



WALSH GALLEGOS  
TREVINO RUSSO & KYLE P.C.

July 28, 2020

Ms. Tabita Collazo  
Ms. Stephanie Jones  
Research Analysts  
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS  
111 East 17th Street, Room 427  
Austin, TX 78774

*Via e-mail at [tabita.collazo@cpa.texas.gov](mailto:tabita.collazo@cpa.texas.gov) &  
[stephanie.jones@cpa.texas.gov](mailto:stephanie.jones@cpa.texas.gov)  
FedEx Tracking #: 7711 1435 5017*

Re: Findings and Executed Agreement for Tax Value Limitation between East Bernard ISD and CG Wharton County, LLC (No. 1420)

Dear Ms. Collazo:

Please find enclosed the executed Findings and Agreement for Tax Value Limitation between East Bernard ISD and CG Wharton County, LLC (No. 1420), which were approved and executed by the East Bernard ISD Board of Trustees on July 13, 2020. I have also included information regarding the creation of the CG Wharton County Reinvestment Zone.

Please do not hesitate to contact me should you have any questions or need additional information.

Sincerely,

Morgan Beam

**EAST BERNARD INDEPENDENT SCHOOL DISTRICT**  
**REINVESTMENT ZONE CRITERIA AND GUIDELINES**

**WHEREAS**, the East Bernard Independent School District (“District”) is a taxing unit for purposes of Chapter 313, Texas Tax Code, as that term is defined by Texas Tax Code § 1.04(12), and is considering one application for an appraised tax value limitation and desires to consider future applications;

**WHEREAS**, a qualified investment, as that term is defined in Texas Tax Code § 313.021(a) must be located within a designated reinvestment or enterprise zone to qualify under Texas Tax Code § 313.021(2);

**WHEREAS**, under Texas Tax Code § 312.002, the District may designate a reinvestment or enterprise zone within its boundaries to allow a qualifying project to be built within District boundaries; and

**WHEREAS**, the District seeks to enjoy the benefits of appraised value limitation agreements with eligible businesses.

**NOW, THEREFORE**, the Board of Trustees adopts the following Reinvestment Zone Criteria and Guidelines that govern pending and future requests for designation of reinvestment or enterprise zones pursuant to Texas Tax Code § 312.002.

**I. PURPOSE**

The District adopts these reinvestment zone criteria and guidelines to allow for the creation/designation of a reinvestment zone to accommodate a Qualified Investment pursuant to an approved application for appraised value limitation under Chapter 313, Texas Tax Code.

**II. CRITERIA**

- A. The following non-exclusive criteria will be considered in determining whether to designate a Reinvestment Zone in conjunction with an application for appraised value limitation that has not been rejected by the Board:
- (1) Number and types of new jobs to be created by proposed improvements;
  - (2) The wages and benefits to be paid to all new employees as compared to average wages in Wharton County;
  - (3) The anticipated increase in taxable values generated by the proposed improvements;
  - (4) The student population growth of the District projected to occur directly as a result of new improvements;

- (5) The attraction of other new businesses to the area as a result of the project.
- B. After review, the Board of Trustees reserves the right to grant or deny, in whole or in part, each application for designating a reinvestment zone, on a case by case basis and in its sole discretion.

### III. GUIDELINES

- A. An entity may apply for a reinvestment zone designation from the District by declaring its intention in the completed application for appraised value limitation submitted to the Board of Trustees for initial consideration.
- B. Prior to the adoption of a resolution designating a reinvestment or enterprise zone, the District shall:
  - (1) give written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the agreement is located not later than the seventh (7th) day before the public hearing; and
  - (2) publish notice of a public hearing in a newspaper of general circulation within such taxing jurisdiction not later than the seventh (7th) day before the public hearing.
- C. Before acting upon the request at a public hearing, the Board of Trustees may provide the applicant with an opportunity, orally and/or in writing, to present reasons as to why the area should be designated as a reinvestment or enterprise zone.
- D. The Board of Trustees may approve or disapprove the request for designation at the conclusion of the hearing. If the Board does not vote on the request at the conclusion of the hearing, the Board will take action at its next regularly scheduled meeting. If the Board does not vote on the request within thirty (30) days of the public hearing, the request is denied.
- E. The adoption of these Criteria and Guidelines by the Board does not:
  - (1) Limit the discretion of the District to decide whether to enter into a specific appraised value limitation agreement or to designate a reinvestment or enterprise zone;
  - (2) Create a property, contract, or other legal rights in any person to have the District consider or grant a specific application for appraised value limitation or request to designate a reinvestment or enterprise zone.

- F. These Criteria and Guidelines are effective upon the date of their adoption and will remain in force for two years subject to further amendment, renewal, or discontinuation by action of the Board of Trustees.

**IV. TERM**

- A. These Criteria and Guidelines are effective upon the date of their adoption and will remain in force for two years subject to further amendment, renewal, or discontinuation by action of the Board of Trustees.

ADOPTED this 13 day of July, 2020.

By:   
President, Board of Trustees

ATTEST:

  
Secretary, Board of Trustees

**CERTIFICATION**

I hereby certify that the foregoing resolution was presented to the Board of Trustees of the East Bernard Independent School District during a properly scheduled and noticed meeting on July 13, 2020. A quorum of the Board of Trustees being then present, it was then duly moved and seconded that the resolution be adopted according to the following votes,

Ayes: 7  
Nays: 0  
Abstentions: 0

To certify which, witness my hand this 13 day of July, 2020.

By:   
President, Board of Trustees

**RESOLUTION OF THE  
EAST BERNARD INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES**

**RESOLUTION DESIGNATING CG WHARTON COUNTY REINVESTMENT ZONE**

**WHEREAS**, the Board of Trustees of the East Bernard Independent School District (“District”) seeks to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone;

**WHEREAS**, the District is authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Tax Code §312.0025), for the purpose of authorizing an Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, as authorized by Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on July 13, 2020, a hearing before the Board of Trustees of the District was held pursuant to Texas Tax Code 312.201(d), such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

**WHEREAS**, the Board of Trustees at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone; and,

**WHEREAS**, the Board of Trustees considered information provided by proponents and opponents of the creation of the reinvestment if any, and in accordance with previously adopted Criteria and Guidelines,

**WHEREAS**, the Board of Trustees considered the creation of a reinvestment zone related to a tax limitation agreement submitted by CG Wharton County, LLC for property within the District’s boundaries and depicted in the attached **Exhibits A and B**;

**BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE EAST BERNARD INDEPENDENT SCHOOL DISTRICT:**

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Board of Trustees of the East Bernard Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of the *CG Wharton County, LLC Reinvestment Zone* has been properly called, held and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of each taxing unit which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,
- (b) That the boundaries of the *CG Wharton County, LLC Reinvestment Zone* are within the boundaries of the District and by the adoption of this Resolution is declared and certified to be the area described in the attached Exhibits A and B; and,
- (c) That creation of the *CG Wharton County, LLC Reinvestment Zone* with boundaries as described in Exhibits A and B will result in economic benefits to the District and that the improvements sought are feasible and practical; and,
- (d) *The CG Wharton County Reinvestment Zone* described in Exhibits A and B meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the District, hereby creates a reinvestment zone under the provisions of Tex. Tax Code § 312.0025, encompassing the area described by the descriptions in Exhibits A and B, and such reinvestment zone is hereby designated and shall hereafter be referred to as the *CG Wharton County, LLC Reinvestment Zone*.

SECTION 4. That the *CG Wharton County, LLC Reinvestment Zone* shall take immediate effect upon adoption by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That if any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 6. That it is hereby found, determine and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the District Board of Trustees, at which this Resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Wharton County, and furthermore, such notice was, in fact, delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED, AND ADOPTED on this 13 day of July, 2020.

**East Bernard Independent School District**

By:   
President, Board of Trustees

Attest:

By:   
Secretary, Board of Trustees

**CERTIFICATION**

I hereby certify that the foregoing resolution was presented to the Board of Trustees of the East Bernard Independent School District \_\_\_\_\_ during a special meeting on 7-13, 2020. A quorum of the Board of Trustees being then present, it was then duly moved and seconded that the resolution be adopted according to the following votes,

Ayes: 7  
Nays: 0  
Abstentions: 0

To certify which, witness my hand this 13 day of July, 2018.

By:   
President, Board of Trustees

# John F. Watson & Company

PROFESSIONAL LAND SURVEYORS & PLANNERS

200 N. Loraine, Suite 220, Midland, Texas 79701, (432) 520-2400, Fax (432) 520-2404

[www.windearthwater.com](http://www.windearthwater.com)

## CG WHARTON SOLAR – LEASE TRACT

**LEGAL DESCRIPTION:** BEING 1218.215 ACRES OF LAND, LYING IN AND BEING ALL OF THE HUGH ROGERS SURVEY, ABSTRACT 325 IN WHARTON COUNTY, TEXAS AND BEING ALL OF THAT SAME 1218.49 ACRE TRACT CONVEYED TO I.V. DUNCAN RANCH, LP, LLP BY DEED RECORDED IN VOLUME 918, PAGE 924 OF THE OFFICIAL PUBLIC RECORDS OF WHARTON COUNTY, TEXAS; SAID 1218.215 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS AND AS SURVEYED UNDER THE SUPERVISION OF JOHN F. WATSON & COMPANY IN NOVEMBER, 2019 THROUGH JANUARY, 2020:

**BEGINNING** at a railroad spike found in the south line of M. Muldoon Survey, Abstract 46 for the northerly common corner of the M. Muldoon Survey, Abstract 45 and said Rogers Survey and the northwest corner hereof and from which a 1 inch iron pipe found bears North 31°31'14" East a distance of 53.99 feet, an "I" bolt found bears South 67°02'22" East a distance of 50.40 feet and a 5/8 inch iron rod with cap found bears South 71°50'05" West a distance of 40.80 feet;

THENCE North 70°56'22" East a distance of 3720.10 feet along the common line of said Abstract 46 and said Rogers Survey to a railroad spike found for the northerly common corner of the J. Moore Survey, Abstract 44 and said Rogers Survey and the northeast corner hereof;

THENCE South 18°45'08" East along the common line of said Moore Survey and said Rogers Survey, passing at a distance of 1649.84 feet a 5/8 inch iron rod found, passing at a distance of 2521.76 feet a 4"x4" concrete monument found, passing at a distance of 12,911.11 feet a 1/2 inch iron rod found, passing at a distance of 15,823.74 feet a 1/2 inch iron rod found at a 6 inch cedar fence corner post for reference, continuing in all a total distance of 15,906.37 feet to a 1/2 inch iron rod found in the north line of the A. Jackson Survey, Abstract 34 for the southerly common corner of said Moore Survey and said Rogers Survey and the southeast corner hereof;

THENCE North 72°11'08" West a distance of 4453.96 feet along the common line of said Jackson Survey and said Rogers Survey to a point for the southerly common corner of said Abstract 45 and said Rogers Survey and the southwest corner hereof and from which railroad tie fence corner post found bears North 32°46'13" East a distance of 49.11 feet and an 8 inch cedar fence corner post found bears South 30°49'30" West a distance of 34.94 feet;

THENCE North 19°22'14" West along the common line of said Abstract 45 and said Rogers Survey, passing at a distance of 4236.10 feet a 5/8 inch iron rod found, continuing in all a

distance of 13,233.63 feet to the POINT OF BEGINNING and containing 1218.215 acres of land, more or less.

Note: Bearings, distances, and acreage shown hereon are Grid, NAD83(2011), Texas South Central Zone and are based on NGS CORS/OPUS solutions. Iron rods set are 1/2 inch steel rebar with blue plastic caps marked "JFW FIRM#10117300".

COPY-SEE NOTE BELOW

January 21, 2020

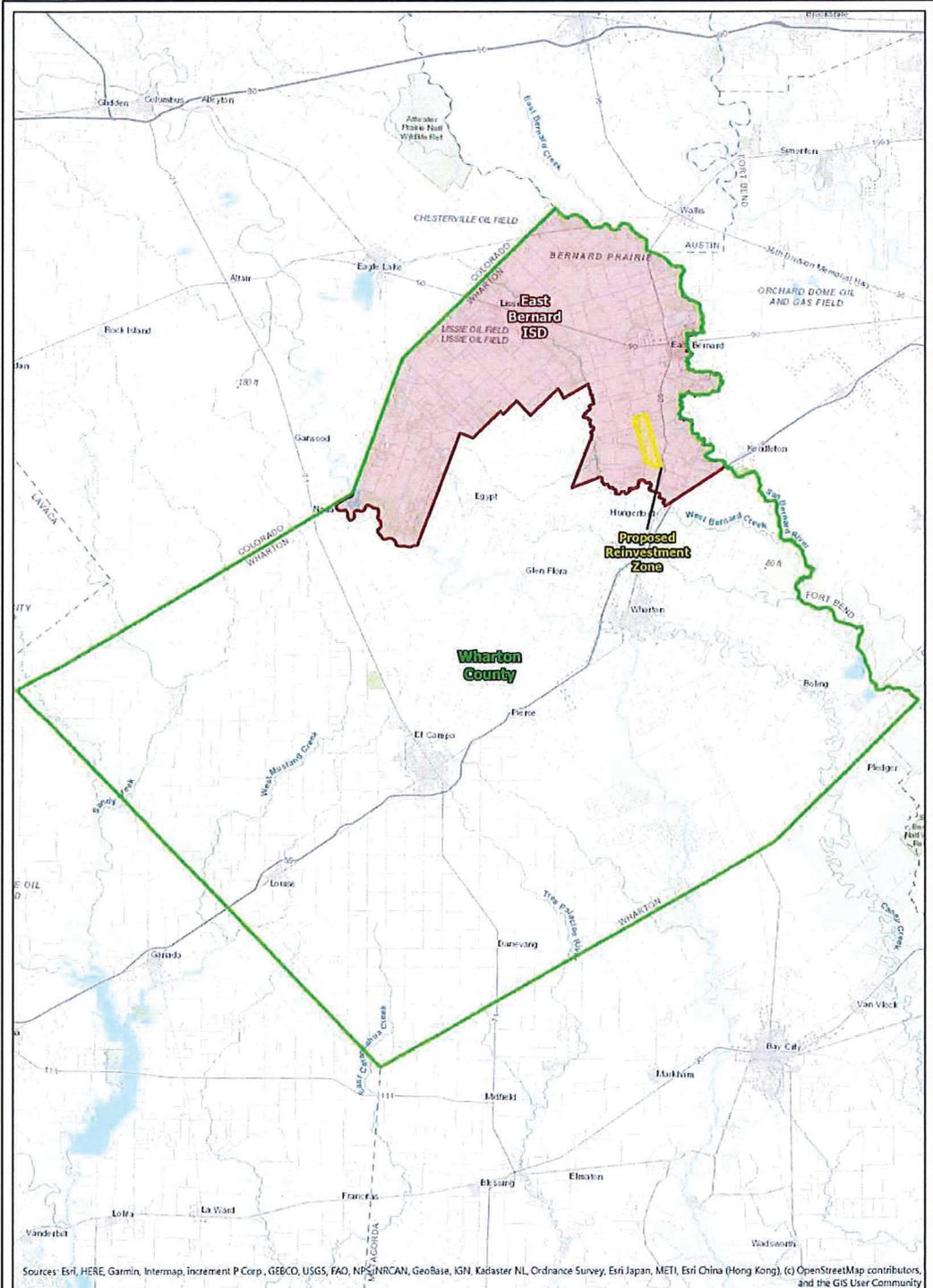
John F. Watson, RPLS

Registered Professional Land Surveyor No. 5498

TX LS Firm #101173-00

State of Texas

Note: This survey metes and bounds description was prepared while performing a Title Survey of the surrounding area. THIS DIGITAL COPY IS PROVIDED FOR THE INSERTION INTO LEGAL DOCUMENTS. The signed and sealed original copies of this survey description are part of this said title survey and are retained in the office of John F. Watson & Company and their client.



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

- Proposed Reinvestment Zone
- East Bernard ISD
- Wharton County

CG Wharton County LLC  
Proposed Reinvestment Zone  
within EBISD & Wharton County

 **ConnectGEN**

August - 2019

Miles  
0 4 8



**ON THE APPLICATION  
FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY  
FINDINGS UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT  
TEXAS TAX CODE, CHAPTER 313 *et seq.***

**CG WHARTON COUNTY, LLC**  
Comptroller Application # 1420

**BOARD OF TRUSTEES  
EAST BERNARD INDEPENDENT SCHOOL DISTRICT**

**SPECIAL MEETING  
July 13, 2020**

County of Wharton           §  
State of Texas               §

## FINDINGS UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT

### PREAMBLE

**WHEREAS**, at a duly called Special Meeting on the 13th day of July, 2020, the Board of Trustees of the East Bernard Independent School District (“Board”) considered the Application and proposed Agreement for a Limitation on Appraised Value on Qualified Property from CG Wharton County, LLC (“Application,” “Agreement,” and “Applicant,” respectively) pursuant to Texas Economic Development Act, Chapter 313 of the Texas Tax Code and 34 Texas Administrative Code Part 1, Chapter 9, Subchapter F;

**WHEREAS**, the Board acknowledges the following facts:

1. On August 21, 2019, the East Bernard Independent School District (“District”) received an application for appraised value limitation on qualified property (“Application”) on the form prescribed by the Comptroller from Applicant pursuant to Chapter 313 of the Texas Tax Code - **Exhibit A**;
2. On August 26, 2019, the Board acknowledged receipt of the Application and application fee and acted to consider the Application pursuant to Texas Tax Code Section 313.025(a)(1) – **Exhibit B**;
3. On August 27, 2019, the District submitted the Application to the Texas Comptroller of Public Accounts (“Comptroller”) for review pursuant to Texas Tax Code Section 313.025(b) – **Exhibit C**;
4. In response to a request from the Comptroller, the Applicant and District submitted one amendment on October 9, 2019 pursuant to Texas Tax Code Section 313.025 – **Exhibit D**;
5. On October 25, 2019, the Comptroller issued a “completeness” letter acknowledging that the Applicant had submitted a complete application for a limitation on appraised value under the provisions of Tax Code Chapter 313 – **Exhibit E**;
6. On November 15, 2019, the District received an independent financial impact report from its financial advisor showing the estimated economic impact of the proposed tax value limitation – **Exhibit F**;

7. On December 18, 2019, the Comptroller issued a Certification for Limitation on Appraised Value letter including an economic impact evaluation pursuant to Texas Tax Code Section 313.025(b) – **Exhibit G**;
8. The District and Applicant negotiated the specific language of the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (“Agreement”), including appropriate supplemental pay of the maximum amount permitted by law per year to be paid between 2021 and 2035 and totaling over \$1.25 Million Dollars over the life the Agreement and revenue protections pursuant to Chapter 313 of the Texas Tax Code;
9. The Agreement was reviewed and revised by the parties as requested by the Comptroller and subsequently approved via correspondence from the Comptroller dated February 20, 2020 – **Exhibit H**;
10. The Applicant is a corporation in good standing with the State of Texas as noted in its Franchise Tax Account Status – **Exhibit I**.

### **FINDINGS**

**WHEREAS**, after hearing from interested parties and considering the criteria listed in Section 313.025, Texas Tax Code, and 34, Texas Administrative Code §9.1054, the Board makes the following findings:

1. As required by law, the Application and Agreement have been approved by the Comptroller of Public Accounts for acceptance by the parties, at their discretion;
2. There is a strong and positive relationship between the Applicant’s industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of the State;
3. Applicant has represented in the Application that it could locate or relocate the Project to another state or another region of this state;
4. The Project will result in revenue gains by the District and that the economic effects on the local and regional tax base are that the tax base will increase as a result of the Project and additional employment;
5. The parties do not anticipate that the Project will have an impact on enrollment from families relocating to the District during the construction phase, but that any impact during the operation phase can be absorbed by current facilities;

6. The projected market value of the qualified property of the Applicant as determined by the Comptroller is One Hundred and Forty-Six Million, Six Hundred and Fifty-Five Thousand Dollars (\$146,655,000);
7. The proposed limitation on appraised value for the qualified property of the Applicant is Twenty Million Dollars (\$20,000,000);
8. The total projected dollar amount of District maintenance and operation taxes that would be imposed on the qualified property, for all years covered by the Agreement, if the property does not receive a limitation on appraised value is Eleven Million, Five Hundred and thirty-Four Thousand, Seven Hundred and Sixty Dollars (\$11,534,760) as shown on **Exhibit G**, Attachment A, Table 3;
9. The projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the Agreement, if the property receives a limitation on appraised value is Three Million, Six Hundred Thirty-Nine Thousand, Eight Hundred and Seventy-Eight Dollars (\$3,639,878) as shown on **Exhibit G**, Attachment A, Table 4;
10. The total amount of taxes projected to be lost or gained by the District over the life of the Agreement computed by subtracting the projected taxes if the property receives a tax limitation from the projected taxes if the property does not receive a tax limitation is Seven Million, Eight Hundred Ninety-Four Thousand, Eight Hundred and Eighty Three Dollars (\$7,894,883) as shown on **Exhibit G**, Attachment A, Table 4;
11. The Applicant is eligible for the limitation on the appraised value of the Applicant's qualified property;
12. Applicant's qualified property is eligible for a limitation on appraised value under Texas Tax Code § 313.024 as a renewable energy electric generation project;
13. The Project proposed by the Applicant 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;
14. The limitation of appraised value is a determining factor in the Applicant's decision to invest capital and construct the Project in this state;
15. Applicant will create two (2) new qualifying jobs, and Applicant has confirmed that such jobs will meet all of the requirements of Texas Tax Code § 313.021(3);

16. The Project will be located within an area designated as a reinvestment zone by East Bernard ISD on July 13, 2020 pursuant to Texas Tax Code Chapter 312;
17. Upon information and belief, the information in the Application submitted by Applicant is true and correct;
18. The proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (“Agreement”), meets all of the requirements set out in Texas Tax Code § 313.027, including adequate and appropriate revenue protection provisions for the District;
19. The proposed Agreement is in the form adopted by the Comptroller as of January 24, 2016, and the Comptroller has verified that the agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 Texas Administrative Code Chapter 9, Subchapter F;
20. Considering the purpose and effect of the law and the terms of the Agreement, granting the Application and entering the Agreement are in the best interest of the District and the State;
21. The Applicant, CG Wharton County, LLC (Tex. Taxpayer ID # 32068946267) is an entity subject to Chapter 171, Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts. A copy of the Comptroller’s Franchise Tax Account Status is attached as **Exhibit I**;
22. There are no conflicts of interest on the Board of Trustees at the time of its consideration of the Agreement; and
23. The posting of notice and conduct of the meeting at which these Findings under the Texas Economic Development Act complies with the Texas Open Meeting Act, Section 552.001 *et seq.*

**IT IS THEREFORE DETERMINED THAT:**

1. The Findings and the recitals in the Preamble are adopted and approved by the Board of Trustees;

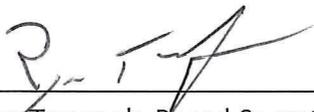
2. The Application of CG Wharton County, LLC (No. 1420) for a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes of qualified property is approved;
3. The Board President and Secretary are authorized and designated to sign the Agreement for a limitation on the appraised value for school district maintenance and operations ad valorem taxes on behalf of the District and take any other action necessary to implement the Board's decision; and
4. These Findings and Exhibits shall 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 13th day of July, 2020.



