



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 10, 2020

Greg Bower  
Superintendent  
Como-Pickton Consolidated Independent School District  
13017 Texas Highway 11 East  
Como, TX 75431

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Como-Pickton Consolidated Independent School District and Telios Corporation, Application 1425

Dear Superintendent Bower:

On January 13, 2020, the Comptroller issued written notice that Telios Corporation (applicant) submitted a completed application (Application 1425) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on September 9, 2019, to the Como-Pickton Consolidated 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 1425.

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).

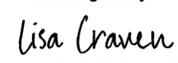
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 by December 31, 2020.

Note that any building or improvement existing as of the application review start date of January 13, 2020, 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,

DocuSigned by:  
  
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Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

### Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Telios Corporation (project) applying to Como-Pickton 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 Telios Corporation.

Applicant	Telios Corporation
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Como-Pickton ISD
2018-2019 Average Daily Attendance	693
County	Hopkins
Proposed Total Investment in District	\$285,000,000
Proposed Qualified Investment	\$285,000,000
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	\$824
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$824
Minimum annual wage committed to by applicant for qualified jobs	\$42,858
Minimum weekly wage required for non-qualifying jobs	\$752
Minimum annual wage required for non-qualifying jobs	\$39,104
Investment per Qualifying Job	\$142,500,000
Estimated M&O levy without any limit (15 years)	\$16,158,503
Estimated M&O levy with Limitation (15 years)	\$4,395,070
Estimated gross M&O tax benefit (15 years)	\$11,763,433

\* 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 Telios Corporation (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	300	255	555	\$12,857,460	\$23,142,540	\$36,000,000
2021	300	270	570	\$12,857,460	\$27,142,540	\$40,000,000
2022	2	21	23	\$85,716	\$6,914,284	\$7,000,000
2023	2	6	8	\$85,716	\$4,914,284	\$5,000,000
2024	2	(8)	-6	\$85,716	\$2,914,284	\$3,000,000
2025	2	(6)	-4	\$85,716	\$1,914,284	\$2,000,000
2026	2	(8)	-6	\$85,716	\$914,284	\$1,000,000
2027	2	(4)	-2	\$85,716	\$914,284	\$1,000,000
2028	2	(4)	-2	\$85,716	\$914,284	\$1,000,000
2029	2	(2)	0	\$85,716	\$914,284	\$1,000,000
2030	2	2	4	\$85,716	\$914,284	\$1,000,000
2031	2	6	8	\$85,716	\$914,284	\$1,000,000
2032	2	12	14	\$85,716	\$914,284	\$1,000,000
2033	2	12	14	\$85,716	\$914,284	\$1,000,000
2034	2	12	14	\$85,716	\$1,914,284	\$2,000,000
2035	2	14	16	\$85,716	\$1,914,284	\$2,000,000

