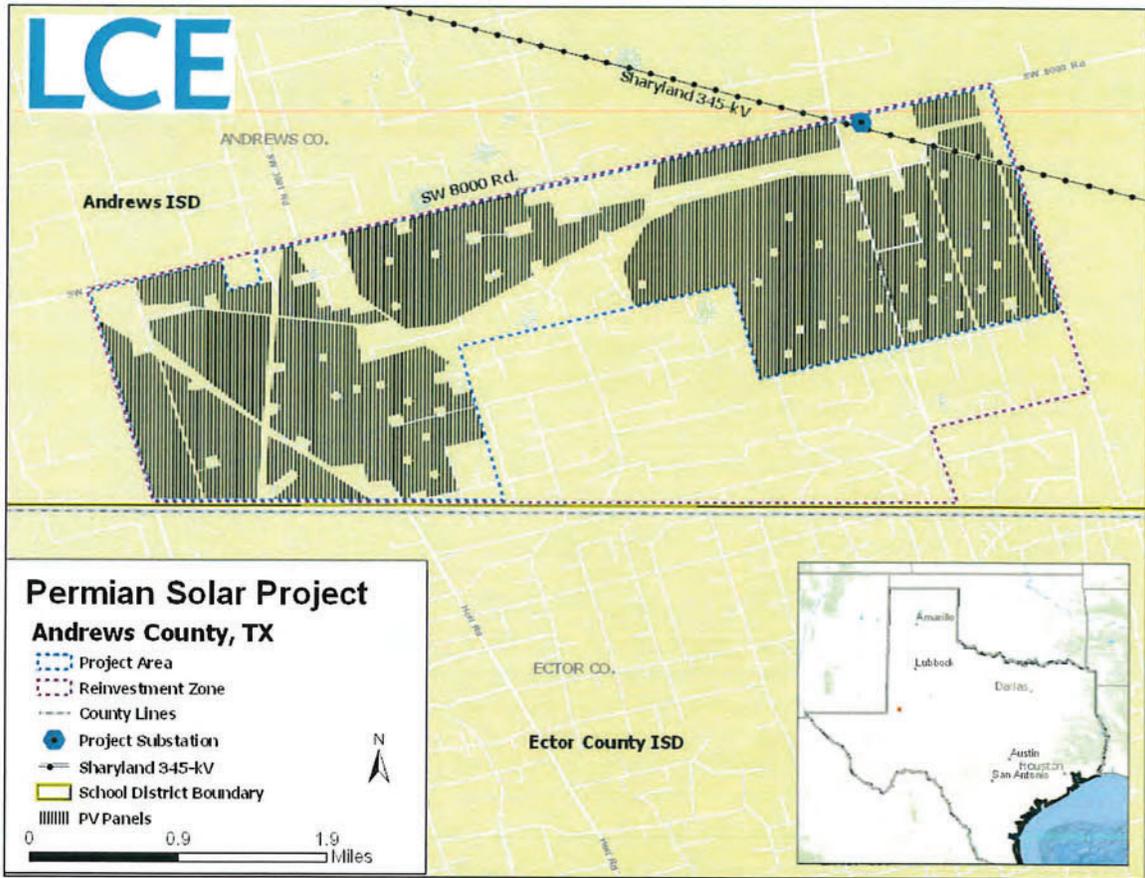
**Description of all property not eligible to become qualified property**

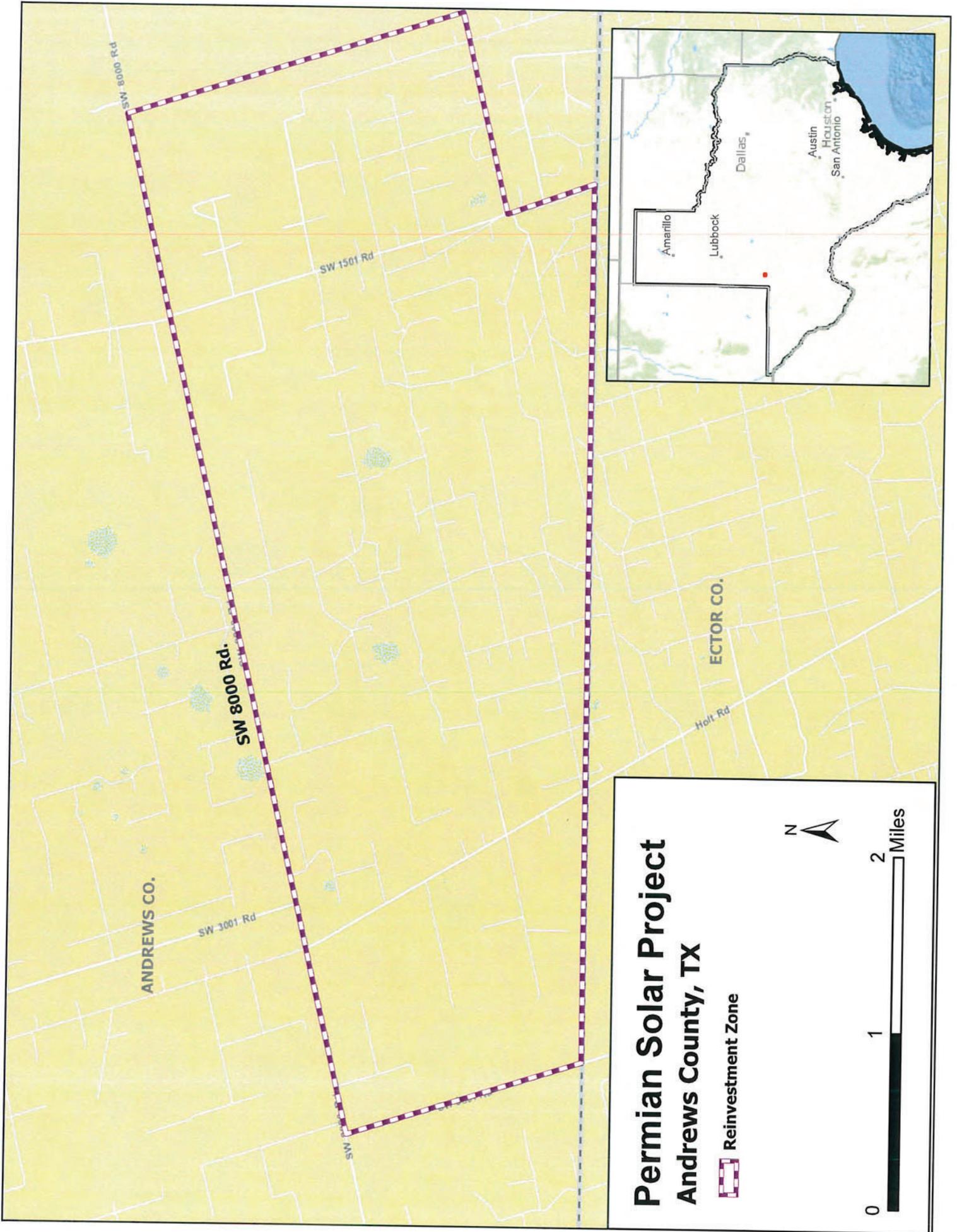
N/A

Tab Item 11  
Maps  
Vicinity and ISD Map:



**Location of Project, Proposed Reinvestment Zone, Andrews ISD Boundary, County Boundary, Qualified Investment, and Qualified Property:**





# Permian Solar Project Andrews County, TX

 Reinvestment Zone



**Tab Item 12**  
**Request For Waiver of Job Creation Requirement**

August 13, 2019

Superintendent Bobby  
Azam Andrews ISD  
405 NW 3<sup>rd</sup> Street  
Andrews, TX 79714

Re: Chapter 313 Job Waiver Request

Dear Superintendent Azam,

Please consider this letter to be 2W Permian Solar, LLC's formal request to waive the minimum new job creation requirement, as provided under Texas Tax Code 313.025(f-1).

The governing body of a school district may waive the new jobs creation requirement in Section 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if the governing body makes a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property that is described in this application. Solar energy projects create many full-time jobs during the construction phase, but these jobs are temporary by nature. Once the project is in operation, a small crew of full-time employees will maintain and operate the facility. Based upon our experience in the solar industry, we expect that four (4) employees would be needed to operate a 350 MW facility, and we can commit to creating four (4) full-time positions to fill those needs. All would be qualifying jobs as described in Section 313.021(3) of the Texas Tax Code.

The applicant requests that the Andrews ISD's Board of Trustees make such a finding and waive the job creation requirement. This waiver request is in line with industry standards for the job requirements for a solar energy facility of this size, as evidenced by limitation agreement applications that have been filed by other solar energy developers, and by documentation related to the development and operation of solar energy generation facilities.

The project stands to provide significant benefits to the community with respect to increased tax base.

Kind Regards,

  
Eric Barnett  
Development Director  
2W Permian Solar, LLC

**Tab Item 13**

**Calculation of three possible wage requirements with TWC documentation**

Quarterly Employment and Wages (QCEW)

Average Weekly Wage for All Jobs (All Industries) in Andrews County

Year	Period	Area	Ownership	Ind-Code	Industry	Avg. Weekly Wages
2018	1 <sup>st</sup> Qtr	Andrews	Private	10	Total, All Industries	\$1,337
2018	2 <sup>nd</sup> Qtr	Andrews	Private	10	Total, All Industries	\$1,327
2018	3 <sup>rd</sup> Qtr	Andrews	Private	10	Total, All Industries	\$1,353
2018	4 <sup>th</sup> Qtr	Andrews	Private	10	Total, All Industries	\$1,504
Average						\$1,380.25

110% of \$1,380.25 = \$1,518.28

Customize the report using Accessibility

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	01	Andrews	Private	10	Total, All Industries	1,337
2018	02	Andrews	Private	10	Total, All Industries	1,327
2018	03	Andrews	Private	10	Total, All Industries	1,353
2018	04	Andrews	Private	10	Total, All Industries	1,504

Quarterly Employment and Wages (QCEW)

Average Weekly Wage for Manufacturing Jobs in Andrews County

Year	Period	Area	Ownership	Ind-Code	Industry	Avg. Weekly Wages
2018	1 <sup>st</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$992
2018	2 <sup>nd</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$1,060
2018	3 <sup>rd</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$971
2018	4 <sup>th</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$1,051
Average						\$1,018.50

110% of \$1,018.50 = \$1,120.35

Drag a column header and drop it here to group by that column.

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	01	Andrews	Private	31-33	Manufacturing	992
2018	02	Andrews	Private	31-33	Manufacturing	1,060
2018	03	Andrews	Private	31-33	Manufacturing	971
2018	04	Andrews	Private	31-33	Manufacturing	1,051

Quarterly Employment and Wages (QCEW)

Average Weekly Wage for Manufacturing Jobs in Region

Andrews County is included in the Permian Basin Regional Planning Commission. The most recently reported (2017) average wage for the Permian Basin Regional Planning Commission is \$54,576.

$$\$53,882 / 52 = \$1,036.19$$

$$110\% \text{ of } \$1,036.19 = \$1,139.81$$

**2018 Manufacturing Average Wages by Council of Government Region  
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
Texas		\$27.04	\$56,240
<a href="#">Alamo Area Council of Governments</a>	18	\$22.80	\$47,428
<a href="#">Ark-Tex Council of Governments</a>	5	\$18.73	\$38,962
<a href="#">Brazos Valley Council of Governments</a>	13	\$18.16	\$37,783
<a href="#">Capital Area Council of Governments</a>	12	\$32.36	\$67,318
<a href="#">Central Texas Council of Governments</a>	23	\$19.60	\$40,771
<a href="#">Coastal Bend Council of Governments</a>	20	\$28.52	\$59,318
<a href="#">Concho Valley Council of Governments</a>	10	\$21.09	\$43,874
<a href="#">Deep East Texas Council of Governments</a>	14	\$18.28	\$38,021
<a href="#">East Texas Council of Governments</a>	6	\$21.45	\$44,616
<a href="#">Golden Crescent Regional Planning Commission</a>	17	\$28.56	\$59,412
<a href="#">Heart of Texas Council of Governments</a>	11	\$22.71	\$47,245
<a href="#">Houston-Galveston Area Council</a>	16	\$29.76	\$61,909
<a href="#">Lower Rio Grande Valley Development Council</a>	21	\$17.21	\$35,804
<a href="#">Middle Rio Grande Development Council</a>	24	\$20.48	\$42,604
<a href="#">NORTEX Regional Planning Commission</a>	3	\$25.14	\$52,284
<a href="#">North Central Texas Council of Governments</a>	4	\$27.93	\$58,094
<a href="#">Panhandle Regional Planning Commission</a>	1	\$24.19	\$50,314
<a href="#">Permian Basin Regional Planning Commission</a>	9	\$25.90	\$53,882
<a href="#">Rio Grande Council of Governments</a>	8	\$18.51	\$38,493
<a href="#">South East Texas Regional Planning Commission</a>	15	\$36.26	\$75,430
<a href="#">South Plains Association of Governments</a>	2	\$20.04	\$41,691
<a href="#">South Texas Development Council</a>	19	\$17.83	\$37,088
<a href="#">Texoma Council of Governments</a>	22	\$21.73	\$45,198
<a href="#">West Central Texas Council of Governments</a>	7	\$21.84	\$45,431

**Tab Item 14**  
**Schedules A1, A2, B, C and D**

**Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)**

Date: \_\_\_\_\_  
Applicant Name: 2W Permian Solar, LLC  
ISD Name: Andrews ISD

PROPERTY INVESTMENT AMOUNTS										
[Estimated Investment in each year. Do not put cumulative totals.]										
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A	Column B	Column C	Column D	Column E			
			New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)			
Investment made before filing complete application with district			Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]				
Investment made after filing complete application with district, but before final board approval of application	2019	2019					\$0			
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]				
Investment made before filing complete application with district										
Investment made after filing complete application with district, but before final board approval of application	2020	2020		\$1,000,000						
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period										
Complete tax years of qualifying time period	2021	2021-2022								
	2022	2022-2023	\$385,654,638	\$1,000,000			\$386,654,638			
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>			\$385,654,638	\$1,000,000	\$0		\$386,654,638	\$0	\$386,654,638	
<b>Total Qualified Investment (sum of green cells)</b>										\$386,654,638

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Column B: Only tangible personal property that is specifically described in the application can become qualified property.

Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of §13.021(1) but not creating a new improvement as defined by TAC § 1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column E: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Date  
Applicant Name 2W Permian Solar, LLC  
ISD Name Andrews ISD

PROPERTY INVESTMENT AMOUNTS (Estimated Investment In each year. Do not put cumulative totals.)									
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A	Column B	Column C	Column D	Column E	Total Investment (A+B+C+D)	
			New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)			
-	TOTALS FROM SCHEDULE A1		\$385,654,638	\$1,000,000	\$0	\$0	\$386,654,638		
0	2019-2020	2019							
0	2020-2021	2020							
0	2021-2022	2021	\$385,654,638	\$1,000,000	\$0	\$0	\$386,654,638		
1	2022-2023	2022	\$0	\$0	\$0	\$0	\$0		
2	2023-2024	2023	\$0	\$0	\$0	\$0	\$0		
3	2024-2025	2024	\$0	\$0	\$0	\$0	\$0		
4	2025-2026	2025	\$0	\$0	\$0	\$0	\$0		
5	2026-2027	2026	\$0	\$0	\$2,000,000	\$0	\$2,000,000		
6	2027-2028	2027	\$0	\$0	\$2,000,000	\$0	\$2,000,000		
7	2028-2029	2028	\$0	\$0	\$2,000,000	\$0	\$2,000,000		
8	2029-2030	2029	\$0	\$0	\$2,000,000	\$0	\$2,000,000		
9	2030-2031	2030	\$0	\$0	\$2,000,000	\$0	\$2,000,000		
Total Investment made through limitation			#REF!	#REF!	\$10,000,000	\$0	\$396,654,638		
10	2031-2032	2031			\$3,000,000		\$3,000,000		
11	2032-2033	2032			\$3,000,000		\$3,000,000		
12	2033-2034	2033			\$3,000,000		\$3,000,000		
13	2034-2035	2034			\$3,000,000		\$3,000,000		
14	2035-2036	2035			\$3,000,000		\$3,000,000		
15	2036-2037	2036			\$3,000,000		\$3,000,000		
16	2037-2038	2037			\$3,000,000		\$3,000,000		
17	2038-2039	2038			\$3,000,000		\$3,000,000		
18	2039-2040	2039			\$3,000,000		\$3,000,000		
19	2040-2041	2040			\$3,000,000		\$3,000,000		
20	2041-2042	2041			\$3,000,000		\$3,000,000		
21	2042-2043	2042			\$3,000,000		\$3,000,000		
22	2043-2044	2043			\$3,000,000		\$3,000,000		
23	2044-2045	2044			\$3,000,000		\$3,000,000		
24	2045-2046	2045			\$3,000,000		\$3,000,000		
25	2046-2047	2046			\$3,000,000		\$3,000,000		

\* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the first row.

\*\* Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period, list amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.  
Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

**Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)**

**2W Permian Solar, LLC**

**Form 50-296A**

Revised May 2014

Date  
Applicant Name  
ISD Name

Andrews ISD

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value			
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions	
0	2019-2020	2019	\$0						
0	2020-2021	2020							
0	2021-2022	2021	\$0						
1	2022-2023	2022	\$0	\$980,000	\$355,722,267	\$356,702,267	\$356,702,267	\$30,000,000	\$30,000,000
2	2023-2024	2023	\$0	\$921,200	\$324,789,896	\$325,711,096	\$325,711,096	\$30,000,000	\$30,000,000
3	2024-2025	2024	\$0	\$865,928	\$293,857,525	\$294,723,453	\$294,723,453	\$30,000,000	\$30,000,000
4	2025-2026	2025	\$0	\$813,972	\$259,058,607	\$259,872,580	\$259,872,580	\$30,000,000	\$30,000,000
5	2026-2027	2026	\$0	\$765,134	\$224,259,690	\$225,024,824	\$225,024,824	\$30,000,000	\$30,000,000
6	2027-2028	2027	\$0	\$719,226	\$189,460,773	\$190,179,999	\$190,179,999	\$30,000,000	\$30,000,000
7	2028-2029	2028	\$0	\$676,072	\$150,795,309	\$151,471,381	\$151,471,381	\$30,000,000	\$30,000,000
8	2029-2030	2029	\$0	\$635,508	\$115,996,391	\$116,631,899	\$116,631,899	\$30,000,000	\$30,000,000
9	2030-2031	2030	\$0	\$597,378	\$92,797,113	\$93,394,491	\$93,394,491	\$30,000,000	\$30,000,000
10	2031-2032	2031	\$0	\$561,535	\$81,197,474	\$81,759,009	\$81,759,009	\$30,000,000	\$30,000,000
11	2032-2033	2032	\$0	\$527,843	\$77,330,928	\$77,858,770	\$77,858,770	\$30,000,000	\$30,000,000
12	2033-2034	2033	\$0	\$496,172	\$77,330,928	\$77,827,100	\$77,827,100	\$30,000,000	\$30,000,000
13	2034-2035	2034	\$0	\$466,402	\$77,330,928	\$77,797,330	\$77,797,330	\$30,000,000	\$30,000,000
14	2035-2036	2035	\$0	\$438,418	\$77,330,928	\$77,769,345	\$77,769,345	\$30,000,000	\$30,000,000
15	2036-2037	2036	\$0	\$412,113	\$77,330,928	\$77,743,040	\$77,743,040	\$30,000,000	\$30,000,000
16	2037-2038	2037	\$0	\$387,386	\$77,330,928	\$77,718,314	\$77,718,314	\$30,000,000	\$30,000,000
17	2038-2039	2038	\$0	\$364,143	\$77,330,928	\$77,695,070	\$77,695,070	\$30,000,000	\$30,000,000
18	2039-2040	2039	\$0	\$342,294	\$77,330,928	\$77,673,222	\$77,673,222	\$30,000,000	\$30,000,000
19	2040-2041	2040	\$0	\$321,757	\$77,330,928	\$77,652,684	\$77,652,684	\$30,000,000	\$30,000,000
20	2041-2042	2041	\$0	\$302,451	\$77,330,928	\$77,633,379	\$77,633,379	\$30,000,000	\$30,000,000
21	2042-2043	2042	\$0	\$284,304	\$77,330,928	\$77,615,232	\$77,615,232	\$30,000,000	\$30,000,000
22	2043-2044	2043	\$0	\$267,246	\$77,330,928	\$77,598,173	\$77,598,173	\$30,000,000	\$30,000,000
23	2044-2045	2044	\$0	\$251,211	\$77,330,928	\$77,582,139	\$77,582,139	\$30,000,000	\$30,000,000
24	2045-2046	2045	\$0	\$236,138	\$77,330,928	\$77,567,066	\$77,567,066	\$30,000,000	\$30,000,000
25	2046-2047	2046	\$0	\$221,970	\$77,330,928	\$77,552,898	\$77,552,898	\$30,000,000	\$30,000,000

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs		Qualifying Jobs	
				Column A Number of Construction FTE's or man-hours (specify)	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E Average annual wage of new qualifying jobs	
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	50 FTEs	\$58,259				
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2020-2021	2020						
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021						
	1	2022-2023	2022	350 FTEs	\$58,259	0	0	0	
	2	2023-2024	2023	N/A	N/A	0	0	4	\$58,259
	3	2024-2025	2024	N/A	N/A	0	0	4	\$58,259
	4	2025-2026	2025	N/A	N/A	0	0	4	\$58,259
	5	2026-2027	2026	N/A	N/A	0	0	4	\$58,259
	6	2027-2028	2027	N/A	N/A	0	0	4	\$58,259
	7	2028-2029	2028	N/A	N/A	0	0	4	\$58,259
	8	2029-2030	2029	N/A	N/A	0	0	4	\$58,259
	9	2030-2031	2030	N/A	N/A	0	0	4	\$58,259
	10	2031-2032	2031	N/A	N/A	0	0	4	\$58,259
Years Following Value Limitation Period	11 through 25	2032-2047	2032-2046	N/A	N/A	0	0	4	\$58,259

Notes: See TAC 9.1051 for definition of non-qualifying jobs.  
 Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25)  Yes  No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?  Yes  No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?  Yes  No

**Schedule D: Other Incentives (Estimated)**

2W Permian Solar, LLC  
Andrews ISD

Form 50-296A  
Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)									
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy			
Tax Code Chapter 311	County: N/A City: N/A Other: N/A			N/A	N/A	N/A			
Tax Code Chapter 312	County: Andrews County City: N/A Other: Andrews County Hospital District	2021 10 years		\$705,660	\$387,660 (54.93%)	\$318,000			
Local Government Code Chapters 380/381	County: N/A City: N/A Other: N/A			N/A	N/A	N/A			
Freeporf Exemptions	N/A			N/A	N/A	N/A			
Non-Annexation Agreements	N/A			N/A	N/A	N/A			
Enterprise Zone/Project	N/A			N/A	N/A	N/A			
Economic Development Corporation	N/A			N/A	N/A	N/A			
Texas Enterprise Fund	N/A			N/A	N/A	N/A			
Employee Recruitment	N/A			N/A	N/A	N/A			
Skills Development Fund	N/A			N/A	N/A	N/A			
Training Facility Space and Equipment	N/A			N/A	N/A	N/A			
Infrastructure Incentives	N/A			N/A	N/A	N/A			
Permitting Assistance	N/A			N/A	N/A	N/A			
Other:	N/A			N/A	N/A	N/A			
Other:	N/A			N/A	N/A	N/A			
Other:	N/A			N/A	N/A	N/A			
Other:	N/A			N/A	N/A	N/A			
<b>TOTAL</b>				\$705,660	\$387,660	\$318,000			

Additional information on incentives for this project:

**Tab Item 15**

**Economic Impact Analysis**

Not applicable.

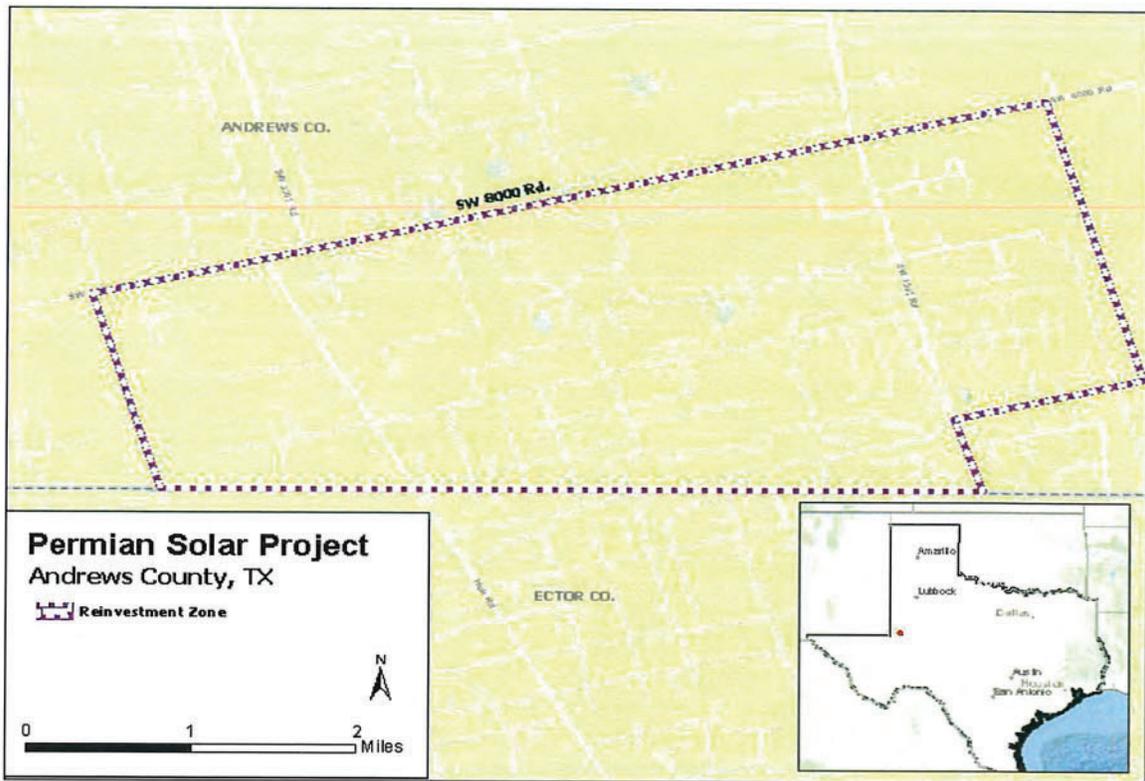
**Tab Item 16**

**Description of Reinvestment Zone**

All the real property situated in Andrews County, State of Texas, described as follows:

SECTION	BLOCK	TOWNSHIP	SURVEY	ABSTARCT	COUNTY
101	SF9955		W.F. COWDEN	1392	ANDREWS
2	43	T-1-N	T & P RR Co.	1403	ANDREWS
1	43	T-1-N	T & P RR Co.	43	ANDREWS
5	43	T-1-N	T & P RR Co.	45	ANDREWS
6	43	T-1-N	T & P RR Co.	420	ANDREWS
7	43	T-1-N	T & P RR Co.	46	ANDREWS
8	43	T-1-N	T & P RR Co.	419	ANDREWS
9	43	T-1-N	T & P RR Co.	47	ANDREWS
10	43	T-1-N	T & P RR Co.	511	ANDREWS
11	43	T-1-N	T & P RR Co.	48	ANDREWS
A	43	T-1-N	C.F. COWDEN	1046	ANDREWS
B	43	T-1-N	C.F. COWDEN	1047	ANDREWS
C	43	T-1-N	C.F. COWDEN	1048	ANDREWS
C	43	T-1-N	C.F. COWDEN	319	ANDREWS
C	43	T-1-N	C.F. COWDEN	1049	ANDREWS
D	43	T-1-N	C.F. COWDEN	1045	ANDREWS

\*Insert Order of Andrews County Commissioner establishing reinvestment zone\*



## **GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT I ANDREWS, TEXAS**

### **SECTION I. General Purpose:**

The City of Andrews, Andrews County and Andrews County Hospital District (hereinafter referred to as the Affected Jurisdictions) located within the County of Andrews, Texas, are committed to the promotion of business development and to an ongoing improvement in the quality of life for their citizens. The Affected Jurisdictions recognize that these objectives are generally served by enhancement and expansion of the local economy. The Affected Jurisdictions will, on a case by case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the Affected Jurisdictions. It is the policy of the Affected Jurisdictions that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that the Affected Jurisdictions are under any obligation to provide tax abatement to any applicant and attention is called to V.T.C.A., Tax Code, Section 312.002(d). With the above rights reserved all applications for tax abatement will be considered on a case by case basis.