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By: Robert Goudeau, Board President  
East Bernard Independent School District



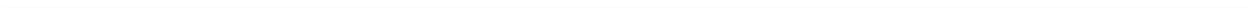
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By: Ryan Traweck, Board Secretary  
East Bernard Independent School District

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

## EXHIBIT A

Original Application Form for Appraised Value Limitation on Qualified Property





August 26, 2019

Courtney Hudgins  
Superintendent - East Bernard ISD  
723 State Street  
East Bernard, TX 77435

**Re: CG Wharton County LLC Application for Texas Property Tax Code Section 313 Value Limitation Agreement**

Supt. Hudgins,

Please find attached to this letter, an application for a Section 313 Value Limitation Agreement. On behalf of our client, ConnectGEN LLC and its wholly owned subsidiary, CG Wharton County LLC, we are requesting that East Bernard ISD consider the approval of a Section 313 Value Limitation Agreement, in accordance with Section 313 of the Texas Property Tax Code.

CG Wharton County LLC proposes to construct the Sandy Branch Solar Project, a solar electricity generating facility in northeastern Wharton County with a total rated capacity of up to 150 megawatts on single 1,215-acre parcel entirely within East Bernard ISD. In addition to the photovoltaic modules, the project would consist of a high-voltage electrical substation, medium-voltage underground electrical collection lines, gravel surface string roads to facilitate construction and maintenance, and an on-site operations and maintenance building. Once built, the project would operate as part of the electric grid supervised by the ERCOT independent system operator.

ConnectGen is an independent renewable energy and energy storage developer, based in Houston, Texas, focused on developing high quality wind, solar and energy storage projects across North America. ConnectGen is backed by Quantum Energy Partners. Founded in 1998 and also based in Houston, Quantum Energy Partners is a leading provider of private equity capital to the global energy industry, having managed together with its affiliates more than \$16 billion in equity commitments since inception.

If you have any questions, please call me at (346) 322-0996 or email me at [asloss@meritadvisor.com](mailto:asloss@meritadvisor.com). We look forward to a successful partnership.

Sincerely,



Andrew Sloss, Director – Economic Development Service



**Tab 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 26, 2019

Date Application Received by District

Courtney

First Name

Hudgins

Last Name

Superintendent

Title

East Bernard ISD

School District Name

723 College Street, East Bernard Texas 77435

Street Address

723 College Street

Mailing Address

East Bernard

City

Texas

State

77435

ZIP

(979) 335-7519

Phone Number

(979) 335-6561

Fax Number

Mobile Number (optional)

Email Address

2. Does the district 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)

Andrew Sloss  
 First Name Last Name  
 Director  
 Title  
 Merit Advisors  
 Firm Name  
 346.322.0996 N/A  
 Phone Number Fax Number  
 asloss@meritadvisor.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? CG Wharton County LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 84-2279774
3. List the NAICS code 221100
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 Company
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 ..... August 2019
- 2. Commencement of construction ..... June 2020
- 3. Beginning of qualifying time period ..... January 2021
- 4. First year of limitation ..... January 2022
- 5. Begin hiring new employees ..... January 2021
- 6. Commencement of commercial operations ..... June 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? ..... June 2021

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located ..... Wharton County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Wharton Central 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: Wharton County, .42254 (100%) ..... City: .....  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Hospital District: ..... Water District: Cons Groundwater .008300 100%  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Other (describe): FM&LR .051420 100% ..... Other (describe): ESD #1 .050000 & ESD #3 .084610 100%  
(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? ..... 10,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? ..... 20,000,000.00  
**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? ..... September 30, 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 \_\_\_\_\_  
(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? ..... 2
  
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 ..... 763.25
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 908.33
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,273.50
  
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? ..... 47,233.15
  
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 47,245.50
  
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**.

## 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>

**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** → Courtney Hudgins East Bernard ISD Superintendent  
Print Name (Authorized School District Representative) Title

**sign here** → Courtney Hudgins 8/26/19  
Signature (Authorized School District Representative) Date

**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** → Caton Fenz Chief Development Officer  
Print Name (Authorized Company Representative (Applicant)) Title

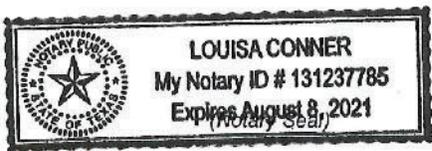
**sign here** → Caton Fenz 8/26/2019  
Signature (Authorized Company Representative (Applicant)) Date

GIVEN under my hand and seal of office this, the

26 day of August, 2019

Louisa Conner  
 Notary Public in and for the State of Texas

My Commission expires: 8-8-2021



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.

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

## EXHIBIT B

Minutes of the East Bernard ISD Board of Trustees dated August 26, 2019



MINUTES OF BUDGET HEARING  
AND  
REGULAR MEETING  
EAST BERNARD INDEPENDENT SCHOOL DISTRICT  
Monday, August 26, 2019  
6:00 P.M.

*H=Here A=Absent P=Partial*

H – Robert Goudeau	A– Ryan Traweek	H – Ruth Ellen Sharp
P – Chris Young	H – Kyle Marik	H–Courtney Hudgins, Supt.
H – Rodney Jedlicka	H – Richard Garza	

President Robert Goudeau called the meeting to order, stating that a quorum of board members was present, that the meeting had been duly called, and that a notice of the meeting had been posted in accordance with the Texas Open Meetings Act, Texas Code Chapter 551. Rodney Jedlicka said the prayer and led the pledges to the United States flag and to the Texas flag.

**MINUTES:** A motion by Rodney Jedlicka was seconded by Kyle Marik to approve the minutes of the budget workshops, the special meetings and the regular meeting held on July 8, 2019, July 22 and August 5, 2019.

Voting Yes: All

**BUDGET HEARING:**

A public hearing was held on the 2019-20 budget starting at 6:00 p.m. and ending at 6:15 pm.

**CONSIDER APPOINTING NEW BOARD MEMBER TO FILL VACANCY**

President Robert Goudeau told the board that Doug Sellers resigned from the board and based on the Board’s recommendation, he would like to recommend Chris Young to fill the position. There was a motion by Rodney Jedlicka and was seconded by Ruth Ellen Sharp to approve appointing Chris Young as a new board member to replace Doug Sellers.

Voting Yes: All

**ADMINISTER OATH OF OFFICE TO ELECTED BOARD MEMBER(S):** The Statement of Elected Officer was first signed by Chris Young. Then the Oath of Office was administered to Chris Young (Position 2) and notarized by Louisa Conner, notary public for the District.

**APPROVE EXPENDITURES BUDGET 2019-20:**

Mrs. Courtney Hudgins gave the board a handout on the 2019-20 expenditures in their board packet and answered questions from the board. There was a motion by Richard Garza was seconded by Kyle Marik to adopt the expenditures budget for 2019-20 as presented for the amount of \$11,984,115.46.

Voting Yes: All

Mrs. Hudgins recommended the following budget for the 2019-20 School year

Function Description	Amount
Function 11 – Instruction	5,550,357.00
Function 12 – Instructional Resources, Media Services	113,676.00
Function 13 – Curriculum Development & Staff	15,150.00
Function 21 – Instructional Leadership	.00
Function 23 – School Leadership	470,921.00
Function 31 – Guidance and Counseling, Evaluation	332,731.00
Function 32 – Social Work Services	.00

Function 33 – Health Services	110,406.00
Function 34 – Student Transportation	352,949.00
Function 35 – Food Services	577,438.00
Function 36 – Co-curricular/ Extra-curricular Activities	740,669.00
Function 41 – General Administration	484,133.00
Function 51 – Plant Maintenance & Operations	1,094,684.46
Function 52 – Security and Monitoring	15,200.00
Function 53 – Data Processing	108,023.00
Function 61 – Community Service	.00
Function 71 – Debt Service	1,285,336.00
Function 81 – Facilities Acquisition and Construction	406,822.00
Function 91– Contracted Instructional Services Between	.00
Function 92– Incremental Cost Associated with Chapter	.00
Function 93– Payment to Fiscal Agents for Shared	230,000.00
Function 94 –Payments to Other Schools	.00
Function 95 –Payments to Juvenile Justice AEP	.00
Function 96 –Payments to Charter Schools	.00
Function 97 –Payments to TIF	.00
Function 99 –Inter Government Charges not Defined in	95,620.00
<b>TOTAL EXPENDITURES BUDGET:</b>	<b>\$ 11,984,115.46</b>

**APPROVE ORDINANCE TO SET THE TAX RATE FOR 2019-20:** A motion by Kyle Marik was seconded by Richard Garza to adopt a tax rate of \$1.37755 (\$1.06835 M&O and \$0.30920 I&S) per \$100 value for 2019-20.

Voting Yes: All in attendance

**SUPERINTENDENT'S REPORT:** Mrs. Courtney Hudgins reported that the total enrollment as of today was 925 and last year we ended with 943. She also gave a brief update on the accountability rating.

**CAMPUS REPORTS:** The campus reports were included in the agenda books. Mr. Jay Janczak, the high school principal reported everything is off to a good start, progress reports will go out next week and everyone is excited about the new construction. Mr. David Janecek, the junior high principal reported that the junior high open house will be on Tuesday, August 27 from 6:30 to 7:30 pm and that the fundraiser for the junior high campus started on August 23 and will end on September 9. Mr. Philip Gaudette, the elementary principal had nothing to report. Mr. Doug Grigar, the assistant superintendent reported that the maintenance and the transportation did a great job in getting everything ready for the first day of school. He also reported that he has two new sub drivers April Schmidt and Kerry Brandl and he is expecting to receive the new bus around the middle of September.

**FINANCIAL REPORT:** Mrs. Becky Kovar had the list of bills in the board packet for the board to review, a copy of the cash flow, the bond expenditures and interest earned and answered questions from the board.

**OPEN FORUM: PUBLIC COMMENTS:** No one signed up to speak.

#### **CONSTRUCTION UPDATE**

Mr. Greg Polasek from Polasek Construction gave a handout on the schedule and progress on the construction projects to the board and answered any questions they may have had. After some discussion on the construction projects, Mr. Polasek told the board about the estimated completion dates for the Stadium, which will be on September 3, the new Elementary on October 5 and the Naiser building is on December 20, 2019.

**CONSENT AGENDA ACTION ITEM(S):**

**A. Approve Resolution for 4-H as Extra-Curricular Program**

Mrs. Courtney Hudgins recommended that the Board approve the resolution for the Wharton County Extension agents as adjunct staff members of EBISD so that students who attend shows with projects under their supervision can be counted as present and receive attendance funding from the State.

**B. Approve Final Budget Amendments for 2018-19**

Mrs. Becky Kovar presented the board with handout with a list of the final budget amendments for the 2018-2019 budgets.

The following budget amendments needed approval from the board for 2018-2019.

		<b>Budget Changes Needed (Decreases) or Increase</b>
<b>Function 31</b>	Instructional	1,500.00
<b>Function 33</b>	Health Services	15,000.00
<b>Function 51</b>	Maintenance & Operation	175,000.00
<b>Function 71</b>	Debt Payment	90,000.00
<b>Function 99</b>	Other Government Payments	13,000.00
<b>TOTAL :</b>		<b>\$294,500.00</b>

General Fund-199

A motion by Rodney Jedlicka was seconded by Richard Garza to approve consent agenda item(s) A and B.

Voting Yes: All

**DISCUSSION AND POSSIBLE ACTION TO ADOPT BOARD POLICY CCGB (LOCAL) RELATED TO AD VALOREM TAXES AND ECONOMIC DEVELOPMENT**

Mrs. Morgan Beam from the attorney’s office explained the CCGB(Local) policy to the board. A copy of the policy was included in the board packet. After some discussion there was a motion by Richard Garza was seconded by Kyle Marik that the Board move to adopt Policy CCGB(Local) as presented and to declare such policy effective immediately.

Voting Yes: All

**CONSIDER INITIAL REVIEW OF THE APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY SUBMITTED PURSUANT TO TEXAS TAX CODE CHAPTER 313 BY CONNECTGEN LLC AND AUTHORIZING SUPERINTENDENT TO ENGAGE CONSULTANTS FOR REVIEW OF APPLICATION.**

There was a motion by Rodney Jedlicka was seconded by Richard Garza that the Board move to authorize consideration of the Application for Appraised Value Limitation on Qualified Property submitted by ConnectGen LLC, authorize the Superintendent to engage **McDowell School Finance Consulting, LLC** as financial consultant on the project and Walsh Gallegos Treviño Russo & Kyle as legal counsel pursuant to district Policy CCGB (LOCAL), and authorize the Superintendent and consultants to proceed with action on the Application pursuant to District Policy CCGB (LOCAL) **and accept the job requirement provisions.**

Voting Yes: All

The Board went into executive session at 6:50 p.m. under Texas Government Code Section (551.071 and 551.087) of the Texas Open Meetings Act to consultation with the board’s attorney and consultation with legal counsel regarding legal issues pertaining to possible application for appraised value limitation under Chapter 313 of the Texas Tax Code and returned to open session at 7:20 p.m.

**Executive Session: (551.071 & 551.087)**

A. Pursuant to Texas Government Code Sections 551.071 and 551.087:

Consultation with the board's attorney and consultation with legal counsel regarding legal issues pertaining to possible applications for appraised value limitation under Chapter 313 of the Texas Tax Code.

No action taken.

The meeting adjourned at 7:25 p.m.

ATTEST: \_\_\_\_\_ APPROVED: \_\_\_\_\_  
Secretary President

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

# EXHIBIT C

Application Submission to Comptroller





WALSH GALLEGOS  
TREVIÑO RUSSO & KYLE P.C.

August 27, 2019

Local Government Assistance and  
Economic Analysis Division  
TEXAS COMPTROLLER OF PUBLIC ACCOUNTS  
Lyndon B. Johnson State Office Building  
111 East 17<sup>th</sup> Street  
Austin, TX 78774

**Via Federal Express: 7760 9438 8416**

Re: CG Wharton County LLC's Application for Appraised Value Limitation on Qualified Property to the East Bernard Independent School District

Dear Madam or Sir:

The law firm of Walsh Gallegos Treviño Russo & Kyle P.C. represents the East Bernard Independent School District in the above-referenced matter. Enclosed please find one hard copy of the Application for Appraised Value Limitation of Qualified Property together with an electronic copy of the same.

East Bernard ISD received a copy of the enclosed Application on Monday, August 21, 2019. The Board of Trustees voted to consider the application at a duly called meeting on August 26, 2019. The Board also received the Applicant's application fee and voted to waive the job creation requirement at its meeting on August 26, 2019.

The East Bernard Independent School District respectfully requests that the Comptroller conduct an economic impact evaluation of the investment proposed by the Application. Additionally, the Applicant has requested that the Comptroller redact all financial information contained at Tab 2 prior to posting the Application on the Comptroller's website.

In addition to the paper and electronic copy of the Application submitted to you with this letter, a copy of the Application is being submitted to the Wharton County Appraisal District pursuant to 34 TEX. ADMIN CODE §9.1054.

Please let us know if you have any questions or require additional information.

Sincerely,

Morgan Beam

Enclosures

cc: Ms. Courtney Hudgins  
Superintendent  
EAST BERNARD ISD

***Via e-Mail: [courtney.hudgins@ebisd.org](mailto:courtney.hudgins@ebisd.org)***  
(w/out Enclosures)

Mr. Caton Fenz  
Chief Development Officer  
CG WHARTON COUNTY LLC  
1001 McKinney Street, Suite 700  
Houston, TX 77002

***Via e-Mail: [cfenz@connectgenllc.com](mailto:cfenz@connectgenllc.com) &***  
***CMRRR: 9414 7266 9904 2060 2914 85***  
(w/ Enclosures)

Mr. Ty White  
Manager, Project Development  
CG WHARTON COUNTY LLC  
1001 McKinney Street, Suite 700  
Houston, TX 77002

***Via e-Mail: [twhite@connectgenllc.com](mailto:twhite@connectgenllc.com) &***  
***CMRRR: 9414 7266 9904 2060 2914 85***  
(w/ Enclosures)

Mr. Andrew Sloss  
Tax Director  
MERIT ADVISORS

***Via e-Mail: [asloss@meritadvisor.com](mailto:asloss@meritadvisor.com)***  
(w/ Enclosures)

Chief Appraiser  
WHARTON CENTRAL APPRAISAL DISTRICT  
308 E. Milam St.  
Wharton, TX 77488

***Via CMRRR: 9414 7266 9904 2060 2914 78***  
(w/ Enclosures)



August 26, 2019

Courtney Hudgins  
Superintendent - East Bernard ISD  
723 State Street  
East Bernard, TX 77435

**Re: CG Wharton County LLC Application for Texas Property Tax Code Section 313 Value Limitation Agreement**

Supt. Hudgins,

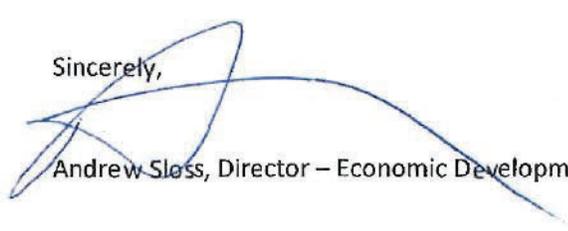
Please find attached to this letter, an application for a Section 313 Value Limitation Agreement. On behalf of our client, ConnectGEN LLC and its wholly owned subsidiary, CG Wharton County LLC, we are requesting that East Bernard ISD consider the approval of a Section 313 Value Limitation Agreement, in accordance with Section 313 of the Texas Property Tax Code.

CG Wharton County LLC proposes to construct the Sandy Branch Solar Project, a solar electricity generating facility in northeastern Wharton County with a total rated capacity of up to 150 megawatts on single 1,215-acre parcel entirely within East Bernard ISD. In addition to the photovoltaic modules, the project would consist of a high-voltage electrical substation, medium-voltage underground electrical collection lines, gravel surface string roads to facilitate construction and maintenance, and an on-site operations and maintenance building. Once built, the project would operate as part of the electric grid supervised by the ERCOT independent system operator.

ConnectGen is an independent renewable energy and energy storage developer, based in Houston, Texas, focused on developing high quality wind, solar and energy storage projects across North America. ConnectGen is backed by Quantum Energy Partners. Founded in 1998 and also based in Houston, Quantum Energy Partners is a leading provider of private equity capital to the global energy industry, having managed together with its affiliates more than \$16 billion in equity commitments since inception.

If you have any questions, please call me at (346) 322-0996 or email me at [asloss@meritadvisor.com](mailto:asloss@meritadvisor.com). We look forward to a successful partnership.

Sincerely,



Andrew Sloss, Director – Economic Development Service



**Tab 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 26, 2019

Date Application Received by District

Courtney

First Name

Hudgins

Last Name

Superintendent

Title

East Bernard ISD

School District Name

723 College Street, East Bernard Texas 77435

Street Address

723 College Street

Mailing Address

East Bernard

City

Texas

State

77435

ZIP

(979) 335-7519

Phone Number

(979) 335-6561

Fax Number

Mobile Number (optional)

Email Address

2. Does the district 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)

Andrew Sloss  
 First Name Last Name  
 Director  
 Title  
 Merit Advisors  
 Firm Name  
 346.322.0996 N/A  
 Phone Number Fax Number  
 asloss@meritadvisor.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? CG Wharton County LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 84-2279774
3. List the NAICS code 221100
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 Company
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 ..... August 2019
- 2. Commencement of construction ..... June 2020
- 3. Beginning of qualifying time period ..... January 2021
- 4. First year of limitation ..... January 2022
- 5. Begin hiring new employees ..... January 2021
- 6. Commencement of commercial operations ..... June 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? ..... June 2021

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located ..... Wharton County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Wharton Central 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: Wharton County, .42254 (100%) ..... City: .....  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Hospital District: ..... Water District: Cons Groundwater .008300 100%  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Other (describe): FM&LR .051420 100% ..... Other (describe): ESD #1 .050000 & ESD #3 .084610 100%  
(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? ..... 10,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? ..... 20,000,000.00  
**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? ..... September 30, 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 \_\_\_\_\_  
(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? ..... 2
  
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 ..... 763.25
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 908.33
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,273.50
  
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? ..... 47,233.15
  
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 47,245.50
  
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**.

## 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 2**

Proof of Payment

See Attached

ConnectGen LLC  
V-000225-East Bernard Independent School Di  
Print As: East Bernard Independent School District

723 College Street  
East Bernard, TX 77435

Date: 08/13/2019  
Bill #: 313 Application Fee  
Net Amount: \$75,000.00

Reference Number: 2019-08

Amount Due: \$75,000.00

000183  
Cadence Bank  
001-CG 0268  
Date: 08/20/2019  
Amount Paid/Applied: \$75,000.00  
Net Amount: \$75,000.00

TO VERIFY AUTHENTICITY, SEE REVERSE SIDE FOR DESCRIPTION OF THE 13 SECURITY FEATURES



ConnectGen LLC  
1001 McKinney Street  
Suite 700  
Houston, TX 77002-6448  
346-998-2020

Cadence Bank  
2800 Post Oak Blvd.  
Suite 3400  
Houston, TX 77056

000183  
Date: 08/20/2019

Pay To  
The Order Of East Bernard Independent School District  
\*\*\*Seventy Five Thousand Dollars\*\*\*

\*\*\*75,000.00\*\*\*

East Bernard Independent School District  
723 College Street  
East Bernard, TX 77435  
United States



*Stephen Davis*

⑈000183⑈ ⑆062206295⑆5500190268⑈



**Tab 3**

*Documentation of Combined Group*

See Attached



## Tab 4

### *Detailed Description of Project*

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, CG Wharton County LLC requests an appraised value limitation from East Bernard Independent School District. CG Wharton County LLC, is a special purpose entity formed to develop and commercialize, the Sandy Branch Solar project a utility scale photovoltaic solar energy project in Wharton County, Texas and is a wholly-owned subsidiary of ConnectGen LLC.