Source: CPA REMI, Telios Corporation

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Como-Pickton ISD I&S Tax Levy	Como-Pickton ISD M&O Tax Levy	Como-Pickton ISD M&O and I&S Tax Levies	Hopkins County Tax Levy	Hopkins County Hospital Tax Levy	Estimated Total Property Taxes
				0.0000	0.9700		0.6200	0.2500	
2022	\$252,000,000	\$252,000,000		\$0	\$2,444,400	\$2,444,400	\$1,562,400	\$630,000	\$4,636,800
2023	\$226,835,000	\$226,835,000		\$0	\$2,200,300	\$2,200,300	\$1,406,377	\$567,088	\$4,173,764
2024	\$201,670,000	\$201,670,000		\$0	\$1,956,199	\$1,956,199	\$1,250,354	\$504,175	\$3,710,728
2025	\$176,505,000	\$176,505,000		\$0	\$1,712,099	\$1,712,099	\$1,094,331	\$441,263	\$3,247,692
2026	\$151,340,000	\$151,340,000		\$0	\$1,467,998	\$1,467,998	\$938,308	\$378,350	\$2,784,656
2027	\$126,175,000	\$126,175,000		\$0	\$1,223,898	\$1,223,898	\$782,285	\$315,438	\$2,321,620
2028	\$101,010,000	\$101,010,000		\$0	\$979,797	\$979,797	\$626,262	\$252,525	\$1,858,584
2029	\$75,845,000	\$75,845,000		\$0	\$735,697	\$735,697	\$470,239	\$189,613	\$1,395,548
2030	\$50,680,000	\$50,680,000		\$0	\$491,596	\$491,596	\$314,216	\$126,700	\$932,512
2031	\$50,665,000	\$50,665,000		\$0	\$491,451	\$491,451	\$314,123	\$126,663	\$932,236
2032	\$50,650,000	\$50,650,000		\$0	\$491,305	\$491,305	\$314,030	\$126,625	\$931,960
2033	\$50,635,000	\$50,635,000		\$0	\$491,160	\$491,160	\$313,937	\$126,588	\$931,684
2034	\$50,620,000	\$50,620,000		\$0	\$491,014	\$491,014	\$313,844	\$126,550	\$931,408
2035	\$50,605,000	\$50,605,000		\$0	\$490,869	\$490,869	\$313,751	\$126,513	\$931,132
2036	\$50,590,000	\$50,590,000		\$0	\$490,723	\$490,723	\$313,658	\$126,475	\$930,856
			<b>Total</b>	<b>\$0</b>	<b>\$16,158,503</b>	<b>\$16,158,503</b>	<b>\$10,328,115</b>	<b>\$4,164,563</b>	<b>\$30,651,180</b>

Source: CPA, Telios Corporation

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Hopkins County and Hopkins County Hospital, 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		Como-Pickton ISD I&S Tax Levy	Como-Pickton ISD M&O Tax Levy	Como-Pickton ISD M&O and I&S Tax Levies	Hopkins County Tax Levy	Hopkins County Hospital Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0000	0.9700		0.6200	0.2500	
2022	\$252,000,000	\$20,000,000		\$0	\$194,000	\$194,000	\$1,562,400	\$630,000	\$2,386,400
2023	\$226,835,000	\$20,000,000		\$0	\$194,000	\$194,000	\$1,406,377	\$567,088	\$2,167,465
2024	\$201,670,000	\$20,000,000		\$0	\$194,000	\$194,000	\$1,250,354	\$504,175	\$1,948,529
2025	\$176,505,000	\$20,000,000		\$0	\$194,000	\$194,000	\$1,094,331	\$441,263	\$1,729,594
2026	\$151,340,000	\$20,000,000		\$0	\$194,000	\$194,000	\$938,308	\$378,350	\$1,510,658
2027	\$126,175,000	\$20,000,000		\$0	\$194,000	\$194,000	\$782,285	\$315,438	\$1,291,723
2028	\$101,010,000	\$20,000,000		\$0	\$194,000	\$194,000	\$626,262	\$252,525	\$1,072,787
2029	\$75,845,000	\$20,000,000		\$0	\$194,000	\$194,000	\$470,239	\$189,613	\$853,852
2030	\$50,680,000	\$20,000,000		\$0	\$194,000	\$194,000	\$314,216	\$126,700	\$634,916
2031	\$50,665,000	\$20,000,000		\$0	\$194,000	\$194,000	\$314,123	\$126,663	\$634,786
2032	\$50,650,000	\$50,650,000		\$0	\$491,305	\$491,305	\$314,030	\$126,625	\$931,960
2033	\$50,635,000	\$50,635,000		\$0	\$491,160	\$491,160	\$313,937	\$126,588	\$931,684
2034	\$50,620,000	\$50,620,000		\$0	\$491,014	\$491,014	\$313,844	\$126,550	\$931,408
2035	\$50,605,000	\$50,605,000		\$0	\$490,869	\$490,869	\$313,751	\$126,513	\$931,132
2036	\$50,590,000	\$50,590,000		\$0	\$490,723	\$490,723	\$313,658	\$126,475	\$930,856
			<b>Total</b>	<b>\$0</b>	<b>\$4,395,070</b>	<b>\$4,395,070</b>	<b>\$10,328,115</b>	<b>\$4,164,563</b>	<b>\$18,887,748</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$11,763,433</b>	<b>\$11,763,433</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,763,433</b>
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, Telios Corporation

