



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 4, 2020

Dr. Cheryl Floyd
Superintendent
Paint Creek Independent School District
4485 FM 600
Haskell, Texas 79521-8611

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Paint Creek Independent School District and Azure Sky Solar Project, LLC, Application 1481

Dear Superintendent Floyd:

On May 14, 2020, the Comptroller issued written notice that Azure Sky Solar Project, LLC (applicant) submitted a completed application (Application 1481) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 16, 2020, to the Paint Creek 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 1481.

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 May 14, 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 or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:

11EA8DEF0EC441E...
Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Azure Sky Solar Project, LLC (project) applying to Paint Creek 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 Azure Sky Solar Project, LLC.

Applicant	Azure Sky Solar Project, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Paint Creek ISD
2018-2019 Average Daily Attendance	106
County	Haskell
Proposed Total Investment in District	\$290,000,000
Proposed Qualified Investment	\$210,000,000
Limitation Amount	\$25,000,000
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	\$961.04
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$961.04
Minimum annual wage committed to by applicant for qualified jobs	\$49,974.08
Minimum weekly wage required for non-qualifying jobs	\$642.75
Minimum annual wage required for non-qualifying jobs	\$33,423.00
Investment per Qualifying Job	\$145,000,000
Estimated M&O levy without any limit (15 years)	\$17,160,510
Estimated M&O levy with Limitation (15 years)	\$5,248,670
Estimated gross M&O tax benefit (15 years)	\$11,911,840

* 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 Azure Sky Solar Project, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	400	700	1,100	\$19,989,632	\$53,252,556	\$73,242,188
2021	400	1,246	1646.48	\$19,989,632	\$96,953,727	\$116,943,359
2022	2	53	55	\$99,948	\$16,745,755	\$16,845,703
2023	2	(2)	0	\$99,948	\$10,031,888	\$10,131,836
2024	2	(41)	-39	\$99,948	\$4,660,794	\$4,760,742
2025	2	(49)	-47	\$99,948	\$1,242,825	\$1,342,773
2026	2	(57)	-55	\$99,948	-\$710,300	-\$610,352
2027	2	(51)	-49	\$99,948	-\$1,320,651	-\$1,220,703
2028	2	(47)	-45	\$99,948	-\$1,808,933	-\$1,708,984
2029	2	(37)	-35	\$99,948	-\$1,808,933	-\$1,708,984
2030	2	(27)	-25	\$99,948	-\$2,297,214	-\$2,197,266
2031	2	(18)	-16	\$99,948	-\$1,076,511	-\$976,563
2032	2	(4)	-2	\$99,948	-\$344,089	-\$244,141
2033	2	(4)	-2	\$99,948	\$388,333	\$488,281
2034	2	4	6	\$99,948	\$1,364,896	\$1,464,844
2035	2	8	10	\$99,948	\$1,853,177	\$1,953,125
2036	2	10	12	\$99,948	\$1,853,177	\$1,953,125