### **SECTION II. Definitions:**

As used within these guidelines and criteria, the following words or phrases shall have the following meaning:

1. **Abatement of Taxes:** To exempt from ad valorem taxation all or part of the value of certain Improvements placed on land located in a Reinvestment Zone designated for economic development purposes as of the date of execution of the Tax Abatement Agreement for a period of time not to exceed ten (10) years.
2. **Affected Jurisdiction:** The City of Andrews, County of Andrews, and the Andrews County Hospital District or any other governmental taxing unit located totally within or partially within the County of Andrews that has adopted these guidelines and criteria.
3. **Abatement Agreement:** (1) A contract between a property owner and an Affected Jurisdiction for the abatement of taxes on qualified Real Property located within the Reinvestment Zone, or tangible Personal Property, or both, as authorized by V.T.C.A., Tax Code, Section 312.204.
4. **Base Year Value:** The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.
5. **Distribution Center Facility:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.

6. **Expansion of Existing Facilities or Structures:** The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.
7. **Existing Facility or Structure:** A facility as of the date of execution of the Tax Abatement Agreement, located in or on Real Property eligible for tax abatement.
8. **Facility:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
9. **Improvements to Real Property or Improvements:** The construction, addition to, structural upgrading of, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
10. **Manufacturing Facility:** A Facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
11. **Modernization/Renovation of Existing Facilities:** The replacement or upgrading of existing facilities.
12. **New Facility:** The construction of a Facility on previously undeveloped real property eligible for tax abatement.
13. **New Permanent Job:** A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement.
14. **Other Basic Industry:** A Facility other than a distribution center facility, a regional service facility or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities and services a market of which 50% of revenues come from outside of Andrews County, Texas.
15. **Owner:** The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from an Affected Jurisdiction, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
16. **Productive Life:** The number of years a Facility is expected to be in service.
17. **Real Property:** Land on which Improvements are to be made or fixtures placed.
18. **Regional Services Facility:** A Facility, the primary purpose of which is to service or repair goods or materials and which creates job opportunities within the Affected Jurisdictions.
19. **Reinvestment Zone:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.

- 20. Tangible Personal Property:** Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.
- 21. Renewable Energy Facility:** a Facility that produces energy derived from renewable energy technologies, as defined in PUC Substantive Rule 25.5, specifically including a wind energy facility and a solar energy facility.

**SECTION III. Intent of Criteria and Guidelines:**

The Intent of the criteria and guidelines, as herein set forth, is to establish the minimum standards which an applicant for tax abatement must meet in order to be considered for such status by the Affected Jurisdictions.

**SECTION IV. Criteria and Guidelines for Tax Abatement:**

Any type of Facility will be eligible for tax abatement consideration provided such Facility meets the following guidelines and criteria:

1. To qualify for Tax Abatement, the company must meet **two or more of the following criteria:**
  - a) The modernization or expansion of an existing facility of any type as herein defined **or** construction of a new facility of any type as herein defined.
  - b) Producer, manufacturer or distributor of goods and services of which 50 percent or more are distributed outside of Andrews County.
  - c) The new business investment must clearly add to the Andrews economic base, not solely or primarily have the effect of transferring employment from one part of the local economy to another.
2. In addition to the aforementioned, the taxing jurisdiction will consider abatement only if the company meets **one of the following criteria:**
  - a) One of the following target industries:
    - i) Plastic Injection Molding
    - ii) Food Processing
    - iii) Back Office Operations
    - iv) Retiree Services
    - v) Oil & Gas Field Services
    - vi.) Supply, distribution or logistics facilities
    - vii.) Renewable energy facilities

or

  - b) The project is not included as a target industry, but has the potential of generating additional significant economic development opportunities to Andrews.

3. A company meeting the criteria and guidelines for tax abatement, as set forth herein, shall be eligible for tax abatement as follows:

	<u>Min. Investment</u>	OR	<u># Jobs</u>
▶ up to 3 yrs. @ 100%	\$50-100,000		5-10
▶ up to 5 yrs. @ 100%	\$100-250,000		11-25
▶ up to 10 yrs. @ 100%	\$250K - \$1 MIL		26-100+
Over \$1MIL. Or 100 jobs = individually negotiated			

Under this formula, tax abatement may be less than 100% (declining scale) after the initial year.

4. New or existing facilities, of any type herein defined, located in a Reinvestment Zone or upon Real Property eligible for such status will be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.
5. Improvements to Real Property are eligible for tax abatement status.
6. The following types of Property shall be **ineligible** for tax abatement status and shall be fully taxed.
  - a) Real Property;
  - b) hotel/motel accommodations
  - c) tools;
  - d) furnishings and other forms of movable personal property;
  - e) vehicles;
  - f) aircraft;
  - g) housing;
  - h) boats;
  - i) retail businesses;
  - j) property owned by the State of Texas or any State agency; and,
  - k) property owned or leased by a member of the affected Jurisdiction.
7. To qualify for tax abatement, one of the following conditions must apply:
  - a) The Real Property and eligible improvements and Tangible Personal Property must be owned by the same person, corporation, partnership or other business entity; or,
  - b) In the case of Real Property leased from an Affected Jurisdiction, all improvements placed thereon together with all Tangible Personal Property used in conjunction with said improvements must be owned by the same person, corporation, partnership or other business entity and said owner must have a leased commitment for the full term of the abatement.
8. In Reinvestment Zones, the amount and term of abatement shall be determined on a case by case basis, however, in no event shall taxes be abated for a term in excess of ten (10) years. The amount of the taxable value of Improvements to be abated and the term of the abatement shall be determined by the City of Andrews in all cases where the

property for which tax abatement is applied for is within the City limits or extraterritorial jurisdiction of the City or by the County of Andrews in all cases where the property for which tax abatement is applied for is outside of these limits of the City of Andrews, but within the County of Andrews.

9. No property shall be eligible for tax abatement unless such property is located in a Reinvestment Zone in accordance with V.T.C.A., Tax Code, Section 312.
10. Notwithstanding any of the requirements set forth in Section IV Subsection 3. the governing body of an Affected Jurisdiction upon the affirmative vote of a three-fourths (3/4) of its members may vary any of the above requirements when variation is demonstrated by the applicant for Tax Abatement that variation is in the best interest of the Affected Jurisdiction to do so and will enhance the economic development of the Affected Jurisdiction. By way of example only and not by limitation, the governing body of an Affected Jurisdiction may consider the following or similar terms in determining whether a variance shall be granted:
  - a) That the increase in productivity of the Facility will be substantial and hence directly benefit the economy.
  - b) That the increase of goods or services produced by the Facility will be substantial and directly benefit the economy.
  - c) That the employment maintained at the Facility will be increased.
  - d) That the waiver of the requirement will contribute and provide for the retention of existing jobs within the Affected Jurisdiction.
  - e) That the applicant for tax abatement has demonstrated that if tax abatement is granted to his Facility even though his Facility will not employ additional personnel THAT nevertheless due to the existence of said Facility new jobs will be created as a direct result of his Facility in other facilities located within the Affected Jurisdiction.
  - f) Any other evidence tending to show a direct economic benefit to the Affected Jurisdiction.
11. Taxability:
  - a) The portion of the value of Improvements to be abated shall be abated in accordance with the terms and provisions of a Tax Abatement Agreement executed between the Affected Jurisdiction and the owner of the Real Property and/or Tangible Personal Property, which agreement shall be in accord with the provisions of V.T.C.A., Tax Code, Section 312.205. The property eligible for abatement may be personal, real or mixed property. When an investment improves existing property, the portion of the value of property eligible for abatement is:
    1. For real property, the value of real property which has increased in market value because of the development, re-development or improvements specified in the abatement contract.

2. For personal property, the market value of the personal property at the location, other than inventory or supplies, purchased with new capital identified in the Tax Abatement Agreement contract. Personal property located at the site before the period covered by the agreement is not eligible for tax abatement.
    - b) All ineligible property, if otherwise taxable as herein described, shall be fully taxed.
12. The governing body of each Affected Jurisdiction shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case by case basis. The adoption of these guidelines and criteria by the governing body of an Affected Jurisdiction does not:
  - a) Limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;
  - b) Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or,
  - c) Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.
13. The burden to demonstrate that an application for tax abatement should be granted shall be upon the applicant. Each Affected Jurisdiction to which the application has been directed shall have full authority to request any additional information from the applicant that the governing body of such Affected Jurisdiction deems necessary to assist it in considering such application.

#### **SECTION V. Tax Abatement Agreement:**

1. After the creation of a Reinvestment Zone, a Tax Abatement Agreement may be executed between the owner and any Affected Jurisdiction. A Tax Abatement Agreement shall:
  - a) Establish and set forth the Base Year assessed value of the property for which tax abatement is sought.
  - b) Provide that the taxes paid on the base year assessed value shall not be abated as a result of the execution of said Tax Abatement Agreement.
  - c) Provide that ineligible property as subscribed in Section IV, Subsection 6, hereinabove shall be fully taxed.
  - d) Provide for the exemption of Improvements in each year covered by the agreement only to the extent the value of such Improvements for each such year exceeds the value for the year in which the agreement is executed.
  - e) Fully describe and list the kind, number and location of all of the improvements to be made in or on the Real Property.

- f) Set forth the estimated value of all improvements to be made in or on the Real Property.
- g) Clearly provide that tax abatement shall be granted only to the extent:
  - 1. the Improvements to Real Property increase the value of the Real Property for the year in which the Tax Abatement Agreement is executed; and,
  - 2. that the Tangible Personal Property improvements to Real Property were not located on the Real Property prior to the execution of the Tax Abatement Agreement.
- h) Provide for the portion of the value of the improvements to Real Property of improvements to be abated.
- i) Provide for the commencement date and the termination date. In no event shall said dates exceed a period of ten (10) years.
- j) Describe the type and proposed use of the improvements to Real Property or improvements including:
  - 1. The type of facility.
  - 2. Whether the improvements are for a new facility, modernization of a facility, or expansion of a facility.
  - 3. The nature of the construction, proposed time table of completion, a map or drawings of the improvements above mentioned.
  - 4. The amount of investment and the commitment for the creation of new jobs.
  - 5. A list containing the kind, number and location of all proposed Improvements.
  - 6. Any other information required by the Affected Jurisdiction.
- k) Provide a legal description of the Real Property upon which improvements are to be made.
- l) Provide access to and authorize inspection of the Real Property or improvements by employees of the Affected Jurisdiction, who have executed a Tax Abatement Agreement with owner to insure improvements are made according to the specifications and conditions of the Tax Abatement Agreement.
- m) Provide for the limitation of the uses of the Real Property or improvements consistent with the general purpose of encouraging development or redevelopment of the zone during the period covered by the Tax Abatement Agreement.
- n) Provide for contractual obligations in the event of default by owner or violation of the terms or conditions by owner which allows for the recapturing of property tax revenue in the event owner defaults or otherwise fails to make improvements as provided in

said Tax Abatement Agreement, and any other provision as may be required or authorized by State Law.

- o) Contain each term agreed to by the owner of the property.
  - p) Require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement.
  - q) Provide that the governing body of the City of Andrews may cancel or modify the agreement if the property owner fails to comply with the agreement.
2. Not later than the seventh day before the City of Andrews or the County of Andrews (as required by V.T.C.A., Tax Code, Section 312.2041 or Section 312.402) enters into an agreement for tax abatement under V.T.C.A., Tax Code, Section 312.204, the governing body of the City of Andrews or a designated officer or employee thereof or the governing body of the County of Andrews or a designated officer or employee thereof shall deliver to the presiding officer of the governing body of each of the taxing units in which the property to be subject to the agreement is located, a written notice that the City of Andrews or the County of Andrews as the case may be, intends to enter into the agreement. The notice must include a copy of the proposed Tax Abatement Agreement.
  3. A notice, as above described in Subparagraph 2, is presumed delivered when placed in the mail, postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.
  4. Failure to deliver the notice does not affect the validity of the agreement.

