



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 5, 2021

Steve Mickelson
Superintendent
Brookesmith Independent School District
13400 FM 586 South
P.O. Box 706
Brookesmith, Texas 76827

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Brookesmith Independent School District and Mustang Mountaineer Solar LLC, Application 1548

Dear Superintendent Mickelson:

On March 12, 2021, the Comptroller issued written notice that Mustang Mountaineer Solar LLC (applicant) submitted a completed application (Application 1548) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on December 18, 2020, to the Brookesmith 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 1548.

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, 2021.

Note that any building or improvement existing as of the application review start date of March 12, 2021, 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 Mustang Mountaineer Solar LLC (project) applying to Brookesmith 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 Mustang Mountaineer Solar LLC.

| | |
|---|-------------------------------|
| Applicant | Mustang Mountaineer Solar LLC |
| Tax Code, 313.024 Eligibility Category | Renewable Energy - Solar |
| School District | Brookesmith ISD |
| 2019-2020 Average Daily Attendance | 137 |
| County | Brown |
| Proposed Total Investment in District | \$231,369,355 |
| Proposed Qualified Investment | \$231,369,355 |
| Limitation Amount | \$15,000,000 |
| 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 | \$962 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$962 |
| Minimum annual wage committed to by applicant for qualified jobs | \$50,000 |
| Minimum weekly wage required for non-qualifying jobs | \$762 |
| Minimum annual wage required for non-qualifying jobs | \$39,611 |
| Investment per Qualifying Job | \$115,684,678 |
| Estimated M&O levy without any limit (15 years) | \$11,431,340 |
| Estimated M&O levy with Limitation (15 years) | \$3,757,942 |
| Estimated gross M&O tax benefit (15 years) | \$7,673,398 |

* 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 Mustang Mountaineer Solar LLC (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|---------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2021 | 150 | 131 | 281 | \$7,500,000 | \$11,299,000 | \$18,799,000 |
| 2022 | 150 | 135 | 285.156 | \$7,500,000 | \$13,862,000 | \$21,362,000 |
| 2023 | 2 | 14 | 16 | \$100,000 | \$4,050,000 | \$4,150,000 |
| 2024 | 2 | 2 | 4 | \$100,000 | \$2,219,000 | \$2,319,000 |
| 2025 | 2 | 2 | 4 | \$100,000 | \$1,487,000 | \$1,587,000 |
| 2026 | 2 | (4) | -2 | \$100,000 | \$877,000 | \$977,000 |
| 2027 | 2 | (2) | 0 | \$100,000 | \$877,000 | \$977,000 |
| 2028 | 2 | (4) | -2 | \$100,000 | \$877,000 | \$977,000 |
| 2029 | 2 | (4) | -2 | \$100,000 | \$632,000 | \$732,000 |
| 2030 | 2 | 2 | 4 | \$100,000 | -\$100,000 | \$0 |
| 2031 | 2 | (0) | 2 | \$100,000 | \$388,000 | \$488,000 |
| 2032 | 2 | 2 | 4 | \$100,000 | \$388,000 | \$488,000 |
| 2033 | 2 | 2 | 4 | \$100,000 | \$144,000 | \$244,000 |
| 2034 | 2 | 6 | 8 | \$100,000 | \$632,000 | \$732,000 |
| 2035 | 2 | 6 | 8 | \$100,000 | \$632,000 | \$732,000 |
| 2036 | 2 | 10 | 12 | \$100,000 | \$144,000 | \$244,000 |
| 2037 | 2 | 10 | 12 | \$100,000 | \$877,000 | \$977,000 |