Source: CPA REMI, Azure Sky Solar Project, 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*	Paint Creek ISD I&S Tax Levy	Paint Creek ISD M&O Tax Levy	Paint Creek ISD M&O and I&S Tax Levies	Haskell County Tax Levy	Haskell Hospital District Tax Levy	Estimated Total Property Taxes
				0.22000	0.97000		0.47649	0.19429	
2022	\$252,654,500	\$252,654,500		\$555,840	\$2,450,749	\$3,006,589	\$1,203,868	\$490,882	\$4,701,339
2023	\$230,927,000	\$230,927,000		\$508,039	\$2,239,992	\$2,748,031	\$1,100,339	\$448,668	\$4,297,039
2024	\$207,752,000	\$207,752,000		\$457,054	\$2,015,194	\$2,472,249	\$989,913	\$403,641	\$3,865,804
2025	\$182,550,500	\$182,550,500		\$401,611	\$1,770,740	\$2,172,351	\$869,831	\$354,677	\$3,396,860
2026	\$155,322,500	\$155,322,500		\$341,710	\$1,506,628	\$1,848,338	\$740,093	\$301,776	\$2,890,207
2027	\$143,322,200	\$143,322,200		\$315,309	\$1,390,225	\$1,705,534	\$682,913	\$278,461	\$2,666,908
2028	\$111,606,950	\$111,606,950		\$245,535	\$1,082,587	\$1,328,123	\$531,794	\$216,841	\$2,076,758
2029	\$77,344,100	\$77,344,100		\$170,157	\$750,238	\$920,395	\$368,535	\$150,272	\$1,439,202
2030	\$58,280,000	\$58,280,000		\$128,216	\$565,316	\$693,532	\$277,697	\$113,232	\$1,084,461
2031	\$58,265,000	\$58,265,000		\$128,183	\$565,171	\$693,354	\$277,626	\$113,203	\$1,084,182
2032	\$58,250,000	\$58,250,000		\$128,150	\$565,025	\$693,175	\$277,554	\$113,174	\$1,083,903
2033	\$58,235,000	\$58,235,000		\$128,117	\$564,880	\$692,997	\$277,483	\$113,145	\$1,083,624
2034	\$58,220,000	\$58,220,000		\$128,084	\$564,734	\$692,818	\$277,411	\$113,116	\$1,083,345
2035	\$58,205,000	\$58,205,000		\$128,051	\$564,589	\$692,640	\$277,340	\$113,086	\$1,083,066
2036	\$58,190,000	\$58,190,000		\$128,018	\$564,443	\$692,461	\$277,268	\$113,057	\$1,082,787
			Total	\$3,892,074	\$17,160,510	\$21,052,585	\$8,429,667	\$3,437,232	\$32,919,484

Source: CPA, Azure Sky Solar Project, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Haskell County and Haskell Hospital District, 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 and hospital district.

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		Paint Creek ISD I&S Tax Levy	Paint Creek ISD M&O Tax Levy	Paint Creek ISD M&O and I&S Tax Levies	Haskell County Tax Levy	Haskell Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.22000	0.97000		0.47649	0.19429	
2022	\$252,654,500	\$25,000,000		\$555,840	\$242,500	\$798,340	\$421,354	\$171,809	\$1,391,503
2023	\$230,927,000	\$25,000,000		\$508,039	\$242,500	\$750,539	\$385,119	\$157,034	\$1,292,692
2024	\$207,752,000	\$25,000,000		\$457,054	\$242,500	\$699,554	\$346,470	\$141,274	\$1,187,299
2025	\$182,550,500	\$25,000,000		\$401,611	\$242,500	\$644,111	\$304,441	\$124,137	\$1,072,689
2026	\$155,322,500	\$25,000,000		\$341,710	\$242,500	\$584,210	\$259,033	\$105,622	\$948,864
2027	\$143,322,200	\$25,000,000		\$315,309	\$242,500	\$557,809	\$239,020	\$97,461	\$894,290
2028	\$111,606,950	\$25,000,000		\$245,535	\$242,500	\$488,035	\$186,128	\$75,894	\$750,057
2029	\$77,344,100	\$25,000,000		\$170,157	\$242,500	\$412,657	\$128,987	\$52,595	\$594,240
2030	\$58,280,000	\$25,000,000		\$128,216	\$242,500	\$370,716	\$97,194	\$39,631	\$507,541
2031	\$58,265,000	\$25,000,000		\$128,183	\$242,500	\$370,683	\$97,169	\$39,621	\$507,473
2032	\$58,250,000	\$58,250,000		\$128,150	\$565,025	\$693,175	\$277,554	\$113,174	\$1,083,903
2033	\$58,235,000	\$58,235,000		\$128,117	\$564,880	\$692,997	\$277,483	\$113,145	\$1,083,624
2034	\$58,220,000	\$58,220,000		\$128,084	\$564,734	\$692,818	\$277,411	\$113,116	\$1,083,345
2035	\$58,205,000	\$58,205,000		\$128,051	\$564,589	\$692,640	\$277,340	\$113,086	\$1,083,066
2036	\$58,190,000	\$58,190,000		\$128,018	\$564,443	\$692,461	\$277,268	\$113,057	\$1,082,787
			Total	\$3,892,074	\$5,248,670	\$9,140,744	\$3,851,970	\$1,570,657	\$14,563,372
			Diff	\$0	\$11,911,840	\$11,911,840	\$4,577,697	\$1,866,575	\$18,356,112
Assumes School Value Limitation and Tax Abatements with the County and Hospital District.									