#### **SECTION VI. Application:**

1. Any present owner of taxable property located within an Affected Jurisdiction may apply for tax abatement by filing an application with the County Judge County of Andrews, when the Real Property or Tangible Personal Property for which abatement is sought is located within the County of Andrews but outside of the City limits or extraterritorial jurisdiction of the City of Andrews or with the City Manager when the Real Property or Tangible Personal Property for which abatement is sought is located within the City limits of the City of Andrews.
- 2) Information that is provided to an Affected Jurisdiction in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. Information in the custody of an Affected Jurisdiction after the agreement is executed is not confidential (V.T.C.A., Tax Code, Section 312.003).
- 3) The Affected Jurisdiction to whom the application for tax abatement has been directed shall determine if the property described in said application is within a designated Reinvestment Zone. If the Affected Jurisdiction determines that the property described

is not within a current Reinvestment Zone then they shall so notify the applicant and said application shall then be considered both as an application for the creation of a Reinvestment Zone and a request for tax abatement to be effective after the zone is created.

**SECTION VII. Recapture:**

1. In the event that any type of facility is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion or other casualty or accident or natural disaster or other event beyond the reasonable control of applicant or owner for a period of 180 days during the term of a Tax Abatement Agreement, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination. The burden shall be upon the applicant or owner to prove to the satisfaction of the Affected Jurisdiction to who the application for tax abatement was directed that the discontinuance of producing goods or services was as a result of fire, explosion, or other casualty or accident of natural disaster or other event beyond the control of applicant or owner. In the event that applicant or owner meets this burden and the Affected Jurisdiction is satisfied that the discontinuance of the production of goods or services was the result of events beyond the control of the applicant or owner, then such applicant or owner shall have a period of one (1) year in which to resume the production of goods and services. In the event that the applicant or owner fails to resume the production of goods or services within one (1) year, then the Tax Abatement Agreement shall terminate and the Abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination. The one year time period, hereinabove mentioned, shall commence upon written notification from the Affected Jurisdiction to the applicant or owner.
  
2. In the event that the applicant or owner has entered into a Tax Abatement Agreement to make improvements to a facility of any type described in Section 1 above, but fails to undertake or complete such improvements, then in such event the Affected Jurisdiction to whom the application for tax abatement was directed shall give the applicant or owner ninety (90) days notice of such failure. The applicant or owner shall demonstrate to the satisfaction of the Affected Jurisdiction, above mentioned, that the applicant or owner has commenced to cure such failure within the ninety (90) days above mentioned. In the event that the applicant or owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.

3. In the event that the Affected Jurisdiction to whom application for tax abatement was directed determines that the applicant or owner is in default of any of the terms or conditions contained in the Tax Abatement Agreement, then in such event the Affected Jurisdiction, shall give the applicant or owner ninety (90) days written notice to cure such default. In the event such default is not cured to the satisfaction of the Affected Jurisdiction within the ninety (90) days notice period, then the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.
4. In the event that the applicant or owner allows ad valorem taxes on property ineligible for tax abatement owed to any Affected Jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination, under this subparagraph, takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.
5. In the event that the applicant or owner, who has executed a Tax Abatement Agreement with any Affected Jurisdiction, relocates the business for which tax abatement has been granted to a location outside of the designated Reinvestment Zone, then in such event, the Tax Abatement Agreement shall terminate after ninety (90) days written notice by the Affected Jurisdiction to the Owner/Applicant. Taxes abated during the calendar year in which termination, under this subparagraph takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.
6. The date of termination as that term is used in this Subsection VII shall, in every instance, be the 60th day after the day the Affected Jurisdiction sends notice of default, in the mail to the address shown in the Tax Abatement Agreement to the Applicant or Owner. Should the default be cured by the owner or Applicant within the ninety (90) day notice period, the Owner/Applicant shall be responsible for so advising the Affected Jurisdiction and obtaining a release from the notice of default from the Affected Jurisdiction, failing in which, the abatement remains terminated and the abated taxes must be paid.
7. In every case of termination set forth above, the Affected Jurisdiction to which the application for tax abatement was directed shall determine whether default has occurred by Owner (Applicant) in the terms and conditions of the Tax Abatement Agreement and shall so notify all other Affected Jurisdictions. Termination of the Tax Abatement Agreement by the Affected Jurisdiction to which the application for tax abatement was directed shall constitute simultaneous termination of all Tax Abatement Agreements of all other Affected Jurisdictions.

8. In the event that a Tax Abatement Agreement is terminated for any reason whatsoever and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 will apply.

**SECTION VIII. Miscellaneous:**

1. Any notice required to be given by these criteria or guidelines shall be given in writing to the addresses appearing on the Tax Abatement Agreement:
2. The Chief Appraiser of the Andrews County Appraisal District shall annually assess the Real and Personal Property comprising the Reinvestment Zone. Each year, the applicant or owner receiving tax abatement shall furnish the Chief Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the Affected Jurisdictions which levy taxes of the amount of assessment.
3. Upon the completion of improvements made to any type of Facility as set forth in these criteria and guidelines, a designated employee or employees of any Affected Jurisdiction having executed a Tax Abatement Agreement with applicant or owner shall have access to the Facility to insure compliance with the Tax Abatement Agreement.
4. A Tax Abatement Agreement may be assigned to a new owner but only after written consent has been obtained from all Affected Jurisdictions which have executed such an agreement with the applicant or owner.
5. These guidelines and criteria are effective upon the date of their adoption by an Affected Jurisdiction and shall remain in force for two (2) years. At the end of the two (2) year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.
6. Each Affected Jurisdiction shall determine whether or not said Affected Jurisdiction elects to become eligible to participate in tax abatement. In the event the Affected Jurisdiction elects by resolution to become eligible to participate in tax abatement, then such Affected Jurisdiction shall adopt these guidelines and criteria by separate resolution forwarding a copy of both resolutions to all other Affected Jurisdictions.
7. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, then in such event the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.
8. The guidelines and criteria once adopted by an Affected Jurisdiction may be amended or repealed by a vote of three-fourths of the members of the governing body of an Affected Jurisdiction during the two (2) year term in which these guidelines and criteria are effective.

**Tab Item 17**

**Signature and Certification page, signed  
and dated by Authorized School District  
Representative and Authorized  
Company Representative (applicant)**

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

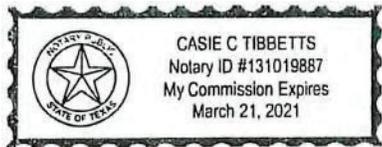
print here Bobby Azam Title SUPERINTENDENT  
Print Name (Authorized School District Representative)  
sign here [Signature] Date August 13, 2019  
Signature (Authorized School District Representative)

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here Philip Moore Title Sr Vice President  
Print Name (Authorized Company Representative (Applicant))  
sign here [Signature] Date 8/5/2019  
Signature (Authorized Company Representative (Applicant))



(Notary Seal)

GIVEN under my hand and seal of office this, the

5th day of August, 2019

Casie C Tibbetts  
Notary Public in and for the State of Texas

My Commission expires: 3-21-2021

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

# O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

September 4, 2019

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

RE: Amendment001 to the Andrews Independent School District from 2W Permian Solar, LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed is Amendment001 to Andrews ISD from 2W Permian Solar, LLC. The following changes have been made:

1. Tab 7 & 8 add language. "This application covers all qualified property in the reinvestment zone and project boundary within Andrews ISD"
  - a. Also please explain how "battery or battery system" will be used. – Updated tabs 7 and 8
2. Tab 12. The "Request for Waiver of Job Creation Requirement" letter must state the industry standard for the number of employees reasonably necessary for the operation of the facility. This must include either a clearly stated industry standard number of jobs or a testable calculation; for example, "the industry standard is 1 job per 150 MW." – Updated Job waiver Request
3. Section 14, Tab 13, schedule C
  - a. TWC released the 1st quarter 2019 in QCEW. You will need to update your wages
  - b. Section 14 Question 7a. The wages for 7a (all industries) must be set to ownership "Total All." (Ownership was entered as "Private" – which is only correct for the 7b wages). Under Tab 13, please provide a new "Quarterly Employment and Wages (QCEW)" reflecting the change to "Total All." – Updated Wages and Schedule
4. Tab 11. Maps
  - a. Can you make the other two maps bigger (the size of the RZ map is good). It is hard to see the roads.
  - b. Relabel Project Area to "Project Boundary"
  - c. Also in the qualified property map make the project boundary and RZ perimeter a different and darker color. – Updated Maps
5. New Signature Page

A copy of the application will be submitted to the Andrews County Appraisal District.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon  
School District Consultant

Cc: Andrews County Appraisal District  
2W Permian Solar, LLC

**SECTION 14: Wage and Employment Information**

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? ..... 0
  
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2019  
(year)
  
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
  
4. What is the number of new qualifying jobs you are committing to create? ..... 4
  
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
  
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes     No  
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
  
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).  
 a. Average weekly wage for all jobs (all industries) in the county is ..... 1,327.00  
 b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 1,137.68  
 c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,139.81
  
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
  
9. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 59,159.36
  
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 59,160.00
  
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
  
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? .....  Yes     No  
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
  
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes     No  
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

**SECTION 15: Economic Impact**

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (not required)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

## Tab Item 7

### Description of Qualified Investment

2W Permian Solar, LLC plans to construct a 350 MW solar farm (the "Project") in Andrews County.

The Applicant is requesting an appraised value limitation on all the property constructed or placed upon the real property within Andrews ISD. This application covers all qualified property in the reinvestment zone and project boundary within Andrews ISD. Solar equipment selection is ongoing at this time and has not been finalized. The exact number of PV panels and their capacity will vary depending upon the panels and the inverters selected, manufacturer's availability and prices, ongoing engineering design optimization, and the final megawatt generating capacity of the Project when completed. With that being said, current plans are to install 1.2 million Longi 400-watt panels.

Construction of the project will include, but is not limited to, the following: solar modules/panels, metal mounting system with tracking capabilities, battery or battery systems underground conduit, communication cables, electric collection system wiring, combiner boxes, a project substation including breakers, a transformer, and meters, overhead transmission lines, inverter boxes on concrete pads, operations and maintenance facility, fencing for safety and security, telephone and internet communication system, access and service roads, and meteorological equipment to measure solar irradiation and weather conditions.

The Permian Battery Energy Storage System ("BESS") asset will be integrated into the solar energy generation Project and will be used, at certain times, to temporarily store electricity generated by the Project for the purpose of provide energy arbitrage and ancillary services for the ERCOT wholesale energy market, shifting the Project's energy production to delivery times and reliability services where the grid needs it most.

Construction of the project is anticipated to begin in quarter 4 of 2019 with completion and commercial operation by quarter 2 of 2021.

## **Tab Item 8**

### **Description of Qualified Property**

2W Permian Solar, LLC plans to construct a 350 MW solar farm (the "Project") in Andrews County.

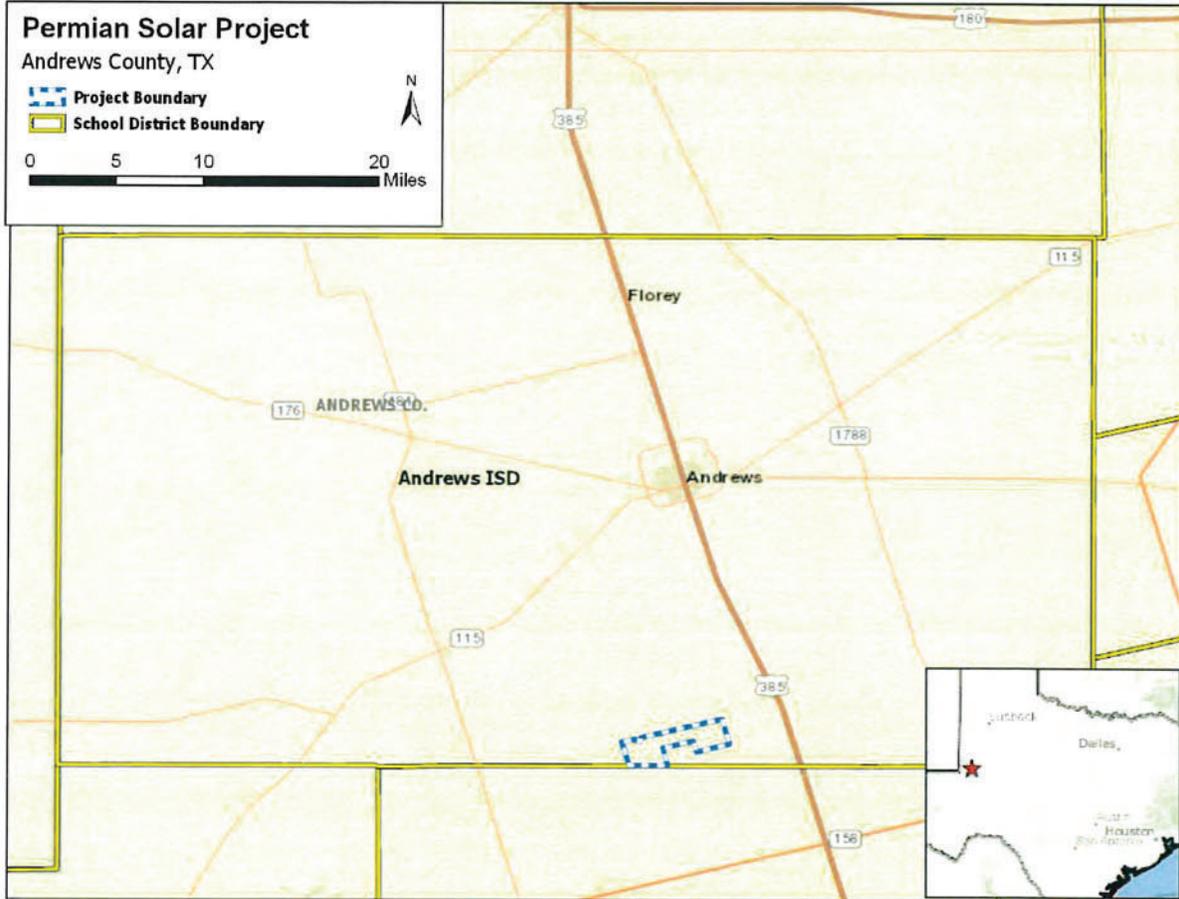
The Applicant is requesting an appraised value limitation on all the property constructed or placed upon the real property within Andrews ISD. This application covers all qualified property in the reinvestment zone and project boundary within Andrews ISD. Solar equipment selection is ongoing at this time and has not been finalized. The exact number of PV panels and their capacity will vary depending upon the panels and the inverters selected, manufacturer's availability and prices, ongoing engineering design optimization, and the final megawatt generating capacity of the Project when completed. With that being said, current plans are to install 1.2 million Longi 400-watt panels.

