



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

February 4, 2020

Steven Galloway
Superintendent
Columbia-Brazoria Independent School District
520 S. 16th Street
West Columbia, Texas 77486

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Columbia-Brazoria Independent School District and TX Gulf Solar I, LLC, Application 1429

Dear Superintendent Galloway:

On December 5, 2019, the Comptroller issued written notice that TX Gulf Solar I, LLC (applicant) submitted a completed application (Application 1429) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 17, 2019, to the Columbia-Brazoria Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

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

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

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

Sec. 313.024(d-2) Not applicable to Application 1429.

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 December 5, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

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

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of TX Gulf Solar I, LLC (project) applying to Columbia-Brazoria 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 TX Gulf Solar I, LLC.

Applicant	TX Gulf Solar I, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Columbia-Brazoria ISD
2018-2019 Average Daily Attendance	2,808
County	Brazoria
Proposed Total Investment in District	\$90,000,000
Proposed Qualified Investment	\$90,000,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2022-2023
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	\$1,310
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,310
Minimum annual wage committed to by applicant for qualified jobs	\$68,100
Minimum weekly wage required for non-qualifying jobs	\$1,140
Minimum annual wage required for non-qualifying jobs	\$59,267
Investment per Qualifying Job	\$45,000,000
Estimated M&O levy without any limit (15 years)	\$4,555,727
Estimated M&O levy with Limitation (15 years)	\$3,568,368
Estimated gross M&O tax benefit (15 years)	\$987,359

* 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 TX Gulf Solar I, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	125	167	292	\$8,125,000	\$15,185,000	\$23,310,000
2022	125	174	299	\$8,125,000	\$17,955,000	\$26,080,000
2023	2	21	23	\$136,200	\$4,353,800	\$4,490,000
2024	2	7	9	\$136,200	\$2,593,800	\$2,730,000
2025	2	(5)	-3	\$136,200	\$1,163,800	\$1,300,000
2026	2	(10)	-8	\$136,200	\$323,800	\$460,000
2027	2	(11)	-9	\$136,200	-\$86,200	\$50,000
2028	2	(9)	-7	\$136,200	-\$196,200	-\$60,000
2029	2	(6)	-4	\$136,200	-\$116,200	\$20,000
2030	2	(3)	-1	\$136,200	\$73,800	\$210,000
2031	2	(1)	1	\$136,200	\$313,800	\$450,000
2032	2	2	4	\$136,200	\$543,800	\$680,000
2033	2	4	6	\$136,200	\$753,800	\$890,000
2034	2	5	7	\$136,200	\$933,800	\$1,070,000
2035	2	6	8	\$136,200	\$1,073,800	\$1,210,000
2036	2	6	8	\$136,200	\$1,153,800	\$1,290,000
2037	2	6	8	\$136,200	\$1,193,800	\$1,330,000