Source: CPA, Azure Sky Solar Project, 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 Azure Sky Solar, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$388,000	\$388,000	\$0	\$0
Limitation Period (10 Years)	2022	\$242,500	\$630,500	\$2,208,249	\$2,208,249
	2023	\$242,500	\$873,000	\$1,997,492	\$4,205,741
	2024	\$242,500	\$1,115,500	\$1,772,694	\$5,978,435
	2025	\$242,500	\$1,358,000	\$1,528,240	\$7,506,675
	2026	\$242,500	\$1,600,500	\$1,264,128	\$8,770,803
	2027	\$242,500	\$1,843,000	\$1,147,725	\$9,918,528
	2028	\$242,500	\$2,085,500	\$840,087	\$10,758,616
	2029	\$242,500	\$2,328,000	\$507,738	\$11,266,354
	2030	\$242,500	\$2,570,500	\$322,816	\$11,589,170
	2031	\$242,500	\$2,813,000	\$322,671	\$11,911,840
Maintain Viable Presence (5 Years)	2032	\$565,025	\$3,378,025	\$0	\$11,911,840
	2033	\$564,880	\$3,942,905	\$0	\$11,911,840
	2034	\$564,734	\$4,507,639	\$0	\$11,911,840
	2035	\$564,589	\$5,072,227	\$0	\$11,911,840
	2036	\$564,443	\$5,636,670	\$0	\$11,911,840
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$564,298	\$6,200,968	\$0	\$11,911,840
	2038	\$564,152	\$6,765,120	\$0	\$11,911,840
	2039	\$564,007	\$7,329,126	\$0	\$11,911,840
	2040	\$563,861	\$7,892,987	\$0	\$11,911,840
	2041	\$563,716	\$8,456,703	\$0	\$11,911,840
	2042	\$563,570	\$9,020,273	\$0	\$11,911,840
	2043	\$563,425	\$9,583,697	\$0	\$11,911,840
	2044	\$563,279	\$10,146,976	\$0	\$11,911,840
	2045	\$563,134	\$10,710,110	\$0	\$11,911,840
	2046	\$562,988	\$11,273,098	\$0	\$11,911,840
		\$11,273,098	is less than	\$11,911,840	
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, Azure Sky Solar, LLC					