Construction of the project will include, but is not limited to, the following: solar modules/panels, metal mounting system with tracking capabilities, battery or battery systems, underground conduit, communication cables, electric collection system wiring, combiner boxes, a project substation including breakers, a transformer, and meters, overhead transmission lines, inverter boxes on concrete pads, operations and maintenance facility, fencing for safety and security, telephone and internet communication system, access and service roads, and meteorological equipment to measure solar irradiation and weather conditions.

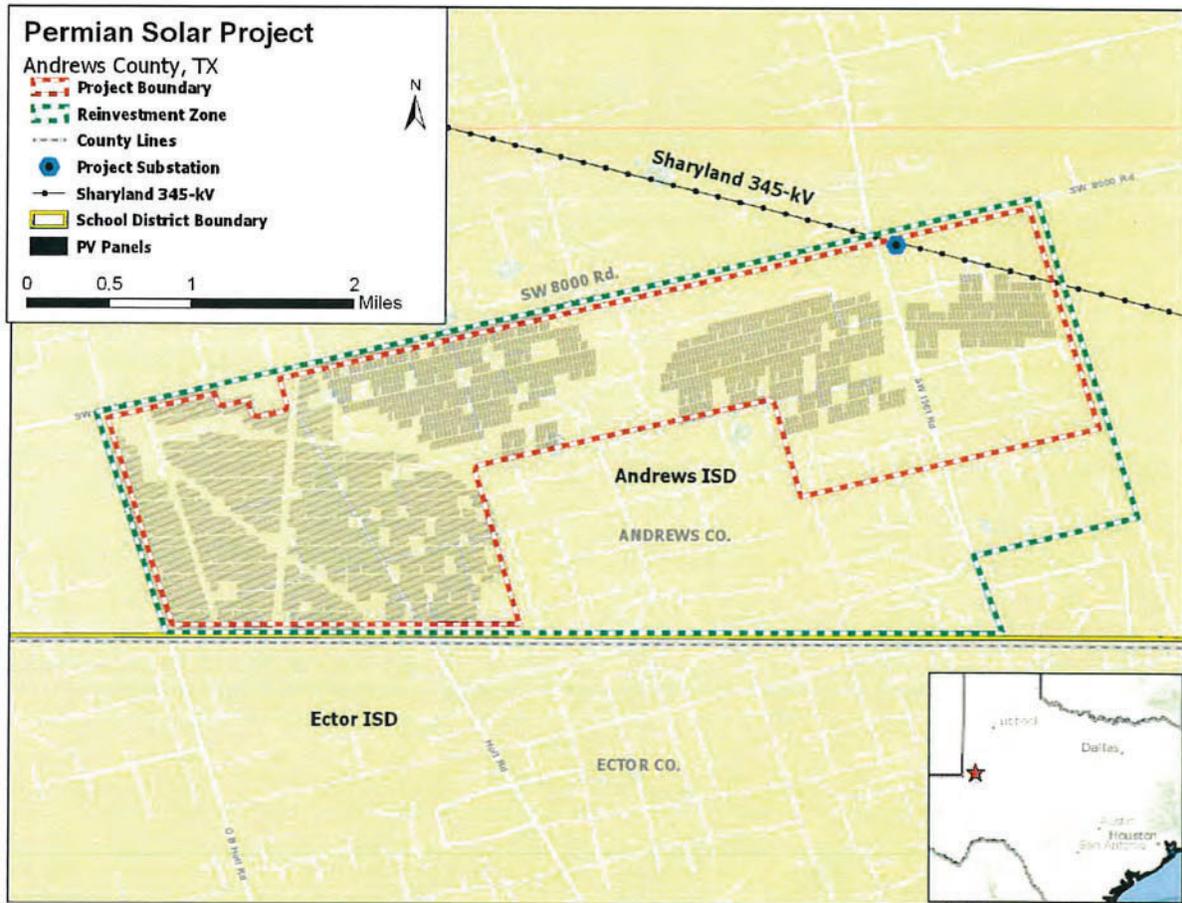
The Permian Battery Energy Storage System ("BESS") asset will be integrated into the solar energy generation Project and will be used, at certain times, to temporarily store electricity generated by the Project for the purpose of provide energy arbitrage and ancillary services for the ERCOT wholesale energy market, shifting the Project's energy production to delivery times and reliability services where the grid needs it most.

Construction of the project is anticipated to begin in quarter 4 of 2019 with completion and commercial operation by quarter 2 of 2021.

**Tab Item 11**  
**Maps**  
**Vicinity and ISD Map:**



### Location of Project, Proposed Reinvestment Zone, Andrews ISD Boundary, County Boundary, Qualified Investment, and Qualified Property:



**Tab Item 12**  
**Request For Waiver of Job Creation Requirement**

August 13, 2019

Superintendent Bobby  
Azam Andrews ISD  
405 NW 3<sup>rd</sup> Street  
Andrews, TX 79714

Re: Chapter 313 Job Waiver Request

Dear Superintendent Azam,

Please consider this letter to be 2W Permian Solar, LLC's formal request to waive the minimum new job creation requirement, as provided under Texas Tax Code 313.025(f-l).

The governing body of a school district may waive the new jobs creation requirement in Section 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if the governing body makes a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property that is described in this application. Solar energy projects create many full-time jobs during the construction phase, but these jobs are temporary by nature. Once the project is in operation, a small crew of full-time employees will maintain and operate the facility. Based upon our experience in the solar industry, we expect that four (4) employees would be needed to operate a 350 MW facility, and we can commit to creating four (4) full-time positions to fill those needs. The industry standard is one (1) job per 150 MW. All would be qualifying jobs as described in Section 313.021(3) of the Texas Tax Code.

The applicant requests that the Andrews ISD's Board of Trustees make such a finding and waive the job creation requirement. This waiver request is in line with industry standards for the job requirements for a solar energy facility of this size, as evidenced by limitation agreement applications that have been filed by other solar energy developers, and by documentation related to the development and operation of solar energy generation facilities.

The project stands to provide significant benefits to the community with respect to increased tax base.

Kind Regards,

Eric Barnett  
Development Director  
2W Permian Solar, LLC

**Tab Item 13**

**Calculation of three possible wage requirements with TWC documentation**

Quarterly Employment and Wages (QCEW)

Average Weekly Wage for All Jobs (All Industries) in Andrews County

Year	Period	Area	Ownership	Ind-Code	Industry	Avg. Weekly Wages
2019	1 <sup>st</sup> Qtr	Andrews	Total All	10	Total, All Industries	\$1,318
2018	2 <sup>nd</sup> Qtr	Andrews	Total All	10	Total, All Industries	\$1,273
2018	3 <sup>rd</sup> Qtr	Andrews	Total All	10	Total, All Industries	\$1,289
2018	4 <sup>th</sup> Qtr	Andrews	Total All	10	Total, All Industries	\$1,428
Average						\$1,327

110% of \$1,327 = \$1,459.70

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	01	Andrews	Total All	10	Total, All Industries	1,261
2018	02	Andrews	Total All	10	Total, All Industries	1,273
2018	03	Andrews	Total All	10	Total, All Industries	1,289
2018	04	Andrews	Total All	10	Total, All Industries	1,428
2019	01	Andrews	Total All	10	Total, All Industries	1,318

Quarterly Employment and Wages (QCEW)

Average Weekly Wage for Manufacturing Jobs in Andrews County

Year	Period	Area	Ownership	Ind-Code	Industry	Avg. Weekly Wages
2019	1 <sup>st</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$1,055
2018	2 <sup>nd</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$1,060
2018	3 <sup>rd</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$971
2018	4 <sup>th</sup> Qtr	Andrews	Private	31-33	Total, Manufacturing	\$1,051
Average						\$1,034.25

110% of \$1,034.25 = \$1,137.68

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	01	Andrews	Private	31-33	Manufacturing	992
2018	02	Andrews	Private	31-33	Manufacturing	1,060
2018	03	Andrews	Private	31-33	Manufacturing	871
2018	04	Andrews	Private	31-33	Manufacturing	1,051
2019	01	Andrews	Private	31-33	Manufacturing	1,055

Quarterly Employment and Wages (QCEW)

Average Weekly Wage for Manufacturing Jobs in Region

Andrews County is included in the Permian Basin Regional Planning Commission. The most recently reported (2018) average wage for the Permian Basin Regional Planning Commission is \$53,882.

$$\$53,882 / 52 = \$1,036.19$$

$$110\% \text{ of } \$1,036.19 = \$1,139.81$$

**2018 Manufacturing Average Wages by Council of Government Region  
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
Texas		\$27.04	\$56,240
<u>Alamo Area Council of Governments</u>	18	\$22.80	\$47,428
<u>Ark-Tex Council of Governments</u>	5	\$18.73	\$38,962
<u>Brazos Valley Council of Governments</u>	13	\$18.16	\$37,783
<u>Capital Area Council of Governments</u>	12	\$32.36	\$67,318
<u>Central Texas Council of Governments</u>	23	\$19.60	\$40,771
<u>Coastal Bend Council of Governments</u>	20	\$28.52	\$59,318
<u>Concho Valley Council of Governments</u>	10	\$21.09	\$43,874
<u>Deep East Texas Council of Governments</u>	14	\$18.28	\$38,021
<u>East Texas Council of Governments</u>	6	\$21.45	\$44,616
<u>Golden Crescent Regional Planning Commission</u>	17	\$28.56	\$59,412
<u>Heart of Texas Council of Governments</u>	11	\$22.71	\$47,245
<u>Houston-Galveston Area Council</u>	16	\$29.76	\$61,909
<u>Lower Rio Grande Valley Development Council</u>	21	\$17.21	\$35,804
<u>Middle Rio Grande Development Council</u>	24	\$20.48	\$42,604
<u>NORTEX Regional Planning Commission</u>	3	\$25.14	\$52,284
<u>North Central Texas Council of Governments</u>	4	\$27.93	\$58,094
<u>Panhandle Regional Planning Commission</u>	1	\$24.19	\$50,314
<u>Permian Basin Regional Planning Commission</u>	9	\$25.90	\$53,882
<u>Rio Grande Council of Governments</u>	8	\$18.51	\$38,493
<u>South East Texas Regional Planning Commission</u>	15	\$36.26	\$75,430
<u>South Plains Association of Governments</u>	2	\$20.04	\$41,691
<u>South Texas Development Council</u>	19	\$17.83	\$37,088
<u>Texoma Council of Governments</u>	22	\$21.73	\$45,198
<u>West Central Texas Council of Governments</u>	7	\$21.84	\$45,431

Schedule C: Employment Information

Date  
Applicant Name  
ISD Name

2W Permian Solar, LLC  
Andrews ISD

	Construction			Non-Qualifying Jobs		Qualifying Jobs	
	Column A	Column B	Column C	Column D	Column E	Column D	Column E
	Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs		
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	Year	Tax Year (Actual tax year) YYYY	School Year (YYYY-YYYY)				
	0	2019	2019-2020	50 FTEs	\$59,160		
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2020	2020-2021				
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021	2021-2022	350 FTEs	\$59,160	0	0
	1	2022	2022-2023	N/A		0	4
	2	2023	2023-2024	N/A		0	4
	3	2024	2024-2025	N/A		0	4
	4	2025	2025-2026	N/A		0	4
	5	2026	2026-2027	N/A		0	4
	6	2027	2027-2028	N/A		0	4
	7	2028	2028-2029	N/A		0	4
	8	2029	2029-2030	N/A		0	4
	9	2030	2030-2031	N/A		0	4
	10	2031	2031-2032	N/A		0	4
Years Following Value Limitation Period	11 through 25	2032-2046	2032-2047	N/A		0	4

Notes: See TAC 9.1051 for definition of non-qualifying jobs. Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

Yes  No   
 Yes  No   
 Yes  No

Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here

Dr. Bobby Azam  
Print Name (Authorized School District Representative)

Superintendent

Title

sign here

Signature (Authorized School District Representative)

Date

9/4/2019

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here

Philip Moore  
Print Name (Authorized Company Representative (Applicant))

Title

SVP

sign here

Signature (Authorized Company Representative (Applicant))

Date

8/28/2019



(Notary Seal)

GIVEN under my hand and seal of office this, the

28<sup>th</sup> day of August, 2019

Casie C. Tibbetts  
Notary Public in and for the State of Texas

My Commission expires: March 21, 2021

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

## Tab Item 5

### **Documentation to assist in determining if limitation is a determining factor:**

2W Permian Solar, LLC ("Permian Solar") is a Delaware limited liability company. Permian Solar has one member with 100% ownership, Lincoln Clean Energy, LLC ("LCE"). LCE has successfully developed projects involving over \$1 billion in capital investments in some of the largest electricity markets in the United States, including California, New Jersey, and Texas.