Source: CPA REMI, TX Gulf Solar I, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Columbia-Brazoria ISD I&S Tax Levy	Columbia-Brazoria ISD M&O Tax Levy	Columbia-Brazoria M&O and I&S Tax Levies	Brazoria County Tax Levy	West Brazoria Cty Drainage Dist #11 Tax Levy	Brazoria County Emergency #1 Tax Levy	Brazoria County Emergency #2 Tax Levy	Port Freeport Tax Levy	Road and Bridge Fund Tax Levy	Estimated Total Property Taxes
				0.2181	1.0500		0.3679	0.2000	0.7911	0.8470	0.0400	0.0600	
2022	\$30,000,000	\$30,000,000		\$65,418	\$315,000	\$380,418	\$110,374	\$60,000	\$237,342	\$254,112	\$12,000	\$18,000	\$1,072,246
2023	\$58,753,000	\$58,753,000		\$128,116	\$616,907	\$745,023	\$216,161	\$117,506	\$464,818	\$497,661	\$23,501	\$35,252	\$2,099,922
2024	\$54,050,700	\$54,050,700		\$117,862	\$567,532	\$685,395	\$198,860	\$108,101	\$427,617	\$457,831	\$21,620	\$32,430	\$1,931,855
2025	\$48,976,800	\$48,976,800		\$106,798	\$514,256	\$621,055	\$180,193	\$97,954	\$387,475	\$414,853	\$19,591	\$29,386	\$1,750,506
2026	\$43,493,400	\$43,493,400		\$94,841	\$456,681	\$551,522	\$160,018	\$86,987	\$344,094	\$368,406	\$17,397	\$26,096	\$1,554,521
2027	\$37,575,400	\$37,575,400		\$81,937	\$394,542	\$476,478	\$138,245	\$75,151	\$297,274	\$318,279	\$15,030	\$22,545	\$1,343,002
2028	\$31,184,900	\$31,184,900		\$68,001	\$327,441	\$395,443	\$114,734	\$62,370	\$246,716	\$264,149	\$12,474	\$18,711	\$1,114,596
2029	\$24,284,200	\$24,284,200		\$52,954	\$254,984	\$307,938	\$89,345	\$48,568	\$192,122	\$205,697	\$9,714	\$14,571	\$867,954
2030	\$16,829,200	\$16,829,200		\$36,698	\$176,707	\$213,404	\$61,917	\$33,658	\$133,143	\$142,550	\$6,732	\$10,098	\$601,501
2031	\$12,681,700	\$12,681,700		\$27,654	\$133,158	\$160,811	\$46,658	\$25,363	\$100,330	\$107,419	\$5,073	\$7,609	\$453,263
2032	\$12,679,700	\$12,679,700		\$27,649	\$133,137	\$160,786	\$46,650	\$25,359	\$100,314	\$107,402	\$5,072	\$7,608	\$453,192
2033	\$12,677,700	\$12,677,700		\$27,645	\$133,116	\$160,761	\$46,643	\$25,355	\$100,298	\$107,385	\$5,071	\$7,607	\$453,120
2034	\$12,675,800	\$12,675,800		\$27,641	\$133,096	\$160,737	\$46,636	\$25,352	\$100,283	\$107,369	\$5,070	\$7,605	\$453,052
2035	\$12,673,900	\$12,673,900		\$27,637	\$133,076	\$160,713	\$46,629	\$25,348	\$100,268	\$107,353	\$5,070	\$7,604	\$452,985
2036	\$12,672,100	\$12,672,100		\$27,633	\$133,057	\$160,690	\$46,622	\$25,344	\$100,254	\$107,338	\$5,069	\$7,603	\$452,920
2037	\$12,670,300	\$12,670,300		\$27,629	\$133,038	\$160,667	\$46,616	\$25,341	\$100,240	\$107,323	\$5,068	\$7,602	\$452,856
Total				\$946,112	\$4,555,727	\$5,501,839	\$1,596,301	\$867,758	\$3,432,589	\$3,675,127	\$173,552	\$260,327	\$15,507,492