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	400	700	1,100	\$19,989,632	\$53,252,556	\$73,242,188	5500793.5	-2021789.6	\$7,522,583
2021	400	1,246	1646.48	\$19,989,632	\$96,953,727	\$116,943,359	10162353.5	-2197265.6	\$12,359,619
2022	2	53	55	\$99,948	\$16,745,755	\$16,845,703	617981	1914978	-\$1,296,997
2023	2	(2)	0	\$99,948	\$10,031,888	\$10,131,836	404357.9	1861572.3	-\$1,457,214
2024	2	(41)	-39	\$99,948	\$4,660,794	\$4,760,742	282287.6	1762390.1	-\$1,480,103
2025	2	(49)	-47	\$99,948	\$1,242,825	\$1,342,773	129699.7	1617431.6	-\$1,487,732
2026	2	(57)	-55	\$99,948	-\$710,300	-\$610,352	106811.5	1480102.5	-\$1,373,291
2027	2	(51)	-49	\$99,948	-\$1,320,651	-\$1,220,703	68664.6	1296997.1	-\$1,228,333
2028	2	(47)	-45	\$99,948	-\$1,808,933	-\$1,708,984	30517.6	1159668	-\$1,129,150
2029	2	(37)	-35	\$99,948	-\$1,808,933	-\$1,708,984	30517.6	1037597.7	-\$1,007,080
2030	2	(27)	-25	\$99,948	-\$2,297,214	-\$2,197,266	45776.4	907897.9	-\$862,122
2031	2	(18)	-16	\$99,948	-\$1,076,511	-\$976,563	53405.8	801086.4	-\$747,681
2032	2	(4)	-2	\$99,948	-\$344,089	-\$244,141	68664.6	747680.7	-\$679,016
2033	2	(4)	-2	\$99,948	\$388,333	\$488,281	68664.6	656127.9	-\$587,463
2034	2	4	6	\$99,948	\$1,364,896	\$1,464,844	53405.8	610351.6	-\$556,946
2035	2	8	10	\$99,948	\$1,853,177	\$1,953,125	45776.4	556945.8	-\$511,169
2036	2	10	12	\$99,948	\$1,853,177	\$1,953,125	0	465393.1	-\$465,393
2037	2	10	12	\$99,948	\$2,341,458	\$2,441,406	-30517.6	450134.3	-\$480,652
2038	2	6	8	\$99,948	\$2,585,599	\$2,685,547	-45776.4	419616.7	-\$465,393
2039	2	14	16	\$99,948	\$3,318,021	\$3,417,969	-45776.4	389099.1	-\$434,876
2040	2	10	12	\$99,948	\$3,318,021	\$3,417,969	-91552.7	335693.4	-\$427,246
2041	2	8	10	\$99,948	\$2,829,739	\$2,929,688	-122070.3	289917	-\$411,987
2042	2	10	12	\$99,948	\$3,806,302	\$3,906,250	-45776.4	267028.8	-\$312,805
2043	2	12	14	\$99,948	\$4,782,864	\$4,882,813	0	236511.2	-\$236,511
2044	2	14	16	\$99,948	\$5,759,427	\$5,859,375	-15258.8	259399.4	-\$274,658
2045	2	16	18	\$99,948	\$5,271,146	\$5,371,094	-61035.2	221252.4	-\$282,288
2046	2	12	14	\$99,948	\$5,271,146	\$5,371,094	15258.8	236511.2	-\$221,252
2047	2	19	21	\$99,948	\$7,224,271	\$7,324,219	137329.1	228881.8	-\$91,553
						Total	\$17,364,502	\$15,991,211	\$1,373,291
							\$12,646,389	is greater than	\$11,911,840

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 Azure Sky Solar Project, 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 Azure Sky Solar Project, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Azure Sky Solar Project, LLC it is rather certain that the capitol allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured, namely any of the 31 states in which Tradewind Energy, Inc. is active but specifically North Dakota, Colorado, Illinois, Kansas, Missouri, Nebraska, Iowa, or Oklahoma. Thus, an appraised value limitation agreement between Azure Sky Solar Project, LLC and Paint Creek Independent School District is the determining factor in the decision to locate this facility within the state of Texas.”
 - B. “Azure Sky Solar Project, LLC is being developed by Tradewind Energy, Inc. In 2019, Tradewind Energy, Inc. was acquired by Enel Green Power North America, hence the reference to both names. Tradewind Energy, Inc. is a subsidiary of Enel Green Power North America.”
- Tradewind Energy Inc. website includes information on the project site assessed on April 1, 2020, that indicated project at 225 MW and stated, “Site is well suited for a solar facility due to the excellent solar resource and minimal environmental impacts in the area.”
- The Comptroller’s office asked for a response from the applicant regarding the information on the website and how the 313 value limitation is still a determining factor, the office received the following response per Tab 5 of the application, “The proposed site selected for Azure Sky Solar Project, LLC is featured on Tradewind Energy's website in order to provide interested parties, namely potential investors, with information regarding projects currently in the development phase under Tradewind Energy. The availability of this information is not a commitment that Azure Sky

Solar Project, LLC will be developed in Paint Creek ISD, but rather a statement that Tradewind Energy has secured a site for future development, under the circumstances that the conditions and agreements necessary for the physical development of the project are obtained.”

