GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 16, 2020

David Rains
Superintendent
Leon Independent School District
12168 Hwy 79 West
Jewett, Texas 75846

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Leon Independent School District and CG Leon County II, LLC, Application 1503

Dear Superintendent Rains:

On August 21, 2020, the Comptroller issued written notice that CG Leon County II, LLC (applicant) submitted a completed application (Application 1503) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on July 17, 2020, to the Leon 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 1503.

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 August 21, 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:
Lisa Craven
11EA6DEF0EC441E...

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of CG Leon County II, LLC (project) applying to Leon Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of CG Leon County II, LLC.

Applicant	CG Leon County II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Leon ISD
2018-2019 Average Daily Attendance	686
County	Leon
Proposed Total Investment in District	$341,000,000
Proposed Qualified Investment	$341,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	4*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$807.69
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$807 .69
Minimum annual wage committed to by applicant for qualified jobs	$42,000
Minimum weekly wage required for non-qualifying jobs	$1,071.50
Minimum annual wage required for non-qualifying jobs	$55,718
Investment per Qualifying Job	$85,250,000
Estimated M&O levy without any limit (15 years)	$22,792,368
Estimated M&O levy with Limitation (15 years)	$7,871,550
Estimated gross M&O tax benefit (15 years)	$14,920,818

** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*

Table 2 is the estimated statewide economic impact of CG Leon County II, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	175	151	326	$8,008,000	$13,992,000	$22,000,000
2022	175	155	330	$8,008,000	$16,992,000	$25,000,000
2023	4	21	25	$168,000	$4,832,000	$5,000,000
2024	4	8	12	$168,000	$2,832,000	$3,000,000
2025	4	10	14	$168,000	$2,832,000	$3,000,000
2026	4	6	10	$168,000	$1,832,000	$2,000,000
2027	4	4	8	$168,000	$1,832,000	$2,000,000
2028	4	4	8	$168,000	$1,832,000	$2,000,000
2029	4	2	6	$168,000	$832,000	$1,000,000
2030	4	6	10	$168,000	$832,000	$1,000,000
2031	4	4	8	$168,000	$832,000	$1,000,000
2032	4	6	10	$168,000	$832,000	$1,000,000
2033	4	0	4	$168,000	$832,000	$1,000,000
2034	4	4	8	$168,000	$832,000	$1,000,000
2035	4	0	4	$168,000	$832,000	$1,000,000
2036	4	4	8	$168,000	-$168,000	$0
2037	4	4	8	$168,000	$832,000	$1,000,000
2038	4	(2)	2	$168,000	-$168,000	$0

Source: CPA REMI, CG Leon County II, 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		Leon ISD I&S Tax Levy	Leon ISD M&O Tax Levy	Leon ISD M&O and I&S Tax Levies	Leon County Tax Levy	ESD #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1799	0.9700		0.4431	0.1000	
2022	$170,500,000	$170,500,000		$306,730	$1,653,850	$1,960,580	$755,477	$170,500	$2,886,556
2023	$317,471,000	$317,471,000		$571,130	$3,079,469	$3,650,599	$1,406,698	$317,471	$5,374,768
2024	$292,032,400	$292,032,400		$525,366	$2,832,714	$3,358,081	$1,293,981	$292,032	$4,944,094
2025	$264,581,900	$264,581,900		$475,983	$2,566,444	$3,042,427	$1,172,349	$264,582	$4,479,358
2026	$234,914,900	$234,914,900		$422,612	$2,278,675	$2,701,286	$1,040,896	$234,915	$3,977,098
2027	$202,895,000	$202,895,000		$365,008	$1,968,082	$2,333,090	$899,018	$202,895	$3,435,002
2028	$168,317,600	$168,317,600		$302,803	$1,632,681	$1,935,484	$745,807	$168,318	$2,849,609
2029	$130,978,100	$130,978,100		$235,630	$1,270,488	$1,506,117	$580,357	$130,978	$2,217,453
2030	$90,637,800	$90,637,800		$163,057	$879,187	$1,042,244	$401,612	$90,638	$1,534,493
2031	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2032	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2033	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2034	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2035	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2036	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2037	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
			Total	**$4,227,162**	**$22,792,368**	**$27,019,530**	**$10,411,530**	**$2,349,729**	**$39,780,789**