\*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 Telios Corporation (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	\$1,183,400	\$1,183,400	\$0	\$0
<b>Limitation Period (10 Years)</b>	2022	\$194,000	\$1,377,400	\$2,250,400	\$2,250,400
	2023	\$194,000	\$1,571,400	\$2,006,300	\$4,256,700
	2024	\$194,000	\$1,765,400	\$1,762,199	\$6,018,899
	2025	\$194,000	\$1,959,400	\$1,518,099	\$7,536,997
	2026	\$194,000	\$2,153,400	\$1,273,998	\$8,810,995
	2027	\$194,000	\$2,347,400	\$1,029,898	\$9,840,893
	2028	\$194,000	\$2,541,400	\$785,797	\$10,626,690
	2029	\$194,000	\$2,735,400	\$541,697	\$11,168,386
	2030	\$194,000	\$2,929,400	\$297,596	\$11,465,982
	2031	\$194,000	\$3,123,400	\$297,451	\$11,763,433
<b>Maintain Viable Presence (5 Years)</b>	2032	\$491,305	\$3,614,705	\$0	\$11,763,433
	2033	\$491,160	\$4,105,865	\$0	\$11,763,433
	2034	\$491,014	\$4,596,879	\$0	\$11,763,433
	2035	\$490,869	\$5,087,747	\$0	\$11,763,433
	2036	\$490,723	\$5,578,470	\$0	\$11,763,433
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2037	\$490,578	\$6,069,048	\$0	\$11,763,433
	2038	\$490,432	\$6,559,480	\$0	\$11,763,433
	2039	\$490,287	\$7,049,766	\$0	\$11,763,433
	2040	\$490,141	\$7,539,907	\$0	\$11,763,433
	2041	\$489,996	\$8,029,903	\$0	\$11,763,433
	2042	\$489,850	\$8,519,753	\$0	\$11,763,433
	2043	\$489,705	\$9,009,457	\$0	\$11,763,433
	2044	\$489,559	\$9,499,016	\$0	\$11,763,433
	2045	\$489,414	\$9,988,430	\$0	\$11,763,433
	2046	\$489,268	\$10,477,698	\$0	\$11,763,433