Source: CPA, TX Gulf Solar I, LLC

*Tax Rate per \$100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Columbia-Brazoria ISD I&S Tax Levy	Columbia-Brazoria ISD M&O Tax Levy	Columbia-Brazoria M&O and I&S Tax Levies	Brazoria County Tax Levy	West Brazoria Cty Drainage Dist #11 Tax Levy	Brazoria County Emergency #1 Tax Levy	Brazoria County Emergency #2 Tax Levy	Port Freeport Tax Levy	Road and Bridge Fund Tax Levy	Estimated Total Property Taxes	
				0.2181	1.0500		0.3679	0.2000	0.7911	0.8470	0.0400	0.0600		
2022	\$30,000,000	\$30,000,000		\$65,418	\$315,000	\$380,418	\$110,374	\$60,000	\$237,342	\$254,112	\$12,000	\$18,000	\$1,072,246	
2023	\$58,753,000	\$30,000,000		\$128,116	\$315,000	\$443,116	\$216,161	\$117,506	\$464,818	\$497,661	\$23,501	\$35,252	\$1,798,016	
2024	\$54,050,700	\$30,000,000		\$117,862	\$315,000	\$432,862	\$198,860	\$108,101	\$427,617	\$457,831	\$21,620	\$32,430	\$1,679,322	
2025	\$48,976,800	\$30,000,000		\$106,798	\$315,000	\$421,798	\$180,193	\$97,954	\$387,475	\$414,853	\$19,591	\$29,386	\$1,551,249	
2026	\$43,493,400	\$30,000,000		\$94,841	\$315,000	\$409,841	\$160,018	\$86,987	\$344,094	\$368,406	\$17,397	\$26,096	\$1,412,840	
2027	\$37,575,400	\$30,000,000		\$81,937	\$315,000	\$396,937	\$138,245	\$75,151	\$297,274	\$318,279	\$15,030	\$22,545	\$1,263,461	
2028	\$31,184,900	\$30,000,000		\$68,001	\$315,000	\$383,001	\$114,734	\$62,370	\$246,716	\$264,149	\$12,474	\$18,711	\$1,102,155	
2029	\$24,284,200	\$24,284,200		\$52,954	\$254,984	\$307,938	\$89,345	\$48,568	\$192,122	\$205,697	\$9,714	\$14,571	\$867,954	
2030	\$16,829,200	\$16,829,200		\$36,698	\$176,707	\$213,404	\$61,917	\$33,658	\$133,143	\$142,550	\$6,732	\$10,098	\$601,501	
2031	\$12,681,700	\$12,681,700		\$27,654	\$133,158	\$160,811	\$46,658	\$25,363	\$100,330	\$107,419	\$5,073	\$7,609	\$453,263	
2032	\$12,679,700	\$12,679,700		\$27,649	\$133,137	\$160,786	\$46,650	\$25,359	\$100,314	\$107,402	\$5,072	\$7,608	\$453,192	
2033	\$12,677,700	\$12,677,700		\$27,645	\$133,116	\$160,761	\$46,643	\$25,355	\$100,298	\$107,385	\$5,071	\$7,607	\$453,120	
2034	\$12,675,800	\$12,675,800		\$27,641	\$133,096	\$160,737	\$46,636	\$25,352	\$100,283	\$107,369	\$5,070	\$7,605	\$453,052	
2035	\$12,673,900	\$12,673,900		\$27,637	\$133,076	\$160,713	\$46,629	\$25,348	\$100,268	\$107,353	\$5,070	\$7,604	\$452,985	
2036	\$12,672,100	\$12,672,100		\$27,633	\$133,057	\$160,690	\$46,622	\$25,344	\$100,254	\$107,338	\$5,069	\$7,603	\$452,920	
2037	\$12,670,300	\$12,670,300		\$27,629	\$133,038	\$160,667	\$46,616	\$25,341	\$100,240	\$107,323	\$5,068	\$7,602	\$452,856	
				Total	\$946,112	\$3,568,368	\$4,514,480	\$1,596,301	\$867,758	\$3,432,589	\$3,675,127	\$173,552	\$260,327	\$14,520,133
				Diff	\$0	\$987,359	\$987,359	\$0	\$0	\$0	\$0	\$0	\$0	\$987,359

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, TX Gulf Solar I, LLC

*Tax Rate per \$100 Valuation

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

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

This represents the Comptroller’s determination that TX GULF SOLAR I, 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 directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$315,000	\$315,000	\$0	\$0
Limitation Period (10 Years)	2023	\$315,000	\$630,000	\$301,907	\$301,907
	2024	\$315,000	\$945,000	\$252,532	\$554,439
	2025	\$315,000	\$1,260,000	\$199,256	\$753,695
	2026	\$315,000	\$1,575,000	\$141,681	\$895,376
	2027	\$315,000	\$1,890,000	\$79,542	\$974,918
	2028	\$315,000	\$2,205,000	\$12,441	\$987,359
	2029	\$254,984	\$2,459,984	\$0	\$987,359
	2030	\$176,707	\$2,636,691	\$0	\$987,359
	2031	\$133,158	\$2,769,849	\$0	\$987,359
	2032	\$133,137	\$2,902,985	\$0	\$987,359
Maintain Viable Presence (5 Years)	2033	\$133,116	\$3,036,101	\$0	\$987,359
	2034	\$133,096	\$3,169,197	\$0	\$987,359
	2035	\$133,076	\$3,302,273	\$0	\$987,359
	2036	\$133,057	\$3,435,330	\$0	\$987,359
	2037	\$133,038	\$3,568,368	\$0	\$987,359
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$133,019	\$3,701,388	\$0	\$987,359
	2039	\$133,001	\$3,834,389	\$0	\$987,359
	2040	\$132,984	\$3,967,373	\$0	\$987,359
	2041	\$132,967	\$4,100,339	\$0	\$987,359
	2042	\$132,950	\$4,233,289	\$0	\$987,359
	2043	\$126,319	\$4,359,608	\$0	\$987,359
	2044	\$126,303	\$4,485,912	\$0	\$987,359
	2045	\$126,288	\$4,612,200	\$0	\$987,359
	2046	\$126,273	\$4,738,473	\$0	\$987,359
	2047	\$126,258	\$4,864,731	\$0	\$987,359