ConnectGen is an independent renewable energy and energy storage developer, based in Houston, Texas, focused on developing high quality wind, solar and energy storage projects across North America. ConnectGen is backed by Quantum Energy Partners. Founded in 1998 and also based in Houston, Quantum Energy Partners is a leading provider of private equity capital to the global energy industry, having managed together with its affiliates more than \$16 billion in equity commitments since inception.

CG Wharton County LLC proposes to construct a solar electricity generating facility in northeastern Wharton County with a total rated capacity of up to 150 megawatts on a single 1,215-acre parcel entirely within East Bernard ISD. In addition to the photovoltaic modules, the project would consist of a high-voltage electrical substation, medium-voltage underground electrical collection lines, gravel surface string roads to facilitate construction and maintenance, and an on-site maintenance building. Once built, the project would operate as part of the electric grid supervised by the ERCOT independent system operator.

The proposed project is planned to commence construction in June of 2020 and enter commercial operations on June 1<sup>st</sup> of 2021. Once operational, the solar modules, and supporting equipment and infrastructure are long term assets engineered and designed to remain in place and operate for 25 years or more. At the end of the project's useful life, the project would be decommissioned in accordance with landowner agreements and any applicable laws and regulations.



## Tab 5

### *Limitation as a Determining Factor*

CG Wharton County LLC is a special purpose entity formed to develop and commercialize the Sandy Branch Solar Project in Wharton County, Texas. CG Wharton County LLC is a wholly-owned subsidiary of ConnectGEN LLC. ConnectGEN is an independent renewable energy company headquartered in Houston, Texas, focused on the greenfield development of high-quality wind power, solar power and energy storage solutions across North America.

ConnectGEN currently is developing renewable energy projects in eight states, including several in Texas. ConnectGEN continually evaluates its portfolio of potential renewable energy project opportunities based on the quality of the energy resource, other development factors, competitiveness in the market, and overall economic viability, and directs capital and resources to those opportunities with the strongest potential return on investment.

Based on ConnectGEN's preliminary investment and investigations, the Sandy Branch Solar Project appears to have a high quality energy resource and other development factors that would make it a potentially attractive project for further investment, and ConnectGEN is excited about the potential opportunity to make this significant investment in Texas and in Wharton County.

The Texas power market is highly competitive, however, and renewable energy projects that do not secure approval of Chapter 313 Appraised Value Limitation Agreements to manage long term property tax obligations cannot compete against projects located in other counties in Texas that have secured these agreements. Without this incentive, the Sandy Branch Solar Project would not be competitive in securing the long-term renewable power purchase agreement that is required to attract third-party financing and make the project economically viable, and ConnectGEN would be forced to redirect investment to other opportunities.

In addition to competing against other projects in Texas, the Sandy Branch Solar Project also must compete with ConnectGEN's own project opportunities in other jurisdictions around the country that do offer incentives to help projects manage their long-term property tax obligations. Without a Chapter 313 Appraised Value Limitation Agreement, the Project would offer inferior return on investment to these alternatives, and ConnectGEN would be forced to redirect capital and resources to other projects outside of Texas.



## **Tab 6**

CG Wharton County LLC is located 100% within East Bernard Independent School District in Wharton County, Texas



## Tab 7

### *Description of Qualified Investment*

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, CG Wharton County LLC requests an appraised value limitation from East Bernard Independent School District. CG Wharton County LLC is proposing to construct a solar electric generating facility in Wharton County. The facility, which will encompass 1,215 acres across 1 parcel of land, will be located in the northeastern portion of the county. Additionally, the entirety of the project will be within East Bernard ISD. The proposed project is planned to commence construction in June of 2020 and enter commercial operations on June 1<sup>st</sup> of 2021.

CG Wharton County LLC requests that this application include but not be limited to the following components of this project:

- Solar Modules & Panels
- Racking & Mounting Structures
- Inverter Boxes
- Combiner Boxes
- Meteorological Equipment
- Foundations
- Operation & Maintenance Building
- Roadways, Paving, & Fencing
- Electrical Substations
- Interconnection Facilities



## Tab 8

### *Description of Qualified Property*

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, CG Wharton County LLC requests an appraised value limitation from East Bernard Independent School District. CG Wharton County LLC is proposing to construct a solar electric generating facility in Wharton County. The facility, which will encompass 1,215 acres across 1 parcel of land, will be located in the northeastern portion of the county. Additionally, the entirety of the project will be within East Bernard ISD. The proposed project is planned to commence construction in June of 2020 and enter commercial operations on June 1<sup>st</sup> of 2021.

CG Wharton County LLC requests that this application include but not be limited to the following components of this project:

- Solar Modules & Panels
- Racking & Mounting Structures
- Inverter Boxes
- Combiner Boxes
- Meteorological Equipment
- Foundations
- Operation & Maintenance Building
- Roadways, Paving, & Fencing
- Electrical Substations
- Interconnection Facilities



## **Tab 9**

### *Description of Land*

Land not considered part of qualified property or investment



## **Tab 10**

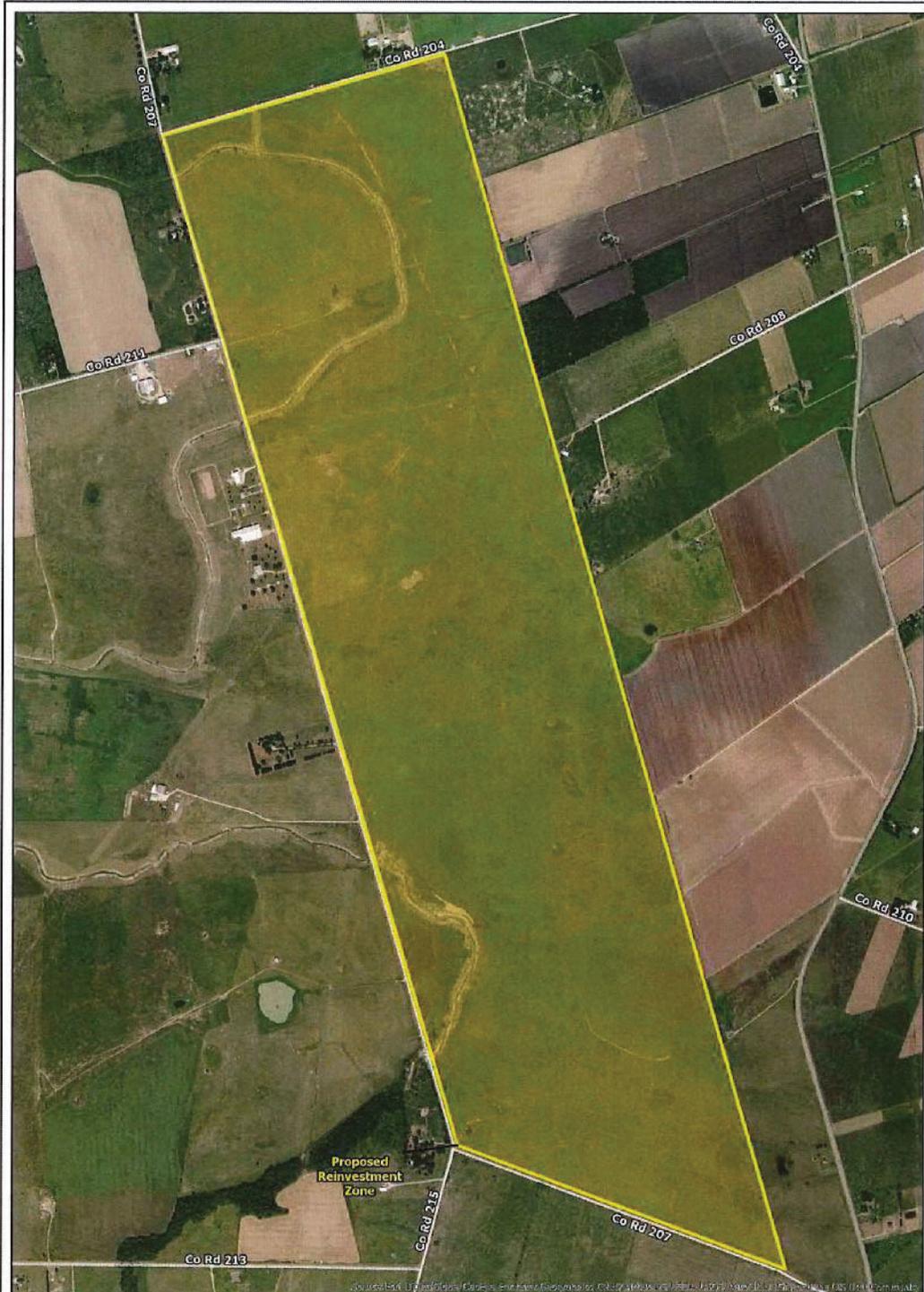
### *Description of Existing Improvements*

There are no existing improvements related to the project at the proposed site



## **Tab 11**

*Maps (see following pages)*



<p>Project Boundary &amp;   Proposed          Reinvestment Zone</p>	<p>CG Wharton County LLC          Project Boundary          Proposed Reinvestment Zone</p>	 <p>August - 2019</p> <p>Feet          0 800 1,780</p> 
--	--	--



Project Boundary &  
 Proposed Reinvestment  
 Zone  
 Substation  
 Solar Module Siting Areas  
 (white)

CG Wharton County LLC  
 Conceptual Schematic



August - 2019

Feet  
 0 740 1,480







**Tab 12**

*Request for Waiver*

Please see the following letter



August 26, 2019

Courtney Hudgins  
Superintendent - East Bernard ISD  
723 State Street  
East Bernard, TX 77435

Supt. Hudgins,

ConnectGEN LLC and its wholly owned subsidiary, CG Wharton County LLC (herein "CG") is requesting that East Bernard ISD's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Texas Tax Code. We are requesting this waiver based on the school district's board findings that the job creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

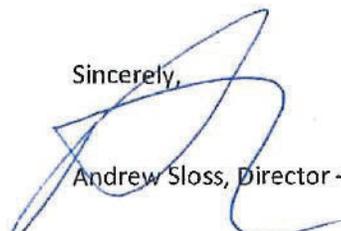
CG requests that East Bernard ISD make such a finding and waive the job creation requirement for 10 permanent jobs. CG will commit to creating 2 qualified jobs in the school district which currently meets the industry standard for job requirements for maintenance and operation of a facility of this capacity (150MW).

Solar projects like the proposed Sandy Branch Solar Project in Wharton county create many full and part-time jobs. This is especially true during the construction phase. CG estimates that at peak construction there will be at least 175 jobs, paying average wages of \$22.00/hour on this project. Once construction is completed however, solar facilities only require a small number of employees to operate and maintain the facility. In addition, other solar developers have requested and received job waivers on previously certified limitation applications of similar size and scope.

The permanent employees that will be part of this project have a multitude of responsibilities and include but are not limited to the following: maintain and service the photovoltaic panels and inverters, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the facility. In addition, various advances in technology allow CG to employ professionals (i.e. managers, technicians and/or engineers) who can support the facility remotely.

Siting the Sandy Branch Solar Project in East Bernard ISD will result in significant economic development benefits for the county and school district. ConnectGEN LLC looks forward to partnering with East Bernard ISD and the local community to help make a positive and lasting impact in the community. Thank you for considering our request and if you have any questions, please don't hesitate to contact us.

Sincerely,



Andrew Sloss, Director – Economic Development Service

CG Wharton County LLC Chapter 313 Application



## Tab 13

### *Calculation of three possible wage requirements*

#### All Industries & Manufacturing AWW

Year	Period	Area	Ownership	Industry Code	Industry	Average Employment	Average Weekly Wage
2018	01	Wharton	Private	10	Total, All Industries	12,622	\$751.00
2018	02	Wharton	Private	10	Total, All Industries	12,919	\$743.00
2018	03	Wharton	Private	10	Total, All Industries	13,288	\$767.00
2018	04	Wharton	Private	10	Total, All Industries	13,276	\$792.00
						<b>Average</b>	<b>\$763.25</b>
						<b>110% AWW</b>	<b>\$839.58</b>
2018	01	Wharton	Private	1013	Manufacturing	1,521	\$800.00
2018	02	Wharton	Private	1013	Manufacturing	1,540	\$851.00
2018	03	Wharton	Private	1013	Manufacturing	1,545	\$802.00
2018	04	Wharton	Private	1013	Manufacturing	1,550	\$850.00
						<b>Average</b>	<b>\$825.75</b>
						<b>110% AWW</b>	<b>\$908.33</b>

#### Regional Manufacturing Wage – Houston/Galveston Area Council of Government

2017 Annual Wage: \$60,202 or \$1,158 weekly (Calculated as  $\$60,202/52 = \$1,158$ )

2017 110% Annual Wage: \$66,222.20 or \$1,274 weekly (Calculated as  $\$60,202 * 1.10 = \$66,222.20/52 = \$1,273.50$ )



**Tab 14**

*Schedules A1, A2, B, C & D*

Please see attached

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

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 New Investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	Column B New investment made during this year in buildings or permanent improvements to components of buildings that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property (SEE NOTE)	Column D Other new investment made during this year that may become Qualified Property (SEE NOTE)	Column E Total Investment (Sum of Columns A+B+C+D)	Year	School Year (YYYY-YYYY)
Investment made before filing complete application with district.									
Investment made after filing complete application with district, but before final board approval of application	2019-2020	2019							
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			\$73,327,500						
Complete tax years of qualifying time period	Q1P1	2020	\$73,327,500						
	Q1P2	2021							
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>			\$146,655,000						
<b>Total Qualified Investment (sum of green cells)</b>			\$146,655,000						

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

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

Column C: 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 318.021(1) but not creating a new improvement as defined by TAC 9.1051. 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 D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may qualify for investment credit include investment in qualified property that is 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.

Enter amounts from TOTAL row above in Schedule A2

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

PROPERTY INVESTMENT AMOUNTS									
(Estimated Investment in each year. Do not put cumulative totals.)									
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonexhaustible components of buildings that will become Qualified Property	Column C Other investment made during this year that will not become Qualified Property (SEE NOTE)	Column D Other investment made during this year that will become Qualified Property (SEE NOTE)	Column E Total Investment (A+B+C+D)		
-	TOTALS FROM SCHEDULE A1		\$146,655,000				\$146,655,000		
0	2019-2020	2019	\$73,327,500				\$73,327,500		
0	2020-2021	2020	\$73,327,500				\$73,327,500		
1	2021-2022	2021							
2	2022-2023	2022							
3	2023-2024	2023							
4	2024-2025	2024							
5	2025-2026	2025							
6	2026-2027	2026							
7	2027-2028	2027							
8	2028-2029	2028							
9	2029-2030	2029							
10	2030-2031	2030							
Total Investment made through limitation			\$146,655,000				\$146,655,000		
11	2031-2032	2031							
12	2032-2033	2032							
13	2033-2034	2033							
14	2034-2035	2034							
15	2035-2036	2035							
16	2036-2037	2036							
17	2037-2038	2037							
18	2038-2039	2038							
19	2039-2040	2039							
20	2040-2041	2040							
21	2041-2042	2041							
22	2042-2043	2042							
23	2043-2044	2043							
24	2044-2045	2044							
25	2045-2046	2045							

Each year prior to start of value limitation period\*\*  
 Each year prior to start of value limitation period\*\*  
 Value limitation period\*\*\*  
 Additional years for 25 year economic impact, as required by 313.026(c)(1)  
 \* All investments made through the qualifying time period are captured and tabulated 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 (enter the end of qualifying time period out 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 thru qualifying time period overlaps the limitation, no investment should be included on this line.  
 \*\*\* If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments that were not captured on Schedule A1.  
 For All Columns: 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 includes 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 nonexhaustible 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 313.026(c)(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is attached 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.

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

8/26/2019  
CG Wharton County, LL  
East Bernard ISD

Form 50-296A  
Revised May 2014

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&G after all reductions	
0	2019-2020	2019	0	0	0	0	0	0	0
0	2020-2021	2020							
1	2021-2022	2021	0	0	\$73,327,500	\$73,327,500	\$73,327,500	\$73,327,500	\$20,000,000
2	2022-2023	2022	0	0	\$146,655,000	\$146,655,000	\$146,655,000	\$146,655,000	\$20,000,000
3	2023-2024	2023	0	0	\$136,535,805	\$136,535,805	\$136,535,805	\$136,535,805	\$20,000,000
4	2024-2025	2024	0	0	\$125,595,342	\$125,595,342	\$125,595,342	\$125,595,342	\$20,000,000
5	2025-2026	2025	0	0	\$113,789,615	\$113,789,615	\$113,789,615	\$113,789,615	\$20,000,000
6	2026-2027	2026	0	0	\$101,030,630	\$101,030,630	\$101,030,630	\$101,030,630	\$20,000,000
7	2027-2028	2027	0	0	\$87,259,725	\$87,259,725	\$87,259,725	\$87,259,725	\$20,000,000
8	2028-2029	2028	0	0	\$72,388,908	\$72,388,908	\$72,388,908	\$72,388,908	\$20,000,000
9	2029-2030	2029	0	0	\$56,330,186	\$56,330,186	\$56,330,186	\$56,330,186	\$20,000,000
10	2030-2031	2030	0	0	\$38,980,899	\$38,980,899	\$38,980,899	\$38,980,899	\$20,000,000
11	2031-2032	2031	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$9,331,000
12	2032-2033	2032	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$9,331,000
13	2033-2034	2033	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
14	2034-2035	2034	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
15	2035-2036	2035	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
16	2036-2037	2036	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
17	2037-2038	2037	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
18	2038-2039	2038	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
19	2039-2040	2039	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
20	2040-2041	2040	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
21	2041-2042	2041	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
22	2042-2043	2042	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
23	2043-2044	2043	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
24	2044-2045	2044	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
25	2045-2046	2045	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000

Notes: (1) Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

(2) 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	175	\$22.00/hr	N/A	0	\$0	
	0	2020-2021	2020	175	\$22.00/hr	N/A	2	\$47,246	
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021			N/A	2	\$47,246	
	2	2022-2023	2022			N/A	2	\$47,246	
	3	2023-2024	2023			N/A	2	\$47,246	
	4	2024-2025	2024			N/A	2	\$47,246	
	5	2025-2026	2025			N/A	2	\$47,246	
	6	2026-2027	2026			N/A	2	\$47,246	
	7	2027-2028	2027			N/A	2	\$47,246	
	8	2028-2029	2028			N/A	2	\$47,246	
	9	2029-2030	2029			N/A	2	\$47,246	
	10	2030-2031	2030			N/A	2	\$47,246	
Years Following Value Limitation Period	11 through 25	2031-2045	2031-2045			N/A	2	\$47,246	

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

8/26/2019

CG Wharton County, LLC  
East Bernard ISD

Schedule D: Other Incentives (Estimated)

Form 50-296A  
Revised May 2014

Incentive Description	State and Local Incentives for which the Applicant intends to apply (Estimated)					Annual Net Tax Levy
	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	
	County:					
	City:					
	Other:					
	County:					
	City:					
	Other:					
	County:					
	City:					
	Other:					
Local Government Code Chapters 380/381						
Freepport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
<b>TOTAL</b>						

Additional information on incentives for this project:



**Tab 15**

*Economic Impact Analysis*

Not applicable



**Tab 16**

*Description of Reinvestment Zone*

To Be Provided



**Tab 17**

*Signature and Certification Page*

**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** → Courtney Hudgins East Bernard ISD Superintendent  
Print Name (Authorized School District Representative) Title

**sign here** → Courtney Hudgins 8/26/19  
Signature (Authorized School District Representative) Date

**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** → Caton Fenz Chief Development Officer  
Print Name (Authorized Company Representative (Applicant)) Title

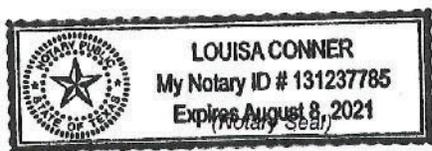
**sign here** → Caton Fenz 8/26/2019  
Signature (Authorized Company Representative (Applicant)) Date

GIVEN under my hand and seal of office this, the

26 day of August, 2019

Louisa Conner  
 Notary Public in and for the State of Texas

My Commission expires: 8-8-2021



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.

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

# EXHIBIT D

Amendment to 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

\_\_\_\_\_  
Date Application Received by District

\_\_\_\_\_  
First Name

\_\_\_\_\_  
Last Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
School District Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Mobile Number (optional)

\_\_\_\_\_  
Email Address

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)*

\_\_\_\_\_  
First Name

\_\_\_\_\_  
Last Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm Name

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Mobile Number *(optional)*

\_\_\_\_\_  
Email Address

4. On what date did the district determine this application complete? .....
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)*

\_\_\_\_\_  
First Name

\_\_\_\_\_  
Last Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Organization

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Mobile Number *(optional)*

\_\_\_\_\_  
Business Email Address

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.

\_\_\_\_\_  
First Name

\_\_\_\_\_  
Last Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Organization

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Mobile Number *(optional)*

\_\_\_\_\_  
Business Email Address

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

**SECTION 9: Projected Timeline**

1. Application approval by school board \_\_\_\_\_
2. Commencement of construction \_\_\_\_\_
3. Beginning of qualifying time period \_\_\_\_\_
4. First year of limitation \_\_\_\_\_
5. Begin hiring new employees \_\_\_\_\_
6. Commencement of commercial operations \_\_\_\_\_
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? \_\_\_\_\_

**SECTION 10: The Property**

1. Identify county or counties in which the proposed project will be located \_\_\_\_\_
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property \_\_\_\_\_
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: \_\_\_\_\_ (Name, tax rate and percent of project)      City: \_\_\_\_\_ (Name, tax rate and percent of project)  
 Hospital District: \_\_\_\_\_ (Name, tax rate and percent of project)      Water District: \_\_\_\_\_ (Name, tax rate and percent of project)  
 Other (describe): \_\_\_\_\_ (Name, tax rate and percent of project)      Other (describe): \_\_\_\_\_ (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? \_\_\_\_\_
2. What is the amount of appraised value limitation for which you are applying? \_\_\_\_\_  
**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



**Response to Section 5 question 2a.,  
documentation of combined group  
membership, received by CPA**



## Tab 7

### *Description of Qualified Investment*

In compliance with the criteria and guidelines set forth in Title 3, Chapter 313 of the Texas Property Tax Code, CG Wharton County LLC requests an appraised value limitation from East Bernard Independent School District. CG Wharton County LLC is proposing to construct a solar electric generating facility in Wharton County. The facility, which will encompass 1,215 acres across 1 parcel of land, will be located in the northeastern portion of the county. This application covers all qualified property in the reinvestment zone and project boundary within East Bernard ISD. The proposed project is planned to commence construction in June of 2020 and enter commercial operations on June 1<sup>st</sup> of 2021.