**\$10,477,698**

is less than

**\$11,763,433**

#### Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Telios Corporation

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	300	255	555	\$12,857,460	\$23,142,540	\$36,000,000	1840000	-1010000	\$2,850,000
2021	300	270	570	\$12,857,460	\$27,142,540	\$40,000,000	1980000	-620000	\$2,600,000
2022	2	21	23	\$85,716	\$6,914,284	\$7,000,000	350000	790000	-\$440,000
2023	2	6	8	\$85,716	\$4,914,284	\$5,000,000	300000	760000	-\$460,000
2024	2	(8)	-6	\$85,716	\$2,914,284	\$3,000,000	280000	720000	-\$440,000
2025	2	(6)	-4	\$85,716	\$1,914,284	\$2,000,000	260000	690000	-\$430,000
2026	2	(8)	-6	\$85,716	\$914,284	\$1,000,000	240000	630000	-\$390,000
2027	2	(4)	-2	\$85,716	\$914,284	\$1,000,000	230000	550000	-\$320,000
2028	2	(4)	-2	\$85,716	\$914,284	\$1,000,000	240000	530000	-\$290,000
2029	2	(2)	0	\$85,716	\$914,284	\$1,000,000	240000	490000	-\$250,000
2030	2	2	4	\$85,716	\$914,284	\$1,000,000	270000	460000	-\$190,000
2031	2	6	8	\$85,716	\$914,284	\$1,000,000	270000	430000	-\$160,000
2032	2	12	14	\$85,716	\$914,284	\$1,000,000	270000	400000	-\$130,000
2033	2	12	14	\$85,716	\$914,284	\$1,000,000	260000	350000	-\$90,000
2034	2	12	14	\$85,716	\$1,914,284	\$2,000,000	240000	340000	-\$100,000
2035	2	14	16	\$85,716	\$1,914,284	\$2,000,000	240000	330000	-\$90,000
2036	2	18	20	\$85,716	\$1,914,284	\$2,000,000	240000	270000	-\$30,000
2037	2	16	18	\$85,716	\$1,914,284	\$2,000,000	210000	240000	-\$30,000
2038	2	12	14	\$85,716	\$1,914,284	\$2,000,000	240000	220000	\$20,000
2039	2	18	20	\$85,716	\$2,914,284	\$3,000,000	200000	170000	\$30,000
2040	2	14	16	\$85,716	\$2,914,284	\$3,000,000	200000	120000	\$80,000
2041	2	16	18	\$85,716	\$2,914,284	\$3,000,000	180000	100000	\$80,000
2042	2	16	18	\$85,716	\$2,914,284	\$3,000,000	170000	80000	\$90,000
2043	2	10	12	\$85,716	\$2,914,284	\$3,000,000	170000	70000	\$100,000
2044	2	12	14	\$85,716	\$2,914,284	\$3,000,000	210000	80000	\$130,000
2045	2	10	12	\$85,716	\$2,914,284	\$3,000,000	170000	50000	\$120,000
2046	2	10	12	\$85,716	\$3,914,284	\$4,000,000	270000	50000	\$220,000
2047	2	18	20	\$85,716	\$4,914,284	\$5,000,000	370000	50000	\$320,000
						<b>Total</b>	<b>\$10,140,000</b>	<b>\$7,340,000</b>	<b>\$2,800,000</b>
							<b>\$13,277,698</b>	is greater than	<b>\$11,763,433</b>

**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 Telios Corporation 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 Telios Corporation. in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Currently, Telios Corporation is considering a variety of other locations for the Pine Forest Solar Project but believes Como-Pickton CISD would be an ideal location for this facility. Other locations being evaluated for the establishment of the site include Oklahoma, Louisiana, and New Mexico.”
  - B. “With property tax liabilities composing a substantial ongoing cost of operation that directly impacts the rate of return on the investment, without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain.”
- According to a KSST Radio article, Telios Corporation has attained tentative lease agreements with landowners to lease land in Pine Forest. The availability of transmission lines make Pine Forest a desirable location for a solar plant.

### 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.

**Attachment C – Limitation as a Determining Factor**

# **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.**

**Attachment C – Limitation as a Determining Factor**

# **Supporting Information**

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



## Tab 5

### *Limitation as a Determining Factor*

Currently, Telios Corporation is considering a variety of other locations for the Pine Forest Solar Project but believes Como-Pickton CISD would be an ideal location for this facility. Other locations being evaluated for the establishment of the site include Oklahoma, Louisiana, and New Mexico. In the event a 313 agreement is not permitted, Telios Corporation will reallocate the capital for this project to establish a facility in another location more financially viable. Unfortunately, this would dismiss Como-Pickton CISD from receiving the economic benefits associated with the development a solar facility within their jurisdiction. It is our goal to reach a 313 value limitation agreement for the benefit of both Telios Corporation and Como-Pickton CISD. Telios Corporation is constantly evaluating various locations for development and where to commit substantial long-term investment based on economic rate of return with the proposed projects. The economic benefits provided by a Chapter 313 Value Limitation is one of the most important components in their analysis.

Not only Telios Corporation but all prudent energy developers, know tax incentives play an important role in attracting capital intensive facilities due to the high property tax burden in Texas. Ultimately, the decision to invest in Texas, or any other state, requires any capital investment by Telios Corporation to be based on expected economic return on their investment.