Source: CPA REMI, Mustang Mountaineer 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* | Brookesmith ISD I&S Tax Levy | Brookesmith ISD M&O Tax Levy | Brookesmith ISD M&O and I&S Tax Levies | Brown County Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|---------------|------------------------------|------------------------------|--|-----------------------|--------------------------------|
| | | | 0.0718 | 1.0547 | | 0.5776 | | |
| 2022 | \$42,500,000 | \$42,500,000 | | \$30,515 | \$448,248 | \$478,763 | \$245,480 | \$724,243 |
| 2023 | \$151,283,409 | \$151,283,409 | | \$108,621 | \$1,595,586 | \$1,704,208 | \$873,813 | \$2,578,021 |
| 2024 | \$139,188,801 | \$139,188,801 | | \$99,938 | \$1,468,024 | \$1,567,962 | \$803,955 | \$2,371,916 |
| 2025 | \$126,138,938 | \$126,138,938 | | \$90,568 | \$1,330,387 | \$1,420,955 | \$728,579 | \$2,149,534 |
| 2026 | \$112,036,644 | \$112,036,644 | | \$80,442 | \$1,181,650 | \$1,262,093 | \$647,124 | \$1,909,216 |
| 2027 | \$96,817,136 | \$96,817,136 | | \$69,515 | \$1,021,130 | \$1,090,645 | \$559,216 | \$1,649,861 |
| 2028 | \$80,383,240 | \$80,383,240 | | \$57,715 | \$847,802 | \$905,517 | \$464,294 | \$1,369,811 |
| 2029 | \$62,637,778 | \$62,637,778 | | \$44,974 | \$660,641 | \$705,615 | \$361,796 | \$1,067,410 |
| 2030 | \$43,467,382 | \$43,467,382 | | \$31,210 | \$458,450 | \$489,660 | \$251,068 | \$740,728 |
| 2031 | \$32,800,010 | \$32,800,010 | | \$23,550 | \$345,942 | \$369,492 | \$189,453 | \$558,945 |
| 2032 | \$32,789,810 | \$32,789,810 | | \$23,543 | \$345,834 | \$369,377 | \$189,394 | \$558,771 |
| 2033 | \$32,779,810 | \$32,779,810 | | \$23,536 | \$345,729 | \$369,265 | \$189,336 | \$558,601 |
| 2034 | \$32,770,110 | \$32,770,110 | | \$23,529 | \$345,626 | \$369,155 | \$189,280 | \$558,435 |
| 2035 | \$32,760,610 | \$32,760,610 | | \$23,522 | \$345,526 | \$369,048 | \$189,225 | \$558,274 |
| 2036 | \$32,751,410 | \$32,751,410 | | \$23,516 | \$345,429 | \$368,945 | \$189,172 | \$558,117 |
| 2037 | \$32,742,410 | \$32,742,410 | | \$23,509 | \$345,334 | \$368,843 | \$189,120 | \$557,963 |
| | | | Total | \$778,203 | \$11,431,340 | \$12,209,542 | \$6,260,303 | \$18,469,845 |

Source: CPA, Mustang Mountaineer Solar LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Brown 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.