CG Wharton County LLC requests that this application the following components of this project:

- Solar Modules & Panels
- Racking & Mounting Structures
- Inverter Boxes
- Combiner Boxes
- Meteorological Equipment
- Foundations
- Operation & Maintenance Building
- Roadways, Paving, & Fencing
- Electrical Substations
- Interconnection Facilities



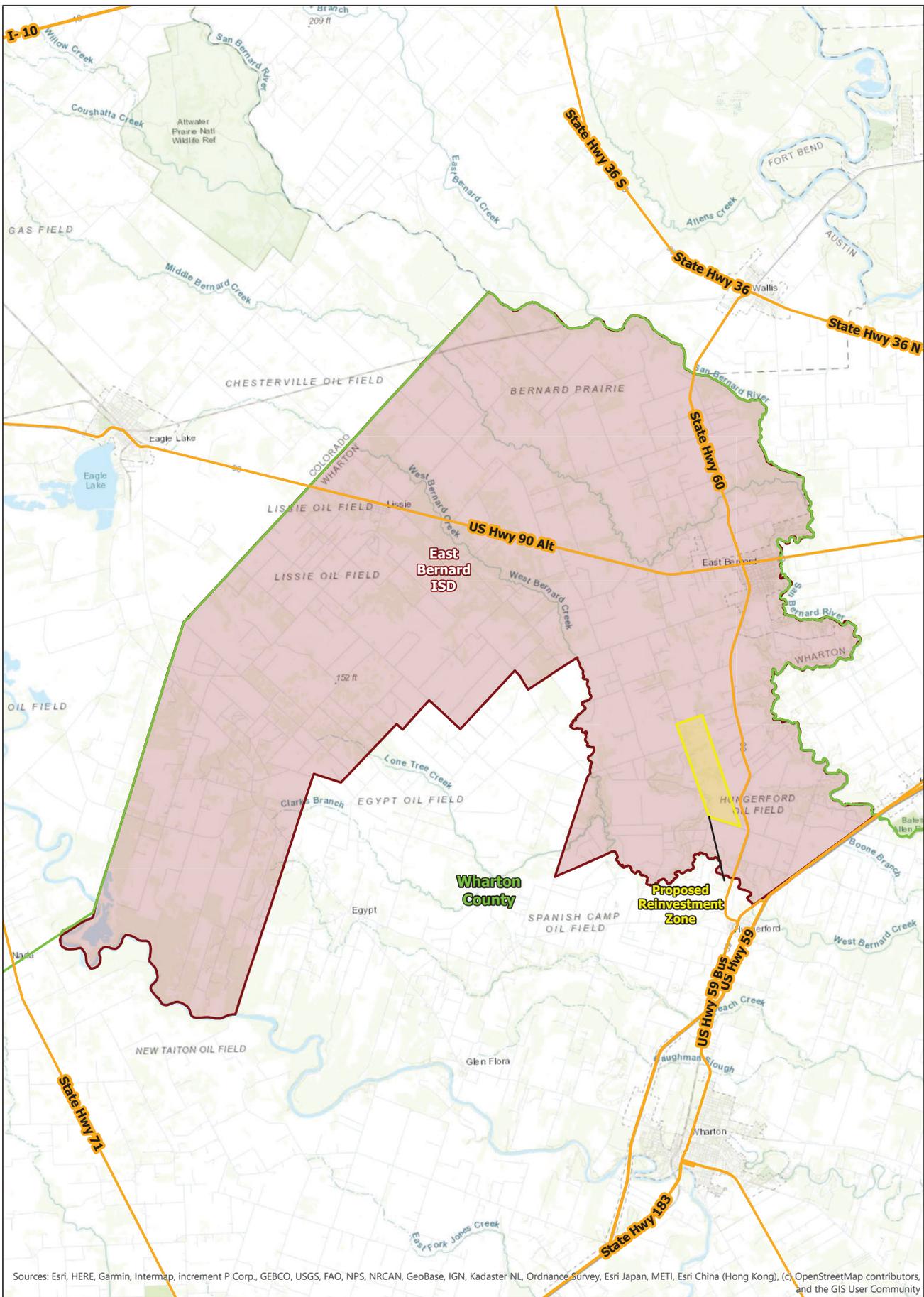
## Tab 8

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- Foundations
- Operation & Maintenance Building
- Roadways, Paving, & Fencing
- Electrical Substations
- Interconnection Facilities



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

- ▭ Wharton County
- Project Boundary &
- Proposed Reinvestment Zone
- East Bernard ISD

**CG Wharton County LLC  
Proposed Reinvestment Zone  
within East Bernard ISD**



October - 2019  
App 1420 - East Bernard ISD - CG  
Wharton County, LLC - Amendment 001  
- 10/9/19



August 26, 2019

Courtney Hudgins  
Superintendent - East Bernard ISD  
723 State Street  
East Bernard, TX 77435

Supt. Hudgins,

ConnectGEN LLC and its wholly owned subsidiary, CG Wharton County LLC (herein "CG") is requesting that East Bernard ISD's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the Texas Tax Code. We are requesting this waiver based on the school district's board findings that the job creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

CG requests that East Bernard ISD make such a finding and waive the job creation requirement for 10 permanent jobs. CG will commit to creating 2 qualified jobs in the school district which currently meets the industry standard for job requirements for maintenance and operation of a facility of this capacity (150MW).

Solar projects like the proposed Sandy Branch Solar Project in Wharton county create many full and part-time jobs. This is especially true during the construction phase. CG estimates that at peak construction there will be at least 175 jobs, paying average wages of \$22.00/hour on this project. Once construction is completed however, solar facilities only require a small number of employees to operate and maintain the facility. In addition, other solar developers have requested and received job waivers on previously certified limitation applications of similar size and scope.

The permanent employees that will be part of this project have a multitude of responsibilities and include but are not limited to the following: maintain and service the photovoltaic panels and inverters, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the facility. The industry standard for a solar farm is 1 employee/job per 80 MW of installed capacity.

Siting the Sandy Branch Solar Project in East Bernard ISD will result in significant economic development benefits for the county and school district. ConnectGEN LLC looks forward to partnering with East Bernard ISD and the local community to help make a positive and lasting impact in the community. Thank you for considering our request and if you have any questions, please don't hesitate to contact us.

Sincerely,



Andrew Sloss, Director – Economic Development Service

 CG Wharton County LLC Chapter 313 Application



### Tab 13

*Calculation of three possible wage requirements*

**All Industries & Manufacturing AWW**

Year	Period	Area	Ownership	Industry Code	Industry	Average Employment	Average Weekly Wage
2018	02	Wharton	Total All	10	Total, All Industries	15,846	\$740.00
2018	03	Wharton	Total All	10	Total, All Industries	16,064	\$767.00
2018	04	Wharton	Total All	10	Total, All Industries	16,196	\$787.00
2019	01	Wharton	Total All	10	Total, All Industries	15,839	\$775.00
						<b>Average</b>	<b>\$767.25</b>
						<b>110% AWW</b>	<b>\$843.98</b>
2018	02	Wharton	PRIVATE	1013	Manufacturing	1,540	\$851.00
2018	03	Wharton	PRIVATE	1013	Manufacturing	1,545	\$802.00
2018	04	Wharton	PRIVATE	1013	Manufacturing	1,550	\$850.00
2019	01	Wharton	PRIVATE	1013	Manufacturing	1,425	\$812.00
						<b>Average</b>	<b>\$828.75</b>
						<b>110% AWW</b>	<b>\$911.63</b>

**Regional Manufacturing Wage – Houston/Galveston Area Council of Government**

2018 Annual Wage: \$61,909 or \$1,191 weekly (Calculated as \$61,909/52 = \$1,191)

2018 110% Annual Wage: \$68,099.90 or \$1,309.61 weekly (Calculated as \$68,099.90/52 = \$1,309.61)



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

App 1420 - East Bernard ISD - CG Wharton County LLC - Amendment 001-10/9/19

CG Wharton County, LLC

East Bernard ISD

Form 50-296A

Revised May 2014

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 New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other investment made during this year that will <u>not</u> become Qualified Property (SEE NOTE)	Column D Other investment made during this year that will become Qualified Property (SEE NOTE)	Column E Total Investment (A+B+C+D)		
			Enter amounts from TOTAL row in Schedule A1 in the row below						
		<b>TOTALS FROM SCHEDULE A1</b>	\$146,655,000				\$146,655,000		
	0	2019-2020	\$73,327,500				\$73,327,500		
	0	2020-2021	\$73,327,500				\$73,327,500		
	1	2021-2022							
	2	2022-2023							
	3	2023-2024							
	4	2024-2025							
	5	2025-2026							
	6	2026-2027							
	7	2027-2028							
	8	2028-2029							
	9	2029-2030							
	10	2030-2031							
		<b>Total investment made through limitation</b>	\$146,655,000				\$146,655,000		
	11	2031-2032							
	12	2032-2033							
	13	2033-2034							
	14	2034-2035							
	15	2035-2036							
	16	2036-2037							
	17	2037-2038							
	18	2038-2039							
	19	2039-2040							
	20	2040-2041							
	21	2041-2042							
	22	2042-2043							
	23	2043-2044							
	24	2044-2045							
	25	2045-2046							
		<b>Total investment made through limitation</b>	\$146,655,000				\$146,655,000		
		11							
		12							
		13							
		14							
		15							
		16							
		17							
		18							
		19							
		20							
		21							
		22							
		23							
		24							
		25							

\* 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 overlaps the limitation, no investment should be included on this line.

\*\*\* If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

For All Columns: 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: 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 313.02(1) but not creating a new improvement as defined by TAC 9.1051. 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.

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

**App 1420 - East Bernard ISD - CG Wharton County LLC - Amendment 001 - 10/9/19**

**CG Wharton County, LL**

**East Bernard ISD**

**Form 50-296A**

Revised May 2014

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	2020	0	0	0	0	0	0
0	2020-2021	2021	0	0	0	0	0	0
1	2021-2022	2022	0	0	\$73,327,500	\$73,327,500	\$73,327,500	\$20,000,000
2	2022-2023	2023	0	0	\$146,655,000	\$146,655,000	\$146,655,000	\$20,000,000
3	2023-2024	2024	0	0	\$136,535,805	\$136,535,805	\$136,535,805	\$20,000,000
4	2024-2025	2025	0	0	\$125,595,342	\$125,595,342	\$125,595,342	\$20,000,000
5	2025-2026	2026	0	0	\$113,789,615	\$113,789,615	\$113,789,615	\$20,000,000
6	2026-2027	2027	0	0	\$101,030,630	\$101,030,630	\$101,030,630	\$20,000,000
7	2027-2028	2028	0	0	\$87,259,725	\$87,259,725	\$87,259,725	\$20,000,000
8	2028-2029	2029	0	0	\$72,388,908	\$72,388,908	\$72,388,908	\$20,000,000
9	2029-2030	2030	0	0	\$56,330,186	\$56,330,186	\$56,330,186	\$20,000,000
10	2030-2031	2031	0	0	\$38,980,899	\$38,980,899	\$38,980,899	\$20,000,000
11	2031-2032	2032	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$9,331,000
12	2032-2033	2033	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$9,331,000
13	2033-2034	2034	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
14	2034-2035	2035	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
15	2035-2036	2036	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
16	2036-2037	2037	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
17	2037-2038	2038	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
18	2038-2039	2039	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
19	2039-2040	2040	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
20	2040-2041	2041	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
21	2041-2042	2042	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
22	2042-2043	2043	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
23	2043-2044	2044	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
24	2044-2045	2045	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000
25	2045-2046	2046	0	0	\$29,331,000	\$29,331,000	\$29,331,000	\$29,331,000

Continue to maintain viable presence

Additional years for 25 year economic impact as required by 313.026(c)(1)

Notes: (1) Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
 (2) Only include market value for eligible property on this schedule.

**Schedule C: Employment Information**

10/1/2019

CG Wharton County, LLC East Bernard ISD

Form 50-296A

Revised May 2014

	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	2020	175	\$22.00/hr	N/A	0	\$0	
Each Year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2020-2021	2021	175	\$22.00/hr	N/A	2	\$47,410	
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021			N/A	2	\$47,410	
	2	2022-2023	2023			N/A	2	\$47,410	
	3	2023-2024	2023			N/A	2	\$47,410	
	4	2024-2025	2025			N/A	2	\$47,410	
	5	2025-2026	2026			N/A	2	\$47,410	
	6	2026-2027	2027			N/A	2	\$47,410	
	7	2027-2028	2028			N/A	2	\$47,410	
	8	2028-2029	2029			N/A	2	\$47,410	
	9	2029-2030	2030			N/A	2	\$47,410	
	10	2030-2031	2031			N/A	2	\$47,410	
Years Following Value Limitation Period	11 through 25	2031-2045	2032-2046			N/A	2	\$47,410	

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)  Yes  No
- 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

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENTS  
BY THE COUNTY OF WHARTON, TEXAS**

**Section 1. Definitions**

**The following words, terms and phrases shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. The Commissioners Court shall have the power from time to time to provide such additional and/or modified definitions that they may find desirable and necessary. The words and phrases as herein set out shall be deemed and understood to mean:**

- (A) *Abatement* shall mean the full or partial exemption from ad valorem taxes of certain real property and certain limited types of tangible personal property, as herein after provided, located in a reinvestment zone designated by the County of Wharton for economic development purposes.
- (B) *Affected jurisdiction* shall mean any governmental, educational, or special purpose entity that levies ad valorem taxes upon and provides services to property located within a proposed or existing reinvestment zone.
- (C) *Agreement* shall mean a contractual agreement (Tax Abatement Agreement) between a property owner and/or lessee and the County of Wharton.
- (D) *Base year value* shall mean the assessed value of eligible property on January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1, but before the execution of the Agreement.
- (E) *County* shall mean the County of Wharton, Texas.
- (F) *Commissioners Court* shall mean the governing body of the County of Wharton, Texas.
- (G) *Deferred maintenance* shall mean improvements necessary for continued operation, which do not improve productivity or alter the process technology.
- (H) *Distribution facility* shall mean a facility used primarily to receive, store, and distribute goods or materials principally to points outside the County.
- (I) *Economic life* shall mean the number of years a property improvement is expected to be in service. Provided, however, that in no circumstance shall the number of years exceed the depreciation allowance specified in the United States Internal Revenue Code.
- (J) *Eligible facilities* shall mean new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which are reasonably likely, as a result of granting abatement, to contribute to the retention or expansion of primary employment, or to attract major investment in the reinvestment zone that would be a benefit to the property, or that would contribute to economic development within the County. Eligible facilities may include, but shall not be limited to: retail sales establishments generating municipal sales taxes and providing goods and services to an intended wide distribution area, or that have the potential to stem the export of retail expenditures from the County, or have the potential to draw new retail expenditures into the

County; manufacturing facilities; office buildings; hotels/motels; distribution facilities; service facilities; tourism facilities; and other facilities not herein expressly deemed ineligible; which in the sole opinion of Commissioners Court will have a positive impact on the economic well-being of the County.

- (K) *Expansion* shall mean the addition of buildings, structures, fixed machinery, as that term is defined herein, equipment, or payroll for the purposes of increasing production, efficiency, services, or combination thereof.
- (L) *Facility* shall mean property improvements completed or in the process of construction which together comprise an integral whole.
- (M) *Fixed machinery* shall mean tangible machinery, equipment, or personal property, which is securely placed or fastened, and stationary within a building or structure, or permanently resides in the reinvestment zone.
- (N) *Hotel / motel* shall mean a commercial structure which provides overnight accommodations to travelers.
- (O) *Housing* shall mean facilities whose purpose is to accommodate shelter for one or more families in single or multiple units.
- (P) *Ineligible property* shall mean: land; supplies; inventory; tools; furnishings; other moveable personal property; rolling stock, railroad cars, trucks, aircraft, or other forms of transportation; housing; deferred maintenance; property to be rented or leased, except as provided in Section 2 (E).
- (Q) *Manufacturing facility* shall mean a facility with the primary purpose being the manufacture or whole or partial assembly of tangible goods or materials by physical or chemical change.
- (R) *Modernization* shall mean the complete or partial modification and/or replacement of existing facilities, which increases its productivity, efficiency, or ability to enhance trade volume.
- (S) *Office facility* shall mean a facility providing primarily office space which may be owner occupied and/or leased. Also included are corporate offices, which serve, as the principal office for a business enterprise, and from which orders for goods and billing for same may take place.
- (T) *On-Site Real Estate Improvements* - Generally, buildings, by may include any permanent structure or other development erected for use on-site in Wharton, Texas.
- (U) *On-Site Real Estate Fixtures and Equipment Improvements* - Personal Property and equipment which is attached to real property, and is legally treated as real property while it is so attached. Fixtures and equipment not specifically excepted from an accepted offer to purchase, pass with the real estate.
- (V) *Recipient* shall mean the company or individual being the beneficiary of a Tax Abatement Agreement.
- (W) *Reinvestment zone* shall mean any area of the County of Wharton, which Commissioners Court

has designated as such, a zone for the purpose of granting tax abatements. It is the intent of the County of Wharton to create reinvestment zones on a case-by-case basis, so long as the abatement contemplated conforms to the guidelines herein contained.

- (X) *Retail facility* shall mean a facility providing for the storage and sale of goods directly to the consumer.
- (Y) *Service facility* shall mean a facility whose primary purpose is to receive orders for, and/or provide services, and from which billing for same may take place.
- (Z) *Tourism facility* shall mean a facility which provides entertainment and/or tourism related services, and from which a majority of revenues generated are from outside the County of Wharton.

## Section 2. Criteria for Granting

- (A) *Eligibility.* Upon application, eligible facilities may be considered for tax abatement as hereinafter provided. Abatement may only be granted for new or added value of eligible property improvements, subject to such limitations as the County may from time to time require, or as may be specified in the agreement between the parties. Existing value is not abatable.
- (B) *Ineligible Property.* Ineligible property may not be granted abatement.
- (C) *Authorized Date.* Abatement may only be granted for the new or added value of eligible property improvement that is created subsequent to the approval of the tax abatement application.
- (D) *Eligible New and Existing Facilities.* Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion.
- (E) *Owned / Leased Facilities.* If a leased facility is granted abatement, the agreement shall be executed with the lessor and lessee.
- (F) *Economic Qualification.* In order to be eligible for designation as a Reinvestment Zone and receive tax abatement, the planned improvement must be expected to have an increased appraised ad valorem tax value of at least one hundred thousand dollars (\$100,000) upon completion of the anticipated improvements or expansion based upon the Wharton County Central Appraisal District assessment of the eligible property.
- (G) *Standards for Tax Abatement.* The following factors, among such other factors as determined necessary by the Commissioners Court, shall be considered in determining whether to grant tax abatement:
  - (1) Value of land and existing improvements, if any;
  - (2) Type and value of proposed improvements;
  - (3) Productive life of proposed improvements;
  - (4) Number of existing jobs to be retained by proposed improvements;
  - (5) Number and type of new jobs to be created;
  - (6) Number of new jobs to be filled by local residents, or by persons projected to reside in the County;
  - (7) Amount of local sales tax to be generated;
  - (8) The costs to be incurred by the County to provide facilities or services directly resulting from the new improvements;
  - (9) The amount of ad valorem taxes to be paid the County during the abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the

- abatement period, and (d) the value after expiration of the abatement period;
- (10) The population growth that occurs directly as a result of the improvements;
- (11) The values of public improvements, if any, to be made by applicant seeking abatement;
- (12) To what extent the proposed improvements compete with existing businesses to the detriment of the local economy;
- (13) The extent of business opportunities created by the proposed improvements for local businesses;
- (14) Impact on attracting other new businesses as a result of the improvements;
- (15) Impact the planned improvements may have on other taxing jurisdictions within the County;
- (16) Environmental compatibility, and amount, if any, of negative impact on quality of life perceptions; and
- (17) The ratio of real property value to personal property value being considered for abatement.

After a full evaluation and review utilizing some or all of the above factors, Commissioners Court may within the exercise of its full discretion either deny entirely the abatement, or may grant an abatement as deemed appropriate when the new value equals one million dollars (\$1,000,000) or greater, or as provided herein where the new value equals a minimum of one hundred thousand dollars (\$100,000), but is less than one million dollars (\$1,000,000).

- (H) *Denial of Abatement.* Neither a Reinvestment Zone nor an Agreement shall be authorized if it is determined that:
  - (1) There would be a substantial adverse effect on the provision of government service or tax base;
  - (2) The applicant has insufficient financial capacity;
  - (3) Planned or potential use of the property would constitute a hazard to public safety, health, or morals;
  - (4) Violation of other codes or laws; or
  - (5) Any other reason deemed appropriate by the Commissioners Court.
- (I) (1) ***Amount of Abatement for On-site Real Estate Improvements.*** The percentage of value to be abated, and the duration of the tax abatement shall be determined as follows:
  - (a) For planned improvements valued at one million dollars (\$1,000,000) or greater, the percentage and duration of the tax abatement shall be determined by the Commissioners Court in the exercise of its absolute discretion on a case by case basis, taking into consideration, some or all of the factors listed above in subsection (G).
  - (b) For planned improvements valued a minimum of one hundred thousand dollars (\$100,000), but less than one million dollars (\$1,000,000), the percentage and duration of the tax abatement shall be as set out in Section (C) below, and likewise taking into consideration some or all of the factors listed above in subsection (G):
  - (c) In those cases where it is mutually agreeable to the parties to the Agreement, the annual percentages as well as the number of years that taxes are abated may be modified, but only to the extent that the years do not exceed ten (10), and the total percentage of abatement for each value category is not exceeded. That is:

\$100,000	-	\$250,000	=	Max. 250%
\$250,001	-	\$500,000	=	Max. 300%
\$500,001	-	\$750,000	=	Max. 375%

\$750,001 - \$999,999 = Max. 425%

(d) Commissioners Court reserves the right to adjust the term and percentage of abatement to the appropriate category should the taxable value of proposed improvements, as determined by the Chief Appraiser of the Wharton County Central Appraisal District, vary from the original estimated value to the extent that the original category selected for the term and percentage of the abatement is no longer applicable.