With property tax liabilities composing a substantial ongoing cost of operation that directly impacts the rate of return on the investment, without the 313 Value Limitation tax incentive, the economics of this project could be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain. Telios Corporation evaluates the economic viability of proposed projects through comparing the proposed project's rate of return with the Chapter 313 appraised value limitation agreement and without the value limitation agreement. To move forward, the rate of return with the valuation limitation agreement, must exceed the minimum rate of return required to proceed with the proposed investment. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize Telios Corporation to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district "the determining factor" to invest in this project.

**Attachment C – Limitation as a Determining Factor**

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller



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## Proposed Pine Forest Solar Farm Project Discussed At Community Meeting

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<div data-bbox="277 1157 1143 1266">   <p><b>Craig Johnson</b>, CFP®, Financial Advisor        513 Oak Avenue        Sulphur Springs, TX 75482        903-885-8747</p> <p>Contact me today. &gt;</p> </div>		



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Community members gather to look at information about and discuss the proposed Pine Forest Solar Project during an informal meeting Oct. 22 at Como-Pickton CISD.

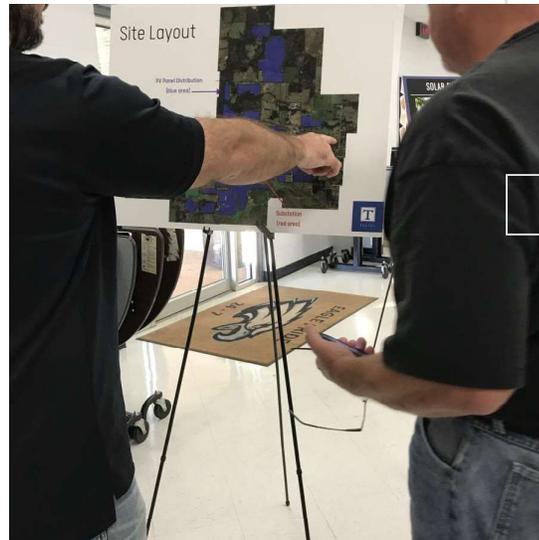
Como-Pickton CISD Board of Trustees, Hopkins County Commissioners Court and Hopkins County Hospital District Board will be asked in the near future to consider approving a request from Telios for tax incentives to locate a solar farm in Pine Forest.

Telios, a business with offices in Dallas, is focused in engineering, construction, technology and energy develop. Pine Forest is Telios' first proposed solar distribution facility,

However, Pine Forest is not the only site in the U.S. being considered by Telios for a solar farm. Other locations being evaluated for the establishment of the site include Oklahoma, Louisiana and New Mexico, according to the Chapter 313 application submitted for review by the Comptroller's office. Any other locations are still in very early development stages, according to Telios President Shannon McCall and information.

To give community residents a chance to talk with Telios and KE Andrews personnel regarding the project, an informal meeting was held Tuesday evening at Como-Pickton school. Several Pine Forest residents Tuesday evening expressed their concerns and opinions regarding Telios's proposed 299.25 MW solar electric generating facility. School and county officials to attended the meeting for additional feedback and information as well.