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 | | Brookesmith ISD I&S Tax Levy | Brookesmith ISD M&O Tax Levy | Brookesmith ISD M&O and I&S Tax Levies | Brown County Tax Levy | Estimated Total Property Taxes |
|---|---------------------------------|---------------------------------|--------------|------------------------------|------------------------------|--|-----------------------|--------------------------------|
| | | | Tax Rate* | 0.0718 | 1.0547 | | 0.5776 | |
| 2022 | \$42,500,000 | \$42,500,000 | | \$30,515 | \$448,248 | \$478,763 | \$245,480 | \$724,243 |
| 2023 | \$151,283,409 | \$15,000,000 | | \$108,621 | \$158,205 | \$266,826 | \$873,813 | \$1,140,639 |
| 2024 | \$139,188,801 | \$15,000,000 | | \$99,938 | \$158,205 | \$258,143 | \$803,955 | \$1,062,097 |
| 2025 | \$126,138,938 | \$15,000,000 | | \$90,568 | \$158,205 | \$248,773 | \$728,579 | \$977,351 |
| 2026 | \$112,036,644 | \$15,000,000 | | \$80,442 | \$158,205 | \$238,647 | \$647,124 | \$885,771 |
| 2027 | \$96,817,136 | \$15,000,000 | | \$69,515 | \$158,205 | \$227,720 | \$559,216 | \$786,935 |
| 2028 | \$80,383,240 | \$15,000,000 | | \$57,715 | \$158,205 | \$215,920 | \$464,294 | \$680,214 |
| 2029 | \$62,637,778 | \$15,000,000 | | \$44,974 | \$158,205 | \$203,179 | \$361,796 | \$564,975 |
| 2030 | \$43,467,382 | \$15,000,000 | | \$31,210 | \$158,205 | \$189,415 | \$251,068 | \$440,482 |
| 2031 | \$32,800,010 | \$15,000,000 | | \$23,550 | \$158,205 | \$181,755 | \$189,453 | \$371,208 |
| 2032 | \$32,789,810 | \$15,000,000 | | \$23,543 | \$158,205 | \$181,748 | \$189,394 | \$371,142 |
| 2033 | \$32,779,810 | \$32,779,810 | | \$23,536 | \$345,729 | \$369,265 | \$189,336 | \$558,601 |
| 2034 | \$32,770,110 | \$32,770,110 | | \$23,529 | \$345,626 | \$369,155 | \$189,280 | \$558,435 |
| 2035 | \$32,760,610 | \$32,760,610 | | \$23,522 | \$345,526 | \$369,048 | \$189,225 | \$558,274 |
| 2036 | \$32,751,410 | \$32,751,410 | | \$23,516 | \$345,429 | \$368,945 | \$189,172 | \$558,117 |
| 2037 | \$32,742,410 | \$32,742,410 | | \$23,509 | \$345,334 | \$368,843 | \$189,120 | \$557,963 |
| | | | Total | \$778,203 | \$3,757,942 | \$4,536,144 | \$6,260,303 | \$10,796,448 |
| | | | Diff | \$0 | \$7,673,398 | \$7,673,398 | \$0 | \$7,673,398 |
| Assumes School Value Limitation and Tax Abatements with the County. | | | | | | | | |

Source: CPA, Mustang Mountaineer 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 Mustang Mountaineer 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 | 2020 | \$0 | \$0 | \$0 | \$0 |
| | 2021 | \$0 | \$0 | \$0 | \$0 |
| | 2022 | \$448,248 | \$448,248 | \$0 | \$0 |
| Limitation Period (10 Years) | 2023 | \$158,205 | \$606,453 | \$1,437,381 | \$1,437,381 |
| | 2024 | \$158,205 | \$764,658 | \$1,309,819 | \$2,747,200 |
| | 2025 | \$158,205 | \$922,863 | \$1,172,182 | \$3,919,383 |
| | 2026 | \$158,205 | \$1,081,068 | \$1,023,445 | \$4,942,828 |
| | 2027 | \$158,205 | \$1,239,273 | \$862,925 | \$5,805,754 |
| | 2028 | \$158,205 | \$1,397,478 | \$689,597 | \$6,495,351 |
| | 2029 | \$158,205 | \$1,555,683 | \$502,436 | \$6,997,786 |
| | 2030 | \$158,205 | \$1,713,888 | \$300,245 | \$7,298,032 |
| | 2031 | \$158,205 | \$1,872,093 | \$187,737 | \$7,485,768 |
| | 2032 | \$158,205 | \$2,030,298 | \$187,629 | \$7,673,398 |
| Maintain Viable Presence (5 Years) | 2033 | \$345,729 | \$2,376,026 | \$0 | \$7,673,398 |
| | 2034 | \$345,626 | \$2,721,652 | \$0 | \$7,673,398 |
| | 2035 | \$345,526 | \$3,067,179 | \$0 | \$7,673,398 |
| | 2036 | \$345,429 | \$3,412,608 | \$0 | \$7,673,398 |
| | 2037 | \$345,334 | \$3,757,942 | \$0 | \$7,673,398 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2038 | \$345,241 | \$4,103,183 | \$0 | \$7,673,398 |
| | 2039 | \$345,152 | \$4,448,335 | \$0 | \$7,673,398 |
| | 2040 | \$345,064 | \$4,793,399 | \$0 | \$7,673,398 |
| | 2041 | \$344,979 | \$5,138,378 | \$0 | \$7,673,398 |
| | 2042 | \$344,895 | \$5,483,273 | \$0 | \$7,673,398 |
| | 2043 | \$327,732 | \$5,811,006 | \$0 | \$7,673,398 |
| | 2044 | \$327,653 | \$6,138,659 | \$0 | \$7,673,398 |
| | 2045 | \$327,576 | \$6,466,236 | \$0 | \$7,673,398 |
| | 2046 | \$327,500 | \$6,793,736 | \$0 | \$7,673,398 |
| | 2047 | \$327,427 | \$7,121,163 | \$0 | \$7,673,398 |