(2) **On Site Real Estate Fixtures and Equipment Improvements.** The percentage of value to be abated, and the duration of the tax abatement shall be determined as follows:

(a) For planned improvements valued at one million dollars (\$1,000,000) or greater, the percentage and duration of the tax abatement shall be determined by the Commissioners Court in the exercise of its absolute discretion on a case by case basis, taking into consideration, some or all of the factors listed above in subsection (G).

(b) For planned improvements valued a minimum of one hundred thousand dollars (\$100,000), but less than one million dollars (\$1,000,000), the percentage and duration of the tax abatement shall be as set out in Section (C) below, and likewise taking into consideration some or all of the factors listed above in subsection (G):

(c) In those cases where it is mutually agreeable to the parties to the Agreement, the annual percentages as well as the number of years that taxes are abated, as shown in the table above, may be modified, but only to the extent that the years do not exceed ten (10), and the total percentage of abatement for each value category is not exceeded. That is:

\$100,000 - \$250,000	=	Max. 250%
\$250,001 - \$500,000	=	Max. 300%
\$500,001 - \$750,000	=	Max. 375%
\$750,001 - \$999,999	=	Max. 425%

(d) Commissioners Court reserves the right to adjust the term and percentage of abatement to the appropriate category should the taxable value of proposed improvements, as determined by the Chief Appraiser of the Wharton County Central Appraisal District, vary from the original estimated value to the extent that the original category selected for the term and percentage of the abatement is no longer applicable.

(J) **Taxability.** From the execution of the Agreement to the end of the Agreement period, taxes shall be payable as follows:

- (1) The value of ineligible property as provided in Section 1(p) shall be fully taxable;
- (2) The base year value of existing eligible property as determined each year shall be fully taxable; and
- (3) The additional value of new eligible property shall be fully taxable at the end of the abatement period.

### **Section 3. Application**

- (A) Any present or potential owner of taxable property in the County of Wharton may request the creation of a Reinvestment Zone and property tax abatement by filing a written application with the County Judge. An application for tax abatement must be filed prior to the commencement of any construction, alteration, or installation of any improvements for which tax abatement is being requested. The applicant shall at no time acquire any rights, privileges or authority, either monetary or otherwise, by reason of filing any application, or providing any documentation in conjunction with an application filed herein. The County of Wharton is under no obligation to provide any abatement to any applicant even if certain criteria are met. The County of Wharton reserves the right to reject any application.
- (B) As part of the application process the following shall be provided:
- (1) Completed application form, or letter of request if form not available;
  - (2) Vicinity map along with a legal description of the property; and
  - (3) Such financial and other information as deemed appropriate by the County for purposes of evaluating the application.

### **Section 4. Action by Commissioners Court on application**

- The Commissioners Court shall, within a reasonable time after completion of the review of all documents submitted by the applicant, and such other investigation and inquiry as shall be deemed appropriate, and upon receipt of a report and recommendation from the County Judge, by resolution exercise its absolute discretion, and either administratively approve or disapprove the application for tax abatement. The County shall notify the applicant of its decision to administratively approve or disapprove the application.
- (B) Action by Commissioners Court to administratively approve the application does not constitute authorization to execute an Agreement (Contract) with the applicant. It does constitute authorization to begin the process of creating a Reinvestment Zone and drafting of a proposed Agreement.

### **Section 5. Creation of a Reinvestment Zone.**

- (A) Prior to the adoption of an Ordinance designating a Reinvestment Zone the County shall, through public hearing afford the applicant, designated representatives of any affected jurisdiction, and the general public opportunity to show cause why the abatement should or should not be granted.
- (1) The presiding officers of affected jurisdictions shall in writing be notified of the public hearing no later than the seventh (7<sup>th</sup>) day prior to the date of the public hearing.
  - (2) A notice of public hearing for the creation of a Reinvestment Zone shall be published in a newspaper of general circulation within the taxing jurisdiction no later than the seventh (7<sup>th</sup>) day prior to the date of the public hearing.

### **Section 6. Tax Abatement Agreement**

- (A) After approval of the application for tax abatement, and adoption of an Ordinance creating a Reinvestment Zone, the County will pass a resolution authorizing the execution of an Agreement.

- (1) No later than the seventh (7<sup>th</sup>) day prior to taking action to authorize execution of an Agreement, the County shall notify in writing the presiding officers of each of the other taxing jurisdictions within which the property is located of its intention to enter into an Agreement.
- (B) The Agreement shall include among other provisions the following:
- (1) The estimated value to be abated and the base year value;
  - (2) The percentage of value to be abated each year and the number of years abatement will be granted as provided in Section 2 (I);
  - (3) The commencement and termination date of abatement;
  - (4) The commencement and completion date of proposed improvements;
  - (5) Size of investment and average number of jobs to be created;
  - (6) Right of County employees and/or designated representatives during the term of the Agreement to access to the Reinvestment Zone for the purpose of determining if terms and conditions of the Agreement are being met. Such inspections shall be in accordance with the provisions of Section 7(D);
  - (7) The responsibility of the recipient of tax abatement to file appropriate documents with the Chief Appraiser of the Wharton County Central Appraisal District; and
  - (8) Contractual obligations related to default, violation of terms or conditions, delinquent taxes, recapture, administration, and assignment.
- (C) Such Agreement shall be executed by the applicant in duplicate originals within a reasonable time after the same has been approved by Commissioners Court.

## **Section 7. Administration**

- (A) The Chief Appraiser of Wharton County Central Appraisal District will annually determine an assessment of the taxable assessed value of the recipient's property, taking into consideration the terms of the Abatement Agreement relating to such real and personal property found within the Reinvestment Zone which is subject to terms and provisions of the Agreement.
- (B) Each year, the recipient shall furnish the Chief Appraiser with such information as may be necessary for the abatement.
- (C) It shall be the exclusive duty and responsibility of the recipient to comply with all requirements of the Wharton Central Appraisal District in order to secure and continue to receive the benefit of any approved Agreement. Failure to do so shall not be deemed the fault of the County of Wharton or any of its officers and employees.
- (D) Employees and/or designated representatives of the County during the term of the Agreement shall have the right of access to the Reinvestment Zone, facilities contained therein, and records related to real and personal property investments and employment, in order to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of

twenty-four (24) hours prior notice, and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the recipient present, and in accordance with the recipient's safety standards.

- (E) The recipient shall prepare at the request of the County, and on a frequency as stipulated by the County, reports as to the progress and status of all contemplated improvements, and upon completion of the anticipated improvements a final report shall be provided to the County, providing as a minimum the following information:
  - (1) A description of the improvements provided for in the Agreement, and the improvements actually completed;
  - (2) The date of commencement of improvements, significant progress dates, and actual or anticipated completion date;
  - (3) Investments made, including purpose, size, and date; and
  - (4) A disclosure and description of any and all changes, restructuring, or modifications that were made in the contemplated improvements.
- (F) Any required reporting by the recipient be in a form approved by the County, or on a form/forms as provided by the County if the County so elects to provide.
- (G) Upon completion of anticipated improvements, a designated representative of the County shall annually evaluate each facility receiving abatement to insure compliance with the Agreement, and a formal report shall be made to the Commissioners Court regarding the findings of each evaluation.
- (H) The recipient shall certify annually as to compliance with the terms and conditions of the Agreement.
- (I) The County shall file reports required of the County by State Law. Such reports being filed with the appropriate agency.

### **Section 8. Assignment**

- (A) The rights granted under an Agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility, or proposed facility only upon the approval by resolution of the Commissioners Court, and the execution of an Assignment Agreement between the County and the new owner or lessee. Such assignment shall be at the sole discretion of the County, and subject to the following conditions:
  - (1) Financial capacity of the assignee;
  - (2) Contemplated facility use, and proposed and/or completed improvements being as stated in the Agreement; and
  - (3) No outstanding taxes or other debts are owed to any governmental entity by the parties to the Agreement or the proposed Assignment Agreement.
  - (4) Approval of an Assignment Agreement shall not be unreasonably withheld.

## Section 9. Default and Recapture

- (A) *Cause.* The Agreement may be terminated by the Commissioners Court for the following causes, which shall be considered a default of the Agreement:
- (1) Recipient allows the ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the requirements of law for their protest and/or cure; or
  - (2) Recipient violates any of the terms and conditions of the Agreement, and fails to cure during the cure period described in this Section.
- (B) *Procedure.* Should the County determine that the recipient is in probable default of the Agreement, the following shall occur:
- (1) A Notice of Probable Default shall be delivered in writing to the recipient of tax abatement. Such notice shall identify the probable cause/causes for default, and afford the recipient an opportunity to request a hearing before Commissioners Court, who shall finally decide if a default has occurred.
  - (2) If no request for hearing is made within ten (10) days of receipt of the Notice of Probable Default, the Commissioners Court may confirm the existence of default.
  - (3) If default is determined either by hearing, or failure of recipient to request a hearing, the County shall deliver in writing to the recipient of tax abatement a Notice of Default.
  - (4) The recipient shall, within thirty (30) days of receipt of the Notice of Default, cure the cause/causes for default. Failure to do so will be cause for the County to terminate the Agreement without further notice.
  - (5) The Agreement shall be terminated by an ordinance duly passed and adopted by Commissioners Court.
- (C) *Recapture.*
- (1) Should the Agreement be terminated, all taxes previously abated prior to the termination shall be due and payable to the County within thirty (30) days.
  - (2) Should the recipient discontinue operations of improvements as stated in the application for abatement, or the Agreement, for reasons excepting fire, explosion, or other disaster, for a period of one year during the abatement period, then the Agreement shall be terminated, and all taxes abated prior to the termination of the Agreement shall be due and payable to the County within thirty (30) days.

## Section 10. Concurrent Abatements

During the term of the Agreement, the Recipient is eligible to apply for additional abatements on proposed improvements subsequent to the original Agreement. Such additional applications and considerations shall be in accordance with the provisions contained herein.

## **Section 11. Confidentiality**

The County will make every effort within the laws of the State of Texas to maintain confidentiality of information related to an application for abatement, and the granting or rejection of abatement.

- (A) Information that is provided to the County in connection with an application for abatement, and that describes the specific processes, or business activities to be conducted, 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 Agreement is executed. Any information remaining in the custody of the County after the Agreement is executed is no longer confidential.
- (B) The County may hold closed meetings to discuss or deliberate commercial or financial information it has received from a business prospect that the County seeks to have locate, stay, or expand in or near its jurisdiction.
- (C) The County may hold closed meetings to discuss or deliberate the offer of a financial or other incentive to a business prospect the County seeks to have locate, stay, or expand in or near its jurisdiction.
- (D) Upon execution of an Agreement, information about a financial or other incentive being offered to a business prospect is no longer confidential, and subject to public disclosure.
- (E) The following information is exempt from public disclosure:
  - (1) Trade secrets
  - (2) Commercial or financial information, for which it is demonstrated, based on specific factual evidence that disclosure would cause substantial competitive harm to the person or company from whom the information was obtained.

## **Section 12. Severability**

In the event any section, clause, sentence, paragraph, or any part of these Guidelines and Criteria shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid such invalidity shall not affect, impair, or invalidate the remainder of these Guidelines and Criteria.

## **Section 13. Sunset Provision**

- (A) These Guidelines and Criteria are effective upon the date of their adoption by the Commissioners Court, and will remain in force for two (2) years, at which time all Reinvestment Zones and Agreements created pursuant to its provisions will be reviewed by the Commissioners Court to determine whether the goals of the abatement program have been achieved. Based upon that review, the Guidelines and Criteria may be modified, renewed, or eliminated.
- (B) Prior to the date for review these Guidelines and Criteria may be modified by a three-fourths (3/4) vote of the entire membership of the Commissioners Court.

## **Section 14. Discretion of the County**

The adoption of these Guidelines and Criteria by the County does not:

- (A) Limit the discretion of the Commissioners Court to decide whether to enter into a specific Agreement which absolute right of discretion the Commissioners Court reserves unto itself, whether or not such discretion may be deemed arbitrary, or without basis in fact;
- (B) Limit the discretion of the Commissioners Court to delegate to its employees or assigns the authority to determine whether or not the Commissioners Court should consider a particular application or request for tax abatement; or
- (C) Create any property, contract, or other legal rights in any person or entity to have the Commissioners Court consider or grant a specific application or request for tax abatement.

*Adopted on December 11, 2017 by the Wharton County Commissioners Court.*

*309 East Milam Street  
Wharton, TX 77488*

**APPLICATION FOR COMMERCIAL PROPERTY TAX ABATEMENT**

*with*  
**THE COUNTY OF WHARTON, TEXAS**

**I (We), hereinafter referred to as “APPLICANT”, on behalf of the identified entity, submit to the County of Wharton, hereinafter referred to as “COUNTY”, this application for approval of a tax abatement agreement under the provisions of the County of Wharton’s Tax Abatement Policy.**

**As part of this application, APPLICANT represents to the COUNTY the following:**

- A. APPLICANT has received a copy of County of Wharton Tax Abatement Policy, as finally passed and approved by the COUNTY on 11th day of December, 2017, and has read the provisions thereof. APPLICANT acknowledges to COUNTY that in making this application APPLICANT understands the terms and provisions thereof, and all questions relating to any needed interpretation thereof have been answered by authorized representatives of the COUNTY prior to the submission of this application.**
- B. APPLICANT has secured such legal, accounting, and/or other advice that may be necessary for APPLICANT to determine the desirability of making this application and/or accurately and correctly answering any questions as hereinafter set out. APPLICANT acknowledges that it has completely relied on the advice and counsel of experts and/or appropriate persons retained, employed, or compensated by APPLICANT, and that it has not relied upon, nor is APPLICANT now attempting to rely upon the advice and counsel of the COUNTY, its servants, agents, employees, and/or elected or appointed officers.**
- C. By signing this document, “Application for Tax Abatement”, either in an individual capacity or representative capacity, APPLICANT acknowledges and verifies that all of the facts, information, and allegations as herein set out are true, correct, and accurate, and that the COUNTY may rely thereon as if the same had been signed by APPLICANT or Applicant’s agent before a Notary Public or other authorized officer permitted by law to administer oaths and to take acknowledgments. APPLICANT further acknowledges and understands that any materially false statements of fact may be considered a violation of the criminal laws of the State of Texas.**
- D. If APPLICANT is a corporate entity, APPLICANT swears and affirms that all applicable franchise taxes or other taxes paid for the privilege of conducting business have been fully paid and that the APPLICANT if fully authorized to transact business in the State of Texas, and in the state of incorporation if different from the State of Texas. In addition, APPLICANT, whether a corporate entity, partnership, or other legal type business entity, or an individual, acknowledges and verifies that it is current on all current tax obligations, assessments, or other governmental levies and assessments, and that the same have been paid when due and payable, and that no delinquencies exist at this time.**

**APPLICATION INFORMATION**

- 1. The present and / or proposed name of the business entity seeking tax abatement.**  
*(Please provide documentation indicating the full name, as it appears either on the corporate charter, partnership agreement, assumed name certificate, or other documents which establish the legal name under which business is conducted).*

Business Entity Name \_\_\_\_\_

- 2. BUSINESS LOCATIONS:**

Location in the County of Wharton for which tax abatement is being requested.

Street Address \_\_\_\_\_

Other locations within or outside the County of Wharton for the above named company

Street Address \_\_\_\_\_

County \_\_\_\_\_

Street Address \_\_\_\_\_

County \_\_\_\_\_

Other companies and locations owned and / or operated by the APPLICANT

Company Name \_\_\_\_\_

Street Address \_\_\_\_\_

County \_\_\_\_\_

Company Name \_\_\_\_\_

Street Address \_\_\_\_\_

County \_\_\_\_\_

- 3. Please attach a separate document providing a legal description of the property upon which the contemplated improvements will be located.**
- 4. Please attach a vicinity map locating the property within the County of Wharton.**
- 5. Number of year's company seeking tax abatement has been in operation \_\_\_\_.**
- 6. Person or persons who may be contacted for additional information relative to this application:**

Company Name \_\_\_\_\_

Address \_\_\_\_\_

Phone No. \_\_\_\_\_

Company Name \_\_\_\_\_

Address \_\_\_\_\_

Phone No. \_\_\_\_\_

**7. PROPOSED IMPROVEMENTS**

DESCRIPTION	ESTIMATED VALUE	START DATE	COMPLETION DATE	PRODUCTIVE LIFE
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A. Building Improvements

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B. Major Utility Improvements

- a. Electrical
- b. Plumbing
- c. Fiber Optics
- d. Pumps
- e. Other

C. Other Building Improvements

- a.
- b.
- c.
- d.
- e.

D. Equipment for

- a. Production
- b. Office
- c. Tooling
- d. Systems
- e. Other

E. Other Equipment

1. *Please be as detailed as possible in the description of improvements and provide any available support documentation for estimates of improvement values.*
2. *Please attach a letter requesting the abatement.*
3. *Extra space below may be utilized if necessary.*

**8. PROJECT FINANCING:**

Please describe in detail project financing, including owner equity, amount of debt, terms of debt service, name of issuer of debt, etc.

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Has financing been secured?

Yes \_\_\_\_\_ *(Please attach documentation)*

No \_\_\_\_\_

Pending \_\_\_\_\_ With Whom? \_\_\_\_\_

**9. What is the value of existing improvements?** *(Please attach most recent Central Appraisal District valuation statement)*

Real property value (Land & buildings) \$ \_\_\_\_\_

Personal property value (Equipment, inventories, etc.) \$ \_\_\_\_\_

**10. Amount of current annual sales tax (if applicable) generated within the County of Wharton?**

*(Please attach three most current State Comptroller Sales Tax Reports)*

\$ \_\_\_\_\_

**11. Estimated amount (if any) of additional annual sales tax to be generated within the County of Wharton as a result of contemplated improvements?**

\$ \_\_\_\_\_

**12. Current taxable value (if any) of inventory within the County of Wharton?** *(Please attach Central Appraisal District valuation statement)*

\$ \_\_\_\_\_

**13. Estimated amount of additional taxable inventory within the County of Wharton to be created as a result of contemplated improvements?**

\$ \_\_\_\_\_

**14. EMPLOYMENT:**

Number of current employees \_\_\_\_\_

Amount of current annual payroll \$ \_\_\_\_\_

Will the proposed improvements involve a reduction in number of current employees?

Yes \_\_\_\_\_ *(How many?)* \_\_\_\_\_

No \_\_\_\_\_

Number of new jobs to be created as a result of proposed improvements \_\_\_\_\_

Please categorize new jobs by number, type, and pay \_\_\_\_\_

---

Total amount of new annual payroll

\$ \_\_\_\_\_

**15. FINANCIAL INFORMATION:**

- A. Please provide a Complete Financial Statement (for *APPLICANT COMPANY*, or *other owned or previously owned companies if APPLICANT COMPANY is a new venture*) including the following:
  - 1. Balance sheet
  - 2. Statement of profit & loss
  - 3. Statement of cash flows
- B. Please provide most recent 2 year tax returns of *APPLICANT COMPANY* (*if currently in operation*) or for owner/owners if company is a new venture.
- C. Please provide *APPLICANT'S* 3 most recent bank statements

**16. WATER INFORMATION**

Please provide a statement detailing 1) The current water usage, 2) The anticipated water usage as a result of this improvement; and 3) the anticipated water quality impact upon completion.

**17. STATE PERMITTING CODE**

Does applicant agree to comply with the State of Texas plumbing code?  
\_\_\_\_\_ Yes \_\_\_\_\_ No

**VERIFICATION**

**I (We), the undersigned APPLICANT (S), certify that all requirements of the County of Wharton's Resolution Tax Abatement Policy have been met in relation to the application filed herein, and further acknowledge that no rights or privileges may be relied on as a part of any application. In addition, it is acknowledged that the County may or may not grant tax abatement upon application or request hereunder purely as a matter of discretion, and that there is no legal right to rely on any previous actions taken in same or similar applications, or previous actions taken on other applications concerning the same or similar property.**

*Signed and submitted to the County of Wharton on this, the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.*

\_\_\_\_\_  
Name of Entity Making Application

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Applicant

## DOCUMENTATION CHECKLIST

**As a part of this “Application for Tax Abatement”, the following documentation is being provided:**

- Establishment of business entity name
- Legal description of subject property
- Vicinity map of subject property
- Estimates of proposed improvement values
- Documentation of approved financing
- Central Appraisal District valuation statement of existing improvements
- Three most current State Comptroller sales tax reports
- Central Appraisal District valuation statement of inventories
- Complete Financial Statement
  - Balance sheet
  - Statement of profit and loss
  - Statement cash flows
- Two most recent annual tax returns
- Three most recent bank statements
- Letter requesting the abatement
- Statement of water usage

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 Courtney Hudgins
Print Name (Authorized School District Representative)

East Bernard School Superintendent
Title

sign here [Handwritten Signature]
Signature (Authorized School District Representative)

10-15-19
Date

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 Caton Fenz
Print Name (Authorized Company Representative (Applicant))

Chief Development Officer
Title

sign here [Handwritten Signature]
Signature (Authorized Company Representative (Applicant))

10/10/2019
Date

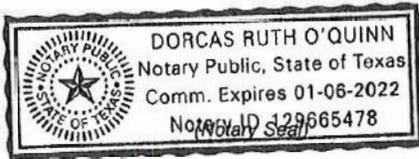
GIVEN under my hand and seal of office this, the

16th day of October 2019

[Handwritten Signature]

Notary Public in and for the State of Texas

My Commission expires: 1/6/2022



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.

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

# EXHIBIT E

Comptroller's "Completeness" Letter





**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 25, 2019

Courtney Hudgins  
Superintendent  
East Bernard Independent School District  
723 College Street  
East Bernard, TX, 77435

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between East Bernard Independent School District and CG Wharton County, LLC, Application 1420

Dear Superintendent Hudgins:

On August 28, 2019, the Comptroller's office received CG Wharton County, LLC's (applicant) application for a limitation on appraised value (Application 1420) from East Bernard Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on October 25, 2019.