The Applicant for this Project has entered into several contracts related to the project, including long-term lease option agreements with area landowners and service agreements and scopes with various consultants (environmental, road and home glare, etc.) to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. None of these contracts obligate Applicant to construct the Project, and each of these contracts may be terminated by Applicant without incurring any significant liability.

The Applicant for the Project has obtained or applied for the following state and local permits:

- Andrews County Tax Abatement 312
- Andrews County Hospital District Tax Abatement 312

The project has not been known by any other names during its development. The Project applied to ERCOT on November 30, 2018, and it has been assigned GINR number 20INR0219

The applicant is a national solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar characteristics. The Applicant is actively assessing and developing other projects outside of Texas that are competing for limited investment funds. In addition to its projects in Texas, the developer is assessing or developing projects in Washington, Oregon, California, Nevada, Arizona, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Nebraska, Minnesota, Arkansas, Louisiana, Illinois, Mississippi, Michigan, Indiana, Alabama, Ohio, Georgia, Florida, New York, Connecticut, Maryland, Delaware, Virginia, and North Carolina. The appraised value limitation is critical to the ability of the Project to move forward in Andrews ISD.

Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease. The Applicant for this project is competing against other developers who have been offered or are in the process of applying for Value Limitation Agreements with other school districts. Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in areas with more favorable economics.

## Attachment B

### Franchise Tax Account Status



## Franchise Tax Account Status

As of : 11/06/2019 08:43:21

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

### 2W PERMIAN SOLAR, LLC

**Texas Taxpayer Number** 32068420176

**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** 09/19/2018

**Texas SOS File Number** 0803122497

**Registered Agent Name** C T CORPORATION SYSTEM

**Registered Office Street Address** 1999 BRYAN ST., STE. 900 DALLAS, TX 75201

## Attachment C

### State Comptroller's Certification



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13828 • Austin, TX 78711-3828

October 9, 2019

Bobby Azam  
Superintendent  
Andrews Independent School District  
405 NW 3rd Street  
Andrews, TX, 79714

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Andrews Independent School District and 2W Permian Solar, LLC, Application 1411

Dear Superintendent Azam:

On September 17, 2019, the Comptroller issued written notice that 2W Permian Solar, LLC (applicant) submitted a completed application (Application 1411) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on August 16, 2019, to the Andrews 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.

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

- Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
- Sec. 313.024(d-2) Not applicable to Application 1411.

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 17, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is fluid and cursive, with the first name "Lisa" and 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 2W Permian Solar, LLC (project) applying to Andrews 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 2W Permian Solar, LLC.

Applicant	2W Permian Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Andrews ISD
2017-2018 Average Daily Attendance	3,840
County	Andrews
Proposed Total Investment in District	\$396,654,638
Proposed Qualified Investment	\$386,654,638
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	4*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,138
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$1,138
Minimum annual wage committed to by applicant for qualified jobs	\$59,160
Minimum weekly wage required for non-qualifying jobs	\$1,327
Minimum annual wage required for non-qualifying jobs	\$69,005
Investment per Qualifying Job	\$99,163,660
Estimated M&O levy without any limit (15 years)	\$24,596,219
Estimated M&O levy with Limitation (15 years)	\$6,821,056
Estimated gross M&O tax benefit (15 years)	\$17,775,163

\* 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 2W Permian Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	350	332	682	\$20,706,000	\$28,294,000	\$49,000,000
2022	4	29	33	\$236,640	\$5,763,360	\$6,000,000
2023	4	17	21	\$236,640	\$4,763,360	\$5,000,000
2024	4	4	8	\$236,640	\$2,763,360	\$3,000,000
2025	4	10	14	\$236,640	\$2,763,360	\$3,000,000
2026	4	4	8	\$236,640	\$1,763,360	\$2,000,000
2027	4	2	6	\$236,640	\$1,763,360	\$2,000,000
2028	4	4	8	\$236,640	\$1,763,360	\$2,000,000
2029	4	0	4	\$236,640	\$763,360	\$1,000,000
2030	4	0	4	\$236,640	-\$236,640	\$0
2031	4	0	4	\$236,640	\$763,360	\$1,000,000
2032	4	4	8	\$236,640	-\$236,640	\$0
2033	4	0	4	\$236,640	-\$236,640	\$0
2034	4	0	4	\$236,640	-\$236,640	\$0
2035	4	(2)	2	\$236,640	-\$236,640	\$0
2036	4	0	4	\$236,640	-\$236,640	\$0

Source: CPA REMI, 2W Permian Solar, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Andrews ISD I&S Tax Levy	Andrews ISD M&O Tax Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
			0.1400	0.9900		0.5189	0.4846		
2022	\$356,702,267	\$356,702,267		\$499,383	\$3,531,352	\$4,030,736	\$1,850,928	\$1,728,401	\$7,610,065
2023	\$325,711,096	\$325,711,096		\$455,996	\$3,224,540	\$3,680,535	\$1,690,115	\$1,578,233	\$6,948,883
2024	\$294,723,453	\$294,723,453		\$412,613	\$2,917,762	\$3,330,375	\$1,529,320	\$1,428,082	\$6,287,778
2025	\$259,872,580	\$259,872,580		\$363,822	\$2,572,739	\$2,936,560	\$1,348,479	\$1,259,213	\$5,544,252
2026	\$225,024,824	\$225,024,824		\$315,035	\$2,227,746	\$2,542,781	\$1,167,654	\$1,090,358	\$4,800,792
2027	\$190,179,999	\$190,179,999		\$266,252	\$1,882,782	\$2,149,034	\$986,844	\$921,517	\$4,057,395
2028	\$151,471,381	\$151,471,381		\$212,060	\$1,499,567	\$1,711,627	\$785,985	\$733,955	\$3,231,566
2029	\$116,631,899	\$116,631,899		\$163,285	\$1,154,656	\$1,317,940	\$605,203	\$565,140	\$2,488,283
2030	\$93,394,491	\$93,394,491		\$130,752	\$924,605	\$1,055,358	\$484,624	\$452,543	\$1,992,525
2031	\$81,759,009	\$81,759,009		\$114,463	\$809,414	\$923,877	\$424,247	\$396,163	\$1,744,288
2032	\$77,858,770	\$77,858,770		\$109,002	\$770,802	\$879,804	\$404,009	\$377,265	\$1,661,078
2033	\$77,827,100	\$77,827,100		\$108,958	\$770,488	\$879,446	\$403,845	\$377,111	\$1,660,402
2034	\$77,797,330	\$77,797,330		\$108,916	\$770,194	\$879,110	\$403,690	\$376,967	\$1,659,767
2035	\$77,769,345	\$77,769,345		\$108,877	\$769,917	\$878,794	\$403,545	\$376,831	\$1,659,170
2036	\$77,743,040	\$77,743,040		\$108,840	\$769,656	\$878,496	\$403,409	\$376,704	\$1,658,609
			<b>Total</b>	<b>\$3,478,253</b>	<b>\$24,596,219</b>	<b>\$28,074,472</b>	<b>\$12,891,897</b>	<b>\$12,038,483</b>	<b>\$53,004,852</b>

Source: CPA, 2W Permian Solar, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Andrews County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Andrews ISD I&S Tax Levy	Andrews ISD M&O Tax Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
				<b>0.1400</b>	<b>0.9900</b>		<b>0.5189</b>	<b>0.4846</b>	
2022	\$356,702,267	\$30,000,000		\$499,383	\$297,000	\$796,383	\$834,769	\$1,728,401	\$3,359,553
2023	\$325,711,096	\$30,000,000		\$455,996	\$297,000	\$752,996	\$762,242	\$1,578,233	\$3,093,470
2024	\$294,723,453	\$30,000,000		\$412,613	\$297,000	\$709,613	\$689,723	\$1,428,082	\$2,827,419
2025	\$259,872,580	\$30,000,000		\$363,822	\$297,000	\$660,822	\$608,164	\$1,259,213	\$2,528,198
2026	\$225,024,824	\$30,000,000		\$315,035	\$297,000	\$612,035	\$526,612	\$1,090,358	\$2,229,004
2027	\$190,179,999	\$30,000,000		\$266,252	\$297,000	\$563,252	\$445,067	\$921,517	\$1,929,836
2028	\$151,471,381	\$30,000,000		\$212,060	\$297,000	\$509,060	\$354,479	\$733,955	\$1,597,494
2029	\$116,631,899	\$30,000,000		\$163,285	\$297,000	\$460,285	\$272,947	\$565,140	\$1,298,371
2030	\$93,394,491	\$30,000,000		\$130,752	\$297,000	\$427,752	\$218,565	\$452,543	\$1,098,861
2031	\$81,759,009	\$30,000,000		\$114,463	\$297,000	\$411,463	\$191,336	\$396,163	\$998,962
2032	\$77,858,770	\$77,858,770		\$109,002	\$770,802	\$879,804	\$404,009	\$377,265	\$1,661,078
2033	\$77,827,100	\$77,827,100		\$108,958	\$770,488	\$879,446	\$403,845	\$377,111	\$1,660,402
2034	\$77,797,330	\$77,797,330		\$108,916	\$770,194	\$879,110	\$403,690	\$376,967	\$1,659,767
2035	\$77,769,345	\$77,769,345		\$108,877	\$769,917	\$878,794	\$403,545	\$376,831	\$1,659,170
2036	\$77,743,040	\$77,743,040		\$108,840	\$769,656	\$878,496	\$403,409	\$376,704	\$1,658,609
			<b>Total</b>	<b>\$3,478,253</b>	<b>\$6,821,056</b>	<b>\$10,299,310</b>	<b>\$6,922,401</b>	<b>\$12,038,483</b>	<b>\$29,260,193</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$17,775,163</b>	<b>\$17,775,163</b>	<b>\$5,969,496</b>	<b>\$0</b>	<b>\$23,744,659</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, 2W Permian Solar, LLC

\*Tax Rate per \$100 Valuation

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

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

This represents the Comptroller's determination that 2W Permian 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)
<b>Limitation Pre-Years</b>	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2022	\$297,000	\$297,000	\$3,234,352	\$3,234,352
	2023	\$297,000	\$594,000	\$2,927,540	\$6,161,892
	2024	\$297,000	\$891,000	\$2,620,762	\$8,782,654
	2025	\$297,000	\$1,188,000	\$2,275,739	\$11,058,393
	2026	\$297,000	\$1,485,000	\$1,930,746	\$12,989,139
	2027	\$297,000	\$1,782,000	\$1,585,782	\$14,574,921
	2028	\$297,000	\$2,079,000	\$1,202,567	\$15,777,487
	2029	\$297,000	\$2,376,000	\$857,656	\$16,635,143
	2030	\$297,000	\$2,673,000	\$627,605	\$17,262,749
	2031	\$297,000	\$2,970,000	\$512,414	\$17,775,163
<b>Maintain Viable Presence (5 Years)</b>	2032	\$770,802	\$3,740,802	\$0	\$17,775,163
	2033	\$770,488	\$4,511,290	\$0	\$17,775,163
	2034	\$770,194	\$5,281,484	\$0	\$17,775,163
	2035	\$769,917	\$6,051,400	\$0	\$17,775,163
	2036	\$769,656	\$6,821,056	\$0	\$17,775,163
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2037	\$769,411	\$7,590,468	\$0	\$17,775,163
	2038	\$769,181	\$8,359,649	\$0	\$17,775,163
	2039	\$768,965	\$9,128,614	\$0	\$17,775,163
	2040	\$768,762	\$9,897,375	\$0	\$17,775,163
	2041	\$768,570	\$10,665,946	\$0	\$17,775,163
	2042	\$768,391	\$11,434,337	\$0	\$17,775,163
	2043	\$768,222	\$12,202,558	\$0	\$17,775,163
	2044	\$768,063	\$12,970,622	\$0	\$17,775,163
	2045	\$767,914	\$13,738,536	\$0	\$17,775,163
	2046	\$767,774	\$14,506,309	\$0	\$17,775,163

**\$14,506,309**

is less than

**\$17,775,163**

**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 levy directly related to this project.

Source: CPA, 2W Permian Solar, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	350	332	682	\$20,706,000	\$28,294,000	\$49,000,000	2372700	-1274100	\$3,646,800
2022	4	29	33	\$236,640	\$5,763,360	\$6,000,000	274700	450100	-\$175,400
2023	4	17	21	\$236,640	\$4,763,360	\$5,000,000	236500	434900	-\$198,400
2024	4	4	8	\$236,640	\$2,763,360	\$3,000,000	251800	427200	-\$175,400
2025	4	10	14	\$236,640	\$2,763,360	\$3,000,000	244100	389100	-\$145,000
2026	4	4	8	\$236,640	\$1,763,360	\$2,000,000	236500	358600	-\$122,100
2027	4	2	6	\$236,640	\$1,763,360	\$2,000,000	213600	312800	-\$99,200
2028	4	4	8	\$236,640	\$1,763,360	\$2,000,000	183100	289900	-\$106,800
2029	4	0	4	\$236,640	\$763,360	\$1,000,000	167800	282300	-\$114,500
2030	4	0	4	\$236,640	-\$236,640	\$0	137300	221300	-\$84,000
2031	4	0	4	\$236,640	\$763,360	\$1,000,000	106800	160200	-\$53,400
2032	4	4	8	\$236,640	-\$236,640	\$0	76300	129700	-\$53,400
2033	4	0	4	\$236,640	-\$236,640	\$0	53400	76300	-\$22,900
2034	4	0	4	\$236,640	-\$236,640	\$0	30500	30500	\$0
2035	4	(2)	2	\$236,640	-\$236,640	\$0	22900	-15300	\$38,200
2036	4	0	4	\$236,640	-\$236,640	\$0	15300	-83900	\$99,200
2037	4	2	6	\$236,640	-\$236,640	\$0	38100	-106800	\$144,900
2038	4	0	4	\$236,640	-\$236,640	\$0	30500	-145000	\$175,500
2039	4	4	8	\$236,640	\$763,360	\$1,000,000	91600	-190700	\$282,300
2040	4	2	6	\$236,640	\$763,360	\$1,000,000	61000	-244100	\$305,100
2041	4	8	12	\$236,640	\$763,360	\$1,000,000	91600	-267000	\$358,600
2042	4	4	8	\$236,640	\$763,360	\$1,000,000	76300	-259400	\$335,700
2043	4	(2)	2	\$236,640	-\$236,640	\$0	76300	-289900	\$366,200
2044	4	(2)	2	\$236,640	-\$236,640	\$0	76300	-282300	\$358,600
2045	4	(4)	0	\$236,640	-\$236,640	\$0	45800	-366200	\$412,000
2046	4	(2)	2	\$236,640	-\$236,640	\$0	137300	-343300	\$480,600
<b>Total</b>							\$5,348,100	-\$305,100	\$5,653,200
							\$20,159,509	is greater than	\$17,775,163