| | | |
|--------------------|--------------|--------------------|
| \$7,121,163 | is less than | \$7,673,398 |
|--------------------|--------------|--------------------|

| | |
|---|----|
| 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, Mustang Mountaineer Solar LLC

| Year | Employment | | | Personal Income | | | Revenue & Expenditure | | |
|------|------------|--------------------|---------|-----------------|--------------------|--------------|-----------------------|--------------------|--------------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total | Revenue | Expenditure | Net Tax Effect |
| 2021 | 150 | 131 | 281 | \$7,500,000 | \$11,299,000 | \$18,799,000 | 916000 | -526000 | \$1,442,000 |
| 2022 | 150 | 135 | 285.156 | \$7,500,000 | \$13,862,000 | \$21,362,000 | 984000 | -328000 | \$1,312,000 |
| 2023 | 2 | 14 | 16 | \$100,000 | \$4,050,000 | \$4,150,000 | 198000 | 389000 | -\$191,000 |
| 2024 | 2 | 2 | 4 | \$100,000 | \$2,219,000 | \$2,319,000 | 198000 | 381000 | -\$183,000 |
| 2025 | 2 | 2 | 4 | \$100,000 | \$1,487,000 | \$1,587,000 | 168000 | 374000 | -\$206,000 |
| 2026 | 2 | (4) | -2 | \$100,000 | \$877,000 | \$977,000 | 183000 | 366000 | -\$183,000 |
| 2027 | 2 | (2) | 0 | \$100,000 | \$877,000 | \$977,000 | 153000 | 313000 | -\$160,000 |
| 2028 | 2 | (4) | -2 | \$100,000 | \$877,000 | \$977,000 | 160000 | 305000 | -\$145,000 |
| 2029 | 2 | (4) | -2 | \$100,000 | \$632,000 | \$732,000 | 168000 | 320000 | -\$152,000 |
| 2030 | 2 | 2 | 4 | \$100,000 | -\$100,000 | \$0 | 130000 | 275000 | -\$145,000 |
| 2031 | 2 | (0) | 2 | \$100,000 | \$388,000 | \$488,000 | 130000 | 275000 | -\$145,000 |
| 2032 | 2 | 2 | 4 | \$100,000 | \$388,000 | \$488,000 | 137000 | 267000 | -\$130,000 |
| 2033 | 2 | 2 | 4 | \$100,000 | \$144,000 | \$244,000 | 122000 | 206000 | -\$84,000 |
| 2034 | 2 | 6 | 8 | \$100,000 | \$632,000 | \$732,000 | 160000 | 214000 | -\$54,000 |
| 2035 | 2 | 6 | 8 | \$100,000 | \$632,000 | \$732,000 | 130000 | 198000 | -\$68,000 |
| 2036 | 2 | 10 | 12 | \$100,000 | \$144,000 | \$244,000 | 107000 | 168000 | -\$61,000 |
| 2037 | 2 | 10 | 12 | \$100,000 | \$877,000 | \$977,000 | 84000 | 153000 | -\$69,000 |
| 2038 | 2 | 4 | 6 | \$100,000 | \$632,000 | \$732,000 | 92000 | 160000 | -\$68,000 |
| 2039 | 2 | 12 | 14 | \$100,000 | \$1,121,000 | \$1,221,000 | 122000 | 114000 | \$8,000 |
| 2040 | 2 | 8 | 10 | \$100,000 | \$1,121,000 | \$1,221,000 | 76000 | 76000 | \$0 |
| 2041 | 2 | 10 | 12 | \$100,000 | \$388,000 | \$488,000 | 31000 | 53000 | -\$22,000 |
| 2042 | 2 | 8 | 10 | \$100,000 | \$1,121,000 | \$1,221,000 | 61000 | 61000 | \$0 |
| 2043 | 2 | 4 | 6 | \$100,000 | \$877,000 | \$977,000 | 61000 | 84000 | -\$23,000 |
| 2044 | 2 | 4 | 6 | \$100,000 | \$1,365,000 | \$1,465,000 | 92000 | 92000 | \$0 |
| 2045 | 2 | 6 | 8 | \$100,000 | \$877,000 | \$977,000 | 46000 | 15000 | \$31,000 |
| 2046 | 2 | 6 | 8 | \$100,000 | \$877,000 | \$977,000 | 122000 | 53000 | \$69,000 |
| 2047 | 2 | 10 | 12 | \$100,000 | \$1,853,000 | \$1,953,000 | 153000 | 38000 | \$115,000 |
| 2048 | 2 | 10 | 12 | \$100,000 | \$1,365,000 | \$1,465,000 | 122000 | 53000 | \$69,000 |
| | | | | | | Total | \$5,106,000 | \$4,149,000 | \$957,000 |
| | | | | | | | \$8,078,163 | is greater than | \$7,673,398 |