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

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

Should you have any questions, please contact Tabita Collazo with our office. She can be reached by email at [tabita.collazo@cpa.texas.gov](mailto:tabita.collazo@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 5- 5626 or at 512-475- 5626.

Sincerely,

A handwritten signature in cursive script that reads "Will Coughlin".

Will Coughlin  
Director  
Data Analysis & Transparency Division

cc: Morgan Beam, Walsh Gallegos Trevino Russo & Kyle, P.C.  
Caton Fenz, CG Wharton County, LLC  
Ty White, CG Wharton County, LLC  
Andrew Sloss, Merit Advisors

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

# EXHIBIT F

Independent Economic Impact Report



**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with CG Wharton County, LLC**

**November 15, 2019**



**MCDOWELL**  
School Finance  
**CONSULTING**

**Summary of East Bernard ISD Financial Impact  
of the  
Limited Appraised Value Application  
from  
CG Wharton County, LLC**

## **Introduction**

CG Wharton County, LLC applied for a property value limitation from East Bernard Independent School District under Chapter 313 of the Tax Code. The application was submitted August 26, 2019 and subsequently approved for consideration by the East Bernard ISD Board of Trustees. CG Wharton County, LLC (“CG Wharton”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

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

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

# East Bernard ISD Financial Impact of Chapter 313 Agreement

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

## Years Prior to Start of Value Limitation Period:

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

## Value Limitation Period:

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

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

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

# East Bernard ISD Financial Impact of Chapter 313 Agreement

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## Taxable Value Projections from Application

The following data shows the projected taxable values that CG Wharton reported in the application to the District:

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value with Agreement
Each Year Prior to Start of Value Limitation Period	0	2019-2020	2019	\$0	\$0
	0	2020-2021	2020	\$0	\$0
	0	2021-2022	2021	\$0	\$0
Value Limitation Period	1	2022-2023	2022	\$73,327,500	\$20,000,000
	2	2023-2024	2023	\$146,655,000	\$20,000,000
	3	2024-2025	2024	\$136,535,805	\$20,000,000
	4	2025-2026	2025	\$125,595,342	\$20,000,000
	5	2026-2027	2026	\$113,789,615	\$20,000,000
	6	2027-2028	2027	\$101,030,630	\$20,000,000
	7	2028-2029	2028	\$87,259,725	\$20,000,000
	8	2029-2030	2029	\$72,388,908	\$20,000,000
	9	2030-2031	2030	\$56,330,186	\$20,000,000
Continue to Maintain Viable Presence	10	2031-2032	2031	\$38,980,899	\$20,000,000
	11	2032-2033	2032	\$29,331,000	\$29,331,000
	12	2033-2034	2033	\$29,331,000	\$29,331,000
	13	2034-2035	2034	\$29,331,000	\$29,331,000
	14	2035-2036	2035	\$29,331,000	\$29,331,000
Additional Years for 25 Year Economic Impact Study	15	2036-2037	2036	\$29,331,000	\$29,331,000
	16	2037-2038	2037	\$29,331,000	\$29,331,000
	17	2038-2039	2038	\$29,331,000	\$29,331,000
	18	2039-2040	2039	\$29,331,000	\$29,331,000
	19	2040-2041	2040	\$29,331,000	\$29,331,000
	20	2041-2042	2041	\$29,331,000	\$29,331,000
	21	2042-2043	2042	\$29,331,000	\$29,331,000
	22	2043-2044	2043	\$29,331,000	\$29,331,000
	23	2044-2045	2044	\$29,331,000	\$29,331,000
	24	2045-2046	2045	\$29,331,000	\$29,331,000
	25	2046-2047	2046	\$29,331,000	\$29,331,000

# East Bernard ISD Financial Impact of Chapter 313 Agreement

## Taxable Value Impact from LAVA

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

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From CG Wharton	Minimum Limitation Amount	Abated Value	Taxable Value
Jan. 1, 2019	0	n/a	0	0
Jan. 1, 2020	0	n/a	0	0
Jan. 1, 2021	0	n/a	0	0
Jan. 1, 2022	73,327,500	(20,000,000)	53,327,500	20,000,000
Jan. 1, 2023	146,655,000	(20,000,000)	126,655,000	20,000,000
Jan. 1, 2024	136,535,805	(20,000,000)	116,535,805	20,000,000
Jan. 1, 2025	125,595,342	(20,000,000)	105,595,342	20,000,000
Jan. 1, 2026	113,789,615	(20,000,000)	93,789,615	20,000,000
Jan. 1, 2027	101,030,630	(20,000,000)	81,030,630	20,000,000
Jan. 1, 2028	87,259,725	(20,000,000)	67,259,725	20,000,000
Jan. 1, 2029	72,388,908	(20,000,000)	52,388,908	20,000,000
Jan. 1, 2030	56,330,186	(20,000,000)	36,330,186	20,000,000
Jan. 1, 2031	38,980,899	(20,000,000)	18,980,899	20,000,000
Jan. 1, 2032	29,331,000	n/a	0	29,331,000
Jan. 1, 2033	29,331,000	n/a	0	29,331,000
Jan. 1, 2034	29,331,000	n/a	0	29,331,000
Jan. 1, 2035	29,331,000	n/a	0	29,331,000
Jan. 1, 2036	29,331,000	n/a	0	29,331,000

# East Bernard ISD Financial Impact of Chapter 313 Agreement

## CG Wharton’s Tax Benefit from Agreement

The projected amount of the net tax savings for CG Wharton is \$6.25 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

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

- The District has previously held a tax ratification election and the study projects that it will maintain the maximum M&O tax rate allowable that doesn’t require an additional voter election for the life of this agreement.
- The district has outstanding bonds that are scheduled to payoff in 2048 and currently have a \$.3092 I&S tax rate. This district’s annual debt payment is approximately \$1,170,000 per year and the debt rates below are calculated rates using the projected taxable values with the addition of CG Wharton estimated taxable values. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

**TABLE II- Computation of Net Tax Savings:**

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District’s Revenue Losses	Net Tax Savings
<b>2019-2020</b>	1.0684	0.309	0	0	0	0
<b>2020-2021</b>	1.0548	0.304	0	0	0	0
<b>2021-2022</b>	1.0415	0.298	0	0	0	0
<b>2022-2023</b>	1.0372	0.248	760,523	553,091	(620,132)	(67,041)
<b>2023-2024</b>	1.0328	0.211	1,514,647	1,308,088	(813,795)	494,293
<b>2024-2025</b>	1.0285	0.212	1,404,208	1,198,517	0	1,198,517
<b>2025-2026</b>	1.0241	0.213	1,286,263	1,081,437	0	1,081,437
<b>2026-2027</b>	1.0198	0.214	1,160,464	956,498	0	956,498
<b>2027-2028</b>	1.0156	0.210	1,026,021	822,910	0	822,910
<b>2028-2029</b>	1.0113	0.199	882,454	680,195	0	680,195
<b>2029-2030</b>	1.0071	0.201	728,998	527,587	0	527,587
<b>2030-2031</b>	1.0028	0.204	564,902	364,334	0	364,334
<b>2031-2032</b>	0.9986	0.207	389,281	189,552	0	189,552
<b>2032-2033</b>	0.9945	0.207	291,688	0	0	0
<b>2033-2034</b>	0.9903	0.204	290,469	0	0	0
<b>2034-2035</b>	0.9862	0.201	289,256	0	0	0
<b>2035-2036</b>	0.9821	0.198	288,048	0	0	0
<b>2036-2037</b>	0.9780	0.195	286,847	0	0	0
<b>Totals</b>			<b>11,164,068</b>	<b>7,682,207</b>	<b>(1,433,927)</b>	<b>6,248,280</b>

# East Bernard ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

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

- The current state funding formulas (in effect for 2019-2020 fiscal year) were used for state aid and recapture calculation purposes
  - Tier I - Basic Allotment of \$6,160 multiplied by the number of students in average daily attendance (ADA).
  - Level 1 of Tier II yield - \$98.56 - per weighted student in average daily attendance (WADA) per penny of tax effort
  - Level 2 of Tier II yield - \$49.28 – per WADA per penny of tax effort
- Use of current year property values for state funding calculations.
- Use of prior year property values for revenue protection payment calculations in accordance with Article IV of the Agreement.
- The district’s tax rate for maintenance & operations (M&O) for 2018-19 of \$1.17 will be compressed to \$1.06835 for 2019-20 and is projected to decrease based on estimated statewide property tax growth. No future tax ratification elections are projected in the calculations.
- An annual taxable value increase of 2.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2019 taxable value was used as a baseline for all projections.
- The district’s enrollment is projected to decrease; therefore, the projected ADA and WADA for school year 2019-2020 was decreased by .25% per year for the life of the agreement.

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

# East Bernard ISD Financial Impact of Chapter 313 Agreement

## Calculation of LAVA Impact on District's Finances

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

**TABLE III – District Revenues *without* CG Wharton County, LLC:**

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Total District Revenue
			Tier I	Tier II			
<b>2019-2020</b>	376,849,839	4,046,075	5,229,081	995,192	6,224,273	0	10,270,348
<b>2020-2021</b>	384,386,836	4,074,705	5,192,402	981,471	6,173,873	0	10,248,578
<b>2021-2022</b>	392,074,572	4,103,613	5,153,448	967,159	6,120,607	0	10,224,220
<b>2022-2023</b>	399,916,064	4,167,769	5,073,931	951,656	6,025,587	0	10,193,356
<b>2023-2024</b>	407,914,385	4,232,940	5,002,880	937,561	5,940,441	0	10,173,381
<b>2024-2025</b>	416,072,673	4,299,099	4,920,751	921,708	5,842,459	0	10,141,558
<b>2025-2026</b>	424,394,126	4,366,348	4,846,373	906,601	5,752,974	0	10,119,322
<b>2026-2027</b>	432,882,009	4,434,661	4,774,576	892,130	5,666,706	0	10,101,367
<b>2027-2028</b>	441,539,649	4,504,056	4,689,433	875,230	5,564,663	0	10,068,719
<b>2028-2029</b>	450,370,442	4,574,596	4,614,079	859,960	5,474,039	0	10,048,635
<b>2029-2030</b>	459,377,851	4,646,211	4,530,981	842,568	5,373,549	0	10,019,760
<b>2030-2031</b>	468,565,408	4,718,961	4,451,454	826,175	5,277,629	0	9,996,590
<b>2031-2032</b>	477,936,716	4,792,867	4,365,458	808,768	5,174,226	0	9,967,093
<b>2032-2033</b>	487,495,450	4,867,996	4,285,456	792,311	5,077,767	0	9,945,763
<b>2033-2034</b>	497,245,359	4,944,271	4,204,088	775,514	4,979,602	0	9,923,873
<b>2034-2035</b>	507,190,267	5,021,809	4,117,034	757,616	4,874,650	0	9,896,459
<b>2035-2036</b>	517,334,072	5,100,531	4,031,965	739,956	4,771,921	0	9,872,452
<b>2036-2037</b>	527,680,753	5,180,559	3,941,135	721,174	4,662,309	0	9,842,868

# East Bernard ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with CG Wharton County, LLC without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Total District Revenue
			Tier I	Tier II			
2019-2020	376,849,839	4,046,075	5,229,081	995,192	6,224,273	0	10,270,348
2020-2021	384,386,836	4,074,705	5,192,402	981,471	6,173,873	0	10,248,578
2021-2022	392,074,572	4,103,613	5,153,448	967,159	6,120,607	0	10,224,220
2022-2023	473,243,564	4,502,942	4,840,213	849,730	5,689,943	0	10,192,885
2023-2024	554,569,385	5,251,530	4,187,163	732,763	4,919,926	0	10,171,456
2024-2025	552,608,478	5,233,032	4,175,716	730,841	4,906,557	0	10,139,589
2025-2026	549,989,468	5,208,326	4,178,152	731,209	4,909,361	0	10,117,687
2026-2027	546,671,624	5,177,027	4,189,635	733,147	4,922,782	0	10,099,809
2027-2028	542,570,279	5,138,337	4,194,929	733,983	4,928,912	0	10,067,249
2028-2029	537,630,167	5,091,734	4,217,628	737,852	4,955,480	0	10,047,214
2029-2030	531,766,759	5,036,422	4,240,920	741,803	4,982,723	0	10,019,145
2030-2031	524,895,594	4,971,603	4,276,759	747,932	5,024,691	0	9,996,294
2031-2032	516,917,615	4,896,342	4,315,944	754,623	5,070,567	0	9,966,909
2032-2033	516,826,450	4,895,482	4,298,550	751,571	5,050,121	0	9,945,603
2033-2034	526,576,359	4,987,458	4,201,501	734,774	4,936,275	0	9,923,733
2034-2035	536,521,267	5,081,273	4,098,149	716,875	4,815,024	0	9,896,297
2035-2036	546,665,072	5,176,965	3,996,133	699,215	4,695,348	0	9,872,313
2036-2037	557,011,753	5,274,570	3,887,697	680,434	4,568,131	0	9,842,701

**TABLE V – District Revenues with CG Wharton County, LLC with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Payment		Total District Revenue
			Tier I	Tier II		Recapture Payment	for District Losses	
2019-2020	376,849,839	4,046,075	5,229,081	995,192	6,224,273	0	0	10,270,348
2020-2021	384,386,836	4,074,705	5,192,402	981,471	6,173,873	0	0	10,248,578
2021-2022	392,074,572	4,103,613	5,153,448	967,159	6,120,607	0	0	10,224,220
2022-2023	419,916,064	4,230,666	5,038,691	923,856	5,962,547	0	620,132	10,813,345
2023-2024	427,914,385	4,310,869	4,952,559	909,761	5,862,320	0	813,795	10,986,984
2024-2025	436,072,673	4,392,675	4,854,802	893,888	5,748,690	0	0	10,141,365
2025-2026	444,394,126	4,476,118	4,764,224	878,801	5,643,025	0	0	10,119,143
2026-2027	452,882,009	4,561,229	4,675,629	864,330	5,539,959	0	0	10,101,188
2027-2028	461,539,649	4,648,043	4,573,071	846,535	5,419,606	0	0	10,067,649
2028-2029	470,370,442	4,736,593	4,479,669	831,276	5,310,945	0	0	10,047,538
2029-2030	479,377,851	4,826,913	4,377,900	814,572	5,192,472	0	0	10,019,385
2030-2031	488,565,408	4,919,041	4,279,009	798,395	5,077,404	0	0	9,996,445
2031-2032	497,936,716	4,992,595	4,193,381	780,988	4,974,369	0	0	9,966,964
2032-2033	516,826,450	5,159,684	4,034,329	751,571	4,785,900	0	0	9,945,584
2033-2034	526,576,359	5,234,738	3,954,179	734,774	4,688,953	0	0	9,923,691
2034-2035	536,521,267	5,311,065	3,868,357	716,875	4,585,232	0	0	9,896,297
2035-2036	546,665,072	5,388,579	3,784,495	699,215	4,483,710	0	0	9,872,289
2036-2037	557,011,753	5,467,408	3,694,867	680,434	4,375,301	0	0	9,842,709

# East Bernard ISD Financial Impact of Chapter 313 Agreement

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## Current School Finance Law

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

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

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

# East Bernard ISD Financial Impact of Chapter 313 Agreement

## Supplemental Payments

Assuming that the District and CG Wharton County, LLC mutually agree in the LAVA that the greater of \$100 per student in average daily attendance (ADA) or \$50,000, the projected amount of these payments over the life of the agreement is \$1,265,012 of the \$6.25 million net tax savings amount. This amount will be computed annually according to Section VI of the Agreement.

**TABLE VI - Calculation of the Supplemental Payments:**

Fiscal Year	Net Tax Savings	East Bernard ISD Supplemental	CG Wharton Share
<b>2019-2020</b>	0	0	0
<b>2020-2021</b>	0	0	0
<b>2021-2022</b>	0	90,358	(90,358)
<b>2022-2023</b>	(67,041)	90,358	(157,399)
<b>2023-2024</b>	494,293	90,358	403,935
<b>2024-2025</b>	1,198,517	90,358	1,108,159
<b>2025-2026</b>	1,081,437	90,358	991,079
<b>2026-2027</b>	956,498	90,358	866,140
<b>2027-2028</b>	822,910	90,358	732,552
<b>2028-2029</b>	680,195	90,358	589,837
<b>2029-2030</b>	527,587	90,358	437,229
<b>2030-2031</b>	364,334	90,358	273,976
<b>2031-2032</b>	189,552	90,358	99,194
<b>2032-2033</b>	0	90,358	(90,358)
<b>2033-2034</b>	0	90,358	(90,358)
<b>2034-2035</b>	0	90,358	(90,358)
<b>2035-2036</b>	0	0	0
<b>2036-2037</b>	0	0	0
<b>Totals</b>	<b>6,248,280</b>	<b>1,265,012</b>	<b>4,983,268</b>

# East Bernard ISD Financial Impact of Chapter 313 Agreement

## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
East Bernard Elementary	EE-4	21	462	367	95
East Bernard JH	5-8	20	480	260	220
East Bernard High School	9-12	24	576	302	274
Total		<b>65</b>	<b>1,518</b>	<b>929</b>	<b>589</b>

The building capacities are based on 22 students per classroom for early education through 4<sup>th</sup> grade and 24 students per classroom in grades 5<sup>th</sup> through 12<sup>th</sup>. East Bernard ISD is an early-education through 12<sup>th</sup> grade district.

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

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

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

## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with CG Wharton County, LLC, would be beneficial to both CG Wharton and East Bernard ISD under the current school finance system.

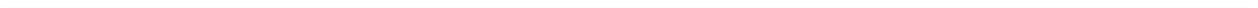
CG Wharton County, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and supplemental payments to the District, CG Wharton is projected to benefit from an 79% tax savings during that ten year period of this Agreement. CG Wharton also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

## EXHIBIT G

Comptroller's Certification and Economic Impact Analysis





**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 18, 2019

Courtney Hudgins  
Superintendent  
East Bernard Independent School District  
723 College Street  
East Bernard, TX, 77435

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between East Bernard Independent School District and CG Wharton County, LLC, Application 1420

Dear Superintendent Hudgins:

On October 25, 2019, the Comptroller issued written notice that CG Wharton County, LLC (applicant) submitted a completed application (Application 1420) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on August 21, 2019, to the East Bernard Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

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

- Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
- Sec. 313.024(d-2) Not applicable to Application 1420.

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 October 25, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is written in a cursive style with a large initial "L".

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of CG Wharton County, LLC (project) applying to East Bernard 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 CG Wharton County, LLC.

Applicant	CG Wharton County, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	East Bernard ISD
2018-2019 Average Daily Attendance	904
County	Wharton
Proposed Total Investment in District	\$146,655,000
Proposed Qualified Investment	\$146,655,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$912
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$912
Minimum annual wage committed to by applicant for qualified jobs	\$47,410
Minimum weekly wage required for non-qualifying jobs	\$767
Minimum annual wage required for non-qualifying jobs	\$39,898
Investment per Qualifying Job	\$73,327,500
Estimated M&O levy without any limit (15 years)	\$11,534,760
Estimated M&O levy with Limitation (15 years)	\$3,639,878
Estimated gross M&O tax benefit (15 years)	\$7,894,883

\* 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 CG Wharton County, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	175	464	638.67	\$8,008,000	\$33,622,000	\$41,630,000
2021	177	468	645	\$8,102,820	\$38,287,180	\$46,390,000
2022	2	19	21	\$94,820	\$7,225,180	\$7,320,000
2023	2	(4)	-2	\$94,820	\$4,545,180	\$4,640,000
2024	2	(18)	-16	\$94,820	\$1,985,180	\$2,080,000
2025	2	(20)	-18	\$94,820	\$755,180	\$850,000
2026	2	(22)	-20	\$94,820	\$25,180	\$120,000
2027	2	(18)	-16	\$94,820	-\$94,820	\$0
2028	2	(16)	-14	\$94,820	-\$584,820	-\$490,000
2029	2	(16)	-14	\$94,820	-\$94,820	\$0
2030	2	(8)	-6	\$94,820	-\$334,820	-\$240,000
2031	2	(8)	-6	\$94,820	-\$334,820	-\$240,000
2032	2	(0)	2	\$94,820	-\$94,820	\$0
2033	2	(2)	0	\$94,820	-\$94,820	\$0
2034	2	(2)	0	\$94,820	-\$94,820	\$0
2035	2	(0)	2	\$94,820	\$145,180	\$240,000

Source: CPA REMI, CG Wharton County, 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		East Bernard ISD I&S Tax Levy	East Bernard ISD M&O Tax Levy	East Bernard ISD M&O and I&S Tax Levies	Coastal Bend Groundwater Cons District Tax Levy	Wharton County Tax Levy	FM&LR Tax Levy	Wharton County ESD #1 Tax Levy	Wharton County ESD #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3021	1.0500		0.0083	0.4225	0.0514	0.0500	0.0846	
2022	\$73,327,500	\$73,327,500		\$221,522	\$769,939	\$991,461	\$6,086	\$309,838	\$37,705	\$36,664	\$62,042	\$1,443,796
2023	\$146,655,000	\$146,655,000		\$443,045	\$1,539,878	\$1,982,922	\$12,172	\$619,676	\$75,410	\$73,328	\$124,085	\$2,887,593
2024	\$136,535,805	\$136,535,805		\$412,475	\$1,433,626	\$1,846,101	\$11,332	\$576,918	\$70,207	\$68,268	\$115,523	\$2,688,349
2025	\$125,595,342	\$125,595,342		\$379,424	\$1,318,751	\$1,698,175	\$10,424	\$530,691	\$64,581	\$62,798	\$106,266	\$2,472,935
2026	\$113,789,615	\$113,789,615		\$343,758	\$1,194,791	\$1,538,549	\$9,445	\$480,807	\$58,511	\$56,895	\$96,277	\$2,240,483
2027	\$101,030,630	\$101,030,630		\$305,214	\$1,060,822	\$1,366,035	\$8,386	\$426,895	\$51,950	\$50,515	\$85,482	\$1,989,263
2028	\$87,259,725	\$87,259,725		\$263,612	\$916,227	\$1,179,839	\$7,243	\$368,707	\$44,869	\$43,630	\$73,830	\$1,718,118
2029	\$72,388,908	\$72,388,908		\$218,687	\$760,084	\$978,770	\$6,008	\$305,872	\$37,222	\$36,194	\$61,248	\$1,425,316
2030	\$56,330,186	\$56,330,186		\$170,173	\$591,467	\$761,640	\$4,675	\$238,018	\$28,965	\$28,165	\$47,661	\$1,109,124
2031	\$38,980,899	\$38,980,899		\$117,761	\$409,299	\$527,061	\$3,235	\$164,710	\$20,044	\$19,490	\$32,982	\$767,522
2032	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2033	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2034	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2035	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2036	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
			<b>Total</b>	<b>\$3,318,715</b>	<b>\$11,534,760</b>	<b>\$14,853,476</b>	<b>\$91,180</b>	<b>\$4,641,807</b>	<b>\$564,874</b>	<b>\$549,274</b>	<b>\$929,482</b>	<b>\$21,630,093</b>