**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 2W Permian Solar, 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 2W Permian Solar, LLC's in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “The Applicant for this Project has entered into several contracts related to the project, including long-term lease option agreements with area landowners and service agreements and scopes with various consultants (environmental, road and home glare, etc.) to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. None of these contracts obligate Applicant to construct the Project, and each of these contracts may be terminated by Applicant without incurring any significant liability.”
  - B. “The applicant is a national solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar characteristics. The Applicant is actively assessing and developing other projects outside of Texas that are competing for limited investment funds. In addition to its projects in Texas, the developer is assessing or developing projects in Washington, Oregon, California, Nevada, Arizona, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Nebraska, Minnesota, Arkansas, Louisiana, Illinois, Mississippi, Michigan, Indiana, Alabama, Ohio, Georgia, Florida, New York, Connecticut, Maryland, Delaware, Virginia, and North Carolina. The appraised value limitation is critical to the ability of the Project to move forward in Andrews ISD.”
  - C. “Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease. The Applicant for this project is competing against other developers who have been offered or are in the process of applying for Value Limitation Agreements with other school districts. Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in areas with more favorable economics.”

- Comptroller Research
  - A. Per Lincoln Clean Energy's website "Lincoln Clean Energy (LCE) is a developer, owner and operator of clean power projects with a particular focus on wind and solar power in the United States. We have successfully developed projects involving over \$2 billion in capital investment in some of the largest electricity markets in the US (including Texas, California and New Jersey)."
- Provided by Applicant
  - A. The project has not been known by any other names during its development. The Project applied to ERCOT on November 30, 2018, and it has been assigned GINR number 20INR0219
  - B. The Permian Battery Energy Storage System ("BESS") asset will be integrated into the solar energy generation Project and will be used, at certain times, to temporarily store electricity generated by the Project for the purpose of provide energy arbitrage and ancillary services for the ERCOT wholesale energy market, shifting the Project's energy production to delivery times and reliability services where the grid needs it most.

**Supporting Information**

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

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

# **Supporting Information**

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

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

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

**SECTION 7: Project Description**

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

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

**SECTION 8: Limitation as Determining Factor**

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

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

## **Supporting Information**

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

## Tab Item 5

### Documentation to assist in determining if limitation is a determining factor:

2W Permian Solar, LLC ("Permian Solar") is a Delaware limited liability company. Permian Solar has one member with 100% ownership, Lincoln Clean Energy, LLC ("LCE"). LCE has successfully developed projects involving over \$1 billion in capital investments in some of the largest electricity markets in the United States, including California, New Jersey, and Texas.

The Applicant for this Project has entered into several contracts related to the project, including long-term lease option agreements with area landowners and service agreements and scopes with various consultants (environmental, road and home glare, etc.) to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. None of these contracts obligate Applicant to construct the Project, and each of these contracts may be terminated by Applicant without incurring any significant liability.

The Applicant for the Project has obtained or applied for the following state and local permits:

- Andrews County Tax Abatement 312
- Andrews County Hospital District Tax Abatement 312

The project has not been known by any other names during its development. The Project applied to ERCOT on November 30, 2018, and it has been assigned GINR number 20INR0219

The applicant is a national solar developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable solar characteristics. The Applicant is actively assessing and developing other projects outside of Texas that are competing for limited investment funds. In addition to its projects in Texas, the developer is assessing or developing projects in Washington, Oregon, California, Nevada, Arizona, Wyoming, Colorado, New Mexico, Texas, Oklahoma, Nebraska, Minnesota, Arkansas, Louisiana, Illinois, Mississippi, Michigan, Indiana, Alabama, Ohio, Georgia, Florida, New York, Connecticut, Maryland, Delaware, Virginia, and North Carolina. The appraised value limitation is critical to the ability of the Project to move forward in Southland ISD.

Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease. The Applicant for this project is competing against other developers who have been offered or are in the process of applying for Value Limitation Agreements with other school districts. Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in areas with more favorable economics.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

LCE

HOME PROJECTS NEWS CONTACT



<https://lincoln-clean-energy.com/>

## Attachment D

### Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED 2W PERMIAN  
SOLAR, LLC PROJECT IN THE ANDREWS INDEPENDENT  
SCHOOL DISTRICT  
(PROJECT # 1411)**

**PREPARED BY**



**SEPTEMBER 25, 2019**

## Executive Summary

2W Permian Solar, LLC (Company) has requested that the Andrews Independent School District (AISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to AISD on August 13, 2019, the Company plans to invest \$356.7 million in additional taxable to construct a solar renewable energy electric generation facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The 2W Permian project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others, although few of these other types of projects have been the basis for Chapter 313 applications.

Under the provisions of Chapter 313, AISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2022-23 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to AISD	\$2.6 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$14.9 million

## Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The completeness Letter for this project was issued on September 17, 2019.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of

the project and provide its certificate for a limitation on appraised value. After the certificate is received, the district has until the 150<sup>th</sup> day from the receipt of the Completeness Letter to adopt an agreement, although extensions may be requested by the Company and granted by the District

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon, Demerath & Castillo will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. The school board will also be asked to consider a job waiver during this meeting.

### **How the 313 Agreement Interacts with Texas School Finance**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA (WADA) and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of HB 3, for those districts subject to recapture under the new law. Rather than being tied to property wealth exceeding an equalized wealth level per WADA, recapture is now defined as the amount of revenue collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.) The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. It does appear to be an issue for AISD, based on the calculations shown below.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional approach for the last 30 years has been to rely upon prior-year state property values as

determined annually under the Comptroller's State Property Value Study (Section 403 of the Government Code). The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- 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 [emphasis added].**

Given the directive with regard to the use of preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first calculated under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.254(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal in 2021 and any changes made may impact these calculations moving forward.

(For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

**Underlying School District Data Assumptions**

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny yield is \$49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	4,078
Local M&O Tax Base	\$4,363.4 million
2019-20 M&O Tax Rate:	\$0.9900 per \$100 of Taxable Value
2020-21 Projected M*O Tax Rate:	\$0.9765 per \$100 of Taxable Value
I&S Tax Rate:	\$0.1400 per \$100 of Taxable Value

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

**Table 1 – Base District Information with 2W Permian Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d)	Sec. 48.256(d)	DPV Value with Project per WADA	DPV Value with Limitation per WADA
						District Revenue Protection District Property Value with Project	District Revenue Protection District Property Value with Limitation		
QTP0	2019-20	4,077.71	5,385.59	\$0.9900	\$0.1400	\$4,414,104,747	\$4,414,104,747	\$819,614	\$819,614
QTP1	2020-21	4,077.71	5,146.72	\$0.9765	\$0.1400	\$4,414,104,747	\$4,414,104,747	\$857,654	\$857,654
QTP2	2021-22	4,077.71	5,146.69	\$0.9765	\$0.1400	\$4,474,104,747	\$4,474,104,747	\$869,317	\$869,317
VL1	2022-23	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,564,104,747	\$4,564,104,747	\$886,809	\$886,809
VL2	2023-24	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,920,807,014	\$4,594,104,747	\$956,117	\$892,638
VL3	2024-25	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,889,815,843	\$4,594,104,747	\$950,095	\$892,638
VL4	2025-26	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,858,828,200	\$4,594,104,747	\$944,074	\$892,638
VL5	2026-27	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,823,977,327	\$4,594,104,747	\$937,303	\$892,638
VL6	2027-28	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,789,129,571	\$4,594,104,747	\$930,532	\$892,638
VL7	2028-29	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,754,284,746	\$4,594,104,747	\$923,761	\$892,638
VL8	2029-30	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,715,576,128	\$4,594,104,747	\$916,240	\$892,638
VL9	2030-31	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,678,688,242	\$4,592,056,343	\$909,073	\$892,240
VL10	2031-32	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,655,252,078	\$4,591,857,587	\$904,519	\$892,202
VP1	2032-33	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,713,757,981	\$4,661,998,972	\$915,887	\$905,830
VP2	2033-34	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,704,173,641	\$4,704,173,641	\$914,025	\$914,025
VP3	2034-35	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,698,924,840	\$4,698,924,840	\$913,005	\$913,005
VP4	2035-36	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,694,080,985	\$4,694,080,985	\$912,064	\$912,064
VP5	2036-37	4,077.71	5,146.66	\$0.9765	\$0.1400	\$4,689,622,528	\$4,689,622,528	\$911,197	\$911,197

\*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

## M&O Impact of the 2W Permian Project on AISD

A model is established to make a calculation of the "Baseline Revenue Model" (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the "Value Limitation Revenue Model" (Table 3) by adding the project's limited value of \$30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$2,620,300 over the course of the Agreement, with nearly all the loss reflected in the first limitation year (2022-23).

**Table 2- "Baseline Revenue Model" --Project Value Added to DPV with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2019-20	\$40,191,526	\$1,009,587	-\$7,878,187	\$2,593,002	\$524,738	\$0	\$0	\$36,440,666
QTP1	2020-21	\$40,160,843	\$1,834,967	-\$9,677,846	\$2,629,193	\$392,468	\$0	\$0	\$35,339,625
QTP2	2021-22	\$40,969,194	\$1,009,587	-\$9,661,015	\$2,682,113	\$358,484	\$0	\$0	\$35,358,363
VL1	2022-23	\$44,232,865	\$1,834,967	-\$11,347,326	\$2,895,774	\$322,353	\$0	\$0	\$37,938,633
VL2	2023-24	\$43,948,832	\$1,009,587	-\$12,640,837	\$2,877,179	\$88,768	\$0	\$0	\$35,283,529
VL3	2024-25	\$43,664,831	\$1,834,967	-\$13,182,216	\$2,858,587	\$106,898	\$0	\$0	\$35,283,067
VL4	2025-26	\$43,345,423	\$1,009,587	-\$12,037,428	\$2,837,676	\$124,812	\$0	\$0	\$35,280,070
VL5	2026-27	\$43,026,044	\$1,834,967	-\$12,543,429	\$2,816,768	\$145,165	\$0	\$0	\$35,279,515
VL6	2027-28	\$42,706,692	\$1,009,587	-\$11,398,697	\$2,795,861	\$165,516	\$0	\$0	\$35,278,959
VL7	2028-29	\$42,351,928	\$1,834,967	-\$11,869,313	\$2,772,636	\$185,547	\$0	\$0	\$35,275,765
VL8	2029-30	\$42,014,226	\$1,009,587	-\$10,706,231	\$2,750,527	\$208,114	\$0	\$0	\$35,276,223
VL9	2030-31	\$41,799,471	\$1,834,967	-\$11,316,856	\$2,736,468	\$230,407	\$0	\$0	\$35,284,457
VL10	2031-32	\$42,322,820	\$1,009,587	-\$11,014,825	\$2,770,730	\$248,291	\$0	\$0	\$35,336,603
VP1	2032-33	\$42,227,249	\$1,834,967	-\$11,744,634	\$2,764,473	\$210,251	\$0	\$0	\$35,292,306
VP2	2033-34	\$42,180,106	\$1,009,587	-\$10,872,111	\$2,761,387	\$216,235	\$0	\$0	\$35,295,204
VP3	2034-35	\$42,136,600	\$1,834,967	-\$11,653,985	\$2,758,539	\$219,316	\$0	\$0	\$35,295,437
VP4	2035-36	\$42,096,555	\$1,009,587	-\$10,788,560	\$2,755,917	\$222,159	\$0	\$0	\$35,295,658
VP5	2036-37	\$42,059,679	\$1,834,967	-\$11,577,064	\$2,753,503	\$224,777	\$0	\$0	\$35,295,862

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

### M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$17.5 million over the life of the agreement. The AISD revenue losses are expected to total approximately \$2.6 million. The total potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$14.9 million, prior to any negotiations with 2W Permian on supplemental payments. (See Table 5.)