Source: CPA, CG Leon County II, LLC
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Leon 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		Leon ISD I&S Tax Levy	Leon ISD M&O Tax Levy	Leon ISD M&O and I&S Tax Levies	Leon County Tax Levy	ESD #2 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1799	0.9700		0.4431	0.1000	
2022	$170,500,000	$170,500,000		$306,730	$1,653,850	$1,960,580	$755,477	$170,500	$2,886,556
2023	$317,471,000	$30,000,000		$571,130	$291,000	$862,130	$0	$317,471	$1,179,601
2024	$292,032,400	$30,000,000		$525,366	$291,000	$816,366	$0	$292,032	$1,108,399
2025	$264,581,900	$30,000,000		$475,983	$291,000	$766,983	$0	$264,582	$1,031,565
2026	$234,914,900	$30,000,000		$422,612	$291,000	$713,612	$0	$234,915	$948,527
2027	$202,895,000	$30,000,000		$365,008	$291,000	$656,008	$0	$202,895	$858,903
2028	$168,317,600	$30,000,000		$302,803	$291,000	$593,803	$0	$168,318	$762,121
2029	$130,978,100	$30,000,000		$235,630	$291,000	$526,630	$0	$130,978	$657,608
2030	$90,637,800	$30,000,000		$163,057	$291,000	$454,057	$0	$90,638	$544,695
2031	$68,200,000	$30,000,000		$122,692	$291,000	$413,692	$0	$68,200	$481,892
2032	$68,200,000	$30,000,000		$122,692	$291,000	$413,692	$0	$68,200	$481,892
2033	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2034	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2035	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2036	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
2037	$68,200,000	$68,200,000		$122,692	$661,540	$784,232	$302,191	$68,200	$1,154,623
			Total	**$4,227,162**	**$7,871,550**	**$12,098,712**	**$2,266,431**	**$2,349,729**	**$16,714,872**
			Diff	**$0**	**$14,920,818**	**$14,920,818**	**$8,145,099**	**$0**	**$23,065,918**
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, CG Leon County II, 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 CG Leon County II, 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	2020	$0	$0	$0	$0
	2021	$0	$0	$0	$0
	2022	$1,653,850	$1,653,850	$0	$0
Limitation Period (10 Years)	2023	$291,000	$1,944,850	$2,788,469	$2,788,469
	2024	$291,000	$2,235,850	$2,541,714	$5,330,183
	2025	$291,000	$2,526,850	$2,275,444	$7,605,627
	2026	$291,000	$2,817,850	$1,987,675	$9,593,302
	2027	$291,000	$3,108,850	$1,677,082	$11,270,383
	2028	$291,000	$3,399,850	$1,341,681	$12,612,064
	2029	$291,000	$3,690,850	$979,488	$13,591,552
	2030	$291,000	$3,981,850	$588,187	$14,179,738
	2031	$291,000	$4,272,850	$370,540	$14,550,278
	2032	$291,000	$4,563,850	$370,540	$14,920,818
Maintain Viable Presence (5 Years)	2033	$661,540	$5,225,390	$0	$14,920,818
	2034	$661,540	$5,886,930	$0	$14,920,818
	2035	$661,540	$6,548,470	$0	$14,920,818
	2036	$661,540	$7,210,010	$0	$14,920,818
	2037	$661,540	$7,871,550	$0	$14,920,818
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	$661,540	$8,533,090	$0	$14,920,818
	2039	$661,540	$9,194,630	$0	$14,920,818
	2040	$661,540	$9,856,170	$0	$14,920,818
	2041	$661,540	$10,517,710	$0	$14,920,818
	2042	$661,540	$11,179,250	$0	$14,920,818
	2043	$661,540	$11,840,790	$0	$14,920,818
	2044	$661,540	$12,502,330	$0	$14,920,818
	2045	$661,540	$13,163,870	$0	$14,920,818
	2046	$661,540	$13,825,410	$0	$14,920,818
	2047	$661,540	$14,486,950	$0	$14,920,818
		$14,486,950	is less than	**$14,920,818**	

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, CG Leon County II, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	175	151	326	$8,008,000	$13,992,000	$22,000,000	1068100	-610400	$1,678,500
2022	175	155	330	$8,008,000	$16,992,000	$25,000,000	1136800	-366200	$1,503,000
2023	4	21	25	$168,000	$4,832,000	$5,000,000	259400	427200	-$167,800
2024	4	8	12	$168,000	$2,832,000	$3,000,000	267000	434900	-$167,900
2025	4	10	14	$168,000	$2,832,000	$3,000,000	267000	427200	-$160,200
2026	4	6	10	$168,000	$1,832,000	$2,000,000	251800	404400	-$152,600
2027	4	4	8	$168,000	$1,832,000	$2,000,000	221300	358600	-$137,300
2028	4	4	8	$168,000	$1,832,000	$2,000,000	190700	335700	-$145,000
2029	4	2	6	$168,000	$832,000	$1,000,000	152600	328100	-$175,500
2030	4	6	10	$168,000	$832,000	$1,000,000	122100	282300	-$160,200
2031	4	4	8	$168,000	$832,000	$1,000,000	137300	267000	-$129,700
2032	4	6	10	$168,000	$832,000	$1,000,000	106800	251800	-$145,000
2033	4	0	4	$168,000	$832,000	$1,000,000	61000	183100	-$122,100
2034	4	4	8	$168,000	$832,000	$1,000,000	61000	160200	-$99,200
2035	4	0	4	$168,000	$832,000	$1,000,000	7600	122100	-$114,500
2036	4	4	8	$168,000	-$168,000	$0	-7600	83900	-$91,500
2037	4	4	8	$168,000	$832,000	$1,000,000	-30500	76300	-$106,800
2038	4	(2)	2	$168,000	-$168,000	$0	-45800	61000	-$106,800
2039	4	4	8	$168,000	$832,000	$1,000,000	-15300	15300	-$30,600
2040	4	0	4	$168,000	$832,000	$1,000,000	-45800	-22900	-$22,900
2041	4	6	10	$168,000	$832,000	$1,000,000	-45800	-61000	$15,200
2042	4	10	14	$168,000	$832,000	$1,000,000	-45800	-68700	$22,900
2043	4	2	6	$168,000	$832,000	$1,000,000	-76300	-76300	$0
2044	4	0	4	$168,000	$832,000	$1,000,000	-45800	-53400	$7,600
2045	4	2	6	$168,000	$832,000	$1,000,000	-76300	-114400	$38,100
2046	4	2	6	$168,000	$1,832,000	$2,000,000	0	-83900	$83,900
2047	4	10	14	$168,000	$2,832,000	$3,000,000	45800	-99200	$145,000
						Total	**$3,921,300**	**$2,662,700**	**$1,258,600**
							$15,745,550	is greater than	**$14,920,818**

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

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

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the CG Leon County II, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per CG Leon County II, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
    A. "ConnectGen currently is developing renewable energy projects in ten states, including several in Texas, along with Massachusetts, Ohio, New York, Illinois, Wyoming, Arizona, Nevada, Washington, and California."
    B. "Based on ConnectGen's preliminary investment and investigations, the Pecan Prairie Solar II Project appears to have a high quality energy resource and other development factors that would make it a potentially attractive project for further investment, and ConnectGen is excited about the potential opportunity to make this significant investment in Texas and in Leon County."
    C. "Without this incentive, the Pecan Prairie Solar II Project would not be competitive in securing the long-term renewable power purchase agreement that is required to attract third-party financing and make the project economically viable, and ConnectGen would be forced to redirect investment to other opportunities."
    D. "Without a Chapter 313 Appraised Value Limitation Agreement, the Pecan Prairie Solar II Project would offer inferior return on investment to these alternatives, and ConnectGen would be forced to redirect capital and resources to other projects outside of Texas."
    E. "…ConnectGen has made public statements regarding its intentions for the proposed project on the website www.pecanprairiesolar.com. With the goal of being transparent about its potential investment in Leon County, ConnectGen created this website to inform the community about the scope and nature of the proposed Pecan Prairie Solar II Project."
    F. "Public statements on the website about project details do not represent a commitment to build this Project, and feasibility remains dependent on receiving tax incentives under Chapter 313 of the Texas Tax Code."
    G. "…CG Leon County II LLC has entered into several agreements and contracts related to the proposed Pecan Prairie Solar II Project. For example, a lease agreement with the landowner,

ERCOT interconnection study agreements, and several Task Orders with consultants related to development activities, such as completing wildlife surveys. No agreement or contract requires that the Pecan Prairie Solar II Project be built, and therefore construction remains contingent on receiving tax incentives including a Chapter 313 Appraised Value Limitation Agreement."

- Per the Pecan Prairie Solar Project website:
  A. "ConnectGen has identified Leon County for solar development primarily because of its proximity to the existing transmission system and favorable site suitability with limited design constraints."
  B. "ConnectGen has leased private pastureland in southwestern Leon County and anticipates commencing construction of its Pecan Prairie Solar Project in 2021 and beginning operations in 2022."
  C. "The Pecan Prairie Solar Project will provide benefits to Leon County and local communities through: Tax Revenue, Local Jobs and Community Support."
- Per www.spglobal.com:
  A. "In a second and final phase of the Pecan Prairie Solar Project, ConnectGen plans to install roughly 350 MW in the Leon Independent School District, according to ConnectGen CEO Caton Fenz."
  B. "ConnectGen aims to begin construction…by the end of 2023 for the second phase, Fenz said."

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: Q4 2020
2. Estimated commencement of construction: Q4 2021
3. Beginning of qualifying time period (MM/DD/YYYY): January 1, 2021
4. First year of limitation (MM/DD/YYYY): January 1, 2023

   4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):

   ☐ 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: Q4 2022

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located: Leon County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Leon County 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): Leon ISD .97 100%
(Name, tax rate and percent of project)

I&S (ISD): Leon ISD .1799 100%
(Name, tax rate and percent of project)

County: Leon County .443095 100%
(Name, tax rate and percent of project)

City: n/a
(Name, tax rate and percent of project)

Hospital District: n/a
(Name, tax rate and percent of project)

Water District: n/a
(Name, tax rate and percent of project)

Other (describe): ESD #2 .1 100%
(Name, tax rate and percent of project)

Other (describe): ESD #2 .1 100%
(Name, tax rate and percent of project)

Supporting Information

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

Tab 5

Limitation as a Determining Factor

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

ConnectGen currently is developing renewable energy projects in ten states, including several in Texas, along with Massachusetts, Ohio, New York, Illinois, Wyoming, Arizona, Nevada, Washington, and California. ConnectGen continually evaluates its portfolio of potential renewable energy project opportunities based on the quality of the energy resource, other development factors, competitiveness in the market, and overall economic viability, and directs capital and resources to those opportunities with the strongest potential return on investment.

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

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

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

With regards to Section 8, Question 4 in the Application, ConnectGen has made public statements regarding its intentions for the proposed project on the website www.pecanprairiesolar.com. With the goal of being transparent about its potential investment in Leon County, ConnectGen created this website to inform the community about the scope and nature of the proposed Pecan Prairie Solar II Project. ConnectGen's approach to development emphasizes collaborative engagement with landowners and host communities, and the company endeavors to accomplish this in part by creating websites for all proposed projects. Public statements on the website about project details do not represent a commitment to build this Project, and feasibility remains dependent on receiving tax incentives under Chapter 313 of the Texas Tax Code. Similarly, CG Leon County II LLC has entered into several agreements and contracts related to the proposed Pecan Prairie Solar II Project. For example, a lease agreement with the landowner, ERCOT interconnection study agreements, and several Task Orders with consultants related to development activities, such as completing wildlife surveys. No agreement or contract requires that the Pecan Prairie Solar II Project be built, and therefore construction remains contingent on receiving tax incentives including a Chapter 313 Appraised Value Limitation Agreement.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Pecan Prairie
SOLAR PROJECT

Pecan Prairie Solar Project

ConnectGen is developing a large-scale solar project in southwestern Leon County, TX. ConnectGen expects to install approximately 500 megawatts (MW) of solar in the area, enough energy to power over 50,000 homes in Texas.

CONNECTING POWER, PROJECTS & PEOPLE

Why Leon County, TX?