Source: CPA, CG Wharton County, LLC

\*Tax Rate per \$100 Valuation

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

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*	East Bernard ISD I&S Tax Levy	East Bernard ISD M&O Tax Levy	East Bernard ISD M&O and I&S Tax Levies	Coastal Bend Groundwater Cons District Tax Levy	Wharton County Tax Levy	FM&LR Tax Levy	Wharton County ESD #1 Tax Levy	Wharton County ESD #3 Tax Levy	Estimated Total Property Taxes
				<b>0.3021</b>	<b>1.0500</b>		<b>0.0083</b>	<b>0.4225</b>	<b>0.0514</b>	<b>0.0500</b>	<b>0.0846</b>	
2022	\$73,327,500	\$20,000,000		\$221,522	\$210,000	\$431,522	\$6,086	\$309,838	\$37,705	\$36,664	\$62,042	\$883,858
2023	\$146,655,000	\$20,000,000		\$443,045	\$210,000	\$653,045	\$12,172	\$619,676	\$75,410	\$73,328	\$124,085	\$1,557,715
2024	\$136,535,805	\$20,000,000		\$412,475	\$210,000	\$622,475	\$11,332	\$576,918	\$70,207	\$68,268	\$115,523	\$1,464,723
2025	\$125,595,342	\$20,000,000		\$379,424	\$210,000	\$589,424	\$10,424	\$530,691	\$64,581	\$62,798	\$106,266	\$1,364,184
2026	\$113,789,615	\$20,000,000		\$343,758	\$210,000	\$553,758	\$9,445	\$480,807	\$58,511	\$56,895	\$96,277	\$1,255,692
2027	\$101,030,630	\$20,000,000		\$305,214	\$210,000	\$515,214	\$8,386	\$426,895	\$51,950	\$50,515	\$85,482	\$1,138,441
2028	\$87,259,725	\$20,000,000		\$263,612	\$210,000	\$473,612	\$7,243	\$368,707	\$44,869	\$43,630	\$73,830	\$1,011,891
2029	\$72,388,908	\$20,000,000		\$218,687	\$210,000	\$428,687	\$6,008	\$305,872	\$37,222	\$36,194	\$61,248	\$875,232
2030	\$56,330,186	\$20,000,000		\$170,173	\$210,000	\$380,173	\$4,675	\$238,018	\$28,965	\$28,165	\$47,661	\$727,658
2031	\$38,980,899	\$20,000,000		\$117,761	\$210,000	\$327,761	\$3,235	\$164,710	\$20,044	\$19,490	\$32,982	\$568,223
2032	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2033	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2034	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2035	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
2036	\$29,331,000	\$29,331,000		\$88,609	\$307,976	\$396,584	\$2,434	\$123,935	\$15,082	\$14,666	\$24,817	\$577,519
			<b>Total</b>	<b>\$3,318,715</b>	<b>\$3,639,878</b>	<b>\$6,958,593</b>	<b>\$91,180</b>	<b>\$4,641,807</b>	<b>\$564,874</b>	<b>\$549,274</b>	<b>\$929,482</b>	<b>\$13,735,210</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$7,894,883</b>	<b>\$7,894,883</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7,894,883</b>

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, CG Wharton County, 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 CG Wharton County, 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>	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2022	\$210,000	\$210,000	\$559,939	\$559,939
	2023	\$210,000	\$420,000	\$1,329,878	\$1,889,816
	2024	\$210,000	\$630,000	\$1,223,626	\$3,113,442
	2025	\$210,000	\$840,000	\$1,108,751	\$4,222,193
	2026	\$210,000	\$1,050,000	\$984,791	\$5,206,984
	2027	\$210,000	\$1,260,000	\$850,822	\$6,057,806
	2028	\$210,000	\$1,470,000	\$706,227	\$6,764,033
	2029	\$210,000	\$1,680,000	\$550,084	\$7,314,117
	2030	\$210,000	\$1,890,000	\$381,467	\$7,695,583
	2031	\$210,000	\$2,100,000	\$199,299	\$7,894,883
<b>Maintain Viable Presence (5 Years)</b>	2032	\$307,976	\$2,407,976	\$0	\$7,894,883
	2033	\$307,976	\$2,715,951	\$0	\$7,894,883
	2034	\$307,976	\$3,023,927	\$0	\$7,894,883
	2035	\$307,976	\$3,331,902	\$0	\$7,894,883
	2036	\$307,976	\$3,639,878	\$0	\$7,894,883
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2037	\$307,976	\$3,947,853	\$0	\$7,894,883
	2038	\$307,976	\$4,255,829	\$0	\$7,894,883
	2039	\$307,976	\$4,563,804	\$0	\$7,894,883
	2040	\$307,976	\$4,871,780	\$0	\$7,894,883
	2041	\$307,976	\$5,179,755	\$0	\$7,894,883
	2042	\$307,976	\$5,487,731	\$0	\$7,894,883
	2043	\$307,976	\$5,795,706	\$0	\$7,894,883
	2044	\$307,976	\$6,103,682	\$0	\$7,894,883
	2045	\$307,976	\$6,411,657	\$0	\$7,894,883
	2046	\$307,976	\$6,719,633	\$0	\$7,894,883

**\$6,719,633**

is less than

**\$7,894,883**

<b>Analysis Summary</b>	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

Source: CPA, CG Wharton County, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	175	464	638.67	\$8,008,000	\$33,622,000	\$41,630,000	3807000	-1175000	\$4,982,000
2021	177	468	645	\$8,102,820	\$38,287,180	\$46,390,000	3860000	-732000	\$4,592,000
2022	2	19	21	\$94,820	\$7,225,180	\$7,320,000	290000	862000	-\$572,000
2023	2	(4)	-2	\$94,820	\$4,545,180	\$4,640,000	252000	839000	-\$587,000
2024	2	(18)	-16	\$94,820	\$1,985,180	\$2,080,000	206000	778000	-\$572,000
2025	2	(20)	-18	\$94,820	\$755,180	\$850,000	145000	755000	-\$610,000
2026	2	(22)	-20	\$94,820	\$25,180	\$120,000	153000	679000	-\$526,000
2027	2	(18)	-16	\$94,820	-\$94,820	\$0	168000	603000	-\$435,000
2028	2	(16)	-14	\$94,820	-\$584,820	-\$490,000	153000	557000	-\$404,000
2029	2	(16)	-14	\$94,820	-\$94,820	\$0	153000	519000	-\$366,000
2030	2	(8)	-6	\$94,820	-\$334,820	-\$240,000	191000	458000	-\$267,000
2031	2	(8)	-6	\$94,820	-\$334,820	-\$240,000	153000	404000	-\$251,000
2032	2	(0)	2	\$94,820	-\$94,820	\$0	137000	381000	-\$244,000
2033	2	(2)	0	\$94,820	-\$94,820	\$0	84000	305000	-\$221,000
2034	2	(2)	0	\$94,820	-\$94,820	\$0	61000	282000	-\$221,000
2035	2	(0)	2	\$94,820	\$145,180	\$240,000	46000	221000	-\$175,000
2036	2	2	4	\$94,820	\$145,180	\$240,000	53000	183000	-\$130,000
2037	2	2	4	\$94,820	\$145,180	\$240,000	38000	137000	-\$99,000
2038	2	(0)	2	\$94,820	\$395,180	\$490,000	15000	99000	-\$84,000
2039	2	4	6	\$94,820	\$635,180	\$730,000	-31000	46000	-\$77,000
2040	2	(2)	0	\$94,820	\$145,180	\$240,000	-46000	0	-\$46,000
2041	2	2	4	\$94,820	\$395,180	\$490,000	-76000	-53000	-\$23,000
2042	2	(2)	0	\$94,820	-\$334,820	-\$240,000	-137000	-84000	-\$53,000
2043	2	(4)	-2	\$94,820	-\$94,820	\$0	-183000	-122000	-\$61,000
2044	2	(10)	-8	\$94,820	-\$584,820	-\$490,000	-229000	-168000	-\$61,000
2045	2	(10)	-8	\$94,820	-\$1,554,820	-\$1,460,000	-290000	-252000	-\$38,000
2046	2	(12)	-10	\$94,820	-\$2,044,820	-\$1,950,000	-214000	-259000	\$45,000
<b>Total</b>							<b>\$8,759,000</b>	<b>\$5,263,000</b>	<b>\$3,496,000</b>
							\$10,215,633	is greater than	\$7,894,883

**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 CG Wharton County, 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 CG Wharton County, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “ConnectGEN currently is developing renewable energy projects in eight states, including several in Texas. ConnectGEN continually evaluates its portfolio of potential renewable energy project opportunities based on the quality of the energy resource, other development factors, competitiveness in the market, and overall economic viability, and directs capital and resources to those opportunities with the strongest potential return on investment.”
  - B. “The Texas power market is highly competitive, however, and renewable energy projects that do not secure approval of Chapter 313 Appraised Value Limitation Agreements to manage long term property tax obligations cannot compete against projects located in other counties in Texas that have secured these agreements. Without this incentive, the Sandy Branch Solar Project would not be competitive in securing the long-term renewable power purchase agreement that is required to attract third-party financing and make the project economically viable, and ConnectGEN would be forced to redirect investment to other opportunities.”
  - C. “In addition to competing against other projects in Texas, the Sandy Branch Solar Project also must compete with ConnectGEN’s own project opportunities in other jurisdictions around the country that do offer incentives to help projects manage their long-term property tax obligations. Without a Chapter 313 Appraised Value Limitation Agreement, the Project would offer inferior return on investment to these alternatives, and ConnectGEN would be forced to redirect capital and resources to other projects outside of Texas.”
- Comptroller Research
  - A. Per the Sandy Branch Solar Project Website --- “Why Wharton County, Texas? ConnectGEN has identified Wharton County for solar development primarily because of its proximity to the existing transmission system and favorable site suitability with limited design constraints.”

- Provided by Applicant
  - A. CG Wharton County, LLC is also known as Sandy Branch Solar, Inverter Fields Solar and Wharton County Solar Project.
  - B. "Based on ConnectGEN's preliminary investment and investigations, the Sandy Branch Solar Project appears to have a high quality energy resource and other development factors that would make it a potentially attractive project for further investment, and ConnectGEN is excited about the potential opportunity to make this significant investment in Texas and in Wharton County."
  - C. The project requested an ERCOT Screening Study on January 3rd 2019 and a Full Interconnection Study on March 29th 2019. The ERCOT INR number is 22INR0205

**Supporting Information**

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

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

# **Supporting Information**

Section 8 of the Application for  
a Limitation on Appraised Value

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

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

**SECTION 7: Project Description**

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

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

**SECTION 8: Limitation as Determining Factor**

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

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

# **Supporting Information**

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



## Tab 5

### *Limitation as a Determining Factor*

CG Wharton County LLC is a special purpose entity formed to develop and commercialize the Sandy Branch Solar Project in Wharton County, Texas. CG Wharton County LLC is a wholly-owned subsidiary of ConnectGEN LLC. ConnectGEN is an independent renewable energy company headquartered in Houston, Texas, focused on the greenfield development of high-quality wind power, solar power and energy storage solutions across North America.

ConnectGEN currently is developing renewable energy projects in eight states, including several in Texas. ConnectGEN continually evaluates its portfolio of potential renewable energy project opportunities based on the quality of the energy resource, other development factors, competitiveness in the market, and overall economic viability, and directs capital and resources to those opportunities with the strongest potential return on investment.

Based on ConnectGEN's preliminary investment and investigations, the Sandy Branch Solar Project appears to have a high quality energy resource and other development factors that would make it a potentially attractive project for further investment, and ConnectGEN is excited about the potential opportunity to make this significant investment in Texas and in Wharton County.

The Texas power market is highly competitive, however, and renewable energy projects that do not secure approval of Chapter 313 Appraised Value Limitation Agreements to manage long term property tax obligations cannot compete against projects located in other counties in Texas that have secured these agreements. Without this incentive, the Sandy Branch Solar Project would not be competitive in securing the long-term renewable power purchase agreement that is required to attract third-party financing and make the project economically viable, and ConnectGEN would be forced to redirect investment to other opportunities.

In addition to competing against other projects in Texas, the Sandy Branch Solar Project also must compete with ConnectGEN's own project opportunities in other jurisdictions around the country that do offer incentives to help projects manage their long-term property tax obligations. Without a Chapter 313 Appraised Value Limitation Agreement, the Project would offer inferior return on investment to these alternatives, and ConnectGEN would be forced to redirect capital and resources to other projects outside of Texas.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
– East Bernard ISD– CG Wharton County, LLC App. #1420

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

1. Is CG Wharton County, LLC currently known by any other project names, besides Sandy Branch Solar Project?
2. Please also list any other names by which this project may have been known in the past--in media reports, investor presentations, or any listings with any federal or state agency.
3. Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.

Applicant Response (via email on December 15, 2019):

1. The project name in the ERCOT Generator Interconnection Report is "Inverter Fields Solar".
2. Inverter Fields Solar, Wharton County Solar Project
3. Yes, the project requested an ERCOT Screening Study on January 3<sup>rd</sup> 2019 and a Full Interconnection Study on March 29<sup>th</sup> 2019. The ERCOT INR number is 22INR0205



## Sandy Branch Solar Project

ConnectGen is developing a large-scale solar project in northeast Wharton County. ConnectGen expects to install up to 150 megawatts (MW) of solar in the area, which has the potential to power over 16,000 homes in Texas.

### CONNECTING POWER, PROJECTS & PEOPLE

## Why Wharton County, Texas?

According to a report by Wood Mackenzie and the Solar Energy Industries Association, at the start of 2019, there were approximately 2,957 MW of solar installed in Texas, enough to power 353,000 homes. Ranked 5th in the nation for installed solar capacity in 2018, Texas is already reaping the benefits of economic growth across the Lone Star State and is poised to grow with more than 4,000 MW of capacity expected to be installed over the next 5 years. This will triple its current installed solar capacity and makes Texas the third fastest-growing solar energy producer behind California and Florida.

ConnectGen has identified Wharton County for solar development primarily

because of its proximity to the existing transmission system and favorable site suitability with limited design constraints.

## Sandy Branch Project Area

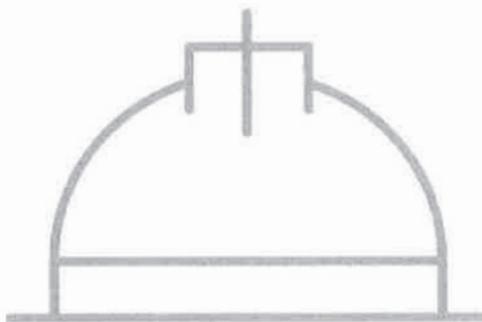
ConnectGen has leased 1,200 acres of pastureland in northeast Wharton County and anticipates commencing construction of its Sandy Branch Solar Project in the middle of 2020 and beginning operations in 2021.

**The Sandy Branch Solar Project will provide benefits to Wharton County and local communities through:**



### **COMMUNITY PAYMENTS**

Millions of dollars in increased revenues for roads, schools, public safety, and other public services to Wharton County and the East Bernard Independent School District over the life of the project



### **LOCAL JOBS**

Local construction jobs and revenue to local businesses



## **COMMUNITY INVOLVEMENT**

Support of local community organizations through donations and sponsorships

## About ConnectGen

Founded in 2018, ConnectGen is a renewable energy company focused on developing best-in-class wind, solar, and energy storage projects that will increase America's supply of low-cost, domestically produced clean energy.

## **EXPERIENCE**

The ConnectGen team has previously managed and led the development of three utility-scale wind farms across Texas, all of which are currently in operation.

[Learn More](#)

## **OPPORTUNITY**

ConnectGen currently is developing two utility-scale solar facilities in Texas while also continuing to assess additional opportunities across the state.

**ConnectGen's experienced development team has a track record of successfully identifying, developing, and constructing renewable energy projects. Our previous project successes have been built on a foundation of strong relationships with the landowners and communities hosting the projects. We are committed to working with landowners, neighbors, and all project stakeholders to safely and responsibly design and build projects that bring long-term benefits to the communities.**



AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES by and between EAST BERNARD INDEPENDENT SCHOOL DISTRICT and CG WHARTON COUNTY, LLC

# EXHIBIT H

Comptroller's Approval of Agreement





**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

February 20, 2020

Courtney Hudgins  
Superintendent  
East Bernard Independent School District  
723 College Street  
East Bernard, TX 77435

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between East Bernard Independent School District and CG Wharton County, LLC, Application 1420

Dear Superintendent Hudgins:

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

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

Should you have any questions, please contact Tabita Collazo with our office. She can be reached by email at [tabita.collazo@cpa.texas.gov](mailto:tabita.collazo@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 5-5626, or at 512-475-5626.

Sincerely,

Will Counihan  
Director  
Data Analysis & Transparency Division

cc: Morgan Beam, Walsh Gallegos Trevino Russo & Kyle, P.C.  
Caton Fenz, CG Wharton County, LLC  
Ty White, CG Wharton County, LLC  
Andrew Sloss, Merit Advisors

# EXHIBIT I

Applicant's Taxable Entity Status



## Franchise Tax Account Status

As of : 07/09/2020 12:26:37

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

CG WHARTON COUNTY LLC	
<b>Texas Taxpayer Number</b>	32068946261
<b>Mailing Address</b>	1001 MCKINNEY ST STE 700 HOUSTON, TX 77002-6448
<b>Right to Transact Business in Texas</b>	ACTIVE
<b>State of Formation</b>	DE
<b>Effective SOS Registration Date</b>	11/14/2018
<b>Texas SOS File Number</b>	0803166247
<b>Registered Agent Name</b>	C T CORPORATION SYSTEM
<b>Registered Office Street Address</b>	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF  
PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND  
OPERATIONS TAXES**

by and between

**EAST BERNARD INDEPENDENT SCHOOL DISTRICT**

and

**CG WHARTON COUNTY, LLC**

*(Texas Taxpayer ID #32068946261)*

Comptroller Application # 1420

Dated  
July 13, 2020

*Texas Economic Development Act Agreement  
Comptroller Form 50-826 (Jan 2016)*

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR  
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

*STATE OF TEXAS*           §

*COUNTY OF WHARTON*   §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **EAST BERNARD INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **CG WHARTON COUNTY, LLC**, Texas Taxpayer Identification Number **32068946261**, hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

**RECITALS**

**WHEREAS**, on August 21, 2019, the Superintendent of Schools of the EAST BERNARD INDEPENDENT School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

**WHEREAS**, on August 21, 2019, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

**WHEREAS**, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, the District and the Texas Comptroller's Office have determined that the Application is complete and October 25, 2019 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

**WHEREAS**, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Wharton County Appraisal District established in Wharton County, Texas (the "Wharton County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

**WHEREAS**, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on December 18, 2019, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

**WHEREAS**, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

**WHEREAS**, on July 13, 2020, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

**WHEREAS**, on July 13, 2020, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

**WHEREAS**, on August 26, 2019, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in *Section 313.051(b)* of the TEXAS TAX CODE;

**WHEREAS**, on February 20, 2020, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

**WHEREAS**, on July 13, 2020, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary or, in the event the Board President or Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized the Board Vice President to execute and deliver such Agreement to the Applicant; and

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

## ARTICLE I DEFINITIONS

**Section 1.1 DEFINITIONS.** Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means CG WHARTON COUNTY, LLC, (*Texas Taxpayer ID # 32068946261*), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on August 21, 2019. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Wharton County Appraisal District.

“Board of Trustees” means the Board of Trustees of the EAST BERNARD INDEPENDENT School District.

“Commercial Operation” means the date on which the project becomes commercial operational, has installed or constructed Qualified Property on the Land, and is able to generate electricity and is connected to the electricity grid with an interconnection agreement.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Wharton County, Texas.

“District” or “School District” means the East Bernard Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount, which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

**Section 1.2 NEGOTIATED DEFINITIONS.** Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Applicable School Finance Law” means Chapters 48 and 49 of the TEXAS EDUCATION CODE (previously Chapters 42 and 41, and other applicable provisions), the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE); Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District; and, the Constitution and general laws of the State applicable to the school districts of the State, including specifically, the applicable rules, regulations, and interpretations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant’s ad valorem tax obligation or the Revenue Protection Amount in Section 4.2 of this Agreement to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Consultant” shall have the same meaning as assigned to such term in Section 4.4 of this Agreement.

“Revenue Protection Amount” means the revenue protection payment required as part of this Agreement as set out in TEXAS EDUCATION CODE Section 48.256(d) and shall have the meaning assigned to such term in Section 4.2 of this Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under the applicable provisions of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, as applicable, less (iii) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 49 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, as applicable.

“New M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.ii of this Agreement.

“Original M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.i of this Agreement.

**ARTICLE II**  
**AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

**Section 2.1. AUTHORITY.** This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

**Section 2.2. PURPOSE.** In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

**Section 2.3. TERM OF THE AGREEMENT.**

A. The Application Review Start Date for this Agreement is October 25, 2019, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is July 13, 2020.

C. The Qualifying Time Period for this Agreement:

i. Starts on January 1, 2021; and

ii. Ends on December 31, 2022, the last day of the second complete Tax Year

following the Qualifying Time Period start date:

D. The Tax Limitation Period for this Agreement:

i. Starts on January 1, 2022, the first complete Tax Year that begins after the date of commencement of Commercial Operation; and

ii. Ends on December 31, 2031, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2036 which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii. plus 5 years.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

**Section 2.4. TAX LIMITATION.** So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

A. the Market Value of the Applicant's Qualified Property; or

B. TWENTY MILLION DOLLARS (\$20,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by *Section 313.052* of the TEXAS TAX CODE.