\$4,864,731 is greater than **\$987,359**

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

Source: CPA, TX Gulf Solar I, LLC

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 TX GULF SOLAR I’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:

- “Pattern Energy Group 2 LP (Pattern Development) is a leading U.S.-based independent renewable energy developer with nearly 8,900MW of generating capacity pipeline across United States, Canada, Mexico, and Japan.”
- “Pattern Development’s affiliate company, Pattern Energy Group Inc. (PEG), (NASDAQ: PEGI and TSX: PEG) is an independent power company with 20 renewable energy facilities with an operating fleet capacity of +3,500 MW.”
- Per PEG, in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Pattern Development is keen to develop and build the proposed for TX Gulf Solar 1 LLC’s solar farm project (the “Project”) as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar solar projects. Currently the investment in Texas is being evaluated against projects in Ohio and Pennsylvania. Pattern Development is active in states throughout the central and southwest, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to its customers and making its investment more viable and marketable.”
 - B. “Due to the extremely competitive power market in ERCOT most if not all PPA’s economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today’s contracted power rates under a PPA. A signed PPA in the

Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.”

- C. Applicant submitted an application to ERCOT for the project and received a GINR number of 20INR0248 and was received in February of 2019.

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

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

TX Gulf Solar 1 LLC

Chapter 313 Application to Columbia-Brazoria ISD

Cummings Westlake, LLC

TAB 5*Documentation to assist in determining if limitation is a determining factor.*

Pattern Energy Group 2 LP (Pattern Development) is a leading U.S.-based independent renewable energy developer with nearly 8,900MW of generating capacity pipeline across United States, Canada, Mexico, and Japan. Pattern Development's highly-experienced team has brought more than 5,500 MW of wind power to market, with 360 MW additional operational capacity being added in 2018

Pattern Development's affiliate company, Pattern Energy Group Inc. (PEG), (NASDAQ: PEGI and TSX: PEG) is an independent power company with 20 renewable energy facilities with an operating fleet capacity of +3,500 MW.

PEG produces all of its electricity from clean and renewable sources, including wind and solar. PEG has a strong commitment to delivering the highest value for its partners and the communities where we work while promoting environmental stewardship and corporate responsibility. PEG has a long-term commitment to both wind and solar with an outlook to significantly expand its fleet of clean energy generating capacity.

Pattern Development is keen to develop and build the proposed for TX Gulf Solar 1 LLC's solar farm project (the "Project") as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar solar projects. Currently the investment in Texas is being evaluated against projects in Ohio and Pennsylvania. Pattern Development is active in states throughout the central and southwest, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to its customers and making its investment more viable and marketable. Pattern Development has over 50 wind and solar sites in development throughout the country and is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, Pattern Development currently has ongoing project developments in many states, including but not limited to, New Mexico, Illinois, Ohio, Montana, Texas, Colorado, Georgia, California, Arizona, Pennsylvania and South Dakota.

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Due to the extremely competitive power market in ERCOT most if not all PPA's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a PPA. A signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Applicant has not entered into any agreements, contracts, or letters of intent related to the proposed project except that Applicant has entered into an option to lease the proposed project site from the current landowner.

Applicant submitted an application to ERCOT for the project and received a GINR number of 20INR0248 and was received in February of 2019.