

# O'HANLON, DEMERATH & CASTILLO

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January 8, 2021

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

RE: 1547-Application to the Waller Independent School District from AP Solar 8, LLC

To the Local Government Assistance & Economic Analysis Division:

Please find enclosed Supplement 1 to Application 1547 submitted to address the additional questions raised in the email dated January 6, 2021.

1. The ISD received the application on 11/23/2020 but the payment was not received until 12/2/2020. Can you explain the delay in payment?  
Response: The application was formally submitted to the ISD at the board meeting on December 14, 2020. The application document was sent in draft form to the consultant dated November 23, 2020, and that draft document date inadvertently remained through submittal. The check date of December 2, 2020 predates the formal submittal date.
2. Tab 5. Answer following question "What would happen if Chapter 313 would not be approved?"  
Response: It is unlikely that the project would be constructed if no value limitation agreement is in place due to the negative impact on financing ability.
3. Section 10 Q5. Missing percent in tax abatements  
Response: Page 6 of the Applications has been revised to include the proposed rate; the County has not provided a response to the proposed rate to date, so the values are estimates.
4. Job Waiver letter. When given a range we take the lowest amount, therefore, with the project size being 400MW you will need to change the jobs to 5 or change the job waiver letter to state "the industry standard for employment is one permanent job per 100MW."  
Response: The Job Waiver letter has been revised and is attached

Sincerely,



Kevin O'Hanlon  
School District Consultant

Cc: Waller CAD  
AP Solar 8, LLC

1. The ISD received the application on 11/23/2020 but the payment was not received until 12/2/2020. Can you explain the delay in payment?

([RULE §9.1054 \(a\)](#) Application fee. Prior to accepting an application for an agreement for limitation on appraised value pursuant to Tax Code, Chapter 313, Subchapter B, the governing body of a school district by official action shall establish a reasonable nonrefundable application fee to be paid by an applicant who applies to the school district for a limitation on the appraised value of applicant's property under such subchapter. The amount of the fee shall not exceed the estimated cost to the district of processing and acting on an application. The total fee shall be paid at time the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.)

Response: The application was formally submitted to the ISD at the board meeting on December 14, 2020. The application document was sent in draft form to the consultant dated November 23, 2020, and that draft document date inadvertently remained through submittal. The check date of December 2, 2020 predates the formal submittal date.

2. Tab 5. Answer following question “What would happen if Chapter 313 would not be approved?”

Response: Tab 5 has been revised to include this question and response and is attached.

3. Section 10 Q5. Missing percent in tax abatements

Response: Page 6 of the Tab 1 (attached) has been revised to include the proposed rate; the County has not provided a response to the proposed rate to date, so the values are estimates.

4. Job Waiver letter. When given a range we take the lowest amount, therefore, with the project size being 400MW you will need to change the jobs to 5 or change the job waiver letter to state “the industry standard for employment is one permanent job per 100MW.”

Response: The Job Waiver letter has been revised and is attached.

Texas Comptroller of Public Accounts

SECTION 10: The Property (continued)

5. List all state and local incentives as an annual percentage. Include the estimated start and end year of the incentive:

County: 312 Tax Abatement - est 2024 - 2033 (85% to 10% over 10 yrs)
City:
Hospital District:
Water District:
Other (describe):

- 6. Is the project located entirely within the ISD listed in Section 1?
6a. If no, attach in Tab 6 maps of the entire project...
7. Did you receive a determination from the Texas Economic Development and Tourism Office...
7a. If yes, attach in Tab 6 supporting documentation...

SECTION 11: Texas Tax Code 313.021(1) Qualified Investment

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C...

1. At the time of application, what is the estimated minimum qualified investment required for this school district? \$ 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? \$ 30,000,000.00

- Note: The property value limitation amount is based on property values available at the time of application...
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)?
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period?