**Section 2.5. TAX LIMITATION ELIGIBILITY.** In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

A. have completed the Applicant's Qualified Investment in the amount of TEN MILLION DOLLARS (\$10,000,000) during the Qualifying Time Period;

B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. pay an average weekly wage of at least SEVEN HUNDRED AND SIXTY-SEVEN DOLLARS AND TWENTY-FIVE CENTS (\$767.25) for all New Non-Qualifying Jobs created by the Applicant.

**Section 2.6. TAX LIMITATION OBLIGATIONS.** In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;

C. provide such Supplemental Payments as more fully specified in Article VI;

D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

### **ARTICLE III** **QUALIFIED PROPERTY**

**Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.** At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

**Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.** The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

**Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.** The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.** In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

**Section 3.5. QUALIFYING USE.** The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as a renewable energy electric generation facility.

#### **ARTICLE IV**

#### **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1. INTENT OF THE PARTIES.** Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of TEXAS TAX CODE § 313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, the Parties' entering into this Agreement. Such compensation shall be independent of, and in addition to, all such other payments as are set forth in Article V and Article VI. Subject only to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the risk of any negative financial consequence to the District as a result of Applicant's location of Applicant's Qualified Investment and Applicant's Qualified Property in the District and the Parties' entering into this Agreement will be borne by the Applicant and not by the District and be paid by the Applicant to the District in addition to any and all payments due under Article V and Article VI.

**Section 4.2. CALCULATING THE AMOUNT OF LOSS OF MAINTENANCE AND OPERATIONS REVENUES BY THE DISTRICT.** Subject to the provisions of Sections 7.1 and 7.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "Revenue Protection Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. The Revenue Protection Amount owed by the Applicant to the District means the Original M&O Revenue minus the New M&O Revenue;

Where:

(i) "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for the school year under TEXAS EDUCATION CODE Section 48.256(d) had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or the Applicant's Qualified Investment been subject to the District's ad valorem Maintenance and Operations tax rate without any limitation on value at the rate applicable for such Tax Year. For purposes of this calculation, the Consultant will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement. The Original M&O Revenue is calculated using the taxable value of the Qualified Property as determined by the Appraisal District for purposes of calculating the value of the Qualified Property that is subject to the District's Interest & Sinking Fund tax.

(ii) "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations required by this Section 4.2:

(i) The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.

(ii) For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).

(iii) If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.

(iv) All calculations made under this Section 4.2 of this Agreement will reflect the Limitation on Appraised Value for such year.

(v) For all calculations made for any year during the tax Limitation Period under this Section 4.2, the New M&O Revenue will reflect the Tax Limitation Amount stated in Section 2.4 for such year. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or any other factors not contained in this Agreement.

**Section 4.3. COMPENSATION FOR LOSS OF OTHER REVENUES.** In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

A. All non-reimbursed costs incurred by the District for extraordinary education-related expenses, as set forth in Section 5.1 below;

B. Any other loss of District revenues which are directly and solely attributable to the payment by the Applicant to or on behalf of any other third party beneficiary; and

C. Any other cost to the District, including costs under Section 8.6(C) below (but subject to the limitation set forth in Section 4.4 below), which are directly and solely attributable to compliance with State-imposed requirements relating to this Agreement.

**Section 4.4. CALCULATIONS TO BE MADE BY THIRD PARTY.**

All calculations under this Agreement shall be made annually by an independent third party (the "Consultant") approved each year by the District. The District agrees that for all Tax Years the Consultant selected by the District shall be McDowell School Finance Consulting. If the District desires to select a Consultant other than McDowell School Finance Consulting, such selection must receive the Applicant's consent, which consent shall not be unreasonably withheld, delayed, or conditioned. To the extent not inconsistent with a statutory change to Applicable School Finance Law, all calculations made by the Consultant under this Agreement shall be made using a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Applicant shall only be responsible for payment of fees and expenses under this Section 4.7 not to exceed either (i) \$12,000 per year for the years of the Limitation Period and for which the Consultant is required to prepare calculations under Section 4.4; or (ii) \$6,000 per year for years during the Qualifying Time Period and any year following the Limitation Period during which Supplemental Payments are due to the District and/or required reports are due to the State Comptroller on the Project.

**Section 4.5. DATA USED FOR CALCULATIONS.** The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax rolls submitted to the District pursuant to TEXAS TAX CODE § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Consultant selected under Section 4.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Consultant to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Consultant shall be adjusted from time to time by the Consultant to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax rolls or any other changes in student counts, tax collections, or other data.

**Section 4.6. DELIVERY OF CALCULATIONS.** On or before December 1 of each year for which this Agreement is effective, the Consultant appointed pursuant to Section 4.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Section 4.2, Section 4.3 and Article V of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Consultant's

offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Consultant shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Consultant shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of Consultant's costs resulting from a review or audit of the Consultant's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Consultant pursuant to Section 4.7, if such fee is timely paid.

**Section 4.7. PAYMENT BY APPLICANT.** The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Consultant for all calculations under this Agreement under Section 4.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants (subject to the limitation set forth in Section 4.4 above) for the preparation and filing of any financial reports, disclosures, or Tax Credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement.

**Section 4.8. RESOLUTION OF DISPUTES.** Should the Applicant disagree with the certification prepared pursuant to Sections 4.2, 4.3, or Article V, the Applicant may appeal the findings, in writing, to the Consultant within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Consultant will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees, in writing, within thirty (30) days of the final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

**Section 4.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.** If at the time the Consultant selected under Section 4.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved, the Consultant shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District. The calculations shall be readjusted, if necessary, based on the outcome of the appeal as set forth below.

If as a result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Consultant who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Consultant.

**Section 4.10. EFFECT OF STATUTORY CHANGES.** Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the Revenue Protection Amount limit set forth in Section 7.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the Revenue Protection Amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

**ARTICLE V**  
**PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES**

**Section 5.1.** In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for all non-reimbursable costs, certified by the District’s external auditor to have been incurred by the District for extraordinary education-related expenses directly and solely related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment directly and solely attributable to the project. Applicant shall have the right to contest the findings of the District’s external auditor pursuant to Section 4.8 herein.

**ARTICLE VI**  
**SUPPLEMENTAL PAYMENTS**

**Section 6.1. SUPPLEMENTAL PAYMENTS.** In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for supplemental payments (the “Supplemental Payments”) set forth in this Article VI.

A. Amounts Exclusive of Indemnity Amounts. It is the express intent of the Parties that the Applicant’s obligation to make Supplemental Payments under this Article VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and VI are subject to the limitations contained in Section 7.1.

B. Adherence to Statutory Limits on Supplemental Payments. It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article VI, shall not exceed the limit imposed by the provisions of TEXAS TAX CODE § 313.027(i), as such limit is allowed or required to be increased by the Legislature in a future year of this Agreement.

C. Explicit Identification of Payments to District. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or

any other thing of value in recognition of, anticipation of, or consideration for this Agreement made pursuant to Chapter 313, TEXAS TAX CODE, unless it is explicitly set forth in this Agreement.

**Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.**

Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District’s 2018-2019 Average Daily Attendance of 903.58, rounded to the whole number, except that if the District's Average Daily Attendance exceeds 903.58 in any year covered by this Agreement, that year's Average Daily Attendance will be used to calculate the amount of Supplemental Payments owed for the duration of the Agreement. However, if at any point the District's Average Daily Attendance exceeds 1,100 students, the next-highest Average Daily Attendance calculated during the term of this Agreement that is 1,100 or below shall be used to calculate Supplemental Payments.

**SECTION 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO ANNUAL LIMIT.** On or before January 31, 2022 (the payment due date for Tax Year 2021), and continuing thereafter on or before the January 31 of each year for the maximum period permitted under Section 313.027(i) of the TEXAS TAX CODE, except that Applicant agrees to make its final Supplemental Payment for tax year 2034 on or before December 31, 2034 (i.e., Applicant shall make annual Supplemental Payments beginning January 31, 2022 and continuing through January 31, 2034, the payment due date for Tax Year 2033. Applicant’s final Supplemental Payment shall be due on or before December 31, 2034 for Tax Year 2034). The Applicant shall make a Supplemental Payment to District in an amount equal to the greater of the allowable amounts described in Section 6.2(D).

**ARTICLE VII**  
**ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**Section 7.1. ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

**Section 7.2. OPTION TO TERMINATE AGREEMENT.** In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

**Section 7.3. EFFECT OF OPTIONAL TERMINATION.** Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

**ARTICLE VIII**  
**ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding

anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

**Section 8.2. REPORTS.** In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

**Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS.** During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

**Section 8.4. DATA REQUESTS.** Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

**Section 8.5. SITE VISITS AND RECORD REVIEW.** The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

**Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR.** By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT

CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

**Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.** The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

## **ARTICLE IX**

### **MATERIAL BREACH OR EARLY TERMINATION**

**Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.** The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a “Material Breach”):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

**Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination") and provide a copy to the Comptroller.

### **Section 9.3. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Wharton County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Wharton County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the thirty (30) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

### **Section 9.4. Consequences of Early Termination or Other Breach by Applicant.**

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within ninety (90) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the ninety (90) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement

prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

**Section 9.5. LIMITATION OF OTHER DAMAGES.** Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

**Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT.** Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make TEN MILLION DOLLARS (\$10,000,000) of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure, which prevents compliance with this provision.

**Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS** Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

**Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS**

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

**ARTICLE X.**

**MISCELLANEOUS PROVISIONS**

**Section 10.1. INFORMATION AND NOTICES.**

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

East Bernard Independent School District

Attention: Superintendent of Schools

Address: 723 College Street  
East Bernard, Texas 77435  
Phone: (979) 335-7519  
E-Mail: [courtney.hudgins@ebisd.org](mailto:courtney.hudgins@ebisd.org)

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

CG Wharton County, LLC  
Attention: Caton Fenz, Chief Development Officer  
Address: 1001 McKinney Street, Suite 700  
Houston, Texas 77002  
Phone: (346) 998-2020  
E-Mail: [cfenz@connectgenllc.com](mailto:cfenz@connectgenllc.com)

With a copy to:

CG Wharton County, LLC  
Attention: Ty White, Manager, Project Development  
Address: 1001 McKinney Street, Suite 700  
Houston, Texas 77002  
Phone: (346) 998-2041  
E-Mail: [twhite@connectgenllc.com](mailto:twhite@connectgenllc.com)

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice information pursuant to Section 10.3.C below.

## **Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.**

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

i. The Applicant shall submit to the District and the Comptroller:

a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;

b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;

c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original

Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

### **Section 10.3. ASSIGNMENT.**

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project,

is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

**Section 10.4. MERGER.** This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

**Section 10.5. Governing Law.** This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Wharton County.

**Section 10.6. AUTHORITY TO EXECUTE AGREEMENT.** Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

**Section 10.7. SEVERABILITY.** If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term “Law” shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

**Section 10.8. PAYMENT OF EXPENSES.** Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

**Section 10.9. INTERPRETATION.**

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words “include,” “includes,” and “including” when used in this Agreement shall be deemed in such case to be followed by the phrase, “but not limited to”. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

**Section 10.10. EXECUTION OF COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

**Section 10.11. PUBLICATION OF DOCUMENTS.** The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

**Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.** The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

**Section 10.13. DUTY TO DISCLOSE.** If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

**Section 10.14. CONFLICTS OF INTEREST.**

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant

with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

**Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.** Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

**Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.**

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic “read receipt” does not constitute acknowledgment of an e-mail for delivery purposes).

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 13 day of July, 2020.

**CG WHARTON COUNTY, LLC**

By: 

Name: Carlton Fenz

Title: Chief Executive Officer

**EAST BERNARD INDEPENDENT  
SCHOOL DISTRICT**

By: 

Robert Goudeau, President  
Board of Trustees

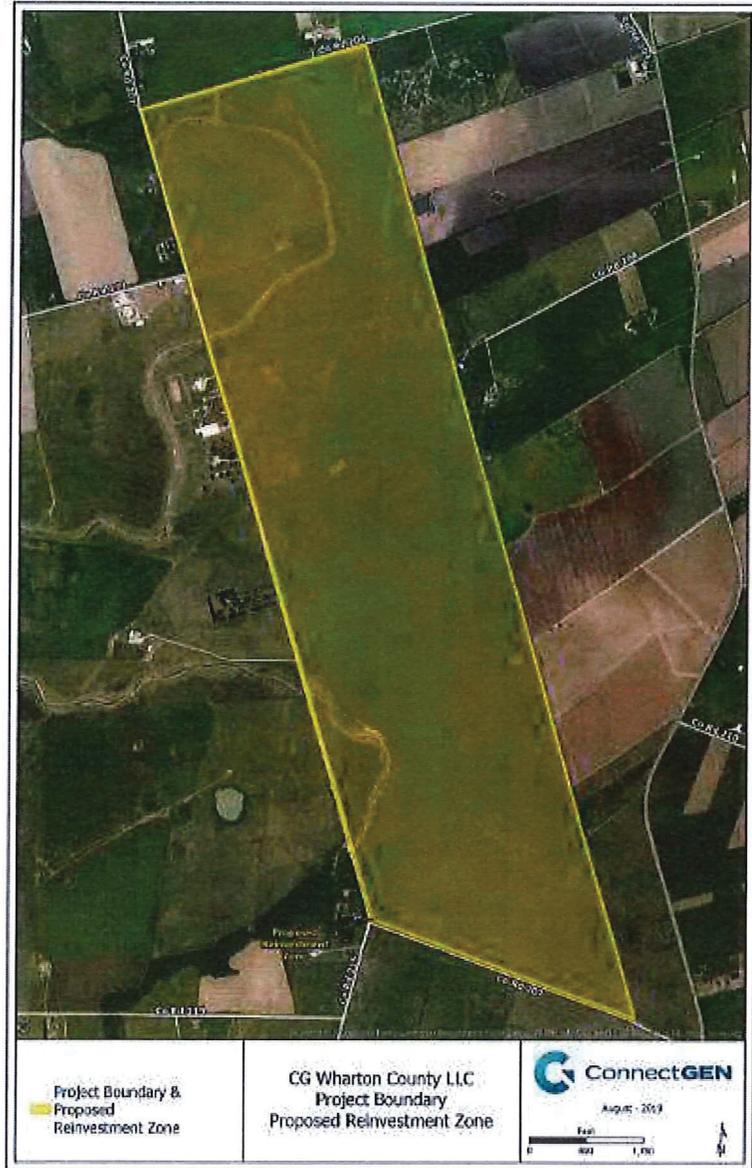
ATTEST:



Ryan Traweek, Secretary  
Board of Trustees

**EXHIBIT 1**

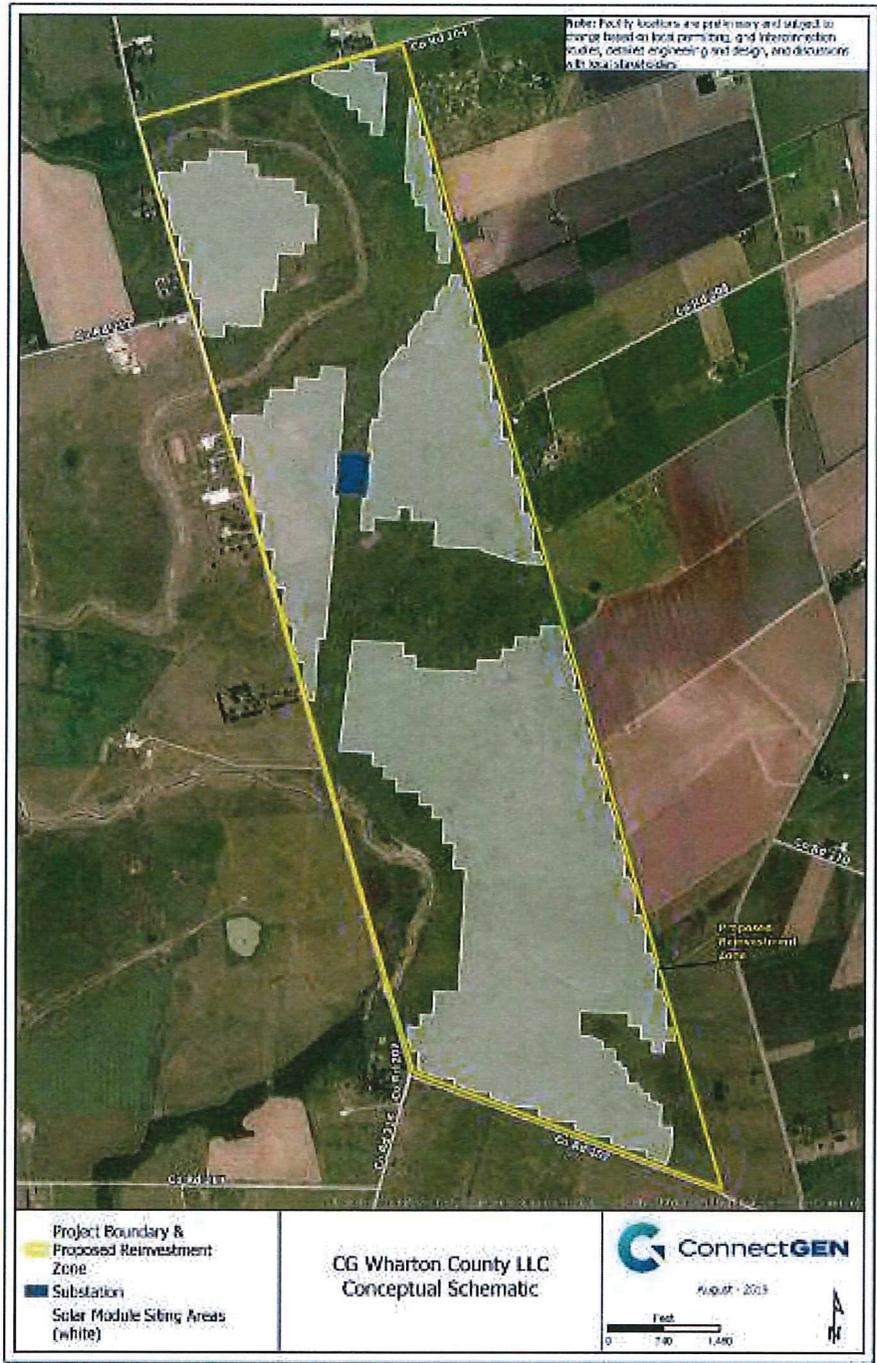
**DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE**



Agreement for Limitation on Appraised Value  
Between East Bernard Independent School District and CG  
Wharton County, LLC.  
[Date], 2019

*Texas Economic Development Act Agreement  
Comptroller Form 50-826 (Jan 2016)*





Agreement for Limitation on Appraised Value  
Between East Bernard Independent School District and CG  
Wharton County, LLC.  
[Date]

Texas Economic Development Act Agreement  
Comptroller Form 50-826 (May 2015)

### EXHIBIT 3

#### APPLICANT'S QUALIFIED INVESTMENT

*[Insert Description of Location of Qualified Investment, including appropriate maps showing the project area]*

##### Description of Project

CG Wharton County, LLC ("ConnectGen"), proposes to construct a solar electric generating facility in Wharton County. The facility, which will encompass 1,215 acres across 1 parcel of land, will be located in the northeastern portion of the county. Application #1420 covers all qualified property in the reinvestment zone and project boundary within East Bernard ISD. The project is planned to commence construction in June of 2020 and enter commercial operations on June 1, 2021.

ConnectGen has identified the following components of the proposed project which are included in Application #1420:

- Solar modules & panels
- Racking & mounting structures
- Inverter boxes
- Combiner boxes
- Meteorological equipment
- Foundations
- Operation & maintenance building
- Roadways, paving & fencing
- Electrical substations
- Interconnection facilities

The project and its components will be located at the following approximate location:



## EXHIBIT 4

### DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

*[Insert Description of Applicant's Qualified Property, including appropriate maps and site plans showing the project area]*

#### Description of Project

CG Wharton County, LLC ("ConnectGen"), proposes to construct a solar electric generating facility in Wharton County. The facility, which will encompass 1,215 acres across 1 parcel of land, will be located in the northeastern portion of the county. Application #1420 covers all qualified property in the reinvestment zone and project boundary within East Bernard ISD. The project is planned to commence construction in June of 2020 and enter commercial operations on June 1, 2021.

ConnectGen has identified the following components of the proposed project which are included in Application #1420:

- Solar modules & panels
- Racking & mounting structures
- Inverter boxes
- Combiner boxes
- Meteorological equipment
- Foundations
- Operation & maintenance building
- Roadways, paving & fencing
- Electrical substations
- Interconnection facilities

The project and its components will be located at the following approximate locations:



Agreement for Limitation on Appraised Value  
 Between Los Fresnos Consolidated Independent School  
 District and Palmas Wind, LLC.  
 [Insert Date]

Texas Economic Development Act Agreement  
 Comptroller Form 50-826 (May 2015)

**EXHIBIT 5**

**AGREEMENT SCHEDULE**

	Year of Agreement	School Year	Tax Appraisal Date	Tax Year	Summary
Limitation Pre-Year(s)	0	2019-2020		2019	Limitation Pre-Year
	0	2020-2021		2020	Limitation Pre-Year
	0	2021-2022		2021	Limitation Pre-Year; QTP Begins January 1, 2021; QTP Ends December 31, 2022
Limitation Period (10 Years)	1	2022-2023		2022	\$20 Million appraisal limitation
	2	2023-2024		2023	\$20 Million appraisal limitation
	3	2024-2025		2024	\$20 Million appraisal limitation
	4	2025-2026		2025	\$20 Million appraisal limitation
	5	2026-2027		2026	\$20 Million appraisal limitation
	6	2027-2028		2037	\$20 Million appraisal limitation
	7	2028-2029		2028	\$20 Million appraisal limitation
	8	2029-2030		2029	\$20 Million appraisal limitation
	9	2030-2031		2030	\$20 Million appraisal limitation
	10	2031-2032		2031	\$20 Million appraisal limitation; Limitation Period Ends December 31, 2032
Maintain Viable Presence	11	2032-2033		2032	No appraisal limitation; must maintain viable presence
	12	2033-2034		2033	No appraisal limitation; must maintain viable presence
	13	2034-2035		2034	No appraisal limitation; must maintain viable presence
	14	2035-2036		2035	No appraisal limitation; must Maintain viable presence.
	15	2036-2037		2036	No appraisal limitation; must maintain viable presence; Final Termination Date: December 31, 2037.

Agreement for Limitation on Appraised Value  
 Between East Bernard Independent School District and CG  
 Wharton County, LLC.  
 [Date]

*Texas Economic Development Act Agreement  
 Comptroller Form 50-826 (May 2015)*