**Table 3- "Value Limitation Revenue Model" --Project Value Added to DPV with Value Limitation in Effect**

Year of Agreement	School Year	M&O Taxes @		Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
		Compressed Rate	State Aid						
QTP0	2019-20	\$40,191,526	\$1,009,587	-\$7,878,187	\$2,593,002	\$524,738	\$0	\$0	\$36,440,666
QTP1	2020-21	\$40,160,843	\$1,834,967	-\$9,677,846	\$2,629,193	\$392,468	\$0	\$0	\$35,339,625
QTP2	2021-22	\$40,969,194	\$1,009,587	-\$9,661,015	\$2,682,113	\$358,484	\$0	\$0	\$35,358,363
VL1	2022-23	\$41,238,645	\$1,834,967	-\$10,756,030	\$2,699,753	\$300,998	\$0	\$0	\$35,318,333
VL2	2023-24	\$41,238,645	\$1,009,587	-\$9,930,650	\$2,699,753	\$281,324	\$0	\$0	\$35,298,659
VL3	2024-25	\$41,238,645	\$1,834,967	-\$10,756,030	\$2,699,753	\$281,324	\$0	\$0	\$35,298,659
VL4	2025-26	\$41,238,645	\$1,009,587	-\$9,930,650	\$2,699,753	\$281,324	\$0	\$0	\$35,298,659
VL5	2026-27	\$41,238,645	\$1,834,967	-\$10,756,030	\$2,699,753	\$281,324	\$0	\$0	\$35,298,659
VL6	2027-28	\$41,238,645	\$1,009,587	-\$9,930,650	\$2,699,753	\$281,324	\$0	\$0	\$35,298,659
VL7	2028-29	\$41,238,645	\$1,834,967	-\$10,756,030	\$2,699,753	\$281,324	\$0	\$0	\$35,298,659
VL8	2029-30	\$41,220,247	\$1,009,587	-\$9,912,252	\$2,698,548	\$280,846	\$0	\$0	\$35,296,976
VL9	2030-31	\$41,218,461	\$1,834,967	-\$10,735,846	\$2,698,431	\$282,529	\$0	\$0	\$35,298,542
VL10	2031-32	\$41,848,449	\$1,009,587	-\$10,540,454	\$2,739,675	\$286,972	\$0	\$0	\$35,344,229
VP1	2032-33	\$42,227,249	\$1,834,967	-\$11,744,634	\$2,764,473	\$243,455	\$0	\$0	\$35,325,510
VP2	2033-34	\$42,180,106	\$1,009,587	-\$10,872,111	\$2,761,387	\$216,235	\$0	\$0	\$35,295,204
VP3	2034-35	\$42,136,600	\$1,834,967	-\$11,653,985	\$2,758,539	\$219,316	\$0	\$0	\$35,295,437
VP4	2035-36	\$42,096,555	\$1,009,587	-\$10,788,560	\$2,755,917	\$222,159	\$0	\$0	\$35,295,658
VP5	2036-37	\$42,059,679	\$1,834,967	-\$11,577,064	\$2,753,503	\$224,777	\$0	\$0	\$35,295,862

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

**Table 4 - Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation**

Year of Agreement	School Year	M&O Taxes @		Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
		Compressed Rate	State Aid						
QTP0	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2	2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2022-23	-\$2,994,220	\$0	\$591,296	-\$196,021	-\$21,355	\$0	\$0	-\$2,620,300
VL2	2023-24	-\$2,710,187	\$0	\$2,710,187	-\$177,426	\$192,556	\$0	\$0	\$15,130
VL3	2024-25	-\$2,426,186	\$0	\$2,426,186	-\$158,834	\$174,426	\$0	\$0	\$15,592
VL4	2025-26	-\$2,106,778	\$0	\$2,106,778	-\$137,923	\$156,512	\$0	\$0	\$18,589
VL5	2026-27	-\$1,787,399	\$0	\$1,787,399	-\$117,015	\$136,159	\$0	\$0	\$19,144
VL6	2027-28	-\$1,468,047	\$0	\$1,468,047	-\$96,108	\$115,808	\$0	\$0	\$19,700
VL7	2028-29	-\$1,113,283	\$0	\$1,113,283	-\$72,883	\$95,777	\$0	\$0	\$22,894
VL8	2029-30	-\$793,979	\$0	\$793,979	-\$51,979	\$72,732	\$0	\$0	\$20,753
VL9	2030-31	-\$581,010	\$0	\$581,010	-\$38,037	\$52,122	\$0	\$0	\$14,085
VL10	2031-32	-\$474,371	\$0	\$474,371	-\$31,055	\$38,681	\$0	\$0	\$7,626
VP1	2032-33	\$0	\$0	\$0	\$0	\$33,204	\$0	\$0	\$33,204
VP2	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2036-37	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

QTP= Qualifying Time Period  
 VL= Value Limitation  
 VP= Viable Presence

It should be noted that a key element in the revenue-loss calculation appears to be linked to the retention of prior-year property values in the calculation of the revenue protection amount for the 2022-23 school year. Under the standard agreement, these calculations are based on whatever school finance and property tax laws are in effect each year. With a legislative session occurring in 2021, there could be changes made to current school finance law. While the District will still be protected against revenue losses, these calculations may be reduced below what we are projecting under what is now current law.

**Table 5 - Estimated Financial Impact of the 2W Permian Project Property Value Limitation Request Submitted to AISD at \$0.97650 M&O Tax Rate**

Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O with Limitation	Assumed M&O Tax Rate	Tax Savings to Company	School District Revenue Protection	Estimated Net Tax Benefits
QTP0	2019-20	\$0	\$0	\$0.99000	\$0	\$0	\$0
QTP0	2020-21	\$0	\$0	\$0.97650	\$0	\$0	\$0
QTP1	2021-22	\$0	\$0	\$0.97650	\$0	\$0	\$0
VL1	2022-23	\$356,702,267	\$30,000,000	\$0.97650	\$3,190,242	-\$2,620,300	\$569,942
VL2	2023-24	\$325,711,096	\$30,000,000	\$0.97650	\$2,887,614	\$0	\$2,887,614
VL3	2024-25	\$294,723,453	\$30,000,000	\$0.97650	\$2,585,020	\$0	\$2,585,020
VL4	2025-26	\$259,872,580	\$30,000,000	\$0.97650	\$2,244,702	\$0	\$2,244,702
VL5	2026-27	\$225,024,824	\$30,000,000	\$0.97650	\$1,904,414	\$0	\$1,904,414
VL6	2027-28	\$190,179,999	\$30,000,000	\$0.97650	\$1,564,155	\$0	\$1,564,155
VL7	2028-29	\$151,471,381	\$30,000,000	\$0.97650	\$1,186,166	\$0	\$1,186,166
VL8	2029-30	\$116,631,899	\$30,000,000	\$0.97650	\$845,959	\$0	\$845,959
VL9	2030-31	\$93,394,491	\$30,000,000	\$0.97650	\$619,046	\$0	\$619,046
VL10	2031-32	\$81,759,009	\$30,000,000	\$0.97650	\$505,426	\$0	\$505,426
VP1	2032-33	\$77,858,770	\$77,858,770	\$0.97650	\$0	\$0	\$0
VP2	2033-34	\$77,827,100	\$77,827,100	\$0.97650	\$0	\$0	\$0
VP3	2034-35	\$77,797,330	\$77,797,330	\$0.97650	\$0	\$0	\$0
VP4	2035-36	\$77,769,345	\$77,769,345	\$0.97650	\$0	\$0	\$0
VP5	2036-37	\$77,743,040	\$77,743,040	\$0.97650	\$0	\$0	\$0
<b>\$17,532,743</b>						<b>-\$2,620,300</b>	<b>\$14,912,443</b>

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

**Note:** School district revenue-loss estimates are subject to change based on numerous factors, including:

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations, which could be significant under HB 3.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

### I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with AISD currently levying a \$0.1400 per \$100 I&S tax rate. As shown in the Table 6 below, local taxpayers could receive a modest benefit from the addition of the 2W Permian project to the local I&S tax roll.

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

**Table 6 - Estimated Impact of the 2W Permian Project Property Value Limitation Request on AISD I&S Tax Rate**

Year of Agreement	School Year	I&S Rate w/out Project	Local Value w/out Project	I&S Taxes w/out Project	Project Full Taxable Value	I&S Rate with Project Value	Change in I&S Rate
QTP0	2019-20	\$0.1400	\$4,363,355,128	\$6,108,697	\$0	\$0.140000	\$0.0000
QTP1	2020-21	\$0.1400	\$4,651,620,909	\$6,512,269	\$0	\$0.140000	\$0.0000
QTP2	2021-22	\$0.1400	\$5,212,109,146	\$7,296,953	\$0	\$0.140000	\$0.0000
VL1	2022-23	\$0.1400	\$5,460,642,893	\$7,644,900	\$356,702,267	\$0.131416	-\$0.0086
VL2	2023-24	\$0.1400	\$5,342,180,987	\$7,479,053	\$325,711,096	\$0.131955	-\$0.0080
VL3	2024-25	\$0.1400	\$5,229,441,873	\$7,321,219	\$294,723,453	\$0.132531	-\$0.0075
VL4	2025-26	\$0.1400	\$5,119,425,648	\$7,167,196	\$259,872,580	\$0.133237	-\$0.0068
VL5	2026-27	\$0.1400	\$5,013,392,462	\$7,018,749	\$225,024,824	\$0.133986	-\$0.0060
VL6	2027-28	\$0.1400	\$4,911,960,364	\$6,876,745	\$190,179,999	\$0.134782	-\$0.0052
VL7	2028-29	\$0.1400	\$4,817,845,130	\$6,744,983	\$151,471,381	\$0.135733	-\$0.0043
VL8	2029-30	\$0.1400	\$4,742,099,363	\$6,638,939	\$116,631,899	\$0.136639	-\$0.0034
VL9	2030-31	\$0.1400	\$4,690,638,028	\$6,566,893	\$93,394,491	\$0.137267	-\$0.0027
VL10	2031-32	\$0.1400	\$4,663,008,362	\$6,528,212	\$81,759,009	\$0.137588	-\$0.0024
VP1	2032-33	\$0.1400	\$4,653,424,022	\$6,514,794	\$77,858,770	\$0.137696	-\$0.0023
VP2	2033-34	\$0.1400	\$4,648,175,221	\$6,507,445	\$77,827,100	\$0.137695	-\$0.0023
VP3	2034-35	\$0.1400	\$4,643,331,366	\$6,500,664	\$77,797,330	\$0.137693	-\$0.0023
VP4	2035-36	\$0.1400	\$4,638,872,909	\$6,494,422	\$77,769,345	\$0.137692	-\$0.0023
VP5	2036-37	\$0.1400	\$4,634,767,182	\$6,488,674	\$77,743,040	\$0.137690	-\$0.0023

IFA and EDA state aid are now based on current-year values, which could affect the tax rate needed for bond payments in districts eligible for these funds.

## Attachment E

### Taxable Value of Property

# 002-Andrews

## 002-901/Andrews ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	742,343,247	0.9273	800,542,701	742,343,247
B. MULTIFAMILY RESIDENCES	22,434,066	N/A	22,434,066	22,434,066
C1. VACANT LOTS	14,375,946	N/A	14,375,946	14,375,946
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	15,078,685	0.7622	19,781,811	15,078,685
D2. REAL PROP:FARM & RANCH	929,542	N/A	929,542	929,542
E. REAL PROP NONQUAL ACREAGE	35,984,413	N/A	35,984,413	35,984,413
F1. COMMERCIAL REAL	106,018,518	N/A	106,018,518	106,018,518
F2. INDUSTRIAL REAL	143,765,597	N/A	143,765,597	143,765,597
G. OIL,GAS,MINERALS	2,837,208,248	1.0121	2,803,288,458	2,837,208,248
J. UTILITIES	288,574,036	0.9471	304,692,256	288,574,036
L1. COMMERCIAL PERSONAL	41,531,914	N/A	41,531,914	41,531,914
L2. INDUSTRIAL PERSONAL	335,471,881	N/A	335,471,881	335,471,881
M. MOBILE HOMES	19,391,449	N/A	19,391,449	19,391,449
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	9,092,199	N/A	9,092,199	9,092,199
Subtotal	4,612,199,741	0	4,657,300,751	4,612,199,741
Less Total Deductions	198,094,994	0	210,604,769	198,094,994
Total Taxable Value	4,414,104,747	0	4,446,695,982	4,414,104,747

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
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
35,406,498	56,981,397

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
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

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

# 002-901-02/Andrews ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	742,343,247	0.9273	800,542,701	742,343,247
B. MULTIFAMILY RESIDENCES	22,434,066	N/A	22,434,066	22,434,066
C1. VACANT LOTS	14,375,946	N/A	14,375,946	14,375,946
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	15,078,685	0.7622	19,781,811	15,078,685
D2. REAL PROP:FARM & RANCH	929,542	N/A	929,542	929,542
E. REAL PROP NONQUAL ACREAGE	35,984,413	N/A	35,984,413	35,984,413
F1. COMMERCIAL REAL	106,018,518	N/A	106,018,518	106,018,518
F2. INDUSTRIAL REAL	143,765,597	N/A	143,765,597	143,765,597
G. OIL,GAS,MINERALS	2,837,208,248	1.0121	2,803,288,458	2,837,208,248
J. UTILITIES	288,574,036	0.9471	304,692,256	288,574,036
L1. COMMERCIAL PERSONAL	41,531,914	N/A	41,531,914	41,531,914
L2. INDUSTRIAL PERSONAL	335,471,881	N/A	335,471,881	335,471,881
M. MOBILE HOMES	19,391,449	N/A	19,391,449	19,391,449
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	9,092,199	N/A	9,092,199	9,092,199
Subtotal	4,612,199,741		4,657,300,751	4,612,199,741
Less Total Deductions	198,094,994		210,604,769	198,094,994
Total Taxable Value	4,414,104,747		4,446,695,982	4,414,104,747

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
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

Loss To the Additional \$10,000 Homestead Exemption	50 % of the loss to the Local Optional Percentage Homestead Exemption
35,406,498	56,981,397

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
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

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

Attachment F

TEA's Facilities Value

# Attachment G

## Participation Agreement