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 Mustang Mountaineer 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:

- NorthRenew Energy LLC (“NorthRenew”) was founded in 2017 to originate and develop renewable energy generation projects throughout the United States. In the last 18 months, NorthRenew has developed and transferred five wind and solar projects totaling over 1,200 MW in ERCOT, PJM, SPP, and WECC to long-term third-party equity sponsor ownership. NorthRenew is also advancing a portfolio of other early-to-mid-stage renewable projects in ERCOT, WECC, SPP and PJM totaling over 2 GW of potential generation capacity.
- Per NorthRenew Energy LLC. in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “NorthRenew Energy has the optionality to locate projects of this type in multiple locations within the United States with favorable solar characteristics. The Applicant is actively assessing locations in Idaho, Colorado, Oklahoma, Pennsylvania, and other locations in the USA that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates.”
 - B. “The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today’s contracted power rates under a power purchase agreement (PPA). Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.”
- Per Tab 4, “The project is not known by any other names. The Project has not yet applied to ERCOT and no IGNR Number has been assigned at this time.”

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 May 2021
- 2. Estimated commencement of construction October 2021
- 3. Beginning of qualifying time period (MM/DD/YYYY) January 1, 2022
- 4. First year of limitation (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 December 31, 2022

SECTION 10: The Property

- 1. County or counties in which the proposed project will be located Brown County
- 2. Central Appraisal District (CAD) that will be responsible for appraising the property Brown 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>Brookesmith; \$1.0547; 100%</u> <small>(Name, tax rate and percent of project)</small> | I&S (ISD): <u>Brookesmith; \$0.0718; 100%</u> <small>(Name, tax rate and percent of project)</small> |
| County: <u>Brown County; \$0.5776; 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>N/A</u> <small>(Name, tax rate and percent of project)</small> | Water District: <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> | 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.

NorthRenew Energy LLC (“NorthRenew”) was founded in 2017 to originate and develop renewable energy generation projects throughout the United States. In the last 18 months, NorthRenew has developed and transferred five wind and solar projects totaling over 1,200 MW in ERCOT, PJM, SPP, and WECC to long-term third-party equity sponsor ownership. NorthRenew is also advancing a portfolio of other early-to-mid-stage renewable projects in ERCOT, WECC, SPP and PJM totaling over 2 GW of potential generation capacity. NorthRenew’s team members have over 200 years of collective experience in all aspects of energy generation project development, permitting and financing, as well as substantial wind construction management experience across 4 GW of generation capacity in the US. Three of NorthRenew’s projects representing over 750 MW are currently in construction and pre-construction phases, including the recently announced 336 MW Escalade Wind, a/k/a TG East Wind Project, located in Knox County, Texas (in construction) and the 330 MW Mesquite Sky project in Callahan County, Texas (pre-construction).

NorthRenew Energy has the optionality to locate projects of this type in multiple locations within the United States with favorable solar characteristics. The Applicant is actively assessing locations in Idaho, Colorado, Oklahoma, Pennsylvania, and other locations in the USA that are competing for limited investment funds. With Texas wholesale electricity prices already below the international average, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates. Markets such as California that have statewide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher.