



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 19, 2020

Stacy Ackley
Superintendent
Goliad Independent School District
161 N. Welch St.
Goliad, TX 77963

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Goliad Independent School District and SP-Peregrine Solar LLC, Application 1532

Dear Superintendent Ackley:

On October 30, 2020, the Comptroller issued written notice that SP-Peregrine Solar LLC (applicant) submitted a completed application (Application 1532) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on September 29, 2020, to the Goliad 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 1532.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of October 30, 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:

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 SP-Peregrine Solar LLC (project) applying to Goliad 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 SP-Peregrine Solar LLC.

Applicant	SP-Peregrine Solar LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Goliad ISD
2018-2019 Average Daily Attendance	1,224
County	Goliad
Proposed Total Investment in District	\$200,000,000
Proposed Qualified Investment	\$200,000,000
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	\$943
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$943
Minimum annual wage committed to by applicant for qualified jobs	\$49,021
Minimum weekly wage required for non-qualifying jobs	\$820.75
Minimum annual wage required for non-qualifying jobs	\$42,679
Investment per Qualifying Job	\$100,000,000
Estimated M&O levy without any limit (15 years)	\$15,392,000
Estimated M&O levy with Limitation (15 years)	\$5,200,000
Estimated gross M&O tax benefit (15 years)	\$10,192,000

* 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 SP-Peregrine Solar LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	150	127	277,344	\$7,339,800	\$12,924,200	\$20,264,000
2024	2	10	12	\$98,043	\$2,831,957	\$2,930,000
2025	2	12	14	\$98,043	\$1,976,957	\$2,075,000
2026	2	6	8	\$98,043	\$1,610,957	\$1,709,000
2027	2	4	6	\$98,043	\$1,122,957	\$1,221,000
2028	2	8	10	\$98,043	\$1,610,957	\$1,709,000
2029	2	6	8	\$98,043	\$1,366,957	\$1,465,000
2030	2	8	10	\$98,043	\$1,122,957	\$1,221,000
2031	2	4	6	\$98,043	\$1,122,957	\$1,221,000
2032	2	8	10	\$98,043	\$1,122,957	\$1,221,000
2033	2	6	8	\$98,043	\$878,957	\$977,000
2034	2	8	10	\$98,043	\$1,366,957	\$1,465,000
2035	2	8	10	\$98,043	\$1,366,957	\$1,465,000
2036	2	10	12	\$98,043	\$878,957	\$977,000
2037	2	8	10	\$98,043	\$1,122,957	\$1,221,000
2038	2	4	6	\$98,043	\$1,122,957	\$1,221,000

Source: CPA REMI, SP-Peregrine Solar 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*	Goliad ISD I&S Tax Levy	Goliad ISD M&O Tax Levy	Goliad ISD M&O and I&S Tax Levies	Goliad County Tax Levy	Goliad Ground Water District Tax Levy	Goliad County R&B Tax Levy	San Antonio River Authority Tax Levy	Estimated Total Property Taxes
			0.1629	1.0400			0.6720	0.0100	0.1000	0.0186	
2024	\$200,000,000	\$200,000,000		\$325,800	\$2,080,000	\$2,405,800	\$1,343,922	\$20,000	\$199,942	\$37,160	\$4,006,824
2025	\$184,000,000	\$184,000,000		\$299,736	\$1,913,600	\$2,213,336	\$1,236,408	\$18,400	\$183,947	\$34,187	\$3,686,278
2026	\$168,000,000	\$168,000,000		\$273,672	\$1,747,200	\$2,020,872	\$1,128,894	\$16,800	\$167,951	\$31,214	\$3,365,732
2027	\$152,000,000	\$152,000,000		\$247,608	\$1,580,800	\$1,828,408	\$1,021,381	\$15,200	\$151,956	\$28,242	\$3,045,186
2028	\$136,000,000	\$136,000,000		\$221,544	\$1,414,400	\$1,635,944	\$913,867	\$13,600	\$135,961	\$25,269	\$2,724,640
2029	\$120,000,000	\$120,000,000		\$195,480	\$1,248,000	\$1,443,480	\$806,353	\$12,000	\$119,965	\$22,296	\$2,404,094
2030	\$104,000,000	\$104,000,000		\$169,416	\$1,081,600	\$1,251,016	\$698,839	\$10,400	\$103,970	\$19,323	\$2,083,548
2031	\$88,000,000	\$88,000,000		\$143,352	\$915,200	\$1,058,552	\$591,326	\$8,800	\$87,974	\$16,350	\$1,763,003
2032	\$72,000,000	\$72,000,000		\$117,288	\$748,800	\$866,088	\$483,812	\$7,200	\$71,979	\$13,378	\$1,442,457
2033	\$56,000,000	\$56,000,000		\$91,224	\$582,400	\$673,624	\$376,298	\$5,600	\$55,984	\$10,405	\$1,121,911
2034	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2035	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2036	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2037	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2038	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
			Total	\$2,410,920	\$15,392,000	\$17,802,920	\$9,945,023	\$148,000	\$1,479,571	\$274,984	\$29,650,498