According to a report by Wood Mackenzie and the Solar Energy Industries Association, at the start of 2020, there were 4,324 megawatts (MW) of solar installed in Texas, enough to power 498,637 homes. Ranked 4th in the nation for installed capacity, Texas is already reaping the benefits of economic growth, with an additional 13,310 MW of capacity anticipated over the next five years. There are 10,261 solar jobs in the Lone Star State, and the industry is expected to grow as more projects come to fruition.

ConnectGen has identified Leon County for solar development primarily because of its proximity to the existing transmission system and favorable site suitability with limited design constraints.

Pecan Prairie Solar Project Area

ConnectGen has leased private pastureland in southwestern Leon County and anticipates commencing construction of its Pecan Prairie Solar Project in 2021 and beginning operations in 2022.

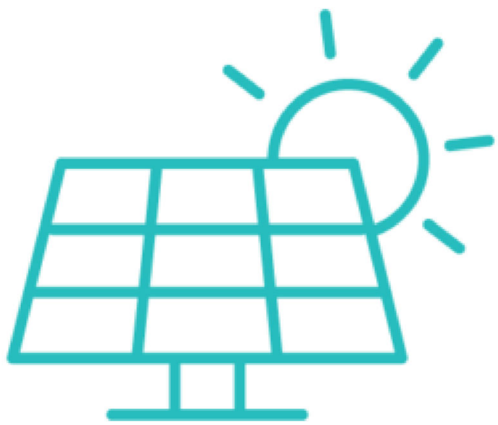
The Pecan Prairie Solar Project will provide benefits to Leon County and local communities through:

TAX REVENUE

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

LOCAL JOBS

Hundreds of local construction jobs and revenue to local businesses such as shops, hotels, restaurants, service and construction material suppliers



COMMUNITY SUPPORT

Support of local community organizations through donations and sponsorships

About ConnectGen

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

21 Apr, 2020

ConnectGen looks to install 500-MW solar project in southeast Texas

Author **Bridget Reed Morawski**

Theme **Energy**

Houston-based renewable energy developer ConnectGen LLC wants to build an up to $500 million, 500-MW solar farm on a 2,000-acre plot in the Lone Star State's southeastern corner. But the project hinges on the approval of certain tax breaks that ConnectGen said are "critical" to its success, some of which the developer already has sought through a tax incentive application filed recently with the Texas Comptroller of Public Accounts.

In that application, ConnectGen subsidiary CG Leon County LLC requested an appraised value limitation from the Normangee Independent School District for the company's initial installation of about 150-MW of solar capacity in Leon County, which lies between Houston and Dallas. In a second and final phase of the Pecan Prairie Solar Project, ConnectGen plans to install roughly 350 MW in the Leon Independent School District, according to ConnectGen CEO Caton Fenz.

As part of the first phase, the developer also would build "a high-voltage electrical substation, medium-voltage underground electrical collection lines, gravel surface string roads to facilitate construction and maintenance, [and] an on-site maintenance building," among other infrastructure.

Two interconnection requests were submitted to the Electric Reliability Coordinating Council in June 2019, and full impact studies for both phases are underway, according to the incentive application. ConnectGen aims to begin construction in 2021, with operations starting by mid-2022 for the first phase and by the end of 2023 for the second phase, Fenz said.

Fenz declined to disclose whether an off-taker for the facility's output had been identified or whether the developer was in talks with any potential purchasers for the power. While the company intends to build and operate the project, it will "remain flexible and open to potential sales if there is market demand" for the Pecan Prairie facility, Fenz said.

But none of this will happen if the Normangee Independent School District does not approve the appraised value limitation application, known as a Chapter 313 request. So while the company expressed excitement about tapping into the "high quality energy resource" available in Leon County, it tempered that enthusiasm with realism.

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

Texas is not lacking in solar-powered energy capacity; its solar industry in 2019 was ranked fourth among the states with respect to installed capacity by the Solar Energy Industries Association, or SEIA, the sector's national trade group. According to SEIA's state-by-state map of the U.S. solar industry, 298 solar installers or developers were operating in Texas as of the fourth quarter of 2019.

That year, Texas generated enough solar energy to power 498,637 homes, according to SEIA. If it comes to fruition, the Pecan Prairie project alone will add another 50,000 Texan homes to that total, the developer said.