- An ERCOT Standard Generation Interconnection Agreement was signed by Azure Sky Solar Project, LLC on April 1, 2020.
- Supplemental Information provided by the applicant and per Tab 5 of the application indicated the following:
 - A. Is this project known by any specific names not otherwise mentioned in this application? *The project has never gone by a separate name, assigned from a separate LLC, or been reported differently.*
 - B. 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. *N/A*
 - C. Has this project applied to ERCOT at this time? If so, please provide the project’s GINR number and when was it assigned (note: Info provided in Tab 5 of the application). *This project applied to ERCOT and was assigned IGNR #21INR0477 on 12/12/2019.*

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
- 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 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

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

- 1. Estimated school board ratification of final agreement September 1, 2020
- 2. Estimated commencement of construction August 15, 2020
- 3. Beginning of qualifying time period(MM/DD/YYYY)..... 01/01/2021
- 4. First year of limitation(MM/DD/YYYY) 01/01/2022
- 4a. For the beginning of the limitation period, notate which one of the following will apply according to provision of 313.027(2): "A""B" or "C":
 - A. January 1 following the application date
 - B. January 1 following the end of QTP
 - C. January 1 following the commencement of commercial operations
- 5. Commencement of commercial operations June 1, 2021

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Haskell County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Haskell CAD
- 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:

M&O (ISD): <u>Paint Creek ISD, .97 100%</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Paint Creek ISD, .22 100%</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Haskell County .502648 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Haskell Hospital District .194291 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: _____ <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>

Supporting Information

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

Tab 5: Documentation to Assist in Determining if Limitation is a Determining Factor

Throughout the United States the production of renewable energy has been increasing as the cost of these systems has decreased and technological advancements have improved efficiency. In 2019, Texas ranked 4th in installed solar capacity.¹ The state's geographic position and containment of several large population centers has made Texas a favorable location for renewable energy development.

Renewable energy developers face many challenges in the determination of project location—one of these factors being the selection of an area where the greatest return on investment can be achieved. There are several factors that contribute to Texas favorability for development, one however that does not is the state's notoriously high property tax burden—ranking in the top 10 across the United States.

An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Azure Sky Solar Project, LLC it is rather certain that the capitol allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured, namely any of the 31 states in which Tradewind Energy, Inc. is active but specifically North Dakota, Colorado, Illinois, Kansas, Missouri, Nebraska, Iowa, or Oklahoma. Thus, an appraised value limitation agreement between Azure Sky Solar Project, LLC and Paint Creek Independent School District is the determining factor in the decision to locate this facility within the state of Texas. **Please Note: This project applied to ERCOT and was assigned IGNR #21INR0477 on 12/12/2019. Additionally, this project does not share any resources nor equipment with Application #1056 OCI Alamo 7 LLC which is under development by an entity with no relationship to Enel Green Power North America nor Tradewind Energy, Inc.**

¹ U.S. Energy Information Administration



Relationship of Azure Sky Solar Project, LLC with Enel Green Power and Tradewind Energy

Azure Sky Solar Project, LLC is being developed by Tradewind Energy, Inc. In 2019, Tradewind Energy, Inc. was acquired by Enel Green Power North America, hence the reference to both names. Tradewind Energy, Inc. is a subsidiary of Enel Green Power North America.

Public Statements Regarding the Development of Azure Sky Solar, LLC

The development of renewable energy facilities is a multi-step process that occurs over several years, requiring a series of actions before any physical development begins.

One of the first steps in the development phase is site selection. It is not until after a site is selected, that developers can proceed with other fundamental actions such as permitting, environmental studies, site design, and financial contracts i.e. power purchase agreements.