Source: CPA, SP-Peregrine Solar LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Goliad 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		Goliad ISD I&S Tax Levy	Goliad ISD M&O Tax Levy	Goliad ISD M&O and I&S Tax Levies	Goliad County Tax Levy	Goliad Ground Water District Tax Levy	Goliad County R&B Tax Levy	San Antonio River Authority Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1629	1.0400		0.6720	0.0100	0.1000	0.0186	
2024	\$200,000,000	\$30,000,000		\$325,800	\$312,000	\$637,800	\$268,784	\$20,000	\$199,942	\$37,160	\$1,163,686
2025	\$184,000,000	\$30,000,000		\$299,736	\$312,000	\$611,736	\$247,282	\$18,400	\$183,947	\$34,187	\$1,095,551
2026	\$168,000,000	\$30,000,000		\$273,672	\$312,000	\$585,672	\$225,779	\$16,800	\$167,951	\$31,214	\$1,027,417
2027	\$152,000,000	\$30,000,000		\$247,608	\$312,000	\$559,608	\$204,276	\$15,200	\$151,956	\$28,242	\$959,282
2028	\$136,000,000	\$30,000,000		\$221,544	\$312,000	\$533,544	\$182,773	\$13,600	\$135,961	\$25,269	\$891,147
2029	\$120,000,000	\$30,000,000		\$195,480	\$312,000	\$507,480	\$161,271	\$12,000	\$119,965	\$22,296	\$823,012
2030	\$104,000,000	\$30,000,000		\$169,416	\$312,000	\$481,416	\$139,768	\$10,400	\$103,970	\$19,323	\$754,877
2031	\$88,000,000	\$30,000,000		\$143,352	\$312,000	\$455,352	\$118,265	\$8,800	\$87,974	\$16,350	\$686,742
2032	\$72,000,000	\$30,000,000		\$117,288	\$312,000	\$429,288	\$96,762	\$7,200	\$71,979	\$13,378	\$618,607
2033	\$56,000,000	\$30,000,000		\$91,224	\$312,000	\$403,224	\$376,298	\$5,600	\$55,984	\$10,405	\$851,511
2034	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2035	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2036	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2037	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
2038	\$40,000,000	\$40,000,000		\$65,160	\$416,000	\$481,160	\$268,784	\$4,000	\$39,988	\$7,432	\$801,365
			Total	\$2,410,920	\$5,200,000	\$7,610,920	\$3,365,181	\$148,000	\$1,479,571	\$274,984	\$12,878,655
			Diff	\$0	\$10,192,000	\$10,192,000	\$6,579,842	\$0	\$0	\$0	\$16,771,842