### Community Input, Concerns



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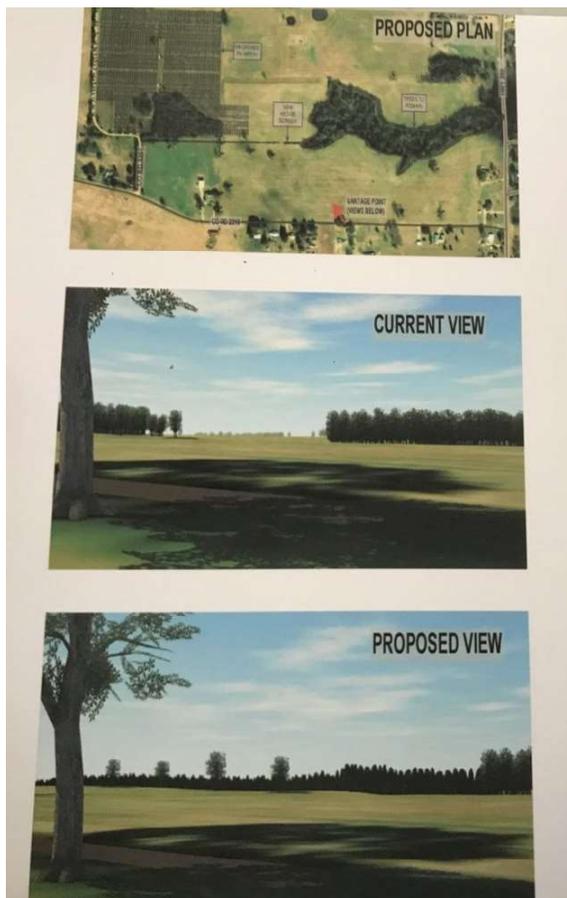
- ▶ O I'm ready! Bound!
- ▶ O meh...

Pine Forest resident Bobby Bain said the project needs to be discussed more thoroughly.

Bobby and Blake Bain expressed concerns that the solar farm, which would be located on three sides of their properties, would cause their home value and that of the approximately 15 families with homes along the proposed project to drop. They said the Bain family has lived in Pine Forest since 1911. They said while they understand everyone has the right to do what they choose on their own property, those actions should be considered if the gain for a few comes at the detriment to other people.

"I signed up for it, want it to go on, They are leasing our land," said Ann Bain Rose.

Loren Vander Broek, Rebecca Hurst and James Patricia Fox said they've seen the impact of solar facilities in California. They said they moved to Pine Forest for the good farm land and nice country view. They too expressed concerns for what having a solar farm in their neighborhood might do to property values. They also asked what will happen if for some reason the company doesn't remain with the project the entire length of the project and leases. If the panels reach the end of their lifespan, they are concerned the panels will be left behind for the property owners to deal with.



Vander Broek expressed concern having the solar panels would increase humidity; the sun typically is absorbed by the grass. They are concerned the solar panels will increase temperatures around it.

Hurst and Patricia Fox said they do not want solar panels so close to their homes. Concern was also expressed for wildlife in the area that might be displaced from the agriculture land they call home so the solar panels can be installed. James said he'd like to see the plant relocated somewhere else.

The farm should have no or relatively no affect on property values; installing hedges along the line should help conceal the solar panels, according to KE Andrews Property Tax Incentive Coordinator Jordan Christman,



A solar panel like the ones to be installed at the proposed Pine Forest Solar Project.