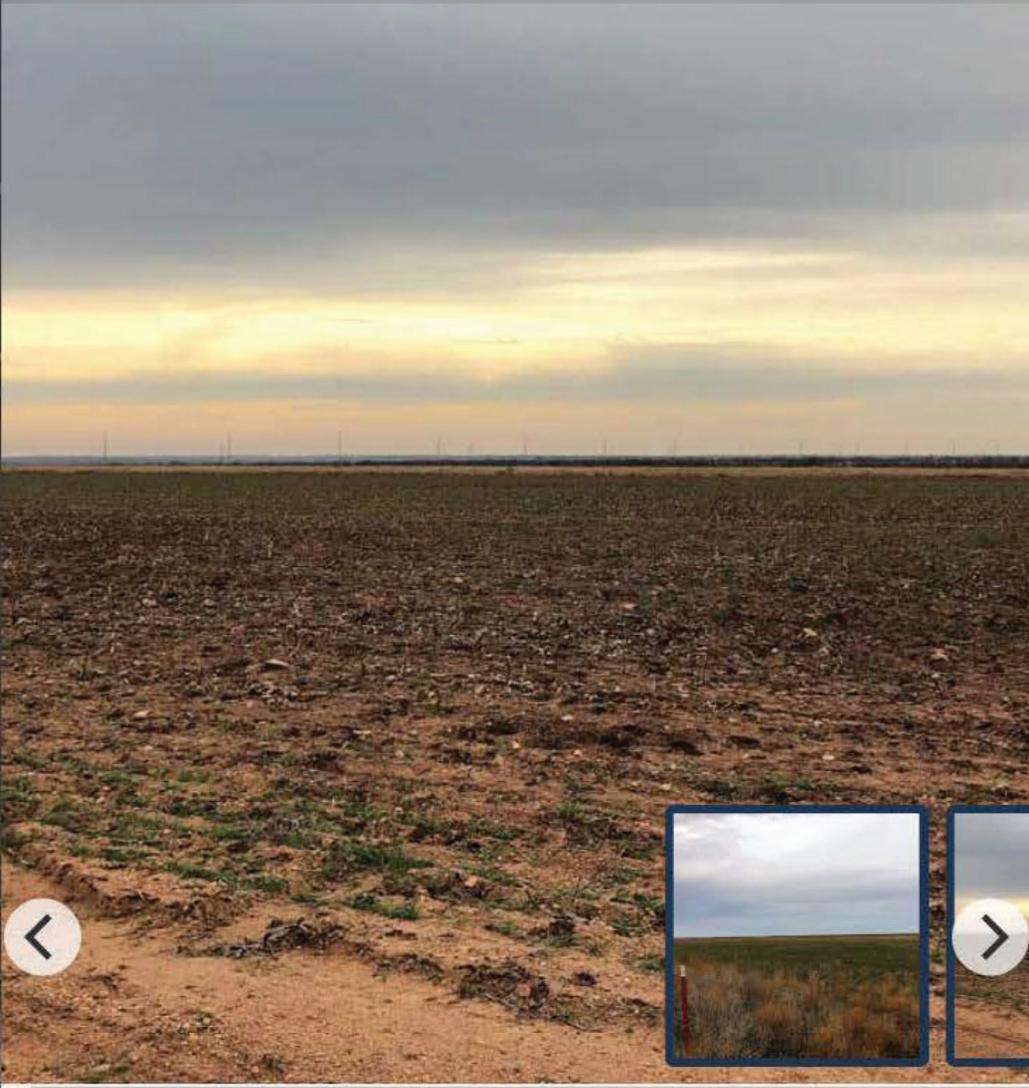
Without the selection of a site, it is impossible to proceed with the other necessary actions that transition a renewable energy project into an operational facility. During the development phase, many of these steps simultaneously occur, such as permitting and power purchase agreements. For example, in the event that the necessary permits cannot be obtained or a power purchase agreement cannot be executed, the development of the project using that particular site will cease.

In the case of economic incentives, such as the Chapter 313 Value Limitation Agreement, the securance of these agreements is one of the last fundamental steps in the development phase. Like other actions in the development phase, if a value limitation agreement cannot be secured for a given project, the developer would likely not be able to secure the financing to construct the project. Therefore, it would be necessary for the developer to start the process over at another potential site where they could obtain the permits, access to power markets, and all the economic incentives needed for a project to be financially viable.

The proposed site selected for Azure Sky Solar Project, LLC is featured on Tradewind Energy's website in order to provide interested parties, namely potential investors, with information regarding projects currently in the development phase under Tradewind Energy. The availability of this information is not a commitment that Azure Sky Solar Project, LLC will be developed in Paint Creek ISD, but rather a statement that Tradewind Energy has secured a site for future development, under the circumstances that the conditions and agreements necessary for the physical development of the project are obtained.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



[Back to Projects](#)

[Window Size](#)

Azure Sky Solar

225MW

Site is well suited for a solar facility due to the excellent solar resource and minimal environmental impacts in the area.

Tradewind Energy, Inc

Project Manager

Clark Bixler