Source: CPA, SP-Peregrine Solar 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 SP-Peregrine 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	2021	\$0	\$0	\$0	\$0
	2022	\$0	\$0	\$0	\$0
	2023	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2024	\$312,000	\$312,000	\$1,768,000	\$1,768,000
	2025	\$312,000	\$624,000	\$1,601,600	\$3,369,600
	2026	\$312,000	\$936,000	\$1,435,200	\$4,804,800
	2027	\$312,000	\$1,248,000	\$1,268,800	\$6,073,600
	2028	\$312,000	\$1,560,000	\$1,102,400	\$7,176,000
	2029	\$312,000	\$1,872,000	\$936,000	\$8,112,000
	2030	\$312,000	\$2,184,000	\$769,600	\$8,881,600
	2031	\$312,000	\$2,496,000	\$603,200	\$9,484,800
	2032	\$312,000	\$2,808,000	\$436,800	\$9,921,600
	2033	\$312,000	\$3,120,000	\$270,400	\$10,192,000
Maintain Viable Presence (5 Years)	2034	\$416,000	\$3,536,000	\$0	\$10,192,000
	2035	\$416,000	\$3,952,000	\$0	\$10,192,000
	2036	\$416,000	\$4,368,000	\$0	\$10,192,000
	2037	\$416,000	\$4,784,000	\$0	\$10,192,000
	2038	\$416,000	\$5,200,000	\$0	\$10,192,000
Additional Years as Required by 313.026(c)(1) (10 Years)	2039	\$416,000	\$5,616,000	\$0	\$10,192,000
	2040	\$416,000	\$6,032,000	\$0	\$10,192,000
	2041	\$416,000	\$6,448,000	\$0	\$10,192,000
	2042	\$416,000	\$6,864,000	\$0	\$10,192,000
	2043	\$416,000	\$7,280,000	\$0	\$10,192,000
	2044	\$416,000	\$7,696,000	\$0	\$10,192,000
	2045	\$416,000	\$8,112,000	\$0	\$10,192,000
	2046	\$416,000	\$8,528,000	\$0	\$10,192,000
	2047	\$416,000	\$8,944,000	\$0	\$10,192,000
	2048	\$416,000	\$9,360,000	\$0	\$10,192,000
		\$9,360,000	is less than	\$10,192,000	
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

Source: CPA, SP-Peregrine Solar LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2023	150	127	277.344	\$7,339,800	\$12,924,200	\$20,264,000	916000	-526000	\$1,442,000
2024	2	10	12	\$98,043	\$2,831,957	\$2,930,000	153000	206000	-\$53,000
2025	2	12	14	\$98,043	\$1,976,957	\$2,075,000	137000	221000	-\$84,000
2026	2	6	8	\$98,043	\$1,610,957	\$1,709,000	160000	221000	-\$61,000
2027	2	4	6	\$98,043	\$1,122,957	\$1,221,000	153000	214000	-\$61,000
2028	2	8	10	\$98,043	\$1,610,957	\$1,709,000	183000	229000	-\$46,000
2029	2	6	8	\$98,043	\$1,366,957	\$1,465,000	191000	244000	-\$53,000
2030	2	8	10	\$98,043	\$1,122,957	\$1,221,000	183000	244000	-\$61,000
2031	2	4	6	\$98,043	\$1,122,957	\$1,221,000	160000	244000	-\$84,000
2032	2	8	10	\$98,043	\$1,122,957	\$1,221,000	168000	252000	-\$84,000
2033	2	6	8	\$98,043	\$878,957	\$977,000	145000	206000	-\$61,000
2034	2	8	10	\$98,043	\$1,366,957	\$1,465,000	168000	221000	-\$53,000
2035	2	8	10	\$98,043	\$1,366,957	\$1,465,000	137000	198000	-\$61,000
2036	2	10	12	\$98,043	\$878,957	\$977,000	122000	183000	-\$61,000
2037	2	8	10	\$98,043	\$1,122,957	\$1,221,000	92000	153000	-\$61,000
2038	2	4	6	\$98,043	\$1,122,957	\$1,221,000	107000	153000	-\$46,000
2039	2	6	8	\$98,043	\$1,610,957	\$1,709,000	153000	130000	\$23,000
2040	2	10	12	\$98,043	\$1,610,957	\$1,709,000	153000	92000	\$61,000
2041	2	12	14	\$98,043	\$1,610,957	\$1,709,000	137000	84000	\$53,000
2042	2	12	14	\$98,043	\$1,854,957	\$1,953,000	137000	76000	\$61,000
2043	2	10	12	\$98,043	\$1,854,957	\$1,953,000	122000	84000	\$38,000
2044	2	6	8	\$98,043	\$1,854,957	\$1,953,000	122000	114000	\$8,000
2045	2	4	6	\$98,043	\$1,854,957	\$1,953,000	76000	69000	\$7,000
2046	2	6	8	\$98,043	\$1,854,957	\$1,953,000	122000	84000	\$38,000
2047	2	10	12	\$98,043	\$2,831,957	\$2,930,000	153000	76000	\$77,000
2048	2	6	8	\$98,043	\$2,342,957	\$2,441,000	122000	69000	\$53,000
						Total	\$4,472,000	\$3,541,000	\$931,000
							\$10,291,000	is greater than	\$10,192,000

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 SP-Peregrine Solar 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 SP-Peregrine Solar LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The applicant is actively developing other projects in: Colorado, Kansas, New Mexico, and the Northeast USA. All of these projects are competing with the Goliad County project for the applicant’s limited resources.”
 - B. “The ability to enter into a value limitation agreement with Goliad ISD is a determining factor for developing and constructing the project in Goliad County, Texas, as opposed to building and investing in another state or region. Specifically, the applicant requires this appraised value limitation in order:
 - i. to continue allocating resources to develop the project (e.g., paying for studies related to environment and subsurface geotechnical conditions at the project site, having detailed land surveys carried out, retaining the services of specialized legal counsel and consultants), and
 - ii. to secure long-term (>20 years) project related capital from the limited pool of third-party institutional solar investors that have the significant resources needed to construct and operate a project of this size.”
 - C. “Further, without the available property tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project becomes unlikely.”
 - D. “...the applicant would not be able to finance and build its project without the property tax incentives. Therefore, without the Goliad ISD value limitation, the solar projects outside of Texas would receive the constrained investment capital.”
 - E. “Receiving a value limitation agreement from Goliad ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Goliad County. With the value limitation approved, applicant’s Texas project ROI is in the range of the hurdle rate required in order to secure capital investment.”

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 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 QTR 1 2021
- 2. Estimated commencement of construction QTR 2 2022
- 3. Beginning of qualifying time period (MM/DD/YYYY) 01/01/2022
- 4. First year of limitation (MM/DD/YYYY) 01/01/2024
- 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 QTR 2 2023

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Goliad County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Goliad 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>Goliad ISD, 1.0400, 100%</u> (Name, tax rate and percent of project)	I&S (ISD): <u>Goliad ISD, 0.1629, 100%</u> (Name, tax rate and percent of project)
County: <u>Goliad County, 0.671961, 100%</u> (Name, tax rate and percent of project)	City: <u>N/A</u> (Name, tax rate and percent of project)
Hospital District: <u>N/A</u> (Name, tax rate and percent of project)	Water District: <u>Goliad Ground Water District, 0.01000, 100%</u> (Name, tax rate and percent of project)
Other (describe): <u>Goliad County R&B, 0.099971, 100%</u> (Name, tax rate and percent of project)	Other (describe): <u>San Antonio River Authority, 0.018580, 100%</u> (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

Documentation to Assist in Determining if Limitation is a Determining Factor

7. Is the applicant evaluating other locations not in Texas for the proposed project?

Yes. The applicant's parent company for this project, Solar Prime LLC, is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics. The applicant is actively developing other projects in: Colorado, Kansas, New Mexico, and the Northeast USA. All of these projects are competing with the Goliad County project for the applicant's limited resources.

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. The ability to enter into a value limitation agreement with Goliad ISD is a determining factor for developing and constructing the project in Goliad County, Texas, as opposed to building and investing in another state or region. Specifically, the applicant requires this appraised value limitation in order:

- to continue allocating resources to develop the project (e.g., paying for studies related to environment and subsurface geotechnical conditions at the project site, having detailed land surveys carried out, retaining the services of specialized legal counsel and consultants), and
- to secure long-term (>20 years) project related capital from the limited pool of third-party institutional solar investors that have the significant resources needed to construct and operate a project of this size.

Further, without the available property tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project becomes unlikely. The property tax liabilities of a project without tax incentives in Texas, including a value limitation agreement with Goliad ISD, lower the return to investors and financiers to an unacceptable level at current contracted power rates under a power purchase agreement. As such, the applicant would not be able to finance and build its project without the property tax incentives. Therefore, without the Goliad ISD value limitation, the solar projects outside of Texas would receive the constrained investment capital.

Electric utilities and other wholesale electricity buyers are focused on providing low-cost energy to their customers and contracting for the sale of solar electricity is highly competitive. Receiving a value limitation agreement from Goliad ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Goliad County. With the value limitation approved, applicant's Texas project ROI is in the range of the hurdle rate required in order to secure capital investment.