SECTION 12: Texas Tax Code 313.021(2) Qualified Property

- 1. Attach a detailed description of the qualified property. [See §313.021(2)] The description must include:
1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation...
1b. a description of any new buildings, proposed new improvements or personal property...
1c. a map or site plan of the proposed qualified property...
1d. Will any of the proposed qualified property be used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings...
Note: Property used to renovate, refurbish, upgrade, maintain, modify, improve, or functionally replace existing buildings or existing improvements inside or outside the project area cannot be considered qualified property...

## Tab 5

### Limitation as Determining Factor

#### **Section 8, Item 2: Agreements, Contracts or Letters of Intent**

AP Solar has entered into the following agreements and contracts for the development of the Parliament Solar Project:

- Lease Agreements (05/12/20 and 09/24/20)
- Phase I Environmental Site Assessment (07/09/20)
- Desktop Environmental Review (09/02/20)
- Generation Interconnection Request - SS/FIS Applications (06/08/20)
- Texas Tax Code, Chapter 312 Application (10/07/20)

#### **Section 8, Item 7: Is the applicant evaluating other locations not in Texas for the proposed project?**

While AP Solar is not currently evaluating a project outside of Texas that is competing directly with this Waller County project, all of AP Solar's investment decisions are determined by project costs, including state and local tax burdens, available incentives for renewable energy generation, and the power purchase market, and whether AP Solar can attract investment into such projects. AP Solar is currently monitoring project viability in other US states on these same parameters including Nevada, North Carolina, Arizona and Florida.

#### **Section 8, Item 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?**

AP Solar is working to develop solar generation projects that will attract investment in the US market and be successful long-term. AP is planning to build multiple projects, with a current preference of remaining within the ERCOT service territory, if possible. Since this Waller County Project is still in the early stages of development, further investment could, if necessary, be redeployed to other solar projects. Each AP Solar project individually competes for a finite pool of investment capital in the US. State and local tax incentives contribute to the lowering of the cost of power and makes our investment more viable and marketable. AP Solar is continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics and these could easily shift investment outside of Texas to Nevada, North Carolina, Arizona or Florida.

Due to the extremely competitive power market in ERCOT most renewable energy economic model assumptions are based on the Project securing both Chapter 312 local tax incentives and Chapter 313 appraised value limitation. The property tax liabilities of a project without tax

incentives in Texas lowers the return to investors and financiers to a level that could make out of state projects more competitive than Texas projects.

**What would happen if Chapter 313 would not be approved?**

It is unlikely that the project would be constructed if no value limitation agreement is in place due to the negative impact on financing ability.



AP Solar Holdings, LLC  
115 Wild Basin Rd, Ste 302  
Austin, TX 78746  
[www.apsolarholdings.com](http://www.apsolarholdings.com)

November 23, 2020

Mr. Kevin Moran  
Waller Independent School District  
2214 Waller Street  
Waller, Texas 77484

**RE: Parliament Solar Project  
Chapter 313 Application for Appraised Value Limitation  
Job Creation Requirement Waiver Request**

Dear Mr. Moran:

AP Solar 8, LLC is submitting a Texas Tax Code, Chapter 313 application for appraised value limitation on qualified property with a request for a waiver of the jobs creation requirement. Pursuant to Section 313.025(f-1), the governing body of a school district may waive the new jobs creation requirement or approve an application if the governing body makes a finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

For this size of a utility scale solar project, it is expected that approximately 300 temporary construction jobs will be created over an estimated 12- to 18-month construction period. During commissioning and operations, highly skilled technicians with specific training and experience will provide maintenance of the project components and operate the facility. According to the experts at Radian Generation, the industry standard for employment is one permanent job per 100 MW. Therefore, it is anticipated that the project will employ 4 full time employees.

Therefore, AP Solar is requesting that Wharton ISD Board of Trustees make a finding that the jobs creation requirement may be waived for this facility.

Sincerely,

A handwritten signature in blue ink, appearing to read 'C. Elrod'.

Christopher Elrod  
Manager