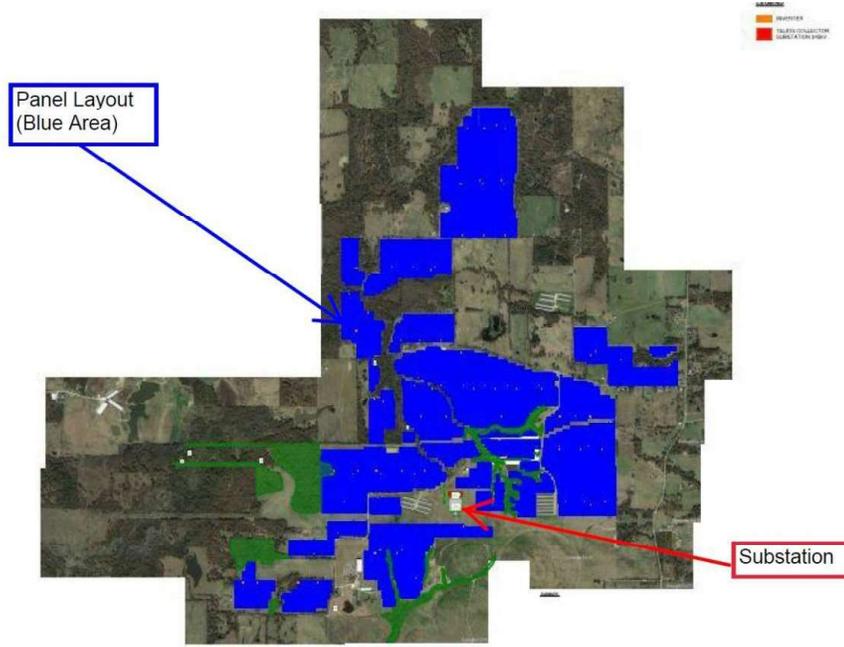
## The Project

Telios has attained tentative lease agreements with landowners to lease land in Pine Forest, on which 995,148 photovoltaic panels and 95 central inverters would be installed. The project will require approval of a 2,265 acre reinvestment zone, which would have to be established by Como-Pickton CISD, and would have a 299.25 MW capacity.

The panels are made to withstand certain levels of wind and weather; they would be placed about 4 feet off the ground. A hedgerow is expected to be constructed to block the panels from view of neighboring residences.

According to Mike Fry, director of energy services for KE Andrews, contrary to what some think, there is no glare from the solar panel.

"It's quiet. It's a four feet tall, no noise, no emissions renewable energy option that will generate tax revenue for the county," said Telios president Shannon McCall.



The proposed Pine Forest Solar Project

The availability of transmission lines make Pine Forest a desirable location for a solar plant, Telios and KE Andrews officials said during an informal community meeting at Como-Pickton school.

Project officials have been in negotiations with the electric service provider for a short while and hope to have a resolution to the permit process by the end of the year for the solar energy generated to go directly back into the power grid by connecting to their existing lines.

Approximately 300 jobs are expected to be generated during construction of the plant, which would begin in April 2020. The project is expected to be complete by May of 2021 and operational in June 2021. The project is expected to employ two full-time employees at a rate of \$42,858,20 annually starting in 2022, according to Christman.

## Tax Incentives

Information, presented by Telios at the Oct. 22 community meeting at Como-Pickton school, for the proposed Pine Forest Solar Project

The Pine Forest Solar Project will require approval of tax incentives from all three taxing entities – Como-Pickton CISD, Hopkins County and the hospital district – to move forward, however.

An application for a Texas Property Tax Code Section 313 Value Limitation Agreement was submitted to the school district in September. As part of the process, the company is required to pay a fee, which covers the district's legal costs to make sure the application and all requirements for it are completed. Youngblood Powell & Taylor LLP is representing the school district.

The application has been submitted to Texas Comptroller's office for review to determine whether it meets requirements to qualify for a value limitation agreement. An approved application is expected to be presented to Como-Pickton CISD Board of Trustees for consideration for approval of a tax limitation agreement by Dec. 1.

If the project receives approval for tax incentives from the three taxing entities, the project would get under way in April 2020. New employees, commencement of commercial operations and start service is estimated to begin June 1, 2021. The qualifying time period would begin Jan. 1, 2021, with the first year of limitation beginning Jan. 1, 2022, according to the [value limitation agreement application](#).

Telios plans to invest a total of \$285 million in the project: \$225 million in 2020 and \$60 million in 2021. They are applying for a \$20 million appraised value limitation to start in 2022, and last for 10 years. The value would floor at \$50.3 million in 2030, according to information provided by Christman.

Telios is asking the county and hospital district to approve a straight 70 percent abatement, which means both would receive tax payments on 30 percent for 10 years, according to Christman and the local EDC director.

According to a chart provided by Telios, the estimated taxes to be paid over the next 30 years to CPCISD as agriculture land without the solar plant is \$11.146; in land tax with the solar facility \$1.4 million; and in solar facility tax is \$16.8 million. The ag land, according to the Telios estimate, would net only \$9,376 for the county and hospital district during that period; however, the solar land tax is estimated to bring in \$1.182 million and solar facility tax another \$14.3 million for the county and hospital district.

*KJST's YouTube Channel*

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